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6

False Advertising

A False Advertising

Lanham Act

15 U.S.C. § 1125 [Lanham Act § 43] - *False designations of origin, false descriptions, and dilution forbidden*

- (a) Civil action
 - (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which— ...
 - (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

1 Falsity and Materiality

Pizza Hut, Inc. v. Papa John's Intern., Inc.
227 F.3d 489 (5th Cir. 2000)

E. GRADY JOLLY, Circuit Judge:

This appeal presents a false advertising claim under section 43(a) of the Lanham

Act, resulting in a jury verdict for the plaintiff, Pizza Hut. At the center of this appeal is Papa John's four word slogan "Better Ingredients. Better Pizza."

The appellant, Papa John's International Inc. ("Papa John's"), argues that the slogan "cannot and does not violate the Lanham Act" because it is "not a misrepresentation of fact." The appellee, Pizza Hut, Inc., argues that the slogan, when viewed in the context of Papa John's overall advertising campaign, conveys a false statement of fact actionable under section 43(a) of the Lanham Act. The district court, after evaluating the jury's responses to a series of special interrogatories and denying Papa John's motion for judgment as a matter of law, entered judgment for Pizza Hut stating:

When the "Better Ingredients. Better Pizza." slogan is considered in light of the entirety of Papa John's post-May 1997 advertising which violated provisions of the Lanham Act and in the context in which it was juxtaposed with the false and misleading statements contained in Papa John's print and broadcast media advertising, the slogan itself became tainted to the extent that its continued use should be enjoined.

We conclude that (1) the slogan, standing alone, is not an objectifiable statement of fact upon which consumers would be justified in relying, and thus not actionable under section 43(a); and (2) while the slogan, when utilized in connection with some of the post-May 1997 comparative advertising—specifically, the sauce and dough campaigns—conveyed objectifiable and misleading facts, Pizza Hut has failed to adduce any evidence demonstrating that the facts conveyed by the slogan were material to the purchasing decisions of the consumers to which the slogan was directed. Thus, the district court erred in denying Papa John's motion for judgment as a matter of law. We therefore reverse the judgment of the district court denying Papa John's motion for judgment as a matter of law, vacate its final judgment, and remand the case to the district court for entry of judgment for Papa John's.

I

A

Pizza Hut is a wholly owned subsidiary of Tricon Global Restaurants. With over 7000 restaurants (both company and franchisee-owned), Pizza Hut is the largest pizza chain in the United States. In 1984, John Schnatter founded Papa John's Pizza in the back of his father's tavern. Papa John's has grown to over 2050 locations, making it the third largest pizza chain in the United States.

In May 1995, Papa John's adopted a new slogan: "Better Ingredients. Better Pizza." In 1996, Papa John's filed for a federal trademark registration for this slogan

with the United States Patent & Trademark Office (“PTO”). Its application for registration was ultimately granted by the PTO. Since 1995, Papa John’s has invested over \$300 million building customer goodwill in its trademark “Better Ingredients. Better Pizza.” The slogan has appeared on millions of signs, shirts, menus, pizza boxes, napkins and other items, and has regularly appeared as the “tag line” at the end of Papa John’s radio and television ads, or with the company logo in printed advertising.

On May 1, 1997, Pizza Hut launched its “Totally New Pizza” campaign. This campaign was the culmination of “Operation Lightning Bolt,” a nine-month, \$50 million project in which Pizza Hut declared “war” on poor quality pizza. From the deck of a World War II aircraft carrier, Pizza Hut’s president, David Novak, declared “war” on “skimpy, low quality pizza.” National ads aired during this campaign touted the “better taste” of Pizza Hut’s pizza, and “dared” anyone to find a “better pizza.”

In early May 1997, Papa John’s launched its first national ad campaign. The campaign was directed towards Pizza Hut, and its “Totally New Pizza” campaign. In a pair of TV ads featuring Pizza Hut’s co-founder Frank Carney, Carney touted the superiority of Papa John’s pizza over Pizza Hut’s pizza. Although Carney had left the pizza business in the 1980’s, he returned as a franchisee of Papa John’s because he liked the taste of Papa John’s pizza better than any other pizza on the market. The ad campaign was remarkably successful. During May 1997, Papa John’s sales increased 11.7 percent over May 1996 sales, while Pizza Hut’s sales were down 8 percent.

On the heels of the success of the Carney ads, in February 1998, Papa John’s launched a second series of ads touting the results of a taste test in which consumers were asked to compare Papa John’s and Pizza Hut’s pizzas. In the ads, Papa John’s boasted that it “won big time” in taste tests. The ads were a response to Pizza Hut’s “dare” to find a “better pizza.” The taste test showed that consumers preferred Papa John’s traditional crust pizzas over Pizza Hut’s comparable pizzas by a 16-point margin (58% to 42%). Additionally, consumers preferred Papa John’s thin crust pizzas by a fourteen-point margin (57% to 43%).

Following the taste test ads, Papa John’s ran a series of ads comparing specific ingredients used in its pizzas with those used by its “competitors.” During the course of these ads, Papa John’s touted the superiority of its sauce and its dough. During the sauce campaign, Papa John’s asserted that its sauce was made from “fresh, vine-ripened tomatoes,” which were canned through a process called “fresh pack,” while its competitors—including Pizza Hut—make their sauce from remanufactured tomato paste. During the dough campaign, Papa John’s stated that it used “clear filtered water” to make its pizza dough, while the “biggest chain” uses “whatever comes out of the tap.” Additionally, Papa John’s asserted that it gives its

yeast “several days to work its magic,” while “some folks” use “frozen dough or dough made the same day.” At or near the close of each of these ads, Papa John’s punctuated its ingredient comparisons with the slogan “Better Ingredients. Better Pizza.”

Pizza Hut does not appear to contest the truthfulness of the underlying factual assertions made by Papa John’s in the course of these ads. Pizza Hut argues, however, that its own independent taste tests and other “scientific evidence” establishes that filtered water makes no difference in pizza dough, that there is no “taste” difference between Papa John’s “fresh-pack” sauce and Pizza Hut’s “remanufactured” sauce, and that fresh dough is not superior to frozen dough. In response to Pizza Hut’s “scientific evidence,” Papa John’s asserts that “each of these ‘claims’ involves a matter of common sense choice (fresh versus frozen, canned vegetables and fruit versus remanufactured paste, and filtered versus unfiltered water) about which individual consumers can and do form preferences every day without ‘scientific’ or ‘expert’ assistance.”

In November 1997, Pizza Hut filed a complaint regarding Papa John’s “Better Ingredients. Better Pizza.” advertising campaign with the National Advertising Division of the Better Business Bureau, an industry self-regulatory body. This complaint, however, did not produce satisfactory results for Pizza Hut.

B

On August 12, 1998, Pizza Hut filed a civil action in the United States District Court for the Northern District of Texas charging Papa John’s with false advertising in violation of Section 43(a)(1)(B) of the Lanham Act. The suit sought relief based on the above-described TV ad campaigns, as well as on some 249 print ads. On March 10, 1999, Pizza Hut filed an amended complaint. Papa John’s answered the complaints by denying that its advertising and slogan violated the Lanham Act. Additionally, Papa John’s asserted a counterclaim, charging Pizza Hut with engaging in false advertising. The parties consented to a jury trial before a United States magistrate judge. The parties further agreed that the liability issues were to be decided by the jury, while the equitable injunction claim and damages award were within the province of the court.

The trial began on October 26, 1999, and continued for over three weeks. At the close of Pizza Hut’s case, and at the close of all evidence, Papa John’s moved for a judgment as a matter of law. The motions were denied each time. The district court, without objection, submitted the liability issue to the jury through special interrogatories. The special issues submitted to the jury related to (1) the slogan and (2) over Papa John’s objection, certain classes of groups of advertisements referred to as “sauce claims,” “dough claims,” “taste test claims,” and “ingredients claims.”

On November 17, 1999, the jury returned its responses to the special issues find-

ing that Papa John's slogan, and its "sauce claims" and "dough claims" were false or misleading and deceptive or likely to deceive consumers. The jury also determined that Papa John's "taste test" ads were not deceptive or likely to deceive consumers, and that Papa John's "ingredients claims" were not false or misleading. As to Papa John's counterclaims against Pizza Hut, the jury found that two of the three Pizza Hut television ads at issue were false or misleading and deceptive or likely to deceive consumers.

On January 3, 2000, the trial court, based upon the jury's verdict and the evidence presented by the parties in support of injunctive relief and on the issue of damages, entered a Final Judgment and issued a Memorandum Opinion and Order. The court concluded that the "Better Ingredients. Better Pizza." slogan was "consistent with the legal definition of non-actionable puffery" from its introduction in 1995 until May 1997. However, the slogan "became tainted . . . in light of the entirety of Papa John's post-May 1997 advertising." Based on this conclusion, the magistrate judge permanently enjoined Papa John's from "using any slogan in the future that constitutes a recognizable variation of the phrase 'Better Ingredients. Better Pizza.' or which uses the adjective 'Better' to modify the terms 'ingredients' and/or 'pizza'." Additionally, the court enjoined Papa John's from identifying Frank Carney as a co-founder of Pizza Hut, "unless such advertising includes a voice-over, printed statement or a superimposed message which states that Frank Carney has not been affiliated with Pizza Hut since 1980," and enjoined the dissemination of any advertising that was produced or disseminated prior to the date of this judgment and that explicitly or implicitly states or suggested that "Papa John's component is superior to the same component of Pizza Hut's pizzas." Finally, the court enjoined Papa John's from "explicitly or implicitly claim[ing] that a component of Papa John's pizza is superior to the same component of Pizza Hut's unless the superiority claim is supported by either (1) scientifically demonstrated attributes of superiority or (2) taste test surveys." Additionally, the injunction required that if the claim is supported by taste test surveys, the advertising shall include a printed statement, voice-over or "super," whichever is appropriate, stating the localities where the tests were conducted, the inclusive dates on which the surveys were performed, and the specific pizza products that were tested. The court also awarded Pizza Hut \$467,619.75 in damages for having to run corrective ads.

On January 20, 2000, Papa John's filed a notice of appeal with our court. On January 26, we granted Papa John's motion to stay the district court's injunction pending appeal. ...

III

A

Section 43(a) of the Lanham Act, codified at 15 U.S.C. § 1125, provides in relevant part:

Any person who . . . in commercial advertising or promotion, misrepresents the nature, characteristics, quality, or geographic origin of his or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1)(B) (West 1999). We have interpreted this section of the Lanham Act as providing “protection against a myriad of deceptive commercial practices, including false advertising or promotion.” *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1387 (5th Cir. 1996).

A prima facie case of false advertising under section 43(a) requires the plaintiff to establish:

- (1) A false or misleading statement of fact about a product;
- (2) Such statement either deceived, or had the capacity to deceive a substantial segment of potential consumers;
- (3) The deception is material, in that it is likely to influence the consumer's purchasing decision;
- (4) The product is in interstate commerce; and
- (5) The plaintiff has been or is likely to be injured as a result of the statement at issue.

The failure to prove the existence of any element of the prima facie case is fatal to the plaintiff's claim. *Id.*

B

The law governing false advertising claims under section 43(a) of the Lanham Act is well settled. In order to obtain monetary damages or equitable relief in the form of an injunction, “a plaintiff must demonstrate that the commercial advertisement or promotion is either literally false, or that [if the advertisement is not literally false,] it is likely to mislead and confuse consumers.” *Seven-Up*, 86 F.3d at 1390. If the statement is shown to be misleading, the plaintiff must also introduce evidence of the statement's impact on consumers, referred to as materiality.

(1)

(a)

Essential to any claim under section 43(a) of the Lanham Act is a determination of whether the challenged statement is one of fact—actionable under section 43(a)—or one of general opinion—not actionable under section 43(a). Bald assertions of

superiority or general statements of opinion cannot form the basis of Lanham Act liability. Rather the statements at issue must be a “specific and measurable claim, capable of being proved false or of being reasonably interpreted as a statement of objective fact.” *Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co.*, 173 F.3d 725, 731 (9th Cir. 1999); see also *American Council*, 185 F.3d at 614 (stating that “a Lanham Act claim must be based upon a statement of fact, not of opinion”). As noted by our court in *Presidio*: “[A] statement of fact is one that (1) admits of being adjudged true or false in a way that (2) admits of empirical verification.” *Presidio*, 784 F.2d at 679; see also *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1145 (9th Cir. 1997) (stating that in order to constitute a statement of fact, a statement must make “a specific and measurable advertisement claim of product superiority”).

(b)

One form of non-actionable statements of general opinion under section 43(a) of the Lanham Act has been referred to as “puffery.” Puffery has been discussed at some length by other circuits. The Third Circuit has described “puffing” as “advertising that is not deceptive for no one would rely on its exaggerated claims.” *U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia*, 898 F.2d 914 (3d Cir. 1990). Similarly, the Ninth Circuit has defined “puffing” as “exaggerated advertising, blustering and boasting upon which no reasonable buyer would rely and is not actionable under 43(a).” *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1145 (9th Cir. 1997) (quoting 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 27.04[4][d] (3d ed. 1994)); see also *Cook*, 911 F.2d at 246 (stating that “[p]uffing has been described by most courts as involving outrageous generalized statements, not making specific claims, that are so exaggerated as to preclude reliance by consumers”).

These definitions of puffery are consistent with the definitions provided by the leading commentaries in trademark law. A leading authority on unfair competition has defined “puffery” as an “exaggerated advertising, blustering, and boasting upon which no reasonable buyer would rely,” or “a general claim of superiority over a comparative product that is so vague, it would be understood as a mere expression of opinion.” 4 J. Thomas McCarthy, *McCarthy on Trademark and Unfair Competition* § 27.38 (4th ed. 1996).⁷ Similarly, *Prosser and Keeton on Torts* defines “puffing” as “a seller’s privilege to lie his head off, so long as he says nothing specific, on the theory that no reasonable man would believe him, or that no reasonable man would be influenced by such talk.” W. Page Keeton, et al., *Prosser and Keeton on the Law*

⁷ *McCarthy on Trademarks* goes on to state: “[V]ague advertising claims that one’s product is ‘better’ than that of competitors’ can be dismissed as mere puffing that is not actionable as false advertising.” 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 27:38 (4th ed. 1997).

of Torts § 109, at 757 (5th ed. 1984).

Drawing guidance from the writings of our sister circuits and the leading commentators, we think that non-actionable “puffery” comes in at least two possible forms: (1) an exaggerated, blustering, and boasting statement upon which no reasonable buyer would be justified in relying; or (2) a general claim of superiority over comparable products that is so vague that it can be understood as nothing more than a mere expression of opinion.

(2)

(a)

With respect to materiality, when the statements of fact at issue are shown to be literally false, the plaintiff need not introduce evidence on the issue of the impact the statements had on consumers. In such a circumstance, the court will assume that the statements actually misled consumers. On the other hand, if the statements at issue are either ambiguous or true but misleading, the plaintiff must present evidence of actual deception. See *Smithkline*, 960 F.2d at 297 (stating that when a “plaintiff’s theory of recovery is premised upon a claim of implied falsehood, a plaintiff must demonstrate, by extrinsic evidence, that the challenged commercials tend to mislead or confuse”). The plaintiff may not rely on the judge or the jury to determine, “based solely upon his or her own intuitive reaction, whether the advertisement is deceptive.” *Smithkline*, 960 F.2d at 297. Instead, proof of actual deception requires proof that “consumers were actually deceived by the defendant’s ambiguous or true-but-misleading statements.” *American Council*, 185 F.3d at 616.

(b)

The type of evidence needed to prove materiality also varies depending on what type of recovery the plaintiff seeks. Plaintiffs looking to recover monetary damages for false or misleading advertising that is not literally false must prove actual deception. Plaintiffs attempting to prove actual deception have to produce evidence of actual consumer reaction to the challenged advertising or surveys showing that a substantial number of consumers were actually misled by the advertisements. See, e.g., *PPX Enters., Inc. v. Audiofidelity Enters., Inc.*, 818 F.2d 266, 271 (2d Cir. 1987) (“Actual consumer confusion often is demonstrated through the use of direct evidence, e.g., testimony from members of the buying public, as well as through circumstantial evidence, e.g., consumer surveys or consumer reaction tests.”).

Plaintiffs seeking injunctive relief must prove that defendant’s representations “have a tendency to deceive consumers.” *Balance Dynamics*, 204 F.3d 683 at 690. Although this standard requires less proof than actual deception, plaintiffs must still produce evidence that the advertisement tends to deceive consumers. See *Coca-*

Cola Co. v. Tropicana Prod., Inc., 690 F.2d 312, 317 (2d Cir. 1982) (noting that when seeking a preliminary injunction barring an advertisement that is implicitly false, “its tendency to violate the Lanham Act by misleading, confusing or deceiving should be tested by public reaction”). To prove a tendency to deceive, plaintiffs need to show that at least some consumers were confused by the advertisements. See, e.g., American Council, 185 F.3d at 618 (“Although plaintiff need not present consumer surveys or testimony demonstrating actual deception, it must present evidence of some sort demonstrating that consumers were misled.”)

IV

We turn now to consider the case before us. Reduced to its essence, the question is whether the evidence, viewed in the most favorable light to Pizza Hut, established that Papa John’s slogan “Better Ingredients. Better Pizza.” is misleading and violative of section 43(a) of the Lanham Act. In making this determination, we will first consider the slogan “Better Ingredients. Better Pizza.” standing alone to determine if it is a statement of fact capable of deceiving a substantial segment of the consuming public to which it was directed. Second, we will determine whether the evidence supports the district court’s conclusion that after May 1997, the slogan was tainted, and therefore actionable, as a result of its use in a series of ads comparing specific ingredients used by Papa John’s with the ingredients used by its “competitors.”

A

The jury concluded that the slogan itself was a “false or misleading” statement of fact, and the district court enjoined its further use. Papa John’s argues, however, that this statement “quite simply is not a statement of fact, [but] rather, a statement of belief or opinion, and an argumentative one at that.” Papa John’s asserts that because “a statement of fact is either true or false, it is susceptible to being proved or disproved. A statement of opinion or belief, on the other hand, conveys the speaker’s state of mind, and even though it may be used to attempt to persuade the listener, it is a subjective communication that may be accepted or rejected, but not proven true or false.” Papa John’s contends that its slogan “Better Ingredients. Better Pizza.” falls into the latter category, and because the phrases “better ingredients” and “better pizza” are not subject to quantifiable measures, the slogan is non-actionable puffery.

We will therefore consider whether the slogan standing alone constitutes a statement of fact under the Lanham Act. Bisecting the slogan “Better Ingredients. Better Pizza.,” it is clear that the assertion by Papa John’s that it makes a “Better Pizza.” is a general statement of opinion regarding the superiority of its product over all others. This simple statement, “Better Pizza.,” epitomizes the exaggerated advertising, blustering, and boasting by a manufacturer upon which no consumer would reasonably rely. See, e.g., *In re Boston Beer Co.*, 198 F.3d 1370, 1372 (Fed.Cir. 1999)(stat-

ing that the phrase “The Best Beer in America” was “trade puffery” and that such a general claim of superiority “should be freely available to all competitors in any given field to refer to their products or services”); *Atari Corp. v. 3D0 Co.*, 1994 WL 723601, II2 (N.D.Cal. 1994)(stating that a manufacturer’s slogan that its product was “the most advanced home gaming system in the universe” was non-actionable puffery); *Nikkal Indus., Ltd. v. Salton, Inc.*, 735 F.Supp. 1227, 1234 n. 3 (S.D.N.Y. 1990)(stating that a manufacturers claim that its ice cream maker was “better” than competition ice cream makers is non-actionable puffery). Consequently, it appears indisputable that Papa John’s assertion “Better Pizza.” is non-actionable puffery.⁸

Moving next to consider separately the phrase “Better Ingredients,” the same conclusion holds true. Like “Better Pizza,” it is typical puffery. The word “better,” when used in this context is unquantifiable. What makes one food ingredient “better” than another comparable ingredient, without further description, is wholly a matter of individual taste or preference not subject to scientific quantification. Indeed, it is difficult to think of any product, or any component of any product, to which the term “better,” without more, is quantifiable. As our court stated in *Presidio*:

The law recognizes that a vendor is allowed some latitude in claiming merits of his wares by way of an opinion rather than an absolute guarantee, so long as he hews to the line of rectitude in matters of fact. Opinions are not only the lifestyle of democracy, they are the brag in advertising that has made for the wide dissemination of products that otherwise would never have reached the households of our citizens. If we were to accept the thesis set forth by the appellees, [that all statements by advertisers were statements of fact actionable under the Lanham Act,] the advertising industry would have to be liquidated in short order.

Presidio, 784 F.2d at 685. Thus, it is equally clear that Papa John’s assertion that it uses “Better Ingredients.” is one of opinion not actionable under the Lanham Act.

Finally, turning to the combination of the two non-actionable phrases as the slogan “Better Ingredients. Better Pizza,” we fail to see how the mere joining of these two statements of opinion could create an actionable statement of fact. Each half of the slogan amounts to little more than an exaggerated opinion of superiority that no consumer would be justified in relying upon. It has not been explained convincingly to us how the combination of the two phrases, without more, changes the essential

⁸] It should be noted that Pizza Hut uses the slogan “The Best Pizza Under One Roof.” Similarly, other nationwide pizza chains employ slogans touting their pizza as the “best”: (1) Domino’s Pizza uses the slogan “Nobody Delivers Better.”; (2) Danato’s uses the slogan “Best Pizza on the Block.”; (3) Mr. Gatti’s uses the slogan “Best Pizza in Town: Honest!”; and (4) Pizza Inn uses the slogans “Best Pizza Ever.” and “The Best Tasting Pizza.”

nature of each phrase so as to make it actionable. We assume that “Better Ingredients.” modifies “Better Pizza.” and consequently gives some expanded meaning to the phrase “Better Pizza,” i.e., our pizza is better because our ingredients are better. Nevertheless, the phrase fails to give “Better Pizza.” any more quantifiable meaning. Stated differently, the adjective that continues to describe “pizza” is “better,” a term that remains unquantifiable, especially when applied to the sense of taste. Consequently, the slogan as a whole is a statement of non-actionable opinion. Thus, there is no legally sufficient basis to support the jury’s finding that the slogan standing alone is a “false or misleading” statement of fact.

B

We next will consider whether the use of the slogan “Better Ingredients. Better Pizza.” in connection with a series of comparative ads found by the jury to be misleading—specifically, ads comparing Papa John’s sauce and dough with the sauce and dough of its competitors—“tainted” the statement of opinion and made it misleading under section 43(a) of the Lanham Act. Before reaching the ultimate question of whether the slogan is actionable under the Lanham Act, we will first examine the sufficiency of the evidence supporting the jury’s conclusion that the comparison ads were misleading.

(1)

After the jury returned its verdict, Papa John’s filed a post-verdict motion under Federal Rule of Civil Procedure 50 for a judgment as a matter of law. In denying Papa John’s motion, the district court, while apparently recognizing that the slogan “Better Ingredients. Better Pizza.” standing alone is non-actionable puffery under the Lanham Act, concluded that after May 1997, the slogan was transformed as a result of its use in connection with a series of ads that the jury found misleading. These ads had compared specific ingredients used by Papa John’s with the ingredients used by its competitors. In essence, the district court held that the comparison ads in which the slogan appeared as the tag line gave objective, quantifiable, and fact-specific meaning to the slogan. Consequently, the court concluded that the slogan was misleading and actionable under section 43(a) of the Lanham Act and enjoined its further use.

(2)

We are obligated to accept the findings of the jury unless the facts point so overwhelmingly in favor of one party that no reasonable person could arrive at a different conclusion. In examining the record evidence, we must view it the way that is most favorable to upholding the verdict. Viewed in this light, it is clear that there is sufficient evidence to support the jury’s conclusion that the sauce and dough ads were

misleading statements of fact actionable under the Lanham Act.

Turning first to the sauce ads, the evidence establishes that despite the differences in the methods used to produce their competing sauces: (1) the primary ingredient in both Pizza Hut and Papa John's sauce is vine-ripened tomatoes; (2) at the point that the competing sauces are placed on the pizza, just prior to putting the pies into the oven for cooking, the consistency and water content of the sauces are essentially identical; and (3) as noted by the district court, at no time "prior to the close of the liability phase of trial was any credible evidence presented [by Papa John's] to demonstrate the existence of demonstrable differences" in the competing sauces. Consequently, the district court was correct in concluding that: "Without any scientific support or properly conducted taste preference test, by the written and/or oral negative connotations conveyed that pizza made from tomato paste concentrate is inferior to the 'fresh pack' method used by Papa John's, its sauce advertisements conveyed an impression which is misleading. . . ." Turning our focus to the dough ads, while the evidence clearly established that Papa John's and Pizza Hut employ different methods in making their pizza dough, again, the evidence established that there is no quantifiable difference between pizza dough produced through the "cold or slow-fermentation method" (used by Papa John's), or the "frozen dough method" (used by Pizza Hut).¹⁰ Further, although there is some evidence indicating that the texture of the dough used by Papa John's and Pizza Hut is slightly different, this difference is not related to the manufacturing process used to produce the dough. Instead, it is due to a difference in the wheat used to make the dough. Finally, with respect to the differences in the pizza dough resulting from the use of filtered water as opposed to tap water, the evidence was sufficient for the jury to conclude that there is no quantifiable difference between dough produced with tap water, as opposed to dough produced with filtered water.

We should note again that Pizza Hut does not contest the truthfulness of the underlying factual assertions made by Papa John's in the course of the sauce and dough ads. Pizza Hut concedes that it uses "remanufactured" tomato sauce to make its pizza sauce, while Papa John's uses "fresh-pack." Further, in regard to the dough, Pizza Hut concedes the truth of the assertion that it uses tap water in making its pizza dough, which is often frozen, while Papa John's uses filtered water to make its dough, which is fresh—never frozen. Consequently, because Pizza Hut does not contest the factual basis of Papa John's factual assertions, such assertions cannot be found to be factually false, but only impliedly false or misleading.

