

Using Trademarked Products in Entertainment Programming

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In the first episode of NBC's new hit series, *Heroes*, one of the show's characters, a cheerleader with powers of indestructibility, has her hand mangled in a garbage disposal. The disposal's brand name, the InSinkEerator, is clearly visible in the shot. Seconds later, her hand is miraculously healed. Displeased with the unauthorized depiction of its product pulverizing the hand of a young cheerleader, Emerson, maker of the InSinkEerator, sued NBC for using Emerson's trademark without the company's consent and for implying that its product was "an incorrect and dangerous design for a food waste disposer." Following the suit's filing, NBC agreed to edit out the InSinkEerator brand name in future airings of the episode. But Emerson is still not satisfied and the suit remains pending.¹

In past decades, NBC might have removed the brand name of the InSinkEerator or used a fictitious name. But in recent years, the use of real products in entertainment programming, with and without the consent of the product owner, has increased exponentially. Industry experts predict the market for product placements will grow at a compound rate of 27.9 percent from 2005 to 2010, reaching a projected \$7.55 billion.²

More than Commercials

The primary reason for the explosion in product placements is that marketers, facing increasing competition from new media formats such as DVRs and the Internet, are looking for inventive ways to engage with consumers. In addition, product placements typically cost less than traditional advertising but can have tremendous impact. Sales of Reese's Pieces, for example, reportedly increased by over 65 percent after *E.T.* was shown eating them in *E.T., The Extra-Terrestrial*.³ More recently, sales of Pinot Noir increased over 22 percent after a character in last year's movie *Sideways* declared it his favorite type of wine.⁴ Content producers, mean-

while, are in search of novel means of financing their ever-increasing production costs. Using real products also lends authenticity, an increasingly essential element in this age of demanding consumers and competition from new media.

It is not uncommon for the product to be used with the consent of the owner, and, often, the owner not only consents but pays for the use whether in cash or free products. Other times, as with the InSinkEerator, the product is used without any authorization. A product also may be intentionally mocked. The legal implications of such uses, both with and without consent, have become a recent matter of interest to media lawyers. When should such consent be obtained? What are the risks of proceeding without consent? This article examines these and other related questions.

Authorized Use

After the *E.T.* incident, product marketing managers sought out other opportunities to place products in entertainment programming, hoping to generate similar outcomes at minimal expense.⁵ Producers were also interested in cultivating such partnerships. Generally, the producers approached the product manufacturers and asked for permission to use their product in a film or television program. Early on, product placements typically involved bartering deals, with producers receiving free products in lieu of cash payments. Today, paid placements are the norm. Manufacturers employ agents to find and negotiate placement deals and bidding wars for influential placements are routine.

Releases and Permissions

Often when a product is featured in entertainment programming, the manufacturer of the product has agreed to the use. Where products are featured in a flattering or neutral manner, owners of the products typically approve of the use. Manu-

facturers will sign a release approving of the use so long as the product is not shown in a disparaging manner. If a manufacturer disallows the use, producers can substitute a fictitious product or obscure the brand name through editing. Although manufacturers will occasionally seek restrictions on use, most do not and are pleased to have the low cost exposure for their product. In fact, some manufacturers are having their product digitally inserted into a scene that has already taped through a process known as virtual product placement.⁶

Producers, when negotiating product placement agreements, should make sure they do not conflict with other agreements related to the film or program. Certain actors, Robin Williams, for example, refuse to participate in product placement deals because they do not want to be seen as endorsing any particular product.⁷ In addition, the producer and manufacturer should have a clear understanding as to what uses are permissible.

Unauthorized Use

Given the prevalence of trademarked products in our everyday lives and, therefore, in our entertainment programming, it is not practical for producers to seek approval for the use of each individual product. To get permission for every fleeting mention or appearance of a trademarked item would require production teams to expend enormous amounts of additional time and effort. But proceeding without such permission exposes TV and filmmakers to potential claims for tarnishment, dilution, unfair competition, product disparagement, and false endorsement under the Lanham Act, among

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others. There are, however, surprisingly few cases involving disputes over the unauthorized use of trademarked products in entertainment programming because many of them are settled out of court. Although early case law tended to provide almost absolute protection to the plaintiff mark owners for reputational harm, the outcomes of recent cases have been far more favorable to defendants.

Statutory Framework

Those objecting to the unauthorized use of a branded product in entertainment programming often assert claims of trademark infringement, unfair competition, and trademark dilution in violation of the Lanham Act. In this context, the central inquiry in both trademark infringement and unfair competition claims is whether there is a “likelihood of confusion” that consumers will be misled or confused as to the source of the program or its affiliation or sponsorship by the trademark owner.⁸ Plaintiffs asserting such claims typically contend that the unauthorized appearance of their mark in the program will confuse consumers into believing that the program is sponsored by or affiliated with their product.

