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Quiet on Set! We Have a Trademark to Sell

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Quiet On Set! We Have a Trademark to Sell

Brittany Robbins*

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INTRODUCTION

“A trademark works as a symbolic handshake.”¹ It assures the superiority of the mark to anyone, anywhere looking to make a purchase.² Before the age of railroads, interstate commerce, and industrialization, most goods were produced and sold locally.³ There was no pressing need to distinguish one store from another, because everyone in town looking to buy Brittany’s Breads knew

¹ Laura A. Heymann, *The Law of Reputation and the Interest of the Audience*, 52 B.C. L. REV. 1341, 1385 (2011).

² *See id.*

³ See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 575–76 (2006).

exactly who Brittany was.⁴ This symbolic handshake was far from being merely symbolic.⁵ Goodwill was formed on the basis of a person's reputation as perhaps a meticulous dressmaker or as someone who provided quality service.⁶ The handshake between the seller and the patron guaranteed the service.⁷ But then, the population grew and urbanized.⁸ Transcontinental railroads opened, permitting goods to ship to consumers nationwide.⁹ As a result, the handshake that once guaranteed quality needed to be expressed in a different, symbolic way, and with that came the expansion of trademark law.¹⁰

One way to establish a mark's identity for today's broader consumer base is through trademark branding. Modern marketing science has found parallels between branding and its effects on memory and the legal concept of acquired distinctiveness.¹¹ A positive brand experience is embodied in a good memory, with "[t]he strongest brands in the world own[ing] a place in the consumer's mind."¹² It takes a mere fifty milliseconds—one twentieth of a second—for consumers to create their opinions about websites.¹³ Given that a consumer's perception of an entire website is formed that quickly, it is inconceivable that it would take much longer for a person to form a response to a mark used in product placement.

This Note will argue that unsponsored product placement dilutes a trademark by blurring its identity with that of the media in which it was placed.¹⁴ Finding trademark incorporation in product placement to be a commercial use of a mark under the Lanham

⁴ *See id.*

⁵ *See id.* at 575.

⁶ *See id.*

⁷ *See* Heymann, *supra* note 1, at 1385.

⁸ *See* Bone, *supra* note 3, at 576.

⁹ *See id.*

¹⁰ *See id.* at 578–79 (noting that prior to 1870, there were a total of 62 trademarks in the US, a stark contrast from the 100 filed annually between 1907 and 1909).

¹¹ *See* Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 512–13 (2008).

¹² *Id.* at 516 (quoting SCOTT M. DAVIS, BRAND ASSET MANAGEMENT: DRIVING PROFITABLE GROWTH THROUGH YOUR BRANDS 3 (2000)).

¹³ *See id.* at 508.

¹⁴ *See infra* Part III.

Act, will allow brands to retain ultimate control over how their marks are perceived. This will accordingly diminish the risk of trademark dilution. Part I of this Note will look at trademarks, how they are diluted, and the occasions where unauthorized use is exempted from causing dilution.¹⁵ Part II will analyze the conflicting degree of protection trademarks are granted in unauthorized product placement.¹⁶ Finally, Part III will argue that trademarks should be viewed as a commercial use when incorporated into media and, to prevent the risk of dilution, their use in product placement should only be permitted with the markholder's authorization.¹⁷

I. TRADEMARK LAW AND THE NEED TO PROTECT A BRAND'S REPUTATION

To identify a brand to consumers and differentiate it from its competitors, companies apply trademarks to their products and services.¹⁸ To be successful these marks must be distinctive.¹⁹ Trademarks that become generic lose their protection, as they can no longer distinguish a brand.²⁰ Similarly, dilution is defined to be the use of a mark which "impairs the distinctiveness" of the mark.²¹ There are only limited occasions during which a mark may be used without the markholder's permission.²² This introduces confusion into the characterization of product placement, and begets the question whether a reasonably prudent consumer can sufficiently differentiate a trademark from its use in product placement to prevent dilution.

¹⁵ See *infra* Part I.

¹⁶ See *infra* Part II.

¹⁷ See *infra* Part III.

¹⁸ See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 274 (1987).

¹⁹ See *id.* at 273.

²⁰ See Elizabeth L. Rosenblatt, *Rethinking the Parameters of Trademark Use in Entertainment*, 61 FLA. L. REV. 1011, 1023 (2009).

²¹ See 15 U.S.C. § 1125(c)(2)(A) (2012).

²² See *id.* at § 1125(c)(3).

A. *What is a Trademark?*

A trademark provides a shorthand by which consumers may recognize the maker of a good or service, that maker's reputation, and the quality of everything associated with the maker's trademark.²³ It permits a "company to 'brand' itself and distinguish its goods and services from those of its competitors."²⁴ Once a mark has branded itself and attained consumer approbation, trademark owners must make sure they continue investing in the quality of their services and products so that consumers remain loyal.²⁵ To help in this endeavor, trademarks are granted federal protection under the Lanham Act by holding civilly liable:

[a]ny person who . . . uses in commerce any word, term, name, symbol, or device . . . which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .²⁶

The Lanham Act protects uses of a mark in commerce.²⁷ As used in the statute, the word commerce references all commerce that Congress may legally regulate under the Commerce Clause.²⁸ In *United States v. Lopez*, the Supreme Court outlined three occasions when Congress may act under its Commerce Clause powers—it can regulate (1) channels of commerce, (2) instruments of commerce or things and people in commerce, and (3) economic activity that has a substantial effect on commerce.²⁹ In line with this definition, the commercial use of a trademark is found when:

²³ See Landes & Posner, *supra* note 18, at 269; see also *Top Tobacco, L.P. v. N. Atl. Operating Co.*, 509 F.3d 380, 381 (7th Cir. 2007).

²⁴ Lesli Harris, *The New Old Spice: Business Identities, Trademarks, and Social Media*, 31 MISS. C. L. REV. 309, 310 (2012).

²⁵ See Landes & Posner, *supra* note 18, at 270.

²⁶ 15 U.S.C. § 1125(a)(1)(A) (2012). The Lanham Act also provides for federal registration of a trademark. See Harris, *supra* note 24, at 310.

²⁷ See 15 U.S.C. § 1125(a)(1)(A).

²⁸ See *id.* § 1127.

²⁹ *United States v. Lopez*, 514 U.S. 549, 558–59 (1995).

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce . . .³⁰

It is also a use in commerce if the mark is placed “on services when it is used or displayed in the sale or advertising of services . . .”³¹

The Internet is considered an instrument of commerce that Congress can regulate.³² The Eleventh Circuit further found that the Internet’s global nature and extensive reach permits it to function as an instrument of commerce even where there are no actual sales.³³ Therefore, the mere act of creating an online home page that provides access to all users has been found to meet the Lanham Act’s “in commerce” requirement.³⁴ The two marks must simply be the same or practically the same, meaning alike enough that a sufficiently large portion of target consumers believe the derivative mark is identical to the protected mark.³⁵ For example, the expansive use of a mark on the Internet that was similar to Cable News Network’s CNN mark was found to impinge upon CNN’s ability to differentiate itself from its competitors in *Cable News Network, L.P., L.L.L.P. v. CNNNews.com*.³⁶ Accordingly, the

³⁰ 15 U.S.C. § 1127.

³¹ *Id.*

³² See *United States v. Trotter*, 478 F.3d 919, 921 (8th Cir. 2007); *United States v. MacEwan*, 445 F.3d 239, 245 (3d Cir. 2006); *United States v. Hornaday*, 392 F.3d 1306, 1311 (11th Cir. 2004).

³³ See *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1194–96 (11th Cir. 2001). For a similar holding in the Fourth Circuit, see *Cable News Network, L.P. v. CNNNews.com*, 177 F. Supp. 2d 506, 517–18 (E.D. Va. 2001), *aff’d in part, vacated in part sub nom.*, 56 F. App’x 599 (4th Cir. 2003) (finding that the offering of news and information on the Internet could be characterized as the use of a trademark in commerce under the Commerce Clause).

³⁴ See *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, No. 97 Civ. 0629 (KMW), 1997 WL 133313, at *3 (S.D.N.Y. Mar. 24, 1997), *aff’d*, 152 F.3d 920 (2d Cir. 1998).

³⁵ See *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 634 (9th Cir. 2007) (quoting *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 905 (9th Cir. 2002)).

³⁶ 177 F. Supp. 2d at 519.

Fourth Circuit held the *cnnews.com* website, which served as a source of news and information to Chinese-speaking people around the world but neither sold nor offered to sell goods outside of China, to be a use in commerce that created a possibility of economic harm to the CNN mark.³⁷ Similarly, in *Visa International Service Association v. JSL Corp.*, the District of Nevada found the use of the EVISA mark for an online homepage and domain name to be a use in commerce that was likely to dilute the well-known VISA mark.³⁸ The possibility of dilution is just one of the harms from which the Lanham Acts attempts to shield a trademark.³⁹

B. Threats to a Trademark's Strength

A trademark's reputation can be "gamed, possessed, and lost; it is valuable or priceless; [and] it can be borrowed or lent."⁴⁰ Though a markholder has control over the product it produces and introduces to the public, it is the consumers who are ultimately responsible for determining how the product is assessed and for dictating its reputation.⁴¹ Accordingly, as the value of a trademark can fluctuate, it must avoid any "distracting and inappropriate associations" which could threaten genericide or dilution.⁴²

³⁷ See *id.* at 521. Although under the 1995 Federal Trademark Dilution Act (FTDA), the Fourth Circuit required proof of more than the possibility of harm, actual harm is no longer required. See Deborah R. Gerhardt, *The 2006 Trademark Dilution Revision Act Rolls out a Luxury Claim and a Parody Exemption*, 8 N.C. J. L. & TECH. 213, 217 (2007).

³⁸ See *Visa Int'l Serv. Ass'n v. JSL Corp.*, 590 F. Supp. 2d 1306, 1313, 1316, 1320–21 (D. Nev. 2008), *aff'd*, 610 F.3d 1088 (9th Cir. 2010) (noting that the dilution standard has changed to likelihood of dilution and then finding dilution because use of EVISA on the Internet as a homepage and domain name was a use in commerce that was likely to cause dilution).

³⁹ See 15 U.S.C. § 1125(c) (2012).

⁴⁰ Heymann, *supra* note 1, at 1366.

⁴¹ See *id.* at 1342.

⁴² See Landes & Posner, *supra* note 18, at 307; see also Corina I. Cacovean, *Is Free Riding Aided by Parody to Sneak Between the Cracks of the Trademark Dilution Revision Act?*, 31 HASTINGS COMM. & ENT. L.J. 441, 453–54 (2009) (noting Posner's explanation that dilution could result when a junior user free rides on a famous trademark's goodwill and risks turning it generic).

1. Genericide

Markholders must police their marks and prevent them from being reduced to generic words, or the traditional adjectives used to describe products.⁴³ Generic terms may not be registered and protected under the Lanham Act.⁴⁴ In deciding whether a word is generic, courts look to dictionary definitions of the word, how competitors use the word, how the alleged markholder uses the word, how media uses the term, national testimony from people in that industry, and consumer surveys pertaining to the word.⁴⁵ Therefore, a mark that is, for example, used such that it becomes a household name with no substitute means of connoting the product, has become generic and is no longer protected under the Lanham Act.⁴⁶ Pilates, for example, became generic after it was mentioned repeatedly on local and national news and entertainment programs as a form of exercise rather than as the source of services or equipment.⁴⁷ Similarly, the mark MURPHY BED became generic for a bed that folds into a wall in part because of newspapers' and magazines' use of the term as a description for this particular kind of bed.⁴⁸ Another way a markholder risks losing protection is if its mark is diluted.

