

## **Social Media Law: Trademark Issues**

**Michael G. Atkins**  
**Atkins Intellectual Property, PLLC**  
**mike@atkinsip.com**  
**(206) 628-0983**

Whether you're a brand owner, blogger, or both, you should know the First Amendment trumps trademark rights most of the time. That means Yelp reviewers, Facebook friends, and the Twitterati can say a lot about your company or brand name. (Or if you're the social media user, it means you can.) It doesn't matter if the writer, podcaster, or YouTube opinionator likes the good or service being sold, or they hate it. They can express their opinion about it – with a few exceptions. The place to examine those exceptions is where the First Amendment right to free speech intersects with the social need to prevent consumer confusion in the marketplace and – by extension, the right brand owners have to prevent trademark infringement, unfair competition, and other trademark-related bad behavior.

### **A. First Amendment Right to Free Speech**

The starting point seems obvious. The First Amendment to the U.S. Constitution (along with state constitution analogs) broadly protects the freedom of speech. For the most part, the right to speak is content-neutral, meaning it doesn't matter whether what's said is smart, dumb, beautiful, or ugly. It also doesn't matter if it is artistic, altruistic, journalistic, political, or motivated by profit. Any speaker (or writer) can say just about anything they want.

In Washington, the right to free speech recently received additional protection with the 2010 enactment of RCW 4.24.525, the expansion of our statute limiting strategic lawsuits against public participation (SLAPPs). This statute enables anyone sued for any claim that arises out of “public participation and petition” to bring a “special motion to strike” the claim at the outset of the lawsuit. Once the defendant shows its speech falls under the big umbrella of being “lawful conduct in furtherance of the exercise of the constitutional right of free speech in connection with an issue of public concern, or in furtherance of the exercise of the constitutional right of petition,” the burden shifts to the plaintiff to prove with “clear and convincing” evidence that it will win its claim. That is a difficult showing, particularly at the start of a lawsuit. If the plaintiff can't do so, the statute directs the court to dismiss the claim, award the defendant its attorney's fees, and penalize the plaintiff \$10,000 for having sought to chill the defendant's speech. The statute has gotten significant traction in defamation cases, and even has been applied in cases involving the Lanham Act. *See, e.g., Phoenix Trading, Inc. v. Kayser*, C10-0920JLR, 2011 WL 3158416 (W.D. Wash. July 25, 2011). This is an important statute that gives First Amendment protection in Washington significant additional bite.

While the freedom of speech is very broad, it's not unlimited. We all know one can't yell “fire” in a crowded theater. Similarly, a jewelry store doesn't have the right to

call its store TIFFANY (cheekily spelled with two Ys), because doing so probably would mislead consumers into believing it is owned by Tiffany & Co., or has some sort of connection with Tiffany. That would give the owner of the TIFFANY trademark an undeserved free ride on Tiffany's reputation, and would siphon off sales that confused consumers meant to give to Tiffany. Nor can one make false statements of fact that aggrandize its product or diminish a competitor's. While commercial speech is still very much protected, it can be neutrally regulated without running afoul of the First Amendment. *See, e.g., Florida Bar v. Went For It, Inc.*, 515 U.S. 618, 623 (1995) ("The First Amendment may offer little protection for a competitor who labels its commercial good with a confusingly similar mark, but trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view."). The more important regulations that apply to the social media context are below. Still, one shouldn't forget those limits are the exception to the rule that (almost) anything goes.

## **B. Fair Use in Trademark Infringement Claims**

The Lanham Act, 15 U.S.C. §§ 1051, *et seq.*, is the federal statute that protects against a host of trademark wrongs, the most relevant of which in the social media context probably is trademark infringement. (State protections exist as well, such as Washington's Consumer Protection/Unfair Business Practices Act, RCW 19.86, and Trademark Act, RCW 19.77.) Trademark infringement occurs when the use of a trademark is likely to cause confusion with another's trademark. "Likelihood of confusion" is the touchstone for infringement disputes. The analysis focuses on comparing the parties' trademarks, the goods or services offered in connection with the trademarks, the respective marketing and distribution channels, and whether there is evidence of actual consumer confusion, among other factors. In the Ninth Circuit, the test comes from *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979) (known as the "*Sleekcraft* factors"), but similar "multi-factor" tests exist in every jurisdiction. If the factors tend to show a likelihood (*i.e.*, a probability) of consumer confusion, then the first user of the trademark between the parties generally wins.

