

# LEGAL MEMO

DATE: October 20, 2013

TO: Nimia.com

FROM: Eric J. Harrison, Esq.

SUBJECT: Trademark Infringement in Videos

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## TRADEMARK INFRINGEMENT IN VIDEOS

This memo addresses whether, and under what context, an unpermitted use of a trademark in a stock video necessarily leads to a finding of trademark infringement or trademark dilution. This question is important for two reasons. First, content producers are currently spending<sup>1</sup> large sums of money to clear rights to every product that appears in their production.<sup>2</sup> They do this because it is cheaper to clear the rights to the product than it is to fight a future trademark infringement case.<sup>3</sup> Second, small independent content producers are forced to expend time and energy removing products appearing in

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<sup>1</sup> See generally, JOY BUTLER, THE PERMISSION SEEKER'S GUIDE THROUGH THE LEGAL

<sup>2</sup> As a practical matter, however, industry custom, insurance requirements, and fear of trademark litigation have combined to create a “clearance culture” that forces creators to seek permission for the use of marks. This increases transaction costs and leads, ultimately, to stifled creativity and chilled speech.

<sup>3</sup> Average litigation costs for a trademark infringement lawsuit is \$600,000.00 Report of Economic Survey published by the American Intellectual Property Lawyers Association. Other risks to trademark litigation include possible injunction. Potential claims include tarnishment, dilution, unfair competition, product disparagement, and false endorsement under the Lanham Act, among others.

their production because they cannot afford to clear the rights to the products.<sup>4</sup> These two problems create inefficiencies in the market place. If the legal landscape can clear-up the confusion regarding unpermitted use of trademarks in stock videos then commercial advertisers, film producers and small independent content producers can spend more time and energy producing works.

This memo will restrict itself to analyzing two of the most popular plaintiff claims as they relate to trademarks used in stock videos: trademark infringement under the Lanham Act, and trademark dilution under the Lanham Act. The first section will give an overview of trademark infringement law as it applies to likelihood of confusion of trademarks used in media products. The second section analyzes the likelihood of confusion as to sponsorship of a trademark as it is used in a typical life cycle of a stock video; starting with its hosting on a stock agency website through to its final use in a commercial or entertainment motion picture setting. The third section will give an overview of trademark dilution law as it applies to trademarks used in media products. The third section will also include an analysis of the likelihood of dilution of a trademark as it is used in a typical life cycle of a stock video; starting with its hosting on a stock agency website through to its final use in a commercial or entertainment motion picture setting.

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<sup>4</sup> Aufderheide & Jaszi, *supra* note 10, at 22-23; Jennifer E. Rothman, *The Questionable Use of Custom in Intellectual Property*, 93 Va. L. Rev. 1899, 1912 (2007) (discussing the pervasiveness of clearance culture and its effects on creative products such as biographies and documentaries).

## I. TRADEMARK INFRINGEMENT<sup>5</sup> – LIKELIHOOD OF CONFUSION

A trademark infringement case involves one party using a trademark that is the same or similar to another's trademark. The party bringing suit has an actionable claim under the Lanham act. Sections 32(1) and 43(a) of the Lanham Act prohibit the unauthorized use of marks in a manner likely to confuse consumers.<sup>6</sup> Specifically, the Lanham Act prohibits the use of marks in connection with the sale, distribution, or advertising of goods or services in a way that is likely to cause confusion as to affiliation, connection, or association with the markholder or confusion as to the origin, sponsorship, or approval of goods or services.<sup>7</sup> The legal test for determining infringement under these provisions is likelihood of confusion. This test determines whether the use of a

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<sup>5</sup> Trademark law serves to protect two purposes. It is meant to (i) protect consumers from deception and confusion over trade symbols (likelihood of confuse); and (ii) protect the plaintiff's infringed trademark as property (likely to dilute). Section one and Section two of this memo discusses trademark law's first purpose, likelihood of confusion. Section three discusses trademark law's second purpose, likelihood of dilution. These two purposes have been stressed by both Congress and the Supreme Court in modern times - "The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner." S. Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946). Quoted in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782, n.15, 112 S. Ct. 2753, 23 U.S.P.Q.2d 1081 (1992) (Stevens, concurring). Compare *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 158, 109 S. Ct. 971, 9 U.S.P.Q.2d 1847, 1854 (1989) ("The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation.").

<sup>6</sup> 15 U.S.C. § 1114(1) (2006); 15 U.S.C. § 1125(a) (2006) (relating to infringement of registered and unregistered marks, respectively).

<sup>7</sup> 15 U.S.C. § 1125(a) (2006) (prohibiting the use of a mark that "is likely to cause confusion, or to cause mistake, or to deceive as to the . . . origin, sponsorship, or approval of . . . goods, services, or commercial activities").

mark is likely to confuse consumers into believing falsely that a product or service is associated with the markholder in any of the enumerated ways?<sup>8</sup> The likelihood of confusion test relies on a non-exclusive list of factors, including (1) the strength of the allegedly infringed mark; (2) the proximity (i.e. competitive similarity) of the goods; (3) the similarity of the marks; (4) evidence of actual confusion, including survey evidence; (5) overlap in marketing channels used by the goods; (6) the type of goods and the degree of care likely to be exercised by the purchaser; (7) the alleged infringer's intent in selecting the mark; and (8) the likelihood that the product lines will expand to compete with each other.<sup>9</sup>

The strength of the mark portion of the analysis deserves extra attention. The strength of the mark is determined by placing it in one of four possible categories. From weakest to strongest, those categories are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.<sup>10</sup> Arbitrary or fanciful marks are inherently distinctive and entitled to the highest protection.<sup>11</sup> In contrast, suggestive marks subtly connote something about the product and are less distinctive than arbitrary or fanciful marks.<sup>12</sup> Suggestive marks are presumptively weak but still entitled to protection, particularly where the holder has expended substantial resources to promote the mark.<sup>13</sup> “Descriptive

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<sup>8</sup> *Id.*

<sup>9</sup> *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979); see also *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

<sup>10</sup> *GoTo.com*, 202 F.3d at 1207.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Brookfield Comm.*, 174 F.3d at 1058.

marks define qualities or characteristics of a product in a straightforward way that requires no exercise of imagination to be understood.”<sup>14</sup>

The following paragraph examines an empirical study that analyzes the likelihood of confusion factors against case outcomes.

**A. Empirical Study of the Likelihood of Confusion Factors Shows that Certain Factors are Dispositive While Other Factors are Not.**

In a trademark infringement case a court decides whether the defendant’s trademark, because of its similarity to the plaintiff’s trademark, causes or is likely to cause consumer confusion as to the true source of the defendant’s goods. To answer this question, district courts conduct a multifactor analysis of the likelihood of consumer confusion. *See Supra* Section I, 3. A recent article set forth results of an empirical study of all reported district court opinions on trademark infringement for the five-year period from 2000 to 2004 that made use of a multifactor test for the likelihood of consumer confusion.<sup>15</sup> The empirical study consisted of 331 opinions.<sup>16</sup> The study concluded that judges rely upon only a few of the factors to make their decisions.<sup>17</sup> The rest of the factors are either redundant or irrelevant. Even though courts have asserted that no single factor in the multifactor test is dispositive, the data holds the opposite. The data revealed that judges stampede specific factor outcomes to conform to or support the overall test outcome.<sup>18</sup> The data suggest that judges determine the test outcome based on a limited number of core factors and then adjust the rest of the factor outcomes to accord with that

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<sup>14</sup> *Kendall–Jackson*, 150 F.3d at 1047 n. 8.

<sup>15</sup> Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, California Law Review, 2006.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

result.<sup>19</sup>

*i. The Similarity Factor Enjoys the Strongest Correlation*

The similarity factor enjoys the strongest correlation with the overall test outcomes. Additionally, the other four core factors —strength of mark, intent of party, actual confusion, and proximity in marketplace, also correlate fairly strongly with the larger test outcomes.<sup>20</sup> Outcomes under the remaining four factors — purchaser

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<sup>19</sup> Id.

