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# Films, Games & Books: Use of Third Party Trademarks

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**September 11, 2022**

# Agenda

- **Introduction: Why use trademarks in films, games or books?**
- **Use of trademarks without owner's consent**
  - **Grounds for action**
  - **Defences**
- **Use of trademarks with owner's consent**
  - **Regulatory issues**
  - **Contractual issues**

# Use without owner’s consent

# The US perspective

- **Trademarks are meant to protect businesses and consumers, so the use of trademarks in films requires a different analysis than copyrighted material.**
- **The use *within* the film is generally permissible without consent from the owner so long as the trademark is:**
  - **being used in the manner in which it was intended and not disparaged; and**
  - **there is no confusion or misrepresentation as to the source of origin of the product.**
- **Use of trademarks in project titles and within the project itself is permissible if not explicitly misleading and has artistic relevance to the project.**

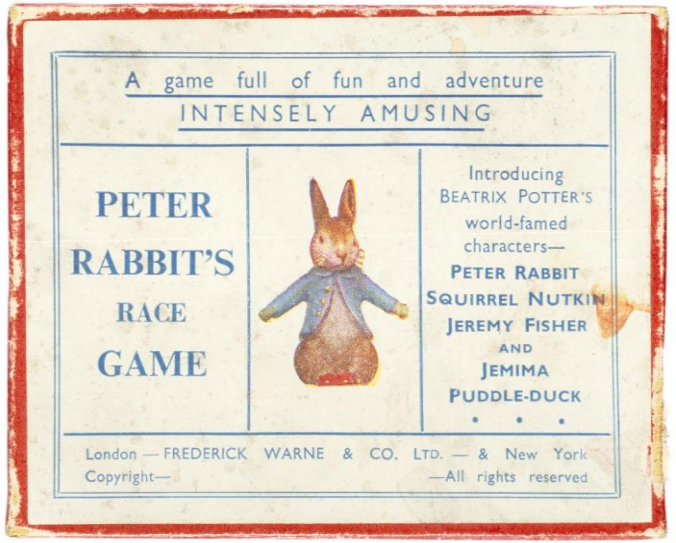
# Frederick Warne & Co. v. Book Sales, Inc.

**Full Citation: *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp 1191 (S.D.N.Y. 1979)**

- Plaintiff Warne published Beatrix Potter's popular book series, *The Tale of Peter Rabbit*, then in the public domain, and claimed trademark rights in the cover illustrations and character marks derived from those covers, such as the "sitting rabbit" and "running rabbit" appearing in *The Tale of Peter Rabbit*
- Defendant Book Sales published Potter's stories in a book titled *Peter Rabbit and Other Stories* which used eight illustrations from various Warne books, including some photographic reproductions from the original Warne covers used as "corner ornaments" in the Book Sales book. Warne sued for trademark infringement
- First, the court found that, although the marks could be capable of distinguishing Warne's books from others, because the marks could not clearly be said to be inherently distinctive, Warne had the burden to show the illustrations had acquired secondary meaning, or a representation of Warne's goodwill and reputation as a publisher

# Frederick Warne & Co. v. Book Sales, Inc. (cont.)

- The court ultimately denied Warne's motion for summary judgment on the likelihood of confusion issue, but discussed the possibility of "unfair competition if the party goes beyond mere copying" of a public domain work.
- The court warned that if any of the character marks used by Book Sales in ways they were "never used in the public domain books," and if those marks had "come to identify Warne publications," then this "danger of misrepresentation as to the source of copied public domain material may establish a claim for unfair competition."
- Nevertheless, with material facts in dispute and the court unable to establish the requisite elements from the record alone, the court denied plaintiff's motion for summary judgment



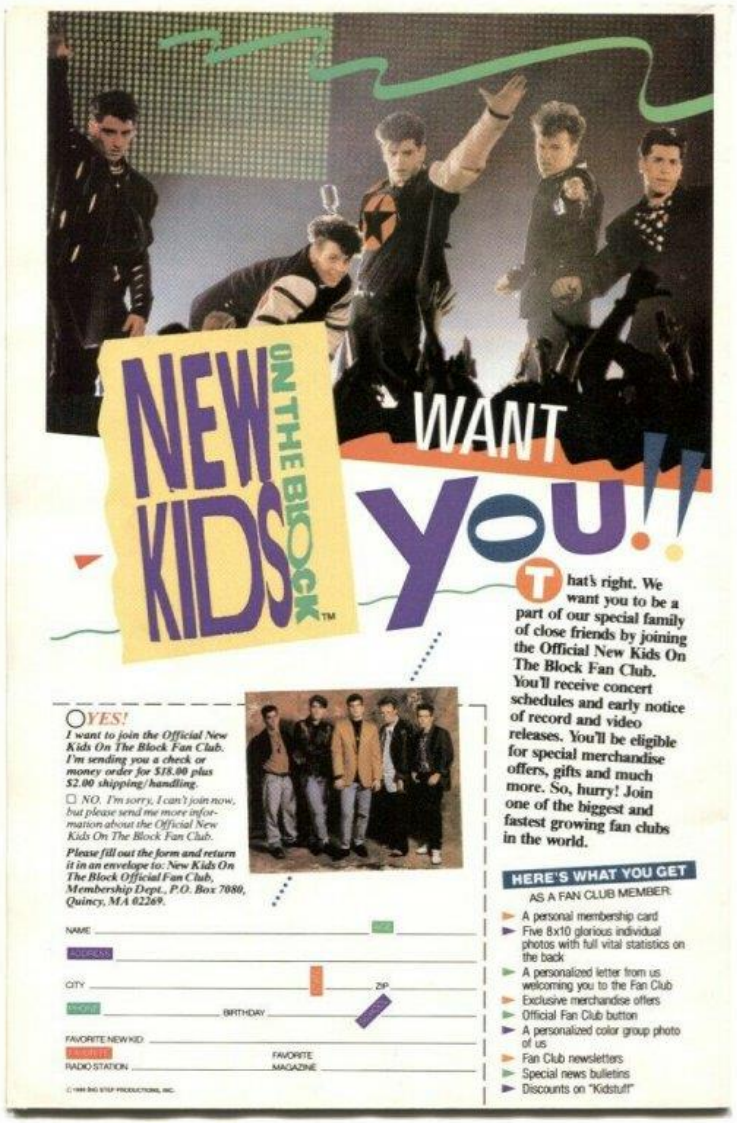
# Rogers v. Grimaldi

# Rogers v. Grimaldi

**Full Citation: *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1988)**

- In 1986, Italian film producer, Alberto Grimaldi, produced, "Ginger and Fred," an Italian film that told the story of two fictional cabaret performers, Pippo and Amelia, who imitated Rogers and Astaire and became known in Italy as "Ginger and Fred." Ginger Rogers brought suit against the filmmakers for their use of Rogers and Astaire's names in the title of the film, claiming that use of their names violated the Lanham Act by creating the false impression that the film is either about Rogers or that Rogers sponsored, endorsed, or was otherwise involved in the film.
- The Court recognized that titles of artistic works "are of a hybrid nature, combining artistic expression and commercial promotion," and thus consumers have an interest in both not being misled and in enjoying an author's freedom of expression. Balancing these interests, the Court held titles to be an expressive element requiring more protection than the labeling of commercial products.
- In holding for the filmmakers, the Court established the now well-known *Rogers* Test:
  - if a title to an artistic work that uses a trademark (1) has at least some "artistic relevance" to the work and (2) is not explicitly misleading as to the source or content of the work, it does not constitute false advertising under the Lanham Act