Thus, we conclude by saying that although the ads were true about the in-

¹⁰The testimony of Pizza Hut's expert, Dr. Faubion, established that although consumers stated a preference for fresh dough rather than frozen dough, when taste tests were conducted, respondents were unable to distinguish between pizza made on fresh as opposed to frozen dough.

redients Papa John's used, it is clear that there was sufficient evidence in the record to support the jury's conclusion that Papa John's sauce and dough ads were misleading—but not false—in their suggestion that Papa John's ingredients were superior.

(3)

Thus, having concluded that the record supports a finding that the sauce and dough ads are misleading statements of fact, we must now determine whether the district court was correct in concluding that the use of the slogan "Better Ingredients. Better Pizza." in conjunction with these misleading ads gave quantifiable meaning to the slogan making a general statement of opinion misleading within the meaning of the Lanham Act.

In support of the district court's conclusion that the slogan was transformed, Pizza Hut argues that "in construing any advertising statement, the statement must be considered in the overall context in which it appears." Building on the foundation of this basic legal principle, see *Avis*, 782 F.2d at 385, Pizza Hut argues that "[t]he context in which Papa John's slogan must be viewed is the 2½ year campaign during which its advertising served as 'chapters' to demonstrate the truth of the 'Better Ingredients. Better Pizza.' book." Pizza Hut argues, that because Papa John's gave consumers specific facts supporting its assertion that its sauce and dough are "better"—specific facts that the evidence, when viewed in the light most favorable to the verdict, are irrelevant in making a better pizza—Papa John's statement of opinion that it made a "Better Pizza" became misleading. In essence, Pizza Hut argues, that by using the slogan "Better Ingredients. Better Pizza." in combination with the ads comparing Papa John's sauce and dough with the sauce and dough of its competitors, Papa John's gave quantifiable meaning to the word "Better" rendering it actionable under section 43(a) of the Lanham Act.

We agree that the message communicated by the slogan "Better Ingredients. Better Pizza." is expanded and given additional meaning when it is used as the tag line in the misleading sauce and dough ads. The slogan, when used in combination with the comparison ads, gives consumers two fact-specific reasons why Papa John's ingredients are "better." Consequently, a reasonable consumer would understand the slogan, when considered in the context of the comparison ads, as conveying the following message: Papa John's uses "better ingredients," which produces a "better pizza" because Papa John's uses "fresh-pack" tomatoes, fresh dough, and filtered water. In short, Papa John's has given definition to the word "better." Thus, when the slogan is used in this context, it is no longer mere opinion, but rather takes on the characteristics of a statement of fact. When used in the context of the sauce and dough ads, the slogan is misleading for the same reasons we have earlier discussed in connection with the sauce and dough ads.

(4)

Concluding that when the slogan was used as the tag line in the sauce and dough ads it became misleading, we must now determine whether reasonable consumers would have a tendency to rely on this misleading statement of fact in making their purchasing decisions. We conclude that Pizza Hut has failed to adduce evidence establishing that the misleading statement of fact conveyed by the ads and the slogan was material to the consumers to which the slogan was directed. Consequently, because such evidence of materiality is necessary to establish liability under the Lanham Act, the district court erred in denying Papa John's motion for judgment as a matter of law.

As previously discussed, none of the underlying facts supporting Papa John's claims of ingredient superiority made in connection with the slogan were literally false. Consequently, in order to satisfy its *prima facie* case, Pizza Hut was required to submit evidence establishing that the impliedly false or misleading statements were material to, that is, they had a tendency to influence the purchasing decisions of, the consumers to which they were directed.¹³ We conclude that the evidence proffered by Pizza Hut fails to make an adequate showing.

In its appellate brief and during the course of oral argument, Pizza Hut directs our attention to three items of evidence in the record that it asserts establishes materiality to consumers. First, Pizza Hut points to the results of a survey conducted by an "independent expert" (Dr. Dupont) regarding the use of the slogan "Better Ingredients. Better Pizza." as written on Papa John's pizza box (the box survey). The results of the box survey, however, were excluded by the district court. Consequently, these survey results provide no basis for the jury's finding.

Second, Pizza Hut points to two additional surveys conducted by Dr. Dupont that attempted to measure consumer perception of Papa John's "taste test" ads.

¹³In *Johnson & Johnson v. Smithkline Beecham Corp.*, 960 F.2d 294 (2d Cir. 1992), the Second Circuit discussed this requirement in some detail:

Where, as here, a plaintiff's theory of recovery is premised upon a claim of implied falsehood, a plaintiff must demonstrate, by extrinsic evidence, that the challenged commercials tend to mislead or confuse consumers. It is not for the judge to determine, based solely upon his or her own intuitive reaction whether the advertisement is deceptive. Rather, as we have reiterated in the past, "the question in such cases is—what does the person to whom the advertisement is addressed find to be the message?" That is, what does the public perceive the message to be.

The answer to this question is pivotal because, where the advertisement is literally true, it is often the only measure by which a court can determine whether a commercial's net communicative effect is misleading. Thus, the success of a plaintiff's implied falsity claim usually turns on the persuasiveness of a consumer survey.

Id. at 287-98.

This survey evidence, however, fails to address Pizza Hut's claim of materiality with respect to the slogan. Moreover, the jury rejected Pizza Hut's claims of deception with regard to Papa John's "taste test" ads—the very ads at issue in these surveys.

Finally, Pizza Hut attempts to rely on Papa John's own tracking studies and on the alleged subjective intent of Papa John's executives "to create a perception that Papa John's in fact uses better ingredients" to demonstrate materiality. Although Papa John's 1998 Awareness, Usage & Attitude Tracking Study showed that 48% of the respondents believe that "Papa John's has better ingredients than other national pizza chains," the study failed to indicate whether the conclusions resulted from the advertisements at issue, or from personal eating experiences, or from a combination of both. Consequently, the results of this study are not reliable or probative to test whether the slogan was material. Further, Pizza Hut provides no precedent, and we are aware of none, that stands for the proposition that the subjective intent of the defendant's corporate executives to convey a particular message is evidence of the fact that consumers in fact relied on the message to make their purchases. Thus, this evidence does not address the ultimate issue of materiality.

In short, Pizza Hut has failed to offer probative evidence on whether the misleading facts conveyed by Papa John's through its slogan were material to consumers: that is to say, there is no evidence demonstrating that the slogan had the tendency to deceive consumers so as to affect their purchasing decisions. Thus, the district court erred in denying Papa John's motion for judgment as a matter of law.

V

In sum, we hold that the slogan "Better Ingredients. Better Pizza." standing alone is not an objectifiable statement of fact upon which consumers would be justified in relying. Thus, it does not constitute a false or misleading statement of fact actionable under section 43(a) of the Lanham Act.

Additionally, while the slogan, when appearing in the context of some of the post-May 1997 comparative advertising—specifically, the sauce and dough campaigns—was given objectifiable meaning and thus became misleading and actionable, Pizza Hut has failed to adduce sufficient evidence establishing that the misleading facts conveyed by the slogan were material to the consumers to which it was directed. Thus, Pizza Hut failed to produce evidence of a Lanham Act violation, and the district court erred in denying Papa John's motion for judgment as a matter of law. ...



McNeil-PPC, Inc. v. Pfizer Inc.
351 F. Supp. 2d 226 (S.D.N.Y. 2005)

Chin, District Judge:

In June 2004, defendant Pfizer Inc. (“Pfizer”) launched a consumer advertising campaign for its mouthwash, Listerine Antiseptic Mouthrinse. Print ads and hang tags featured an image of a Listerine bottle balanced on a scale against a white container of dental floss, ...

The campaign also featured a television commercial called the “Big Bang.” In its third version, which is still running, the commercial announces that “Listerine’s as effective as floss at fighting plaque and gingivitis. Clinical studies prove it.”

In this case, plaintiff McNeil-PPC, Inc. (“PPC”), the market leader in sales of string dental floss and other interdental cleaning products, alleges that Pfizer has engaged in false advertising in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and unfair competition in violation of state law. ...

Before the Court is PPC’s motion for a preliminary injunction enjoining Pfizer from continuing to make these claims in its advertisements. ...

Pfizer sponsored two clinical studies involving Listerine and floss: the “Sharma Study” and the “Bauroth Study.” These studies purported to compare the efficacy of Listerine against dental floss in controlling plaque and gingivitis in subjects with mild to moderate gingivitis. ...

In proving an advertising claim literally false, a plaintiff bears a different burden depending on whether the advertisement purports to be based on test results. Hence, where a defendant’s advertisement contends that “clinical tests” prove the superiority of its product (an “establishment claim”), the plaintiff need only prove that “the tests referred to ... were not sufficiently reliable to permit one to conclude with reasonable certainty that they established the proposition for which they were

cited.” Castrol, 977 F.2d at 62-63. On the other hand, where a superiority claim does not purport to rest on test results, the plaintiff may prove falsity “only upon adducing evidence that affirmatively show[s] [defendant’s] claim ... to be false.” Castrol, 977 F.2d at 62-63. ...

Pfizer’s advertisements make the explicit claim that “clinical studies prove that Listerine is as effective as floss against plaque and gingivitis.” As Pfizer purports to rely on “clinical studies,” this is an “establishment claim” and PPC need only prove that “the [studies] referred to ... were not sufficiently reliable to permit one to conclude with reasonable certainty that they established the proposition for which they were cited.” Castrol, 977 F.2d at 62-63. Two questions are presented: first, whether the Sharma and Bauroth Studies stand for the proposition that “Listerine is as effective as floss against plaque and gingivitis”; and second, assuming they do, whether the studies are sufficiently reliable to permit one to draw that conclusion with “reasonable certainty.”

First, even putting aside the issue of their reliability, the two studies do not stand for the proposition that “Listerine is as effective as floss against plaque and gingivitis.” The two studies included in their samples only individuals with mild to moderate gingivitis. They excluded individuals with severe gingivitis or with any degree of periodontitis, and they did not purport to draw any conclusions with respect to these individuals. Hence, the literal claim in Pfizer’s advertisements is overly broad, for the studies did not purport to prove that Listerine is as effective as floss “against plaque and gingivitis,” but only against plaque and gingivitis in individuals with mild to moderate gingivitis. The advertisements do not specify that the “as effective as floss” claim is limited to individuals with mild to moderate gingivitis. Consequently, consumers who suffer from severe gingivitis or periodontitis (including mild periodontitis) may be misled by the ads into believing that Listerine is just as effective as floss in helping them fight plaque and gingivitis, when the studies simply do not stand for that proposition.

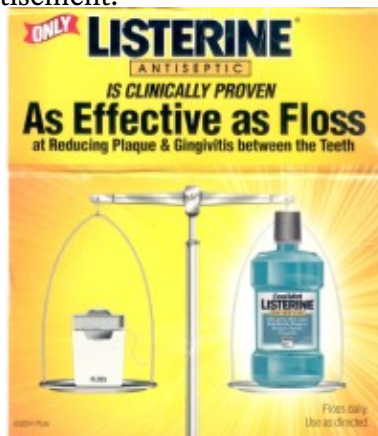
Second, the two studies were not sufficiently reliable to permit one to conclude with reasonable certainty that Listerine is as effective as floss in fighting plaque and gingivitis, even in individuals with mild to moderate gingivitis. What the two studies showed was that Listerine is as effective as floss when flossing is not done properly. The authors of both studies recognized that the plaque reductions in the flossing groups were lower than would be expected and hypothesized that “behavioral or technical causes” were the reason. Significantly, in some of the plaque reduction scores for the flossing groups there was greater improvement at three months than at six months, suggesting a deterioration in flossing technique with the passage of time.

Hence, the studies did not “prove” that Listerine is “as effective as floss.” Rather, they proved only that Listerine is “as effective as improperly-used floss.”

The studies showed only that Listerine is as effective as floss when the flossing is not performed properly. As one of the ADA consultants observed in objecting to the advertising when it was proposed, “for a substitute product to be ‘as good as’ or ‘better’ than flossing it must be compared against the data of ... subject[s] who demonstrate they can and are flossing effectively.”

Pfizer and its experts argue that the two studies are reliable, notwithstanding the indications that the participants in the flossing group did not floss properly, because these conditions reflect “real-world settings.” But the ads do not say that “in the real world,” where most people floss rarely or not at all and even those who do floss have difficulty flossing properly, Listerine is “as effective as floss.” Rather, the ads make the blanket assertion that Listerine works just as well as floss, an assertion the two studies simply do not prove. Although it is important to determine how a product works in the real world, it is probably more important to first determine how a product will work when it is used properly. ...

Accordingly, I hold that PPC is likely to succeed on its claim of literal false advertisement.



2 Parties

Lexmark International, Inc. v. Static Control Components, Inc. 134 S. Ct. 1377 (2014)

Justice SCALIA delivered the opinion of the Court.

This case requires us to decide whether respondent, Static Control Components, Inc., may sue petitioner, Lexmark International, Inc., for false advertising under the Lanham Act, 15 U.S.C. § 1125(a).

I. BACKGROUND

Lexmark manufactures and sells laser printers. It also sells toner cartridges for those printers (toner being the powdery ink that laser printers use to create images on paper). Lexmark designs its printers to work only with its own style of cartridges, and it therefore dominates the market for cartridges compatible with its printers. That market, however, is not devoid of competitors. Other businesses, called “remanufacturers,” acquire used Lexmark toner cartridges, refurbish them, and sell them in competition with new and refurbished cartridges sold by Lexmark.

Lexmark would prefer that its customers return their empty cartridges to it for refurbishment and resale, rather than sell those cartridges to a remanufacturer. So Lexmark introduced what it called a “Prebate” program, which enabled customers to purchase new toner cartridges at a 20-percent discount if they would agree to return the cartridge to Lexmark once it was empty. ... To enforce the Prebate terms, Lexmark included a microchip in each Prebate cartridge that would disable the cartridge after it ran out of toner; for the cartridge to be used again, the microchip would have to be replaced by Lexmark.

Static Control is not itself a manufacturer or remanufacturer of toner cartridges. It is, rather, “the market leader [in] making and selling the components necessary to remanufacture Lexmark cartridges.” 697 F.3d 387, 396 (C.A.6 2012) (case below). In addition to supplying remanufacturers with toner and various replacement parts, Static Control developed a microchip that could mimic the microchip in Lexmark’s Prebate cartridges. By purchasing Static Control’s microchips and using them to replace the Lexmark microchip, remanufacturers were able to refurbish and resell used Prebate cartridges. ...

As relevant to its Lanham Act claim, Static Control alleged two types of false or misleading conduct by Lexmark. First, it alleged that through its Prebate program Lexmark “purposefully misleads end-users” to believe that they are legally bound by the Prebate terms and are thus required to return the Prebate-labeled cartridge to Lexmark after a single use. Second, it alleged that upon introducing the Prebate program, Lexmark “sent letters to most of the companies in the toner cartridge remanufacturing business” falsely advising those companies that it was illegal to sell refurbished Prebate cartridges and, in particular, that it was illegal to use Static Control’s products to refurbish those cartridges.

[The District Court dismissed Static Control’s Lanham Act § 43(a) claim for lack of standing. The Sixth Circuit reversed, and the Supreme Court granted certiorari to resolve a circuit split over the test for standing in § 43(a) cases.] ...

III. STATIC CONTROL’S RIGHT TO SUE UNDER § 1125(A)

Thus, this case presents a straightforward question of statutory interpretation: Does the cause of action in § 1125(a) extend to plaintiffs like Static Control? The statute authorizes suit by “any person who believes that he or she is likely to be damaged”

by a defendant's false advertising. § 1125(a)(1). ...

A. Zone of Interests

First, we presume that a statutory cause of action extends only to plaintiffs whose interests "fall within the zone of interests protected by the law invoked." *Allen*, 468 U.S., at 751, 104 S.Ct. 3315. ...

We thus hold that to come within the zone of interests in a suit for false advertising under § 1125(a), a plaintiff must allege an injury to a commercial interest in reputation or sales. A consumer who is hoodwinked into purchasing a disappointing product may well have an injury-in-fact cognizable under Article III, but he cannot invoke the protection of the Lanham Act — a conclusion reached by every Circuit to consider the question. ... Even a business misled by a supplier into purchasing an inferior product is, like consumers generally, not under the Act's aegis. ...

B. Proximate Cause

Second, we generally presume that a statutory cause of action is limited to plaintiffs whose injuries are proximately caused by violations of the statute. ...

Put differently, the proximate-cause requirement generally bars suits for alleged harm that is "too remote" from the defendant's unlawful conduct. That is ordinarily the case if the harm is purely derivative of "misfortunes visited upon a third person by the defendant's acts." *Holmes*, *supra*, at 268-269, 112 S.Ct. 1311. In a sense, of course, all commercial injuries from false advertising are derivative of those suffered by consumers who are deceived by the advertising; but since the Lanham Act authorizes suit only for commercial injuries, the intervening step of consumer deception is not fatal to the showing of proximate causation required by the statute. ...

We thus hold that a plaintiff suing under § 1125(a) ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant's advertising; and that that occurs when deception of consumers causes them to withhold trade from the plaintiff. That showing is generally not made when the deception produces injuries to a fellow commercial actor that in turn affect the plaintiff. For example, while a competitor who is forced out of business by a defendant's false advertising generally will be able to sue for its losses, the same is not true of the competitor's landlord, its electric company, and other commercial parties who suffer merely as a result of the competitor's "inability to meet [its] financial obligations." *Anza*, 547 U.S., at 458, 126 S.Ct. 1991. ...

IV. APPLICATION

Applying those principles to Static Control's false-advertising claim, we conclude that Static Control comes within the class of plaintiffs whom Congress authorized to sue under § 1125(a).

To begin, Static Control's alleged injuries — lost sales and damage to its business reputation — are injuries to precisely the sorts of commercial interests the Act protects. Static Control is suing not as a deceived consumer, but as a “perso[n] engaged in” “commerce within the control of Congress” whose position in the marketplace has been damaged by Lexmark's false advertising. § 1127. There is no doubt that it is within the zone of interests protected by the statute.

Static Control also sufficiently alleged that its injuries were proximately caused by Lexmark's misrepresentations. This case, it is true, does not present the “classic Lanham Act false-advertising claim” in which “‘one competitio[r] directly injur[es] another by making false statements about his own goods [or the competitor's goods] and thus inducing customers to switch.’” *Harold H. Huggins Realty*, 634 F.3d, at 799, n. 24. But although diversion of sales to a direct competitor may be the paradigmatic direct injury from false advertising, it is not the only type of injury cognizable under § 1125(a). For at least two reasons, Static Control's allegations satisfy the requirement of proximate causation.

First, Static Control alleged that Lexmark disparaged its business and products by asserting that Static Control's business was illegal. See 697 F.3d, at 411, n. 10 (noting allegation that Lexmark “directly target[ed] Static Control” when it “falsely advertised that Static Control infringed Lexmark's patents”). When a defendant harms a plaintiff's reputation by casting aspersions on its business, the plaintiff's injury flows directly from the audience's belief in the disparaging statements. Courts have therefore afforded relief under § 1125(a) not only where a defendant denigrates a plaintiff's product by name, see, e.g., *McNeilab, Inc. v. American Home Prods. Corp.*, 848 F.2d 34, 38 (C.A.2 1988), but also where the defendant damages the product's reputation by, for example, equating it with an inferior product, see, e.g., *Camel Hair and Cashmere Inst. of Am., Inc. v. Associated Dry Goods Corp.*, 799 F.2d 6, 7-8, 11-12 (C.A.1 1986); *PPX Enterprises, Inc. v. Audiofidelity, Inc.*, 746 F.2d 120, 122, 125 (C.A.2 1984). ...

In addition, Static Control adequately alleged proximate causation by alleging that it designed, manufactured, and sold microchips that both (1) were necessary for, and (2) had no other use than, refurbishing Lexmark toner cartridges. It follows from that allegation that any false advertising that reduced the remanufacturers' business necessarily injured Static Control as well. Taking Static Control's assertions at face value, there is likely to be something very close to a 1:1 relationship between the number of refurbished Prebate cartridges sold (or not sold) by the remanufacturers and the number of Prebate microchips sold (or not sold) by Static Control. “Where the injury alleged is so integral an aspect of the [violation] alleged, there can be no question” that proximate cause is satisfied. *Blue Shield of Va. v. McCready*, 457 U.S. 465, 479, 102 S.Ct. 2540, 73 L.Ed.2d 149 (1982). ...

Although we conclude that Static Control has alleged an adequate basis to pro-

ceed under § 1125(a), it cannot obtain relief without evidence of injury proximately caused by Lexmark's alleged misrepresentations. We hold only that Static Control is entitled to a chance to prove its case.

Duty Free Americas, Inc. v. Estée Lauder Companies, Inc.

--- F.3d --- (10th Cir. Aug 7, 2015)

[DFA operates duty free stores in airports. It previously sold Estée Lauder cosmetics. DFA purchased those cosmetics at wholesale prices that were lower than the wholesale prices charged to traditional retailers, such as department stores. As a result, it was able to offer its customers lower retail prices. In 2007, Estée Lauder announced plans to eliminate the difference and move to a system with a single suggested retail price. As a result, DFA ended its relationship with Estée Lauder and devoted the shelf space to other products. Some of its competitors continued to sell Estée Lauder products and announced this fact to airport authorities during the bidding processes to operate duty-free concessions at airports in Newark, Boston, Orlando, and Atlanta. They also allegedly made various false statements about DFA. It sued Estée Lauder on a number of theories, including contributory false advertising.]

Whether § 43(a) of the Lanham Act includes within its ambit a claim for false advertising based on contributory liability is a question of first impression. ...

The rationale for allowing contributory trademark infringement actions supports recognizing a similar theory of liability in the false advertising context. For starters, § 43(a) of the Lanham Act contains two different classes of prohibitions: one banning trademark infringement and one prohibiting false advertising. ...

These prohibitions are found in the same statutory provision, and they share the same introductory clause. ... The placement of the two prohibitions in the same statutory section—and correspondingly, the fact that the introductory language banning both practices is identical—suggests the two causes of action should be interpreted to have the same scope. ...

Moreover, while the two causes of action are derived from the same principles and contained in the same statute, the Supreme Court has recognized that the false advertising provision of the Lanham Act entails broader protections. See *POM Wonderful LLC v. Coca-Cola Co.*, --- U.S. ----, 134 S.Ct. 2228, 2234, 189 L.Ed.2d 141 (2014) (“The Lanham Act’s trademark provisions are the primary means of achieving [the statute’s] ends. But the Act also creates a federal remedy [for false advertising] ‘that goes beyond trademark protection.’ The broader remedy is at issue here.”) (quoting *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29, 123 S.Ct. 2041, 156 L.Ed.2d 18 (2003)). It would be odd indeed for us to narrow the scope of the false advertising provision—a cause of action plainly intended to encompass a broader spectrum of protection—and hold that it could be enforced only against a smaller class of defendants. Absent congressional direction, we are reluc-

tant to limit the statute's scope in this way. Thus, we hold that a plaintiff may bring a claim for contributory false advertising under § 43(a) of the Lanham Act.

What, then, must a plaintiff establish in order to state a contributory false advertising claim? First, the plaintiff must show that a third party in fact directly engaged in false advertising that injured the plaintiff. Second, the plaintiff must allege that the defendant contributed to that conduct either by knowingly inducing or causing the conduct, or by materially participating in it. ...

Once the plaintiff establishes the elements of a direct false advertising claim against a third party, it must allege that the defendant contributed to that conduct. This means that the plaintiff must allege that the defendant had the necessary state of mind—in other words that it “intended to participate in” or “actually knew about” the false advertising. See *Mini Maid Servs. Co.*, 967 F.2d at 1522. The plaintiff must also allege that the defendant actively and materially furthered the unlawful conduct—either by inducing it, causing it, or in some other way working to bring it about. Cf. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1249 (10th Cir.2013) (explaining that *Inwood* establishes liability for a defendant who “enables a third party” to violate the Lanham Act).

Analogies from trademark infringement, in which contributory liability is more developed, can be instructive. Thus, for example, a plaintiff may be able to make out the participation prong of a contributory false advertising claim by alleging that the defendant directly controlled or monitored the third party's false advertising. See *Perfect 10, Inc. v. Visa Int'l Serv. Ass'n*, 494 F.3d 788, 807 (9th Cir.2007). It is also conceivable that there could be circumstances under which the provision of a necessary product or service, without which the false advertising would not be possible, could support a theory of contributory liability. See *Inwood Labs., Inc.*, 456 U.S. at 854–55, 102 S.Ct. 2182. In determining whether a plaintiff has adequately alleged facts to support such a claim, we look to whether the complaint suggests a plausible inference of knowing or intentional participation, examining “the nature and extent of the communication” between the third party and the defendant regarding the false advertising; “whether or not the [defendant] explicitly or implicitly encouraged” the false advertising; whether the false advertising “is serious and widespread,” making it more likely that the defendant “kn[ew] about and condone[d] the acts”; and whether the defendant engaged in “bad faith refusal to exercise a clear contractual power to halt” the false advertising. See *Mini Maid Servs. Co.*, 967 F.2d at 1522.

The district court identified four allegedly false claims in the complaint, each of which was made by a duty free operator to representatives of an airport and each of which DFA says we should attribute to Estée Lauder. First, Nuance stated in a letter to Atlanta officials: “Given that Estée Lauder brands account for 20% of cosmetic and fragrance sales, at least in Orlando, and cosmetic and fragrance sales

constitute one of the largest sources of revenue for duty free stores, a lack of access to Estée Lauder brands would cast doubt on the validity of DFA's projected revenue streams." Second, Travel Retail told Orlando officials: "[W]e strongly believe that Estée Lauder is a product which you have to sell, also, to domestic passengers." Third, Nuance said during the Orlando appeal hearing: "With respect to DFA, I'd like to echo Travel Retail's concerns on DFA's rents.... DFA sales project[ions] are deemed to be unreasonable and not sustainable in light of the history." Finally, Travel Retail informed the Orlando Airport Authority: "[F]ailure to offer the Estée Lauder product line will negatively impact duty free and duty paid sales revenue for both international and domestic travelers." DFA argues that it also alleged that Nuance, in its letter protesting the Atlanta award, stated "DFA may have made misrepresentations about its ability to carry Estée Lauder brands,"⁸ and we agree that this is an allegedly false claim the district court failed to consider.

