



Section of
Litigation Intellectual Property

Unpacking the *Louis Vuitton v. Warner Brothers* Decision

By Andy Bart and Gianni Servodidio – March 8, 2013

On June 15, 2012, Judge Andrew Carter of the Southern District of New York granted the motion of defendant Warner Brothers Entertainment Inc. to dismiss a trademark complaint filed against it by the luxury-goods maker Louis Vuitton based on the appearance of an allegedly counterfeit Vuitton bag in the film *The Hangover: Part II*. The decision in *Louis Vuitton Malletier S.A. v. Warner Brothers Entertainment, Inc.*, is a stark example of the increasing judicial skepticism toward efforts by trademark owners to use the rubric of the Lanham Act and related state laws to exercise control over the appearance of their branded products in expressive visual works such as films, television shows, or video games.

Building on established precedent, the decision rejected the notion that the First Amendment rights of content creators can be trumped merely because a “prop” used to convey an artistically relevant message is alleged to be a knockoff product. Moreover, the decision clarified that a trademark plaintiff must satisfy a heightened pleading standard for “confusion” in cases involving expressive works in order to overcome a First Amendment defense. As discussed below, resolution of these issues by the court helps to clarify and define the line between an infringing use of a mark intended to confuse or mislead consumers and the use of a mark that falls within the constitutionally protected right of content creators to engage in free and open expression by portraying the “real world” to their audience.

Background

The dispute in the Vuitton case involved the appearance of a prop travel bag in about 25 seconds of Warner Brothers’ comedy *The Hangover: Part II*. Setting up a joke in one of the early scenes of the movie, the character Alan (played by Zach Galifianakis) walks through an airport with a porter pushing a dolly full of what appears to be Louis Vuitton luggage, including two over-the-shoulder travel bags. Alan also carries what appears to be a matching Vuitton travel bag over his shoulder. In a later shot, Alan sits in the airport lounge, placing his shoulder bag on an empty seat beside him. His friend, Stu, then moves the bag to allow Stu’s future brother-in-law, Teddy, to sit down. In the first sign of comedic tension between Alan and Teddy, Alan reacts by saying, “Careful, that is . . . that is a *Lew-is*Vuitton.”

After the film’s release, Vuitton sent Warner Brothers a cease-and-desist letter. Vuitton claimed that the appearance of Alan’s shoulder bag and his line of dialogue infringed on its trademark rights and caused dilution. When Warner Brothers declined to delete the scenes or disgorge a percentage of “profits” relating the film, Vuitton filed suit, bringing three claims: (1) false designation of origin and unfair competition in violation of the federal Lanham Act, (2) common-law unfair competition under both federal and New York State law, and (3) trademark dilution in violation of a New York statute. The complaint alleged that Warner Brothers itself represented that “the [infringing b]ag is an authentic

Louis Vuitton product and that Louis Vuitton has sponsored and approved Warner Bros.' use and misrepresentation of the infringing [b]ag as a genuine product of Louis Vuitton. . . ." In other words, Vuitton claimed that the scene described above would cause confusion about the source of a third party's bag appearing in the film (as opposed to the source, sponsorship, or origin of the film itself). Vuitton also claimed Warner Brothers' misrepresentation "is likely to blur the distinctiveness of the [Vuitton] marks" and "tarnish the [Vuitton] marks by associating Louis Vuitton with the poor quality and shoddy reputation of the cheap products bearing the Knock-Off Monogram Design."

Warner Brothers filed a motion to dismiss arguing that Vuitton failed to state a claim upon which relief could be granted, both on First Amendment grounds and as a matter of trademark law. On June 15, 2012, Judge Carter dismissed the complaint, finding the plaintiff did not state a valid claim under either the Lanham Act or New York state law. As discussed in detail below, the court held that the First Amendment protected Warner Brothers because the use of the bag was artistically relevant and because it did not explicitly mislead viewers into believing that Vuitton produced, authorized, or sponsored the movie.

The Court's Decision

To state a claim for false designation of origin or trademark infringement under section 43(a) of the Lanham Act, a plaintiff must show that the defendant's use of the mark is likely to cause confusion as to the "origin, sponsorship and approval" of the defendant's product. Further, in cases in which the accused use of a trademark appears in a "non-commercial," artistic work, most courts require a trademark plaintiff to satisfy the high threshold set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), to overcome a First Amendment defense. *Rogers* involved Federico Fellini's use of the title "Ginger and Fred" for a motion picture about a fictional Italian couple who attempt to style their dancing career after that of Fred Astaire and Ginger Rogers. Ginger Rogers sued under section 43(a) of the Lanham Act for false designation of origin, alleging that the title of the film suggested that she sponsored, endorsed, or was otherwise involved in the film.

