

Bright Ideas

A publication of the Intellectual Property Law Section of the New York State Bar Association



Image-Generative AI: Has Technology Finally Evolved Beyond the Parameters of the Modern Day Fair Use Defense?

The Intersection of the First Amendment and Trademark Law: A Survey of Recent Opinions

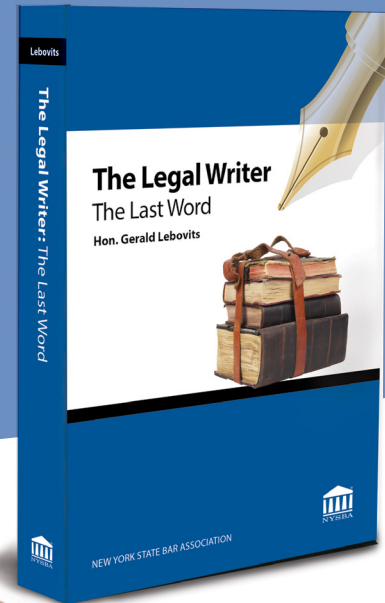


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Contents

- 4** Image-Generative AI: Has Technology Finally Evolved Beyond the Parameters of the Modern Day Fair Use Defense?
Wendy Heilbut, Danielle Maggiacomo and Maggie Casey
- 10** Does Copyright Protection Extend Beyond Original Works in an AI World?
Nyasha Shani Foy
- 14** Nothing Can Dim the Light That Shines From Within: Reflections on the Special December Edition of Women in Intellectual Property Law
Sara M. Dorchak
- 19** The Intersection of the First Amendment and Trademark Law: A Survey of Recent Opinions
Theodore H. Davis Jr. and Joseph K. Davis
- 29** Genuine Use of Trademarks in the Perfume Industry: Update on Israeli Case Law
Hanna J. Odeh



Bright Ideas

2024 | Vol. 33 | No. 1

3

Message From
the Chair
William Samuels

16

Photos: Annual
Meeting 2024

32

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and Chairs

Bright Ideas

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Anyone wishing to submit an article, announcement, practice tip, etc., for publication in an upcoming issue of *Bright Ideas* is encouraged to do so. Articles should be works of original authorship on any topic relating to intellectual property. Submissions may be of any length.

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Message From the Chair

As we thank the outgoing Intellectual Property Law Section Chair Brooke Singer for her commitment, effort, leadership and achievements during her tenure, I would be remiss not to mention artificial intelligence in the opening message. Artificial intelligence (AI) seems to be everywhere these days. All market players are developing it, using it, customizing it, and waiting to see what happens with it. Pundits and players may claim they know what the future brings with AI, but nobody really knows for sure. Instead, all signs indicate only that AI's prevalence will increase, its presence will normalize, and its integration in our lives eventually will be complete unless one actively seeks refuge from its assistance.

This is no small consideration as IP practitioners work with clients to protect their innovations and guide them away from potential infringements. And AI platforms are even available to help in those efforts. Perhaps you use one in your practice or have tested one out. People are using AI in their lives, businesses, and art, and so we've turned our lens on those issues for you. This issue of *Bright Ideas* embraces these considerations—and to some, controversy—regarding image-generative AI, as well as copyright protections in an AI world.



We continue to study and address the ever-developing AI world from the unique vantage point of IP practitioners. In this issue, we'll work to understand AI in IP contexts, just as we'll endeavor to grasp the intersection of trademark law and the First Amendment. We'll see how IP is treated and recognized in foreign and domestic jurisdictions, and appreciate the state of being a woman IP practitioner today.

Development and innovation is here now. Watch this space.

Bill Samuels

NEW YORK STATE BAR ASSOCIATION

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REQUEST FOR ARTICLES



Image-Generative AI: Has Technology Finally Evolved Beyond the Parameters of the Modern Day Fair Use Defense?

By Wendy Heilbut, Danielle Maggiasco and Maggie Casey



Introduction

Copyright is uniquely situated between the force of law and the pressure of an ever-evolving society. Since its inception, courts, legislators, and administrators have had to adjust and recontextualize copyright law to appropriately conform to new technologies and artforms. The latest technology to challenge this pillar of intellectual property law is generative artificial intelligence (AI) and most recently, image-generative AI.