<sup>20</sup> Id. at 1608, “...taking the similarity factor as an example, 121 opinions (63%) found that the similarity factor favored a likelihood of confusion, and plaintiff won the multifactor test in 84% of these opinions; sixty-five opinions (34%) found that the similarity factor disfavored confusion, and plaintiff won the multifactor test in none of these opinions.

Compare these plaintiff win rates under the similarity factor to plaintiff win rates under the actual confusion and intent factors. The court found an intent to confuse consumers in sixty-seven opinions. In sixty-five (97%) of these opinions, the court found an overall likelihood of confusion. A finding of bad faith appears to exert a substantial, if not dispositive, influence on the outcome of the test. With respect to the actual confusion factor, the court found that the factor favored a likelihood of confusion in sixty-six opinions. In sixty-one (92%) of these opinions, the court found an overall likelihood of confusion. Finally, compare the consumer sophistication factor win rates to the similarity factor win rates. The plaintiff win rate in the fifty-five cases in which it won the consumer sophistication factor is comparable to the 121 cases in which it won the similarity factor.

We find dramatically skewed results as well in opinions in which the plaintiff lost certain factors. In forty-one of the 192 opinions, the court found that the parties’ goods were not proximate. The plaintiff lost the multifactor test in all but one of these opinions.<sup>106</sup> As a practical matter, in order to win the multifactor test, the plaintiff must not lose this factor—or alternatively, when the judge finds an overall likelihood of confusion, the judge almost invariably finds that the proximity factor favors this result. The same may be said of the strength factor. The plaintiff lost this factor in fifty-three of the 192 opinions and lost the overall test in fifty of these fifty-three opinions.

Consider, for example, the 102 opinions that found a likelihood of confusion. Of these, only sixty-five (64%) found that the intent factor favored a likelihood of confusion, which suggests that, while probably nearly sufficient, a finding of bad faith intent is by no means necessary to trigger an overall finding of a likelihood of confusion. By comparison, 94% of the 102 opinions that found a likelihood of confusion found that the proximity of the goods factor favored this result and 90% found that the strength factor favored the result—and, of course, all of them found that the similarity factor favored the result. From this, we can infer, albeit weakly, that judges tend to rely on these three factor

sophistication, similarity of advertising/marketing, similarity of sales facilities, and likelihood of bridging the gap—show weak correlations with the test outcomes.<sup>21</sup>

## II. TRADEMARK INFRINGEMENT— CONFUSION AS TO SPONSORSHIP

A federal claim under Lanham Act § 43(a) for infringement of an unregistered mark can be triggered by a use which “is likely to cause confusion, or to cause mistake, or to deceive as to the *affiliation, connection, or association*” of the user with the senior user.<sup>22</sup> Deception as to the affiliation, connection, or association is generally called “confusion as to sponsorship”. Confusion as to sponsorship occurs when a defendant uses a mark that leads a reasonable person to believe the mark is sponsoring or endorsing the defendant’s product.

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outcomes to form the foundation for a finding of a likelihood of confusion. Indeed, ninety (88%) of the 102 opinions that found a likelihood of confusion found that each of these factors favored that result.

Consider next the ninety opinions that found no likelihood of confusion. Nineteen of these (21%) nevertheless found that the similarity of the marks disfavored that result. This confirms that a finding that the similarity factor favors a likelihood of confusion is necessary but not sufficient to trigger an overall finding of a likelihood of confusion. Similarly, thirty-eight (42%) found that the proximity of the goods factor favored a likelihood of confusion. Thus, while the plaintiff must not lose the proximity factor in order to win the multifactor test, winning the factor does not guarantee success.

<sup>21</sup> Id.

<sup>22</sup> Lanham Act § 43(a), 15 U.S.C.A. § 1125(a). See §§ 27:12 to 27:23.

### **A. Confusion as to Sponsorship of the Product is a Different Analysis than the Likelihood of Confusion Test.**

In the Ninth Circuit, when a case involves confusion of sponsorship, a different likelihood of confusion test, called nominative fair use analysis, is required.<sup>23</sup> The nominative fair use analysis is appropriate where a defendant has used the plaintiff's mark to describe the plaintiff's product, even if the defendant's ultimate goal is to describe his own product. Nominative fair use analysis was created to be an alternative method for analyzing if there is the kind of likelihood of confusion that constitutes trademark infringement.

*i. The Ninth Circuit's Nonnominative Fair Use Analysis Replaces the Traditional Sleekcraft Likelihood of Confusion Test for Confusion of Sponsorship*

The Ninth Circuit has made it clear that a defendant who raises the nominative fair use defense need only show that it uses the mark to refer to the plaintiff's own trademarked goods or services. The burden then shifts to the plaintiff to show a likelihood of confusion under the nominative fair use analysis.<sup>24</sup> In this category of cases, the nominative fair use analysis replaces the traditional *Sleekcraft* likelihood of confusion test.<sup>25</sup> In the Ninth Circuit, and in other circuits that follow this approach,<sup>26</sup>

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<sup>23</sup> *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308, 20 Media L. Rep. 1468, 23 U.S.P.Q.2d 1534, 1539 (9th Cir. 1992).

<sup>24</sup> *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-1183, 95 U.S.P.Q.2d 1702 (9th Cir. 2010) (“On remand, [plaintiff] Toyota must bear the burden of establishing that the [defendant] Tabaris' use of the Lexus mark was not nominative fair use. A finding of nominative fair use is a finding that the plaintiff has failed to show a likelihood of confusion as to sponsorship or endorsement .... A defendant seeking to assert nominative fair use as a defense need only show that it used the mark to refer to the trademarked good .... The burden then reverts to the plaintiff to show a likelihood of confusion.”).

<sup>25</sup> *Id.* at 95. “[T]he *Sleekcraft* analysis doesn't apply where a defendant uses the mark to refer to the trademarked good itself.”.



the “nominative fair use” analysis is a “defense” only in the sense that an accused infringer can use the analysis to argue that there will be no infringement because there is no likelihood of confusion.

It is important to note that the kind of confusion of sponsorship needed to constitute infringement is not confusion that the owner of the mark approved of the reproduction of its logo. The confusion that is needed for infringement is the confusion that the owner of the mark *approved* of the defendant’s particular brand of product.<sup>27</sup> This is an important distinction because consumers are becoming aware of product placement and the rights clearance culture of film producers. The confusion the court is looking for is whether the owner of the mark approves of the defendant’s product. For example, in *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (1969), an independent repair shop advertised that “we repair VWs”. The automobile maker Volkswagen sued for trademark infringement. The court held that as long as the repair shop did nothing to imply that it was an *authorized* VW dealer, ie. that VW was sponsoring the Shop, the use was a non-infringing “nominative” fair use of the trademark VW.

ii. *The Ninth Circuit Uses a Three Step Analysis to Determine Whether There is Confusion as to Sponsorship*

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<sup>26</sup> *Board of Supervisors for Louisiana State University Agricultural and Mechanical College v. Smack Apparel Co.*, 550 F.3d 465, 489, 239 Ed. Law Rep. 874, 89 U.S.P.Q.2d 1338 (5th Cir. 2008), cert. denied, 129 S. Ct. 2759 (2009) (“[A] court ordinarily should consider a nominative fair use claim in conjunction with its likelihood-of-confusion analysis in order to avoid lowering the standard for confusion.”).

<sup>27</sup> *Medic Alert Foundation U.S., Inc. v. Corel Corp.*, 43 F. Supp. 2d 933, 937, 51 U.S.P.Q.2d 1024 (N.D. Ill. 1999) (“Here, where the use of the allegedly infringing mark is ... hidden inside a computer program, any confusion as to perceived permission does not constitute necessarily confusion as to perceived endorsement.” No infringement was found.).

The Ninth Circuit requires three elements to be met in a nominative fair use defense.<sup>28</sup> For a defendant to satisfy the nominative fair use analysis he must meet the following three requirements: (i) the product or services in question must be one not readily identifiable without use of the trademark; (ii) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and (iii) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>29</sup> These three elements can be described in terms of questions or factors to determine if there is a likelihood of confusion.