As for the first element, Estée Lauder claims that the duty free operators did not engage in any false advertising. Estée Lauder urges us to hold that DFA's complaint is devoid of any false or misleading statements cognizable under the Lanham Act, but we need not answer this fact-intensive question. We agree that DFA did not adequately allege Estée Lauder contributed to any of the statements, and thus affirm the district court's dismissal on this ground.

We are unable to find in DFA's complaint any facts that would enable the court to draw the reasonable inference that Estée Lauder induced or knowingly or intentionally participated in any of the allegedly false statements made by the other duty free operators. In its complaint, DFA based its claim for contributory liability on the fact that "[Estée Lauder] knew or should have known of the False Claims, but [it] continued to supply [Estée Lauder] product [s] to its favored duty free operators.... In doing so, [Estée Lauder] provided its favored duty free operators with the means to continue making the False Claims...." We cannot see how the mere sale of Estée Lauder products can serve as a basis for holding the manufacturer liable for any disparaging statements its customers make in the course of their own separate business relations. In our view, selling Estée Lauder products is too unrelated to the making of the allegedly false or misleading statements to form a basis for liability—under either an inducement or participation theory.

Moreover, contrary to DFA's argument, there are simply no facts in the complaint that suggest the existence of coordinated action or encouragement, much less inducement, between Estée Lauder and the operators on the decision to make the disputed claims to airport authorities. There has been no allegation that by selling its products to the duty free operators, Estée Lauder monitored, controlled, or participated in operators' statements to airport authorities during a competitive bidding process for which Estée Lauder was not even present. More generally, there are no facts to suggest that Estée Lauder commonly exercises any level of control over or

involvement in the duty free operators' conduct during airport RFP bidding.

In short, although we agree with DFA that a plaintiff may state a claim against a defendant for contributory false advertising, we are unwilling to extend the doctrine as far as DFA urges. The mere sale of products in the course of an ordinary business relationship, without more, cannot justify a finding that a defendant induced, encouraged, caused, procured, or brought about false advertising. Contributory false advertising claims are cognizable under the Lanham Act, but a plaintiff must allege more than an ordinary business relationship between the defendant and the direct false advertiser in order to plausibly plead its claim. DFA has failed to do so here.

Satellite TV Problem

This advertisement for DirecTV ran on the Internet; it was shown to customers in markets served by Time Warner Cable. Some of Time Warner's channels are analog; others are digital HD. DirecTV offers only digital HD channels. The parties agree that the HD channels are equivalent in quality. They also agree that the pixelated portions of the ads are not accurate depictions of cable TV signals, either digital or analog. Is the advertisement actionable?



B Other Sources of Advertising Law

1 Trademark

Lanham Act

15 U.S.C. § 1127 [Lanham Act § 45] - *Construction and definitions; intent of chapter*

The term “certification mark” means any word, name, symbol, or device, or any combination thereof—

- (1) used by a person other than its owner, or
- (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this [Act],

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

Trademark Manual of Examining Procedure

§ 1306.1 - Types of Certification Marks

... Based on the statute, there are generally three types of certification marks, that is, those that certify:

1. *Geographic origin.* Certification marks may be used to certify that authorized users' goods or services originate in a specific geographic region (e.g., ROQUEFORT for cheese). See *Cnty. of Roquefort v. William Faehndrich, Inc.*, 303 F.2d 494, 133 USPQ 633 (2d Cir. 1962) (ROQUEFORT for cheese from a municipality in France); *State of Fla., Dep't of Citrus v. Real Juices, Inc.*, 330 F. Supp. 428, 171 USPQ 66 (M.D. Fla. 1971) (SUNSHINE TREE for citrus from Florida); *Bureau Nat'l Interprofessionnel Du Cognac v. Int'l Better Drinks Corp.*, 6 USPQ2d 1610 (TTAB 1988) (COGNAC for distilled brandy from a region in France); TMEP §§1306.05–1306.05(j).
2. *Standards met with respect to quality, materials, or mode of manufacture.* Certification marks may be used to certify that authorized users' goods or services meet certain standards in relation to quality, materials, or mode of manufacture (e.g., approval by Underwriters Laboratories). See *Midwest Plastic Fabricators Inc. v. Underwriters Labs. Inc.*, 906 F.2d 1568, 15 USPQ2d 1359 (Fed. Cir. 1990) (UL certifies, among other things, representative samplings of electrical equipment meeting certain safety standards); *In re Celanese Corp. of Am.*, 136 USPQ 86 (TTAB 1962) (CELANESE certifies plastic toys meeting certifier's safety standards).
3. *Work/labor performed by member or that worker meets certain standards.* Certification marks may also be used to certify that authorized users' work or labor on the products or services was performed by a member of a union or other organization, or that the performer meets certain standards. See TMEP §1306.04(d)(ii) and cases cited therein for further information.

§ 1306.01(a) - Use Is by Person Other than Owner of Certification Mark

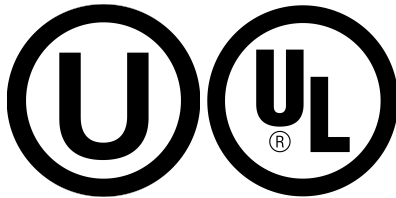
A certification mark may not be used, in the trademark sense of “used,” by the owner of the mark; it may be used only by a person or persons other than the owner of the mark. That is, the owner of a certification mark does not apply the mark to his or her goods or services and, in fact, usually does not attach or apply the mark at all. The mark is generally applied by other persons to their goods or services, with authorization from the owner of the mark.

The owner of a certification mark does not produce the goods or perform the services in connection with which the mark is used, and thus does not control their nature and quality. Therefore, it is not appropriate to inquire about control over the nature and quality of the goods or services. What the owner of the certification mark does control is use of the mark by others on their goods or services. This control consists of taking steps to ensure that the mark is applied only to goods or services that contain the characteristics or meet the requirements that the certifier/owner has established or adopted for the certification.

§ 1306.01(b) - *Purpose Is to Certify, Not to Indicate Source*

A certification mark “is a special creature created for a purpose uniquely different from that of an ordinary service mark or trademark . . .” *In re Fla. Citrus Comm’n*, 160 USPQ 495, 499 (TTAB 1968). That is the purpose of a certification mark is to inform purchasers that the goods or services of a person possess certain characteristics or meet certain qualifications or standards established by another person. A certification mark does not indicate origin in a single commercial or proprietary source the way a trademark or service mark does. Rather, the same certification mark is used on the goods or services of many different producers.

The message conveyed by a certification mark is that the goods or services have been examined, tested, inspected, or in some way checked by a person who is not their producer, using methods determined by the certifier/owner. The placing of the mark on goods, or its use in connection with services, thus constitutes a certification by someone other than the producer that the prescribed characteristics or qualifications of the certifier for those goods or services have been met.



Lanham Act

15 U.S.C. § 1052 [Lanham Act § 2] - *Trademarks registrable on principal register ...*

No trademark ... shall be refused registration on the principal register on account of its nature unless it—

- (a) Consists of or comprises ... deceptive ... matter; ...
- (e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely ... deceptively misdescriptive of them

In re Budge Mfg. Co.
857 F.2d 773 (Fed. Cir. 1988)

NIES, Circuit Judge.

Budge Manufacturing Co., Inc., appeals from the final decision of the United States Trademark Trial and Appeal Board refusing registration of LOVEE LAMB for “automotive seat covers,” application Serial No. 507,974 filed November 9, 1984. The basis for rejection is that the term LAMB is deceptive matter within the meaning of section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a) (1982), as applied to Budge’s goods which are made wholly from synthetic fibers. We affirm.

OPINION

Section 2(a) of the Lanham Act bars registration of a mark which: “Consists of or comprises ... deceptive ... matter...” As stated in *In re Automatic Radio Mfg. Co.*, 404 F.2d 1391, 1396, 160 USPQ 233, 236 (CCPA 1969): “The proscription [of section 2(a)] is not against misdescriptive terms unless they are also deceptive.” Thus, that a mark or part of a mark may be inapt or misdescriptive as applied to an applicant’s goods does not make it “deceptive.” *Id.* (AUTOMATIC RADIO not a deceptive mark for air conditioners, ignition systems, and antennas). ...

Where the issue relates to deceptive misdescriptiveness within the meaning of 2(a), we are in general agreement with the standard set out by the board...

- (1) Is the term misdescriptive of the character, quality, function, composition or use of the goods?
- (2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods?
- (3) If so, is the misdescription likely to affect the decision to purchase?

In *ex parte* prosecution, the burden is initially on the Patent and Trademark Office (PTO) to put forth sufficient evidence that the mark for which registration is sought meets the above criteria of unregistrability. Mindful that the PTO has limited facilities for acquiring evidence — it cannot, for example, be expected to conduct a survey of the marketplace or obtain consumer affidavits — we conclude that the evidence of record here is sufficient to establish a *prima facie* case of deceptiveness. That evidence shows with respect to the three-pronged test:

- (1) Budge admits that its seat covers are not made from lamb or sheep products. Thus, the term LAMB is misdescriptive of its goods.
- (2) Seat covers for various vehicles can be and are made from natural lambskin and sheepskin. Applicant itself makes automobile seat covers of natural sheepskin. Lambskin is defined, *inter alia*, as fine-grade sheep skin. See Webster's Third New International Dictionary 639 (unabr. 1976). The board's factual inference is reasonable that purchasers are likely to believe automobile seat covers denominated by the term LAMB or SHEEP are actually made from natural sheep or lamb skins.
- (3) Evidence of record shows that natural sheepskin and lambskin is more expensive than simulated skins and that natural and synthetic skins have different characteristics. Thus, the misrepresentation is likely to affect the decision to purchase.

Faced with this *prima facie* case against registration, Budge had the burden to come forward with countering evidence to overcome the rejection. It wholly failed to do so.

Budge argues that its use of LAMB as part of its mark is not misdescriptive when considered in connection with the text in its advertising, which states that the cover is of "simulated sheepskin."

... [W]e conclude that the board properly discounted Budge's advertising and labeling which indicate the actual fabric content. Misdescriptiveness of a term may be negated by its meaning in the context of the whole mark inasmuch as the combination is seen together and makes a unitary impression. *A.F. Gallun & Sons Corp. v. Aristocrat Leather Prods., Inc.*, 135 USPQ 459, 460 (TTAB 1962) (COPY CALF not misdescriptive, but rather suggests imitation of calf skin). The same is not true with respect to explanatory statements in advertising or on labels which purchasers may or may not note and which may or may not always be provided. The statutory provision bars registration of a mark comprising deceptive matter. Congress has said that the advantages of registration may not be extended to a mark which deceives the public. Thus, the mark standing alone must pass muster, for that is what the applicant seeks to register, not extraneous explanatory statements.

Budge next argues that no reasonable purchaser would expect to purchase lambskin automobile seat covers because none made of lambskin are on the market. Only sheepskin automobile seat covers are being made, per Budge. Not only was no evidence submitted on the point Budge seeks to make, only statements of Budge's attorney, but also the argument is without substance. The board properly equated sheepskin and lambskin based on the dictionary definition which indicates that the terms may be used interchangeably. In addition, while Budge would discount the evidence presented that bicycle and airline seat coverings are made of lambskin, we

conclude that it does support the board's finding that there is nothing incongruous about automobile seat covers being made from lambskin. We also agree with the board's conclusion that any differences between sheepskin and lambskin would not be readily apparent to potential purchasers of automobile seat covers. The board's finding here that purchasers are likely to believe the misrepresentation is not clearly erroneous. ...

Finally, we note the evidence of Budge's extensive sales since 1974 under the mark. However, it is too well established for argument that a mark which includes deceptive matter is barred from registration and cannot acquire distinctiveness.

CONCLUSION

None of the facts found by the board have been shown to be clearly erroneous nor has the board erred as a matter of law. Accordingly, we affirm the board's decision that Budge's mark LOVEE LAMB for automobile seat covers made from synthetic fibers is deceptive within the meaning of 15 U.S.C. § 1052(a) and is, thus, barred from registration.

2 Regulation

POM Wonderful LLC v. The Coca-Cola Company 134 S. Ct. 2228 (2014)

Justice KENNEDY delivered the opinion of the Court.

POM Wonderful LLC makes and sells pomegranate juice products, including a pomegranate-blueberry juice blend. One of POM's competitors is the Coca-Cola Company. Coca-Cola's Minute Maid Division makes a juice blend sold with a label that, in describing the contents, displays the words "pomegranate blueberry" with far more prominence than other words on the label that show the juice to be a blend of five juices. In truth, the Coca-Cola product contains but 0.3% pomegranate juice and 0.2% blueberry juice. [Later in the opinion, the Court explained:

Coca-Cola, under its Minute Maid brand, created a juice blend containing 99.4% apple and grape juices, 0.3% pomegranate juice, 0.2% blueberry juice, and 0.1% raspberry juice. Despite the minuscule amount of pomegranate and blueberry juices in the blend, the front label of the Coca-Cola product displays the words "pomegranate blueberry" in all capital letters, on two separate lines. Below those words, Coca-Cola placed the phrase "flavored blend of 5 juices" in much smaller type. And below that phrase, in still smaller type, were the words "from concentrate with added ingredients" — and, with a line break before the

final phrase — “and other natural flavors.” The product’s front label also displays a vignette of blueberries, grapes, and raspberries in front of a halved pomegranate and a halved apple.

]

Alleging that the use of that label is deceptive and misleading, POM sued Coca-Cola under § 43 of the Lanham Act. 60 Stat. 441, as amended, 15 U.S.C. § 1125. That provision allows one competitor to sue another if it alleges unfair competition arising from false or misleading product descriptions. The Court of Appeals for the Ninth Circuit held that, in the realm of labeling for food and beverages, a Lanham Act claim like POM’s is precluded by a second federal statute. The second statute is the Federal Food, Drug, and Cosmetic Act (FDCA), which forbids the misbranding of food, including by means of false or misleading labeling. §§ 301, 403, 52 Stat. 1042, 1047, as amended, 21 U.S.C. §§ 331, 343. ...

The FDCA statutory regime is designed primarily to protect the health and safety of the public at large. See 62 Cases of Jam v. United States, 340 U.S. 593, 596, 71 S.Ct. 515, 95 L.Ed. 566 (1951); FDCA, § 401, 52 Stat. 1046, 21 U.S.C. § 341 (agency may issue certain regulations to “promote honesty and fair dealing in the interest of consumers”). The FDCA prohibits the misbranding of food and drink. 21 U.S.C. §§ 321(f), 331. A food or drink is deemed misbranded if, inter alia, “its labeling is false or misleading,” § 343(a), information required to appear on its label “is not prominently placed thereon,” § 343(f), or a label does not bear “the common or usual name of the food, if any there be,” § 343(i). To implement these provisions, the Food and Drug Administration (FDA) promulgated regulations regarding food and beverage labeling, including the labeling of mixes of different types of juice into one juice blend. See 21 C.F.R. § 102.33 (2013). One provision of those regulations is particularly relevant to this case: If a juice blend does not name all the juices it contains and mentions only juices that are not predominant in the blend, then it must either declare the percentage content of the named juice or “[i]ndicate that the named juice is present as a flavor or flavoring,” e.g., “raspberry and cranberry flavored juice drink.” § 102.33(d).

Unlike the Lanham Act, which relies in substantial part for its enforcement on private suits brought by injured competitors, the FDCA and its regulations provide the United States with nearly exclusive enforcement authority, including the authority to seek criminal sanctions in some circumstances. 21 U.S.C. §§ 333(a), 337. Private parties may not bring enforcement suits. § 337. ...

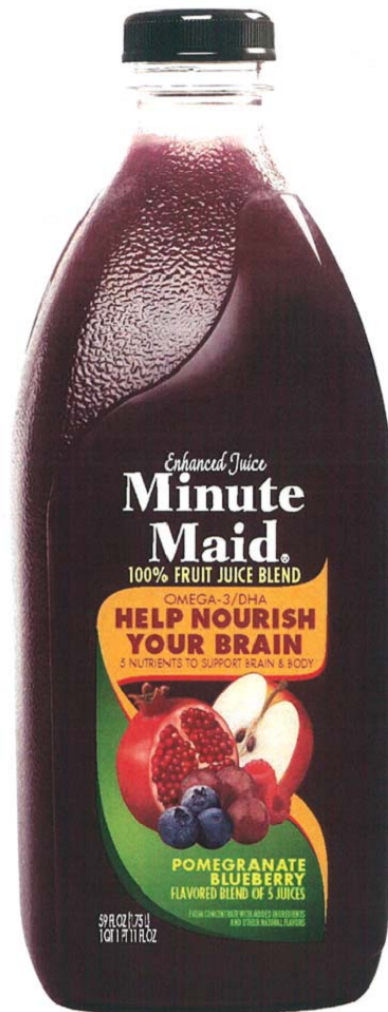
Beginning with the text of the two statutes, it must be observed that neither the Lanham Act nor the FDCA, in express terms, forbids or limits Lanham Act claims challenging labels that are regulated by the FDCA. ...

The structures of the FDCA and the Lanham Act reinforce the conclusion drawn

from the text. ... The Lanham Act and the FDCA complement each other in major respects, for each has its own scope and purpose. Although both statutes touch on food and beverage labeling, the Lanham Act protects commercial interests against unfair competition, while the FDCA protects public health and safety. The two statutes impose “different requirements and protections.” *J.E.M. Ag Supply*, *supra*, at 144, 122 S.Ct. 593.

The two statutes complement each other with respect to remedies in a more fundamental respect. Enforcement of the FDCA and the detailed prescriptions of its implementing regulations is largely committed to the FDA. The FDA, however, does not have the same perspective or expertise in assessing market dynamics that day-to-day competitors possess. Competitors who manufacture or distribute products have detailed knowledge regarding how consumers rely upon certain sales and marketing strategies. Their awareness of unfair competition practices may be far more immediate and accurate than that of agency rulemakers and regulators. Lanham Act suits draw upon this market expertise by empowering private parties to sue competitors to protect their interests on a case-by-case basis. By “serv[ing] a distinct compensatory function that may motivate injured persons to come forward,” Lanham Act suits, to the extent they touch on the same subject matter as the FDCA, “provide incentives” for manufacturers to behave well. See *id.*, at 579, 129 S.Ct. 1187. Allowing Lanham Act suits takes advantage of synergies among multiple methods of regulation. This is quite consistent with the congressional design to enact two different statutes, each with its own mechanisms to enhance the protection of competitors and consumers.

A holding that the FDCA precludes Lanham Act claims challenging food and beverage labels would not only ignore the distinct functional aspects of the FDCA and the Lanham Act but also would lead to a result that Congress likely did not intend. Unlike other types of labels regulated by the FDA, such as drug labels, see 21 U.S.C. § 355(d), it would appear the FDA does not preapprove food and beverage labels under its regulations and instead relies on enforcement actions, warning letters, and other measures. Because the FDA acknowledges that it does not necessarily pursue enforcement measures regarding all objectionable labels, if Lanham Act claims were to be precluded then commercial interests — and indirectly the public at large — could be left with less effective protection in the food and beverage labeling realm than in many other, less regulated industries. It is unlikely that Congress intended the FDCA’s protection of health and safety to result in less policing of misleading food and beverage labels than in competitive markets for other products.



Letter from Federal Trade Commission to Microsoft Corp. and Starcom MediaVest Group

Aug. 26, 2015

Dear Counsel:

As you know, the staff of the Federal Trade Commission's Northwest Region has conducted an investigation into whether Microsoft Corporation and its advertising agency, Starcom MediaVest Group ("Starcom"), violated Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, in connection with the promotion of Xbox One video game consoles and certain Microsoft video game titles.

Our inquiry focused on an advertising campaign conducted by Machinima, Inc.,

in late 2013 at the request of Starcom, acting on behalf of Microsoft.

As part of that advertising campaign, Machinima, a multi-channel network on YouTube, paid several of its network partners (video bloggers known as "influencers") significant amounts of money to produce and upload Xbox One gameplay videos. The videos, which were posted to YouTube in the days immediately prior to and after the launch of the Xbox One, were intended to generate buzz around and drive sales of the newly released Xbox One and the Microsoft video game titles.

At Machinima's direction, the influencers spoke favorably of the Xbox One and the game titles in their videos.

The videos were uploaded by the influencers to their individual YouTube channels, where they appeared to be independently produced by, and to reflect the personal views of, the influencers.

Machinima did not require the influencers to disclose in their videos that they were being compensated for producing and uploading the videos, and when the videos were uploaded, many (if not most) of the influencers failed to make any kind of disclosure.

Section 5 of the FTC Act requires the disclosure of a material connection between an advertiser and an endorser when such a relationship is not apparent from the context of the communication that contains the endorsement. In this case, the payment of significant sums to video bloggers to post specific content promoting the Xbox One and Microsoft's game titles is a material connection that would not be reasonably expected by YouTube viewers. As the advertiser, Microsoft bears responsibility for the influencers' failure to disclose such material connections. Starcom, as Microsoft's agent and the advertising agency that managed the relationship with Machinima, also bears responsibility for the influencers' failure to disclose.

However, upon careful review of this matter, including nonpublic information submitted to the FTC, we have determined not to recommend enforcement action against Microsoft or Starcom at this time. We considered several factors in reaching this decision.

The failures to disclose here appear to be isolated incidents that occurred in spite of, and not in the absence of, policies and procedures designed to prevent such lapses. Microsoft had a robust compliance program in place when the Xbox One campaign was launched, including specific legal and marketing guidelines concerning the FTC's Endorsement Guides, 16 C.P.R. Part 255, and relevant training made available to employees, vendors and Starcom personnel. Since the Xbox One campaign, Microsoft and Starcom have adopted additional safeguards regarding sponsored endorsements, and they have committed to, among other steps, specifically requiring their employees to monitor influencer campaigns conducted by subcontractors in the future. In addition, Microsoft and Starcom took swift action to require that Machinima insert disclosures into the campaign videos once they learned

that Machinima had paid the influencer and that no disclosures had been made.

Our decision not to pursue enforcement action is not to be construed as a determination that a violation may not have occurred, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The Commission reserves the right to take further action as the public interest may warrant.



See also 16 C.F.R. pt. 255 ("Guides Concerning the Use of Endorsements and Testimonials in Advertising"); FEDERAL TRADE COMMISSION, .COM DISCLOSURES: HOW TO MAKE EFFECTIVE DISCLOSURES IN DIGITAL ADVERTISING (Mar. 2013)

3 Self-Regulation

CARU Press Release
May 29, 2007

The Children's Advertising Review Unit (CARU) of the Council of Better Business Bureaus, Inc., has recommended that Lego Systems Inc., maker of the Lego Racers: Crash Collection line of playsets, modify advertising to make it clear to the child audience that the toys sold do not make sounds.

Broadcast advertising for Lego Racers: Crash Collection came to the attention of CARU, the children's advertising industry's self-regulatory forum, through CARU's ongoing monitoring efforts.

Commercials for the playsets feature two children playing with LEGO pull-back motor racers. A voice-over states that the toys are "built to crash." When the cars hit each other, loud crashing noises are heard and a voice-over screams "CRASH" in a long, drawn-out manner while a bubble visual of the word "CRASH" appears on the screen in large, cartoon-like letters. The commercial features numerous loud crash scenes, with the cars hitting each other and various other objects. On impact, in addition to the sounds synchronized with the collision and the video and audio supers, special effects dramatize the cars breaking apart and pieces flying off in slow-motion.

CARU was concerned that the synchronization of the "crashing" sound effects accompanying the colliding of the cars could potentially mislead children into believing that the toys were equipped with sound-effects equipment. CARU was also concerned that, because the toys do not have any sound capabilities, the commercials would create unrealistic performance expectations that children would not be able to duplicate.

In order to avoid potentially misleading the child audience, CARU recommended that the advertiser modify the commercial. CARU further recommended that the advertiser include scenes of real action play without special effects, which would serve to demonstrate how much noise the toys do make.

The company, in its advertiser's statement, said that it is a strong supporter of CARU and "appreciates the opportunity to participate in the self-regulatory process."

"LSI will continue to remain sensitive to CARU's concerns and do its best to follow the Guidelines in future advertisements. LSI does not plan to appeal this decision," the company said.

Scavenger Hunt Problem

Find as many of the following as you can in the wild:

- An advertisement containing non-actionable puffery
- A literally false advertisement
- An advertisement that is not literally false but is misleading
- An establishment claim (bonus point if it is unsubstantiated)

- A geographic certification mark
- A quality, materials, or mode of manufacture certification mark
- A deceptive trademark (not necessarily registered)
- A food label regulated by the FDA under the FDCA, together with a citation to the *specific* section in the Code of Federal Regulations that governs the label. Highlight the portion of the label that is required by the regulation you cite.
- A celebrity endorsement on social media containing an advertising disclosure.
- A celebrity endorsement on social media *not* containing an advertising disclosure, but which should have had one
- An advertisement directed at children that is misleading under the standards applied by CARU

Email me your list by the night before class. You are allowed *one* entry per category. All your submissions should be examples you are comfortable having shown in class.

You get one point for each one you find on the Internet, and two points for each one you find offline (submit a photo). You get a bonus point for each of your entries that is unique, i.e., no one else in the class submitted it. Whoever gets the highest score will win bragging rights and a prize of negligible value.

Geographic Indications

Trade-Related Aspects of Intellectual Property (TRIPS), Uruguay Round Agreement (1991)

Art. 22 - Protection of Geographical Indications

1. Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.
2. In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:
 - (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
 - (b) any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967) [i.e., “in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods”]
3. A Member shall, *ex officio* if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.