Although AI is not an inherently new technology, its use and proliferation have skyrocketed in recent years with the release of various consumer-facing AI offerings. In particular, the introduction of image-generating AI platforms—platforms where users can enter text prompts like “draw me a sunset in the style of Van Gogh,” and the software responds by generating a unique image that users can continue to refine through the same process—have challenged our modern understanding of both what constitutes a copyrightable work and what constitutes infringement of copyrighted materials. This article will focus on the latter of these two queries.

The matter of copyright infringement in the image-generative AI space will be resolved in federal court.¹ AI, in gen-

eral, is not a novel issue for federal courts, which have heard a wide variety of AI or similar technology-related cases since the dot-com boom. Image-generative AI, however, is a question of first impression for the courts, and the first image-generative AI cases have just begun to pop up on dockets across the country.² In these new image-generative AI cases, courts are seeing a variety of intellectual property claims, almost all of which include a claim of copyright infringement.³ With the influx of novel claims, legal scholars posit that defendant AI companies will need to test the limits of the fair use doctrine as an affirmative defense to infringement claims made by artists, photographers, and other visual creators.⁴ Beyond the fact-intensive analysis required for fair use defenses, AI fair use cases are further complicated by the lack of public understanding of exactly how AI works, including how AI platforms process their learning materials and how AI programs generate content. These issues are even more complex in the space of image-generative AI given the way such platforms and their outputs are used.

While each pending case deserves its own day in court and a fact-specific inquiry into the infringement at issue, this article attempts to simplify the applicable fair use analysis by considering it separately in instances of each of: 1) infringe-

ment for the purpose of machine learning (“AI inputs”) and 2) infringement in the materials *created* by such machines (“AI outputs”). By exploring the fundamental premises of the fair use doctrine in relation to both this new technology and available AI-related caselaw, in this article we suggest that our court system is giving deference to technology defendants that it does not extend to traditional artists or creators. In particular, the first factor of the fair use doctrine heavily favors technological advancement such that it almost guarantees sanctuary to AI defendants, particularly AI input defendants. We do not opine on the inherent fairness of the fair use doctrine, but instead summarize how the doctrine’s structure favors new technology to such an extent that plaintiffs stand little chance when pitted against novel technological advances such as image-generative AI.

Groundwork: AI Inputs, AI Outputs, and Fair Use

In the first image-generative AI cases presently making their way through our court system, copyright holders have asserted various intellectual property claims against AI companies, including violations of the Digital Millennium Copyright Act, unfair competition, and copyright infringement.⁵ When addressing these infringement claims, we are beginning to see the courts fragment them into distinct inquiries surrounding AI inputs and AI outputs.⁶ As we explain in more detail below, the categorization as an input or an output has a significant impact on how easily an AI defendant can assert a fair use defense.

AI input claims concern the many works that are loaded onto an AI platform for the purpose of machine learning before the image-generation process has even begun. In order to create a functioning image-generative AI platform, developers must “teach” the machine how to read, analyze, and ultimately create unique images.⁷ AI input infringement claims allege that a violation occurs at this early point of the development process when developers feed the machine hundreds of thousands, if not millions, of images, typically using image datasets pulled or scraped from the internet.⁸ Here, the inclusion of a copyrighted work in a training dataset is the basis for an AI input infringement claim. The platform copies these images⁹ and analyzes them for various probabilities. As the platform reads more and more images, it begins to develop associations to predict how the various elements of a work will lend themselves to the whole. Once trained, these associations allow the AI platform to impute knowledge regarding the various elements of style, subject, and composition from the inputs to the images that the program ultimately creates—the AI outputs.

AI output infringement claims revolve around the final images created by the AI platforms at the direction of end users.¹⁰ These claims are being heavily refuted by AI companies

who say that users would have to actively endeavor to create an infringing AI output and, even then, infringements only occur around .0003% of the time.¹¹

Legal scholars and commentators in the space have speculated that, to the extent AI companies don’t refute the infringement claims altogether, AI defendants could rely on fair use as a viable affirmative defense.¹² When asserted, courts consider the following factors to determine if an infringement is permissible under the fair use doctrine:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.¹³

As discussed in more detail below, the first factor of the fair use doctrine has historically been weighted heavier in technology inquiries than in cases surrounding more traditional artistic mediums. Specifically with respect to image-generative AI, this disproportionate emphasis on factor one has the ability to skew the entire fair use analysis. This is particularly true of AI input infringement cases, but will extend to AI output cases as well, and may signal a need for a technology-specific doctrine.

