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# When bad things happen to good brands

Negative associations through media use of your trademarks can prove difficult to counter, and action can lead to more headlines

There is nothing more important to a brand owner than protecting its brand's image in the marketplace. Brand owners make every effort to ensure that the message which their brand conveys is consistent with the way in which they want the brand to resonate with its target market. Through advertising and marketing strategies, brand owners do everything that they can to control the public perception of their brand.

A significant issue for brand owners arises when the brand's image shifts negatively in the eyes of consumers. This can occur when the reputation of a particular brand is affected by negative associations in the media. Often, a brand is used in the media without authorisation from its owner in ways that are out of line with its desired projection. These unauthorised uses can damage brand image and equity.

There have been a number of recent situations in which brands have appeared in the news, in films or television programmes or in music in a potentially damaging manner.

## Use in television and film

Films and television programmes often incorporate brands through costume or set design, or by including them in plotlines or dialogue. Although in many cases such uses are paid product placements, often a brand is used without its owner's authorisation. Brand owners sometimes welcome the free publicity that such unauthorised use brings, but if the use does not fit the brand's image, or if the brand is portrayed in a negative way, the brand owner may object. In August 2011 apparel and lifestyle company Abercrombie & Fitch made headlines when it publicly announced that its perceived association with Mike 'The Situation' Sorrentino – who features in reality television series *Jersey Shore* – was causing significant damage to the brand's image; Sorrentino had been seen wearing Abercrombie & Fitch clothing on the programme. Abercrombie & Fitch proposed what it described as a "win-win situation" and offered to pay Sorrentino and the producers of *Jersey Shore* a substantial sum if the individuals on the show wore an

alternative brand. Sorrentino was not amused and launched a lawsuit in Florida against Abercrombie & Fitch. Among other things, it was alleged that the company had "embarked on a grand, worldwide advertising campaign using Sorrentino's name, image and likeness to create brand awareness for its products by falsely claiming that [the] Defendant had offered money to Sorrentino if he would stop wearing [the] Defendant's goods".

Construction machinery manufacturer Caterpillar Inc has also had to deal with the problem of unauthorised product placement. The company objected to the use of its brand in the film *George of the Jungle 2* and sought a temporary restraining order to prevent distribution of the film. It argued that the film associated Caterpillar-branded equipment with the villains of the plot, showing the Caterpillar equipment in a negative light and tarnishing the brand (*Caterpillar Inc v The Walt Disney Company* 68 USPQ 2d (BNA) 1461 (CC III 2003)). At trial, the court found that Caterpillar's claims were unlikely to succeed, as viewers of the film would be unlikely to attribute approval or sponsorship of the film to Caterpillar.

## Striking a chord

Brand references in music lyrics and videos are commonplace, particularly in the hip-hop genre. Louis Roederer is among the brand owners to have reacted to an association with hip-hop. The owner of the Cristal champagne brand objected to the association between its champagne and certain rappers, including Jay-Z, who has incorporated references to Cristal into several of his songs. Louis Roederer's managing director, Frederic Rouzaud, commented on the association between the champagne and rap culture, saying in an interview with *The Economist* that he viewed the association "with curiosity and serenity". Rouzaud remarked: "We can't forbid people from buying it. I'm sure Dom Perignon or Krug would be delighted to have their business." The comments prompted Jay-Z to call for a boycott of Cristal.

## In the news

Unauthorised or uncontrolled use of a brand also occurs frequently in news reporting. In August 2011 violent protests broke out in London and other English cities. Many of the rioters and looters wore Adidas clothing and their images were splashed across television screens, newspapers and other worldwide media, leading to ironic headlines such as "Adidas – proud sponsors of the London riots". Many public relations and branding experts opined that a company which had cultivated a 'gangster chic' image was now being haunted by it.