Art. 23 - Additional Protection for Geographical Indications for Wines and Spirits

1. Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question or identifying spirits for spirits not originating in the place indicated by the geographical indication in question, even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like.
2. The registration of a trademark for wines which contains or consists of a geographical indication identifying wines or for spirits which contains or consists of a geographical indication identifying spirits shall be refused or invalidated, *ex officio* if a Member’s legislation so permits or at the request of an interested party, with respect to such wines or spirits not having this origin.


Art. 24 - International Negotiations, Exceptions

6. Nothing in this Section shall require a Member to apply its provisions in respect of a geographical indication of any other Member with respect to goods or services for which the relevant indication is identical with the term customary in common language as the common name for such goods or services in the territory of that Member. ...

Lanham Act**15 U.S.C. § 1052 [Lanham Act § 2] - Trademarks registrable on principal register ...**

No trademark ... shall be refused registration on the principal register on account of its nature unless it—

- (a) Consists of or comprises ... a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods ...
- (e) Consists of a mark which ... (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title [pertaining to collective marks and certification marks], (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them,



Gulf Shrimp From Nebraska?

Valencia Oranges From Maine?

Champagne Not From Champagne?

No way!

A sparkling wine may look or claim the part. But if it's not from Champagne, it's simply not true Champagne.

That's because Champagne is a specific place 90 miles east of Paris that produces the only grapes that yield the taste of Champagne of legend. Champagne's one of a kind cool climate, chalky soil and long history of winemaking expertise combine to produce a wine impossible to duplicate.

So, it does matter where wine comes from. A Napa wine is only from Napa, a Willamette wine is only from Willamette and a Walla Walla is only from Walla Walla.

And if it's not from Champagne, it's simply not true Champagne.

Champagne
is from Champagne

MAISON & CO. CHAMPAGNE

www.champagne.us

Guantanamera Cigar Co. v. Corporacion Habanos
729 F. Supp. 2d 246 (D.D.C 2010)

Lamberth, District Judge:

This case comes before the Court on cross motions for summary judgment filed by plaintiff Guantanamera Cigar Company's ("GCC") and defendant Corporacion Habanos, S.A. ("Habanos"). Upon reviewing the motions, the Court concludes that the Trademark Trial and Appeal Board ("TTAB") erred as a matter of law in applying the three-part test for primarily geographically deceptively misdescriptive marks, which are barred from registration by the Lanham Act, 15 U.S.C. § 1052(e)(3) (2006). Therefore, the Court grants the plaintiff's motion for summary judgment.

I. FACTUAL BACKGROUND

A. General Background

GCC is a small company based in Coral Gables, Florida. GCC manufactures cigars in Honduras from non-Cuban seeds, then sells and distributes them mainly in the Miami area, as well as other parts of the United States. GCC filed a trademark application for the mark GUANTANAMERA for use in connection with cigars on May, 14, 2001. When translated, "guantanamera" means "(i) the female adjectival form of GUANTANAMO, meaning having to do with or belonging to the city or province of Guantanamo, Cuba; and/or (ii) a woman from the city or province of Guantanamo, Cuba." Many people are also familiar with the Cuban folk song, Guantanamera, which was originally recorded in 1966.

Habanos, jointly owned by the Cuban government and a Spanish entity, manufactures cigars. The Cuban embargo prohibits Habanos from exporting cigars into the U.S. Habanos, however, owns trademarks on many cigar brands outside the U.S., including registrations or applications for GUANTANAMERA in more than 100 countries in the world. On December 29, 1998, Habanos applied for the mark in Cuba, and registered the mark on March 13, 2001. Habanos applied for a U.S. Trademark on April 15, 2002, but its application remains suspended because of GCC's prior application.

Shortly after the TTAB published GCC's application, Habanos filed an opposition, which asserted that GUANTANAMERA was primarily geographically deceptively misdescriptive, and therefore barred from registration. The TTAB agreed and found that GUANTANAMERA was primarily geographically deceptively misdescriptive and that Habanos had standing to oppose registration. GCC filed this appeal for a de novo review of the TTAB's Opinion dated February 29, 2008. The parties cross-filed for summary judgment. ...

II. DISCUSSION ...

D. The TTAB improperly denied registration of GUANTANAMERA

The TTAB improperly denied registration of GUANTANAMERA for cigars because it used an incorrect legal standard. The TTAB must deny registration of marks “which when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them.” 15 U.S.C. § 1052(e)(3). A mark is “primarily geographically deceptively misdescriptive” when:

- (1) the primary significance of the mark is a generally known geographic location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and (3) the misrepresentation was a material factor in the consumer’s decision.

In *re* California Innovations, Inc., 329 F.3d 1334, 1341 (Fed. Cir. 2003). The TTAB cited the proper legal standard, but erred in its application of the third part. The Court reviews the three parts of the test—geographic location, goods-place association, and materiality—as applied by the TTAB.

a. Geographic Location

There is significant evidence in the record to find that Cuba or Guantanamo, Cuba is the primary significance of GUANTANAMERA. The primary significance of a mark is a finding of fact. Guantanamera literally means “girl from Guantanamo.” The Plaintiff argues that the primary meaning of GUANTANAMERA is the famous Cuban song by Joseito Fernandez. The TTAB recognized that the folk song’s history reinforces the geographic connection to Guantanamo and Cuba. Based on the differential standard of review, the Court finds that the Plaintiff produced insufficient evidence to disturb the TTAB’s factual finding that GUANTANAMERA’s primary significance is a geographic location.

b. Goods-Place Association

There is sufficient evidence to find that the consuming public is likely to believe that the Plaintiff’s cigars originate from Cuba. If consumers are likely to believe that the place identified on the mark is the origin of the goods, when in fact the goods do not come from that place, the element is satisfied. *California Innovations*, 329 F.3d at 1341; see also *In re Spirits International N.V.*, 563 F.3d 1347, 1350-51 (Fed. Cir. 2009) (leaving the TTAB’s analysis of the goods-place association unaltered when the TTAB found that Moscow was well known for vodka). The Federal Circuit characterized this element as a “relatively easy burden of showing a naked goods-place association.” *California Innovations*, 329 F.3d at 1340.

The plaintiff argues that GUANTANAMERA fails the goods-place association test because Guantanamo is not known for the cigars. In support of this argument, the Plaintiff cited a quotation from *Spirits* that neither opposing counsel nor this Court could locate. The record contains ample evidence that cigar tobacco is produced in the Guantanamo province. There is also ample evidence to support the finding that Cuba is well-known for cigars. ...

The TTAB did not err in finding that the goods-place association was met.

c. Materiality

The TTAB erred as a matter of law in its analysis of materiality. To establish a prima facie case, the TTAB or the opposition must show that “a significant portion of the relevant consumers would be materially influenced in the decision to purchase the product or service by the geographic meaning of the mark.” *Spirits*, 563 F.3d at 1357. Accordingly, the Court holds that Habanos never established a prima facie case for the third part of the test before the TTAB.

In *Spirits*, the TTAB refused to register the mark MOSKOVSKAYA for vodka because it was primarily geographically deceptively misdescriptive. MOSKOVSKAYA literally means “of or from Moscow,” but the registrant admitted that the vodka is not manufactured, produced, or sold in Moscow and has no connection to Moscow. The TTAB found that the primary significance of the mark was a generally known geographic location and recognized that Moscow is renowned for vodka. Thus, the first two elements of the test were satisfied. *Id.* The Court took issue with the TTAB’s application of the third element, the materiality requirement.

The TTAB reasoned that because 706,000 people in the United States speak Russian, and because 706,000 is “an appreciable number,” the materiality requirement was satisfied. The Court remanded the case without ruling on the merits because the TTAB failed to consider whether Russia speakers were a “substantial portion” of the intended audience. The Court noted that only 0.25% of the U.S. population speaks Russian. To satisfy the materiality requirement, a substantial portion of relevant consumers must be likely to be deceived, not an absolute number or particular segment (such as foreign language speakers).

Here, the TTAB erred as a matter of law in applying the materiality requirement. The TTAB decided this case before the Federal Circuit decided *Spirits*. The portion of the TTAB’s opinion that addressed the materiality factor was only four sentences and did not make any findings regarding a “substantial proportion” of materially deceived consumers. The TTAB stated two reasons why the misrepresentation is material in the minds of consumers: (1) Cuba’s “renown and reputation for high quality cigars” and (2) the plaintiff’s subjective intent to deceive customers evidenced by previously placing “Guantanamera, Cuba” and “Genuine Cuban Tobacco” on the packaging.

Spirits plainly demands more than a finding of Cuba's reputation for high quality cigars. In Spirits, Moscow's renown reputation for vodka was not enough to affirm the TTAB's legal conclusion; likewise, Cuba's renown reputation for cigars is not enough in this case.

The Court finds the plaintiff's false claims on the packaging equally inadequate to satisfy Spirits. First, the registrant's subjective intent provides little, if any, insight into the minds of consumers. Consumers could have numerous reasons as to why they purchase Guantanamo cigars, but without any objective findings, it is difficult to make an accurate conclusion as to whether the geographic misdescription will materially affect a "substantial portion" of consumers. Second, the Court does not consider extraneous and out-dated marketing material particularly relevant in determining a mark's ability to satisfy the § 1052(e)(3) registration bar. The Lanham Act bars registration of marks that are primarily geographically deceptively misdescriptive, not marks that are accompanied by deceptive packaging material. See 15 U.S.C. § 1052.

Habanos attempts to distinguish Spirits by asserting that this case meets the "substantial proportion" requirement. It argues that there are millions of Spanish speakers in the U.S., that the English speaking public recognizes "guantanamo" to mean Guantanamo, Cuba, and that GCC targeted Spanish speaking consumers. Nevertheless, this evidence fails to determine that a substantial proportion of the target audience would be deceived into purchasing the cigars because of the false goods-place association. Habanos never introduced evidence that suggested material deception of a substantial proportion of the relevant consuming public. ...

III. CONCLUSION

Therefore, this case is remanded to the TTAB so it may apply the proper legal standard to the third part of the test for primarily geographically deceptively misdescriptive terms. A signed order shall issue this date.

Melting Bad Problem, Redux

Blancorp has come to you with a few more ideas for trademarks for its clumpless ice-melter. The product is factory-made in the United States (in Duluth, Minnesota, to be precise). Recall that it mimics the properties of a naturally occurring rock salt from Quebec, Canada. Give your opinion on the following names as trademarks:

- DULUTH
- HAWAIIAN
- ATLANTIS
- QUEBEC SALT
- CANADIAN BLUE

Right of Publicity

A Infringement: Similarity

B Subject Matter

Martin Luther King, Jr. Center for Social Change, Inc. v. American Heritage Products, Inc.
296 S.E.2d 697 (Ga. 1982)

HILL, Presiding Justice.

These are certified questions regarding the “right of publicity.” The certification comes from the United States Court of Appeals for the Eleventh Circuit. The facts upon which the questions arise are as follows:

The plaintiffs are the Martin Luther King, Jr. Center for Social Change (the Center),² Coretta Scott King, as administratrix of Dr. King’s estate, and Motown Record Corporation, the assignee of the rights to several of Dr. King’s copyrighted speeches. Defendant James F. Bolen is the sole proprietor of a business known as B & S Sales, which manufactures and sells various plastic products as funeral accessories. Defendant James E. Bolen, the son of James F. Bolen, developed the concept of marketing a plastic bust of Dr. Martin Luther King, Jr., and formed a company, B & S Enterprises, to sell the busts, which would be manufactured by B & S Sales. B & S Enterprises was later incorporated under the name of American Heritage Products, Inc.

Although Bolen sought the endorsement and participation of the Martin Luther King, Jr. Center for Social Change, Inc., in the marketing of the bust, the Center re-

² The Center is a non-profit corporation which seeks to promote the ideals of Dr. King.

fused Bolen's offer. Bolen pursued the idea, nevertheless, hiring an artist to prepare a mold and an agent to handle the promotion of the product. Defendant took out two half-page advertisements in the November and December 1980 issues of Ebony magazine, which purported to offer the bust as "an exclusive memorial" and "an opportunity to support the Martin Luther King, Jr., Center for Social Change." The advertisement stated that "a contribution from your order goes to the King Center for Social Change." Out of the \$29.95 purchase price, defendant Bolen testified he set aside 3% or \$.90, as a contribution to the Center. The advertisement also offered "free" with the purchase of the bust a booklet about the life of Dr. King entitled "A Tribute to Dr. Martin Luther King, Jr."

In addition to the two advertisements in Ebony, defendant published a brochure or pamphlet which was inserted in 80,000 copies of newspapers across the country. The brochure reiterated what was stated in the magazine advertisements, and also contained photographs of Dr. King and excerpts from his copyrighted speeches. The brochure promised that each "memorial" (bust) is accompanied by a Certificate of Appreciation "testifying that a contribution has been made to the Martin Luther King, Jr., Center for Social Change."

Defendant James E. Bolen testified that he created a trust fund for that portion of the earnings which was to be contributed to the Center. The trust fund agreement, however, was never executed, and James E. Bolen testified that this was due to the plaintiffs' attorneys' request to cease and desist from all activities in issue. Testimony in the district court disclosed that money had been tendered to the Center, but was not accepted by its governing board. Also, the district court found that, as of the date of the preliminary injunction, the defendants had sold approximately 200 busts and had outstanding orders for 23 more.

On November 21, 1980, and December 19, 1980, the plaintiffs demanded that the Bolens cease and desist from further advertisements and sales of the bust, and on December 31, 1980, the plaintiffs filed a complaint in the United States District Court for the Northern District of Georgia. [The District Court denied their motion for a preliminary injunction against the manufacture and sale of the busts. On appeal, the Eleventh Circuit certified four questions to the Georgia Supreme Court. Only the first is discussed here: whether Georgia recognized a right of publicity.]

Georgia has long recognized the right of privacy. Following denial of the existence of the right of privacy in a controversial decision by the New York Court of Appeals in *Roberson v. Rochester Folding Box Co.*, 171 N. Y. 538 (64 NE 442) (1902), the Georgia Supreme Court became the first such court to recognize the right of privacy in *Pavesich v. New England Life Ins. Co.*, 122 Ga. 190 (50 SE 68) (1905). See Prosser, *Law of Torts*, pp. 802-804 (1971).

In *Pavesich v. New England Life Ins. Co.*, *supra*, the picture of an artist was used without his consent in a newspaper advertisement of the insurance company. Ana-

lyzing the right of privacy, this court held: “The publication of a picture of a person, without his consent, as a part of an advertisement, for the purpose of exploiting the publisher’s business, is a violation of the right of privacy of the person whose picture is reproduced, and entitles him to recover without proof of special damage.” 122 Ga. at 191 (11) (50 SE at 68). If the right to privacy had not been recognized, advertisers could use photographs of private citizens to promote sales and the professional modeling business would not be what it is today.

In the course of its opinion the Pavesich court said several things pertinent here. It noted that the commentators on ancient law recognized the right of personal liberty, including the right to exhibit oneself before the public at proper times and places and in a proper manner. As a corollary, the court recognized that the right of personal liberty included the right of a person not to be exhibited before the public, saying: “The right to withdraw from the public gaze at such times as a person may see fit, when his presence in public is not demanded by any rule of law is also embraced within the right of personal liberty. Publicity in one instance and privacy in the other is each guaranteed. If personal liberty embraces the right of publicity, it no less embraces the correlative right of privacy; and this is no new idea in Georgia law.” (Emphasis supplied.) 122 Ga. at 196 (50 SE at 70). ...

Finding that Pavesich, although an artist, was not recognized as a public figure, the court said: “It is not necessary in this case to hold, nor are we prepared to do so, that the mere fact that a man has become what is called a public character, either by aspiring to public office, or by holding public office, or by exercising a profession which places him before the public, or by engaging in a business which has necessarily a public nature, gives to everyone the right to print and circulate his picture.” 122 Ga. at 217-218 (50 SE at 79-80). Thus, although recognizing the right of privacy, the Pavesich court left open the question facing us involving the likeness of a public figure.

The “right of publicity” was first recognized in *Haelan Laboratories v. Topps Chewing Gum*, 202 F2d 866 (2d Cir. 1953). There plaintiff had acquired by contract the exclusive right to use certain ball players’ photographs in connection with the sales of plaintiff’s chewing gum. An independent publishing company acquired similar rights from some of the same ball players. Defendant, a chewing gum manufacturer competing with plaintiff and knowing of plaintiff’s contracts, acquired the contracts from the publishing company. As to these contracts the court found that the defendant had violated the ball players’ “right of publicity” acquired by the plaintiff, saying (at 868): “We think that, in addition to and independent of that right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph, i.e., the right to grant the exclusive privilege of publishing his picture, and that such a grant may validly be made ‘in gross,’ i.e., without an accompanying transfer of a business or of anything else. Whether it be labelled a

‘property’ right is immaterial; for here, as often elsewhere, the tag ‘property’ simply symbolizes the fact that courts enforce a claim which has pecuniary worth.

“This right might be called a ‘right of publicity.’ For it is common knowledge that many prominent persons (especially actors and ball-players), far from having their feelings bruised through public exposure of their likenesses, would feel sorely deprived if they no longer received money for authorizing advertisements, popularizing their countenances, displayed in newspapers, magazines, busses, trains and subways. This right of publicity would usually yield them no money unless it could be made the subject of an exclusive grant which barred any other advertiser from using their pictures.”

In *Palmer v. Schonhorn Enterprises*, 232 A2d 458 (N.J. Superior Court 1967), Arnold Palmer, Gary Player, Doug Sanders and Jack Nicklaus obtained summary judgment against the manufacturer of a golf game which used the golfers’ names and short biographies without their consent. Although written as a right of privacy case, much of what was said is applicable to the right of publicity. In its opinion the court said (232 A2d at 462): “It would therefore seem, from a review of the authorities, that although the publication of biographical data of a well-known figure does not per se constitute an invasion of privacy, the use of that same data for the purpose of capitalizing upon the name by using it in connection with a commercial project other than the dissemination of news or articles or biographies does.

“The names of plaintiffs have become internationally famous, undoubtedly by reason of talent as well as hard work in perfecting it. This is probably true in the cases of most so-called celebrities, who have attained national or international recognition in a particular field of art, science, business or other extraordinary ability. They may not all desire to capitalize upon their names in the commercial field, beyond or apart from that in which they have reached their known excellence. However, because they presently do not should not be justification for others to do so because of the void. They may desire to do it later. . . . It is unfair that one should be permitted to commercialize or exploit or capitalize upon another’s name, reputation or accomplishments merely because the owner’s accomplishments have been highly publicized.”

In *Haelan Laboratories*, supra, the court was concerned with whether a celebrity has the right to the exclusive use of his or her name and likeness. In *Palmer*, supra, the court was concerned with whether a person using the celebrity’s name for the user’s commercial benefit has the right to do so without authorization. At this point it should be emphasized that we deal here with the unauthorized use of a person’s name and likeness for the commercial benefit of the user, not with a city’s use of a celebrity’s name to denominate a street or school.

The right to publicity is not absolute. In *Hicks v. Casablanca Records*, 464 FSupp. 426 (S. D. N. Y. 1978), the court held that a fictional novel and movie con-

cerning an unexplained eleven-day disappearance by Agatha Christie, author of numerous mystery novels, were permissible under the first amendment. On the other hand, in *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U. S. 562 (97 SC 2849, 53 LE2d 965) (1977), a television station broadcast on its news program plaintiff's 15-second "human cannonball" flight filmed at a local fair. The Supreme Court held that freedom of the press does not authorize the media to broadcast a performer's entire act without his consent, just as the media could not televise a stage play, prize fight or baseball game without consent. Quoting from *Kalven, Privacy in Tort Law — Were Warren and Brandeis Wrong?*, 31 *Law & Contemp. Prob.* 326, 332 (1966), the Court said (433 U. S. at 576): "The rationale for [protecting the right of publicity] is the straight-forward one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get free some aspect of the plaintiff that would have market value and for which he would normally pay."

The right of publicity was first recognized in Georgia by the Court of Appeals in *Cabaniss v. Hipsley*, 114 Ga. App. 367 (151 SE2d 496) (1966). There the court held that the plaintiff, an exotic dancer, could recover from the owner of the Atlanta Playboy Club for the unauthorized use of the dancer's misnamed photograph in an entertainment magazine advertising the Playboy Club. Although plaintiff had had her picture taken to promote her performances, she was not performing at the Playboy Club. The court used Dean William L. Prosser's four-pronged analysis of the right of privacy, saying: ". . . Dean Prosser has analyzed the many privacy cases in an article entitled 'Privacy,' published in 48 *Calif. L. Rev.* 383 (1960), and in reviewing the cases he suggests that the invasion of privacy is in reality a complex of four loosely related torts; that there are four distinct kinds of invasion of four different interests of plaintiff; that there are four disparate torts under a common name. These four torts may be described briefly as: (1) intrusion upon the plaintiff's seclusion or solitude, or into his private affairs; (2) public disclosure of embarrassing private facts about the plaintiff; (3) publicity which places the plaintiff in a false light in the public eye; (4) appropriation, for the defendant's advantage, of the plaintiff's name or likeness." 114 Ga. App. at 370 (151 SE2d at 499-500). Finding no violation of the first three rights of privacy, the court found a violation of the fourth, saying (114 Ga. App. at 377): "Unlike intrusion, disclosure, or false light, appropriation does not require the invasion of something secret, secluded or private pertaining to plaintiff, nor does it involve falsity. It consists of the appropriation, for the defendant's benefit, use or advantage, of the plaintiff's name or likeness. . . . 'The interest protected (in the "appropriation" cases) is not so much a mental as a proprietary one, in the exclusive use of the plaintiff's name and likeness as an aspect of his identity.' Prosser, *supra*, at 406." Although Ms. Hipsley was an entertainer (i.e., a public figure), the court found she was entitled to recover from the Playboy Club (but not from the magazine which published the Club's ad) for the unauthorized use of her photograph. However the

court noted a difference in the damages recoverable in traditional right of privacy cases as opposed to right of publicity cases saying (114 Ga. App. at 378): “Recognizing, as we do, the fundamental distinction between causes of action involving injury to feelings, sensibilities or reputation and those involving an appropriation of rights in the nature of property rights for commercial exploitation, it must necessarily follow that there is a fundamental distinction between the two classes of cases in the measure of damages to be applied. In the former class (which we take to include the intrusion, disclosure, and false light aspects of the privacy tort), general damages are recoverable without proof of special damages. *Pavesich v. New England Life Ins. Co.*, supra. In the latter class, the measure of damages is the value of the use of the appropriated publicity.” ...

Thus, the courts in Georgia have recognized the rights of private citizens as well as entertainers not to have their names and photographs used for the financial gain of the user without their consent, where such use is not authorized as an exercise of freedom of the press. We know of no reason why a public figure prominent in religion and civil rights should be entitled to less protection than an exotic dancer or a movie actress. Therefore, we hold that the appropriation of another’s name and likeness, whether such likeness be a photograph or sculpture, without consent and for the financial gain of the appropriator is a tort in Georgia, whether the person whose name and likeness is used is a private citizen, entertainer, or as here a public figure who is not a public official.

In *Pavesich*, supra, 122 Ga. 190, this right not to have another appropriate one’s photograph was denominated the right of privacy; in *Cabaniss v. Hipsley*, supra, 114 Ga. App. 367, it was the right of publicity. Mr. *Pavesich* was not a public figure; Ms. *Hipsley* was. We conclude that while private citizens have the right of privacy, public figures have a similar right of publicity, and that the measure of damages to a public figure for violation of his or her right of publicity is the value of the appropriation to the user. *Cabaniss v. Hipsley*, supra; see also *Uhlaender v. Henricksen*, 316 F. Supp. 1277, 1279-1280 (Minn. 1970). As thus understood the first certified question is answered in the affirmative. ...

An exclusive memorial – “for those who care”
and an opportunity to support the Martin Luther King, Jr. Center for Social Change.

- Handsome bust of Dr. Martin Luther King, Jr. individually molded from an original work of art.
- Each permanent floral arrangement is hand designed, signed and numbered – no two are exactly alike.
- Your choice of four floral color schemes with either gold-tone or silver-tone base.
- A contribution from your order goes to the King Center for Social Change.

In 1964 the world honored Martin Luther King, Jr. with its highest award—the Nobel Peace Prize. Today you can honor Dr. King in your home or office with this lasting memorial. The remarkable likeness captured by sculptor Shirley Jeckering brings you **daily inspiration** in a fine work of art, commissioned especially for this memorial.

The hand-made floral arrangement reflects Dr. King's dedication to **peace and love**. Your family and associates will cherish this elegant creation for years to come. And a donation from your purchase will be sent to the Center which perpetuates Dr. King's dream!

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☐ A check or money order payable to American Heritage Products is enclosed. Charge to ☐ Master Charge ☐ VISA. Expires _____

Card # _____

☐ I prefer your **Layaway Plan**. A down payment of 50% (\$15.25) is enclosed to reserve my Memorial, which will be shipped when the balance is paid.

Name _____ (Please print) Apt. # _____

Address _____

City _____

State _____ Zip _____

☐ If your order is a gift, check here and give us the complete shipping address on a separate sheet.

BONUS GIFT! Order within 15 days and receive a commissioned, signed lithographic illustration of Dr. King — suitable for framing. Guaranteed to become one of your most prized possessions. **ORDER TODAY!!**

MONEY-BACK GUARANTEE: If you are not completely satisfied, return your Memorial to us within ten days for a full refund.

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C Procedures

Hebrew University of Jerusalem v. General Motors 903 F. Supp. 2d 932 (C.D. Cal. 2012)

A. HOWARD MATZ, District Judge.

I. INTRODUCTION

Defendant General Motors LLC (“GM”) used an image of Albert Einstein in a November 2009 advertisement for its 2010 Terrain vehicle. The ad depicted Einstein’s face digitally pasted onto a muscled physique, accompanied by the written message “Ideas are sexy too.” The ad ran in only one issue of People magazine. Plaintiff Hebrew University of Jerusalem (“HUJ”), which claims to own Einstein’s right of publicity as a beneficiary under Einstein’s will and thus exclusive control of the exploitation of his name and likeness, brought suit against GM for this unauthorized use of Einstein’s image. ...