⁴³ See, e.g., *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905 (9th Cir. 2007); *Premier Nutrition, Inc. v. Organic Food Bar, Inc.*, No. SACV 06-0827 AG (RNBx), 2008 WL 1913163, at *3 (C.D. Cal. Mar. 27, 2008).

⁴⁴ See *Landes & Posner*, *supra* note 18, at 291.

⁴⁵ See, e.g., *Henry Heide, Inc. v. George Ziegler Co.*, 354 F.2d 574, 576 (7th Cir. 1965) (finding the term “jubes” generic, in part, due to extensive use of the term by manufacturers in consumer advertising); *Colt Def. L.L.C. v. Bushmaster Firearms, Inc.*, No. Civ.04-240-P-S, 2005 WL 2293909, at *22 (D. Me. Sept. 20, 2005); *Gaylord Entm't Co. v. Gilmore Entm't Grp.*, 187 F. Supp. 2d 926, 937 (M.D. Tenn. 2001) (citing *Nat'l Baseball Hall of Fame v. All Sports Promotion Grp., Inc.*, No. 99-CIV-3635 (KMW), 2001 U.S. Dist. LEXIS 1592, at *12 (S.D.N.Y. Feb. 20, 2001)).

⁴⁶ See *Henry Heide, Inc. v. George Ziegler Co.*, 354 F.2d 574, 576 (7th Cir. 1965) (finding the term “jubes” generic, in part, due to extensive use of the term by manufacturers in consumer advertising); *Colt Def. L.L.C. v. Bushmaster Firearms, Inc.*, No. Civ.04-240-P-S, 2005 WL 2293909, at *22 (D. Me. Sept. 20, 2005).

⁴⁷ See *Pilates, Inc. v. Current Concepts, Inc.*, 120 F. Supp. 2d 286, 302 (S.D.N.Y. 2000).

⁴⁸ See *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989).

2. Dilution

For Judge Posner, a successful brand hinges on a consumer's ability to instantly identify a product and accordingly, "know[] whom to hold responsible if the brand disappoints and whose product to buy in the future if the brand pleases."⁴⁹ Trademark dilution is founded on the policy that the distinguishing nature of a mark should be preserved.⁵⁰ The Trademark Dilution Revision Act of 2006 (TDRA) states that trademark dilution occurs when an individual adopts an owner's original mark in commerce, once that senior mark has become famous and acquired distinctiveness.⁵¹ The first person to use a mark within the United States is the senior user, and the later person to adopt the mark, here the person with the diluting mark, is the junior user.⁵²

Prior to the TDRA, under the 1995 Federal Trademark Dilution Act (FTDA), *Mosley v. V Secret Catalogue, Inc.* read dilution to require a finding of actual harm, rather than simply a "likelihood" of harm.⁵³ Justice Stevens, writing for the Court, held that the mere "mental association" between Victor's Secret, a lingerie store in Kentucky, and Victoria's Secret would, "not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA."⁵⁴ The TDRA was thus enacted in response to the *Mosley* holding, with the intent of broadening the Supreme Court's interpretation of dilution law so that it better protected senior marks.⁵⁵

The TDRA only requires injured parties to show that the infringing party "commences use of a mark or trade name in commerce that is *likely* to cause dilution."⁵⁶ The 2006 revision

⁴⁹ *Ty, Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002).

⁵⁰ *See* Cacovean, *supra* note 42, at 444.

⁵¹ 15 U.S.C. § 1125(c)(1) (2012).

⁵² *See* 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:5 (4th ed. 2012).

⁵³ *Mosley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

⁵⁴ *Id.*

⁵⁵ *See* Katya Assaf, *The Dilution of Culture and the Law of Trademarks*, 49 IDEA 1, 43 (2008) (explaining that many scholars believe this revision increased the scope of trademark protection).

⁵⁶ 15 U.S.C. § 1125(c)(1) (2012) (emphasis added).

also requires the original mark to be famous.⁵⁷ Posner explains that only after this point, where a trademark has become successful and easily identifiable to consumers, must a markholder worry about dilution.⁵⁸ Dilution can occur if the famous mark is subject to blurring or tarnishment.⁵⁹

3. Blurring

Frank Schechter was the first person to describe what is now known as dilution by blurring.⁶⁰ In 1927, he explained that if trademarks are allowed to be “used on different classes of goods, . . . there is not a single one of these fanciful marks, which will not, if used on different classes of goods, or to advertise different services, gradually but surely lose its effectiveness and unique distinctiveness . . .”⁶¹ When the TDRA was passed in 2006, it adhered closely to this definition.⁶² There are several factors the statute lays out for courts to consider when determining whether there has been dilution by blurring: (1) the similarity between the two marks, (2) the inherent or acquired distinctiveness of the famous mark, (3) the owner of the famous mark’s use is “substantially exclusive,” (4) the familiarity consumers have with the famous mark, (5) the mark or trade name’s purposeful association with the famous mark, and (6) the actual association existing between the two marks.⁶³

Although the likelihood of dilution requirement has lowered the bar to establish dilution, the holder of an original mark must

⁵⁷ *See id.*

⁵⁸ *See Ty, Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002).

⁵⁹ *See* 15 U.S.C § 1125(c)(1).

⁶⁰ *See* Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 VA. L. REV. 67, 106 (2012).

⁶¹ Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 829–30 (1927).

⁶² *See* 15 U.S.C § 1125(c)(2)(B) (“[D]ilution by blurring’ is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”). It should also be noted that the TDRA’s standard of likelihood of confusion differs from Schechter’s standard of actual confusion. *Compare* Schechter, *supra* note 61, at 825 (noting that the law only protects infringement if it injures a producer’s trade reputation or financial health), *with* 15 U.S.C § 1125(c)(1) (requiring that a mark be “likely to cause dilution . . . regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury”).

⁶³ *See* 15 U.S.C § 1125(c)(2)(B).

still show more than mere mental association between the two marks.⁶⁴ The statute has evolved over the years as can be evidenced through the case *Starbucks v. Wolfe's Borough Coffee*.⁶⁵ This case has been appealed and remanded a total of five times, and each successive opinion has demonstrated a more nuanced understanding of the TDRA.⁶⁶ Starbucks alleged but failed to prove that Wolfe's Mr. Charbucks brand coffee was infringing upon and diluting the Starbucks mark by blurring.⁶⁷ In 2008, the Southern District of New York held that the marks needed to be substantially similar to establish blurring.⁶⁸ The Second Circuit, however, disagreed, explaining that the TDRA does not use words such as "very" and "substantial" in conjunction with "similarity."⁶⁹ Moreover, the court explained that were the statute to compel a finding of substantial similarity, the application of the remaining five factors would necessarily be contingent on that finding.⁷⁰ Since a statute should be read to give meaning to every word,⁷¹ the court held that the TDRA did not require substantial similarity.⁷² In November of 2013, the Second Circuit revisited the Charbucks label.⁷³ It accepted the district court's findings that the Starbucks and Charbucks marks were only minimally similar due to Charbucks's Black Bear packaging and the words Mister or Blend

⁶⁴ See *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 559 F. Supp. 2d 472, 476 (S.D.N.Y. 2008).

⁶⁵ *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, No. 01 Civ. 5981 (LTS) (THK), 2005 WL 3527126 (S.D.N.Y. Dec. 23, 2005), *vacated*, 477 F.3d 765 (2d Cir. 2007), *remanded to* 559 F. Supp. 2d 472 (S.D.N.Y. 2008), *aff'd in part, vacated in part*, 588 F.3d 97 (2d Cir. 2009). It was first heard in 2005 under the FTDA. See *Starbucks*, 559 F. Supp. 2d at 474.

⁶⁶ *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 736 F.3d 198, 202–05 (2d Cir. 2013) (reviewing the case's procedural history—this case was appealed to the Second Circuit in 2007, which held that the TDRA should apply, and was subsequently remanded to the Southern District of New York in 2008, appealed to the Second Circuit in 2009, remanded again to the Southern District in 2011, and is now on appeal at the Second Circuit).

⁶⁷ *Starbucks*, 2005 WL 3527126, at * 9.

⁶⁸ *Starbucks*, 588 F.3d at 107.

⁶⁹ *Id.* at 108.

⁷⁰ *Id.*

⁷¹ See, e.g., *Setser v. United States*, 132 S. Ct. 1463, 1470 (2012) (quoting *United States v. Menasche*, 348 U.S. 528, 538–539 (1955)).

⁷² *Starbucks*, 588 F.3d at 109.

⁷³ *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 736 F.3d 198, 201 (2d Cir. 2013).

which always accompany the Charbucks mark when it is used in commerce.⁷⁴ Upon balancing the six non-exclusive factors laid out in the TDRA, the Second Circuit affirmed its previous holding that the Charbucks mark was only nominally similar and therefore not exemplary of dilution by blurring.⁷⁵

The TDRA does not require the two companies to be in direct competition, as they were in *Starbucks*, to establish dilution by blurring.⁷⁶ Nor does it matter whether the junior mark was used to identify the company's own goods, services, or business as falsely being the product of the senior mark holder.⁷⁷ Dilution by blurring must simply establish that the unauthorized use is "whittling away" at the senior, famous mark's selling power.⁷⁸

4. Tarnishment

The other statutory form of dilution is tarnishment, which occurs when there is "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."⁷⁹ One particular association for which case law generally finds tarnishment is where a junior mark associates itself with a famous mark to sell sex-related products.⁸⁰ The complaint Ben & Jerry's recently filed against Rodax distributors might exemplify this standard for finding tarnishment.⁸¹ Rodax created pornographic movies with titles such as *Ben & Cherry's* and *Boston Cream Thigh*, seeming paradigms for tarnishment.⁸²

⁷⁴ *Id.* at 208.

⁷⁵ *Id.* at 213.

⁷⁶ See *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 CIV.1611 PKC, 2012 WL 1022247, at *13 (S.D.N.Y. Mar. 22, 2012).

⁷⁷ See *id.* (explaining that blurring claims are not contingent upon a false designation of origin claim).

⁷⁸ See *id.* at *6.

⁷⁹ 15 U.S.C. § 1125(c)(2)(C) (2012).

⁸⁰ See *V Secret Catalogue Inc. v. Mosley*, 605 F.3d 382, 388 (6th Cir. 2010).

⁸¹ See *Ben & Jerry's Homemade, Inc. v. Rodax Distribs, Inc.*, 12 CIV. 6734, 2012 WL 3888233, at *1 (S.D.N.Y. Sept. 6, 2012).

⁸² See *id.* Other titles include *Everything But the Butt*, *Hairy Garcia*, *Late Night Snatch*, *American Cream*, *New York Super Fat & Chunky*, *Chocolate Fudge Bars*, *Coconut 7 Lay-Her Bar*, and *Peanut Butter D-Cups*, and *Banana Clit*.

Though tarnishment of a trademark is prohibited, there are certain exceptions to the TDRA where the unauthorized use of a trademark is not found to cause dilution.

C. *Exceptions to Trademark Infringement*

First Amendment concerns in trademark dilution law have resulted in exceptions for fair use, which includes comment, criticism and comparative advertising, and parody.⁸³ Two other exceptions to dilution under the TDRA are news reporting and commentary and any noncommercial use of a mark.⁸⁴ This Note will primarily consider the parody exception and its interplay with noncommercial use.