According to the Ninth Circuit, the nominative fair use analysis weighs and balances three questions to determine if a mark is being used in a manner that is likely to cause confusion:

1. Is the product or service of the trademark owner one which is readily identifiable without use of the trademark?<sup>30</sup> If the answer is yes, then it is difficult for the defendant to make an argument that there is a legitimate commercial or creative reason for the defendant to use the trademark at all. The assumption is

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<sup>28</sup> *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308, 20 Media L. Rep. 1468, 23 U.S.P.Q.2d 1534, 1539 (9th Cir. 1992).

<sup>29</sup> *Id.*

<sup>30</sup> *See Clark v. America Online Inc.*, 2000 WL 33535712 (C.D. Cal. 2000) (AOL's advertising use of the service mark DICK CLARK was a nominative fair use because there was no descriptive substitute for the name Dick Clark to conjure up the era of the 1950s, AOL used only the minimum amount necessary and there was no implied endorsement by Dick Clark of the AOL product); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1152, 63 U.S.P.Q.2d 1279 (9th Cir. 2002) ("One might refer to 'the English princess who died in a car crash in 1997,' but it is far simpler (and more likely to be understood) to refer to 'Princess Diana.' We therefore hold that Princess Diana's person is not readily identifiable without use of her name."); *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1030, 69 U.S.P.Q.2d 1417 (9th Cir. 2004) (Search engine's use of PLAYBOY marks failed the first New Kids factor: "Defendants could use other words, besides PEI's marks, to trigger adult-oriented banner advertisements . . . . There is nothing indispensable in this context about PEI's marks.").

that the junior user has a legitimate need to identify the trademark owner by use of its trademark.

2. Has the mark been used by the defendant more than is reasonably necessary to identify the plaintiff?<sup>31</sup> The defendant may have a legitimate need to use the trademark to identify the trademark owner, but the defendant may step over the line into a likelihood of confusion by using the plaintiff's mark too prominently or too often, in terms of size, emphasis, or repetition.

3. Has the defendant done acts that would falsely suggest sponsorship or endorsement by the trademark holder?<sup>32</sup> The purpose of the nominative fair use analysis is to determine if there will be a likelihood of confusion, mistake or deception. This factor asks if the defendant has done things to that are likely to indicate sponsorship, affiliation or approval by the senior user.

The nominative fair use analysis provides a good mechanism for courts to determine confusion as to sponsorship in trademark infringement law suits. Case examples help illustrate the courts logic in utilizing the nominative fair use analysis. See *Infra* Section II.E.

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<sup>31</sup> If the defendant makes repetitive, extensive and wide-ranging use of the plaintiff's marks, this may exceed the second factor. See, e.g., *PACCAR Inc. v. TeleScan Technologies, L.L.C.*, 319 F.3d 243, 65 U.S.P.Q.2d 1761, 2003 FED App. 0040P (6th Cir. 2003) ("Using [plaintiff's] trademarks in its domain names, repeating the marks in the main titles of the web sites and in the wallpaper underlying the web sites and mimicking the distinctive fonts of the marks go beyond using the marks 'as is reasonably necessary to identify' [plaintiff's] trucks, parts and dealers.").

<sup>32</sup> *Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407, 412 (9th Cir. 1996) (distinguishing the New Kids case on the ground that, in this case, there was a triable issue of fact that the challenged advertisement implied an endorsement by plaintiff, a professional basketball star); *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 29 Media L. Rep. 2390, 60 U.S.P.Q.2d 1184 (9th Cir. 2001) (defendant's use of plaintiff's "mark" in defendant's catalog created an issue of fact whether there was a suggestion of sponsorship or endorsement).

The following paragraphs analyze: (i) whether a stock agency is liable for trademark infringement under a likely to confuse analysis for hosting videos showing trademarked items; (ii) whether an end licensee of a video is liable for trademark infringement under a likely to confuse analysis for using videos with trademarked items if used in advertisements for similar products; and (iii) whether an end licensee of a video is liable for trademark infringement under a likely to confuse analysis for using videos with trademarked items in film, documentaries or television shows.

**B. A Stock Agency May be Liable for Trademark Infringement under a likelihood to confuse analysis for Hosting Videos Showing Trademarked Items**

Is a stock agency like Getty Images<sup>33</sup> liable for hosting stock videos containing images of trademarked goods? It depends. It would depend if the trademark was the center piece of the video versus just part of the overall or background piece in the video. For example, if the video is five seconds in duration and is focused squarely and only on a trademark and nothing else, then there is a higher probability of trademark infringement based on likelihood of confusion as to sponsorship.<sup>34</sup> It is important to note that the kind of confusion of sponsorship needed to constitute infringement is not confusion that the owner of the mark approved of the reproduction of its logo. What is needed for infringement in this particular example is confusion that the owner of the mark approves of Getty Images as a provider of stock media as opposed to one of the competitors such

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<sup>33</sup> Getty Images is the world's largest stock photography and video agency. [www.gettyimages.com](http://www.gettyimages.com). Last visited April 13, 2012.

<sup>34</sup> Getty Images cannot argue as a defense that it is using the trademark as a comparison of a similar product, which would be a justified use, because Getty Images does not sell products, Getty Images licenses stock images.

as Corbis.<sup>35</sup> If the trademark is merely in the background of the video or not the center focus of the video, then there is probably no trademark infringement. The following paragraphs provide analysis of trademark infringement for marks that are shown in stock videos.

A good starting point for analysis of trademark infringement in stock videos is understanding who has the burden of proof in trademark infringement cases. The U.S. Supreme Court addressed this issue and made clear that the trademark owner bears the burden of proving a likelihood of confusion.<sup>36</sup> In the example of Getty Images, the trademark owner would bear the burden of proving that Getty's use of a stock video containing a mark causes confusion in consumers as to the sponsorship of the mark. To state it another way, a trademark owner would need to show that Getty somehow took advantage of the fame of the owner's trademark to drive awareness or sales of the video.<sup>37</sup>

Take for example a video of a Ford Fusion car with Ford's trademark symbol on the grill

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<sup>35</sup> *Medic Alert Foundation U.S., Inc. v. Corel Corp.*, 43 F. Supp. 2d 933, 937, 51 U.S.P.Q.2d 1024 (N.D. Ill. 1999) (“Here, where the use of the allegedly infringing mark is ... hidden inside a computer program, any confusion as to perceived permission does not constitute necessarily confusion as to perceived endorsement.” No infringement was found.)

<sup>36</sup> *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 122, 125 S. Ct. 542, 160 L. Ed. 2d 440, 72 U.S.P.Q.2d 1833 (2004) “[T]he burden of proving likelihood of confusion rests with the plaintiff.” And, “In sum, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case, 15 U.S.C.A. § 1115(b), while the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith, ...” 543 U.S. at 124.

<sup>37</sup> The shape of a classic FERRARI sports car made from 1969 to 1974 was protected as distinctive trade dress as against the maker of a replica car. While the purchaser of an unauthorized replica knows it is not a genuine car, he may think that it is sponsored, approved or licensed by Ferrari. *Ferrari S.p.A. Esercizio Fabriche Automobili e Corse v. McBurnie*, 11 U.S.P.Q.2d 1843, 1989 WL 298658 (S.D. Cal. 1989); *Ferrari S.p.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235, 20 U.S.P.Q.2d 1001, 1009–1010 (6th Cir. 1991)

of the car. If the trademark is visible on the grill but is not the focus of the video, would consumers likely believe that Ford is sponsoring Getty? Under the nominative fair use analysis, probably not. First, a Ford Fusion is not readily identifiable without use of Ford's trademark. Second, the mark as used by the defendant is not shown more more than is reasonably necessary to identify the plaintiff. Third, the defendant probably has not done acts that would falsely suggest sponsorship or endorsement by the trademark holder. There is probably no actual confusion by consumers when they see a video with Ford's mark on Getty's website. Consumers are informed when they land on Getty's website that Getty is a stock photography agency. Consumers would not be confused into thinking that Ford was sponsoring Getty Images. Under the nominative fair use analysis, Getty would prevail as not infringing Ford's trademark.