On March 16, 2012, the Court issued an order permitting HUJ to proceed to trial to attempt to prove (1) that Albert Einstein would have transferred his postmortem

right of publicity under New Jersey law had he been aware that such a right of publicity existed at the time of his death and (2) that GM had violated that right. GM has asserted that even if HUI could prove both Einstein's intent with respect to the right of publicity and GM's violation of that right, it should not be entitled to recover damages because too much time elapsed between Einstein's death in 1955 and the filing of this lawsuit in 2010.

Now before the Court is HUI's motion requesting that the Court find that the duration of the postmortem right of publicity is indefinite under New Jersey common law or, in the alternative, that it lasts for 70 years after death, as is the case with copyrights under the federal Copyright Act. In essence, HUI seeks a ruling from this California federal court as to what New Jersey's highest court would likely determine to be the postmortem duration of that state's common law right of publicity.⁴ For the reasons set forth below, the Court concludes that the New Jersey Supreme Court would likely find that the postmortem right of publicity endures for no more than 50 years after death. ...

IV. ANALYSIS

J. Thomas McCarthy, the leading commentator on the right of publicity, has characterized the determination of the right's duration as "by nature almost arbitrary."

2 J. Thomas McCarthy, *Rights of Publicity & Privacy* § 9:16 (2d ed. 2012) (henceforth, "McCarthy"). An "almost arbitrary" ruling is unacceptable, however. The following analysis seeks to avoid one.

A. New Jersey Law Determines the Duration of the New Jersey Right of Publicity

The right of publicity is a property right under both New Jersey common law and California statutory law.

The duration of California's statutory postmortem right of publicity is 70 years. Cal. Civ.Code § 3344.1(g). But the right is limited to California domiciliaries. ...

As previously noted, Einstein died while domiciled in New Jersey. HUI's claim pursuant to Cal. Civ.Code § 3344.1 therefore fails. For the same reason, unless sound public policy and the weight of authority establish otherwise, it makes no sense to apply the California statute's 70 year postmortem durational limit — which is part and parcel of the substantive right — to a right arising solely out of the New Jersey common law, and there is no legal principle requiring this Court to do so.

B. Status of Existing New Jersey Law Concerning the Duration of the Postmortem Right of Publicity

⁴Given that New Jersey courts have not decided the duration of that state's postmortem right of publicity, this Court is called on to "predict how the highest state court would decide the issue." In re Kekauoha-Alisa, 674 F.3d 1083, 1087-88 (9th Cir.2012).

Only one court in New Jersey, a federal district court, has ever discussed the question of duration, and it did not decide the issue. See *Estate of Presley*, 513 F.Supp. at 1355 n. 10. The primary question in *Presley* was whether New Jersey recognized a descendible, postmortem right of publicity. The court found that it does, holding that “Elvis Presley’s right of publicity survived his death and became part of Presley’s estate.” *Id.* at 1354-55. With respect to the duration of the right of publicity, however, the *Presley* court merely stated that the state legislature should determine that question, although it also noted that the federal Copyright Act, which at that time provided for a copyright term of life plus 50 years, could provide guidance. *Id.* at 1355 n. 10. No state court in New Jersey has ever addressed the issue.

Although the New Jersey Legislature has considered at least two bills that would create a statutory right of publicity, it has thus far not seen fit to enact such a right. See A.3536, 213th Legis. (N.J. 2008) (proposing the “Celebrity Image Protection Act,” with a postmortem duration of 70 years); A.4476, 212th Legis. (N.J. 2007) (same). There is nothing stopping HUI from petitioning the New Jersey Legislature to pass a statute, with retroactive applicability, that would create a definitive postmortem right of publicity with the extended duration that HUI seeks here.

C. Aspects of the Right of Publicity that Should Affect Its Duration

1. The Right of Publicity’s Origins in the Right of Privacy ...

The right of publicity originally developed within the array of privacy rights that are considered personal, are based on dignitary interests and are not descendible.

Now, however, the right of publicity is widely understood, including in New Jersey, to be akin to intellectual property. Additionally, “[w]ith its emphasis on commercial interests, the right of publicity also secures for plaintiffs the commercial value of their fame and prevents the unjust enrichment of others seeking to appropriate that value for themselves.” Restatement (Third) of Unfair Competition § 46 cmt. c. ...

Notwithstanding the trend toward treating the right of publicity as a commercial property right, HUI contends that the right of publicity is a deeply personal right. It is true that one of the rationales for recognizing a right of publicity remains its protection of “an individual’s interest in personal dignity and autonomy.” Restatement (Third) of Unfair Competition § 46 cmt. c. Surely, however, the personal interest that is at stake becomes attenuated after the personality dies.

A maximum 50-year postmortem duration here would be a reasonable middle ground that is long enough for a deceased celebrity’s heirs to take advantage of and reap the benefit of the personal aspects of the right. See Restatement (Third) of Unfair Competition § 46 cmt. h (“As a general matter, however, the dignitary and proprietary interests that support the recognition of a right of publicity become sub-

stantially attenuated after death. Post mortem uses are also less likely to create a false suggestion of endorsement or sponsorship.”). The obviously humorous ad for the 2010 Terrain having been published 55 years or more after Einstein’s death, it is unlikely that any viewer of it could reasonably infer that Einstein or whoever succeeded to any right of publicity that Einstein may have had was endorsing the GMC Terrain.

2. Copyright Law Considerations

HUJ argues that, if the Court must set a limit on the postmortem right of publicity, it should be coterminous with the current federal Copyright Act, which protects copyrights for 70 years after death. See 17 U.S.C. § 302. This Court disagrees. The purpose of the right and its underlying policies do not warrant a mechanical application of the Copyright Act’s term of life plus 70 years. Indeed, although McCarthy ultimately recognizes that using the federal Copyright Act as a model will “[m]ore often than not ... provide the tie-breaking solution to the problem” of determining the postmortem duration of the right of publicity, McCarthy, § 9:16, it is clear that such an analogy is inconsistent with McCarthy’s own views about the purpose and policies underlying the right. In fact, he would prefer to limit the extent of the right to 10-20 years after death, despite noting that other commentators have proposed longer durations, including a life-plus-50-year term modeled after the former version of the federal Copyright Act. *Id.*

The current 70-year postmortem term was enacted by the 1998 Copyright Term Extension Act, which increased the length of copyright protection from its former duration of life plus 50 years. See *Eldred*, 537 U.S. at 193, 123 S.Ct. 769. HUJ acquired Einstein’s right of publicity in 1982, Hebrew Univ. of Jerusalem, 878 F.Supp.2d at 1024-25, at which time the 1976 Copyright Act was in place — with a 50-year postmortem duration. See *Eldred v. Ashcroft*, 537 U.S. 186, 193, 123 S.Ct. 769, 154 L.Ed.2d 683 (2003). HUJ’s reasonable expectation at that time, based on the same theory of analogy to copyright that it advocates today, necessarily would have been that any rights it acquired would not last more than 50 years after Einstein’s death. Similarly, when the Presley court suggested that the New Jersey Legislature consider the Copyright Act as a guide in setting a postmortem duration for the right of publicity, that statute had only a life-plus-50-year duration. See *Estate of Presley*, 513 F.Supp. at 1355 n. 10. This was approximately one year before HUJ acquired its interest.

There are certain similarities between the goals of copyright and those of the right of publicity. In a sense, both rights evolve from an act of creation, whether it is the creation of a “work” such as a writing or the creation of a cultivated persona. These acts of creation are the product of an individual’s choices and self-expression. Some courts, accordingly, have analogized between copyright and the right of pub-

licity in the context of balancing the interests protected by those rights with the interests protected under the First Amendment.

Despite the intersecting similarities between copyright and the right of publicity, however, that the right of publicity is an outgrowth of the right of privacy suggests that the term of copyright protection is far from a perfect precedent for determining the duration of the right of publicity. First, as HUIJ itself has argued, the right of publicity is an intensely personal right meant, to some extent, to protect against personal and dignitary harms, such as having one's persona associated with a product or idea of which he disapproves. ...

Moreover, the protection of copyright is designed to encourage the future creation of works of art, whereas the interest sought to be protected by the right of publicity is usually the byproduct of a different and earlier endeavor. "The commercial value of a person's identity often results from success in endeavors such as entertainment or sports that offer their own substantial rewards. Any additional incentive attributable to the right of publicity may have only marginal significance." Restatement (Third) of Unfair Competition § 46 cmt. c. For this reason, it is questionable whether those interests should be protected for as long a period after the death of the person to whom they belong as are his copyrighted works. ...

D. Other States' Laws

1. Common Law

Looking beyond New Jersey, in none of the five other states that recognize a common law postmortem right of publicity has any court addressed the issue of the right's duration, or even raised it as a question needing to be answered. In none of those cases, however, was the interval between the death of the person whose right of publicity was at stake and the date of the alleged infringement of that right 50 years or longer. Indeed, in most of the cases the period was 10 years or less. See, e.g., *Gignilliat*, 684 S.E.2d at 758 (maximum of 7 years at issue); *Jim Henson Prods., Inc.*, 867 F.Supp. 175 (maximum of 4 years at issue); *Nature's Way Prods., Inc.*, 736 F.Supp. at 247 (maximum of 7 years at issue); see also *Estate of Presley*, 513 F.Supp. at 1355 (permitting right of publicity claim brought three years after Elvis's death).

2. Statutes

The majority of states with statutory rights of publicity limit the right's postmortem duration to 50 years or less. Seven states have statutory rights of publicity that permit the right to endure for up to 50 years. See Fla. Stat. Ann. § 540.08 (Florida; 40 years); 765 Ill. Comp. Stat. § 1075/30 (Illinois; 50 years); Ky.Rev. 940*940 Stat. § 391.170 (Kentucky; 50 years); Nev.Rev.Stat. § 597.790 (Nevada; 50 years); 42 Pa.C.S.A. § 8316 (Pennsylvania; 30 years); Tex. Prop.Code Ann. § 26.012 (Texas;

50 years); Va.Code Ann. § 8.01-40 (Virginia; 20 years).

Six states allow the postmortem right of publicity to reach 60 years or more. See Cal. Civ.Code § 3344.1 (California; 70 years); Ind.Code Ann. § 32-36-1-8 (Indiana; 100 years); Ohio Rev.Code Ann. § 2741.02 (Ohio; 60 years); 12 Okla. Stat. Ann. § 1448 (Oklahoma; 100 years); see also Tenn.Code Ann. §§ 47-25-1102 to -1104 (Tennessee; indefinite as long as the persona has commercial value); Wash. Rev.Code Ann. §§ 63.60.010 to 63.60.040 (Washington; 75 years when the persona has commercial value).[6]

Of the states whose statutes were enacted prior to the revision of the Copyright Act in 1998, only California amended its statute to reflect the extended copyright term. See California Assembly Committee on Judiciary, SB 209 (March 3, 1999) (noting the California Assembly's express intent to conform its right of publicity statute to the amended federal Copyright Act).

Thus, of the states with currently enacted statutory rights of publicity, a slight majority limits the duration of that right to 50 years or less. Although this does not provide overwhelming support for such a length of time, it does tip the balance slightly in that direction.

E. Public Policy Counsels in Favor of Limiting the Postmortem Right of Publicity to Not More Than 50 Years

One of the overarching policy concerns in enforcing intellectual property rights is the balance that must be struck between protecting an individual's right to reap the benefits of his creative endeavors and the public's freedom of expression. This policy concern extends to the right of publicity.

An open-ended right of publicity, or even a postmortem duration longer than 50 years, raises considerable First Amendment concerns and creates a potentially infinite curb on expression. Additionally, as the Ninth Circuit recently noted, an extended right of publicity may interfere with or decrease the value of copyrighted works, such as photographs, thereby pitting one form of protected property against another. See *Milton H. Greene Archives*, 692 F.3d at 1000. ...

In addition to First Amendment implications, there is another consideration. In the 57 years since Albert Einstein died, the means of communication have increased and so has the proclivity of people to use them frequently. Journalists, academics and politicians frequently issue pronouncements about the impact on society, both in the United States and around the globe, of the dizzying explosion in the tools of communication. New devices and platforms have been developed, including smart phones, personal computers, social networks, email, Twitter, blogs, etc. These technologies have caused a swift and dramatic, but still developing, impact on ordinary life. It has become a truism that their speed, their accessibility, and their popularity appear to have changed social norms regarding privacy and public expression. But it

is not yet clear what this should mean for the protection of such rights as the right of privacy, the right of expression and the right of publicity. For example, on balance should the law increasingly protect people's right of expression, now that we enjoy so many fora in which to broadcast our views? Similarly, should the law value the right of privacy less than before, given that many social media devotees, especially young people, are said to have little compunction about revealing intimate information about themselves? Conversely, should the law afford celebrities greater rights in controlling publicity about themselves, to protect against what appears to be a growing tendency of people to not just exalt but even to exploit the fame and celebrity of others?

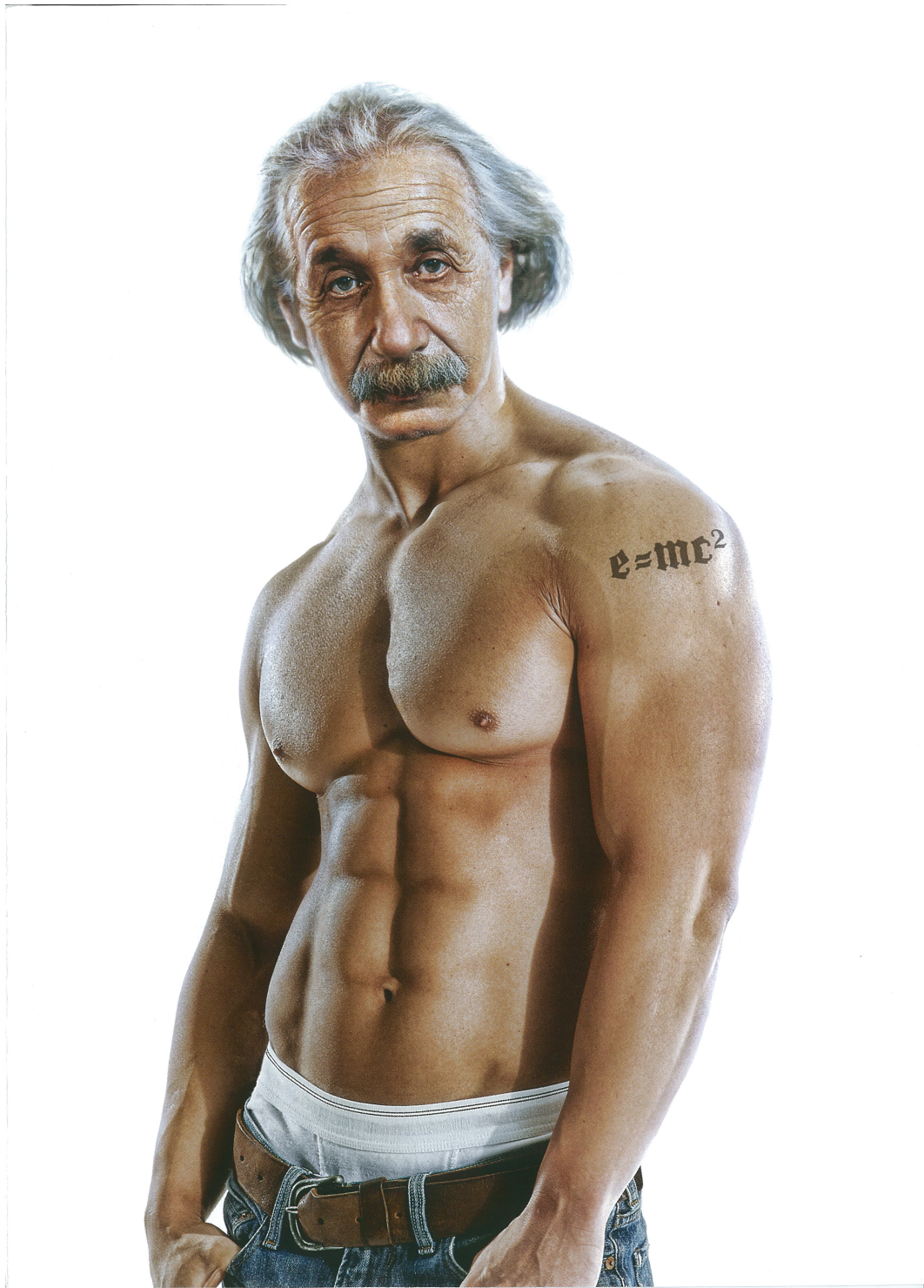
The Court does not profess to have answers to these questions, but what is clear is that since the full impact of these rapid changes remains uncertain, it would be imprudent to issue any ruling that strengthens (or at least lengthens) one right — that of the right of publicity — to the potentially significant detriment of these other rights.

V. CONCLUSION

Absent a legislative directive to the contrary, to extend the right of publicity beyond a half century would be inconsistent with the Court's responsibility to balance all of the interests that are at stake. It also would risk having that right treated as an open-ended hereditary right. See *McCarthy*, § 9:16 (noting the need “to avoid descendants or heirs unto the nth generation reaping the commercial rewards of a distant and famous ancestor, a ‘favored bloodline’ concept out of step with a society that has abolished hereditary titles” and that at some point, the interests of free speech outweigh the interests of the heirs and “the person's identity should enter the public domain as a part of history and folklore”).

A maximum duration of 50 years appropriately reflects the balance between meaningful enforcement of the right of publicity after a famous individual's death and the public's interest in free expression. It aligns with the majority of current state statutes limiting the right's postmortem duration. And it approximates the period evidently contemplated by the *Presley* court — the one court in New Jersey to have discussed the duration of the right — when it encouraged that state's legislature to consider the issue with guidance from the then-current Copyright Act.

The Ninth Circuit recently noted that Marilyn Monroe considered herself to belong “to the Public and to the world.” Milton H. Greene Archives, 692 F.3d at 1000. There is no evidence that Albert Einstein saw himself that way, but he did become the symbol and embodiment of genius. His persona has become thoroughly ingrained in our cultural heritage. Now, nearly 60 years after his death, that persona should be freely available to those who seek to appropriate it as part of their own expression, even in tasteless ads.



D Infringement: Prohibited Conduct

Stephano v. News Group Publications, Inc.
64 N.Y.2d 174 (1984)

WACHTLER, J.

The plaintiff, a professional model, claims that the defendant used his picture for trade or advertising purposes without his consent, and thus violated his statutory right to privacy (Civil Rights Law, § 51), by publishing a picture of him modeling a "bomber jacket" in a magazine article containing information regarding the approximate price of the jacket, the name of the designer, and the names of three stores where the jacket might be purchased. Plaintiff also claims that the defendant's conduct violated a common-law right of publicity. The trial court granted summary judgment to the defendant concluding that the article reported a newsworthy event of fashion news, and was not published for trade or advertising purposes. A divided Appellate Division reversed and denied summary judgment finding that factual questions were presented as to whether the defendant had used the plaintiff's picture for trade purposes and whether the article constituted an advertisement in disguise. ...

In the summer of 1981 the plaintiff agreed to model for an article on men's fall fashions. The photographic session took place on August 11, 1981. The defendant used two of the photographs taken during that session to illustrate an article entitled "Classic Mixes", which appeared under the heading "Fall Fashions" in the September 7, 1981 issue of New York magazine. Another photograph taken during the session was used, a week earlier, in the August 31, 1981 issue of New York magazine, in a column entitled "Best Bets". That column, a regular feature in the magazine, contains information about new and unusual products and services available in the metropolitan area. One of the items included in the August 31 column was a bomber jacket modeled by the plaintiff. The text above the picture states: "Yes Giorgio — From Giorgio Armani. Based on his now classic turn on the bomber jacket, this cotton-twill version with 'fun fur' collar features the same cut at a far lower price — about \$225. It'll be available in the stores next week. — Henry Post Bomber Jacket/Barney's, Bergdorf Goodman, Bloomingdale's."

It is the plaintiff's contention that he agreed to model for one article only — the September 7, 1981 article on Fall Fashions — and that the defendant violated his rights by publishing his photograph in the August 31 "Best Bets" column.¹ The

¹In his brief to this court the plaintiff claims that the defendant's use of his photographs in both articles is in issue because the plaintiff did not give his written consent to use them in either article. It appears that the plaintiff was injured at the photographic session and subsequently refused to sign a release in order to avoid compromising the unrelated action for physical injuries. Nevertheless,

complaint alleges two causes of action. First the plaintiff claims that the defendant violated his civil rights by using his photograph for trade or advertising purposes without his consent. In his second cause of action the plaintiff claims that the defendant's conduct "invaded plaintiff's right of publicity". On each cause of action the plaintiff seeks \$350,000 in compensatory damages and an equal amount in exemplary damages. ...

Section 50 of the Civil Rights Law prohibits the use of "the name, portrait or picture of any living person" for advertising or trade purposes without the person's consent and declares a violation of the statute to be a misdemeanor. Section 51 of the statute provides civil remedies, including injunctive relief, compensatory damages and, if the defendant acted knowingly, exemplary damages.

The statutes have their origin in this court's 1902 decision in *Roberson v Rochester Folding Box Co.* (171 N.Y. 538). In that case it was held that a young woman whose picture had been used by the defendant on flour advertisements without her consent could not recover for a violation of her right to privacy because no such right was recognized at common law. The Legislature responded the following year by amending the Civil Rights Law to establish a statutory "right to privacy" (see *Rhodes v Sperry & Hutchinson Co.*, 193 N.Y. 223, 227, *affd sub nom. Sperry & Hutchinson Co. v Rhodes*, 220 US 502). Since the adoption of the statutes, this court has repeatedly held that the right of privacy is governed entirely by statute in this State. ...

The only question then is whether the defendant used the plaintiff's picture for trade or advertising purposes within the meaning of the statute when it published his picture in the "Best Bets" column without his consent.

The statute does not define trade or advertising purposes. However, the courts have consistently held, from the time of its enactment, that these terms should not be construed to apply to publications concerning newsworthy events or matters of public interest. The exception reflects Federal and State constitutional concerns for free dissemination of news and other matters of interest to the public, but essentially requires an interpretation of the statute to give effect to the legislative intent. We have recently noted that this exception should be liberally applied.

The newsworthiness exception applies not only to reports of political happenings and social trends but also to news stories and articles of consumer interest including developments in the fashion world. Nevertheless, the plaintiff contends that the photograph in this case did not depict a newsworthy event because it is a posed picture of a professional model taken at a photographic session staged by the defendant.

in his complaint, he only objected to the August 31 "Best Bets" article. Similarly, in his papers in opposition to the motion for summary judgment, the plaintiff identified that publication alone as the basis for the complaint. Thus the only question properly before us concerns the defendant's liability for publishing the plaintiff's photograph in the "Best Bets" article of August 31, 1981.

However, the event or matter of public interest which the defendant seeks to convey is not the model's performance, but the availability of the clothing item displayed. A fashion display is, of necessity, posed and arranged. Obviously the picture of the jacket does not lose its newsworthiness simply because the defendant chose to employ a person to model it in a controlled or contrived setting.

The fact that the defendant may have included this item in its column solely or primarily to increase the circulation of its magazine and therefore its profits, as the Appellate Division suggested, does not mean that the defendant has used the plaintiff's picture for trade purposes within the meaning of the statute. Indeed, most publications seek to increase their circulation and also their profits. It is the content of the article and not the defendant's motive or primary motive to increase circulation which determines whether it is a newsworthy item, as opposed to a trade usage, under the Civil Rights Law. It is settled that a "picture illustrating an article on a matter of public interest is not considered used for the purposes of trade or advertising within the prohibition of the statute * * * unless it has no real relationship to the article * * * or unless the article is an advertisement in disguise" (*Murray v New York Mag. Co.*, 27 N.Y.2d 406, 409, *supra*, quoting *Dallesandro v Holt & Co.*, 4 AD2d 470, 471, *app dsmd* 7 N.Y.2d 735.). A contrary rule would unreasonably and unrealistically limit the exception to nonprofit or purely altruistic organizations which are not the only, or even the primary, source of information concerning newsworthy events and matters of public interest.

The plaintiff's primary contention is that his picture was used for advertising purposes within the meaning of the statute. Although the article was not presented to the public as an advertisement, and was published in a column generally devoted to newsworthy items, the plaintiff claims that it is in fact an advertisement in disguise.

...

The facts on which the plaintiff relies are entirely circumstantial. He does not claim to have personal knowledge, or direct proof, that this particular article was actually published by the defendant for advertisement purposes. The circumstances on which he bases his claim are (1) the fact that the news column contains information normally included in an advertisement identifying the designer of the jacket, the approximate price, and three places where the jacket may be purchased, and (2) the fact that some or all of those stores mentioned in the article had previously advertised products in the magazine. Those circumstances are not enough to raise a jury question as to whether the article was published for advertising purposes.

The plaintiff does not dispute the fact that the information provided in the article is of legitimate reader interest. Indeed, similar information is frequently provided in reviews or news announcements of books, movies, shows or other new products including fashions. Nor does the plaintiff contend that it is uncommon for commercial publishers to print legitimate news items or reviews concerning products by persons

or firms who have previously advertised in the publisher's newspaper or magazine. In short, the plaintiff has not presented any facts which would set this particular article apart from the numerous other legitimate news items concerning new products. He offers only his speculative belief that in this case the information on the jacket was included in the defendant's column for advertising purposes or perhaps, more vaguely, to promote additional advertising. That, in our view, is insufficient to defeat the defendant's motion for summary judgment. The rule exempting articles of public interest from the operation of the Civil Rights Law would, as a practical matter, lose much of its force if publishers of articles which are at least *prima facie* newsworthy were required to incur the expense of a trial to meet such general and insubstantial accusations of disguised advertising. ...