# New Kids on the Block v. News America

# New Kids on the Block v. News America

**Full Citation: *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302 (9th Cir. 1992)**

- News America Publishing – as two newspapers of national circulation, USA Today and Star Magazine – conducted polls of their readers about the New Kids on the Block: Which one of the New Kids is the most popular? Which of the New Kids on the Block would you most like to move next door?
- The New Kids filed suit, raising among other claims, trademark infringement, and Lanham Act false designation of origin. The defendant newspapers raised the First Amendment as a defense, arguing the polls were part of their "news-gathering activities."
- On appeal from the district court's grant of summary judgment in favor of defendants, the Ninth Circuit refused to address the constitutional claim, finding resolution on grounds of nominative fair use
- The Court held a commercial user is entitled to a nominative fair use defense if: (1) the product or service in question is one not readily identifiable without use of the trademark; 2) only so much of the mark or marks is used as is reasonably necessary to identify the product or service; and (3) the user does nothing that would, in conjunction with the mark; suggest sponsorship or endorsement
- The Court held the defendants were entitled to the fair use defense to trademark infringement because they had used the name to identify the group and not to imply the group's endorsemen

# Wham-O v. Paramount

[redacted]

| | |
|---|---|
| Goods and Services | IC 028. US 022. G & S: WATER SLIDE TOYS. FIRST USE: 19600000. FIRST USE IN COMMERCE: 19600000 |
| Mark Drawing Code | (2) DESIGN ONLY |
| Design Search Code | 21.03.11 - Jungle gyms (play equipment); Seesaws; **Slides** (playground); **Slides**, water; Sliding boards; Swings; Teeter-totter; Trapeze<br>26.13.21 - Quadrilaterals that are completely or partially shaded |
| Serial Number | 73574701 |
| Filing Date | December 23, 1985 |
| Current Basis | 1A |
| Original Filing Basis | 1A |
| Published for Opposition | December 16, 1986 |
| Registration Number | 1430086 |
| Registration Date | March 10, 1987 |
| Owner | (REGISTRANT) KRANSCO MANUFACTURING, INC. CORPORATION CALIFORNIA 160 PACIFIC AVENUE SAN FRANCISCO CALIFORNIA 941334863<br><br>(LAST LISTED OWNER) WHAM-O, INC. CORPORATION DELAWARE 5903 CHRISTIE AVENUE EMERYVILLE CALIFORNIA 94608 |
| Assignment Recorded | ASSIGNMENT RECORDED |
| Attorney of Record | Nicholas Wiooorson |
| Description of Mark | THE MARK CONSISTS OF THE SINGLE COLOR YELLOW APPLIED TO THE ENTIRE SURFACE OF THE GOODS. THE MARK IS LINED FOR THE COLOR YELLOW. |
| Type of Mark | TRADEMARK |
| Register | PRINCIPAL-2(F) |
| Affidavit Text | SECT 15. SECT 8 (6-YR). SECTION 8(10-YR) 20070125 |
| Renewal | 1ST RENEWAL 20070125 |
| Live/Dead Indicator | LIVE |

[redacted]

# Wham-O v. Paramount

**Full Citation: *Wham-O, Inc. v. Paramount Pictures Corp.*, 286 F. Supp. 2d 1254 (N.D. Cal. 2003)**

- Wham-O brought claims of trademark infringement, unfair competition, and trademark dilution against Paramount for its use of the "Slip 'N Slide" product in the film, *Dickie Roberts: Former Child Star*
- To assess Wham-O's tarnishment claims, the court used the Ninth Circuit's four-part test, asking whether (1) the mark is famous; (2) defendant puts the mark to commercial use in commerce; (3) defendant puts the mark to use after the plaintiff's mark became famous; and (4) there exists a likelihood of dilution of the distinctive value of the mark. The fourth prong may involve either blurring of the mark as a unique identifier, or tarnishment through a mark's association with an inferior or offensive product or service.
- The court assumed satisfaction of the first three prongs, but found Paramount's use of Wham-O's marks did not plainly constitute dilution by either blurring or tarnishment
  - On tarnishment, the court found that while the slide was undoubtedly misused in the film, such misuse was "obvious and unmistakable" and would not likely cause consumers to form unfavorable associations with the mark
  - On blurring, again the court noted the slide's misuse in the film, but found that the kind of misuse does not make the plaintiff's marks less unique or identifiable

# Caterpillar v. Disney

# Caterpillar v. Disney

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

- Caterpillar, Inc. sued the Walt Disney Company for its use of Caterpillar-branded products in the film, *George of the Jungle 2*, on grounds of trademark infringement and trademark dilution, among others
- The film features the villain's henchmen riding Caterpillar bulldozers through the jungle and with the objective of destroying George's home, Ape Mountain
- Although the film used genuine Caterpillar products and with no other apparent alteration, the court found no trademark infringement and pointed to the "absence of any indication that the Defendants used Caterpillar's trademarks and products to drive the sales or some other consumer awareness" of the film
  - The court further noted its discomfort with allowing such use to be sufficient to constitute unfair competition, given that "the appearance of products bearing well known trademarks" is common in film and television
- The court also found unpersuasive Caterpillar's argument that Disney's use of its trademark and products constituted dilution on grounds that the film cast them in an "unwholesome or unsavory light"
  - Finding it "clear to even the most credulous viewer" that the bulldozers are operated by humans and therefore merely "inanimate implements" of the villain's scheme

# E.S.S. Entertainment 2000 v. Rock Star Videos, Inc.

# E.S.S. Entertainment 2000 v. Rock Star Videos, Inc.

**Full Citation: *E.S.S. Entm't 2000, Inc., v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008)**

- The Court considered whether defendant Rock Star Videos' depiction of an animated strip club, "Pig Pen," in the video game *Grand Theft Auto: San Andreas*, infringed upon the trademark or trade dress of the plaintiff's club, the Play Pen
- Although the *Rogers t*est traditionally involved the use of a mark in the title of an artistic work, for the first time the Ninth Circuit ruled there would be "no principled reason why [the test] ought not also apply to the use of a trademark in the body of the work."
- Thus, the Court applied the two-prong test to consider whether use of ESS Entertainment's trademarks was (1) artistically relevant to the expressive work in which it is used; and (2) not explicitly misleading
- The Court first found the inclusion of a strip club in similar look and feel as the Play Pen had "at least 'some artistic relevance'" in the context of the developer's desire to "recreate a critical mass of the businesses and buildings" that constitute an urban neighborhood reminiscent of East Los Angeles
- The Court held that the level of artistic relevance merely had to be "above zero"
- Such a finding thus satisfied the first prong of the *Rogers* test

# E.S.S. Entertainment 2000 v. Rock Star Videos, Inc. (cont.)

- On the second prong, the plaintiff argued the use would “confuse . . . players into thinking that the Play Pen is somehow behind the Pig Pen or that it sponsors Rock Star’s product”
- The Court dismissed plaintiff's argument, finding that:
  - “Nothing indicates that the buying public would reasonably have believed that ESS produced the video game or, for that matter, that Rockstar operated a strip club," and
  - that the plaintiff failed to provide any evidence that the animated strip club setting was "anything but generic”
- In so holding for Rock Star Videos, the Ninth Circuit expanded the application of the *Rogers* test, further shielding defendants’ use of trademarks in the body of artistic works

# Louis Vuitton Mallatier v. Warner Bros. Entm't

# Louis Vuitton Mallatier v. Warner Bros. Entm't

**Full Citation: *Louis Vuitton Mallatier S.A. v. Warner Bros. Entm't Inc.*, 868 F. Supp. 172 (S.D.N.Y. 2012)**

- Louis Vuitton brought trademark infringement actions against Warner Bros. on the basis of Warner Bros.' use of an allegedly infringing knock-off Louis Vuitton bag in the film, *The Hangover: Part II*
- Louis Vuitton argued the use of the infringing bag, and the film's affirmative misrepresentation that it was a true Louis Vuitton bag, created a likelihood of consumer confusion that the bag is genuine, and that Louis Vuitton sponsored and approved of Warner Bros.' use and misrepresentation
- The Court first considered whether Warner Bros.' use of Louis Vuitton's mark satisfied the two-prong test established in *Rogers v. Grimaldi* and thus, would not be actionable under the Lanham Act: (1) whether the use of the trademark has any artistic relevance to the underlying work whatsoever; and (2) whether such use is not explicitly misleading
- First, the Court concluded use of the bag had artistic relevance to the film's plot because Louis Vuitton's public significance as luxurious bore on the audience's perception of the character