Thus for videos that contain incidental trademarked goods, case law usually favors a finding of non-infringement.<sup>38</sup> The issue normally turns on whether there is confusion as to sponsorship of the product and whether the defendant used more of the logo than reasonably necessary for its product.<sup>39</sup> The following paragraphs provide a review of cases regarding trademarked goods in videos of dissimilar products.

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<sup>38</sup> James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 Yale L.J. 882, 917 (2007).

<sup>39</sup> In *Ty, Inc. v. Publications Int'l, Ltd.*, 99 C 5565, 2005 WL 464688 (N.D. Ill. Feb. 25, 2005), Ty, Inc. ("Ty"), the maker of the famed Beanie Babies plush toys sued Publications International, Ltd. ("PIL"), the publisher of a series of books and magazines designed as collectors' guides to Ty's products for trademark infringement for PIL's use of Ty's trademarks on PIL's books and magazines. In granting in part and denying in part PIL's motion for summary judgment the court stated, "... Ty [Plaintiff] can point to no issues of material fact suggesting that PIL [Defendant] did anything in connection with its use of the logo to imply sponsorship or endorsement. However, PIL's motion for summary judgment with respect to Ty's claim of trademark infringement based on PIL's use of the Ty Heart Logo is denied. As noted above, PIL has failed to establish as a matter of law that it used no more of the logo than reasonably necessary for its

In *Gottlieb Dev. LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625 (2008), the distributor of copyrighted and trademarked “Silver Slugger” pinball machine brought action against movie producer, alleging that producer engaged in copyright and trademark infringement, unfair competition, and deceptive trade practices by using the machine in the movie “What Women Want” without distributor's permission. The facts showed that the pinball machine’s mark was only briefly shown in the background of one scene in a full-length entertainment film.<sup>40</sup> The court held that given the fact that the plaintiff's trademark on the machine was visible in the background for fleeting moments meant that there was no possible confusion of source or sponsorship of the film.<sup>41</sup> The court granted a motion to dismiss the trademark infringement claim.<sup>42</sup>

In *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 916-18 (C.D. Ill. 2003), the owner of the well-known “Caterpillar” mark for earth-moving equipment sued Disney for trademark infringement for Disney’s use of the mark on tractors in the motion picture *George of the Jungle 2*. Disney’s movie showed Caterpillar bulldozers poised ready to wreak environmental havoc on George's beloved Ape Mountain. Caterpillar lost its motion for a temporary restraining order against Disney's release of the movie.<sup>43</sup> Although the court noted that Caterpillar had a “slightly more than negligible likelihood

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publications.” But see *Toho Co., Ltd. v. William Morrow & Co., Inc.*, 33 F. Supp. 2d 1206 (C.D. Cal. 1998), where the court held that there was a strong likelihood that book publisher's use of trademark “Godzilla” as title of its movie compendium book would cause consumer confusion as to whether book was sponsored or licensed by movie studio; publisher would apparently not be entitled to use non-statutory nominative fair use defense; and movie studio was likely to succeed on merits of infringement and unfair competition claims, and studio was entitled to preliminary injunction.

<sup>40</sup> *Gottlieb Development LLC v. Paramount Pictures Corp.*, 590 F. Supp. 2d 625, 89 U.S.P.Q.2d 1862 (S.D. N.Y. 2008).

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

of success” on its confusion, that was not enough to outweigh the harm to Disney that would result from issuance of the order.<sup>44</sup>

In *Wham-O, Inc. v. Paramount Pictures Corp.*, 2003 WL 2300526, slip-n-slide maker (Wham-O) sued motion picture producer (Paramount Pictures) for trademark infringement for use of its product in a film. The film showed the product for approximately 70 seconds. It features Dickie Roberts, the film’s main character, jumping onto a slip-n-slide water slide that is neither properly inflated nor lubricated, causing a red abrasion on his chest. Roberts then coats the slide with a layer of cooking oil, ultimately causing him to collide with a picket fence. The scene played a prominent role in the advertising and publicity trailers for the film. The court denied Wham-O Inc.’s motion for a temporary restraining order against Paramount Pictures for misuse of its slip-n-slide water slide in the film “Dickie Roberts: Former Child Star.” The court held that Wham-O would not prevail on its trademark infringement claim because confusion was not likely and Paramount’s use of the trademark was a nominative one. The articulated that consumers and producers are not likely to mistake Wham-O for a movie production house, or believe that Paramount sells toys.

To conclude, most stock videos’ use of trademarks are probably not trademark infringements. The defense for stock agencies would be “fair use” or “nominative fair use.” It is the use of another's trademark to identify, not the defendant's goods or services, but the plaintiff's goods or services. This is not an infringement so long as there is no likelihood of confusion. This has been labeled a non-confusing “nominative use” because it “names” the real owner of the mark.

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<sup>43</sup> *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 916-18 (C.D. Ill. 2003).

<sup>44</sup> *Id* at 923.



**C. A Purchaser of a Stock Video Containing a Trademark Item that Uses the Video in an Advertisement for a Similar Product May Be Liable for Trademark Infringement under the Standard Likelihood of Confusion.**

Is a business liable for using a video in their advertisement that contains images of trademarked goods of similar products? It depends. The issue is whether the advertising compares the relative qualities of the competitive goods. If the business is selling similar products and it is not using the competitor's trademark to compare the two products then it is likely the court will hold that the trademark use is infringing. On the other hand, comparing a product is not infringement. It is custom in many advertisements now to show a competitor's goods, identify them by the trademark, and have the buyer make comparisons. The Federal Trade Commission actually encourages the naming of competitors in comparative advertising.<sup>45</sup> The comparative advertising must be nonconfusing and offer a truthful comparison.<sup>46</sup> Generally, it is not trademark infringement to *truthfully* compare competing products in advertising. However, comparative advertising will not be permitted if it is likely to confuse buyers as to exactly what they are getting.<sup>47</sup> The following paragraphs provide case examples.

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<sup>45</sup> 16 C.F.R. § 14.15(b)-(c) ("Commission policy in the area of comparative advertising encourages the name of, or reference to competitors, but requires clarity, and, if necessary, disclosure, to avoid deception of the consumer. ... Comparative advertising encourages product improvement and innovation and can lead to lower prices in the marketplace.").

<sup>46</sup> *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 35 U.S.P.Q.2d 1211 (7th Cir. 1995) (comparative advertising naming a competitor is beneficial to consumers because "they learn at a glance what kind of product is for sale and how it differs from a known benchmark").

<sup>47</sup> S.L. Dogan & M.A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 Houston L. Rev. 777, 796 (2004) ("[C]ompetitors have an affirmative right to use others' trademarks to capture public attention and attempt to divert it to their own products. As long as they do not mislead people into presuming some kind of affiliation between themselves and the trademark holder, competitors may use the marks to explain that their product imitates or aspires to the qualities of the trademark holder's goods.").