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Another clothing brand that faced a similar problem in 2011 was Lacoste. It was the brand of choice of Anders Behring Breivik, the rightwing extremist who murdered 77 people in Oslo in July 2011. Breivik was pictured wearing Lacoste clothing on more than one occasion following his arrest and referred to the Lacoste brand in his manifesto. Lacoste contacted the authorities in Norway and asked them to prevent Breivik from wearing the brand publicly in future.

Brands will continue to face such issues, making it important for brand owners to understand the strategies and legal options available to them when the media use their brand in a way that creates a negative association. In Canada and the United States, trademark and copyright claims are the logical legal avenues. However, both approaches have their challenges and it is important for a brand owner to consider its options before taking legal action.

#### Trademark claims in the United States

In the United States, a brand owner may bring a trademark claim for unauthorised trademark use by way of an infringement claim or a dilution by tarnishment claim. Under a trademark infringement claim, pursuant to Section 43(a)(1)(a) of the Lanham Act, the

question is essentially one of relationship and endorsement.

In order to succeed, the brand owner must prove that the defendant’s use of the trademark is likely to cause an appreciable number of consumers to be confused as to the source, connection or sponsorship of the mark. In *Gottlieb Development LLC v Paramount Pictures Corporation* (590 F Supp 2d 625, SDNY 2008) the plaintiff’s pinball machine was used without authorisation as a background prop in the defendant’s film, *What Women Want*.

A brand owner may succeed in proving trademark infringement if it can show that consumers are confused as to the association between brand and defendant. Some legal commentators have noted that as consumers’ basic knowledge of product placement continues to expand and as consumers become more aware of the different forms of ‘stealth’ advertising, it is possible that brand owners could meet the ‘likelihood of confusion’ standard for trademark infringement.

Brand owners may be able to prove that because consumers are increasingly aware of product placement, and because it is becoming more common to blur or obscure an unauthorised depiction of a trademark, consumers often believe that if a

### Advice for companies

Brand image is critical to brand owners and controlling the message is critical to brand image. However, exercising control over both the message and the medium is becoming increasingly complex. Brand owners which simply rely on legal proceedings to protect their brands often do so at their peril. Legislation has not kept pace with changes in technology and is often not the right tool to protect a brand. Use of the legal system may well exacerbate the problem by focusing significant unwelcome attention on the brand. With this in mind, brand owners may need to be more creative and can learn much from recent examples of good and bad approaches.

Adidas provides an example of a strategy gone bad. The company responded to the brand's negative association with the London riots by quickly issuing a press release that condemned its customers for taking part in the riots. Adidas's press statement criticised the behaviour of the rioters, which it insisted was against "everything we stand for". Market experts opined that Adidas's decision to condemn its consumers in defence of its brand image was a tactical error.

Conversely, Toyota is among the companies that have responded well to brand image concerns. After images circulated of the Taliban using Toyota trucks, the company found itself associated with an organisation that is designated by several countries as a terrorist group. On being questioned about the association, Toyota responded that although it was not the company's proudest piece of product placement, it showed that the Taliban were looking for the same qualities as any other truck buyer: quality and durability. This

response took advantage of the positive effects that came from the unwanted publicity and Toyota was commended for finding a positive way to spin the negative association.

The best way to control use of a brand remains a product placement agreement or other contractual arrangement. In the absence of such an agreement, the context in which the branded product is used must be assessed. If the product is used neutrally or positively, it is unlikely to draw attention from the brand owner, which is more likely to regard such unauthorised use as free advertising and promotion. However, if the brand is used in the context of news coverage – out of the brand owner's control – or is the subject of an unauthorised product placement, the brand owner has the option of doing nothing and letting the story dissipate. This may be the most effective strategy, particularly if the use of the brand is unlikely to have an impact on a consumer's decision to continue wearing or buying branded products. Public relations and communications strategies offer another approach. As Abercrombie & Fitch discovered, this tactic may appear to work in the short term, but in that case it ultimately led to the commencement of litigation against the company.