# Louis Vuitton Mallatier v. Warner Bros. Entm't (cont.)

- As to the second prong – whether use of the mark is explicitly misleading – the Court noted that use of a mark is misleading if it "induces members of the public to believe [the work] was prepared or otherwise authorized" by the plaintiff. Such a determination requires inquiry into likelihood of confusion and must be framed in relation to the defendant's artistic work, and not to someone else's
  - In other words, Louis Vuitton must plausibly allege that Warner Bros. used the knock-off bag to mislead consumers into believing Louis Vuitton produced or endorsed the film
- Finding Louis Vuitton failed to allege the above, and after considering arguendo the allegations of confusion and concluding them to be implausible, the Court granted Warner Bros.' motion to dismiss

# Fortres Grand Corp. v. Warner Bros.

# Fortres Grand Corp. v. Warner Bros.

**Full Citation: *Fortres Grand Corp. v. Warner Bros. Entertainment, Inc.*, 763 F.3d 696 (7th Cir. 2014)**

- Fortres Grand developed and sold the desktop management security software, "Clean Slate," capable of wiping user changes to shared computers (i.e., public computers at libraries, schools, etc.)
- Fortres argued that Warner Bros.' use of the "the clean slate" to describe a hacking program in the film, *The Dark Knight Rises*, constituted trademark infringement on a theory of "reverse confusion"
  - "Reverse confusion" occurs when a senior user's products are mistaken as originating from (or being affiliated with or sponsored by) the junior user, oftentimes alleged when the junior user is a well-known brand capable of swamping the marketplace and overwhelming the small senior user
- Fortres's argument for reverse confusion rested on whether it plausibly alleged that Warner Bros.' use of "clean slate" to describe an elusive hacking program capable of eliminating information from any database on Earth caused a likelihood that consumers would be confused into thinking Fortres's software "emanates from, is connected to, or is sponsored by" Warner Bros.
- Because Fortres failed to allege facts making it plausible that such confusion amongst consumers would be likely, the Court affirmed the lower court's grant of summary judgment in favor of Warner Bros.

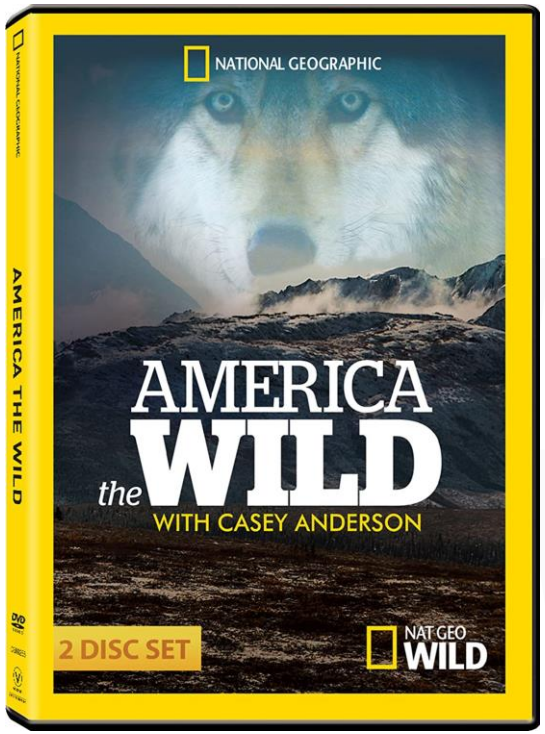
# AM Gen. LLC v. Activision Blizzard

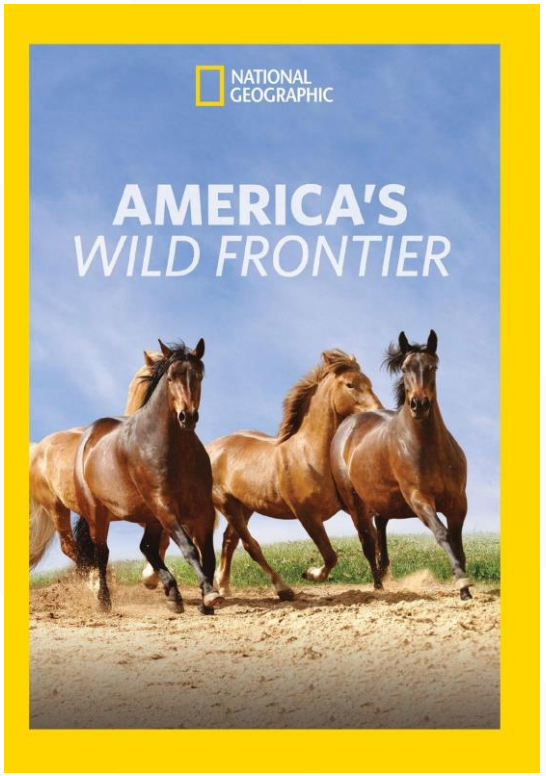
# AM Gen. LLC v. Activision Blizzard

**Full Citation: *AM Gen. LLC v. Activision Blizzard, Inc.*, 450 F. Supp. 3d 467 (S.D.N.Y. 2020)**

- AM General (AMG) is a government contractor that builds and supplies Humvees to the US Department of Defense
- AMG sued Activision for its depiction of Humvees in all iterations of the modern warfare video game franchise, *Call of Duty*, raising claims, among others, of trademark infringement, trade dress infringement, and dilution
- Because the *Call of Duty* games are "artistic or expressive" works, the Court applied the two-prong *Rogers v. Grimaldi* test: (1) whether the use of the trademark has any artistic relevance to the underlying work whatsoever; and (2) whether such use is not explicitly misleading
- Reiterating the low bar for "artistic relevance," the Court found Activision's use of Humvees to be artistically relevant because their inclusion heightened the game's sense of realism, an artistic goal of Activision in developing the video game franchise
- Finally, the Court found Activision's use to not be explicitly misleading because there was no similarity between the parties' respective products and no evidence of actual confusion

# Stouffer v. National Geographic

# Stouffer v. National Geographic

**Full Citation: *Stouffer v. National Geographic Partners, LLC*, 460 F.Supp.3d 1133 (D. Colo. (May) 2020)**

- In the Court's initial evaluation of the parties' motions to dismiss, the Court held that Colorado (in the Tenth Circuit) is not bound by *Rogers* and that "the *Rogers* test, without more, did not strike the appropriate balance between trademark rights and First Amendment rights."
- In light of this, the Court proposed a multi-factor "Genuine Artistic Motive" test:
  1. Do the senior and junior uses use the mark to identify the same kind, or a similar kind, or goods or services?
  2. To what extent has the junior user "added his or her own expressive content to the work beyond the mark itself"?
  3. Does the timing of the junior user's use in any way suggest a motive to capitalize on popularity of the senior user's mark?
  4. In what way is the mark artistically related to the underlying work, service, or product?
  5. Has the junior user made any statement to the public, or engaged in any conduct known to the public, that suggests a non-artistic motive? This would include "explicitly misleading" statements,... but is not confined to that definition.
  6. Has the junior user made any statement in private, or engaged in any conduct in private, that suggests a nonartistic motive?