The focus in federal trademark dilution claims, by contrast, is not on consumer confusion. Rather, dilution occurs where use of a trademark “whittle[s] away . . . the value of a trademark” by “blurring [its] uniqueness and singularity” or by “tarnishing [it] with negative associations.”⁹ To prove dilution, the trademark owner must show that (1) it possesses a famous trademark, and (2) the defendant has caused dilution of the distinctive quality of the trademark.¹⁰

Unauthorized use of branded products in entertainment programming also can lead to a host of other claims. Although the focus of this article is limited to trademark-related claims, the use of branded products in an unauthorized manner can lead to claims for copyright infringement,¹¹ right of publicity,¹² breach of contract,¹³ and violations of FCC regulations.¹⁴ Because films and television programs at issue are often distributed internationally, producers also must be concerned with the legal implications of such unauthorized uses in foreign jurisdictions [see page 16].

Increasing Tolerance

Early decisions tackling the question of unauthorized trademark uses in expressive works analogized the trademarks to private real property.¹⁵ Following Supreme Court precedent that permitted brick-and-mortar shopping centers to restrict expressive activities so long as alternative avenues were available to the speaker, these early cases resulted in near-blanket protection for trademark owners.¹⁶ Gradually, courts began to realize the misguided approach of placing too much emphasis on trademarks as real property, recognizing that “when the ideas expressed by an unauthorized use cause the injury to plaintiff’s mark, the spatial rationale of the ‘shopping center’ cases is wholly inapplicable.”¹⁷ Indeed, unlike a shopping center, trademarks have seeped into the communicative culture, evoking commentary independent of the mere identification of goods. As Judge Alex Kozinski noted, “some trademarks enter our public discourse and become an integral part of our vocabulary. . . . Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions.”¹⁸

Rogers v. Grimaldi

The turning point arrived with the Second Circuit’s ruling in *Rogers v. Grimaldi*.¹⁹ Ginger Rogers filed suit over a film titled *Ginger and Fred* about the reunion of a pair of aging dancers who made their living pretending to be Ginger Rogers and Fred Astaire. Asserting claims for violation of her right of publicity and the Lanham Act, Rogers argued that the film’s title created the false impression that she sponsored or was otherwise involved with the film.²⁰ The Second Circuit rejected her claims, holding that the Lanham Act “should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”²¹ Pursuant to this new standard, the Lanham Act would not apply to titles of artistic works “unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.”²² The decision, although limited to

the title of a work, was the first to recognize that trademark laws should be interpreted differently in the context of expressive works given the relevant First Amendment concerns.²³

WCVB-TV and New Kids on the Block

The next major shift occurred with the First Circuit’s decision in *WCVB-TV v. Boston Athletic Association*²⁴ and the Ninth Circuit’s decision in *New Kids on the Block v. News America Publishing*.²⁵ In *WCVB-TV*, the holder of the trademark “Boston Marathon” tried to stop a television station from using the words “Boston Marathon” during their broadcast of that event. The First Circuit refused to enjoin the defendant’s broadcast, reasoning that the words were used for descriptive purposes and thus constituted a fair use that was not subject to trademark protection.²⁶ As the court explained:

[T]he words “Boston Marathon” . . . do more than call attention to Channel 5’s program; they also describe the event that Channel 5 will broadcast. Common sense suggests . . . that a viewer who sees those words flash upon the screen will believe simply that Channel 5 will show, or is showing, or has shown, the marathon, not that Channel 5 has some special approval from the [trademark holder] to do so. In technical trademark jargon, the use of words for descriptive purposes is called “fair use,” and the law usually permits it even if the words themselves also constitute a trademark.²⁷

Similarly, the Ninth Circuit, in *New Kids on the Block*, held that using another person’s trademark to identify goods or services was not actionable so long as there was no likelihood of confusion.²⁸ In that case, the two newspaper defendants conducted polls asking readers to call up a 900 number and vote on which member of the New Kids on the Block band was their favorite. After the results were published in defendants’ newspapers, the band sued, asserting various trademark-related claims, for what they contended was the unapproved commercial use of their trademark. The Ninth Circuit rejected their claims, reasoning that the defendants’ use of the New Kids mark qualified as a noninfringing nominative fair use. The Ninth Circuit held the nominative fair use defense was

available when the following requirements are met:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.²⁹

As the court recognized, it is almost impossible to avoid referring to certain things—like the Chicago Bulls, Volkswagen, or the Boston Marathon—by their trademarked names.³⁰ Finding that the newspapers had satisfied all three requirements of the nominative fair use defense, the court granted them summary judgment on all of the trademark and related claims.³¹

Hormel Foods Corp. v. Jim Henson Productions, Inc.