1. The Fair Use Defense of Parody

The TDRA exempts “nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services” from being causes of action in dilution.⁸⁵ Under the nominative fair use doctrine, a trademark may be used where it is (1) impractical to identify the product or service without the use of the trademark, (2) limited to what is absolutely necessary to identify the good or service, and (3) does not imply that the markholder is responsible for, or has supported or paid for the use.⁸⁶ Descriptive fair use is conditioned on a trademark being used in good faith, as an adjective, rather than as an indicator of source.⁸⁷ Under the fair use exception, individuals may advertise or promote their product in such a way “that permits consumers to

⁸³ See Tushnet, *supra* note 11, at 554.

⁸⁴ 15 U.S.C. §§ 1125(c)(3)(B)–(C).

⁸⁵ *Id.* § 1125(c)(3)(A).

⁸⁶ See *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 102–03 (2d Cir. 2010) (noting that eBay, is allowed to use brands’ trademarks to advertise the products being sold on its website, provided it does not imply the advertisement is being sponsored by the brand).

⁸⁷ See *Kelly-Brown v. Winfrey*, No. 11 Civ. 7875 (PAC), 2012 WL 701262, at *2–3 (S.D.N.Y. Mar. 6, 2012), *aff’d in part, vacated in part*, 717 F.3d 295 (2d Cir. 2013). The trademarked phrase “Own Your Power” was used as a headline on the cover of Oprah’s magazine to describe the contents of the magazine. Moreover, the phrase could not be seen to indicate the source of the magazine where the “O” trademark, the title “The Oprah Magazine,” and the picture of Oprah were all prominently displayed.

compare goods or services[.]” and they may parody, criticize, or comment upon the famous mark’s goods, services, or owner.⁸⁸

One scholarly article compiled judicial interpretations of parody and defined it as a: “(1) literary or artistic work (2) that seeks to comment upon or criticize another work (3) by appropriating or mimicking elements of the original work, in order to (4) create a new art work that makes ridiculous the style and expression of the original (5) in a humorous fashion.”⁸⁹ To find a parody, the use must be one that specifically comments upon the famous mark, rather than simply a lifestyle or social trend.⁹⁰ Similarly, the parody exception does not apply where a mark is humorously portrayed just to promote the infringer’s own product.⁹¹ Requiring the brand, rather than society, be parodied has proven helpful in cases—it lessens the chances that the consumer will mistakenly believe that the challenged use was sponsored by or affiliated with the mark owner.⁹² One of the earlier cases to be examined under the TDRA was *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, L.L.C.*⁹³

Haute Diggity Dog produces designer-inspired dog toys, such as plush “Chewy Vuitton” handbags that are monogrammed with

⁸⁸ 15 U.S.C. § 1125(c)(3)(A).

⁸⁹ Justin J. Gunnell, *Evaluation of the Dilution-Parody Paradox in the Wake of the Trademark Dilution Revision Act of 2006*, 26 CARDOZO ARTS & ENT. L.J. 441, 465–66 (2008).

⁹⁰ See *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611(PKC), 2012 WL 1022247, at *18 (S.D.N.Y. Mar. 22, 2012) (declining to find that the use of a trademark was a parody where the infringing commercial’s intent was to avoid commenting directly on the product owner’s mark).

⁹¹ See *id.* at *19 (citing *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 813 (2d Cir. 1999)).

⁹² See *id.* at *23–24 (noting evidence from Twitter that showed actual consumer confusion as to whether Louis Vuitton sponsored the Hyundai ad, a possible result of the ad being a social rather than brand-specific commentary); see also Rosenblatt, *supra* note 20, at 1053 (explaining that people are less prone to believe that a markholder sponsored a use of its mark if that use is negative or one that a typical markholder would not authorize).

⁹³ See generally *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, L.L.C.*, 507 F.3d 252, 262 (4th Cir. 2007) (noting that Haute Diggity Dog’s parody of the Louis Vuitton trademark for dog toys that were designed and sold did not prevent the court from finding the use to be a parody).

“CV” marks and colored in Louis Vuitton inspired hues.⁹⁴ The Fourth Circuit found this use, despite its commercial nature, to be an unquestionable example of a parody because, while the marks on the Chewy Vuiton chew toy are aimed to invoke those on a Louis Vuitton purse, the use was found to be in the spirit of humor and mockery.⁹⁵ Moreover, the Fourth Circuit found that the fame of Louis Vuitton’s mark helped prevent confusion and furthered Haute Diggity Dog’s endeavor to create a successful parody.⁹⁶

2. The Noncommercial Use Exception

The legislative history of the TDRA defined commercial speech as that arising from the commercial speech doctrine and judicial precedent.⁹⁷ One example of noncommercial speech is artistic expression, the primary form that will be discussed in this Note.⁹⁸ In *Schad v. Mount Ephraim*, the Supreme Court explicitly provided free speech protection to artistic works including “motion pictures, programs broadcast by radio and television and live entertainment such as musical and dramatic works.”⁹⁹ The Supreme Court first provided this protection to movies in *Joseph Burstyn, Inc. v. Wilson*, because movies are informative and entertaining.¹⁰⁰ The case then analogized movies to books, newspapers, and magazines, finding that the profit-making nature of each of these works was insufficient to deny free speech protection.¹⁰¹ Various courts have followed the logic of these

⁹⁴ *Id.* at 260. Other designer-inspired dog toys include “Chewnel No. 5,” “Furcedes,” “Jimmy Chew,” “Dog Perignon,” “Sniffany and Co.,” and “Dogior.” *Id.* at 258.

⁹⁵ *Id.* at 259–61 (noting the witty disparity between a luxury bag that is preserved in good condition and a dog toy meant to be chewed and torn apart, the Fourth Circuit found Haute Diggity Dog’s product to “convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody”) (quoting *People for the Ethical Treatment of Animals v. Doughney*, 263 F. 3d 359, 366 (4th Cir. 2001)).

⁹⁶ *Id.* at 261–62.

⁹⁷ See H.R. REP. NO. 104-374, at 4, 8 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1031, 1035.

⁹⁸ See *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 812 (9th Cir. 2003) (which restated the rule that artistic expression is noncommercial speech).

⁹⁹ *Schad v. Mount Ephraim*, 452 U.S. 61, 65 (1981).

¹⁰⁰ *Joseph Burstyn, Inc. v. Wilson* 343 U.S. 495, 501–02 (1952).

¹⁰¹ *Id.*

holdings and extended it to include other forms of profit driven entertainment such as comic books, T-shirts, and video games.¹⁰²

In *Rogers v. Grimaldi*, the Second Circuit prescribed a test to determine the level of free speech protection afforded artistic works.¹⁰³ It narrowly defined the occasions when artistic works may be found in violation of the Lanham Act.¹⁰⁴ It explained that the Act will only apply where the mark “has no artistic relevance to the underlying work whatsoever, or, if it . . . explicitly misleads as to the source or the content of the work.”¹⁰⁵ Though the burden to prove artistic relevance under the *Rogers* test is low, where a mark is overtly misleading, it will not be exempted from the Lanham Act.¹⁰⁶ With this in mind, it is understandable that the artistic relevance of product placement is often debated.

D. Product Placement

Product placement is the calculated inclusion of a product and its trademark in media, which then creates an association between the product and the popular film or television show.¹⁰⁷ The presence of particularly placed products dates back to at least 1896 when the Lumière Brothers strategically included Sunlight Soap in their short film *Washing Day in Switzerland*.¹⁰⁸ Traditionally, product placement occurred when a trademark was incorporated into media in exchange for compensation by the markholder—be it in the form of money and/or advertising.¹⁰⁹ The practice took off in the 1950s and has been growing in popularity ever since.¹¹⁰ To

¹⁰² 6 MCCARTHY, *supra* note 52, § 31:139.

¹⁰³ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*; *see also* *Dillinger, L.L.C. v. Elec. Arts Inc.*, No. 1:09-CV-1236-JMS-DKL, 2011 WL 2457678, at *6 (S.D. Ind. June 16, 2011) (“[A]ny connection whatsoever is enough for the Court to determine that the mark’s use meets ‘the appropriately low threshold of minimal artistic relevance.’”) (quoting *Rogers*, 875 F.2d at 999); *Volkswagen A.G. v. Dorling Kindersley Publ’g, Inc.*, 614 F. Supp. 2d 793, 810 (E.D. Mich. 2009) (“[A] slight risk of customer confusion will not necessarily defeat a First Amendment defense.”).

¹⁰⁷ *See* Harris, *supra* note 24, at 311; *see also* Rosenblatt, *supra* note 20, at 1027–28.

¹⁰⁸ *See* Len Glickman & Anita Kim, *Product Placement and Technology: Developments, Opportunities, and Challenges*, 30 ENT. & SPORTS LAW. 1, 30 (2012).

¹⁰⁹ *See* Rosenblatt, *supra* note 20, at 1028.

¹¹⁰ *See id.*

appear in the James Bond film *Skyfall*, companies paid a significant portion of the \$200 million production costs of the movie.¹¹¹ Heineken, alone, was responsible for 45 million of those dollars.¹¹² However, for all of the companies paying to be incorporated into movies and television, there are occasions where product placement is unsponsored.¹¹³ Moreover, as viewers have grown to believe that every instance of product placement must be sponsored or approved by the markholder, it is questionable whether they can discern the authorized from the unauthorized uses.¹¹⁴

E. The Reasonably Prudent Consumer

In determining the likelihood that a consumer will be misled as to the origin of a product due to trademark dilution, a consumer's sophistication may be considered.¹¹⁵ The Supreme Court defined the reasonably prudent purchaser in 1878 as an "ordinary purchaser in the exercise of ordinary care and caution."¹¹⁶ Later courts have expanded on this to describe the reasonably prudent purchaser as "reasonably discerning,"¹¹⁷ reasonably intelligent and discriminating,¹¹⁸ and able to settle matters of "confusion with a minimum of effort and average intelligence (for the particular market)."¹¹⁹ Factors contributing to consumer sophistication have been found by courts to include the price of the product, the

¹¹¹ See Benjamin Radford, *Branding James Bond: Do Product-Placement Ads Work?*, LIVE SCI. (Nov. 21, 2012, 8:21 AM), <http://www.livescience.com/24957-james-bond-product-placement.html>.

¹¹² See *id.*

¹¹³ See Will Perkins, *'Flight': Budweiser and Stolichnaya Product Placement Gone Wrong?*, WIDESCREEN (Nov. 7, 2012, 3:03 PM), <http://ca.movies.yahoo.com/blogs/wide-screen/flight-budweiser-product-placement-gone-wrong-200352757.html>.

¹¹⁴ See Rosenblatt, *supra* note 20, at 1040.

¹¹⁵ See *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611 (PKC), 2012 WL 1022247, at *21 (S.D.N.Y. Mar. 22, 2012).

¹¹⁶ *McLean v. Fleming*, 96 U.S. 245, 255 (1877).

¹¹⁷ *Farm Serv., Inc. v. U.S. Steel Corp.*, 414 P.2d 898, 909 (1966).

¹¹⁸ See *Dell Publ'g Co. v. Stanley Publ'ns, Inc.*, 9 N.Y.2d 126, 134 (1961).