### **1. Classic fair use**

The protection against trademark infringement presupposes trademark "use," meaning use in an effort to sell goods or services in a way that denotes a single source of such goods or services. (That's the definition of a trademark – it's the use of words, a logo, or other device to tell consumers that the branded good comes from a particular source, *e.g.*, an APPLE-branded computer is only made by Apple Inc. *See* 15 U.S.C. § 1127.) In the social media space, a company that markets its product in a way that merely uses words for their ordinary, descriptive meaning does not constitute trademark use sufficient to offend the Lanham Act – even if those words happen to be someone's trademark. Such descriptive use is known as "classic" fair use. *See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1071 (9th Cir. 2003), *vacated*, 543 U.S. 111 (2004) ("Classic fair use is that in which the alleged infringer "has used the [trademark holder's] mark only to describe his own product, and not at all to describe the [trademark holder's] product.") (emphasis and brackets in original), *quoting*

*Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002). For example, a blogger who opines about the best coffee in Seattle using the words “Seattle’s best coffee” doesn’t implicate Seattle’s Best Coffee’s (a company now owned by Starbucks) trademark rights in SEATTLE’S BEST COFFEE. See, e.g., *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995) (finding Ocean Spray’s describing its cranberry juice as “sweet, tart” does not infringe the plaintiff candy company’s SWEETARTS trademark because Ocean Spray merely used the words as a description). That’s considered fair – and not infringing – use. As the U.S. Supreme Court explained many years ago, “[t]he use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin of the product.” *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528 (1924). That notion remains true today. Indeed, the Lanham Act expressly carves out descriptive use from its protections. See 15 U.S.C. § 1115(b)(4).

## 2. Nominative fair use

A more common – but equally fair – use of a trademark in the social media context is called “nominative” fair use. That’s the use of a trademark owner’s trademark because it’s the only practical way to denote the trademark owner or its goods or services. In this vein, the Ninth Circuit recognized that former Playboy model Terry Welles could use Playboy Enterprises, Inc.’s PLAYBOY, PLAYMATE OF THE YEAR, and PMOY trademarks on her website without Playboy’s permission because there was no other easy way for her to communicate the fact that she had been Playboy’s “Playmate of the Year.” See *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002). The court agreed with the district court’s conclusion that

[T]here is no other way that Ms. Welles can identify or describe herself and her services without venturing into absurd descriptive phrases. To describe herself as the “nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981” would be impractical as well as ineffectual in identifying Terri Welles to the public.

*Id.* at 802. Similarly, it was fair for the press to use NEW KIDS ON THE BLOCK as a trademark without the band’s permission when promoting a for-profit poll that asked readers to call a 1-900 number to vote on: “Which of the New Kids on the Block would you most like to move next door?” (notwithstanding its questionable social value). See *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992).

However, there are important limits to “nominative” fair use, as its name suggests. (The word “nominative” means “nominal.”) One can use another’s trademark to denote that party only if it uses only so much of the mark that is needed to do so. Here’s the precise test:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the

product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

*New Kids on the Block*, 971 F.2d at 308. Thus, while it was ok for Ms. Welles to use a handful of Playboy's word marks in the text of her website, it was decidedly not ok for her to use "PMOY '81" as background "wallpaper" throughout her site. The Ninth Circuit found that doing so took more of Playboy's trademarks than was needed and, as a consequence, unfairly risked giving viewers the mistaken impression that her website was approved by or affiliated with Playboy. For the same reason, using a trademark owner's logo often crosses the line, because its word mark alone almost always would suffice to convey the desired message.

Note that nominative fair use isn't universally accepted. However, it's the law of the land in the Ninth Circuit, so it's a doctrine that applies in these parts. And its acceptance appears to be growing, even if courts do not overtly label the doctrine as "nominative fair use," perhaps to avoid appearing like they're taking cues from the Ninth Circuit.

### **3. Critique or reporting fair use**

Not surprisingly, the First Amendment broadly shields social media from liability when using a trademark without permission in the course of reporting the news or expressing an opinion. That means my Seattle Trademark Lawyer blog can use the MICROSOFT trademark all day long when discussing a new trademark case involving that company. It also means that lovers and haters alike can praise and/or criticize the food or service at any restaurant they desire, for as long as they desire, liberally using the name of the restaurant throughout. Social media parodists, too, can poke as much fun as they want at a company, even if (indeed, particularly if) they call to mind the subject's name, logo, or other trademark in the course of criticizing the trademark owner. *See, e.g., Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group, Inc.*, 886 F.2d 490 (2d Cir. 1989) (finding the public's interest in free expression outweighed the slight risk of consumer confusion in the use of the "Cliffs Notes" study guide cover design as part of a "Spy Notes" parody). *See also, Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302 (N.D. Ga. 2008) (finding defendant's use of WALOCAUST and WAL-QAEDA in a protest website was not likely to cause confusion with Wal-Mart's WALMART and WAL-MART trademarks). Though brand owners at times undoubtedly would prefer to silence critical speech, the only remedy the law affords is the ability to publish an effective rebuttal. As Justice Brandeis noted, "If there be time to expose through discussion the falsehood and fallacies, to avert the evil by the processes of education, the remedy to be applied is more speech, not enforced silence." *Whitney v. California*, 274 U.S. 357, 377 (1927).