Analyzing the First Fair Use Factor

Under factor one of a fair use analysis, courts are asked to consider the purpose and character of the infringing use, including whether such purpose and character is commercial in nature.¹⁴ In practice, courts typically ask if the infringing use is *transformative*.¹⁵ In other words, does the actual use of the infringing work differ from the intended or normal use of the original work?¹⁶ While this may appear to be a straightforward inquiry, the way courts have analyzed the ultimate purpose of the allegedly infringing works in technology-related infringement cases has yielded surprising results.¹⁷

For example, in two Second Circuit cases brought by the Authors Guild in 2014 and 2015, the plaintiffs in each case brought a copyright infringement action against a party who scanned over 10 million published books for use in an internet database where users were able to perform full-text searches on titles of their choosing and could see snippets of the searched work in the context of the actual copied material.¹⁸ Even though each book was scanned in its entirety and could, in some instances, be observed in the database in its original form, the Second Circuit found this unlicensed copying to be a transformative use.¹⁹ The court reasoned that

the purpose of the copying was to create an online database that allowed users to search within the books, emphasizing that a searchable database had an entirely different function than that of the book itself, and that difference in function weighed in favor of fair use.²⁰

Similar logic can be found in *Google v. Oracle*, in which the Supreme Court held that Google’s copying of 11,500 lines of plaintiff’s copyrighted code was a fair use.²¹ In this case, Google had acquired Android, Inc., an early-stage smartphone software company, and through the purchase, sought to create a new smartphone platform written in the Java programming language. To facilitate the code-writing process, Google copied unaltered code from the application programming interface (API) tool within the Java Standard Edition program owned by Oracle. Google used the API code for the same purpose as its original use: to develop new software programs. In finding the work transformative under the first factor of its fair use analysis, the Court reasoned that Google’s use did not simply create a new software program, but instead created a new software *platform* that would spur technological innovation in such a manner that was “consistent with that creative ‘progress’ that is the basic constitutional objective of copyright itself.”²² Notably, in its factor one analysis, the Court emphasized that computer programming differs from traditional literary works in that computer programs “almost always serve functional purposes,” and noted that this has led some courts to lament that the application of copyright law to computer programming matters is “like applying a jigsaw puzzle whose pieces do not quite fit.”²³

The message from our court system in these technology-related infringement cases is two-fold: first, these cases tell us that the empirical value of a new invention weighs heavily in favor of a finding of transformative use; next, the dicta tells us that transformative use, and the entire fair use doctrine, might not be the appropriate test for this type of defendant.²⁴

Application to AI Inputs

The aforementioned data copying cases have created a strong blueprint for AI companies to defend their use of copyrighted items as AI inputs, since the metamorphosis from image to intelligent machine will almost certainly be deemed sufficiently transformative. Though plaintiffs can assert numerous traditional “uses” of the original artwork (e.g., public enjoyment, culture, licensing, etc.), defendants of image-generative AI will likely assert that the original images were used to train technology, or, taken one step further, to train technology to create new and unique artwork. Similar to the *Authors Guild* cases, AI defendants can argue that the copied images serve an entirely unique function from the original works. If that on its own does not weigh in favor of fair use, companies may look to assert the defense used in

Google and claim that the copying was a means to creating an entirely new technology.

Application to AI Outputs

Defendants in an image-generative AI output case will face a more substantial hurdle in proving the first factor of the fair use test because image-generative AI outputs are pictorial. This means they take the same form as the original, allegedly infringed-upon work, so AI output defendants will not be able to avail themselves of the unique “transformative purpose” argument in the same way that AI input defendants may. Instead, the inquiry will focus more on the transformation of the image itself, asking if the new work functions as a substitution for the original or if it uses the original to “serve a distinct end.”²⁵ Where output defendants can assert that the infringing work serves a traditionally viable purpose, such as to criticize, comment upon, or learn from the original work, courts will have a clear roadmap to a ruling.²⁶ But what about art for the sake of art? In the event that the infringing work was created for no other reason than to create art, defendants will still have to justify the reason behind their work, and courts will be put in the position of assessing the relative value of the pictorial illustrations in the infringing work. The Supreme Court has warned that this was a “dangerous undertaking” as early as 1903,²⁷ and has maintained the concern in recent years, emphasizing that judicial interpretation of artwork could usurp the policy choice embedded within the letter of the law.²⁸