¹¹⁹ *Church of Larger Fellowship Unitarian Universalist v. Conservation Law Found. of New England, Inc.*, No. 80-183, 1983 U.S. Dist. LEXIS 15855, at *13 (D. Mass. June 29, 1983).

purchasing process, consumers' familiarity with the product, and the purchaser's overall knowledge.¹²⁰

In *Roederer v. J. Garcia Carrion, S.A.*, consumers' reliance on wine labels and similarity of names caused sparkling wine purchasers to incorrectly believe that the manufacturers of Cristal champagne also produced Cristalino.¹²¹ Beyond the similar names, the labels of Cristal and Cristalino were notably alike—both had gold front and neck labels with burgundy or maroon accents and used similar typefaces.¹²² This was especially deceptive when the two products were sold in the same stores and advertised in the same publications.¹²³ Though the price points may have been different, this is not always enough to dissuade the sophisticated consumer from finding the products to be associated.¹²⁴ Even advertisers believed the two marks to be related, calling Cristalino “the other Cristal” or Cristal’s “younger brother.”¹²⁵ For these reasons, a significant portion of the surveyed consumers were confused about the brands' association, and whether Cristal was the source or sponsor of Cristalino.¹²⁶ The owner of a liquor store was even unsure of the nature of the Cristal-Cristalino relationship.¹²⁷ Where consumers are blurring brands in spite of using care, and in some cases professional judgment and decades of experience, courts typically find that the reasonable consumer would find brand association.¹²⁸ When a trademark's presence in product placement is unauthorized, the question of whether the reasonable consumer would assume a relationship, and whether they might deem the use commercial or advertising enters into a judge's decision-making.¹²⁹

¹²⁰ See *Arrow Fastening Co. v. Stanley Works*, 59 F.3d 384, 399 (2d Cir. 1995).

¹²¹ *Roederer v. J. Garcia Carrion, S.A.*, 732 F. Supp. 2d 836, 877 (D. Minn. 2010).

¹²² *Id.* at 846, 849.

¹²³ *Id.* at 868–69.

¹²⁴ *Id.* at 842–43 (noting that most Champagne producers also have a less expensive wine that they market to consumers).

¹²⁵ *Id.* at 853.

¹²⁶ *Id.* at 877.

¹²⁷ *Id.* at 860.

¹²⁸ See *Xtreme Lashes, L.L.C. v. Xtended Beauty, Inc.*, 576 F.3d 221, 231 (5th Cir. 2009).

¹²⁹ See *Roederer*, 732 F. Supp. 2d at 877–78.

II. THE DIVERGING HOLDINGS ON TRADEMARK USE IN UNSPONSORED PRODUCT PLACEMENT

Courts and scholars have differed over how to regard trademark law in product placement.¹³⁰ Some argue that product placement use is an expressive noncommercial use.¹³¹ Others, however, argue that the use of a trademark in unauthorized product placement is advertising, which by its nature is commercial.¹³² The proponents of commercial use and dilution argue that blurring ensues from viewers' mistaken belief that the unauthorized use of a mark in product placement is instead a sponsored use.¹³³ Proponents of the contrary view assert that sophisticated consumers can distinguish the use, or alternatively, that the use is protected as a parody.¹³⁴ These contrasting holdings show that Elizabeth Rosenblatt, a professor at Whittier Law School, is correct in noting that courts are at odds when it comes to labeling unsponsored product placement a commercial or noncommercial use.¹³⁵

A. *Courts Have Found the Use of a Trademark in Product Placement to be Expressive and Artistically Relevant*

Pratheenan Gulasekaram, a professor teaching at Santa Clara Law, explains that movies are “primarily and overwhelmingly noncommercial expressions with commercial elements sprinkled throughout their artistic message.”¹³⁶ Courts following this reasoning and the *Rogers v. Grimaldi* test find the unauthorized use of a mark in product placement to be an artistic use that is not

¹³⁰ See Rosenblatt, *supra* note 20, at 1059–60.

¹³¹ See Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887, 936 (2005) (asserting that movies are noncommercial expressions that incidentally contain commercial elements).

¹³² See Matthew Savare, *Where Madison Avenue Meets Hollywood and Vine: The Business, Legal, and Creative Ramifications of Product Placements*, 11 UCLA ENT. L. REV. 331, 369–75 (2004).

¹³³ See Rosenblatt, *supra* note 20, at 1053 (explaining the theory that consumers have become increasingly aware of product placement and assume authorized use).

¹³⁴ See Gulasekaram, *supra* note 131, at 929–31.

¹³⁵ Rosenblatt, *supra* note 20, at 1059.

¹³⁶ Gulasekaram, *supra* note 131, at 936.

subject to the Lanham Act.¹³⁷ Gulasekaram notes what movie and television producers and directors argue—that the ultimate goal is sale of the movie, television show, or media product, not the sale of the product featured in the show.¹³⁸ This argument, that the use of a trademark in film is artistic, governed the Southern District of New York’s holding in *Louis Vuitton Mallatier, S.A. v. Warner Brothers Entertainment Inc.*, which held that the use of an unsponsored, and in fact counterfeit, Louis Vuitton bag in *The Hangover Part II* was an artistic use.¹³⁹ The “Lewis Vuitton” bag was found to help unveil the character of its wearer, Alan, a socially awkward, utterly oblivious individual.¹⁴⁰ Accordingly, it qualified as artistically relevant.¹⁴¹

Courts and scholars have found the use of a mark as product placement to be expressive.¹⁴² Some go so far as to explain that the trademark chosen is a superfluous detail, and omitting it would not alter the final product, be it a movie, film, or some other media production.¹⁴³ Rosenblatt, in contrast, asserts that marks can be more artistically relevant when they are used more realistically and symbolically.¹⁴⁴ This makes the mark’s use more necessary than Gulasekaram, for example, finds.¹⁴⁵ Rosenblatt explains that in such seemingly genuine uses, viewers are disposed to later associate the mark with a positive memory, no matter whether the mark was depicted in a positive or negative light.¹⁴⁶ Because the mark is being used in such an expressive context, the use is labeled noncommercial and is found not to dilute the strength of a mark.¹⁴⁷ No matter why the mark is expressive, both authors argue that the

¹³⁷ See *Louis Vuitton Mallatier S.A. v. Warner Bros. Entm’t Inc.*, 868 F. Supp. 2d 172, 178 (S.D.N.Y. 2012).

¹³⁸ Gulasekaram, *supra* note 131, at 936.

¹³⁹ *Louis Vuitton*, 868 F. Supp. 2d at 178.

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² See *id.*; see also Gulasekaram, *supra* note 131, at 936.

¹⁴³ See Gulasekaram, *supra* note 131, at 936.

¹⁴⁴ See Rosenblatt, *supra* note 20, at 1057 (citing studies of viewers’ reactions to realistic use of trademarks versus gratuitous uses).

¹⁴⁵ Compare *id.* with Gulasekaram, *supra* note 131, at 936.

¹⁴⁶ Rosenblatt, *supra* note 20, at 1057.

¹⁴⁷ *Id.* at 1060.

use is noncommercial and not based in advertising.¹⁴⁸ Those paying for a mark to be used in product placement, however, disagree with the notion that the advertising purpose is irrelevant.¹⁴⁹

B. Contrary to Some Courts' Holdings, Markholders Paying for Their Trademarks to Appear as Product Placement Intend the Use to Increase Brand Recognition

Although some courts and scholars assert that directors only endeavor to sell films, brands paying for product placement intend for movie and television viewership to ultimately encourage their products' sales.¹⁵⁰ Additionally, companies are investing in product placement as a way to overcome the increased number of viewers who use digital video recorders like TiVo to fast-forward through commercials.¹⁵¹ A company's aspiration to improve its product sales through product placement appears reasonable since history has revealed a correlation between the two.¹⁵² Products seen in films have been found to entice consumers, resulting in increased sales of the trademarked product.¹⁵³ After the release of *E.T. The Extra-Terrestrial*, sales of Reese's Pieces tripled.¹⁵⁴ The movie *Sideways* encouraged wine drinkers to buy 22% more bottles of Pinot Noir.¹⁵⁵ Tom Cruise's stint in Ray-Ban Wayfarer sunglasses in *Risky Business* prompted consumers to buy themselves a pair.¹⁵⁶ Ray-Ban benefited again in 1997 after the release of *Men in Black*, where the placement of its Predator 2 sunglasses prompted a 300% increase in sales, totaling almost five

¹⁴⁸ See *id.*; Gulasekaram, *supra* note 131, at 936.

¹⁴⁹ See Radford, *supra* note 111 (explaining that product placement may improve a brand's "cool factor" and it has the goal of increasing product sales).

¹⁵⁰ Compare Gulasekaram, *supra* note 131, at 936, with Glickman & Kim, *supra* note 108, at 31–32.

¹⁵¹ See Glickman & Kim, *supra* note 108, at 31.

¹⁵² See Radford, *supra* note 111 (noting that although correlation does not necessarily imply causation, product placement has continued to result in multi-million dollar sponsorship deals).

¹⁵³ See Gulasekaram, *supra* note 131, at 932.

¹⁵⁴ See Rosenblatt, *supra* note 20, at 1029.

¹⁵⁵ See *id.* at 1030.

¹⁵⁶ See Glickman & Kim, *supra* note 110, at 30.

million dollars.¹⁵⁷ The opposite response can also occur—after Clark Gable was seen sans undershirt in the movie *It Happened One Night*, sales of men’s undershirts dropped approximately 40%.¹⁵⁸

Beyond having an effect on sales, trademarks have helped, and continue to help, carve out storylines and characters.¹⁵⁹ James Bond is partially defined by his Aston Martin, his Omega watch, his never-ending collection of gadgets, and his vodka martini, shaken, not stirred.¹⁶⁰ Carrie Bradshaw became an unofficial spokeswoman for Manolo Blahniks.¹⁶¹ The movie *Le Divorce* repeatedly gave screen time to the Hermès Kelly Bag that Kate Hudson’s character toted around Paris and eventually tossed over the side of the Eiffel Tower.¹⁶² And, what is *The Italian Job* without racing Mini Coopers?¹⁶³

¹⁵⁷ See VIKI ANTONOPOULOU, GEOR. NAT’L FILM CTR., PRODUCT PLACEMENT IN FILM 5 (Geor. Nat’l Film Ctr., 2010), available at <http://www.yumpu.com/en/document/view/3504704/product-placement-in-film>.

¹⁵⁸ See Rosenblatt, *supra* note 20, at 1030–32 (describing the product placement relationship as “symbiotic”).

¹⁵⁹ See *id.* at 1027; see also Denise E. DeLorme & Leonard N. Reid, *Moviegoers’ Experiences and Interpretations of Brands in Films Revisited*, 28 J. ADVERTISING 71, 79 (1999); Glickman & Kim, *supra* note 108, at 31 (explaining that product placement can improve the authenticity of a film and help viewers better understand and even empathize with the plot and characters).

¹⁶⁰ See Julian Sancton, *For Your Ads Only: 50 Years of James Bond Product Placement*, BUSINESSWEEK (Apr. 5, 2012), <http://www.businessweek.com/articles/2012-04-05/for-your-ads-only-50-years-of-james-bond-product-placement> (mentioning that fans are so accustomed to the idea of James Bond’s vodka martini that they felt “betrayed” upon finding out he would be a Heineken drinker in *Skyfall*, and called the switch “sacrilege”).

¹⁶¹ See Guy Trebay, *In His Shoes*, N.Y. TIMES (Oct. 16, 2011), http://www.nytimes.com/2011/10/16/fashion/manolo-blahnik-shoes-regain-it-status-in-fashion-world.html?_r=0&adxnnl=1&ref=sexandthecity&adxnnlx=1351969309-vqlypPyfsqAfq949AawAvg (describing how Sarah Jessica Parker’s portrayal of Carrie Bradshaw in *Sex and the City* transformed luxury shoemaker Manolo Blahnik into a household name).