### C. Fair Use in Other Trademark Contexts

The Lanham Act protects against more than trademark infringement. It protects against trademark dilution, cybersquatting, false advertising, unfair competition, and numerous other trademark-related misdeeds. As with trademark infringement, each of these protections is limited by principles of fair use.

For example, the Trademark Dilution Revision Act is contained in Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c). It protects against the watering down of trademarks that have become household names by creating a likelihood of “dilution by blurring” or “dilution by tarnishment.” This means Google Corp. probably can stop someone from using GOOGLE as a trademark in connection with, say, a used car lot, even though such use would not create a likelihood of confusion (the standard for trademark infringement) because everyone knows that Google isn’t in the used car business. Google probably could do so because such use would likely erode the ability of GOOGLE to function as a trademark (albeit probably not much). But the statute also expressly protects third party use of famous trademarks in connection with “[a]ny fair use,” including in the “identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner,” and in “[a]ll forms of news reporting and news commentary.” 15 U.S.C. § 1125(c)(3). Google wouldn’t be heard to complain about those uses even if it did not like them.

The same is true with the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d), which prohibits registering a domain name that contains or is confusingly similar to a trademark owner’s trademark, with the “bad faith intent to profit” from same. The statute further states that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.” 15 U.S.C. § 1125(d)(1)(B)(ii). That carve-out provides safe haven for social commentators who, among other things, use a third party’s trademark as part of a protest website. *See, e.g., Lucent Technologies, Inc. v. LucentSucks.com*, 95 F. Supp.2d 528 (E.D. Va. 2000) (noting “[a] successful showing that *lucentSucks.com* is effective parody and/or a [site] for critical commentary would seriously undermine the requisite elements for the causes of action at issue in this case”); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp.2d 1161 (C.D.Cal. 1998) (granting summary judgment to defendant website designer – and presumably unhappy Bally Total Fitness gym member – who registered the domain name *ballysucks.com*).

Though not expressly couched in terms of fair use, the First Amendment broadly protects a speaker’s right to state (true) facts and opinion. Under the Lanham Act, the speaker’s right to do so only ends when the facts expressed or implied about a trademark owner or its products can be proven to be false. *See* 15 U.S.C. § 1125(a)(1). False advertising has many facets, but a garden-variety claim requires the plaintiff to prove:

(1) the defendant made a false statement of fact about a product in a commercial advertisement, (2) the statement actually deceives or has the tendency to deceive a substantial segment of its audience, (3) the deception is material, (4) the defendant caused the false statement to enter interstate commerce, and (5) the plaintiff has been or is likely to be injured as a result of the false statement.

*Appliance Recycling Centers of Am., Inc. v. JACO Envtl., Inc.*, 378 F. App'x 652, 654 (9th Cir. 2010), *citing Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997). The “commercial advertisement” element carves out noncommercial statements, even if false. The standing requirement does as well, which limits false advertising claims to those between competitors. *See Jack Russell Terrier Network of N. Ca. v. Am. Kennel Club, Inc.*, 407 F.3d 1027, 1037 (9th Cir. 2005) (requiring a false advertising plaintiff to prove: “(1) a commercial injury based upon a misrepresentation about a product; and (2) that the injury is ‘competitive,’ or harmful to the plaintiff’s ability to compete with the defendant.”). As noted above, false advertising claims run parallel to defamation claims and, therefore, can implicate Washington’s anti-SLAPP statute.

#### **D. Conclusion**

The First Amendment broadly protects a speaker’s right to say what’s on his or her mind. Nowadays, much of that speech is communicated through social media. That means both well- and ill-conceived statements made in the blogosphere, on Facebook, through Twitter, and on platforms that have yet to be invented garner broad First Amendment protection, whether such statements are made by a brand owner, a competitor, or an interested or disinterested third party. That’s not to say such protection is unlimited. It isn’t. The Lanham Act and state analogs prohibit commercial speech that is likely to deceive consumers and, consequently, hurt trademark owners. Therefore, brand owners and social media users alike should know what speech trademark law prohibits. In the end, however, where tension exists between the First Amendment and the desire to avoid the social ills the Lanham Act prohibits, the First Amendment usually wins. There is no question that fair use principles that flow from the First Amendment permeate trademark law and limit its scope.