

by Leonard Glickman

News analysis

Marking problems in the media

Trademarks are intimately involved in the entertainment industry in terms of product placement but the relationship between trademarks, the products they support and the use of the product in film or TV has caused intriguing problems which frequently strike at the very heart of what trademarks are all about, especially where trademark owners feel that the depiction of the mark - particularly if it is unauthorized - is likely to harm them.

Placing the product

Product placement in film and television productions (also known sometimes as brand integration or embedded marketing) is a popular way for companies to advertise their goods and services and an additional source of financing and income for film and television producers.

The vast majority of product placements are implemented in accordance with a product placement agreement which sets out, among other things, the product placement fee payable by the brand owner, the specific branded products to be advertised, the context or scene in which the products will be featured and the length or duration of the scene.

In addition to providing the brand owner with the requisite comfort and control over the use of its brand in the film or television production, a product placement agreement also assists the producer in complying

with the clearance procedures mandated by the producer's errors and omissions liability insurance application. Generally speaking, where scenes are filmed depicting products which are associated with certain persons or corporations, insurer's counsel will require written releases granting the producer the right to film and use the products in the production.

Some of the better known product placements include:

- » Reese's Pieces – *ET*
- » Budget Rent-a-Truck – *Home Alone*
- » Taco Bell – *Demolition Man*
- » Red Stripe beer – *The Firm*
- » Fed Ex – *Cast Away*
- » Junior Mints – *Seinfeld*
- » Subway – *Happy Gilmore*
- » Pepsi – *Back to the Future*
- » Ray-Ban sunglasses – *Risky Business*, *Men in Black*
- » Hasbro action figures – *Small Soldiers*, *Toy Story*, *Transformers*
- » Omega Seamaster watches and Aston Martin cars – *James Bond* movies
- » Pepsi, Pizza Hut, Reebok, Doritos, Nuprin - *Wayne's World*

Although all of the above product placements were likely authorized, there are several instances where product placements have not been authorized by the brand owner and this has resulted in the commence-

ment of legal proceedings by the brand owner against the producer.

The *Heroes* case

In an episode of *Heroes*, a popular science fiction television series broadcast on NBC between 2006 and 2010 that chronicles the lives of ordinary people with superhuman abilities, a character sticks her hand in the garburator of a sink and pulls it out mangled and bloodied. Much to the chagrin of Emerson Electric Co., the owner of the *InSinkErator* brand, the *INSINKERATOR* mark is clearly visible in the scene, leaving viewers with the impression that the product is dangerous and can cause serious injury and disfigurement if improperly used. Emerson sued NBC in the US District Court in the Eastern District of Missouri claiming trade-mark infringement, unfair competition and dilution/tarnishment of the *INSINKERATOR* mark. The case was ultimately settled.

A *Caterpillar* problem

In *Caterpillar, Inc. v. The Walt Disney Company* (68 USP.Q 2d) (BNA) 1461 (C.D.Ill.2003), Caterpillar Inc., the Illinois-based manufacturer of earth-moving, construction and materials-handling machinery and engines, sought a temporary restraining order to prevent distribution of Disney's *George of the Jungle 2* on the basis that the movie portrayed its Caterpillar-branded equipment in a negative light. Caterpillar argued that the portrayal infringed and diluted its trade-mark rights and



constituted unfair competition and a deceptive trade practice. In his decision, Chief Judge McDade describes the context in which Caterpillar-branded products are used:

"The plot of the movie revolves around the Machiavellian machinations of Ursula's worldly mother, Beatrice, and Ursula's sophisticated fumbling former fiance, Lyle, to separate George from his beloved wife and son. In his misguided quest for Ursula's love and hand in marriage, Lyle conceives a plot to steal George's deed to Ape Mountain, which would allow him to send his "dastardly disciples" on bulldozers to destroy Ape Mountain. Presumably, the destruction of George and Ursula's home would somehow drive Ursula back into Lyle's waiting arms. To make a long story short, Lyle succeeds in obtaining the deed to Ape Island by theft. With this deed in hand, Lyle's minions move into action which is where Caterpillar enters the picture...."