In the Second Circuit, the question of the unauthorized use of a trademark in an entertainment program next arose in *Hormel Foods Corp. v. Jim Henson Productions, Inc.*³² The case involved the film *Muppet Treasure Island*, which featured a puppet character named Spa'am as "the high priest of a tribe of wild boars that worships Miss Piggy as its Queen."³³ Although the character's name is mentioned only once in the film, it was intended to "poke a little fun at Hormel's famous luncheon meat by associating its processed, gelatinous block with a humorously wild beast."³⁴ Not amused by the character's name and concerned that sales of its product would drop if it was linked with "evil in porcine form," Hormel sued for trademark infringement and dilution. Among other things, Hormel claimed that "even comic association with an unclean 'grotesque' boar w[ould] call into question the purity and high quality of its meat product."³⁵ The Second Circuit rejected both claims, finding no likelihood of confusion given the obvious parodic intent and no evidence that the Spa'am character, which the court said was neither evil nor unhygienic, would cause negative associations with the SPAM mark.³⁶

Films of Distinction

In *Films of Distinction, Inc. v. Allegro Film Productions, Inc.*, a California district court considered comparable claims of trademark infringement and dilution arising out of the unauthorized use of a network's "Crime Channel" mark in a movie.³⁷ The plaintiff, owner of a television network entitled "The Crime Channel," claimed its service mark was used in the film *Relative Fear*. The film concerns a young boy who, after obsessively watching a television channel called the "Crime Channel," is led to commit a series of criminal acts including murder.³⁸ Plaintiff's main contention was that "defendants' use of the 'Crime Channel' in the Film [wa]s confusingly similar to the alleged Mark, and that [such] confusion [would] create the erroneous impression that the 'Crime Channel' in the Film 'ha[d] been created, approved, sponsored, endorsed, or [] in some way affiliated with, Plaintiff."³⁹ Among other things, the plaintiff alleged, that although the film portrayed the "Crime Channel" as a fictional network, the film's credits included a credit for the Crime Channel and individual credits for the Crime Channel's director, camera and editing, and coordinator.⁴⁰

In contrast to the outcomes of other recent cases, the plaintiff's claims in *Films of Distinction* largely survived defendant's motion to dismiss. The court rejected defendant's nominative fair use defense, finding, at least for purposes of a motion to dismiss, that defendants "did not use the Mark 'otherwise than as a mark."⁴¹ Rather, the court found that "defendants used the Mark to identify plaintiff as the source or create confusion as to the source of the fictional channel in the Film."⁴²

As for dilution, plaintiff argued that the "defendant's use of the term 'Crime Channel' dilute[d] the value of plaintiff's mark by suggesting that plaintiff's product causes violent behavior in children."⁴³ The defendants moved to dismiss the dilution claim on the grounds that the mark was not famous, an issue the court held could not be resolved on a motion to dismiss provided it was adequately pled.⁴⁴

Comedy III Productions

Not long after the *Films of Distinction* case, the Ninth Circuit considered a law-

suit also arising out of a character in a movie watching television. *Comedy III Productions, Inc. v. New Line Cinema*⁴⁵ concerned the movie *The Long Kiss Goodnight*, in which a clip from the Three Stooges movie *Disorder in the Court* is playing on a television set in the background of a scene.⁴⁶ Comedy III Productions sued New Line, alleging that the unauthorized use of the film clip constituted unfair competition under federal and state law.⁴⁷ The plaintiff failed to persuade either the district court or the Ninth Circuit that the short clip from the film could be a trademark, leading to the dismissal of all of its claims.⁴⁸

Wham-O, Caterpillar, and Mattel

Building on *Rogers v. Grimaldi*'s recognition that expressive works are a fundamentally distinct category, in 2003, three key cases were decided that signaled an increasing judicial tolerance for the unauthorized use of branded products in creative works. In both *Wham-O, Inc. v. Paramount Pictures Corporation*⁴⁹ and *Caterpillar Inc. v. Walt Disney Company*,⁵⁰ the plaintiffs sought to enjoin the release of films that featured unflattering uses of their products, while in *Mattel Inc. v. Walking Mountain Productions*,⁵¹ the product at issue was featured in artistic photographs.

Wham-O concerned the unauthorized use of a children's toy known as the "Slip 'N Slide" in the movie *Dickie Roberts: Former Child Star*. In the film, a former child star, played by David Spade, hires a family to adopt him in an effort to reclaim his childhood. In the scene featuring the "Slip 'N Slide," which lasts only seventy seconds, Spade unsuccessfully attempts to slide on the toy, misusing it each time (i.e., sliding without lubricating the slide with water, then overlubricating the slide with cooking oil, and slamming into a fence).⁵² The slide scene played a prominent role in the film's advertisement and promotional campaigns and inspired an interactive game on the film's website.⁵³