Brand owners often focus on pursuing legal options. However, these may ultimately be unsuccessful and costly, and may do more harm than good, serving only to spread the negative associations with the brand. The best advice for a brand owner may be to do nothing or to develop an effective communications and public relations strategy, and at least avoid the increasingly great expense of litigation.

trademark is visible, its use must have been authorised. As a result, brand owners may be able to prove that consumers often infer that any visible use of a mark is authorised, and that an established relationship between brand owner and defendant will be assumed whenever a mark is used in a film or television programme.

Nevertheless, the standard of likelihood of confusion is high; therefore, it is far more likely that if a brand is mentioned or shown only a few times, a court may not be persuaded that such use would confuse consumers into thinking that a relationship exists between brand and defendant.

As part of their confusion analysis, courts will determine whether consumers are likely to believe from a 'thin' use of a brand name that a relationship exists between the brand owner and the defendant. So far, US courts have generally found against the brand owner, often determining – as in *Gottlieb v Paramount* – that consumers are unlikely to attribute approval or sponsorship by the brand owner when a mark is used sparingly.

Section 43(c)(1) of the act, as amended, entitles the owner of a famous, distinctive mark to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark in commerce that is likely to cause dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, competition or actual economic injury. 'Dilution by tarnishment' is defined as "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark". Section 43(c)(3) sets out the following exclusions that are not subject to an action for dilution by tarnishment:

(A) *Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person*

*other than as a designation of source for the person's own goods or services, including use in connection with:*

- (i) *advertising or promotion that permits consumers to compare goods or services; or*
  - (ii) *identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.*
- (B) *All forms of news reporting and news commentary.*  
(C) *Any noncommercial use of a mark.*

A brand owner faced with an unauthorised product placement would have an uphill battle to argue that the fair use exclusion set out in Subsection (A) does not apply, as the defendant's use is clearly not as a designation of source for the defendant's own goods or services.

Similarly, in connection with news reportage, use of the brand would clearly not be actionable under the exclusion in Subsection (B). In addition to the news reporting exclusion being available to the news media, if individuals seen wearing the brands find themselves as defendants in a dilution by tarnishment claim, they would probably be able to invoke the non-commercial use exclusion in Subsection (C).

### Trademark claims in Canada

A brand owner that is faced with unauthorised use of its mark can allege infringement under Sections 19 and 20(1) of the Trademarks Act or depreciation of goodwill under Section 22. In order to prove infringement under Sections 19 and 20(1), the brand owner must show that the mark was validly registered and that the defendant used the brand as a trademark. Section 4.1 of the act states that a



Photo courtesy of MTVpress.com

Abercrombie & Fitch made headlines when it announced that its association with *Jersey Shore*'s Mike 'The Situation' Sorrentino was causing damage to its image. Sorrentino subsequently launched a lawsuit alleging that Abercrombie "embarked on a grand, worldwide, advertising campaign using Sorrentino's name, image, and likeness to create brand awareness for its products"

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

Most major brands are likely to have been validly registered, but proving the defendant's use of the brand as a trademark may be more difficult. A brand owner's infringement claim under Section 20(1) would be likely to fail on the basis that in an unauthorised use situation, the brand owner would probably be unable to prove that the defendant sold, distributed or advertised wares in association with a confusing trademark; therefore, the second element of the infringement action would not be satisfied.

As for a Section 22 claim, a brand owner may claim that a defendant's unauthorised use had the effect of depreciating the goodwill attached to the brand owner's registered mark. This would require the plaintiff to prove that the defendant used the mark as a trademark, and that the defendant's use was likely to depreciate the

value of the mark's goodwill. Although a brand owner may be able to prove depreciation of goodwill, it is unlikely to succeed in a claim under Section 22 of the act, as the unauthorised use of a mark in the media would not satisfy the requirement of trademark 'use' as defined in Section 4.1, which requires an element of commercial use (*Clairol International Corporation v Thomas Supply Equipment Co Ltd* (1968), 55 CPR 176 (Ex Ct); and *BCAA v Office and Professional Employees Union*, 2001, BCSC 156).

#### **Copyright claims in the United States**

Copyright law potentially provides another legal option for brand owners in Canada and the United States to consider in combating negative brand association.