# Stouffer v. National Geographic (cont.)

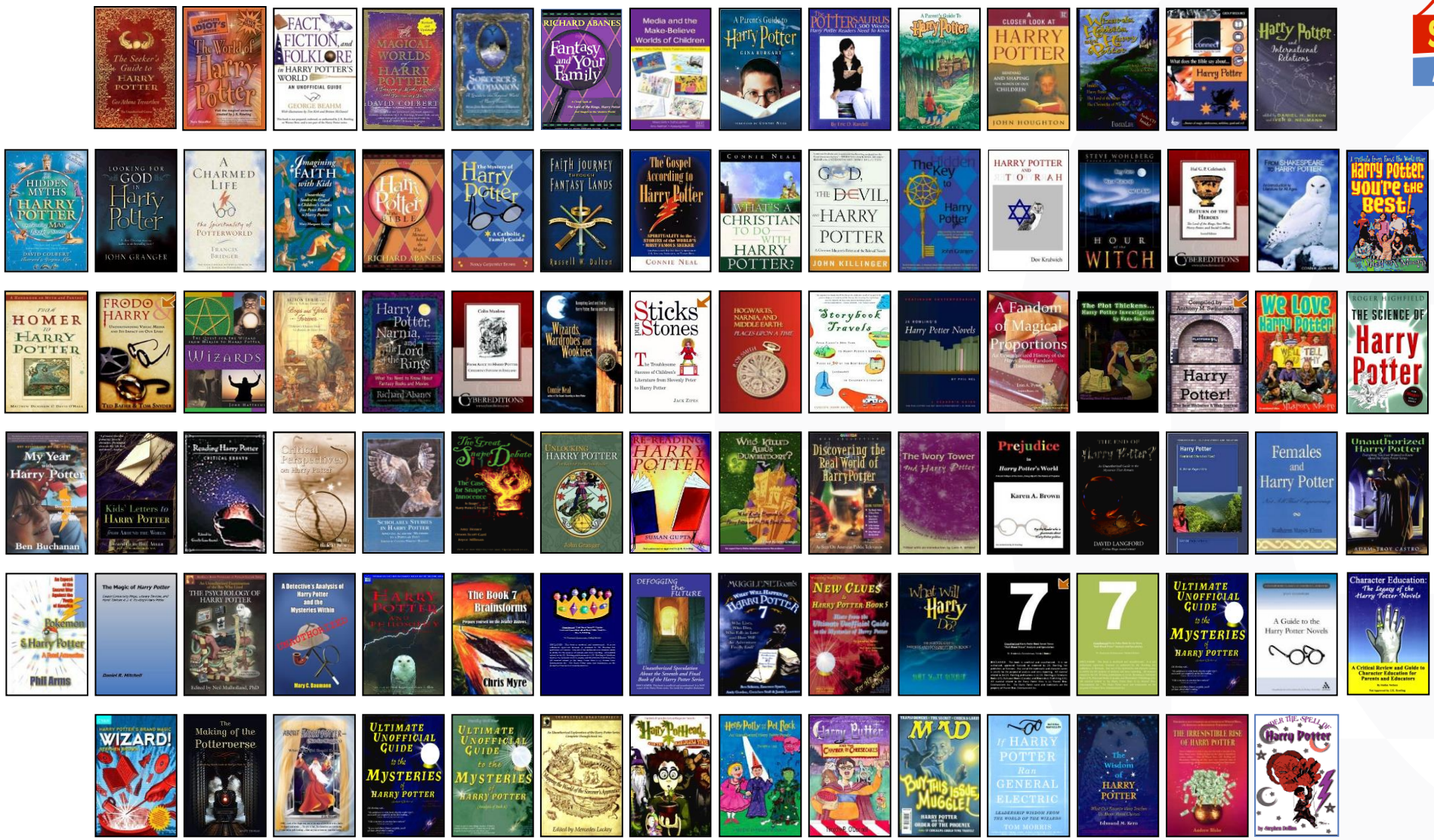
- Plaintiff Stouffer owns the mark, “Wild America,” the title of a series of nature documentaries produced by Marty Stouffer Productions
- Stouffer and National Geographic (Nat Geo) engaged in discussions regarding the potentially licensing or purchase of Stouffer’s Wild America film library, however Nat Geo ultimately declined
- Over the course of five years, Nat Geo released the television series: “Untamed Americas”, “America the Wild”, “Surviving Wild America”, and “America’s Wild Frontier”
- Stouffer brought causes of action for trademark infringement of his mark, Wild America
- After allowing the parties to re-plead and consider the Court’s new test, the Court used the “Genuine Artistic Motive” factors to answer the broad question: Did National Geographic have a genuine artistic motive for using Stouffer’s mark?
- Relying on the objective facts, the Court made three findings to ultimately conclude Nat Geo’s titles deserved First Amendment Protection:

1. The Nat Geo’s titles described the content of the series, corresponding closely to nature documentaries
2. No facts suggest Nat Geo attempted to “ride Stouffer’s wave” of consumer interest
3. Stouffer’s complaint provided “only the most generic accusations” that Nat Geo’s series should not be deemed its original expressive content

# Congress Endorses *Rogers* Test

- In December of 2020, the U.S. House of Representatives Committee on the Judiciary submitted a report to accompany the Trademark Modernization Act of 2020.
- In the report, the House Committee not only explained and examined the *Rogers* test, but also discussed the benefits and constitutional importance of the test:
  - [The *Rogers* test] appropriately recognizes the primacy of constitutional protections for free expression, while respecting a trademark owner's right to prevent unauthorized use of its mark and the public's interest in avoiding confusion. In enacting this legislation, the Committee intends and expects that courts will continue to apply the *Rogers* standard to cabin the reach of the Lanham Act in cases involving expressive works. The Committee believes that the adoption by a court of a test that departs from *Rogers*, including any that might require a court to engage in fact-intensive inquiries and pass judgment on a creator's "artistic motives" in order to evaluate Lanham Act claims in the expressive-works context would be contrary to the Congressional understanding of how the Lanham Act should properly operate to protect important First Amendment considerations, and upon which the Committee is relying in clarifying the standard for assessing irreparable harm when considering injunctive relief.
  - In effect rejects the *Stouffer* artistic motive test

# Some applications of *Rogers …*


The Seeker's Guide to Harry Potter
The World of Harry Potter
Fact, Fiction, and Folklore in Harry Potter's World
The Magical Worlds of Harry Potter
The Sorcerer's Companion
Richard Abanes
Fantasy and Your Family
Media and the Make-Believe Worlds of Children
A Parent's Guide to Harry Potter
The Pottersaurus
A Closer Look at Harry Potter
Wizards, Vampires, and Harry Potter
Harry Potter International Relations
Hidden Myths of Harry Potter
Looking for God in Harry Potter
A Charmed Life
Imagining Faith with Kids
Harry Potter Bible
The Mystery of Harry Potter
Faith Journey Through Fantasy Lands
The Gospel According to Harry Potter
What's a Christian to Do with Harry Potter?
God, the Devil, and Harry Potter
The Hidden Key to Harry Potter
Harry Potter and Torah
Hour of the Witch
Return of the Heroes
From Shakespeare to Harry Potter
Harry Potter you're the best!
From Homer to Harry Potter
Frodo Harry
Wizards
Harry Potter, Narnia, and the Lord of the Rings
Cyberediction
Wizards, Wardrobes and Wookiees
Sticks and Stones
Hogwarts, Narnia, and Middle Earth
Storybook Travels
Harry Potter Novels
A Fandom of Magical Proportions
The Plot Thickens...
Harry Potter!
We Love Harry Potter
The Science of Harry Potter
My Year with Harry Potter
Ben Buchanan
Kids' Letters to Harry Potter
Reading Harry Potter
Critical Perspectives on Harry Potter
Scholarly Studies in Harry Potter
The Great Snape Debate
Unlocking Harry Potter
Rereading Harry Potter
Who Killed Albus Dumbledore?
Discovering the Real World of Harry Potter
The Ivory Tower and Harry Potter
Prejudice in Harry Potter's World
Karen A. Brown
The Rise of Harry Potter?
David Langford
Females and Harry Potter
Unauthorized Harry Potter
Pokemon & Harry Potter
Phil Arms
The Magic of Harry Potter
The Psychology of Harry Potter
A Detective's Analysis of Harry Potter and the Mysteries Within
Mary C. Beaman
Harry Potter and Philosophy
The Book 7 Brainstorms
Chris Myre
Defogging the Future
What Will Happen in Harry Potter 7
New Clues in Harry Potter Book 5
What Will Harry Do?
7
7
Ultimate Unofficial Guide to the Mysteries of Harry Potter
A Guide to the Harry Potter Novels
Character Education: The Legacy of the Harry Potter Novels
A Critical Review and Guide to Character Education for Parents and Educators
Wizard!
The Making of the Potterverse
Ultimate Unofficial Guide to the Mysteries of Harry Potter
Ultimate Unofficial Guide to the Mysteries of Harry Potter
Edited by Mercedes Lackey
Harry Potter Head
Herb Potty and Pot Rock
Harry Potter and the Chamber of Cheesecake
MAD
But This Inside Muggle!
If Harry Potter Ran General Electric
Tom Morris
The Wisdom of Harry Potter
Edmund M. Kern
The Irresistible Rise of Harry Potter
Andrew Blake
Under the Spell of Harry Potter