In *Saxlehner v. Wagner*, 216 U.S. 375, 54 L. Ed. 525, 30 S. Ct. 298 (1910), a bottled water company sued a competitor for using its trademark in an advertisement. The court upheld the right of the competitor to use the bottled water company's trademark to truthfully tell the public that he was selling water which was identical in content to the trademarked water. The court stated,

They have the right to tell the public what they are doing, and to get whatever share they can in the popularity of the water by advertising that they are trying to make the same article, and think that they succeed. If they do not convey, but, on the contrary, exclude, the notion that they are selling the plaintiff's goods, it is a strong proposition that when the article has a well-known name, they have not the right to explain by that name what they imitate. By doing so they are not trying to get the good will of the name, but the good will of the goods.<sup>48</sup>

In *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac v. Alexander's Dep't Stores, Inc.*, 299 F.2d 33, 132 U.S.P.Q. 475 (2d Cir. 1962), the defendant used plaintiff's registered trademarks DIOR and CHRISTIAN DIOR in defendant's advertising which identified plaintiff's dresses as the original creations from which defendant's dresses were copied. Tags were hung on defendant's garments reading: "Original by Christian Dior—Alexander's Exclusive—Paris—*Adaptation*." The court found no proof of trademark infringement. The court found no proof of a likelihood of confusion of source or sponsorship by defendant's advertising. The right of a legal copier to truthfully denote the source from which he copied was upheld. The court stated, "The Lanham Act does not prohibit a commercial rival's truthfully denominating his goods a copy of a design in the public domain, though he use the name of the designer to do so. Indeed, it is difficult to see any other means that might be

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<sup>48</sup> *Saxlehner v. Wagner*, 216 U.S. 375, 54 L. Ed. 525, 30 S. Ct. 298 (1910)

employed to inform the consuming public of the true origin of the design.”<sup>49</sup>

In *Smith v. Chanel, Inc.*, 402 F.2d 562, 159 U.S.P.Q. 388 (9th Cir. 1968), the court held that a perfume seller, who put out a product simulating the unpatented formula of CHANEL NO. 5 perfume, had the right to use the CHANEL trademark to inform the public of this fact. This holding was possible because the comparative advertising of the defendant did not contain misrepresentations of fact or create the likelihood that purchasers would be confused as to the source, identity or sponsorship of the advertiser's product. The court stated:

To prohibit use of a competitor's trademark for the sole purpose of identifying the competitor's product would bar effective communication of claims of equivalence. Assuming the equivalence of [defendant's] SECOND CHANCE and [plaintiff's] CHANEL NO. 5, the public would not be served by a rule of law which would preclude sellers of SECOND CHANCE from advising consumers of the equivalence and thus effectively deprive consumers of knowledge that an identical product was being offered at one third the price. ... We are satisfied, therefore, that both authority and reason require a holding that in the absence of misrepresentation or confusion as to source or sponsorship, a seller in promoting his own goods may use the trademark of another to identify the latter's goods.<sup>50</sup>

The conclusion is that a competitor who produces low-priced substitutes for better

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<sup>49</sup> *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac v. Alexander's Dep't Stores, Inc.*, 299 F.2d 33, 132 U.S.P.Q. 475 (2d Cir. 1962),

<sup>50</sup> *Smith v. Chanel, Inc.*, 402 F.2d 562, 159 U.S.P.Q. 388 (9th Cir. 1968). On remand, found that defendant's advertising that its perfume “duplicated 100 percent perfect the exact scent of CHANEL NO. 5” was untrue and false advertising: chemical tests revealed different chemical composition. *Chanel, Inc. v. Smith*, 178 U.S.P.Q. 630 (N.D. Cal. 1973), aff'd, 528 F. 2d 284 (9th Cir. 1976). See *Saxony Products, Inc. v. Guerlain, Inc.*, 513 F.2d 716, 185 U.S.P.Q. 474 (9th Cir. 1975) (a truthful comparison that FRAGRANCE S is “like” or “similar to” SHALIMAR perfume is not infringement, but “similar to” comparison requires chemical analysis, not a “sniff test” by the court), appeal after remand, 594 F.2d 230 (9th Cir. 1979) (no need for injunction preventing defendant from “threatening” plaintiff); *Sherrell Perfumers, Inc. v. Revlon, Inc.*, 483 F. Supp. 188, 205 U.S.P.Q. 250 (S.D.N.Y. 1980) (advertising claim that Sherrell's “Copycats” possess a scent equal or equivalent to CHANEL perfumes held false where an “expert nose” testified to the contrary).

known, name-brand items, and uses the name-brand to tell truthfully consumers what has been copied, does not compete unfairly and does not infringe any trademark.

**D. A Purchaser of Stock Video that Confuses Consumers into Believing that the Markholder Endorses the Purchaser’s Product May Be Liable for Trademark Infringement Under a Likelihood to Confuse as to Sponsorship.**

Confusion as to sponsorship occurs when a defendant uses a mark that leads a reasonable person to believe the mark is sponsoring or endorsing the defendant’s product. In the Ninth Circuit, when a case involves confusion of sponsorship, a different likelihood of confusion test, called nominative fair use analysis, is required.<sup>51</sup> See *Supra*, Section II.A., for the basis of nominative fair use and confusion as to sponsorship.

The nominative fair use analysis has been applied in a wide range of factual situations. The following cases can be used to anticipate the outcome of an infringement case dealing with nominative fair use.

In, *Patmont Motor Werks, Inc. v. Gateway Marine, Inc.*, 1997 WL 811770 (N.D. Cal. 1997), a retailer used a brand name for a product on web site ads selling that branded product without a license from the trademark owner.<sup>52</sup> The court found no infringement, holding that all three nominative fair use factors supported the defendant.<sup>53</sup>

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<sup>51</sup> *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308, 20 Media L. Rep. 1468, 23 U.S.P.Q.2d 1534, 1539 (9th Cir. 1992).

<sup>52</sup> *Patmont Motor Werks, Inc. v. Gateway Marine, Inc.*, 1997 WL 811770 (N.D. Cal. 1997) (defendant could sell GO-PED trademarked motorized scooters, using that mark at defendant's Web site: “[T]he website in question ... refers to the Go-Ped mark only to the extent necessary to identify the particular brand of scooter that he had for sale.”).

<sup>53</sup> *Id.* at 4. “Anthony’s website obviously satisfies the first factor. Go-Peds simply are not identifiable without using the word “Go-Ped,” and it would be impossible for Anthony to do business if the law of trademark forced him to advertise his inventory as, for instance, “small, motorized scooters manufactured by a well-known California corporation.” Indeed, it is no more possible to refer to Go-Ped scooters without using the Go-Ped mark

In *Playboy Enterprises, Inc. v. Terri Welles, Inc.*, 78 F. Supp. 2d 1066, (S.D. Cal. 1999), magazine publisher sued model it designated as “Playmate of the Year 1981” from using that phrase and others involving its trademarks on her Internet website. The model moved for summary judgment. The District Court held that: (1) fair use defense precluded liability for trademark infringement and related unfair competition counts; (2) fair use defense precluded liability for use of trademarks on advertising banners; (3) fair use defense precluded liability for using trademarks as metatags to guide search engines seeking out websites for Internet users; (4) determination that there was no trademark violation precluded claim for trademark dilution.<sup>54</sup>

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“than it is to refer to the Chicago Bulls, Volkswagens or the Boston Marathon without using the[ir] trademark[s].” *Id.*; see also *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir.1969) (no infringement where repair shop used the words “Volkswagen” and “VW” in advertisements merely to convey information about the types of cars he repaired).

The second factor is likewise satisfied because the website in question, see Complaint, Exh. E, refers to the Go-Ped mark only to the extent necessary for Anthony to identify the particular brand of scooter that he had for sale. The website does not, for example, make use of any distinctive Go-Ped logo. See *New Kids*, 971 F.2d at 308 n. 7 (soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering). The third and final requirement is met because nothing in Anthony DeBartolo's website could possibly be construed to indicate Patmont's sponsorship or endorsement. Indeed, the Court would find incredible any argument to the contrary given the website's disparagement of Go-Peds as unsafe and of Patmont management as criminally anti-competitive. Cf. *In re Dual-Deck Video Cassette Recorder Antitrust Litigation*, 11 F.3d 1460, 1466–67 (9th Cir.1993) (holding that use of the registered trademark “VCR-2” on the remote control and input jack of an audio receiver was fair use as a matter of law because no possibility existed that one of the receivers would be confused with plaintiff's products).”