The problem with *George 2* from Caterpillar's perspective is that Lyle's minions are shown in the movie driving Caterpillar bulldozers. These are genuine Caterpillar products bearing the CATERPILLAR and CAT trademarks on them with no apparent alterations. There are four separate scenes featuring the Caterpillar bulldozers. Three of these scenes show brief glimpses of the bulldozers moving toward Ape Mountain at various angles in which

a viewer could make out the CATERPILLAR trademarks.

However, these scenes are brief, averaging approximately ten seconds apiece. The final scene is a seven-minute battle scene between George and his animal allies against these bulldozers driven by Lyle's minions. Caterpillar's marks are clearly visible in several instances during this battle.

While the action is occurring onscreen, the narrator will occasionally chime in with the descriptions of the machines as "deleterious dozers," "maniacal machines" and other similar comments. The bulldozers, however, are not computer animated and look and perform as expected of their type; and it is clear that the bulldozers are operated by Lyle's henchmen. George and his allies manage to decommission these bulldozers in several different ways..."

The Court found that the plaintiff's claims were unlikely to succeed because "the bulldozers in the movie are operated by humans and are merely inanimate implements of [the villain's] environmentally unfriendly schemes." It would therefore be clear to viewers that the men operating the machines were the villains and not the bulldozers. Viewers of the movie would also be unlikely to attribute any approval or sponsorship of the movie by Caterpillar as required by the unfair competition provisions of the

Lanham Act¹ which defines unfair competition as "using in commerce any mark that is likely to cause confusion, mistake, or deceive as to the affiliation, connection, or association...or...the origin, sponsorship or approval of [one person's] goods, services or commercial activities by another person."

Frisbee freedom

In *Wham-O, Inc. v Paramount Pictures Corporation*, (101 Fed. Appendix 248 (9th Cir.2004)), the plaintiff was Wham-O, Inc., the owner of a number of recognizable consumer brands including *Frisbee* discs, *Slip 'N Slide* water slides, and *Hula Hoop* toy hoops.

The company is described on its website as follows: "With over 60 years of cultural and commercial significance, and with a line-up of consumer products that appeal to people of all ages, the Wham-O brand remains synonymous with fun, play and sport". Wham-O didn't think it was too funny when its *Slip'N Slide* product was used in the movie *Dickie Roberts: Former Child Star* without consent. In the movie, David Spade's character launches

¹ The Lanham (Trademark) Act United States Code 15, Chapter 22, concerns the federal law of trademarks in the US. Much legal analysis has been made of the assessment of reputational issues (often referred to as dilution) associated with the use of a given mark under the provisions of the Lanham Act and the subsequent US Trademark Dilution Revision Act of 2006. Other relevant provisions are found at both the State law level and in common law.

himself face first onto a dry Slip 'N Slide and comes to a painful and screeching halt.

Wham-O commenced claims for trade-mark infringement and trade-mark dilution but they were dismissed by the Ninth Circuit on the basis that the use was nominative and therefore permitted under the fair use provisions of the US Trademark Dilution Revision Act of 2006 which states that "any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of service for the person's own goods or services" is not actionable as dilution by blurring or tarnishment.

In addition, viewers would not likely assume any sponsorship or approval of the movie by Wham-O and the scene in the movie in which the slide appeared was so exaggerated, it would not tarnish or dilute the mark. As an aside, Canada does not have a fair use doctrine for trade-marks and this defence would not be available to a producer/defendant.

The other side

The foregoing are examples of brand owners objecting to unauthorized product placement. Not all brand owners object to the unauthorized use of their brands in film or television productions. In fact, one brand owner promoted the fact that its branded product was used in one of the hugely successful

Twilight films and found itself on the other side of a lawsuit commenced by Summit Entertainment, LLC, the film's producer. B.B. Dakota, Inc. discovered that Bella Swan, the character played by Kristen Stewart, was wearing a blue Dakota-branded cargo jacket in the first *Twilight* film.