(Ex. 50)


Random
Board 1
Board 2
TAP IMAGE TO REPLAY
OR SWIPE TO CHANGE
CRANK UP THE VOLUME AND MAKE SURE YOUR DEVICE IS NOT ON SILENT

# The European perspective

- After the exitement of litigation about use of third party trademarks in films, books and video games, I would like to present the less glamourous EU approach.
- Looking at some of the US cases, I wonder what the trademark owners were thinking (Vuitton, Caterpillar, Clean Slate).
- In the EU, the issue has been less heavily litigated.
- Despite the EU's more staid approach, the substantive outcomes would ordinarily not have been different.
- I will present the statutory framework in the EU that would ordinarily be applied by the courts and a French case that illustrates how far removed from that framework actual litigation can be

# Limitations on trademark rights

REGULATION (EU) 2017/1001 of 14 June 2017 on the European Union trade mark

Recital (21)
"[…]*Use of a trade mark by third parties for the purpose of artistic* ***expression should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters****. Furthermore, this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression*."

This is it.

EU trademark law does not provide a list of exceptions to trademark rights akin to those found in copyright law.

# Limitations on trademark rights (cont.)

- Article 14

"*Limitation of the effects of an EU trade mark*

1. *An EU trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:*

[…]

*(c) the EU trade mark* ***for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark****, in particular, where the use of that trade mark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.*

[…]

2. ***Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters***."

# Fundamental rights

CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION (2000/C 364/01)

- Article 11

"*Freedom of expression and information*

*1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.*"

- Article 13

"*Freedom of the arts and sciences*

*The arts and scientific research shall be free of constraint*."

# Fundamental rights (cont.)

- Article 17

*“Right to property*

*1. Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. […] The use of property may be regulated by law in so far as is necessary for the general interest.*

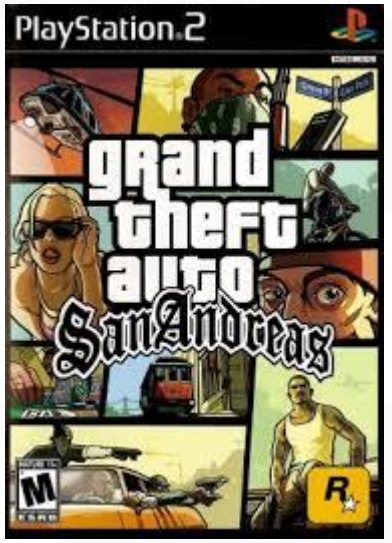
*2. Intellectual property shall be protected.”*

All of these fundamental rights are considered of equal importance.

# Litigating third party use of a trademark

- Third party trademarks can be used in creative works with or without the authorization of the trademark owner.
- Both can be lawful.
- Authorizing the use of a trademark in a film or video game can bring trademark owners significant benefits.
- Fortunately, creators can have financial and/or creative reasons for seeking trademark owners' authorization to use their products in a film or video game.
- Where the creators do not have a strong financial incentive to seek authorization, they may choose to use the trademarked product in a manner to avoid a succesful infringement lawsuit.
- For trademark owners, enforcing their rights against an unauthorized use in a creative work thus often becomes an uphill battle.

# Brands in video games



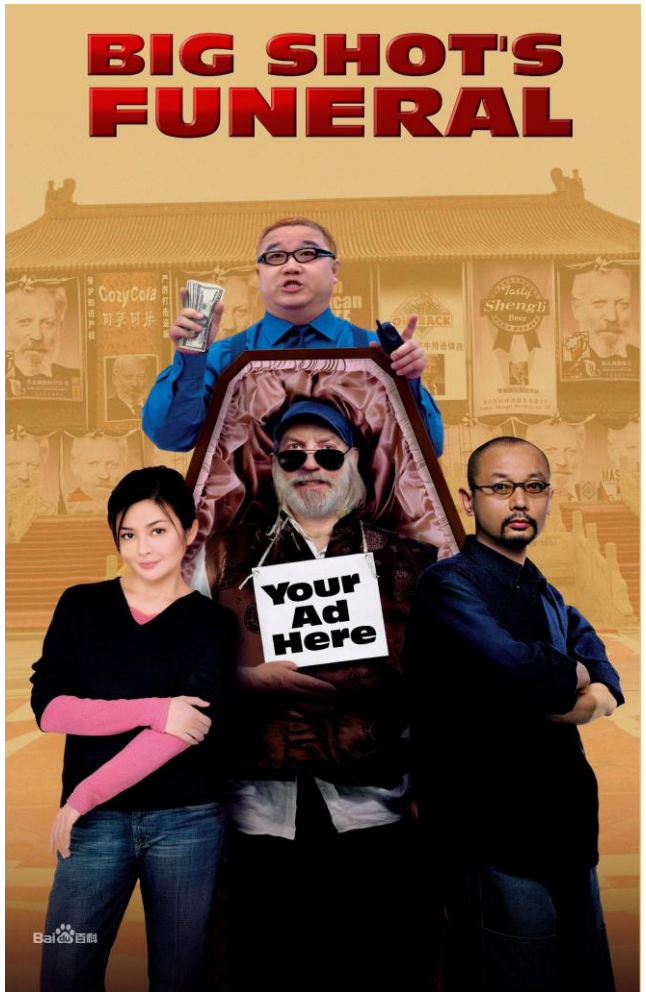
# Brands in video games

- Ferrari sued Take Two Interactive for copyright and design infringement of its 360 Modena and F40 models, and unfair and parasitic competition.
- The Paris court of appeal found no infringement and no unfair competition (Paris Court of Appeal, September 21, 2012, n. 11/00654):
- - the design éléments were common to a number of high end sports cars,
- - the model name « Turismo » was common and used by other sport car brands,
- -the logo of a sitting horse or rearing hare did not bring to mind Ferrari's rearing horse,
- - the use of a stylized « T » extending over the model name was not evocative specifically of Ferrari.

# Brands in video games (cont.)

- The French Supreme Court confirmed the non infringement.
- But, on the unfair competition claim, it held that the court of appeal should have analyzed the emblem, name and typeface together instead of each separately, and remanded on this issue (Cour de cassation, April 8, 2014, n. 13-10.689).
- On remand, the Paris court of appeal held  that the choice of these three elements was the result of a "*creative and parody approach*" and did not support an unfair or parasitic competition claim (Paris court of appeal, January 26, 2016, n. 2014/10931).
- Arguably, this holding should have been the starting point of the entire analysis, rather than the tail end of an infringment or unfair competition analysis.

# The Chinese perspective
## Film *Big Shot's Funeral*




**Donald Sutherland**, Canadian character actor, he has appeared in a large number of well-known films such as The Hunger Games, Dr. Whitehall. In 2018, he won the Academy Honorary Award.

In Big Shot's Funeral, Donald Sutherland plays a world-famous director Tyler who came to shoot a remake of "Last Emperor" in China. As no longer enthusiastic about this job, he later becomes a friend to a Chinese cameraman Yoyo. However, Tyler's health seems deteriorated and he asked Yoyo to give a comedy funeral for him in the "Chinese" way. During a trip to the temple, Tyler fainted and then his comedy funeral began to be planned.

# Film *Big Shots Funeral* (cont.)



**Le Haha**

Coca-Cola
可口可乐 注


**Wa Haha**

# Film *Big Shots Funeral* (cont.)


Bird for Mourning

报喜鸟
SAINT ANGEL

Dress Brand： Bird for Happiness

# The Chinese perspective

- **Grounds for action**
  - **Trademark infringement**
  - **Damage to reputation**
  - **Unfair competition**
- **Defenses**
  - **Parody**
  - **Descriptive fair use**

# Trademark infringement

- Article 57(1)&(2), *Trademark Law of P.R.China* （2019）

Any of the following conduct shall be an infringement upon the right to exclusively use a registered trademark:

(1) Using a trademark identical with a registered trademark on identical goods without being licensed by the trademark registrant.