Finally, it should be emphasized that we do not mean to suggest that a publisher who has employed a professional model to pose for pictures to be used in an article may avoid the agreed fee, or otherwise ignore contractual arrangements, if the model's pictures are used to illustrate a newsworthy article or one involving matters of public interest. Although the complaint alludes to an agreement between the parties, the plaintiff has not sought to enforce a contract or recover damages for a breach. Since the plaintiff chose to frame his complaint entirely in terms of rights covered by the Civil Rights Law, which we have concluded is not applicable in this case, the complaint should be dismissed.

E Infringement: Similarity

Midler v. Ford Motor Co.
849 F.2d 460 (2d Cir. 1988)

NOONAN, Circuit Judge:

This case centers on the protectibility of the voice of a celebrated chanteuse from commercial exploitation without her consent. Ford Motor Company and its advertising agency, Young & Rubicam, Inc., in 1985 advertised the Ford Lincoln Mercury with a series of nineteen 30 or 60 second television commercials in what the agency called "The Yuppie Campaign." The aim was to make an emotional connection with Yuppies, bringing back memories of when they were in college. Different popular songs of the seventies were sung on each commercial. The agency tried to get "the original people," that is, the singers who had popularized the songs, to sing them. Failing in that endeavor in ten cases the agency had the songs sung by "sound alikes." Bette Midler, the plaintiff and appellant here, was done by a sound alike.

Midler is a nationally known actress and singer. She won a Grammy as early as 1973 as the Best New Artist of that year. Records made by her since then have

gone Platinum and Gold. She was nominated in 1979 for an Academy award for Best Female Actress in *The Rose*, in which she portrayed a pop singer. *Newsweek* in its June 30, 1986 issue described her as an “outrageously original singer/comedian.” *Time* hailed her in its March 2, 1987 issue as “a legend” and “the most dynamic and poignant singer-actress of her time.”

When Young & Rubicam was preparing the Yuppie Campaign it presented the commercial to its client by playing an edited version of Midler singing “Do You Want To Dance,” taken from the 1973 Midler album, “The Divine Miss M.” After the client accepted the idea and form of the commercial, the agency contacted Midler’s manager, Jerry Edelstein. The conversation went as follows: “Hello, I am Craig Hazen from Young and Rubicam. I am calling you to find out if Bette Midler would be interested in doing ...? Edelstein: “Is it a commercial?” “Yes.” “We are not interested.”

Undeterred, Young & Rubicam sought out Ula Hedwig whom it knew to have been one of “the Harlettes” a backup singer for Midler for ten years. Hedwig was told by Young & Rubicam that “they wanted someone who could sound like Bette Midler’s recording of [Do You Want To Dance].” She was asked to make a “demo” tape of the song if she was interested. She made an a capella demo and got the job.

At the direction of Young & Rubicam, Hedwig then made a record for the commercial. The Midler record of “Do You Want To Dance” was first played to her. She was told to “sound as much as possible like the Bette Midler record,” leaving out only a few “aahs” unsuitable for the commercial. Hedwig imitated Midler to the best of her ability.

After the commercial was aired Midler was told by “a number of people” that it “sounded exactly” like her record of “Do You Want To Dance.” Hedwig was told by “many personal friends” that they thought it was Midler singing the commercial. Ken Fritz, a personal manager in the entertainment business not associated with Midler, declares by affidavit that he heard the commercial on more than one occasion and thought Midler was doing the singing.

Neither the name nor the picture of Midler was used in the commercial; Young & Rubicam had a license from the copyright holder to use the song. At issue in this case is only the protection of Midler’s voice. The district court described the defendants’ conduct as that “of the average thief.” They decided, “If we can’t buy it, we’ll take it.” The court nonetheless believed there was no legal principle preventing imitation of Midler’s voice and so gave summary judgment for the defendants. Midler appeals.

The First Amendment protects much of what the media do in the reproduction of likenesses or sounds. A primary value is freedom of speech and press. *Time, Inc. v. Hill*, 385 U.S. 374, 388, 87 S.Ct. 534, 542, 17 L.Ed.2d 456 (1967). The purpose of the media’s use of a person’s identity is central. If the purpose is “informative or cultural” the use is immune; “if it serves no such function but merely exploits

the individual portrayed, immunity will not be granted.” Felcher and Rubin, “Privacy, Publicity and the Portrayal of Real People by the Media,” 88 Yale L.J. 1577, 1596 (1979). Moreover, federal copyright law preempts much of the area. “Mere imitation of a recorded performance would not constitute a copyright infringement even where one performer deliberately sets out to simulate another’s performance as exactly as possible.” Notes of Committee on the Judiciary, 17 U.S.C.A. § 114(b). It is in the context of these First Amendment and federal copyright distinctions that we address the present appeal.

Nancy Sinatra once sued Goodyear Tire and Rubber Company on the basis of an advertising campaign by Young & Rubicam featuring “These Boots Are Made For Walkin’,” a song closely identified with her; the female singers of the commercial were alleged to have imitated her voice and style and to have dressed and looked like her. The basis of Nancy Sinatra’s complaint was unfair competition; she claimed that the song and the arrangement had acquired “a secondary meaning” which, under California law, was protectible. This court noted that the defendants “had paid a very substantial sum to the copyright proprietor to obtain the license for the use of the song and all of its arrangements.” To give Sinatra damages for their use of the song would clash with federal copyright law. Summary judgment for the defendants was affirmed. *Sinatra v. Goodyear Tire & Rubber Co.*, 435 F.2d 711, 717-718 (9th Cir.1970), cert. denied, 402 U.S. 906, 91 S.Ct. 1376, 28 L.Ed.2d 646 (1971). If Midler were claiming a secondary meaning to “Do You Want To Dance” or seeking to prevent the defendants from using that song, she would fail like Sinatra. But that is not this case. Midler does not seek damages for Ford’s use of “Do You Want To Dance,” and thus her claim is not preempted by federal copyright law. Copyright protects “original works of authorship fixed in any tangible medium of expression.” 17 U.S.C. § 102(a). A voice is not copyrightable. The sounds are not “fixed.” What is put forward as protectible here is more personal than any work of authorship.

Bert Lahr once sued Adell Chemical Co. for selling Lestoil by means of a commercial in which an imitation of Lahr’s voice accompanied a cartoon of a duck. Lahr alleged that his style of vocal delivery was distinctive in pitch, accent, inflection, and sounds. The First Circuit held that Lahr had stated a cause of action for unfair competition, that it could be found “that defendant’s conduct saturated plaintiff’s audience, curtailing his market.” *Lahr v. Adell Chemical Co.*, 300 F.2d 256, 259 (1st Cir.1962). That case is more like this one. But we do not find unfair competition here. One-minute commercials of the sort the defendants put on would not have saturated Midler’s audience and curtailed her market. Midler did not do television commercials. The defendants were not in competition with her. See *Halicki v. United Artists Communications, Inc.*, 812 F.2d 1213 (9th Cir.1987).

California Civil Code section 3344 is also of no aid to Midler. The statute affords damages to a person injured by another who uses the person’s “name, voice, signa-

ture, photograph or likeness, in any manner.” The defendants did not use Midler’s name or anything else whose use is prohibited by the statute. The voice they used was Hedwig’s, not hers. The term “likeness” refers to a visual image not a vocal imitation. The statute, however, does not preclude Midler from pursuing any cause of action she may have at common law; the statute itself implies that such common law causes of action do exist because it says its remedies are merely “cumulative.” Id. § 3344(g).

The companion statute protecting the use of a deceased person’s name, voice, signature, photograph or likeness states that the rights it recognizes are “property rights.” Id. § 990(b). By analogy the common law rights are also property rights. Appropriation of such common law rights is a tort in California. *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821 (9th Cir.1974). In that case what the defendants used in their television commercial for Winston cigarettes was a photograph of a famous professional racing driver’s racing car. The number of the car was changed and a wing-like device known as a “spoiler” was attached to the car; the car’s features of white pinpointing, an oval medallion, and solid red coloring were retained. The driver, Lothar Motschenbacher, was in the car but his features were not visible. Some persons, viewing the commercial, correctly inferred that the car was his and that he was in the car and was therefore endorsing the product. The defendants were held to have invaded a “proprietary interest” of Motschenbacher in his own identity. Id. at 825.

Midler’s case is different from Motschenbacher’s. He and his car were physically used by the tobacco company’s ad; he made part of his living out of giving commercial endorsements. But, as Judge Koelsch expressed it in *Motschenbacher*, California will recognize an injury from “an appropriation of the attributes of one’s identity.” Id. at 824. It was irrelevant that Motschenbacher could not be identified in the ad. The ad suggested that it was he. The ad did so by emphasizing signs or symbols associated with him. In the same way the defendants here used an imitation to convey the impression that Midler was singing for them.

Why did the defendants ask Midler to sing if her voice was not of value to them? Why did they studiously acquire the services of a sound-alike and instruct her to imitate Midler if Midler’s voice was not of value to them? What they sought was an attribute of Midler’s identity. Its value was what the market would have paid for Midler to have sung the commercial in person.

A voice is more distinctive and more personal than the automobile accouterments protected in *Motschenbacher*. A voice is as distinctive and personal as a face. The human voice is one of the most palpable ways identity is manifested. We are all aware that a friend is at once known by a few words on the phone. At a philosophical level it has been observed that with the sound of a voice, “the other stands before me.” D. Ihde, *Listening and Voice* 77 (1976). A fortiori, these observations hold true

of singing, especially singing by a singer of renown. The singer manifests herself in the song. To impersonate her voice is to pirate her identity. See W. Keeton, D. Dobbs, R. Keeton, D. Owen, Prosser & Keeton on Torts 852 (5th ed. 1984).

We need not and do not go so far as to hold that every imitation of a voice to advertise merchandise is actionable. We hold only that when a distinctive voice of a professional singer is widely known and is deliberately imitated in order to sell a product, the sellers have appropriated what is not theirs and have committed a tort in California. Midler has made a showing, sufficient to defeat summary judgment, that the defendants here for their own profit in selling their product did appropriate part of her identity.

White v. Samsung Electronics America, Inc.
971 F.2d 1395 (9th Cir. 1992)

GOODWIN, Senior Circuit Judge: ...

Plaintiff Vanna White is the hostess of “Wheel of Fortune,” one of the most popular game shows in television history. An estimated forty million people watch the program daily. Capitalizing on the fame which her participation in the show has bestowed on her, White markets her identity to various advertisers.

The dispute in this case arose out of a series of advertisements prepared for Samsung by Deutsch. The series ran in at least half a dozen publications with widespread, and in some cases national, circulation. Each of the advertisements in the series followed the same theme. Each depicted a current item from popular culture and a Samsung electronic product. Each was set in the twenty-first century and conveyed the message that the Samsung product would still be in use by that time. By hypothesizing outrageous future outcomes for the cultural items, the ads created humorous effects. For example, one lampooned current popular notions of an unhealthy diet by depicting a raw steak with the caption: “Revealed to be health food. 2010 A.D.” Another depicted irreverent “news”-show host Morton Downey Jr. in front of an American flag with the caption: “Presidential candidate. 2008 A.D.”

The advertisement which prompted the current dispute was for Samsung video-cassette recorders (VCRs). The ad depicted a robot, dressed in a wig, gown, and jewelry which Deutsch consciously selected to resemble White’s hair and dress. The robot was posed next to a game board which is instantly recognizable as the Wheel of Fortune game show set, in a stance for which White is famous. The caption of the ad read: “Longest-running game show. 2012 A.D.” Defendants referred to the ad as the “Vanna White” ad. Unlike the other celebrities used in the campaign, White neither consented to the ads nor was she paid.

Following the circulation of the robot ad, White sued Samsung and Deutsch in federal district court under: (1) California Civil Code § 3344; (2) the California com-

mon law right of publicity; and (3) § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The district court granted summary judgment against White on each of her claims. White now appeals. ...

I. SECTION 3344

White first argues that the district court erred in rejecting her claim under section 3344. Section 3344(a) provides, in pertinent part, that “[a]ny person who knowingly uses another’s name, voice, signature, photograph, or likeness, in any manner, ... for purposes of advertising or selling, ... without such person’s prior consent ... shall be liable for any damages sustained by the person or persons injured as a result thereof.”

White argues that the Samsung advertisement used her “likeness” in contravention of section 3344. In *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir.1988), this court rejected Bette Midler’s section 3344 claim concerning a Ford television commercial in which a Midler “sound-alike” sang a song which Midler had made famous. In rejecting Midler’s claim, this court noted that “[t]he defendants did not use Midler’s name or anything else whose use is prohibited by the statute. The voice they used was [another person’s], not hers. The term ‘likeness’ refers to a visual image not a vocal imitation.” *Id.* at 463.

In this case, Samsung and Deutsch used a robot with mechanical features, and not, for example, a manikin molded to White’s precise features. Without deciding for all purposes when a caricature or impressionistic resemblance might become a “likeness,” we agree with the district court that the robot at issue here was not White’s “likeness” within the meaning of section 3344. Accordingly, we affirm the court’s dismissal of White’s section 3344 claim.

II. RIGHT OF PUBLICITY ...

It is not important how the defendant has appropriated the plaintiff’s identity, but whether the defendant has done so. *Motschenbacher*, *Midler*, and *Carson* teach the impossibility of treating the right of publicity as guarding only against a laundry list of specific means of appropriating identity. A rule which says that the right of publicity can be infringed only through the use of nine different methods of appropriating identity merely challenges the clever advertising strategist to come up with the tenth.

Indeed, if we treated the means of appropriation as dispositive in our analysis of the right of publicity, we would not only weaken the right but effectively eviscerate it. The right would fail to protect those plaintiffs most in need of its protection. Advertisers use celebrities to promote their products. The more popular the celebrity, the greater the number of people who recognize her, and the greater the visibility for the product. The identities of the most popular celebrities are not only the most attractive for advertisers, but also the easiest to evoke without resorting to obvious means such as name, likeness, or voice.

Consider a hypothetical advertisement which depicts a mechanical robot with male features, an African-American complexion, and a bald head. The robot is wearing black hightop Air Jordan basketball sneakers, and a red basketball uniform with black trim, baggy shorts, and the number 23 (though not revealing “Bulls” or “Jordan” lettering). The ad depicts the robot dunking a basketball one-handed, stiff-armed, legs extended like open scissors, and tongue hanging out. Now envision that this ad is run on television during professional basketball games. Considered individually, the robot’s physical attributes, its dress, and its stance tell us little. Taken together, they lead to the only conclusion that any sports viewer who has registered a discernible pulse in the past five years would reach: the ad is about Michael Jordan.

Viewed separately, the individual aspects of the advertisement in the present case say little. Viewed together, they leave little doubt about the celebrity the ad is meant to depict. The female-shaped robot is wearing a long gown, blond wig, and large jewelry. Vanna White dresses exactly like this at times, but so do many other women. The robot is in the process of turning a block letter on a game-board. Vanna White dresses like this while turning letters on a game-board but perhaps similarly attired Scrabble-playing women do this as well. The robot is standing on what looks to be the Wheel of Fortune game show set. Vanna White dresses like this, turns letters, and does this on the Wheel of Fortune game show. She is the only one. Indeed, defendants themselves referred to their ad as the “Vanna White” ad. We are not surprised.

Television and other media create marketable celebrity identity value. Considerable energy and ingenuity are expended by those who have achieved celebrity value to exploit it for profit. The law protects the celebrity’s sole right to exploit this value whether the celebrity has achieved her fame out of rare ability, dumb luck, or a combination thereof. We decline Samsung and Deutch’s invitation to permit the evisceration of the common law right of publicity through means as facile as those in this case. Because White has alleged facts showing that Samsung and Deutsch had appropriated her identity, the district court erred by rejecting, on summary judgment, White’s common law right of publicity claim.

ALARCON, Circuit Judge, concurring in part, dissenting in part: ...

The common theme in these federal cases is that identifying characteristics unique to the plaintiffs were used in a context in which they were the only information as to the identity of the individual. The commercial advertisements in each case showed attributes of the plaintiff’s identities which made it appear that the plaintiff was the person identified in the commercial. No effort was made to dispel the impression that the plaintiffs were the source of the personal attributes at issue. The commercials affirmatively represented that the plaintiffs were involved. The proper interpretation of *Motschenbacher*, *Midler*, and *Carson* is that where identi-

fying characteristics unique to a plaintiff are the only information as to the identity of the person appearing in an ad, a triable issue of fact has been raised as to whether his or her identity as been appropriated.

The case before this court is distinguishable from the factual showing made in *Motschenbacher, Midler, and Carson*. It is patently clear to anyone viewing the commercial advertisement that Vanna White was not being depicted. No reasonable juror could confuse a metal robot with Vanna White.

White v. Samsung Electronics America, Inc.
989 F.2d 1512 (9th Cir. 1993)

... The full court has been advised of the suggestion for rehearing en banc. An active judge requested a vote on whether to rehear the matter en banc. The matter failed to receive a majority of the votes of the nonrecused active judges in favor of en banc consideration. Fed.R.App.P. 35. ...

KOZINSKI, Circuit Judge, with whom Circuit Judges O'SCANLAIN and KLEINFELD join, dissenting from the order rejecting the suggestion for rehearing en banc. ...

The majority isn't, in fact, preventing the "evisceration" of Vanna White's existing rights; it's creating a new and much broader property right, a right unknown in California law. It's replacing the existing balance between the interests of the celebrity and those of the public by a different balance, one substantially more favorable to the celebrity. Instead of having an exclusive right in her name, likeness, signature or voice, every famous person now has an exclusive right to anything that reminds the viewer of her. After all, that's all Samsung did: It used an inanimate object to remind people of White, to "evoke [her identity]." 971 F.2d at 1399.¹⁷

Consider how sweeping this new right is. What is it about the ad that makes people think of White? It's not the robot's wig, clothes or jewelry; there must be ten million blond women (many of them quasi-famous) who wear dresses and jewelry like White's. It's that the robot is posed near the "Wheel of Fortune" game board. Remove the game board from the ad, and no one would think of Vanna White. But once you include the game board, anybody standing beside it — a brunette woman, a man wearing women's clothes, a monkey in a wig and gown — would evoke White's

¹⁷Some viewers might have inferred White was endorsing the product, but that's a different story. The right of publicity isn't aimed at or limited to false endorsements, *Eastwood v. Superior Court*, 149 Cal.App.3d 409, 419-20, 198 Cal.Rptr. 342, 348 (1983); that's what the Lanham Act is for.

Note also that the majority's rule applies even to advertisements that unintentionally remind people of someone. California law is crystal clear that the common-law right of publicity may be violated even by unintentional appropriations. *Id.* at 417 n. 6, 198 Cal.Rptr. at 346 n. 6; *Fairfield v. American Photocopy Equipment Co.*, 138 Cal.App.2d 82, 87, 291 P.2d 194 (1955).

image, precisely the way the robot did. It's the "Wheel of Fortune" set, not the robot's face or dress or jewelry that evokes White's image. The panel is giving White an exclusive right not in what she looks like or who she is, but in what she does for a living.¹⁸

This is entirely the wrong place to strike the balance. Intellectual property rights aren't free: They're imposed at the expense of future creators and of the public at large. Where would we be if Charles Lindbergh had an exclusive right in the concept of a heroic solo aviator? If Arthur Conan Doyle had gotten a copyright in the idea of the detective story, or Albert Einstein had patented the theory of relativity? If every author and celebrity had been given the right to keep people from mocking them or their work? Surely this would have made the world poorer, not richer, culturally as well as economically. ...

Future Vanna Whites might not get the chance to create their personae, because their employers may fear some celebrity will claim the persona is too similar to her own.²¹

¹⁸Once the right of publicity is extended beyond specific physical characteristics, this will become a recurring problem: Outside name, likeness and voice, the things that most reliably remind the public of celebrities are the actions or roles they're famous for. A commercial with an astronaut setting foot on the moon would evoke the image of Neil Armstrong. Any masked man on horseback would remind people (over a certain age) of Clayton Moore. And any number of songs — "My Way," "Yellow Submarine," "Like a Virgin," "Beat It," "Michael, Row the Boat Ashore," to name only a few — instantly evoke an image of the person or group who made them famous, regardless of who is singing.

See also Carlos V. Lozano, *West Loses Lawsuit over Batman TV Commercial*, L.A. Times, Jan. 18, 1990, at B3 (Adam West sues over Batmanlike character in commercial); *Nurmi v. Peterson*, 10 U.S.P.Q.2d 1775, 1989 WL 407484 (C.D.Cal.1989) (1950s TV movie hostess "Vampira" sues 1980s TV hostess "Elvira"); text accompanying notes 7-8 (lawsuits brought by Guy Lombardo, claiming big bands playing at New Year's Eve parties remind people of him, and by Uri Geller, claiming psychics who can bend metal remind people of him). Cf. *Motschenbacher*, where the claim was that viewers would think plaintiff was actually in the commercial, and not merely that the commercial reminded people of him.

²¹If Christian Slater, star of "Heathers," "Pump up the Volume," "Kuffs," and "Untamed Heart" — and alleged Jack Nicholson clone — appears in a commercial, can Nicholson sue? Of 54 stories on LEXIS that talk about Christian Slater, 26 talk about Slater's alleged similarities to Nicholson. Apparently it's his nasal wisecracks and killer smiles, *St. Petersburg Times*, Jan. 10, 1992, at 13, his eyebrows, *Ottawa Citizen*, Jan. 10, 1992, at E2, his sneers, *Boston Globe*, July 26, 1991, at 37, his menacing presence, *USA Today*, June 26, 1991, at 1D, and his sing-song voice, *Gannett News Service*, Aug. 27, 1990 (or, some say, his insinuating drawl, *L.A. Times*, Aug. 22, 1990, at F5). That's a whole lot more than White and the robot had in common.



Video Bonanza Problem

Consider the following two videos. In each case, has there been a right of publicity violation?

- **Ad for Oldsmobile.** The plaintiff is Kareem Abdul-Jabbar, born Ferdinand Lewis (“Lew”) Alcindor, Jr.
- **Ad for E*Trade.** The plaintiff is Lindsay Lohan.

F Defenses

Rosa and Raymond Parks Institute for Self Development v. Target Corp.

--- F. Supp. 3d --- (M.D. Ala. Feb. 9, 2015)

W. KEITH WATKINS, Chief District Judge.

Before the court is a motion for summary judgment filed by Defendant Target Corporation. Plaintiff Rosa and Raymond Parks Institute for Self Development (the “Parks Institute”) filed a response in opposition to the motion, to which Target replied. After careful review of the arguments, evidence, and relevant law, the court finds that Target’s motion for summary judgment is due to be granted. ...

III. BACKGROUND

The Parks Institute is a Michigan 501(c)(3) corporation that owns the name and likeness of the late Rosa Parks. Rosa Parks, who was African-American, became an icon

of the Civil Rights movement when she refused to surrender her seat to a white passenger on a racially segregated Montgomery, Alabama bus. Her actions ignited the Montgomery Bus Boycott. Target is a national retail corporation headquartered in Minneapolis, Minnesota. Target operates more than 1,800 retail stores across the United States, as well as an e-commerce website.

Beginning in 2009, Target offered for sale a collage-styled plaque in a limited number of its retail stores. The plaque contained the following images, as described by its creator Stephanie Workman Marrott: (1) a stylized rendering of the phrase “Civil Rights”; (2) an illustrated exhibit submitted in *Browder v. Gayle*, 142 F. Supp. 707 (M.D. Ala. 1956), depicting where Rosa Parks was sitting on the bus prior to her arrest; (3) a stylized rendering of the word “Change”; (4) an illustration of the Cleveland Avenue bus; (5) a stylized rendering of Rosa Parks’s name and dates of birth and death; (6) a picture of Rosa Parks’s Congressional Gold Medal; (7) a photograph of Rosa Parks and Martin Luther King, Jr.; and (8) an inspirational statement made by Rosa Parks. It was this plaque that Elaine Steele, co-founder of the Parks Institute, and Anita Peek, Executive Director of the Parks Institute, discovered when they visited a number of Target retail stores located in the state of Michigan.

Upon realizing that Target was selling a plaque adorned with images of and related to Rosa Parks, the Parks Institute filed this lawsuit on November 6, 2013. The initial complaint alleged both federal- and state-law claims. On November 8, 2013, however, the Parks Institute amended its complaint to allege only state-law claims — right of publicity, misappropriation, and unjust enrichment. Following a period of discovery, it became clear that the lawsuit challenged Target’s sale of eight items in addition to the plaque: 1) the book, *Rosa Parks: My Story*, by authors Rosa Parks and Jim Haskins; 2) the book, *Who Was Rosa Parks?*, by author Yona Zeldis McDonough and illustrator Nancy Harrison; 3) the book, *Rosa Parks (Childhood of Famous Americans)*, by author Kathleen Kudlinkski and illustrator Maryl Henderson; 4) the book, *Rosa Parks*, by author Eloise Greenfield and illustrator Gil Ashby; 5) the book, *A Picture Book of Rosa Parks*, by author David A. Adler and illustrator Robert Casilla; 6) the book, *The Rebellious Life of Mrs. Rosa Parks*, by author Jeanne Theoharis; 7) the book, *The Story of Rosa Parks*, by author Patricia A. Pingry and illustrator Steven Walker; and 8) the American television movie, *The Rosa Parks Story*, written by Paris Qualles and directed by Julie Dash.

On July 1, 2014, Target moved for partial summary judgment on the Parks Institute’s claims related to its sale of the books and movie — all items except the plaque. It argued that the books and movie were all biographical works entitled to First Amendment protection. The Parks Institute opposed the motion. On October 27, 2014, with its motion for partial summary judgment still pending, Target filed the present motion for summary judgment as to all of the Parks Institute’s claims.

IV. DISCUSSION

A. Applicable Law ...

[The court found that Michigan substantive law applied.]

B. Alleged Violations of Rosa Parks's Name and Likeness

Target argues that under Michigan law — and Alabama law — summary judgment is proper as to all of the Parks Institute's claims because the plaque and biographical works are protected fully by the First Amendment as biographical works that concern matters of legitimate public interest. In opposition, the Parks Institute argues that Target's "reliance on the First Amendment as protection for its action in this case is misplaced." Specifically, the Parks Institute avers that there is no legal precedent that would allow Target to exploit Rosa Parks's image or likeness for its own commercial purposes.