¹⁶² See Jessica Michault, *Stealthy Screen Time: Prime Placement for Luxury Brands*, N.Y. TIMES (May 28, 2007), <http://www.nytimes.com/2007/05/28/arts/28iht-fhollywood.1.5892325.html?pagewanted=all>.

¹⁶³ See *Behind the Scenes: “The Italian Job”*, MOTORTREND (May 2003), http://www.motortrend.com/womt/112_0305_mini_bts/viewall.html?ti=v3 (calling the car “one of the stars of ‘The Italian Job’”).

Those specializing in product placement recognize that each of these trademarks has helped movie producers depict the real world, and their portrayal persuaded consumers to make these products a part of their everyday lives.¹⁶⁴ In fact, Philip Morris' 1989 marketing plan recognized that "most of the strong, positive images for cigarettes and smoking are created by cinema and television It is reasonable to assume that films and personalities have more influence on consumers than a static poster."¹⁶⁵ This is in part because viewers perceive marks that are used artistically as being a character's authentic preference.¹⁶⁶ Therefore, in striving to be like their favorite characters, viewers are quick to purchase these now cultural symbols.¹⁶⁷

In response to viewers' copycat consumption habits, Congress enacted the Cigarette Labeling and Advertising Act in 1965, which prohibits the advertisement of cigarettes via any "electronic communication" medium.¹⁶⁸ In spite of this Act, Philip Morris cigarettes continued to be featured in movies such as *Grease*, *Rocky II*, *Airplane*, and *Die Hard*.¹⁶⁹ The presence of cigarettes in film, which is intended to promote society's tolerance of cigarettes, prompted statutory and common law restrictions upon using cigarettes in product placement.¹⁷⁰ This example helps to elucidate the palpable clash between the camp advocating artistic expression and those relying on the artistic use to increase the sales of its products. Courts, unsure of where to draw the advertising-art line, have wavered in their decisions and the routes they take to reach their holdings.

¹⁶⁴ See Rosenblatt, *supra* note 20, at 1029–30, 1042; *supra* text accompanying notes 155–60, 164.

¹⁶⁵ C. Mekemson & S.A. Glantz, *How the Tobacco Industry Built Its Relationship with Hollywood*, 11 TOBACCO CONTROL 82 (2002) at i82, available at http://tobaccocontrol.bmj.com/content/11/suppl_1/i81.full.pdf+html.

¹⁶⁶ See Rosenblatt, *supra* note 20, at 1057.

¹⁶⁷ See *id.* at 1057, 1030 ("Study participants who viewed the movie Wayne's World in its entirety reported a purchase intention for placed brands that was 16% higher than for brands they had previously identified as 'favorites.'").

¹⁶⁸ 15 U.S.C. § 1335 (2012).

¹⁶⁹ See Mekemson & Glantz, *supra* note 165, at i84.

¹⁷⁰ See, e.g., 15 U.S.C. § 1335; Council of Indep. Tobacco Mfrs. of Am. v. State, 713 N.W.2d 300, 311 (Minn. 2006) (noting that the settling cigarette manufacturers must contribute money toward the health care costs that will arise from the use of their cigarettes); Mekemson & Glantz, *supra* note 165, at i89.

C. *Some Courts Have Found Blurring as a Result of Un-sponsored Product Placement Because Viewers are Mistakenly Finding Sponsorship*

One reason that some courts have found product placement to cause trademark dilution is the tendency of viewers to erroneously assume that the trademark use was paid for or approved by the markholder.¹⁷¹ Such implied sponsorship was found in Hyundai's 2010 Super Bowl commercial, *Luxury*, which featured a basketball with marks resembling Louis Vuitton's trademark pattern: a "pinwheel design, a diamond with an inset pinwheel design, and a circle with an inset flower design."¹⁷² The Louis Vuitton basketball was admitted to have been embedded in the Hyundai commercial to improve Hyundai's reputation and create an image that was more stylish and luxurious.¹⁷³ This new-and-improved image was unveiled on the televisions of the 106.5 million Americans who watched the 2010 Super Bowl.¹⁷⁴ Some of those who viewed the commercial then tweeted about the "LV basketball," demonstrating that members of the commercial's audience had actually associated Louis Vuitton with the advertisement and thought that the brand had been involved.¹⁷⁵ Louis Vuitton contended that it was harmed by this consumer deception because while "Hyundai 'aspires' to be a luxury brand, [it] is not comparable to Louis Vuitton."¹⁷⁶ The commercial ended

¹⁷¹ See *supra* note 114 and accompanying text.

¹⁷² *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611(PKC), 2012 WL 1022247, at *1 (S.D.N.Y. Mar. 22, 2012). The pattern on the basketball was held to be "virtually indistinguishable" from the Louis Vuitton mark. *Id.* at *7.

¹⁷³ *Id.* at *3 (Joel Ewanick, a former Hyundai marketing executive testified that "[t]he Hyundai brand is one with significant deficiencies when you ask consumers what they think about safety, what you think about amenities, what you think about styling, what you think about performance But I would say generally speaking the idea was to reframe the way people looked at Hyundai, the brand, and specifically through the eyes of the Sonata."). See generally Martin Nunlee et al., *Negative Product Placement: An Evolving Theory of Product Disparagement and Unfair Competition*, 6 J. MARKETING DEV. & COMPETITIVENESS 11, 14-19 (2012), available at http://www.na-businesspress.com/JMDC/NunleeM_Web6_2_.pdf.

¹⁷⁴ See Jonathan Stempel, *Louis Vuitton Sues Hyundai over Super Bowl Ad*, REUTERS (Mar. 1, 2010, 2:06 PM), <http://www.reuters.com/article/2010/03/01/louisvuitton-superbowl-lawsuit-idUSN0125892920100301>.

¹⁷⁵ *Louis Vuitton*, 2012 WL 1022247 at *11.

¹⁷⁶ *Id.* at *25.

by asking, “What if we made luxury available to everyone?”¹⁷⁷ For brands afraid of becoming part of the noise and losing distinction, however, availability is the wrong message; they want their trademarks to remain as luxurious as the goods they are selling.¹⁷⁸

The Southern District of New York agreed, finding that because Louis Vuitton’s “marks ‘are famous and distinctive’ as ‘widely recognized luxury marks,’ and are ‘viewed by some as the most valuable luxury brand in the world[,]’” they are entitled to greater protection under dilution law.¹⁷⁹ The six factors were applied to find (1) similarity, with the marks on the basketball declared “virtually indistinguishable” from those on a Louis Vuitton product; (2) Louis Vuitton’s mark is distinctive; (3) Louis Vuitton has engaged in “substantially exclusive” use of its mark; (4) Louis Vuitton’s mark is well recognized; (5) Hyundai’s association with the Louis Vuitton mark was purposeful; and (6) evidence of actual association between the two marks.¹⁸⁰ Accordingly, the Southern District of New York granted Louis Vuitton’s motion for summary judgment on trademark dilution.¹⁸¹

Even though consumers may associate a trademark used in product placement with a character or plotline, today’s astute audiences still recognize that the trademark exhibited is likely to be part of some larger marketing scheme.¹⁸² In fact, as seen through the tweets in *Louis Vuitton v. Hyundai*, they often believe that every brand portrayed must have either approved its use or paid for the screen time.¹⁸³ Therefore, they are more likely to believe this brand-scene association was approved and voluntarily sponsored.¹⁸⁴ The Second Circuit found in *Louis Vuitton v.*

¹⁷⁷ See Stempel, *supra* note 174.

¹⁷⁸ See Barton Beebe, *Intellectual Property Law and the Sumptuary Code*, 123 HARV. L. REV. 809, 829 (2010).

¹⁷⁹ *Louis Vuitton*, 2012 WL 1022247 at *8.

¹⁸⁰ *Id.* at *12–13.

¹⁸¹ *Id.* at *14.

¹⁸² See Radford, *supra* note 111 (“[C]onsumers . . . recognize ads for what they are.”).

¹⁸³ See *Louis Vuitton*, 2012 WL 1022247, at *11; see also William McGeeveran, *The Trademark Fair Use Reform Act*, 90 B.U. L. REV. 2267, 2310 (2010) (explaining that viewers believe markholders are able to prevent their marks from being depicted in media as product placement).

¹⁸⁴ See McGeeveran, *supra* note 183, at 2310.

Hyundai, however, that no matter the symbolic importance associated with the use of a particular trademark, the markholder was entitled to retain control over how its mark was being portrayed and what it was appearing to sponsor.¹⁸⁵ This circuit has previously held that a senior user is never required to leave the strength and quality of its mark in the hands of another.¹⁸⁶ Accordingly, a senior user may enjoin a junior user who is adeptly managing its own business and causing no harm to the mark.¹⁸⁷ In fact, courts have found that when the goods of a junior user are of a similar quality to those of a senior markholder, consumers are often more likely to blur the relationship between the two companies.¹⁸⁸ The risk that consumers will be deceived and alter their perception of a mark due to the control exercised by media-makers has encouraged some courts to find dilution as a result of unsponsored product placement.¹⁸⁹ Other courts, striving to find artistic relevance, have found ways to excuse the unauthorized use.

D. Courts Have Found that Consumers Can Dissociate a Brand's Meaning from its Association in a Movie or Television Show

Courts are more willing to find artistic use when they consider the reasonably prudent person standard, and hold that someone who is reasonably intelligent, discriminating, and careful can

¹⁸⁵ See *Louis Vuitton*, 2012 WL 1022247, at *13–14 (pointing out that Hyundai used Louis Vuitton's mark to enhance its branding campaign and that Hyundai's previous letters requesting the rights to the marks of thirteen companies indicates that Hyundai knew it did not have the right to use the Louis Vuitton mark to portray luxury).

¹⁸⁶ See *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259–60 (2d Cir. 1987); *U.S. Polo Ass'n v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 537 (S.D.N.Y. 2011) (citing *James Burrough, Ltd. v. Ferrara*, 165 N.Y.S.2d 825, 826 (N.Y. Sup. Ct. 1957)). In 1928, Judge Learned Hand wrote on behalf of the Second Circuit that a trademark is an “authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask.” *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928).

¹⁸⁷ See *Pegasus*, 818 F.2d at 259–60.

¹⁸⁸ See Steven John Olsen, *Mixed Signals in Trademark's “Likelihood of Confusion Law”*: *Does Quality Matter?*, 44 VAL. U.L. REV. 659, 677 n.58 (2010).

¹⁸⁹ See *Louis Vuitton*, 2012 WL 1022247, at *13.

discern sponsored from unsponsored uses.¹⁹⁰ This is in part because goods are typically viewed in a narrow context.¹⁹¹ Just as the words spoken in a conversation help listeners hone in on what is being discussed, details of the setting, plot, and dialogue permit individuals seeing trademarks in product placement to distinguish the brand's reputation from the context in which it is being portrayed.¹⁹² Such explanatory context was found to exist in *Caterpillar, Inc. v. Walt Disney Co.*, a case revolving around Walt Disney's unauthorized use of Caterpillar bulldozers in the film *George of the Jungle 2*.¹⁹³ The Caterpillar bulldozers assisted in the evil villain's efforts to destroy Ape Mountain.¹⁹⁴ The Central District of Illinois found that viewers, even the more gullible ones such as children, would recognize that Caterpillar bulldozers were not "maniacal machines," responsible for the attempted destruction of Ape Mountain.¹⁹⁵ Similarly, trademark scholars like Mark McKenna found it unlikely that the scene in the NBC television show *Heroes*, where an InSinkErator garbage disposal crushed a main character's hand, had tarnished the InSinkErator mark.¹⁹⁶ Viewers could likely disassociate the mark from the television show.¹⁹⁷ In fact, dilution requires a mark to still be able to distinguish itself from its surroundings.¹⁹⁸ Therefore, as Laura Heymann, a professor at William and Mary Law School, argues, neither positive nor negative uses of a mark in product placement will affect the brand's reputation in such a way that it causes trademark dilution.¹⁹⁹ This argument would allow judges to avoid

¹⁹⁰ See McKenna, *supra* note 60, at 83–84 (“[T]he confusion [is] generating search costs only if we think the mental act of wondering is the search cost.”).