(2) Using a trademark similar to a registered trademark on identical goods or using a trademark identical with or similar to a registered trademark on similar goods, without being licensed by the trademark registrant, which may easily cause confusion.

# Trademark infringement
# “Cross Fire” case

- Fact: *Cross Fire* is a world-famous online game developed by Smile Gate, Tencent is the distribution agency in mainland China, who enjoyed the trademark exclusive rights. Defendant developed and launched a first-person shooter mobile game called “Crossfire 2 (Counter-Strike Edition)” .Tencent(Plaintiff) sued Defendant for the infringement on exclusively use the trademark.
- **Holding: Constitute infringement**.
- Constitute the similar trademark： Firstly, the title of the D’s game is “Crossfire 2 (Counter-Strike Edition)”, in which “Counter-Strike Edition” and “2” are usually considered by the relevant public as the description of the game version, while “Crossfire” constitutes the most prominent part of the appellant’s game name. Secondly, when the D’s game title is displayed on the game start scene, the text “Crossfire” is more remarkable than the text “Counter-Strike Edition. ” Therefore, the use of the game title can be identified as “Crossfire”, which is similar to the P’s trademark.
- Constitute the same category of service： Both games belong to shooting online games, D’s service have constituted the same category of goods and services as P’s.

# Damage to reputation

- Statute—Article 1027.1 of  Civil Law Code, P.R.China

Where the literary and artistic works which are published by an actor and which describe a real person, a real event or a specific person, contain insulting or defamatory content, and infringe upon the right of reputation of another person, the victim has the right to request the actor to assume the civil liability according to the law.

- Elements

(1) Infringing act——defamation

(2) Damage——degradation of plaintiff's social evaluation

(3) Fault

(4) Causation

# Damage to reputation
## “Want Want Jelly” case

**In the TV drama *Grow up*, the hero, who is a doctor, recalled the death of his daughter while resuscitating a child suffocated in a car accident. At that time, the hero gave his daughter jelly to comfort her while he was suddenly  called to work overtime. When the hero rushed home to rescue his daughter, there were several empty jelly shells on the table. The above plot reflects that the little girl died of accidentally swallowing jellies. The brand of jelly appearing on the drama was “Want Want Jelly” while its appearance did not last for a second.**

# Damage to reputation
## "Want Want Jelly" case (cont.)

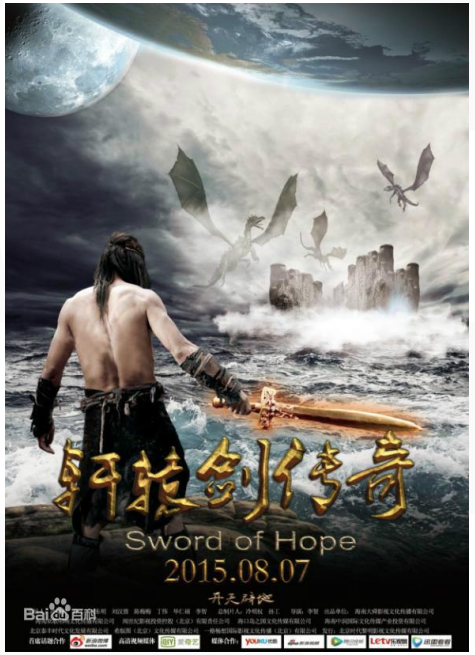
- Holding: **no reputation infringement**.
- No infringing act: **As long as the fictional plot appropriately reflects the inherent characteristics (including negative characteristics) of the products in the drama within the reasonable scope of the plot needs and does not depart from the public's general perception of the real product, it would not constitute defamation.** The brand-holder has the obligation to tolerate the use of its products as props in the film and TV series.
- No fault: The use of "Want Want Jelly" with negative connotations in the TV series has a basis in reality, **without exaggerating, or distorting its characteristics** and without giving the audience the impression that "Want Want Jelly" is more dangerous than other brands of jelly.
- In addition, the district court also mentioned the practice for the appearance of trademarks in film and TV series**: due to the freedom of expression, the use of real-life trademarks as props generally does not require the consent of the owner**, but should not exceed the reasonable boundary.

# Unfair competition

- **Statute - Article 6(1)&(2) of *Anti-Unfair Competition Law, P.R.China* (2019)**
- A business shall not commit the following acts of confusion to mislead a person into believing that a commodity is one of another person or has a particular connection with another person:
- (1) Using without permission a label identical or similar to the name, packaging or decoration, among others, of another person's commodity with certain influence.
- (2) **Using without permission another person's name with certain influence**, such as the name (including abbreviations and trade names) of an enterprise, the name (including abbreviations) of a social organization, or the name (including pseudonyms, stage names and name translations) of an individual.

# Unfair competition
## “Xuan Yuan Sword” case

- Plaintiff registered the trademark “Xuan Yuan Sword” mainly on the games and film production. Plaintiff developed a variety of games under the name “Xuan Yuan Sword” and authorized a third party to produce the “Xuan Yuan Sword” TV series and film. The defendant’s film, originally titled “Ancient Spell”, was changed to the title as “Legend of Xuan Yuan Sword” on the grounds that it “better reflected the plot.” Plaintiff sued for infringement on exclusively use the trademark and unfair competition.

# Unfair competition
## “Xuan Yuan Sword” case

- Holding: **constitute unfair competition**.
- After more than twenty years of use by the Plaintiff, the term “Xuan Yuan Sword” has become very distinctive and can be understood by the relevant users as the unique name of the “Xuan Yuan Sword” series of games. Therefore, **“Xuan Yuan Sword” constitutes the unique name of well-known goods and should be protected by the Anti-Unfair Competition Law**.
- Since Plaintiff conducted cooperation with others in another movie about “Xuan Yuan Sword”, Defendant‘s use of the word “Xuan Yuan Sword” as the main part of its movie title may easily **lead to the misunderstanding** that the movie “Legend of Xuan Yuan Sword” was filmed with Plaintiff’s authorization or that the film is related to Plaintiff’s game “Xuan Yuan Sword.” Therefore, in the particular context of this case, Defendant’s use as the film title constitutes an act of unfair competition under Article 5(2) of the *Anti-Unfair Competition Law*, which is using a well-known product’s name without the permission.

# Dilution

- **Normally, in China's practice, the doctrine of dilution cannot be a ground for action of unauthorized use of third-party trademarks in expressive works.**
- *Judicial Interpretation on Well-known Trademark*
- Article 9.2 Where it is sufficient to cause the relevant public to believe that there is a certain connection between the alleged trademark and the well-known trademark, thereby weakening the distinctiveness of the well-known trademark or derogating the market reputation of the well-known trademark, or improper use of the market reputation of the well-known trademark, such circumstance shall fall within the scope of "misleading the public and causing possible damage to the interests of the registrant of the well-known trademark" as specified in Paragraph 3, Article 13 of the Trademark Law.
- The doctrine of determining well-known trademark in China: On-demand determination, passive determination, case-by-case determination, and factual determination.