Wham-O sued for trademark infringement, dilution, and unfair competition. The court denied Wham-O's motion for a temporary restraining order, finding it

unlikely to prevail on any of its claims.⁵⁴ As to Wham-O's claims for trademark infringement and unfair competition, the court held it unlikely that the film's use of the Slip 'N Slide toy would lead to consumer confusion:

There is nothing in the record to suggest that defendant's use of plaintiff's marks "creates a likelihood that the consuming public will be confused as to who makes what product." . . . Consumers and viewers will not mistake plaintiff for a movie production house, and consumers and viewers will not mistake defendants for a purveyor of toys.⁵⁵

Wham-O's dilution claim concerned the misuse of the slide in the movie. Because the slide was not used correctly, Wham-O argued that consumers would perceive the company's marks in a negative light.⁵⁶ The court rejected this contention, reasoning that the misuse of the slide in the film is "ham-fisted and exaggerated"—"an unmistakable misuse . . . recognizable by even the youngest or most credulous film viewer, and one expressly described as a misuse in the film itself."⁵⁷ Accordingly, the court found it unlikely that the "comedic" and "obvious" misuse of the Slip 'N Slide would lessen the distinctiveness of the mark.⁵⁸

Further, the court found Paramount absolved from trademark liability because the use of the Slip 'N Slide amounted to nominative fair use.⁵⁹ Relying on the Ninth Circuit's three-part test for nominative use, the court determined that (1) Paramount used the plaintiff's mark to identify a product that was not otherwise identifiable; (2) Paramount used only so much of the mark as was reasonably necessary to identify the product or service; and (3) Paramount's use did nothing that would suggest sponsorship or endorsement by Wham-O.⁶⁰ As the court explained:

Nothing in the record suggests defendants used plaintiff's marks to imply that plaintiff placed its imprimatur on the film; nowhere in defendants' publicity efforts is plaintiff's mark unreasonably displayed or abused. . . Defendants, instead, use the marks and product in a specific and unique descriptive sense: to evoke associations with an iconic child's toy.⁶¹

Having satisfied the three facets of the nominative use test, the court refused

to enjoin the release of the movie on this independent ground as well.⁶²

Similarly, in *Caterpillar*, an Illinois district court refused to enjoin the release of the Disney film *George of the Jungle 2*, which featured the villain's henchmen driving Caterpillar bulldozers for about eight minutes in the film.⁶³ The Caterpillar bulldozers appear in several scenes and Caterpillar's marks are clearly visible in at least one scene during which the narrator describes them as "deleterious dozers" and "maniacal machines."⁶⁴ Seeking to enjoin release of the film, Caterpillar brought suit for trademark infringement, unfair competition, trademark dilution, and deceptive trade practices. The court rejected Caterpillar's motion for a TRO, ruling that Caterpillar had only a negligible chance of prevailing on the infringement and unfair competition claims and was unlikely to prevail on the dilution claim.⁶⁵

Given the early stage of the proceedings, the court was reluctant to rule on the trademark infringement and unfair competition claims. The court did say, however, that it did not appear that "the Defendants somehow took advantage of the fame of Caterpillar's trademark to drive awareness or sales of *George 2*."⁶⁶ Accordingly, it found Caterpillar's likelihood of success on those claims to be "slightly more than negligible."⁶⁷

As for its dilution claim, Caterpillar alleged that the use of its products and trademarks in *George 2* would tarnish the reputation of its business and products. Specifically, Caterpillar argued that the portrayal of their products in the film cast them in "an unwholesome and unsavory light," an argument the court ultimately found unpersuasive.⁶⁸ The movie, the court pointed out, was a children's comedy, a live action cartoon, and full of clichés "that clearly establish the fantastic nature of the movie."⁶⁹ As with *Wham-O*, the court credited the discerning intelligence of the movie viewer, finding it "clear to even the most credulous viewer or child that the bulldozers in the movie are operated by humans and are merely inanimate implements of [the villain's] unfriendly schemes."⁷⁰ Caterpillar's dilution claim was, the court held, unlikely to succeed.

In *Mattel Inc. v. Walking Mountain*

Productions, the Ninth Circuit addressed a satiric commentary on a mark and likewise showed tolerance for a defendant's unauthorized and unflattering use of the plaintiff's branded product.⁷¹ In that case, Mattel sued Thomas Forsythe over a series of photographs that portrayed Mattel's iconic "Barbie" doll in various absurd and sexualized positions. Forsythe also used the word *Barbie* in some of the titles of his works.⁷² Mattel argued that Forsythe's photographs, among other things, infringed Mattel's trademarks and trade dress and diluted its marks.⁷³ The district court granted summary judgment to the photographer as to all of the claims and the Ninth Circuit affirmed.