¹⁹¹ See Tushnet, *supra* note 11, at 529–30.

¹⁹² See *id.* at 531 (noting that the ability to distinguish between the brand and its nontrademark descriptive meaning, as seen with Swift, Life Savers, and Ivory, is based upon it being seen in a categorical product context versus in the abstract).

¹⁹³ *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003).

¹⁹⁴ *Id.* at 917.

¹⁹⁵ *Id.* at 922.

¹⁹⁶ See David Goetzi, *Emerson Drops Product Placement Case Against NBC*, MEDIA POST (Feb. 23, 2007, 8:33 AM), <http://www.mediapost.com/publications/article/55990/emerson-drops-product-placement-case-against-nbc.html#axzz2HKKWSpmc>.

¹⁹⁷ See Heymann, *supra* note 1, at 1390–91.

¹⁹⁸ See *id.* at 1397.

¹⁹⁹ *Id.* at 1397–99.

deciding whether the use is commercial, and dismiss dilution on other grounds.²⁰⁰

E. Courts Have Exempted the Use of a Trademark in Unsponsored Product Placement as a Parody

When a trademark is displayed as a parody in product placement, the use is not actionable under the TDRA.²⁰¹ While these uses sometimes seem to cause harm to the mark and markholders, courts are hesitant to leap from parody to tarnishment because negative uses are typically found to be expressive rather than commercial.²⁰² This was seen where the *Muppets* character Spa'am, a pig, was not found to be a "grotesque boar" that was "unhygienic" and tarnishing the SPAM trademark, but rather deemed "untidy" and a parody of the canned ham lunchmeat.²⁰³ When *Family Guy* featured a caricature of Carol Burnett mopping the floors in a sex shop as the theme song to the *Carol Burnett Show* played in the background, the Central District of California was quick to label the use an artistic work meant to "lampoon and parody her as a public figure."²⁰⁴ Although not product placement, in *Smith v. Wal-Mart Stores, Inc.*, even the sale of t-shirts, mugs, underwear, teddy bears, and bumper stickers adorned with phrases meant to associate Walmart with Al-Qaeda and Nazis, was found to be non-commercial.²⁰⁵ Although the shirts were being sold on the Internet, their essential function remained as a medium of expression rather than a profit-making venture.²⁰⁶

²⁰⁰ See *Caterpillar*, 287 F. Supp. 2d at 922 (deciding against trademark dilution by tarnishment without considering whether the use was artistic or commercial).

²⁰¹ 15 U.S.C. § 1125(c)(3)(A)(ii) (2012).

²⁰² See Rosenblatt, *supra* note 20, at 1014 (referencing the TDRA's tarnishment protection which only protects against commercial uses). *But see* *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, L.L.C.*, 507 F.3d 252 (4th Cir. 2007) (clearing a non-tarnishing parody of liability on account of being humorous, in spite of its largely commercial nature).

²⁰³ See *Hormel Foods Corp. v. Jim Henson Prods. Inc.*, 73 F.3d 497, 501, 503 (2d Cir. 1997) (finding Spa'am to be a humorous character in line with Henson's other Muppet parodies).

²⁰⁴ See *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962, 969 (C.D. Cal. 2007).

²⁰⁵ *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1339-40 (N.D. Ga. 2008).

²⁰⁶ See *id.*

In some cases, simply creating a witty parody has been enough to overcome a trademark dilution action.²⁰⁷ One court was so tickled by a parody that it ignored the crude nature of a joke and explained that its “unsavory or controversial quality [would] render the parody less capable of causing public confusion and therefore less susceptible to infringement liability.”²⁰⁸ While a court will almost certainly find parody protection for a wholesome comedy, where the humor is more taboo, the outcome appears to depend on the tastes and predilection of the deciding court.²⁰⁹ The laughter induced by the Chewy Vuitton toys proved sufficient to drown out any claims of dilution.²¹⁰ The Southern District of New York also found the humor apparent enough to differentiate Timmy Holedigger pet perfumes from those of Tommy Hilfiger, and label the use a parody.²¹¹ Humor theory explains that social norms help to establish what society finds funny, so it can and often does guide litigants, attorneys, and courts in deciding whether to view an unpermitted trademark use as a parody.²¹²

Although parody should remain an exception to the TDRA, as parodies become more offensive, like the one in *Smith v. Wal-Mart Stores*, marks will be harmed.²¹³ Scholars have noted the trend in courts to exempt such uses from liability as tarnishment.²¹⁴ This is

²⁰⁷ See Assaf, *supra* note 55, at 63.

²⁰⁸ Laura E. Little, *Regulating Funny: Humor and the Law*, 94 CORNELL L. REV. 1235, 1268–69 (2009); see also *Burnett*, 491 F. Supp. 2d at 972–73; Rosenblatt, *supra* note 20, at 1014 (noting that observers of the negative parody are unlikely to believe the markholder approved or sponsored the portrayal).

²⁰⁹ See Assaf, *supra* note 46, at 64–66; see also *id.* at 63 (noting a case in which a movie referenced a brand “BUFU,” “By Us, Fuck You,” which the good-humored judge concluded to be a protected parody of the trademark “FUBU,” “For Us, By Us,” and a “UFUB” cause of action, “Utterly Frivolous Under Biopsy”).

²¹⁰ See *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, L.L.C.*, 507 F.3d 252, 267 (4th Cir. 2007).

²¹¹ See *Tommy Hilfiger Licensing, Inc. v. Nature Labs, L.L.C.*, 221 F. Supp. 2d 410, 417 (S.D.N.Y. 2002) (looking to phrases on the packaging that read “[s]trong enough for a man, but made for a Chihuahua” or “T. Holedigger keeps your best friend smelling fresh and clean” to reaffirm the comedic and parodic nature of Nature Labs’ pet perfumes).

²¹² See Little, *supra* note 208, at 1284 (“[P]arody is an integral component of American culture that should be treasured and protected, even in the face of a claim of harm.”).

²¹³ See *Smith v. Wal-Mart Stores Inc.*, 537 F. Supp. 2d 1302, 1316 (N.D. Ga. 2008).

²¹⁴ See Rosenblatt, *supra* note 20, at 1074.

perhaps in part because of the murky terrain of unsponsored product placement.

In response to the discrepancy in courts' treatment of trademarks in unsponsored product placement, I propose the creation of a rule.

III. FAMOUS TRADEMARKS USED IN PRODUCT PLACEMENT SHOULD BE DESIGNATED A COMMERCIAL USE

Justice Oliver Wendell Holmes very wisely pronounced that “[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth [of an artistic work], outside the narrowest and most obvious limits.”²¹⁵ Katya Assaf, a professor of Law at the Hebrew University of Jerusalem, explained that not only do judges differ in what they qualify as art, but different judges also have different senses of humor and accordingly vary in what they label a parody.²¹⁶ Rosenblatt further explained that where an entertainment use primarily features product placement, courts struggle over whether to consider the purpose to be advertisement or noncommercial.²¹⁷ Accordingly, there should be a bright line rule that unsponsored product placement is a commercial use. This rule provides narrow limits as Holmes recommended. Considerations in reaching this decision include: (1) the need for markholders and media-makers to know when they may use a trademark, (2) the media's position as an instrument of commerce, and (3) reputational concerns for brands who desire to preserve the goodwill in their marks and cannot rely on sophisticated consumers to discern the truth. Without the protection provided by markholders' prior approval, trademarks used in unauthorized product placement face the threat of dilution.

²¹⁵ Gulasekaram, *supra* note 131, at 913–14 (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903)).

²¹⁶ Assaf, *supra* note 55, at 60.

²¹⁷ Rosenblatt, *supra* note 20, at 1059.

A. *Lack of a Bright Line Rule Has Resulted in Confusion Among Markholders and Media-Makers*

In deciding whether there has been dilution, the TDRA has judges consider “[t]he extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.”²¹⁸ Without such protection, a trademark may become generic.²¹⁹ Louis Vuitton was adequately found to protect its mark due to evidence that it “‘initiated’ 9,489 anti-counterfeiting raids and 26,843 anti-counterfeiting procedures,” and responded to Customs Seizure Notices with 217 cease-and-desist letters in 2009.²²⁰ Then in 2010, it sent an additional 499 cease-and-desist letters.²²¹ The degree of protection Louis Vuitton exerted in policing its mark resulted in Hyundai’s unauthorized use being labeled dilutive.²²² The understood need to protect one’s mark causes trademark use in unapproved product placement to wind up in newsrooms and courtrooms.

A recent incident of unsponsored product placement breaking into headlines demonstrates this uncertainty. The movie *Flight* repeatedly shows Denzel Washington’s alcoholic character drinking Budweiser beer, on one occasion even while he is driving a car.²²³ This use had not been approved by Anheuser-Busch, and the company is accordingly requesting its trademark be blurred or otherwise obscured.²²⁴ For Paramount, the decision was likely the result of Budweiser’s brand identity—it is a beer that they felt a middle-aged, unpretentious character might prefer.²²⁵ Having the character reach for a Budweiser perhaps seemed more realistic.²²⁶

²¹⁸ 15 U.S.C. § 1125(c)(2)(B)(iii) (2012).

²¹⁹ See, e.g., *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 905 (9th Cir. 2007); *Premier Nutrition, Inc. v. Organic Food Bar, Inc.*, No. SACV 06-0827 AG (RNBx), 2008 WL 1913163, at *3 (C.D. Cal. Mar. 27, 2008).

²²⁰ *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611 (PKC), 2012 WL 1022247, at *8 (S.D.N.Y. Mar. 22, 2012).

²²¹ *Id.*

²²² *Id.*

²²³ See Brooke Olausson, *Who Controls Trademarks in Films?*, INTELL. PROP. BRIEF (Nov. 24, 2012, 5:10 PM), <http://www.ipbrief.net/2012/11/24/who-controls-trademarks-in-films>.

²²⁴ See *id.*

²²⁵ See *id.*

²²⁶ See *id.*

For those in the Anheuser-Busch camp, however, there is likely the apprehension that viewers think every product used on screen has been approved, and therefore will think this incident of product placement is evidence of Budweiser endorsing alcoholism and drunk driving.²²⁷ Stolichnaya has made similar complaints pertaining to the screentime given to its vodka.²²⁸ To preserve the Budweiser and Stoli trademarks from dilution, these incidences of unsponsored product placement should be held commercial uses that necessitate the markholders' prior approval.

Establishing a rule that makes the use of a trademark in product placement a commercial use that requires the markholder's permission, is consistent with dilution law. Under the TDRA, a markholder seeking to prevent dilution must police its mark's use.²²⁹ The question of whether to regulate a trademark's use should not be a guessing game, where media-makers and markholders must decide when they can employ, and correspondingly when they must protect, the use of a mark in product placement. Rather, authorization prior to exhibiting a mark should be required in all situations except those explicitly stated. The TDRA currently exempts comparative advertising, parody, criticism, comment, news, and noncommercial uses from dilution law.²³⁰ However, as media moves online, televisions advance to integrate the Internet, and product placement of famous marks serves an intrinsic advertising function, it has become clear that the use of a mark in product placement must be found commercial.