<sup>54</sup> *Playboy Enterprises, Inc. v. Terri Welles, Inc.*, 78 F. Supp. 2d 1066, 1089 (S.D. Cal. 1999), *aff'd in part, rev'd in part on other grounds*, 279 F.3d 796, 30 Media L. Rep. 1282, 61 U.S.P.Q.2d 1508, 197 A.L.R. Fed. 601 (9th Cir. 2002) (“The court ... holds that [defendant] Ms. Welles' use of the words ‘Playmate of the Year 1981’ in her title on her homepage, ‘PMOY '81’ in the watermarks and ‘Playboy Playmate of the Year 1981’ and ‘Playmate of the Year 1981’ in her advertising banners falls within the non-paradigmatic line of cases established under *New Kids*. All three of the *New Kids* requirements have been met.”).

In *Toho Co., Ltd. v. William Morrow and Co., Inc.*, 33 F. Supp. 2d 1206, 46 U.S.P.Q.2d 1801 (C.D. Cal. 1998) a movie studio brought trademark infringement action against a publisher of a book about the Godzilla fictional film character. The book used the movie studio's trademark, Godzilla, on the front cover. The court found that defendant's book about the GODZILLA fictional film character exceeded a "legitimate referential purpose" and created a likelihood of confusion as to sponsorship or endorsement by the trademark owner.<sup>55</sup> In granting the studio's motion for preliminary injunction the District Court held that: (1) disclaimers on book covers were ineffective in negating consumer confusion as to studio's authorization of book; (2) studio was likely to prevail on trademark infringement claim based on publisher's use of "Godzilla" in title.<sup>56</sup>

In *Liquid Glass Enterprises, Inc. v. Dr. Ing. h.c.F. Porsche AG*, 8 F. Supp. 2d 398 (D.N.J. 1998) alleged infringer brought declaratory judgment action against automobile manufacturer, seeking declaration that its use of manufacturer's "Porsche" trademark and trade dress was not infringing. The manufacturer filed a counter claim, alleging trademark and trade dress infringement, false designation of origin, and dilution.<sup>57</sup> The manufacturer brought motion for preliminary injunction. The District Court held that: (1) use of manufacturer's mark and trade dress was not fair use; (2) use was likely to cause consumer confusion; (3) use was likely to cause dilution by blurring; (4) manufacturer's claims were not barred by laches; (5) use was likely to cause irreparable harm; and (6)

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<sup>55</sup> *Toho Co., Ltd. v. William Morrow and Co., Inc.*, 33 F. Supp. 2d 1206, 46 U.S.P.Q.2d 1801 (C.D. Cal. 1998) (preliminary injunction against publication of the book).

<sup>56</sup> *Id.*

<sup>57</sup> *Liquid Glass Enterprises, Inc. v. Dr. Ing. h.c.F. Porsche AG*, 8 F. Supp. 2d 398 (D.N.J. 1998) ("Liquid Glass's advertisements could mislead the public into believing that Porsche endorsed Liquid Glass's products or at least approved of their use on Porsche automobiles." Preliminary injunction granted.).

balance of hardships favored injunctive relief.<sup>58</sup>

*Liquid Glass* is an interesting case that deserves greater attention. At issue in the case was Liquid Glass's use of the Porsche trademarks and trade dress in its advertisements for car polish. Liquid Glass had an ad appearing in the May 1997 issue of a national car magazine, *Motor Trend*, which portrayed a provocatively-dressed woman applying Liquid Glass car polish to a Porsche 911 with the trademark "PORSCHE" prominently displayed on the car. Liquid Glass also made use of a ten-minute video for use at trade shows. The video opens with a Porsche 911 (with the Porsche crest plainly visible) accelerating down a highway. Immediately following, the video cuts to a woman who is undressing and taking a shower. Thereafter, the video cuts alternately between a car (not a Porsche) being washed and polished and a woman showering, putting on her makeup and getting dressed. The video then illustrates Liquid Glass's uses on numerous expensive cars and ends with a shot of the Porsche 911 speeding down the road. It is important to note that the court focused its analysis on the advertisement in the magazine and not on the video. The advertisement in the magazine prominently displayed PORSCHE. The court stated, "the advertisement in which a Porsche automobile—complete with the trademarked word PORSCHE as the central focus of the ad—fills almost the entire page, consumers may well think—just as Liquid Glass hopes they will—that "if Porsche backs this polish, it'll be great on my car." The factual problem for Liquid Glass was that the car and the word PORSCHE was the central focus of the ad. The court did not discuss the video and so it remains unknown whether the video alone would have led to a successful trademark infringement suit.

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<sup>58</sup> Id.

To conclude, in the Ninth Circuit, when a case involves confusion of sponsorship, a different likelihood of confusion test, called nominative fair use analysis, is required.<sup>59</sup> Confusion as to sponsorship occurs when a defendant uses a mark that leads a reasonable person to believe the mark is sponsoring or endorsing the defendant's product. It is important to note that the kind of confusion of sponsorship needed to constitute infringement is not confusion that the owner of the mark approved of the reproduction of its logo. The confusion that is needed for infringement is the confusion that the owner of the mark *approves* of the defendant's particular product.<sup>60</sup> In the Ninth Circuit, nominative fair use analysis uses a three factor test to determine confusion of sponsorship.

**E. A Purchaser of Stock Video with Trademarked Items that Uses the Video for a Film, Documentaries or Television Shows is Probably Not Liable for Trademark Infringement Under a Likelihood to Confuse Analysis.**

Films, documentaries and television shows are works of art. They are protected by the first amendment's ideals of free speech.<sup>61</sup> The goal of free speech is to create open social, artistic, political and commercial expression. This line of reasoning has created a first amendment argument for film producers. Most courts have adopted the Roger's Test for analysis under the first amendment fair use argument. Of course, in many instances, the film producer can also claim a nominative fair use defense. See *supra* Section II.A. for more information on nominative fair use. Given these two

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<sup>59</sup> *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308, 20 Media L. Rep. 1468, 23 U.S.P.Q.2d 1534, 1539 (9th Cir. 1992).

<sup>60</sup> *Medic Alert Foundation U.S., Inc. v. Corel Corp.*, 43 F. Supp. 2d 933, 937, 51 U.S.P.Q.2d 1024 (N.D. Ill. 1999) ("Here, where the use of the allegedly infringing mark is ... hidden inside a computer program, any confusion as to perceived permission does not constitute necessarily confusion as to perceived endorsement." No infringement was found.).



defenses, case law usually favors a finding of non-infringement for films containing trademarked goods.<sup>62</sup> The following paragraph provides additional information on the Roger's Test. For information on nominative fair use, see *supra* Section II.A.

The Roger's Test balances the right of the trademark owner to prevent confusion against the free speech rights of the creator of the accused expressive work.<sup>63</sup> The test uses a two step approach. First, a mark used in a film will be prohibited as an infringement only if it has "no artistic relevance" to the film. Second, if there is artistic relevance, but the title explicitly misleads as to the source or the content of the work then

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<sup>61</sup> The Supreme Court has observed that: "Entertainment, as well as political and ideological speech, is protected: motion pictures, programs broadcast by radio and television, and live entertainment, such as musical and dramatic works, fall within First Amendment guarantee." *Schad v. Borough of Mount Ephraim*, 452 U.S. 61, 65, 101 S. Ct. 2176, 7 Media L. Rep. (BNA) 1426 (1981). Uses of trademarks in everything from entertainment motion pictures to comic books to T-shirts to video games receive some level of free speech protection. *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501, 72 S. Ct. 777, 1 Media L. Rep. (BNA) 1357 (1952) ("It is urged that motion pictures do not fall within the First Amendment's aegis because their production, distribution and exhibition is large-scale business conducted for [private profit. We cannot agree.]); *Tyne ex rel. Tyne v. Time Warner Entertainment Co., L.P.*, 204 F. Supp. 2d 1338, 1342, 30 Media L. Rep. (BNA) 1885 (M.D. Fla. 2002), judgment aff'd on other grounds, 425 F.3d 1363, 33 Media L. Rep. (BNA) 2318, 76 U.S.P.Q.2d 1478 (11th Cir. 2005), approved on point by *Tyne v. Time Warner Entertainment Co., L.P.*, 901 So. 2d 802, 809, 33 Media L. Rep. (BNA) 1740, 74 U.S.P.Q.2d 1834 (Fla. 2005) (feature-length entertainment motion picture is within First Amendment protection as free speech). *Winter v. DC Comics*, 30 Cal. 4th 881, 134 Cal. Rptr. 2d 634, 69 P.3d 473, 31 Media L. Rep. (BNA) 1774, 66 U.S.P.Q.2d 1954, 118 A.L.R.5th 727 (2003) (an accused comic book with characters that resembled two musicians was immunized by free speech principles from liability for infringement of the right of publicity). *Brown v. Entertainment Merchants Ass'n*, 131 S. Ct. 2729, 2733, 180 L. Ed. 2d 708 (2011) ("[V]ideo games qualify for First Amendment protection."); *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 88 U.S.P.Q.2d 1691 (9th Cir. 2008).