Applying the *Rogers* balancing test, the court held that Forsythe's use of the word *Barbie* in the titles of some of his photographs did not amount to trademark infringement. "Forsythe's use of the Barbie mark," the court explained, "is clearly relevant to his work. . . . The Barbie mark in the titles of Forsythe's works . . . accurately describe the subject of the photographs, which in turn, depict Barbie and target the doll with Forsythe's parodic message."⁷⁴ Given this relevance and the fact that it could not reasonably be understood that Mattel sponsored the work, the court held that the public interest in free and artistic expression greatly outweighed its interest in any potential confusion and therefore affirmed dismissal of the trademark infringement claim.

On the dilution claim, the district court found that "Forsythe was entitled to summary judgment because his use of the Barbie mark and trade dress was parody and thus his expression [wa]s a non-commercial use."⁷⁵ The Ninth Circuit agreed, recognizing that "[t]arnishment caused merely by an editorial or artistic parody which satirizes plaintiff's product or its image is not actionable under an anti-dilution statute because of the free speech protections of the First Amendment. . . ."⁷⁶ Forsythe's artistic and parodic work, the court ruled, was noncommercial speech and therefore not subject to a trademark dilution claim.⁷⁷

E.S.S. Entertainment

Most recently, in *E.S.S. Entertainment v. Rock Star Videos*, the owner of a Los

Angeles strip club called the “Play Pen” brought suit against a video game creator that featured a club called the “Pig Pen” in the background of one of its video games.⁷⁸ The plaintiff alleged that the defendants used the Play Pen’s distinctive logo and trade dress in its video game without its authorization and created a likelihood of confusion among consumers as to whether the plaintiff endorsed or was associated with the video game.⁷⁹

The video game, called “Grand Theft Auto: San Andreas,” features three virtual cities. One of those cities, Los Santos, is intended to mimic the look and feel of actual Los Angeles locations.⁸⁰ Among the businesses located in the virtual city of Los Santos is a cartoon-style strip club known as the “Pig Pen.” The artists who drew the Pig Pen said they used photographs of the Play Pen and various other locations to design aspects of the Pig Pen but changed the overall look and feel to make it fit the virtual, cartoon-style world of San Andreas and the video game’s irreverent tone. The plaintiff conceded that the Play Pen and Pig Pen buildings differed in certain respects but claimed that they both had similar awnings and logos.

The defendants argued that to the extent they used the plaintiff’s trade dress or trademark, it was a nominative fair use. But as the court explained, the nominative fair use analysis only applies where a defendant’s work clearly identifies and intentionally refers to the plaintiff’s product or service. The evidence in *E.S.S.*, the court held, established that the artists who created the Pig Pen did not design the virtual strip club to identify or refer specifically to the Play Pen.⁸¹ Although they drew inspiration from the real photographs of the Play Pen, they “purposely twisted, altered, and distorted the look of the Play Pen logo” to fit with the game’s cartoon-style world.⁸² Because defendants’ intention in creating the Pig Pen was not to identify plaintiff’s strip club but only to describe their own product, the court rejected their nominative fair use defense.

The court next considered the defendants’ argument that the First Amendment protected their use of the plaintiff’s trade dress and trademark. Although not involv-

ing the title of their work, the defendants nevertheless argued that the *Rogers* balancing test applied, noting that other courts had expanded that test to all expressive uses of a trademark or trade dress in artistic works, whether titular or not.⁸³ Persuaded by this argument, the court held that “the *Rogers* balancing approach is generally applicable to Lanham Act claims against all works of artistic expression.”⁸⁴ The court then determined that the video game qualified as an artistic work and that the Pig Pen had artistic relevance to defendants’ “twisted, irreverent image of urban Los Angeles.”⁸⁵

It also found that the defendants’ use of plaintiff’s trade dress did not explicitly mislead consumers as to the content of the game or the source of the defendants’ work. Neither the game nor any promotional materials contained any explicit indication that the Play Pen’s owners endorsed the game or had a role in producing it. The defendants’ expert commissioned a survey of video game players that determined that only four percent of those surveyed believed the Pig Pen was endorsed or sponsored by the Play Pen.⁸⁶ The survey, the court found, supported the defendants’ contention that the Pig Pen did not explicitly mislead consumers into believing that the plaintiff approved or participated in the making of the video game. Having therefore satisfied both elements of the *Rogers* test, the court granted defendants motion for summary judgment on the trademark and trade dress infringement claims.⁸⁷

To Obtain Permission or Not?

In the face of what appears to be increasing tolerance among judges to the unauthorized use of branded products in entertainment programming, should producers nevertheless seek to obtain such permission? The answer, as expected, depends upon the use. There is increasing support for the conclusion that where the product is shown in a flattering or even neutral manner, the use is not likely to precipitate any objection. Further, incidental uses or mere references to products, such as a teenager listening to an iPod or a reference to someone watching a particular television program, are likely to be viewed as nominative

uses that should not give rise to a viable claim.