Copyright law protects rights in artistic works and could apply to unauthorised use of brands, as the logos of well-known brands are copyright works in addition to being trademarks. In the United States, a brand owner faced with unauthorised use may bring an action for copyright infringement under Sections 106(1) and (5) of the Copyright Act, which provide that a copyright owner has the exclusive right to reproduce and display a copyright work publicly,

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and that its reproduction or public display by anyone else will be considered infringement (*Gottlieb v Paramount*).

In the case of unauthorised use, a brand owner may allege that by displaying the mark publicly, the defendant infringed the brand owner's copyright and may bring an action under Section 106(1) or 106(5).

Even if a brand owner succeeds in proving copyright infringement, the defendant may have several defences, including fair use and de minimis use. The fair use defence allows a defendant to use the work without the copyright holder's consent on certain conditions. In *Ringgold v BET* (126 F3d 70 (2d Cir 1997)) it was found that the defendant's use of the plaintiff's painting without her authorisation as set decoration on a television programme might have been a violation of copyright; the claim was returned to the district court for further consideration.

As set out in *Fitzgerald v CBS Broadcasting* (491 F Supp 2d 177 (2007)), in order to determine whether unauthorised use is fair, a court will consider:

- the purpose and character of the use;
- the nature of the work;
- the amount and substantiality of the portion used in relation to the work as a whole; and
- the effects of use on the potential market for, or value of, the work.

The de minimis defence provides that while use of a copyright work may be a basis for infringement, where the use is minimal the infringement will not be actionable (*Gottlieb v Paramount*). As established in *Sandoval v New Line Cinema Corporation* (147 F 3d 215 (2d Cir 1998)), copyright infringement requires substantial use of a protected work. *Gottlieb v Paramount* demonstrates that if the defendant can prove that the copying of the work was trivial enough to fall below the quantitative threshold of substantial copying, there will be no copyright infringement of the work.

In order to determine whether the copying is de minimis, the court will consider whether the work is in or out of focus, is in the foreground or background, and is mentioned in dialogue or physically handled by the actor.

### Copyright claims in Canada

In Canada, a brand owner may bring a claim for copyright infringement on the basis that only the copyright owner has the right to reproduce a work in any material form. Therefore, copyright

will be infringed if the defendant reproduces the work; however, the right to reproduce a work is limited to the complete work or a substantial part thereof.

What constitutes a 'substantial part' is often a question of fact and a number of elements must be considered in order to determine whether the work has been substantially reproduced, including the quality and quantity of the material taken (*British Columbia Jockey Club v Standen (Winbar Publications)* (1985), 22 DLR (4th) 467, (1985), 8 CPR (3d) 283 (BCCA)). Generally, a qualitative rather than quantitative analysis will be used when a small portion of the work has been reproduced (*Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 WLR 273). Thus, even if the defendant copied only a small portion of the work, if that small portion is qualitatively significant, infringement may be found for unauthorised use of a brand (*Leslie v Young & Sons* [1894] AC 335).

There are several defences to copyright infringement in Canada, including fair dealing and incidental inclusion of a work in another work. Specifically, for unauthorised use in news reporting, the fair dealing defence is important. Section 29.2 of the act provides that fair dealing for the purposes of such reporting is a defence if the source and owner of the work are mentioned in the course of the report.

In addition, Section 30.7 of the act states that copyright is not infringed if a work or other subject matter is included in another work, provided that this is done incidentally and not deliberately. Therefore, if the inclusion of the work in another work is accidental, the defendant may have an available defence and may not be liable for copyright infringement.

The unauthorised use of brands in the media creates complications for brand owners. Positive use is welcomed as free advertising, but negative uses of the brand often lead to negative associations in the minds of consumers and potentially tarnish or destroy the image that the brand owner has worked hard to protect.

While brand owners may wish to turn to legal solutions in response, commencing proceedings for trademark or copyright infringement in Canada and the United States may not always be the best strategy. [WTR](#)

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