Recognizing that extending the Lanham Act to works of art had the potential to stifle "the public's interest in free expression," *Rogers* holds that, where the use of the mark at issue has "at least some artistic relevance to the work" and "is not explicitly misleading," the Lanham Act is "inapplicable." *Id.* at 999–1000. In order for a representation to be *explicitly* misleading, it must contain an "explicit misstatement," "overt claim," or "explicit indication" as to the plaintiff's endorsement or sponsorship of the film, beyond the mere appearance or use of the plaintiff's trademark. *Id.* at 1001.

As the Second Circuit later elaborated in *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490, 494–95 (2d Cir. 1989), Lanham Act claims must be construed "narrowly" in "any case where an expressive work is alleged to infringe a trademark." The rationale for this narrow construction of the Lanham Act is plain: The First Amendment interest in promoting the free and open exchange of ideas would be undermined if trademark owners could challenge expressive works under the rubric of the Lanham Act. *Rogers*, 875 at 998–99. As discussed below, Judge Carter held that Warner Brothers met both prongs of this test, and he dismissed Vuitton's claims on the pleadings.

Warner Brothers' Use of the Trademark Was Artistically Relevant

In applying the first prong of the *Rogers* test, the court noted that the threshold for "'artistic relevance' is purposely low and will be deemed satisfied 'unless the use has no artistic relevance to the underlying work whatsoever.'" *Louis Vuitton Malletier S.A. v. Warner Bros. Entm't, Inc.*, No. 11 Civ. 9436 (ALC) (HBP), slip op. at 8 (S.D.N.Y. June 15, 2012). The court found that this test was readily satisfied. First, the court noted that Alan's line comes across as snobbish because the public identifies Vuitton as a luxury product. Alan also comes across as inept because he

cannot even pronounce the name of one of his expensive possessions. The court rejected Vuitton's argument that the court could not rule on artistic relevance because Vuitton was entitled to discovery as to whether or not the filmmakers "intended to use a genuine bag or knock-off item" in the film. There was no real dispute that the reference to Vuitton's mark had at least some artistic relevance to the film and the development of Alan's character. As a result, the court recognized that the authenticity of the prop used to convey an artistic message was irrelevant. Finally, in discussing the artistic relevance test, the court framed the issue as whether the defendant's challenged use amounted to an attempt to "exploit the mark's popularity and goodwill." *Id.*

Warner Brothers' Use of the Prop Was Not Explicitly Misleading

The court held that under the second prong of the *Rogers* test, Warner Brothers' use of the bag was not explicitly misleading "as to the source or content of the work." *Id.* at 10 (citing *Rogers*, 875 F.2d at 999) (emphasis added). In doing so, the court underscored that *Rogers* and the cases that follow it have "consistently" examined whether the use misled consumers as to the source or content of the work as a whole, and not merely an item in the work. *Id.* (citing cases). The court reasoned that only a situation in which the defendant tries to "dupe the public into buying a product they mistakenly believe is sponsored by the trademark owner" rises to a level where the public interest in avoiding the deception outweighs its interest in free expression. *Id.* at 11. Thus, the court rejected Vuitton's argument that the "explicitly misleading" prong extended to confusion as to the source or sponsorship of a product in a film as opposed to the entire film itself.

Likelihood of Confusion

Although the court rejected Vuitton's argument that the "explicitly misleading" standard should be applied to a product appearing in a film as opposed to the entire film, it went on to analyze the issue of potential consumer confusion and concluded that Vuitton's claims of confusion were "not plausible," let alone compelling. The court found that it was highly unlikely that an appreciable number of people would notice that Alan's bag was a knockoff because the bag never appeared for more than a few seconds at a time and was shown for less than 30 seconds in total. The court also found that it was "hardly conceivable," let alone plausible, that viewers would take Alan seriously enough to think that Warner Brothers shared his views, noting that a statement made by a fictional character in a fictional movie was not an affirmative misrepresentation by the film studio, as Vuitton had alleged. *Id.* at 15. Because these reasons meant that the likelihood of confusion was "at best minimal," this likelihood was outweighed by First Amendment concerns.

The Court Can Apply the *Rogers* Test on a Motion to Dismiss

Significantly, the court affirmed that the *Rogers* test could be applied on a motion to dismiss, rather than at summary judgment or other post-discovery phases. The court noted that the Second Circuit suggested that disposal at such an early stage of litigation would be appropriate "where the court is satisfied that the products or marks are so dissimilar that no question of fact is presented." *Id.* at 17. It further noted that in the context of a motion to dismiss, courts have disposed of trademark claims where simply looking at the work in question and the context in which it appears demonstrates how implausible it is that a viewer will believe that the plaintiff endorsed the defendant's work.