B. Unsponsored Product Placement in Media Should be Likened to the Internet and Similarly Made a Commercial Use

The Internet is regulated as a commercial use under the Lanham Act.²³¹ Accordingly, where media is nearly always available over the Internet and where televisions connect to the Internet, television programming must similarly be labeled a

²²⁷ See *id.*; see also McGeveran, *supra* note 183, at 2310.

²²⁸ See Perkins, *supra* note 113.

²²⁹ 15 U.S.C. § 1125(c)(2)(B)(iii) (2012).

²³⁰ *Id.* § 1125(c)(3).

²³¹ See *supra* text accompanying notes 32–39.

commercial use. Beyond simply connecting to the Internet, televisions are even beginning to function like the Internet.²³² Therefore, unsponsored product placement featured in movies and television must be found a use in commerce that requires the markholder's approval to be displayed.

1. Media is Streamed Online

In a world where so much of media is concurrently distributed over the Internet, the media viewed must be found as a commercial use as anything else viewed over the Internet.²³³ Netflix's CEO publicly predicted the company to continue losing DVD subscribers every quarter as online media streaming takes focus.²³⁴ Laptops often do not even include DVD drives anymore.²³⁵ Instead, people stream movies, or acquire them through the Internet.²³⁶ The situation is similar in the realm of television shows. Hulu and network-operated websites allow viewers to stream shows to their computers at any time.²³⁷ Alternative

²³² Smart televisions enable viewers to watch Internet videos and socialize with friends online from their televisions. See Anick Jesdanun, *Coming to a Smart TV near You: Software Confusion*, NBC NEWS (Jan. 6, 2014, 5:11 PM), <http://www.nbcnews.com/technology/new-software-battle-coming-smart-tvs-2D11869282>. Additionally, programs like Oohly allow someone viewing content on a television that connects to the Internet to select and purchase the clothing and props featured in a scene directly from their televisions. See also Alex Knapp, *Oohly Wants to Kill the TV Commercial Forever*, FORBES (Apr. 16, 2012, 12:46 PM), <http://www.forbes.com/sites/alexknapp/2012/04/16/oohly-wants-to-kill-the-tv-commercial-forever>. Thus a viewer may conduct an Internet-like search and make an online purchase without ever leaving the couche to exchange the remote for a laptop with Internet access.

²³³ See *supra* note 231.

²³⁴ See David Pogue, *How Hollywood is Encouraging Online Piracy*, SCI. AM. (Aug. 21, 2012), <http://www.scientificamerican.com/article.cfm?id=how-hollywood-encouraging-online-piracy>.

²³⁵ See *id.*

²³⁶ See *id.*

²³⁷ See Gary Levin, *Prime Time Seeks a Future in a When-You-Want-it World*, USA TODAY (Nov. 15, 2012, 7:59 PM), <http://www.usatoday.com/story/life/tv/2012/11/15/tv-watching-in-more-places/1661293>. The ability to stream can result in increased viewership. See Richard Sandomir, *Live (Streaming) From Russia*, N.Y. TIMES, Feb. 6, 2014, at B16, available at http://www.nytimes.com/2014/02/06/sports/olympics/live-streaming-from-sochi.html?hpw&rref=sports&_r=0 (noting that the ability to watch the Olympic games on a laptop increased daily viewership from 4 hours and 19 minutes to 4 hours and 28 minutes a day; adding in a mobile phone increased that number to 5 hours; and adding a tablet increased viewership to 6 hours and seven minutes).

options include purchasing shows or seasons through iTunes, Netflix, YouTube, HBO Go, and a paid version of Hulu.²³⁸ Accordingly, where so many people are tuning into the Internet for their media fixes, television, movies, and the trademarks exhibited in product placement must similarly be viewed as commerce under the Lanham Act.

2. Televisions Often Connect to the Internet and Thereby Function as Instruments in Commerce

Beyond simply being streamed online, many modern televisions are now even connected to the Internet.²³⁹ Accordingly, televisions must be labeled instruments of commerce—they are items that facilitate commercial transactions.²⁴⁰ Emerging programs, such as Oohly, permit televisions to provide much the same function as an Internet search.²⁴¹ This application, for example, will permit viewers to purchase the products featured in the show they are watching while they are watching it or, alternatively, return later to search for the product they saw.²⁴² In these instances, unsponsored product placement is functioning much like an advertisement.

The finding that unsponsored product placement is an advertisement, however, does not hinge only on whether a television is connected to the Internet. Because the TDRA only protects famous marks from dilution,²⁴³ and such marks have “extensive public recognition and renown,”²⁴⁴ their presence alone serves an advertising function. Trademark dilution protects the communication value in a name, and famous designers have earned

²³⁸ See Levin, *supra* note 237.

²³⁹ See Sean P. Aune, *Internet Connected TVs Expected to Hit 650 Million by 2017*, TECHNOBUFFALO (Aug. 2, 2012), <http://www.technobuffalo.com/2012/08/02/internet-connected-tvs-expected-to-hit-650-million-by-2017> (noting that 650 million televisions are expected to be connected to the Internet in 2017, an amount that should yield \$60 billion in sales).

²⁴⁰ See *supra* text accompanying notes 27–38.

²⁴¹ See Knapp, *supra* note 232.

²⁴² See *id.*

²⁴³ 15 U.S.C. § 1125(c)(1) (2012) (allowing injunctive relief only “after the owner’s mark has become famous”).

²⁴⁴ *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*, 963 F.2d 350, 353 (Fed. Cir. 1992).

the household recognition that merits this protection from dilution.²⁴⁵ Therefore, whether connected to the Internet or merely relying on its own fame, the use of a mark in unsponsored product placement is an advertising use in commerce. To further explain this, a comparison to keywords might prove helpful.

Consider the similarities between the use of a famous mark in unsponsored product placement and the similarly deceptive use of a trademark as a search engine keyword.²⁴⁶ When a person searches a trademarked term on the Internet, if that mark is a search engine keyword, the results will engender the advertisements of the companies who have purchased that keyword, alongside or even preferential to those of the true markholder.²⁴⁷ This risks deluding searchers into believing the two companies are perhaps related. Comparatively, viewers using applications like “Get the Look” are presented with similar, often more affordable looks, which may mislead consumers as to the actual designer of the product.²⁴⁸ Furthermore, programs like Oohly and “Get the Look” then provide the ability to purchase the merchandise.²⁴⁹ As Judge Kozinski of the Ninth Circuit explained, “[i]n a commercial environment, distribution and payment are . . . like love and marriage—you can’t have one without the other. If cards don’t process payments, pirates don’t deliver booty.”²⁵⁰ This ability to later purchase the featured merchandise makes the product placement commercial. Televisions have become an instrument of commerce. One example of such deceptive product

²⁴⁵ See Landes & Posner, *supra* note 18, at 307.

²⁴⁶ See *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1144 (9th Cir. 2011).

²⁴⁷ See *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 129 (2d Cir. 2009).

²⁴⁸ See, e.g., *U.S. Showbiz*, MAILONLINE, <http://www.dailymail.co.uk/usshowbiz/index.html> (last visited Mar. 20, 2014) (providing “Get the Look” links on several pictures).

²⁴⁹ See *id.*; see also Knapp, *supra* note 232; *Snooki’s Designer Bags Given to Her by Luxury Rivals*, HUFFINGTON POST (Aug. 19, 2010, 10:59 AM), http://www.huffingtonpost.com/2010/08/19/snookis-designer-bags-col_n_687583.html [hereinafter *Snooki’s Designer Bags*]. In the scenario with Snooki and her handbags, viewers might think these designers endorsed the use and, accordingly, the show.

²⁵⁰ *Perfect 10, Inc. v. Visa Int’l Serv., Ass’n*, 494 F.3d 788, 818 (9th Cir. 2007) (Kozinski, J., dissenting) (discussing vicarious liability in a copyright case where controlling payment was found by Judge Kozinski to be an essential part of the infringement).

placement that was not sponsored by the actual owner of the mark can be seen in the *Jersey Shore*.

Snooki became a household name because of the *Jersey Shore*, and in Season One she could be seen toting her Coach handbag everywhere she went.²⁵¹ Coach had not paid for this use and was not happy with how its mark was being portrayed.²⁵² Prior to the start of Season Two, she was sent a smorgasbord of new handbags to wear, but again, these purses were not sent to her by their respective designers.²⁵³ Rather, they were sent by other luxury designers, including Coach, who were eager to prevent their own bags from being associated with either Snooki or the *Jersey Shore*.²⁵⁴ This act of “unbranding” used other recognizable luxury trademarks to deceive consumers.²⁵⁵ Viewers would recognize the famous trademarks on any of the bags designers had offered to Snooki and be deceived into finding sponsorship.²⁵⁶ Much like in the case of keywords, were this use to be found noncommercial, product placement would be allowed to continue using trademarks to deceive consumers.²⁵⁷ Instead authorization should be required before a mark may be used in product placement. This will further protect the trademark from losing the goodwill in its reputation.

²⁵¹ See Nunlee, Smith & Katz, *supra* note 173, at 11.

²⁵² See Adam Fusfeld, *Sleazy Celebs Inspire Brilliant New Marketing Strategy – “Unbranding”*, BUSINESS INSIDER (Aug. 25, 2010, 11:50 AM), <http://www.businessinsider.com/snooki-is-so-bad-for-fashion-pr-that-she-inspired-an-evil-new-strategy-2010-8>.

²⁵³ See *id.*; see also Nunlee, Smith & Katz, *supra* note 173, at 11.

²⁵⁴ See Buckland, *supra* note 252.

²⁵⁵ See *Snooki’s Designer Bags*, *supra* note 249.

²⁵⁶ See *id.*

²⁵⁷ See *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 130 (2d Cir. 2009) (“[T]he operators of search engines would be free to use trademarks in ways designed to deceive and cause consumer confusion.”).

C. *Un-sponsored Product Placement Harms a Trademark's Reputation Because Sophisticated Consumers Cannot See Beyond the Deception*

Today's media has tremendous implications because it reaches infinitely many more people and does so at an incredible speed.²⁵⁸ While this has its advantages in times of disaster,²⁵⁹ political elections,²⁶⁰ and perhaps in the case of celebrity love lives, it also has its disadvantages—misinformation accompanies every piece of information.²⁶¹ Therefore the truth behind incidences of un-sponsored product placement is not always clear on the Internet. This problem would be solved if product placement was found to be a commercial use that required the markholder's approval.

Instead there are instances such Abercrombie and Fitch's public announcement of its request for the "Situation," another cast member on the *Jersey Shore*, to discontinue wearing its apparel.²⁶² Over one thousand members of the press took to their laptops to comment and respond.²⁶³ While many thought this to be a

²⁵⁸ See, e.g., Tom Martin, *Marketing at the Speed of Sound*, CONVERSEDIGITAL (Dec. 20, 2012), <http://www.conversedigital.com/digital-strategy/podcasting-statistics-trends-future>.

²⁵⁹ Compare Jerry Barmash, *Former WNYW Anchor Jim Ryan Felt 'Sick Feeling' Covering Events of 9/11*, FISHBOWL NY (Sept. 7, 2011, 11:00 AM), http://www.mediabistro.com/fishbowlny/former-wnyw-anchor-jim-ryan-911-anniversary_b36819 (noting the first news on the 9/11 terrorist attacks was broadcasted just two minutes after the first plane crash), with *Radio Reports Japan's Attack on Pearl Harbor*, MODESTO RADIO MUSEUM, <http://www.modestoradiomuseum.org/radio%20reports%20pearl.html> (last visited Nov. 3, 2012) (informing that Pearl Harbor was attacked a little before 7:55 AM HST but news of this was not broadcasted on major news until 30 minutes later).