Full Citation: Interpretation of the Supreme People's Court on Several Issues Relating to Laws Applicable to Trial of Civil Dispute Cases Involving Protection of Well-known Trademarks (Amended in 2020)

# Parody
## "Micheling" case

- **Fact:** Defendants published a commercial pitch article titled "MICHELING Shanghai Guide 2010" on pages 38 and 39 of the Shanghai edition of their monthly English magazine *City Walk* and on their website. The article began with a reference to the "We launched a new copycat Micheling guidance…." The article, which later featured more than 10 French restaurants, bakeries, and bars in Shanghai, gave the restaurants star-ratings, ranging from 1 to 3, and indicated their respective addresses, and used images of a tire man graphic, "Micheling" and other word combinations similar to Plaintiff 's "Michelin" trademark

# Parody
## “Micheling” case (cont.)

- **Defense**: the article states at the beginning “We launched a new copycat Micheling guidance...”, which means that the writer already claimed this article is a copycat version of the article. The article was written by a foreigner, and the format of this article is preferred by foreigners to emulate the mainstream of foreign countries, which means it was a trademark parody.
- **Holding:** The court only considered Article 57 of the Trademark Law and thus found that the defendant's use constituted confusion with the plaintiff's Michelin trademark and therefore constituted trademark infringement.
- **As for the defense of trademark parody, the court held that this point did not affect the judgment of infringement of the defendant's conduct**. Considering the public impact achieved by the infringing graphs, the court found the tip could hardly play an indicative role and the defendant’s use of the infringing graphic mark objectively caused damage to the plaintiff's trademark.

# Parody
## “Micheling” case (cont.)

✓The Judge of Micheling case wrote an article to argue the non-infringing trademark parody should:

- **be non-commercial use,**
- **not cause public confusion**
- **have humorous effect.**

✓Scholar’s view：

- Trademark parody must substantially use the parodied trademark so that the general audience, including consumers, perceives that the parody is clearly directed at a certain trademark.
- In the case of trademark parody, we should **distinguish from symbolic use of a trademark and “use as a trademark.”**
- Symbolic use of a trademark in trademark parody is not accountable based on freedom of speech

# Parody
## “Big Shot’s Funeral” case

Scholar’s view

- Under the current Chinese law, it is difficult to seek remedies under the Trademark Law and the Anti-Unfair Competition Law for the trademark parody in the Film.
- The production of commercial movies relies on the artistic treatment of the famous trademark/brand to become a selling point, which is a typical commercial **“free-riding”** behavior.
- It may be possible to seek relief through **unjust enrichment** in the Civil Law Code.

# Descriptive fair use
## “Kung Fu Panda” case

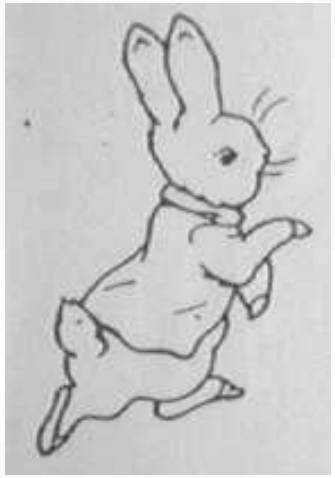
The plaintiff registered the trademark “Kung Fu Panda” in Class 41 for services such as film production. Later, he discovered that the animated film produced by Defendant would soon be released in mainland China under the title “KUNG FU PANDA 2”. The plaintiff considered that the above-mentioned acts of the defendant belonged to the use of similar marks on similar services with his registered trademark and sued for trademark infringement.

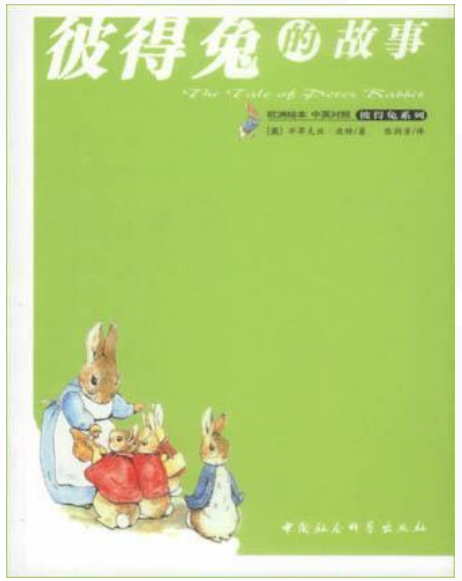

# Descriptive fair use
# “Kung Fu Panda” case (cont.)

- Holding: No infringement.
- The title of the film was used to **illustrate the content and characteristics** of the film. “KUNG FU PANDA” is narrative in nature, the use of the “KUNG FU PANDA” was not to distinguish the source of the movie. **Relevant public can distinguish the relationship between the title of the movie and the movie production company**. Using “KUNG FU PANDA” as the title of the film constituted a descriptive fair use of trademark and not “use as a trademark.”
- The appellate court also raised the test of descriptive fair use:
- Whether the allegedly infringing use was made in good faith and
- whether the allegedly infringing use was a use indicating the source of one’s goods and
- whether the allegedly infringing use was made only to illustrate or describe the characteristics of one's goods

# Descriptive fair use
## “Peter Rabbit” case

The plaintiff published a set of “Peter Rabbit series” books in April 2003, which gathered 19 fairy tales written by British author, Beatrix Potter. The books directly used the English title of Potter’s original work, English text, captions and illustrations. The defendant claimed plaintiff’s act constitute trademark infringement and  filed a complaint to the Beijing Administration for Industry and Commerce, which caused the plaintiff’s published books to be detained. The plaintiff asked the court to confirm its use of  the Peter Rabbit elements did not constitute infringement.






# Descriptive fair use
# "Peter Rabbit" case (cont.)

- Holding

- **Since the text and graphics of the "Peter Rabbit" trademarks registered by the defendant are derived from the works of Beatrix Potter, which have already entered the public domain, the defendant's exclusive right to these trademarks will be subject to certain restrictions**. Defendant cannot prevent others from fair use of the works.
- If the use of the words and graphics of the said trademark by others is used to illustrate the content of the work and not as a commercial mark, it would not constitute an infringement on  exclusively use the defendant's registered trademark.
- Therefore, Plaintiff's use of the title and illustrations belonged to the scope of the fair use and did not constitute the infringement.

# Descriptive fair use
# "Peter Rabbit" case (cont.)

- Scholar's view

In this case, the defendant's registration as a trademark owner is actually **an act of appropriating the public domain by extending the protection period**. According to *Copyright Law*, the fairy tale of "Peter Rabbit" and the literary image of "Peter Rabbit" have entered the public domain, and any member of the public can use the work by means of reproduction, distribution, performance, broadcasting, translation and adaptation. Therefore, the Plaintiff has the right to publish works created by Porter such as to use the "Peter Rabbit" text and graphics by means of reproduction and distribution. Although Vaughan registered the trademark of "Peter Rabbit", the publication of the book by Plaintiff is **a form of exploitation of the work, not use as a trademark**.

# Descriptive fair use
# “Peter Rabbit” case (cont.)

- Since 2013, descriptive fair use **has the statutory basis** in the *Trademark Law*.
- Article 59.1 The holder of the right to exclusively use a registered trademark shall have no right to preclude others from legitimately using the common name, design or model of goods on which the trademark is used, the direct indications of the quality, main raw materials, functions, uses, weight, quantity, and other features of goods, or the place name in the trademark.
- The application of this statute is very similar to the application in Kung Fu Panda case, which concerns：

(1)The use should directly illustrated the characteristics of the goods or services

(2)The use should be in good faith and honest

(3)The use should not fundamentally impair the trademark indication function of the registered trademark owner

# Use with owner’s consent

# The European perspective

- In practice, many third party trademarks appear in films and video games with the authorization of the trademark owner.
- I will therefore present the specific EU rules on product placement in films, which is commonly used in EU films as part of film financing.
- Even though these rules do not directly apply to trademark owners and film producers, their practical effects on product placement deals are important.

# EU - Product placement in films

DIRECTIVE (EU) 2018/1808 of 14 November 2018 amending Directive 2010/13/EU concerning the provision of audiovisual media services (Audiovisual Media Services Directive)

- Article 1
- "*For the purposes of this Directive, the following definitions shall apply:*
- *(m) "product placement" means any form of audiovisual commercial communication consisting of the inclusion of, or reference to, a product, a service or the trade mark thereof so that it is featured within a programme or a user-generated video in return for payment or for similar consideration;*"

**The Directive applies to EU broadcasters including video sharing platforms.**

# Product placement in films (cont.)

Before this Directive, product placement was prohibited under Directive 89/552/EEC of 3 October 1989 (Television Without Frontiers Directive), prohibited in principle with large swaths of exceptions under Directive 2010/13/EU of 10 March 2010.