Implications of the Decision

The decision has several important implications for trademark practitioners. First, in analyzing the "artistic relevance" prong of *Rogers*, the court squarely held that an artistically relevant reference to a trademark will satisfy the first prong of *Rogers* irrespective of any allegations that the mark depicted in the film was "non-genuine." The key issue is whether the reference to a trademark serves an artistic purpose, not how the particular artistic message is communicated to the audience. This should help to avoid the "chilling" effects that would arise if content creators faced legal liability under the trademark laws for exercising their right to engage in creative expression. Of course, the context of the challenged use of a brand will remain critical. In the film, the appearance of the Vuitton mark and the

line of dialogue served a clear artistic purpose. In addition, the Vuitton marks appeared on screen for a matter of seconds, making it highly implausible that the filmmakers intended to exploit any goodwill of the Vuitton brand for their own commercial purposes. This can be contrasted with another recent case in which Vuitton successfully sued Hyundai Motors for airing a commercial that included the image of a basketball with Vuitton's trademarks. *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611 (PKC), 2012 WL 1022247 (S.D.N.Y. Mar. 22, 2012). Unlike the challenged use in the film, this challenged use arose in the context of overt commercial speech promoting the sales of the defendants' products. During discovery, Hyundai even acknowledged that it wanted to sell cars by associating its products with Louis Vuitton and therefore was consciously borrowing equity from Vuitton. On these facts, the court rejected any First Amendment defense.

Second, the decision in the Warner Brothers case clarified that the mere appearance of a brand in a creative work will not satisfy the "explicitly misleading" prong of the *Rogers* test. Rather, the defendant must have engaged in some conduct likely to mislead or confuse consumers with respect to the source or sponsorship of the entire work. The articulation of this standard is likely to determine the outcome in many cases. References to brands in full-length works are unlikely to rise to the level of being "explicitly misleading" as to the entire work. Thus, even if consumers mistakenly believe that a trademark owner had granted permission to have its products "placed" in a film (according to common industry practices), this kind of "confusion" simply does not give rise to a cause of action under *Rogers*. Absent some expressly misleading or false statement by a producer as to some relationship with a brand owner (for example, "Brought to you by Louis Vuitton") or the widespread use of a brand throughout a film or in advertising for a film, a trademark plaintiff cannot overcome a *Rogers* defense. In other words, a trademark plaintiff should not seek to control artistic uses of a brand in a creative work, absent some truly egregious conduct by the defendant. Incidental or passing references to trademarked products, without more, are not actionable. Once again, this standard helps to provide sufficient leeway to content creators so as not to allow the threat of trademark litigation to stifle protected expression.

Nonetheless, brand owners undoubtedly will continue to raise concerns when their products appear in popular works without authorization. For example, it has been reported recently that the manufacturers of Budweiser beer and Stolichnaya vodka objected to the appearance of their products in the movie *Flight*, in which an airline pilot is seen consuming both brands of beverages. Daniel Miller, "[Anheuser-Busch Asks Paramount to Remove Budweiser from 'Flight'](#)," *Hollywood, Esq.* (Nov. 6, 2012). For the reasons discussed above, however, this claim should be foreclosed under the *Rogers* analysis. There are strong arguments that the consumption of recognizable alcoholic beverages by the main character was intended to convey an artistically relevant message, portraying the pilot's blatant alcoholism. As long as the filmmakers did not overtly misrepresent any sponsorship of the film by the brand owners, it would appear highly unlikely that consumers would believe that the alcoholic beverage manufacturers sponsored or endorsed this particular film. Indeed, the fact that the pilot engaged in shocking and inappropriate behavior only strengthens the First Amendment defense of the film producers. It would have been impossible to convey to same message with the same dramatic force by using a generic bottle of beer or vodka. The use of well-known brands imbues the fictional work with a sense of verisimilitude for the audience that renders the expressive works even more compelling.

While each case necessarily will turn on its own facts, the legal principles articulated in the decision strike a balance that limits application of the Lanham Act to creative works absent egregious circumstances. This will be a welcome result for content creators. Requiring the producer of a creative work to endure the costs and disruption of litigation every time the owner of a trademark objects to the appearance of a brand would likely have a chilling effect on free expression and leave filmmakers without the ability to portray the "real world" in their creative works. However, trademark owners are not without remedies in cases where their brands are used in a purely gratuitous or commercially motivated manner that does not implicate or impinge on the legitimate First Amendment rights of content creators.

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