As to false implied endorsement, courts are unlikely to be receptive to such claims absent some explicit indication that the product manufacturer is affiliated with or endorsed the program in which the product is featured. A mere display of the product or reference to the product (particularly if not unduly featured) is unlikely to be sufficient. Given the increasingly common use of product placement in programming on shows like *The Apprentice* and *Extreme Home Makeover*, one might expect more frequent claims of false implied endorsement to be made by manufacturers whose products are featured without permission on such shows. The argument would be that audiences expect the use to be with the owner’s permission so endorsement is necessarily implied. Yet, we have not seen any rise in false implied endorsement claims, most likely because product owners are unlikely to complain unless their product is portrayed in a negative manner or featured on a show with which they do not want to be associated. In negative contexts, however, courts have recognized that any consumer expectations regarding endorsement or association are significantly diminished.⁸⁸

Risky Uses

Despite the evolution of the law toward permitting unauthorized uses of trademarks in films and television, situations remain where the risk of suit is more likely and the result more unpredictable. Where products are portrayed as shoddy or low quality, producers may face not only trademark claims but also claims of false advertising and product disparagement. As the *Wham-O* case demonstrates, if a product is misused, the misuse should be readily apparent and not entirely credible. *Wham-O* and *Caterpillar* both involved light-hearted films directed at families. The result might have been more unpredictable if the uses occurred in arguably offensive, violent, or sexually explicit films or shows. Even when a product is displayed in an unflattering manner, as with the Barbie dolls in *Mattel v. Walking Mountain*, liability is reduced

where the plain intent is to parody the product or to use it for social commentary. Absent commentary on the product itself to preserve the nominative fair use defense, any use should be for no more time than necessary and it should not feel like gratuitous exploitation.⁸⁹

Altering Trademarks

The nominative uses, to some degree, have been bolstered by the recognition that actual products, versus blurred or anonymous products, add to the verisimilitude of a creative work. *E.S.S.* highlighted a common question raised in the creative process: do you use a product or service's exact trademark or do you alter it slightly? One lesson from *E.S.S.* is that by altering a trademark, you may be precluded from arguing nominative fair use. As the court there explained, the nominative fair use defense only applies where a defendant's work clearly identifies and intentionally refers to the plaintiff's product. Thus, if the mark is to be altered, but still be identifiable, to buttress a First Amendment defense, the revisions to the mark or trade dress should constitute a form of commentary on the product.⁹⁰

Potential Consequences

Producers faced with the choice of seeking or not seeking permission to use a branded product in a program should consider not only the potential liability but the real-life implications of a resulting lawsuit.

Injunction

Critical to any risk analysis is the reality that trademark and related claims carry the possibility of an injunction. Although trademark owners have not had much recent success with temporary orders, as seen with *Wham-O* and *Caterpillar*, their arsenal has recently been enhanced. This year, obtaining injunction relief on dilution claims became easier upon enactment of the Trademark Dilution Revision Act of 2006. The revision was in response to the Supreme Court's decision in *Moseley v. Victoria Secret Catalogue, Inc.*, in which the Court held that actual dilution, and not mere likelihood

of dilution, had to be proved to obtain an injunction against dilution of a mark.⁹¹ Reacting to the *Moseley* decision, Congress enacted the Act to explicitly allow an injunction when a likelihood of dilution is demonstrated. Accordingly, the standard for obtaining such relief has been lessened, an issue that producers and their advisors would be wise to keep in mind.

Expense

In addition to injunctions, litigation of disputes of this type can be particularly fact intensive and very expensive. It is not uncommon for defendants to retain experts to conduct costly consumer surveys on issues such as whether the unauthorized use of a product caused confusion as to sponsorship or endorsement.⁹² Where products are used as a means of parody or social commentary, experts also have been retained in support of defendants' First Amendment-based defense.⁹³ Such questions of fact often preclude early resolution of claims by motions to dismiss, requiring defendants to complete the discovery process and incur the high cost of consumer surveys before pursuing dispositive motions.⁹⁴

All of this should caution producers to think seriously before using branded products in entertainment programming without permission. Although the courts have shown increasing tolerance to such uses in recent years, defending such suits may be disruptive and an expensive proposition. As product placements become more and more common, disputes as to the portrayal of products, both authorized and unauthorized, are likely to become more frequent. The impact of the latest explosion of product placements and sponsored programming on the current judicial trend remains to be seen. 

Endnotes

1. *Emerson Elec. Co. v. NBC Universal Television Studios Inc.*, No. 06 Civ. 01454 (E.D. Mo. 2006).

2. PQ Media LLC, Report, *PQ Media Global Product Placement Forecast 2006–2010*, available at www.pqmedia.com/global-placement-2006.html.

3. Mark Litwak, *When Product Become Stars*, DEL. L., Winter 2005/06, at 9.

4. See Max Sutherland, *Why Product*

Placement Works, available at www.sutherlandsurvey.com.