1. The Books and Movie

Michigan law is fairly limited with regard to actions alleging the unlawful commercial exploitation of a celebrity or public figure's identity. See *Ruffin-Steinback v. de-Passe*, 82 F. Supp. 2d 723, 729 (E.D. Mich. 2000) (discerning how Michigan courts would address a claim for unlawfully depicting a public figure's life story without consent by looking to "all available sources" because the Michigan Supreme Court had not spoken to the issue). In 2000, however, the Michigan federal district court in *Ruffin-Steinback* addressed "state law tort claims for violation of the right of publicity, unjust enrichment, negligence, conspiracy, invasion of privacy, defamation and intentional infliction of emotional distress" brought by the heirs and personal representatives of members of the Temptations music group and associated individuals. *Id.* at 726. In that case, the plaintiffs challenged the National Broadcasting Company's airing of a two-night mini-series covering the story of the Temptations. The mini-series was told from the perspective of Otis Williams, one of the group's founding members, but covered the lives of each of the group's members in detail.

Addressing the plaintiffs' claims, the court had to decide "whether depicting one's life story without his or her permission, . . . constitutes a violation of the right to publicity under Michigan Law." *Id.* at 729. To answer this question, the court first looked to the Restatement (Third) of Unfair Competition § 46 (1995). *Id.* It provides that "[o]ne who appropriates the commercial value of a person's identity by using without consent the person's name, likeness, or other indicia of identity for the purpose of trade is subject to liability for the relief appropriate. . . ." Restatement (Third) of Unfair Competition § 46 (1995). Section 47 of the Restatement (Third) of Unfair Competition, however, goes on to explain that:

The name, likeness, and other indicia of a person's identity are used for the purposes of trade under the rule stated in § 46 if they are used in advertising the user's goods or services, or are placed on merchandise marketed by the user, or are used in connection with services rendered by the user. However, use for the purposes of trade does not ordinarily include the use of a person's identity in news reporting, commentary, entertainment, works of fiction or nonfiction, or in advertising that is incidental to such uses.

Restatement (Third) of Unfair Competition § 47 (1995). The court also noted that comment c to § 47 states that "the right of publicity is not infringed by the dissemination of an unauthorized print or broadcast biography." Ruffin-Steinback, 82 F. Supp. 2d at 730 (quoting Restatement (Third) of Unfair Competition § 47 comment c (1995)).

After looking to the Restatement, the court surveyed case law and confirmed that courts in various jurisdictions treated unlicensed works of biography similarly. *Id.* (citing *Matthews v. Wozencraft*, 15 F.3d 432, 436 (5th Cir. 1994), and *Seale v. Gramercy Pictures*, 949 F. Supp. 331, 337 (E.D. Pa. 1996), as examples of decisions in which a court did not extend publicity rights to unconsented works of an individual's life story). Across jurisdictions, courts had been reluctant "to extend the right of publicity to depictions of life-stories based on First Amendment considerations." *Id.* Accordingly, the court concluded that "Michigan courts would not extend [the] right of publicity tort" to prohibit biographical works and, ultimately, dismissed all of the derivative claims — unjust enrichment, conspiracy, and negligence — finding that they were dependent on the plaintiffs' right of publicity claims.

In this case, the Parks Institute is challenging Target's sale of eight biographical works, the majority of which are simplified accounts of Rosa Parks's life and accomplishments written to educate children about the Civil Rights movement and to demonstrate how one courageous individual can bring about significant change. The Parks Institute does not claim that any of the biographical works cast Rosa Parks in a false or defamatory light — separate causes of action for the dissemination of inaccurate information. Rather, it bases the entirety of its lawsuit on the idea that the First Amendment does not extend to protect the unapproved commercial sale of items that depict the name, likeness, story, or image of Rosa Parks.

For the reasons discussed at length in Ruffin-Steinback, however, the Parks Institute is mistaken. The depiction of Rosa Parks's life story without the Parks Institute's consent does not violate the Parks Institute's ownership rights to Rosa Parks's name or likeness. To quote from one of the biographical works at issue, Rosa Parks is "perhaps the most iconic heroine of the civil rights movement." Jeanne Theoharis, *The Rebellious Life of Mrs. Rosa Parks*, at xii (2013). And, as both parties agree, one

cannot talk about the Civil Rights movement without including Rosa Parks. The importance of her story serves as an apt reminder of why First Amendment protection for biographical works is so vital.

Target's sale of the seven books and one movie does not violate the Parks Institute's ownership rights in Rosa Parks's name or likeness because they are biographical works. Accordingly, summary judgment is due to be entered in favor of Target as to those eight items on the Parks Institute's right of publicity claim, as well as the unjust enrichment and misappropriation claims since they are derivative causes of action.

2. The Plaque

Because the collage-styled plaque is less of a biographical work and more akin to a work of art, the legality of Target's sale of the plaque requires a separate analysis. As highlighted previously, the Michigan Supreme Court has recognized that a plaintiff may bring suit for the misappropriation of his or her name or likeness under its invasion of privacy tort. *Battaglieri v. Mackinac Ctr. for Pub. Policy*, 680 N.W. 2d 915, 919 (Mich. Ct. App. 2004). This cause of action "is founded upon 'the interest of the individual in the exclusive use of his own identity, in so far as it is represented by his name or likeness, and in so far as the use may be of benefit to him or to others.'" *Id.* (quoting Restatement, Torts, 2d § 652C, comment a). Because the tort has the potential to offer a troublingly broad swath of protection, however, "courts that have recognized the appropriation tort have also uniformly held that the First Amendment bars appropriation liability for the use of a name or likeness in a publication that concerns matters that are newsworthy or of legitimate public concern." *Id.*

"The question whether a publication is sufficiently a matter of public interest to be protected by the privilege is ordinarily decided by the court as a question of law." *Id.* To make the decision, a court must examine the nature of the appropriation. For while "[a] defendant can be 'liable for the tort of misappropriation of likeness . . . if defendant's use of plaintiff's likeness was for a predominately commercial purpose[,]'" the First Amendment will protect the appropriation if it has "a redeeming public interest, news, or historical value." *Id.* (quoting *Tellado v. Time-Life Books, Inc.*, 643 F. Supp. 904, 909-10 (D.N.J. 1986)).

No doubt Target's sale of the plaque served a commercial purpose. Michigan courts, however, have applied the legitimate public interest privilege to instances where the misappropriation occurred for the purposes of making a profit. See, e.g., *id.* at 920 (finding that a fundraising letter was within the privilege when it used quotes from the plaintiff without his consent because the quotes spoke to important policy issues). Additionally, the legitimate public interest exception does not merely extend to cover current events, as "matters related to education and information are

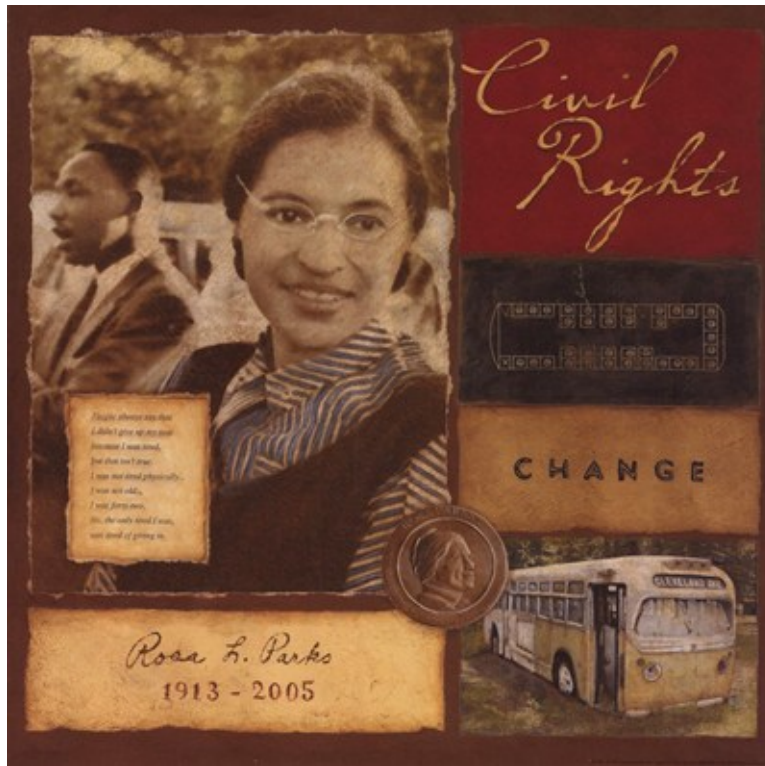
. . . within the scope of legitimate concern.” *Stratton v. Krywko*, No. 248669, 248676, 2005 WL 27522, at *6 (Ct. App. Mich. Jan. 6, 2005). As provided by the Restatement (Second) of Torts:

The scope of a matter of legitimate concern to the public is not limited to “news,” in the sense of current events or activities. It extends also to the use of names, likenesses or fact in giving information to the public for purposes of education, amusement or enlightenment, when the public may reasonably be expected to have a legitimate interest in what is published.

Restatement (Second) Torts § 652D, comment j (1977). Expanding on this idea, a federal district court applying Michigan law explained that the “First Amendment privilege does not only extend to news in the sense of current events, but ‘extends far beyond to include all types of factual, educational, and historical data, or even entertainment and amusement, concerning interesting phases of human activity in general.’” *Armstrong v. Eagle Rock Entm’t, Inc.*, 655 F. Supp. 2d 779, 786 (E.D. Mich. 2009) (quoting *Nichols v. Moore*, 334 F. Supp. 2d 944, 956 (E.D. Mich. 2004)).

Applying these principles, the court found that Eagle Rock Entertainment’s decision to use Louis Armstrong’s picture on the cover liner of its DVD entitled, “Mahavishnu Orchestra, Live at Montreux, 1984, 1974,” without consent was protected by the First Amendment. *Id.* at 787. Specifically, under Michigan law, the court concluded that the DVD and its packaging had an historical and entertainment value for jazz fans everywhere. Michigan law and the First Amendment require a similar determination in this case.

The collage-styled plaque contains several elements reminiscent of the historic Civil Rights movement. In fact, by including a picture of Rosa Parks and Martin Luther King, Jr., alongside stylized renderings of the words “Civil Rights” and “Change,” Stephanie Workman Marrott, the plaque’s creator, sought to inspire viewers to “stand[] up for what [they] believe is right” while telling the important story of Rosa Parks’s courage during the Civil Rights movement. (Doc. # 58.) There can be no doubt that Rosa Parks and her involvement in the Civil Rights movement are matters of utmost importance, both historically and educationally. Accordingly, just as Louis Armstrong’s image is significant to the history of jazz, Rosa Parks’s name and image are historically significant to the fight for equality in the South. Because Target’s sale of the collage-style plaque is protected by the First Amendment, Target is entitled to summary judgment on all of the Parks Institute’s claims regarding the plaque, in addition to the biographical works. ...



No Doubt v. Activision Publishing, Inc.
192 Cal. App. 4th 1018 (Ct. App. 2011)

WILLHITE, J.—

INTRODUCTION

The rock band No Doubt brought suit against the video game publisher Activision Publishing, Inc. (Activision), based on Activision's release of the Band Hero video game featuring computer-generated images of the members of No Doubt. No Doubt licensed the likenesses of its members for use in Band Hero, but contends that Activision used them in objectionable ways outside the scope of the parties' licensing agreement. Activision filed a special motion to strike under Code of Civil Procedure section 425.16, contending that No Doubt cannot demonstrate a probability of prevailing on its claims for violation of the right of publicity (Civ. Code, § 3344 and common law) and unfair competition (Bus. & Prof. Code, § 17200) because its use of the No Doubt likenesses is protected by the First Amendment. Activision appeals from the trial court's denial of its motion. Applying the transformative use test first adopted in *Comedy III Productions, Inc. v. Gary Saderup, Inc.* (2001) 25 Cal.4th 387 [106 Cal.Rptr.2d 126, 21 P.3d 797], we conclude that the creative elements of the

Band Hero video game do not transform the images of No Doubt's band members into anything more than literal, fungible reproductions of their likenesses. Therefore, we reject Activision's contention that No Doubt's right of publicity claim is barred by the First Amendment. In addition, we disagree with Activision's contention that No Doubt must demonstrate that Activision used the likenesses of the band members in an "explicitly misleading" way in order to prevail on its unfair competition claim. Accordingly, we affirm the trial court's judgment.

FACTUAL AND PROCEDURAL BACKGROUND

Band Hero Dispute

Defendant Activision is a leading international video game distributor and the creator and owner of the interactive Band Hero video game. Band Hero is a version of Activision's Guitar Hero franchise that has sold over 40 million units.[1] The game allows players to simulate performing in a rock band in time with popular songs. By choosing from a number of playable characters, known as "avatars," players can "be" a guitarist, a singer, or a drummer. Some of the available avatars are fictional characters created and designed by Activision while others are digital representations of real-life rock stars. Players can also design their own unique fictional avatars. Represented by the avatars of their choosing, players "perform" in various settings, such as venues in Paris and Madrid, a rock show at a shopping mall, and even outer space.

In addition to allowing players to perform over 60 popular songs, Band Hero permits players to create their own music and then play their compositions using an avatar. As with all the Guitar Hero video games, as players advance in the Band Hero game, they can "unlock" characters and use them to play songs of the players' choosing, including songs the players have composed as well as songs made famous by other artists.

Plaintiff No Doubt is an internationally recognized rock band featuring Gwen Stefani as its lead singer. No Doubt entered into a professional services and character licensing agreement (Agreement) with Activision permitting Activision to include No Doubt as one of the rock bands featured in Band Hero.



The pertinent language of the Agreement is as follows: “This Agreement sets out the terms upon which Artist [(No Doubt)] has agreed to grant to Activision certain rights to utilize Artist’s name(s), likeness(es), logo(s), and associated trademark(s) and other related intellectual property rights (the ‘Licensed Property’) and to provide Activision certain production and marketing services in connection with Activision’s ‘Band Hero’ video game (the ‘Game’).” The Agreement specifically provides that “Artists grant to Activision the non-exclusive, worldwide right and license to use the Licensed Property (including Artist’s likeness as provided by or approved by Artist) solely in the one (1) Game for all gaming platforms and formats, on the packaging for the Game, and in advertising, marketing, promotional and PR materials for the Game.” In a section entitled “Approval Rights,” the Agreement states that “Artist’s likeness as implemented in the Game (the ‘Character Likeness’), any use of Artist’s name and/or likeness other than in a ‘billing block’ fashion on the back of the packaging for the Game, and the b-roll and photography or other representation of the Services or of Artist, shall be subject to Artist’s prior written approval. [¶] Activision shall submit each of the above (i.e., the Character Likeness, name uses, and b-roll and photography or other representation) to Artist for review and Artist shall have ten (10) business days to either approve or disapprove. . . . [¶] Activision shall not be required to submit for approval uses of previously approved assets, provided such uses fall within the rights granted herein (e.g., using a previously approved Character Likeness depiction in multiple advertising materials).”

As part of the Agreement, Activision agreed to license no more than three No Doubt songs for use in Band Hero, subject to No Doubt’s approval over the song choice. (Ultimately, the game included two No Doubt songs.) No Doubt agreed to participate in one day of game production services “for the purposes of photographing and scanning Artist’s likeness, and capturing Artist’s motion-capture data.”

Pursuant to the Agreement, the members of No Doubt participated in a full-day motion capture photography session at Activision’s studios so that the band members’ Band Hero avatars would accurately reflect their appearances, movements, and sounds. No Doubt then closely reviewed the motion capture photography and the

details related to the appearance and features of their avatars to ensure the representations would meet their approval. The end results are avatars that closely match the appearance of each of the No Doubt band members.

Approximately two weeks prior to the release of *Band Hero*, No Doubt became aware of the “unlocking” feature of the game that would permit players to use No Doubt’s avatars to perform any of the songs included in the game, including songs that No Doubt maintains it never would have performed. Two of No Doubt’s members could be unlocked at the seventh level of the game, and the remaining members could be unlocked at level nine. The band also learned that female lead singer Gwen Stefani’s avatar could be made to sing in a male voice, and the male band members’ avatars could be manipulated to sing songs in female voices. The individual band member avatars could be made to perform solo, without their band members, as well as with members of other groups. No Doubt contends that in the numerous communications with No Doubt, Activision never communicated its intention to permit such manipulations of the No Doubt avatars. Rather, No Doubt insists, Activision represented that No Doubt’s likenesses within *Band Hero* would be used only in conjunction with the selected No Doubt songs.

When No Doubt complained about the additional exploitation of their likenesses, Activision admitted that it had hired actors to impersonate No Doubt in order to create the representations of the band members’ performances of the additional musical works other than the No Doubt songs licensed for the game. No Doubt demanded that Activision remove the “unlocking” feature for No Doubt’s avatars, but Activision refused. Activision contends that No Doubt’s request came only after the programming had been finalized and the manufacturers had approved the game for manufacture.

PROCEDURAL HISTORY

No Doubt filed a complaint against Activision in superior court, seeking injunctive relief and damages for Activision’s allegedly unauthorized exploitation of No Doubt’s name, performances and likenesses. No Doubt alleged six causes of action: (1) fraudulent inducement; (2) violation of statutory and common law right of publicity; (3) breach of contract; (4) unfair business practices in violation of Business and Professions Code section 17200; (5) injunctive relief; and (6) rescission.

Activision filed a special motion to strike pursuant to Code of Civil Procedure section 425.16 (section 425.16) specifically with respect to No Doubt’s claims for violation of the right of publicity and unfair competition. The superior court denied the anti-SLAPP (strategic lawsuit against public participation) motion, holding that Activision failed to meet the required threshold showing that the challenged causes of action arose from protected activity in furtherance of free speech rights, and that Activision’s literal reproductions of the images of the No Doubt members did not

constitute a “transformative” use sufficient to bring them within the protection of the First Amendment. ...

DISCUSSION ...

II. NO DOUBT’S CLAIMS AROSE FROM PROTECTED ACTIVITY ...

Video games generally are considered “expressive works” subject to First Amendment protections. [Ed: *See* *Brown v. Entertainment Merchant’s Ass’n*, 131 S. Ct. 2729, 2733 (2011) (“Like the protected books, plays, and movies that preceded them, video games communicate ideas—and even social messages—through many familiar literary devices (such as characters, dialogue, plot, and music) and through features distinctive to the medium (such as the player’s interaction with the virtual world). That suffices to confer First Amendment protection.”)] Further, Activision’s use of No Doubt’s likenesses in *Band Hero* is a matter of public interest because of the widespread fame No Doubt has achieved; “‘there is a public interest which attaches to people who, by their accomplishments, mode of living, professional standing or calling, create a legitimate and widespread attention to their activities’” [Citation.]’ [Citation.]” (*Stewart v. Rolling Stone LLC* (2010) 181 Cal.App.4th 664, 677-678 [105 Cal.Rptr.3d 98] [magazine’s publication of “indie rock” bands’ names was matter of public interest].) Accordingly, the use of No Doubt’s likenesses in the *Band Hero* video game meets the first requirement of the anti-SLAPP statute. ...

III. NO DOUBT’S PROBABILITY OF SUCCESS ON THE MERITS OF THE Claims

A. Right of Publicity Claim

No Doubt has alleged a claim for violation of the right of publicity under Civil Code section 3344 (section 3344) as well as under common law. Section 3344 provides in pertinent part: “Any person who knowingly uses another’s name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling, or soliciting purchases of, products, merchandise, goods or services, without such person’s prior consent . . . shall be liable for any damages sustained by the person or persons injured as a result thereof.” (§ 3344, subd. (a).) The common law claim for misappropriation of the right of publicity is similar, except there is no requirement that the misappropriation have been done knowingly.

1. “Transformative Use” Defense

Activision contends that its use of No Doubt’s likenesses in *Band Hero* constitutes “protected First Amendment activity involving an artistic work,” and thus No

Doubt's right of publicity claim is completely barred. As discussed above, "[v]ideo games are expressive works entitled to as much First Amendment protection as the most profound literature." (Kirby, *supra*, 144 Cal.App.4th at p. 58.) However, Activision's First Amendment right of free expression is in tension with the rights of No Doubt to control the commercial exploitation of its members' likenesses.

In *Comedy III Productions, Inc. v. Gary Saderup, Inc.*, *supra*, 25 Cal.4th 387, 391 (Comedy III), our Supreme Court directly confronted this tension. ...

The court in *Comedy III* articulated "what is essentially a balancing test between the First Amendment and the right of publicity based on whether the work in question adds significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation." (Comedy III, *supra*, 25 Cal.4th at p. 391.) Thus, "[w]hen artistic expression takes the form of a literal depiction or imitation of a celebrity for commercial gain, directly trespassing on the right of publicity without adding significant expression beyond that trespass, the state law interest in protecting the fruits of artistic labor outweighs the expressive interests of the imitative artist." (Id. at p. 405, fn. omitted.) A celebrity may enforce "the right to monopolize the production of conventional, more or less fungible, images" of that celebrity. (Ibid.) On the other hand, a work claimed to violate a celebrity's right of publicity is entitled to First Amendment protection where "added creative elements significantly transform the celebrity depiction" (25 Cal.4th at p. 405, fn. 10.) "Another way of stating the inquiry is whether the celebrity likeness is one of the 'raw materials' from which an original work is synthesized, or whether the depiction or imitation of the celebrity is the very sum and substance of the work in question. We ask, in other words, whether a product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness." (Id. at p. 406.) The inquiry boils down to "whether the literal and imitative or the creative elements predominate in the work." (Id. at p. 407.)

The court then applied its newly minted "transformative use" test to the facts before it. The plaintiff was the owner of the rights to the comedy act known as The Three Stooges. The defendant was an artist who sold lithographs and T-shirts bearing a likeness of The Three Stooges reproduced from a charcoal drawing the artist had created. (Comedy III, *supra*, 25 Cal.4th at p. 393.) The owner sued for violation of the right of publicity under Civil Code section 3344.1, the companion statute to section 3344 that extends the right of publicity to the heirs and assignees of deceased personalities.⁵

The court rejected the artist's contention that the plaintiff's claim was barred

⁵ The test developed in *Comedy III* "applies equally" to claims under section 3344. (Winter, *supra*, 30 Cal.4th at p. 888.)

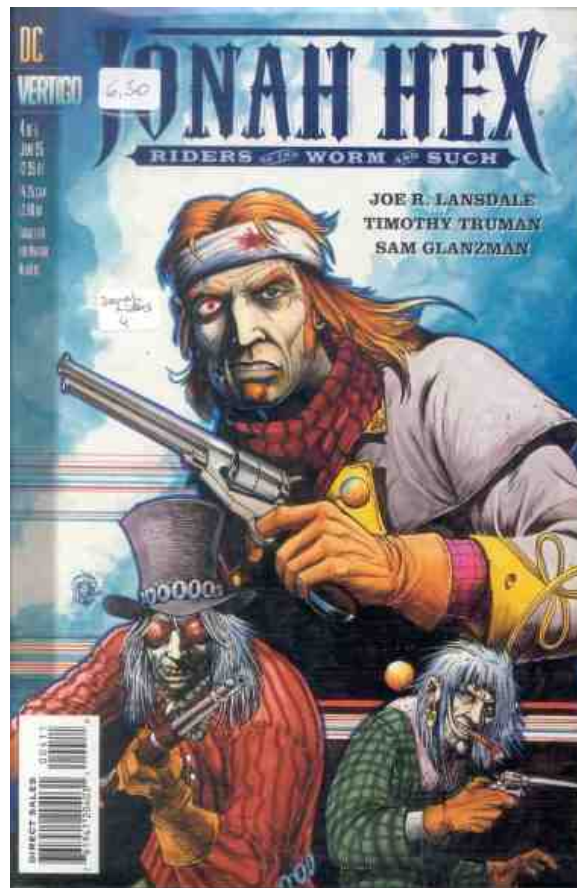
by the First Amendment. The court could “discern no significant transformative or creative contribution” in the artist’s literal reproduction of the likenesses of The Three Stooges in its charcoal drawing. (Comedy III, *supra*, 25 Cal.4th at p. 409.) The artist’s “undeniable skill is manifestly subordinated to the overall goal of creating literal, conventional depictions of The Three Stooges so as to exploit their fame.” (Ibid.)

The court was careful to note that, in some circumstances, literal reproductions of celebrity portraits may be protected by the First Amendment. The court used the example of silk screens created by artist Andy Warhol using images of celebrities such as Marilyn Monroe, Elizabeth Taylor, and Elvis Presley. “Through distortion and the careful manipulation of context, Warhol was able to convey a message that went beyond the commercial exploitation of celebrity images and became a form of ironic social comment on the dehumanization of celebrity itself.” (Comedy III,



supra, 25 Cal.4th at pp. 408-409.)

The Supreme Court again addressed the balance between the First Amendment and celebrities’ rights of publicity in *Winter*, in which the defendant was sued for misappropriation under section 3344 after publishing a series of comic books featuring two villainous half-worm, half-human characters named the “Autumn brothers.” (Winter, *supra*, 30 Cal.4th at p. 886.) The characters were quite obviously based on the musician brothers Edgar and Johnny Winter, sharing their same long



white hair and albino features. (Ibid.)

Applying the “transformative use” test set forth in *Comedy III*, the court held that the Winter brothers’ claim was barred by the First Amendment as a matter of law. The court found that the comic depictions at issue were “not just conventional depictions of plaintiffs but contain significant expressive content other than plaintiffs’ mere likenesses. Although the fictional characters Johnny and Edgar Autumn are less-than-subtle evocations of Johnny and Edgar Winter, the books do not depict plaintiffs literally. Instead, plaintiffs are merely part of the raw materials from which the comic books were synthesized. To the extent the drawings of the Autumn brothers resemble plaintiffs at all, they are distorted for purposes of lampoon, parody, or caricature. And the Autumn brothers are but cartoon characters—half-human and half-worm—in a larger story, which is itself quite expressive.” (Winter, *supra*, 30 Cal.4th at p. 890.) The comic books featured “fanciful, creative characters, not pictures of the Winter brothers,” in stark contrast to *Comedy III*, where the artist “essentially sold, and devoted fans bought, pictures of The Three Stooges, not transformed expressive works by the artist.” (Id. at p. 892.)