²⁶⁰ See *Truth-O-Meter*, POLITIFACT.COM, <http://www.politifact.com/truth-o-meter/statements> (last visited Nov. 3, 2012) (indicating the truthfulness of statements made during the political campaign).

²⁶¹ See Luke Allnut, *Why We're More Likely than Ever Before to Believe Fake News*, RADIO FREE EUR. RADIO LIBERTY (Sept. 10, 2012), <http://www.rferl.org/content/why-were-more-likely-than-ever-before-to-believe-fake-news/24701144.html>.

²⁶² See, e.g., Plaintiffs' Response to Defendants' Motion and Memorandum of Law in Support of their Motion to Strike Irrelevant Material and Unsupported Allegations from Plaintiffs' Second Amended Complaint at ¶ 15, *MPS Entm't, L.L.C. v. Abercrombie & Fitch Stores, Inc.*, No. 11-CV-24110-LENARD/O'SULLIVAN, 2012 WL 3869091 (S.D. Fla. July 16, 2012) [hereinafter the Complaint]; *The Latest 'Situation' for Abercrombie & Fitch and Jersey Shore*, TELEGRAPH (Aug. 19, 2011), <http://fashion.telegraph.co.uk/news-features/TMG8710673/The-latest-Situation-for-Abercrombie-and-Fitch-and-Jersey-Shore.html>.

²⁶³ See Complaint, *supra* note 262, ¶ 17.

publicity stunt on the part of Abercrombie and Fitch, there was, and remains to be, no certainty.²⁶⁴ Information is simply not always available. When a *Mad Men* episode had a Jaguar executive promising to accept the advertising firm's representation in exchange for sex with a member of the firm, the actual Jaguar tweeted its response, in hopes of disassociating the car company from the unauthorized product placement.²⁶⁵ The only problem with its rejoinder lies in the fact that 34.5% of the population is on neither Facebook nor Twitter, so it is doubtful they would ever see Jaguar's tweet.²⁶⁶

Additionally, studies show that people with strong opinions are more likely to stand firmly in their convictions when faced with mounds of opposition.²⁶⁷ This response, known as belief perseverance, strengthens as the amount of information contradicting one's beliefs grows.²⁶⁸ Further, by the reasoning applied in the aptly called Law of Incorrect Tweets, "[i]nitial, inaccurate information will be retweeted more than any subsequent correction."²⁶⁹ The breadth of available misinformation is especially troublesome because researchers have found that people are growing more gullible.²⁷⁰ And, this dilemma is only inflated because everything posted on the Internet lives on forever.²⁷¹ Accordingly, being a sophisticated consumer may no longer be

²⁶⁴ See *id.*

²⁶⁵ See Christopher Rosen, 'Mad Men' & Jaguar: What the Car Company Thinks About Its Shocking TV Portrayal, HUFFINGTON POST (May 30, 2012, 11:41 AM), http://www.huffingtonpost.com/2012/05/30/mad-men-jaguar-response_n_1556053.html.

²⁶⁶ See *id.*; see also Lauren Dugan, One Third of the US Population Says "No" to Twitter and Facebook, MEDIABISTRO (Sept. 10, 2012, 10:00 AM), http://www.mediabistro.com/alltwitter/one-third-us-population-not-on-twitter-facebook_b28182.

²⁶⁷ See Carrie Arnold, *Diss Information: Is There a Way to Stop Popular Falsehoods from Morphing into "Facts"?*, SCI. AM. (Oct. 4, 2012), <http://www.scientificamerican.com/article.cfm?id=how-to-stop-misinformation-from-becoming-popular-belief>.

²⁶⁸ See *id.*

²⁶⁹ Allnutt, *supra* note 261 (citing Craig Silverman, *Visualized: Incorrect Information Travels Farther, Faster on Twitter than Corrections*, POYNTER (Mar. 7, 2012, 10:55 AM), <http://www.poynter.org/latest-news/regret-the-error/165654/visualized-incorrect-information-travels-farther-faster-on-twitter-than-corrections>).

²⁷⁰ See *id.*

²⁷¹ See John Friedman, *You Are What You Tweet*, REUTERS (June 20, 2011, 1:18 AM), <http://www.reuters.com/article/2011/06/20/idUS364190237020110620>.

enough to isolate a trademark's reputation from how it has been portrayed in unsponsored product placement.

Companies spend tremendous amounts of money building up their reputations, often paying more on their marketing investments than on the product or service itself.²⁷² They strive to give their brands cultural significance by investing in advertising and marketing efforts.²⁷³ For example, the corporate executive owners of major fashion houses spend billions of dollars trying to entrance the public.²⁷⁴ They often stage ornate and provocative million dollar runway shows.²⁷⁵ Collectively, these owners spend billions more on bold advertising campaigns.²⁷⁶ Designers dress celebrities for red carpet events to get authentic sounding publicity and sponsor events such as Chopard at Cannes and Louis Vuitton at the America's Cup to further align the brand with the essence of all things luxury.²⁷⁷ Similarly, colleges looking to protect their brands have been seen to deny permission to producers and directors that seek to use the school's clothing in horror movies and teen comedies emphasizing sex, drugs, and rock and roll.²⁷⁸ At least 200 colleges have even hired public-relations firms to monitor whenever their schools are mentioned in television, film, and the news.²⁷⁹ This allows schools to disassociate themselves from any negative, unauthorized associations.²⁸⁰ Each of these brands chooses its connections with particularity so that it may prevent its marks from being diluted by any negative affiliation.

The goodwill preserved in a brand's reputation gives it symbolic meaning in product placement. In fact, the "artistic message" for which viewers tune into movies and television

²⁷² See Assaf, *supra* note 55, at 29.

²⁷³ See *id.*

²⁷⁴ See DANA THOMAS, *DELUXE: HOW LUXURY LOST ITS LUSTER* 9 (Penguin Books 2007).

²⁷⁵ See *id.*

²⁷⁶ See *id.*

²⁷⁷ See *id.*

²⁷⁸ See Julia Love, *Despite Colleges' Efforts, Brands Can Escape Their Bounds*, THE CHRON. OF HIGHER EDUC. (Oct. 1, 2012), <https://chronicle.com/article/Colleges-Brands-Escape-Their/134764>.

²⁷⁹ See *id.*

²⁸⁰ See *id.*

shows,²⁸¹ would not be conveyed but for the famous, quickly recognized brands lending their identities to the production.²⁸² Brands have an identity and can implicitly relay stereotypes and other notions of cultural significance, thus they are essential tools to use when introducing a character to an audience.²⁸³ For example, the car in which a mom drives her children to school will be different than the car a high-powered CEO takes to work. Both cars are a vehicle of truth, relaying information about the character and the brand. Just like people, every trademark has a unique personality, and much like the old adage “you are who you hang out with,” a mark is also defined by its associations.²⁸⁴ So what happens when an incident of unendorsed product placement assigns the trademark to a character who poorly reflects upon the brand?²⁸⁵ Such associations, especially when consumers believe they were paid for, risk blurring the two marks or tarnishing the senior mark.²⁸⁶ Accordingly, to prevent such dilution, trademark use in product placement should be labeled commercial and only permitted once a markholder’s approval has been obtained.

²⁸¹ See Gulasekaram, *supra* note 131, at 936.

²⁸² See Rosenblatt, *supra* note 20, at 1026–27 (asserting that brand inclusion is necessary “for purposes of verisimilitude”). *Contra* Gulasekaram, *supra* note 131, at 936 (arguing brands are not necessary to the creation of an artistic production).

²⁸³ See Rosenblatt, *supra* note 20, at 1026–27; see also, *Tiffany-Twisted Definition*, URBAN DICTIONARY, <http://www.urbandictionary.com/define.php?term=Tiffany-Twisted&defid=4019309> (last visited Nov. 4, 2012).

²⁸⁴ See *Brand Personality Definition*, BUS.DICTIONARY.COM, <http://www.businessdictionary.com/definition/brand-personality.html> (last visited Nov. 3, 2012) (listing some common brand personalities, including “uniqueness, sincerity, intellectualism, competence, excitement and sophistication” and explaining that these help consumers relate to the brand); see also Joel H. Steckel, Robert Klein, & Shelly Schussheim, *Dilution Through the Looking Glass: A Marketing Look at the Trademark Dilution Revision Act of 2005*, 96 TRADEMARK REP. 616, 623–24 (“[A] brand’s reputation is derived from what people think of it . . . [or] its associations. Damage to associations then can also harm the reputation of a brand.”).

²⁸⁵ See Nunlee, Smith & Katz, *supra* note 173, at 14.

²⁸⁶ See *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 CIV.1611 PKC, 2012 WL 1022247, at *13 (S.D.N.Y. Mar. 22, 2012); *Burberry Ltd. v. Euro Moda, Inc.*, No. 08 CIV. 5781 (CM), 2009 WL 1675080, at *13 (S.D.N.Y. June 10, 2009) (noting that a trademark may be tarnished when it is associated with a product of lower quality or when it is portrayed in a negative light).

CONCLUSION

As Landes and Judge Posner argued in their famous article on trademark dilution, “people conceal their undesirable characteristics in order to create or protect such [reputational] capital,” so there should be no opposition to allowing trademarks to “flaunt their desirable characteristics.”²⁸⁷ This is especially important because a trademark is intended to create a lasting impression on consumers. Trademarks trickle into our communicative culture and “fill gaps in our vocabulary and add a contemporary flavour to our expressions.”²⁸⁸ Therefore, all marks should be allowed to put their best selves forward. The associations made through unsponsored product placement, however, end up dictating the self that is portrayed to the public. By permitting someone other than a markholder to dictate a trademark’s reputation, trademarks are essentially redefined with each incident of unsponsored product placement, thereby leaving the voids in our vocabulary unfilled.

While it may seem that the problem of reputational harm can be addressed on a case-by-case basis, this solution is inadequate. The cost of litigation is high, both monetarily and reputationally. Moreover, markholders are often hesitant to litigate positive association,²⁸⁹ presumably because it seems pointless to reject free advertising and because markholders fear that a judge may render their mark invalid.²⁹⁰ And without litigation to put viewers on notice of the unauthorized product placement, viewers end up presuming that the markholder has endorsed the use.²⁹¹ Because trademarks help to structure language, however, it is evident that each unapproved usage, positive or negative, impacts the ultimate definition and characterization of the trademark. The result is

²⁸⁷ See Landes & Posner, *supra* note 13, at 308.

²⁸⁸ Kai Falkenberg & Elizabeth McNamara, *Using Trademarked Products in Entertainment Programming*, 24 COMM. LAW. 1, 14 (2007) (quoting *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002)).

²⁸⁹ *Id.* at 19.

²⁹⁰ See *Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc.*, 778 F. Supp. 2d 445, 457 (S.D.N.Y. 2011), *aff’d in part, rev’d in part and remanded sub nom.* *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206 (2d Cir. 2012) (“[T]he Court has serious doubts that Louboutin possesses a protectable mark . . .”).

²⁹¹ See Falkenberg & McNamara, *supra* note 288, at 19.

necessarily dilution. For this reason, trademark use in product placement should be made a commercial use under the Lanham Act and only permitted after the markholder's approval has been obtained.