<sup>62</sup> James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 Yale L.J. 882, 917 (2007).

<sup>63</sup> *Rogers v. Grimaldi*, 875 F.2d 994, 999, 16 Media L. Rep. 1648, 10 U.S.P.Q.2d 1825 (2d Cir. 1989).

a finding of infringement is possible.<sup>64</sup> Case law shows that a finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*.<sup>65</sup> The following paragraphs provide some case examples.

In *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 916-18 (C.D. Ill. 2003) the owner of the well-known “Caterpillar” mark for earth-moving equipment sued Disney for trademark infringement for Disney’s use of the mark on tractors in the motion picture *George of the Jungle 2*. Disney’s movie showed Caterpillar bulldozers poised ready to wreak environmental havoc on George's beloved Ape Mountain. Caterpillar lost its motion for a temporary restraining order against Disney's release of the movie.<sup>66</sup> Although the court noted that Caterpillar had a “slightly more than negligible likelihood of success” on its confusion, that was not enough to outweigh the harm to Disney that would result from issuance of the order.<sup>67</sup>

In *Wham-O, Inc. v. Paramount Pictures Corp.*, 2003 WL 2300526 (N.D. Cal. 9/29/03) Wham-O sued Paramount for trademark infringement, dilution and unfair competition for Paramount’s use of Wham-O’s trademarked SLIP ‘N SLIDE in its film entitled *Dickie Roberts: Former Child Star*. Paramount’s film included a slide scene that lasts approximately 70 seconds and features Dickie Roberts, the film’s main character, jumping onto a SLIP ‘N SLIDE water slide that is neither properly inflated nor lubricated, causing a red abrasion on his chest. Roberts then coats the slide with a layer of cooking oil, ultimately causing him to collide with a picket fence. This scene played a

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<sup>64</sup> *Id.*

<sup>65</sup> *Twin Peaks Productions, Inc. v. Publications Intern., Ltd.*, 996 F.2d 1366, 21 Media L. Rep. 1545, 27 U.S.P.Q.2d 1001, 1010 (2d Cir. 1993).

<sup>66</sup> *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 916-18 (C.D. Ill. 2003).

<sup>67</sup> *Id.* at 923.

prominent role in the advertising and publicity trailers for the film and is featured in an interactive game on the film’s website. The court denied Wham-O Inc.’s motion for a temporary restraining order against Paramount Pictures for misuse of its SLIP ‘N SLIDE.<sup>68</sup> The court held that Paramount used only so much of the mark as was necessary to identify the slide and did nothing to suggest that Wham-O sponsored or endorsed the movie.<sup>69</sup> The court rejected Wham-O’s assertion that the film character’s obvious misuse tarnished and blurred its trademarks SLIP ‘N SLIDE.<sup>70</sup> The court also ruled it likely that Wham-O would not prevail on its trademark infringement claim because confusion was not likely and Paramount’s use of the trademark was a nominative one.<sup>71</sup>

### III. TRADEMARK INFRINGEMENT – LIKELIHOOD OF DILUTION<sup>72</sup>

Section II discussed trademark infringement under likelihood of confusion. The Lanham Act also prohibits trademark that is likely to weaken (or “dilute”) the source-identifying function of those marks, even if the use is not confusing. Specifically, section 43(c) of the Lanham Act prohibits uses that are likely to dilute famous trademarks through “tarnishing” or “blurring,” which impairs the distinctiveness of the famous mark. The legal theory of blurring says that if customers or prospective customers see the plaintiff’s famous mark used by other persons in a non-confusing way to identify other

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<sup>68</sup> In *Wham-O, Inc. v. Paramount Pictures Corp.*, 2003 WL 2300526 (N.D. Cal. 9/29/03)

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

<sup>72</sup> *Supra*, foot note 5.

sources for many different goods and services, then the ability of the famous mark to clearly identify and distinguish only one source might be “diluted” or weakened.<sup>73</sup>

The dilution law accommodates free speech principles in a series of statutory affirmative defenses. For example, the law has safe harbors for noncommercial uses, comparative advertising, parody, criticism, and commentary as well as for all types of news reporting.<sup>74</sup>

#### **A. A Stock Agency is Not Liable for Trademark Infringement Under Likelihood of Dilution for Hosting Videos Showing Trademarked Items**

The 2006 act defines dilution by blurring as “association arising from the similarity between [an accused] mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”<sup>75</sup> A stock agency such as iStock will not be liable for trademark *dilution* for hosting a video of a Louis Vuitton hand bag. There is no similarity between the mark “iStock” and the famous mark “Louis Vuitton”. The famous mark owner must prove both that an “association” is likely. The required association is

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<sup>73</sup> See, e.g., *Ameritech, Inc. v. American Information Technologies Corp.*, 811 F.2d 960, 1 U.S.P.Q.2d 1861 (6th Cir. 1987) (Dilution is a challenged use that causes a “gradual diminution in the mark's distinctiveness, effectiveness and, hence, value. This kind of infringement corrodes the senior user's interest in the trademark by blurring its product identification or by damaging positive associations that have attached to it.” case remanded for consideration of an Ohio common law dilution charge).

<sup>74</sup> 15 U.S.C. § 1125(c)(3) (2006). The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or  
(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

<sup>75</sup> 15 U.S.C.A. § 1125 (2006).

not likely possible for many of the stock agencies because there are no famous marks with the trademark Getty, iStock, Fotolia, Pond5, or Shutterstock.

**B. A Purchaser of a Stock Video Containing a Trademark Item that Uses the Video in an Advertisement May Be Liable for Trademark Infringement under Likelihood of Dilution.**

The 2006 Trademark Act clarified that the accused designation must be used as a trademark or trade name. A nontrademark use of the accused designation cannot dilute. Unless the purchaser of a stock video containing a trademark had a tradename or mark that was similar, there will be no dilution.<sup>76</sup> For example, if See's Candy store used a video that had a Rolls Royce car with its trademark emblem visible, there would be no dilution. If however, the store was called Rolls Royce Candies and it used the same video, there may be a finding of dilution. However, the candy store has a defense and is not liable for dilution if there is a finding of nominative fair use.

The Ninth Circuit held that uses that merely identify the trademark owner's product and qualify as a "nominative use"<sup>77</sup> are exempt from the reach of the antidilution

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<sup>76</sup> In, *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 112, 94 U.S.P.Q.2d 1188, 2010-1 Trade Cas. (CCH) ¶77013 (2d Cir. 2010), *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 524-525, 2008-1 Trade Cas. (CCH) ¶76219 (S.D. N.Y. 2008), judgment aff'd in part on point, rev'd in part on other grounds, 600 F.3d 93, 94 U.S.P.Q.2d 1188, 2010-1 Trade Cas. (CCH) ¶77013 (2d Cir. 2010). The court of appeals affirmed the finding of no dilution where some fake "Tiffany" products were listed for sale on the eBay Web site. Tiffany argued that this both blurred and tarnished its famous TIFFANY mark by identifying goods of shoddy and inferior quality. Rejecting this argument, the court said there was no actionable dilution because eBay did not use the TIFFANY mark to identify its own internet auction services. As the court of appeals observed: "There is no second mark or product at issue here to blur with or to tarnish 'Tiffany.'" And "... eBay has not used the Tiffany mark to identify its own goods and services. .... [J]ust as the dilution by blurring claim fails because eBay has never used the TIFFANY Marks to refer to eBay's own product, the dilution by tarnishment claim also fails."