In *Kirby*, the Court of Appeal applied the “transformative use” test in a case in-

volving the alleged use of a celebrity's likeness in a video game. The plaintiff, Kierin Kirby, achieved fame as the lead singer of the musical group Deee-Lite which was popular in the early 1990's. Kirby alleged that video game distributor Sega violated her common law and statutory rights of publicity when it released the video game Space Channel 5 (SC5) that included as its main character a computer-generated woman named "Ulala" allegedly based on Kirby. (Kirby, *supra*, 144 Cal.App.4th at



p. 51.)

SC5 is set in outer space, in the 25th century, and Ulala is a reporter who is sent to "investigate an invasion of Earth by dance-loving aliens who shoot earthlings with ray guns, causing them to dance uncontrollably." (Kirby, *supra*, 144 Cal.App.4th at p. 52.) To advance in the game, players attempt to have Ulala match the dance moves of various aliens and competitor reporters. (Ibid.) A Japanese choreographer and dancer created Ulala's six main dance moves. (Id. at p. 51.)

Kirby contended that Sega misappropriated her likeness by giving Ulala similar facial features to her own as well as by borrowing her distinctive look that combines retro and futuristic elements, including red or pink hair, platform shoes, brightly colored formfitting clothes, and short skirts. (Kirby, *supra*, 144 Cal.App.4th at pp. 51, 55-56.) In addition, Ulala's name is a phonetic variation of "ooh la la," which Kirby alleged was her "signature" lyrical expression included in three of her songs. (Ibid.)

The Court of Appeal concluded that there was a question of fact as to whether Sega had misappropriated Kirby's likeness in creating the character Ulala. (Kirby, *supra*, 144 Cal.App.4th at pp. 55-56.) However, the court found that even assuming Sega used Kirby's likeness, the First Amendment provided a complete defense. "[N]otwithstanding certain similarities, Ulala is more than a mere likeness or literal

depiction of Kirby,” as Ulala’s physique, primary hairstyle and costumes, and dance moves differed from Kirby’s. (144 Cal.App.4th at p. 59.) “Moreover, the setting for the game that features Ulala—as a space-age reporter in the 25th century—is unlike any public depiction of Kirby. . . . Taken together, these differences demonstrate Ulala is ‘transformative,’ and respondents added creative elements to create a new expression” such that the First Amendment barred Kirby’s claim. (144 Cal.App.4th at p. 59.) Ulala was not merely “an imitative character contrived of ‘minor digital enhancements and manipulations’” (id. at p. 60), and unlike the use of the likenesses of The Three Stooges in Comedy III, any imitation of Kirby’s likeness was not “the sum and substance” of Ulala’s character (id. at p. 61). Rather, like the “Autumn brothers” comic book characters in Winter, “‘Ulala is a “fanciful, creative character” who exists in the context of a unique and expressive video game.’” (Ibid.)

With these cases as a backdrop, we now turn to Activision’s use of No Doubt’s likenesses in Band Hero.

2. Use of No Doubt’s Likenesses in Band Hero Is Not “Transformative”

Activision does not dispute that the avatars of No Doubt are computer-generated recreations of the real band members, painstakingly designed to mimic their likenesses. Indeed, as part of the licensing agreement between Activision and No Doubt, No Doubt posed for motion-capture photography to enable Activision to reproduce their likenesses, movements, and sounds with precision. Activision intentionally used these literal reproductions so that players could choose to “be” the No Doubt rock stars. The game does not permit players to alter the No Doubt avatars in any respect; they remain at all times immutable images of the real celebrity musicians, in stark contrast to the “fanciful, creative characters” in Winter and Kirby. (Winter, supra, 30 Cal.4th at p. 892; see Kirby, supra, 144 Cal.App.4th at p. 61.)

No Doubt asserts that such realistic depictions categorically disqualify their Band Hero avatars from First Amendment protection. However, as Comedy III held, even literal reproductions of celebrities can be “transformed” into expressive works based on the context into which the celebrity image is placed. (Comedy III, supra, 25 Cal.4th at p. 409 [noting, for instance, the Warhol silk screens featuring celebrity portraits, through “careful manipulation of context,” convey an ironic message about the “dehumanization of celebrity” through reproductions of celebrity images]; see also ETW Corp. v. Jireh Publishing, Inc. (6th Cir. 2003) 332 F.3d 915, 918, 936, 938 (ETW) [a painting featuring three literal likenesses of Tiger Woods in different poses in the foreground, with the Augusta National Clubhouse behind him and the likenesses of other famous golfing champions looking down on him, found worthy of First Amendment protection because it was a “panorama” of Woods’s historic 1997 victory at the world-famous Masters Tournament and conveyed a mes-

sage about the significance of Woods's achievement through images suggesting that Woods would eventually join the ranks of the world's best golfers].) Thus, when the context into which a literal celebrity depiction is placed creates “‘something new, with a further purpose or different character, altering the first [likeness] with new expression, meaning, or message,’” the depiction is protected by the First Amendment. (Comedy III, *supra*, 25 Cal.4th at p. 404; see also *id.* at p. 405, fn. 10 [work is insulated by 1st Amend. only where “added creative elements significantly transform the celebrity depiction . . .” (*italics added*)].)

Nonetheless, although context may create protected expression in the use of a celebrity's literal likeness, the context in which Activision uses the literal likenesses of No Doubt's members does not qualify the use of the likenesses for First Amendment protection. Activision contends that as in Kirby, where Sega used Kirby's likeness in a unique and expressive video game, Activision's use of No Doubt's likenesses in Band Hero is transformative because the video game shows the No Doubt avatars “surrounded by unique, creative elements, including in fanciful venues such as outer space . . . and performing songs that No Doubt avowedly would never perform in real life.” Indeed, according to Activision, No Doubt's objection that the band can be made to perform songs it would never perform demonstrates that the use of the No Doubt avatars is transformative.

However, that the members of No Doubt object to being shown performing certain songs is irrelevant to whether that element of Band Hero combined with others transforms the literal depictions of No Doubt's members into expression that is more Activision's than pure mimicry. In that inquiry, it is the differences between Kirby and the instant case, not the similarities, which are determinative. In Kirby, the pop singer was portrayed as an entirely new character—the space-age news reporter Ulala. In Band Hero, by contrast, no matter what else occurs in the game during the depiction of the No Doubt avatars, the avatars perform rock songs, the same activity by which the band achieved and maintains its fame. Moreover, the avatars perform those songs as literal recreations of the band members. That the avatars can be manipulated to perform at fanciful venues including outer space or to sing songs the real band would object to singing, or that the avatars appear in the context of a video game that contains many other creative elements, does not transform the avatars into anything other than exact depictions of No Doubt's members doing exactly what they do as celebrities. (*Hilton v. Hallmark Cards* (9th Cir. 2010) 599 F.3d 894, 911 (*Hilton*) [Hallmark card featuring Paris Hilton's head on a cartoon waitress's body was not a “transformative use” as in Kirby because, despite some differences, the “basic setting” was the same as an episode of Hilton's television show in which she is depicted as “born to privilege, working as a waitress”];⁶ Keller

⁶ An earlier Ninth Circuit decision, *Hoffman v. Capital Cities/ABC, Inc.* (9th Cir. 2001) 255

v. Elec. Arts, Inc. (N.D.Cal., Feb. 8, 2010, No. C 09-1967 CW) 2010 U.S. Dist. Lexis 10719, app. pending [NCAA Football video game literally depicting college football player held not “transformative” where player was represented as exactly what he was—the starting quarterback for Arizona State University—and game’s setting—a football field—was “identical to where the public found [plaintiff] during his collegiate career”].)

Moreover, Activision’s use of lifelike depictions of No Doubt performing songs is motivated by the commercial interest in using the band’s fame to market Band Hero, because it encourages the band’s sizeable fan base to purchase the game so as to perform as, or alongside, the members of No Doubt. Thus, insofar as the depiction of No Doubt is concerned, the graphics and other background content of the game are secondary, and the expressive elements of the game remain “manifestly subordinated to the overall goal of creating a conventional portrait of [No Doubt] so as to commercially exploit [its] fame.” (Comedy III, supra, 25 Cal.4th at p. 408.) In other words, nothing in the creative elements of Band Hero elevates the depictions of No Doubt to something more than “conventional, more or less fungible, images” of its members that No Doubt should have the right to control and exploit. (Comedy III, supra, 25 Cal.4th at p. 405.) Thus, the trial court did not err in denying Activision’s motion to strike the right of publicity claim based on Activision’s assertion of a First Amendment defense.

B. Unfair Competition Claim

To state a claim for unfair competition under Business and Professions Code section 17200 (section 17200), a plaintiff must show that “‘members of the public are likely to be deceived’” by a particular business practice. (Bank of the West v. Superior Court (1992) 2 Cal.4th 1254, 1267 [10 Cal.Rptr.2d 538, 833 P.2d 545]; see In re

F.3d 1180, arguably reached a different conclusion on facts somewhat similar to those in Hilton. In Hoffman, the court found that the First Amendment barred Dustin Hoffman’s claim that Los Angeles Magazine (LAM) had violated his right of publicity when it published an article that included a photographic image of the head of Hoffman in his “Tootsie” character superimposed on the body of a cartoon male who was wearing an evening gown and high heels. (Hoffman, supra, 255 F.3d at p. 1183.) The court only briefly addressed the transformative use defense, finding that “[e]ven if we were to consider LAM an ‘artist’ and the altered ‘Tootsie’ photograph ‘artistic expression’ subject to the Comedy III decision, there is no question that LAM’s publication of the ‘Tootsie’ photograph contained ‘significant transformative elements’” because “Hoffman’s body was eliminated and a new, differently clothed body was substituted in its place.” (Id. at p. 1184, fn. 2.) In Hilton, the Ninth Circuit noted that Hoffman had not addressed the transformative use defense in great depth because the Supreme Court decided Comedy III only after oral argument in the Hoffman case had taken place. Thus, Hilton concluded that Hoffman was not controlling Ninth Circuit authority on the issue of the transformative use defense. (Hilton, supra, 599 F.3d at p. 912, fn. 15.) We similarly do not find Hoffman’s brief discussion or application of the transformative use defense compelling.

Tobacco II Cases (2009) 46 Cal.4th 298, 324 [93 Cal.Rptr.3d 559, 207 P.3d 20] [California's unfair competition law protects the public from fraud, deceit and unlawful conduct].) No Doubt alleges that Activision violated section 17200 by deceiving the public into believing that No Doubt authorized the use of its name and likeness for the unlocking feature of Band Hero and that "No Doubt approves and endorses the appearance of its members individually performing songs that are wholly inappropriate and out of character for No Doubt." ...

When the challenged use of a trademark appears in an artistic work that implicates First Amendment protections, some courts have concluded that the standard "likelihood of confusion" test under the Lanham Act is inadequate to address First Amendment concerns. The seminal case is *Rogers v. Grimaldi* (2d Cir. 1989) 875 F.2d 994 (Rogers), in which the Second Circuit developed an alternative to the "likelihood of confusion" test to be used for titles of artistic works that borrow names protected by trademark. ...

The Second Circuit struck a different balance, holding that "in general the 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. In the context of allegedly misleading titles using a celebrity's name, that balance will normally not support application of the Act 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." (Rogers, *supra*, 875 F.2d at p. 999.) ...

Activision contends that we should construe section 17200 to incorporate the Rogers standard as an element of No Doubt's unfair competition claim, because the claim is "'substantially congruent'" to a trademark infringement claim under the Lanham Act, given that for both "the "'ultimate test'" is "'whether the public is likely to be deceived or confused by the similarity of the marks.'" [Citations.] (Academy of Motion Picture Arts v. Creative House (9th Cir. 1991) 944 F.2d 1446, 1457; see also MCA, *supra*, 296 F.3d at p. 902 [same likelihood of confusion test applies to Lanham Act claim and state law claim for unfair competition].) ...

Even if the Rogers "explicitly misleading" test might be applied to some section 17200 claims involving the unauthorized use of a celebrity's likeness (a conclusion we do not reach),⁸ the test does not apply to No Doubt's section 17200 claim. Activision overlooks the overarching conclusion in Rogers that the public interest in avoiding consumer confusion must be balanced against the public interest in free expression. (Rogers, *supra*, 875 F.2d at p. 999.) The "explicitly misleading" standard

⁸Although the "explicitly misleading" requirement of the Rogers test makes obvious sense when the title of an artistic work is at issue, and thus conventional "speech" is involved, we question whether it should apply when the actionable wrong is the misappropriation of a celebrity's likeness in a video game.

comes into play only after a determination has been made that a challenged use of a trademark is worthy of heightened First Amendment protection.

Here, we have already concluded that Activision's use of No Doubt's avatars is not "transformative" because the avatars are simply precise computer-generated reproductions of the band members that do not meld with the other elements of Band Hero to become, in essence, Activision's own artistic expression. In the case of such a "nontransformative" use of celebrity likenesses, "the public interest in avoiding consumer confusion outweighs the public interest in free expression" (Rogers, *supra*, 875 F.2d at p. 999), and it would make little sense to require No Doubt to make the almost impossible showing that Activision's nontransformative use of the No Doubt avatars was "explicitly misleading." Of course, to prevail on its section 17200 claim, No Doubt will still have to demonstrate that members of the public are likely to be deceived by Activision's use of the likenesses.

In sum, the trial court did not err in denying Activision's motion to strike No Doubt's section 17200 claim based on Activision's contention that its challenged use of the No Doubt avatars was not explicitly misleading. ...

Governator Problem

Does this bobblehead doll violate Arnold Schwarzenegger's right of publicity? (As a reminder, following his action-movie acting career, Schwarzenegger went into politics and served as Governor of California from 2003 to 2011.)



Tony Twist Problem

Anthony Rory Twist was a hockey player who played for the St. Louis Blues and the Quebec Nordiques. He was known as an “enforcer” who would pummel players from the opposing team if they disrespected or acted too aggressively toward his teammates.

Antonio Carlo Twistarelli a/k/a Tony Twist is a villain who appears in thirty-six issues of the Spawn comic book series by Todd McFarlane. MacFarlane has sometimes given away copies of Spawn comic books as promotions at hockey games.

Does Anthony Twist have a right of publicity case against McFarlane?



G Personality Rights Under Trademark Law

Lanham Act

35 U.S.C. § 1052 [Lanham Act § 2] - *Trademarks registrable on principal register; concurrent registration*

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

- (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.
- (e) Consists of a mark which ... (4) is primarily merely a surname

Peaceable Planet, Inc. v. Ty, Inc.
362 F.3d 986 (7th Cir. 2004)

POSNER, Circuit Judge.

Although cases and treatises commonly describe personal names as a subset of descriptive marks, it is apparent that the rationale for denying trademark protection to personal names without proof of secondary meaning can't be the same as the rationale just sketched for marks that are "descriptive" in the normal sense of the word. Names, as distinct from nicknames like "Red" or "Shorty," are rarely descriptive. "Niles" may evoke but it certainly does not describe a camel, any more than "Pluto" describes a dog, "Bambi" a fawn, "Garfield" a cat, or "Charlotte" a spider. (In the Tom and Jerry comics, "Tom," the name of the cat, could be thought descriptive, but "Jerry," the name of the mouse, could not be.) So anyone who wanted to market a toy camel, dog, fawn, cat, or spider would not be impeded in doing so by having to choose another name.

The reluctance to allow personal names to be used as trademarks reflects valid concerns (three such concerns, to be precise), but they are distinct from the concern that powers the rule that descriptive marks are not protected until they acquire secondary meaning. One of the concerns is a reluctance to forbid a person to use his own name in his own business. Supposing a man named Brooks opened a clothing store under his name, should this prevent a second Brooks from opening a clothing

store under his own (identical) name even though consumers did not yet associate the name with the first Brooks's store? It should not.

Another and closely related concern behind the personal-name rule is that some names are so common — such as “Smith,” “Jones,” “Schwartz,” “Wood,” and “Jackson” — that consumers will not assume that two products having the same name therefore have the same source, and so they will not be confused by their bearing the same name. If there are two bars in a city that are named “Steve’s,” people will not infer that they are owned by the same Steve.

The third concern, which is again related but brings us closest to the rule regarding descriptive marks, is that preventing a person from using his name to denote his business may deprive consumers of useful information. Maybe “Steve” is a well-known neighborhood figure. If he can’t call his bar “Steve’s” because there is an existing bar of that name, he is prevented from communicating useful information to the consuming public.

David B. Findlay, Inc. v. Findlay
18 N.Y.2d 12 (1966)

Keating, Judge:

When should a man’s right to use his own name in his business be limited? This is the question before us.

The individual plaintiff David B. Findlay (“David”) and the individual defendant Walstein C. Findlay (“Wally”) are brothers. The Findlay art business was founded in 1870 by their grandfather in Kansas City. Their father continued and expanded the business with a Chicago branch managed by Wally and a New York branch established and managed by David on East 57th Street. In 1936 the Kansas City gallery was closed and in 1938, after a dispute, the brothers separated. By agreement David, as president of Findlay Galleries, Inc., and owner of nearly all of the stock of the original Missouri corporation, sold to Wally individually the Chicago gallery and allowed Wally to use the name “Findlay Galleries, Inc.” in the conduct of his business in Chicago. Wally organized an Illinois corporation under the name “Findlay Galleries, Inc.” in 1938 and has since operated his Chicago gallery. He also opened, in 1961, a Palm Beach, Florida, gallery.

David, since the separation, has operated his gallery on East 57th Street in Manhattan. For many years he has conducted his business on the second floor of 11-13 East 57th Street.

In October, 1963, Wally purchased the premises at 17 East 57th Street and informed David of his plans to open an art gallery. David objected to Wally’s use of the name “Findlay” on 57th Street and by letter announced he would “resist any appropriation by you in New York of the name Findlay in connection with a gallery

* * * any funds spent by you to establish a gallery at 17 East 57th Street under the name Findlay Galleries, Inc. (or any variation thereof using the name Findlay) are spent at your peril.” David also, in self-defense and in an effort to survive, rented additional space at 15 East 57th Street so as to have a street level entrance.

David’s objections and pleas seemed to have some effect on Wally. As renovation on the building was carried on from October, 1963 to September, 1964, a large sign proclaimed the coming opening of “W. C. F. Galleries, Inc.” There was also a display and listing in the New York Telephone directory under the same name and similar advertisements in other publications. However, in September, 1964 the sign was suddenly changed to announce the imminent opening of “Wally Findlay Galleries” affiliated with “Findlay Galleries, Inc.” David immediately sought an injunction. Wally went ahead with his opening and erected a sidewalk canopy from the curb to the building displaying the name “Wally Findlay Galleries.”

The trial court made very detailed findings and, based on them, enjoined defendant from using the names “Wally Findlay Galleries”, “Findlay Galleries” and any other designation including the name “Findlay” in the conduct of an art gallery on East 57th Street. The Appellate Division has affirmed on the trial court’s findings and we find evidence to sustain them.

The trial court concluded that if injunctive relief were not granted, plaintiff would continue to be damaged by confusion and diversion and would suffer great and irreparable loss in his business and in his name and reputation. In his quarter of a century on East 57th Street David has established a valuable good will and reputation as an art dealer. Through hard work, business ability and expenditure of large sums of money, David has reached the level where a significant portion of his business comes from people who have been referred to him by others and told to go to “Findlay’s on 57th St.”

The effect of Wally’s new gallery, with its long canopy, can only be that those looking for “Findlay’s on 57th St.” will be easily confused and find their way into Wally’s rather than David’s gallery. Though Wally perhaps did not deliberately set out to exploit David’s good will and reputation, the trial court found, and we agree, that such a result would follow if Wally were permitted to operate a gallery under the name “Wally Findlay Galleries” next door to David.

There were numerous instances of people telephoning or asking at David’s for personnel of Wally’s or for art work exhibited at Wally’s. Many regular customers congratulated David on the opening of “his” new gallery next door. Moreover, advertisements frequently appeared on the same pages of the local press for “Findlay Galleries”, “Findlay’s”, or “Wally Findlay Galleries” thus making it very difficult to tell whose advertisement it was. Even the art editors and reporters referred to Wally as “Findlay Galleries” — the name used for many years by David — or as “the new Findlay Gallery.”

It is apparent that confusion has and must result from Wally's opening next to David. This is compounded by the fact that both brothers have for years specialized in French impressionist and post-impressionist painters. Therefore, quite naturally, both brothers have in the past dealt in the works of such famous deceased painters as Modigliani, Degas, Renoir, Gauguin, Bonnard, Braque, Monet and many others.

Although someone seeking a Renoir from David is unlikely to purchase a Degas from Wally, it is likely that with respect to some of the lesser-known impressionists such diversion might happen. More important, someone wishing to own a nude by Modigliani, a dancer by Degas or a portrait of a girl by Renoir would not necessarily have a particular painting in mind and would likely purchase any of these species, whether it be in Wally's or David's. The items sold by the two brothers are not unique, nonsubstitutional works.

Moreover, art, particularly modern art, is sold only to those who see it. Works of art are sold to those who cross the threshold of the art gallery and the more people you get into your gallery, the more art you will sell. To this end David has worked hard to develop the name "Findlay's on 57th St." and bring in customers. Many people who have the finances to purchase art do not necessarily have the knowledge to distinguish between the works of all the various painters represented by galleries such as Wally's or David's. For this reason they rely on the reputation of the gallery. David has spent over 25 years in developing satisfied customers who will tell others to go to "Findlay's on 57th St." This good will brings in customers who look for a work of art that suits their fancy and, if Wally were to continue to use the name Findlay, it is inevitable that some would walk into Wally's by mistake and would have their tastes satisfied there, to David's great harm.

The so-called "sacred right" theory that every man may employ his own name in his business is not unlimited. Moreover, fraud or deliberate intention to deceive or mislead the public are not necessary ingredients to a cause of action.

The present trend of the law is to enjoin the use even of a family name when such use tends or threatens to produce confusion in the public mind. Whether this confusion should be satisfied by misplaced phone calls or confusing advertisements alone we do not decide because there has been a finding that diversion, as well as confusion, will exist if Wally is not enjoined. Thus it is clear that the "confusion" with which we are dealing includes impairment of good will of a business.

In *Meneely v. Meneely* (62 N.Y. 427) this court noted that one can use his own name provided he does not resort to any artifice or contrivance for the purpose of producing the impression that the establishments are identical, or do anything calculated to mislead the public.

Thirty-five years later, we noted that, as a general principle of law, one's name is his property and he is entitled to its use. However, it was equally a principle of law that no man can sell his goods as those of another. "He may not through unfairness,

artifice, misrepresentation or fraud injure the business of another or induce the public to believe his product is the product of that other.” (World’s Dispensary Med. Assn. v. Pierce, 203 N.Y. 419, 424.)

Ryan & Son v. Lancaster Homes (15 N Y 2d 812, affg. 22 A D 2d 186) is distinguishable from the present case because there was lacking in Ryan the crucial finding that in the absence of relief plaintiff would be damaged by confusion and diversion. There was no real competition between the two businesses. Again, unlike the instant case where “Findlay’s on 57th St.” is synonymous in New York City with quality art galleries, “Homes by Ryan” had not become a trade name with a secondary meaning. The court reviewed the law and cited the rule in Meneely. “This rule has been qualified, as we have said, only to the extent that use of a family name will be restricted where such use tends or threatens to induce confusion in the public mind”.

In the present case Wally knew that David had conducted his business and built a reputation under the names “Findlay Galleries” and “Findlay’s on 57th St.” and that many years of effort and expenses had gone into promoting the name of “Findlay” in the art business on 57th Street. He also knew that people would come into his gallery looking for “Findlay Galleries” and even instructed his employees on this matter before he opened. Nonetheless he opened his gallery next door to David dealing in substantially similar works and using the name Findlay. The bona fides of Wally’s intentions do not change the applicable principles. The objective facts of this unfair competition and injury to plaintiff’s business are determinative, not the defendant’s subjective state of mind. Wally’s conduct constituted unfair competition and an unfair trade practice, and it is most inequitable to permit Wally to profit from his brother’s many years of effort in promoting the name of “Findlay” on 57th Street. Wally should use any name other than “Findlay” in the operation of his business next door to his brother.

In framing its injunction the trial court went no farther than was necessary to avoid the harm threatened. It prevented the use of the name Findlay but limited this to the particular area in which its use would cause confusion and diversion — East 57th Street. It resolved the conflict with as little injury as possible to Wally. The proof showed and the trial court found that many, if not most of the leading art galleries, are now located on Madison Avenue and in the area of the 60’s, 70’s and 80’s in New York City. Wally could probably have found an appropriate place for his New York gallery other than at 17 East 57th Street and can now either find such another location or remain where he is under some name such as “W. C. F. Galleries”.

The decision in this case is in accord with the directions of our court: “The defendant has the right to use his name. The plaintiff has the right to have the defendant use it in such a way as will not injure his business or mislead the public. Where there is such a conflict of rights, it is the duty of the court so to regulate the use of his name

by the defendant that, due protection to the plaintiff being afforded, there will be as little injury to him as possible.” (World’s Dispensary Med. Assn. v. Pierce, *supra*, p. 425.)

Melting Bad Problem, Re-Redux

Walter Blanco from Blancorp is back again with yet more ideas for possible trademarks for his clumpless ice-melter. Give your opinion on the following potential trademarks:

- JONES
- BETTE MIDLER
- JAY Z
- WALTER BLANCO
- ROBIN HOOD
- CALVIN COOL EDGE
- BLANCO’S BLUE