5. See, generally, Litwak, *supra* note 3. See also Hollywood Product Placement, available at www.productplacement.biz/about-us.

6. Sam Lubell, *Actors Share Screen with Virtual Products*, N.Y. TIMES, Jan. 2, 2006.

7. Andy Simons, *Robin Williams Grows Up (Just a Little)*, READER'S DIG., Apr. 2006; Litwak, *supra* note 3, at 10.

8. See, e.g., *Wham-O, Inc. v. Paramount Pictures Corp.*, 286 F. Supp. 2d 1254, 1262 (N.D. Cal. 2003). In 1995, Congress enacted the Federal Trademark Dilution Act (FTDA), which added protection from trademark dilution to the scope of rights held by owners of famous and distinctive marks and preempted similar state trademark dilution statutes. In response to the Supreme Court decision in *Mosley v. Victoria Secret Catalogue Inc.*, 537 U.S. 418 (2003), where the Court held that actual dilution, not just a likelihood, was required to state a dilution claim, the FTDA was recently amended to clarify that dilution can be stated on a likelihood of dilution basis. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730.

9. *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 903 (9th Cir. 2002) (internal citations omitted).

10. See 15 U.S.C. § 1125(c)(1).

11. See, e.g., *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003) (asserting copyright claim for unauthorized use of Barbie dolls in commercial artist's parodic photographs); *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70 (2d Cir. 1997) (asserting copyright claim for unauthorized use of an original artwork as background for the television show *Roc*).

12. Although there do not appear to be any reported cases in which an actor has sued for misappropriation of his right of publicity over a product placement, the potential for such claims certainly exists. For a discussion of product placements and the potential for rights of publicity claims, see Matthew Savare, *Where Madison Avenue Meets Hollywood and Vine: The Business, Legal, and Creative Ramifications of Product Placements*, 11 UCLA ENT. L. REV. 331, 379–85 (Summer 2004). See also James H. Johnson, *Weathering the Perfect Storm: Product Placement and Intellectual Property*, Washington Legal Foundation, 20:56 LEGAL BACKGROUNDER, NOV. 18, 2005, available at www.wlf.org/upload/111805LBJohnson.pdf.

13. See, e.g., Savare, *supra* note 12, at 441–43 (discussing contracts that provide creative contributors rights of consultation and approval that would cover unauthorized product placements).

14. Under FCC regulations, producers of programming being distributed through regulated channels must disclose when they receive consideration in exchange for including

or mentioning products in a program. See 47 U.S.C. § 508. Disclosure is not required, however, if the products are provided for free or at nominal expense or if they are used for realistic effect. See 47 U.S.C. § 73.1212. For a discussion of the current regulatory approach to product placements and efforts to increase such regulation, see Savare, *supra* note 12, at 361–69.

15. See Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887, 899–901 (Nov. 2005).

16. See *id.* (discussing early cases such as *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979), which followed analysis set forth in *Lloyd v. Tanner*, 407 U.S. 551 (1972)). Notwithstanding *Dallas Cowboys*'s arguably misplaced emphasis on the control of the owner, analogous to that of an owner of real property, the case continues to be cited authoritatively by the Second Circuit. See, e.g., *Hormel Food Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497 (2d Cir. 1996). Nevertheless, the pornography component to *Dallas Cowboys* should not be underestimated.

17. Gulasekaram, *supra* note 15, referencing an argument put forth by Professor Denicola in the aftermath of the *Dallas Cowboys Cheerleaders* decision.

18. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002).

19. 875 F.2d 994 (2d Cir. 1989).

20. See *id.* at 997.

21. *Id.* at 999.

22. *Id.*

23. See James G. Sammataro, *The Increasing Judicial Tolerance Towards the Unauthorized Display of Trademarks in Motion Pictures*, 12:4 ANDREWS LITIG. REP. 13 (June 7, 2005).

24. 926 F.2d 42 (1st Cir. 1991).

25. 971 F.2d 302 (9th Cir. 1992).

26. *WCVB-TV*, 926 F.2d at 46.

27. *Id.*

28. *New Kids on the Block*, 971 F.2d at 307–08.

29. *Id.* at 308.

30. As the court explained: “With many well-known trademarks, such as Jell-O, Scotch tape and Kleenex, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks.” *Id.* at 306.

31. *Id.* at 309–10.

32. 73 F.3d 497 (2d Cir. 1996).

33. *Id.* at 501.

34. *Id.*

35. *Id.*

36. *Id.* at 502–08. The Second Circuit dis-

tinguished the *Hormel* case from *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769 (8th Cir. 1994), in which the defendant “carefully designed the fictitious ad to appear as authentic as possible” and “sought to do far more than ‘conjure up’ [the original].” In *Balducci*, the Eighth Circuit reversed the dismissal of the plaintiff’s infringement and dilution claims stemming from defendant’s parody of the plaintiff’s advertising slogan. *Id.* at 775. The court held that the defendant publication could have conveyed its message with substantially less risk by including a disclaimer or substantially altering the protected mark. *Id.*

37. 12 F. Supp. 2d 1068 (C.D. Cal. 1998). In addition to trademark infringement and dilution, plaintiff asserted a host of other claims, including unfair competition, defamation, and trade libel.