<sup>77</sup> See *supra* Section II.A.

law.<sup>78</sup> For example, In *Bijur Lubricating Corp. v. Devco Corp.*, 332 F. Supp. 2d 722, 72 U.S.P.Q.2d 1180 (D.N.J. 2004), a seller of replacement parts used the trademark of the original manufacturer in its Web site in metatags. The court held the use to be a nominative use that did not dilute the original manufacturer's trademark.<sup>79</sup>

**C. A Purchaser of Stock Video with Trademarked Items that Uses the Video for a Film, Documentaries or Television Shows is Probably Not Liable for Trademark Infringement Under Likelihood of Dilution.**

In the context of stock video's containing trademarks used in entertainment, the non-commercial safe harbor is particularly important. The non-commercial use exemption was placed in the statute so that the First Amendment's right to free speech would not be violated. The distinction is between commercial speech and non-commercial speech. A use that does more than simply propose a commercial transaction is deemed non-commercial.<sup>80</sup> "Commercial speech" on the otherhand has been defined

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<sup>78</sup> *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 805, 30 Media L. Rep. 1282, 61 U.S.P.Q.2d 1508, 197 A.L.R. Fed. 601 (9th Cir. 2002). "A nominative use, by definition, refers to the trademark holder's product. It does not create an improper association in consumers' minds between a new product and the trademark holder's mark." Thus a former Playboy Playmate of the Year could use some of Playboy's trademarks on her Web site to indicate her title and the award she received without violating the 1996 antidilution law. McCarthy on Trademarks and Unfair Competition § 24:122 (4th ed.)

<sup>79</sup> *Bijur Lubricating Corp. v. Devco Corp.*, 332 F. Supp. 2d 722, 72 U.S.P.Q.2d 1180 (D.N.J. 2004).

<sup>80</sup> See *Mattel II*, 296 F.3d at 905-06 (analyzing legislative history and ruling that the song Barbie Girl was not a commercial use and thus did not dilute Mattel's mark). Generally, courts afford the greatest degree of First Amendment protection to news and political information. See, e.g., *Saenz v. Playboy Enters., Inc.*, 841 F.2d 1309, 1320 (7th Cir. 1988) ("[T]he Constitution stands as a safe harbor for all but the most malicious political speech."). Entertainment speech enjoys a slightly lesser degree of First Amendment protection. See *Schad v. Borough of Mount Ephraim*, 452 U.S. 61, 65 (1981) ("Entertainment, as well as political and ideological speech, is protected; motion pictures, programs broadcast by radio and television, and live entertainment, such as musical and dramatic works fall within the First Amendment guarantee."); *Harper & Row*,

as “speech of any form that advertises a product or service for profit or for business purpose.”<sup>81</sup> The Supreme Court has cautioned that the test is not whether the speech is made for profit, but whether it “proposes a commercial transaction”; if it does, it is commercial speech.<sup>82</sup> For example, the profit-making nature of entertainment speech does not render it “commercial.”<sup>83</sup> In *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 563 (1985), the Supreme Court stated that “Entertainment, as well as political and ideological speech, is protected; motion pictures, programs broadcast by radio and television, and live entertainment, such as musical and dramatic works fall within the First Amendment guarantee.”<sup>84</sup>

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*Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 563 (1985) (“The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.”). The First Amendment shields commercial speech to a significantly lesser degree. *Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 367 (2002) (“Although commercial speech is protected by the First Amendment, not all regulation of such speech is unconstitutional.”). The profit-making nature of entertainment speech does not render it “commercial.” See *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501-02 (1952) (“That books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to see why operation for profit should have any different effect in the case of motion pictures.”).

<sup>81</sup> Nowak, Rotunda & Young, *Constitutional Law* 923 (2d ed. 1983).

<sup>82</sup> *Board of Trustees v. Fox*, 492 U.S. 469, 106 L. Ed. 2d 388, 109 S. Ct. 3028, 3036 (1989), mot. denied, 493 U.S. 887, 107 L. Ed. 2d 181, 110 S. Ct. 228 (1989); *Cincinnati v. Discovery Network*, 507 U.S. 410, 123 L. Ed. 2d 99, 113 S. Ct. 1505, 1513 (1993) (“core” commercial speech is characterized by a “proposal of a commercial transaction”).

<sup>83</sup> See *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501-02 (1952) (“That books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to see why operation for profit should have any different effect in the case of motion pictures.”).

<sup>84</sup> *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 563 (1985).

The Ninth Circuit has held that the noncommercial use exception applies to a work of artistic expression even if it is sold for profit.<sup>85</sup> Thus, trademark usage within literary and artistic works are not disqualified from the noncommercial exception just because they are sold.<sup>86</sup> The leading Treatise on Trademark Law provides an illustrative example: “assume that in a painting or an art photo showing a urban scene, a prominent sign advertising SONY products appears. Judges should not use the antidilution law to second-guess the creative decisions made by literary and visual artists as to the artistic significance of including trademarks in their creative works.”<sup>87</sup>

Cases of trademarks in film are illustrative and are briefly summarized in the following paragraphs.

In *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962 (C.D. Cal. 2007) celebrity Carol Burnett sued a television network for among other things trademark infringement for using her trademark in an episode of the television series Family Guy. The court dismissed the trademark dilution claim. The court held that the television cartoon was noncommercial speech and thus not subject to a trademark dilution claim.

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<sup>85</sup> *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907, 63 U.S.P.Q.2d 1715 (9th Cir. 2002) (Use of the BARBIE doll trademark in a parody song was held not to be purely commercial speech and was fully protected by the noncommercial defense, even though BARBIE's name is used to sell recordings and copies of the song. “[The] Barbie Girl [song] is not purely commercial speech, and is therefore fully protected. To be sure, MCA used Barbie's name to sell copies of the song. However, as we've already observed, ... the song also lampoons the Barbie image and comments humorously on the cultural values Aqua claims she represents. Use of the Barbie mark in the song Barbie Girl therefore falls within the noncommercial use exemption to the FTDA. For precisely the same reasons, use of the mark in the song's title is also exempted.”).

<sup>86</sup> The profit-making nature of entertainment speech does not render it “commercial.” See *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 501-02 (1952)

<sup>87</sup> McCarthy on Trademarks and Unfair Competition § 24:122 (4th ed.)



In *Wham-O, Inc. v. Paramount Pictures Corp.*, 2003 WL 2300526 (N.D. Cal. 9/29/03) the court rejected Wham-O's assertion that the film blurred its trademark SLIP 'N SLIDE. Dickie Roberts, the film's main character, jumping onto a SLIP 'N SLIDE water slide that is neither properly inflated nor lubricated, causing a red abrasion on his chest. The court concluded that the film's use did not tarnish or blur the SLIP 'N SLIDE trademark.

### CONCLUSION

To conclude, a trademark holder does not have the absolute right to exclude others from using its mark. Trademark holders have the right to exclude others from using their marks only to the extent that such use is confusing or dilutive as defined by the Lanham Act. A stock agency may be liable for trademark infringement under likelihood of confusion for hosting videos showing trademarked items. An end licensee of a video may be liable for trademark infringement under likelihood of confusion for using videos with trademarked items to advertise certain goods. An end licensee of a video is probably not liable for trademark infringement under likelihood of confusion for using videos with trademarked items in film, documentaries or television shows. A stock agency is probably not liable for trademark infringement under likelihood of dilution for hosting videos showing trademarked items. An end licensee of a video may be liable for trademark infringement under likelihood dilution for using videos with trademarked items to advertise certain goods. An end licensee of a video is probably not liable for trademark infringement under likelihood of dilution for using videos with trademarked items in film, documentaries or television shows.