The jacket was purchased at a store by one of the film's stylists and used without B.B. Dakota's knowledge or consent. Sales of the jacket skyrocketed and B.B. Dakota tried to leverage its link to the film by changing the jacket's name to the "Bella" jacket (it was previously known as the "Nicola" jacket) and promoting its use in the film on the company's website using still photos of the Bella character and the Bella and *Twilight* marks. In June of 2010, Summit Entertainment commenced an action in California against B.B. Dakota Inc. for copyright and trade-mark infringement.

A review of the B.B. Dakota website reveals that the jacket is again being called the "Nicola" jacket but the connection to the film still appears: "Bella Swan wears this jacket in *Twilight* and scores the hottest vampire in high school, and so can you!"

US and Canada

Although the cases in the United States to date have been decided in favour of the producer and against the brand owner, each case will turn on its particular facts and the context in which the marks are used.

In Canada, there have not been any major product placement cases reported to date. If the owner of a Canadian registered trade-mark was faced with the unauthorized use of its mark in a film or television production, the brand owner would likely allege infringement under Section 20(1) of the Canadian Trade-marks Act (the "Act") which states: "The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name..." or depreciation of goodwill under Section 22(1) of the Act which states: "No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto."

Is it "use"?

The infringement claim would likely fail on the basis that the producer did not in fact sell, distribute or advertise wares or services in association with a confusing trade-mark. The argument under Section 22(1) of the Trade-marks Act would likely not succeed as the depiction of the registered mark in a film or television production would not constitute "use" as set out in Section 4.1 of the Act:

"A trade-mark is deemed to be used in association with wares, if at the time of the transfer of the property



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trademarks associated with governmental organizations.¹³

Ironically, in the world of entertainment, even assumptions of what to protect may turn out to be wrong. In the light of the Disney trademark application, it was left to the US Navy itself to deny knowledge of what was being trademarked - or to admit their own filing was in response to that of the media group, according to the *Wall Street Journal* report. "The request for NAVY SEALS and SEAL TEAM was to broaden our existing portfolio," Cmdr. Hernandez [US Navy spokesman] said. The *Wall Street Journal* continues: "Yet Navy officials didn't file a request for 'SEAL TEAM SIX.' The Navy confirms the existence of SEAL Teams 1, 2, 3, 4, 5, 7, 8 and 10. The Navy has never acknowledged the existence of Team 9 while SEAL Team 6, the service's most elite hunter-killer team, is officially called the United States Naval Special Warfare Development Group, or DevGru. Unofficially, DevGru is widely known as SEAL Team 6."

But in the WSJ story, the US Navy remains tight-lipped: "We certainly would not request a trademark on a SEAL team that doesn't exist, like SEAL Team 6," said a Navy official."

¹³ Malla Pollack *Patriotism for Profit and Persuasion: Trademark, Free Speech and Governance Problems with Protection of Government Marks in the United States* in *The Trademark Reporter, The Law Journal of the International Trademark Association* Vol 100: 1181 No 5 [2010]

or in possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred."

In other words, "use" as contemplated in Section 22(1) would require use on actual goods transferred to a third party. Clearly, the use of a mark in a product placement situation would not satisfy the definition in Section 4.1 of the Act. Ultimately, a potential brand owner may have to turn to claims other than trade-mark claims to enforce its rights including copyright infringement if the mark in question is an "artistic work" under the US or Canadian copyright legislation or a claim for trade libel under which the brand owner would have to prove an intentional disparagement of the quality of its goods resulting in pecuniary damages.

In counselling producers, brand owners, or errors and omissions insurers, in connection with the unauthorized use of branded products in film and television productions, the best option is always a release and/or product placement agreement. In the absence of such release or agreement, the context in which the branded product is used must be assessed. If the product is used in a neutral or positive manner, it is unlikely to draw attention from the brand owner who may view such use as free advertising and

promotion. On the other hand, if the branded product is used in a negative context, it is likely to draw attention from the brand owner as was the case in the *Caterpillar* and *Wham-O* cases. Although the producers in those cases were ultimately vindicated in the legal proceedings commenced by the brand owners, the producer's errors and omissions insurer had to incur the defence costs of the litigation, likely resulting in increased premiums on future productions and closer scrutiny of the producer's clearance procedures on future productions.

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