Recital (33)

- "*The liberalisation of product placement has not brought about the expected take-up of this form of audiovisual commercial communication. In particular,* ***the general prohibition of product placement, albeit with some exceptions, has not created legal certainty for media service providers. Product placement should thus be allowed in all audiovisual media services and video-sharing platform services, subject to exceptions.***"

# Product placement in films (cont.)

Recital (10)

- "*In accordance with the case-law of the Court of Justice of the European Union (the 'Court'),* ***it is possible to restrict the freedom to provide services guaranteed under the Treaty for overriding reasons in the general public interest, such as obtaining a high level of consumer protection, provided that such restrictions are justified, proportionate and necessary****. Therefore, a Member State should be able to take certain measures to ensure respect for its consumer protection rules which do not fall in the fields coordinated by Directive 2010/13/EU. Measures taken by a Member State to enforce its national consumer protection regime, including in relation to gambling advertising, would need to be justified, proportionate to the objective pursued, and necessary as required under the Court's case-law*."

# Product placement in films (cont.)

Article 11

- *"1. Paragraphs 2, 3 and 4 shall apply only to programmes produced* ***after 19 December 2009****.*
- *2. Product placement shall be allowed in all audiovisual media services, except in news and current affairs programmes, consumer affairs programmes, religious programmes and children's programmes."*

Compare to Directive 2010/13: "*Product placement shall be prohibited. By way of derogation* […]*, product placement shall be admissible in* […] *(a) in cinematographic works, films and series made for audiovisual media services, sports programmes and light entertainment programmes; (b) where there is no payment but only the provision of certain goods or services free of charge, such as production props and prizes, with a view to their inclusion in a programme*."

# Product placement in films (cont.)

*"3. Programmes that contain product placement shall meet the following requirements:*

*(b) they shall not directly encourage the purchase or rental of goods or services, in particular by making special promotional references to those goods or services;*

*(c)* ***they shall not give undue prominence to the product in question;*** […]."

- *« In 2007, the animated film Ratatouille of the Disney-Pixar Studios takes place in the environment of French gastronomy. Skillfully placed in the center of the screen right in the first scene, the four principal specialized american magazines (Food & Wine, Cuisine at Home, Bon Appétit and Gourmet) file past one after the other. »*

(Trademark Placement in Films, overview, implementation and efficiency, Bressoud and Lehu, Cairn Info 2008/5, n. 233, pages 101 – 114)

# Product placement in films (cont.)

*"4. In any event programmes shall not contain product placement of:*

- *(a) cigarettes and other tobacco products, as well as electronic cigarettes and refill containers, or product placement from undertakings whose principal activity is the manufacture or sale of those products;*

- *(b) specific medicinal products or medical treatments available only on prescription in the Member State under whose jurisdiction the media service provider falls."*

# Product placement in films (cont.)

The application of this detailed regulatory scheme raises a number of questions that have apparently not been litigated in the EU courts:

- product placement in films produced outside the EU is not subject to the Directive, even where the trademark owner is an EU company;
- EU broadcasters that program films containing prohibit product placement (tobacco, fims aimed at children) may be liable for violation of the Directive as implemented in their country;
- where products or third-party trademarks are featured prominently in EU fims (e.g. Peugeot in the Taxi film series), they may be part of the creative narrative of the film, which could lead to a conflict between the restrictions of the Directive and the fundamental rights I discussed in the beginning.

# Limitations resulting from the scope of the panel topic

- The EU also has Directive 2006/114/EC of 12 December 2006 concerning misleading and comparative advertising, Directive 2005/29/EC of 11 May 2005 concerning unfair business-to-consumer commercial practices, as well as sector focused Directives such as Directive 2003/33/EC of 26 May 2003 relating to the advertising and sponsorship of tobacco products, Directive 2014/40/EU extending the EU rules on tobacco advertising and promotion to electronic cigarettes, and Directive 2001/83/EC, as amended by Directive 2004/27/EC on medicinal products for human use.
- These are complemented by advertising regulations in each EU member state that are not harmonized.
- These laws and regulations should be kept in mind when product placement in films and video games is being considered, depending on the type of product (tobacco, medecin) and audience (children), and on the countries of interest to the trademark owner and the film producer (film financing and subsidies).

# The Chinese perspective

## Typical form: product placement



# Product placement contract

## Typical terms on contracts (in film or TV drama)

- **Clear agreement on details**
  - The category of placed products/brands, the function of placement
  - The form, number, location, duration of its placement
  - Relationship between the placed product and the character persona
  - Placement restrictions, prohibitions (exclusion of using form)
  - Placement of associated script scenes and line attachments

- **Risk Prevention for the right-holder**
  - Agreement on copyright ownership and scope of use of the placed content
  - Restrictions on the placed content by relevant actors and Separate authorization for the extra use of the placed content
  - Avoid negative impact when designing the plot of the product placement
  - Settlement of payment and responsibilities for the failure to comply with the contract due to director's edit or content censorship

# Final remarks

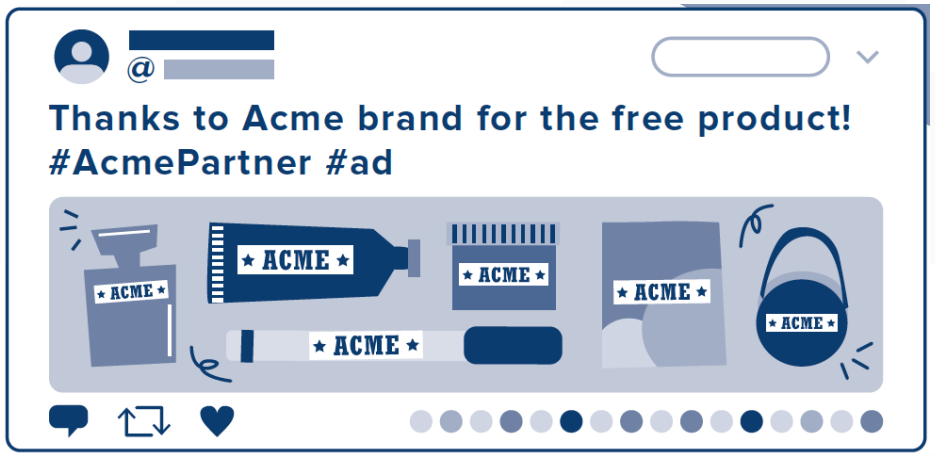
- Under Chinese law, use of third party's trademark in works may involve suits for trademark infringement, reputation infringement and unfair competition while dilution theory has not been applied in China.
- As for the trademark infringement, the defense is generally descriptive fair use. Since it does not constitute use as a trademark, the use of third party's trademark would not constitute infringement.
- Use of a trademark as the title of a work is more likely to be infringing than the use of a trademark in the content of the work.
  - ✓Mere appearance of a third party's trademark in the content of a work will always not enter into a lawsuit due to freedom of speech.
  - ✓ Using the trademark in the content of the work would always have relevant explanations and seldomly cause public confusion.

# The US perspective
## Social Media Disclosures & Endorsements
### U.S. Federal Trade Commission (FTC)

- The FTC regulates advertising practices in the United States to avoid deceptive advertising and protect consumers.
- With the steady rise of online advertising and the use of influencers to act as brand ambassadors to reach larger audiences on social media, the FTC instituted a series of regulations aimed as avoiding deceptive advertising practices online.

# Social Media Disclosures & Endorsements
## U.S. Federal Trade Commission (FTC) (cont.)

- Whenever a social media influencer endorses a product, they are required to disclose their relationship or "material connection" with the brand.
  - ❖ According to the FTC, a "material connection" includes a personal, family, or employment relationship or a financial relationship – "such as the brand paying you or giving you free or discounted products or services."
- Disclosures on social media must be hard to miss and avoid any vague or unclear terms.




Source: FEDERAL TRADE COMMISSION, DISCLOSURES 101 FOR SOCIAL MEDIA INFLUENCERS (November 2019).

# Thank you for your attention

# Questions?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