38. *Id.* at 1072.

39. *Id.* at 1076, citing ¶¶ 24, 31 of plaintiff’s complaint.

40. *Id.* at 1073.

41. *Id.* at 1076.

42. *Id.*

43. *Id.* at 1078–79.

44. *Id.* at 1079.

45. 200 F.3d 593 (9th Cir. 2000).

46. *Id.* at 594.

47. *Id.* The claim, if anything, seemed to be one for copyright infringement. However, the film was in the public domain and the court understandably interpreted the plaintiffs’ claims as an attempt to achieve an end run around the copyright restrictions.

48. *Id.* at 595–96.

49. 286 F. Supp. 2d 1254 (N.D. Cal. 2003).

50. 287 F. Supp. 2d 913 (C.D. Ill. 2003).

51. 353 F.3d 792 (9th Cir. 2003).

52. *Wham-O*, 286 F. Supp. 2d at 1257–58.

53. *Id.* at 1258.

54. *Id.* at 1259–65.

55. *Id.* at 1262.

56. *Id.* at 1260.

57. *Id.* at 1261.

58. *Id.*

59. *Id.* at 1263.

60. *Id.* at 1263–64.

61. *Id.* at 1264. This conclusion is of some import given the use of the toy in a trailer for the film and in other promotional efforts.

62. *Id.*

63. *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 917 (C.D. Ill. 2003).

64. *Id.*

65. *Id.* at 920.

66. *Id.*

67. *Id.*

68. *Id.* at 922.

69. *Id.*

70. *Id.*

71. 353 F.3d 792 (9th Cir. 2003).

72. *Id.* at 796.

73. *Mattel* also sued for copyright and trade dress infringement. As to the copyright claim, the Ninth Circuit held the use of the doll con-

stituted noninfringing fair use. *Id.* at 799–806. The court expressed unease in applying the *Rogers* balancing test to content (versus titles) and therefore rejected the trade dress claim on grounds of nominative fair use. *Id.* at 808–12.

74. *Id.* at 807 (internal citations omitted).

75. *Id.* at 812 (internal citations omitted).

76. *Id.*

77. *Id.*

78. 444 F. Supp. 2d 1012 (C.D. Cal. 2006).

79. *Id.* at 1014.

80. *Id.* at 1016–17.

81. *Id.* at 1032.

82. *Id.* (internal quotation marks omitted).

83. *Id.* at 1038, citing 2 THOMAS J. MCCARTHY, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, § 10:22 (4th ed. 2006), and cases including *ETW Corp. v. Jireh Publ'g, Inc.*, 332 F.3d 915, 920, 937 (6th Cir. 2003); *Yankee Publ'g Inc. v. News Am. Publ'g Inc.*, 809 F. Supp. 267, 276–78 (S.D.N.Y. 1992); and *Ocean Bio-Chem, Inc. v. Turner Network Television, Inc.*, 741 F. Supp. 1546, 1552–53 (S.D. Fla. 1990).

84. *Id.* at 1038.

85. *Id.* at 1041.

86. *Id.* at 1046.

87. *Id.* at 1048.

88. See, e.g., *Films of Distinction, Inc. v. Allegro Film Prods., Inc.*, 12 F. Supp. 2d 1068, 1077 (C.D. Cal. 1998) (“[w]here use of the mark is in an unflattering context or a setting which would be disadvantageous to the mark’s holder, it would seem customer confusion as to endorsement or affiliation is particularly unlikely”).

89. See, e.g., *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 920 n.6 (C.D. Ill. 2003), when Disney’s use was distinguished from other cases where an “intent to free ride” on a mark’s fame was perceived, citing to *MGM-Pathe Communications Co. v. Pink Panther Patrol*, 774 F. Supp. 869 (S.D.N.Y. 1991) (gay rights group using “Pink Panther” as part of their name), and *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinemas, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (porno film trying to capitalize on fame of *Dallas Cheerleaders*).

90. In *E.S.S.*, by changing the name to “Pig Pen” from “Play Pen,” the creators were arguably commenting on the strip club.

91. 537 U.S. 418 (2003).

92. See *E.S.S. Entm’t v. Rock Star Videos*, 444 F. Supp. 2d 1012, 1046 (C.D. Cal. 2006); *Rogers v. Grimaldi*, 875 F.2d 994, 1001 (2d Cir. 1989).

93. *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 797 (9th Cir. 2003).

94. See *id.* at 813 (discussing the parties’ contentious discovery disputes).