The first factor analysis is further complicated by its reference to commercial use. Courts have historically varied in their emphasis of this subfactor, but typically state that commercial use is not dispositive in a fair use analysis.²⁹ Most recently, however, the Supreme Court in *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* ruled that when the original and infringing work share similar purposes, and the infringing use is commercial, the commercial nature of the use is likely to weigh against a finding of fair use.³⁰ Image-generative AI outputs, having a less transformative purpose than AI inputs, may have to directly address the commercial use analysis in factor one.

Analyzing the Second Fair Use Factor

Factor two simply instructs the court to consider the nature of the original work. Though short and sweet, this rule gives credence to the original intent of the Copyright Act and tells factfinders to assess whether the original work is: 1) more expressive or factual, and 2) published or unpublished.³¹ When the original work is closer to the “core of intended copyright protections,” with the pinnacle of intended protection being expressive and unpublished works, the law dictates that fair use defenses should be subject to greater scrutiny.³²

Application to Both AI Inputs and Outputs

In practice, factor two rarely carries significant weight in the overall determination of a fair use dispute.³³ In analyzing factor two, courts often make reference to their factor one findings, in some instances going so far as to say that when the use is found to be transformative under factor one, factor two is of “limited usefulness.”³⁴ For AI input cases, which will generally have a strong transformative use argument, the inquiry into factor two is likely to be brief and inconsequential. Still, to the extent that factor two analysis is examined in detail in either input or output cases, the courts will likely determine that the second factor is not dispositive. Caselaw is instructive here. When examining factor two for expressive, published original works, courts have typically found that the second factor is not dispositive to a fair use finding.³⁵ In both input and output image-generative AI cases, the original use at issue will most likely be expressive (as a work of art) and published (as most inputs are scraped from publicly available websites), and there is nothing to suggest that the nature of AI inputs or outputs, or the nature of the underlying work, will be afforded any unique considerations under this factor.

Analyzing the Third Fair Use Factor

Factor three asks how substantial the infringing use is and looks to both the amount of the original work used and whether the copied content was integral to the expression of the original work.³⁶ Courts consider if the infringing work has taken more of the original work than is necessary and, similarly, if the infringing work’s use of the original work is excessive.³⁷

As a question of scale, this factor may seem like a simpler inquiry than factors one or two, but courts have emphasized that there is no limit to how much of a work may be used and still be considered fair use.³⁸ In *Campbell v. Acuff-Rose Music*, the Supreme Court emphasized that the factor three inquiry should focus not on the proportion of the original work used in the infringing work, but instead on if more of the original work was taken than was *necessary*.³⁹ While *Campbell* was an analysis of a parody song, and the Court focused on the necessity of copying the entire work for the purposes of parody, courts have taken the concept of what is “necessary” and have applied it to the transformative infringing use asserted under factor one.⁴⁰ This application stretches the text of the law, which directs the factfinder to assess the amount of the original work used in relation to the original work as a whole. By contrast, under the “necessary use” doctrine concocted by the Court in *Campbell*, when a use is found to be transformative under factor one, the factfinder instead must consider how much of the original work was necessary to achieve the ultimate purpose of the infringing work.

This dichotomy is demonstrated in *Authors Guild v. Hathitrust*, in which the Second Circuit found that factor three weighed in favor of fair use even though the defendants had scanned each book at issue in its entirety. The Second Circuit reasoned that Hathitrust’s purpose was to create a searchable book database, and thus copying each entire book was necessary as the entire book must be searchable for the technology to function.⁴¹ The Supreme Court echoed this application of the third factor in *Oracle v. Google*, when it found that, even though Google had used more of Oracle’s code than was necessary for the immediate purpose of writing in a specific programming language, assessing only Google’s immediate purpose analyzed its “legitimate objectives too narrowly,”⁴² and, rather, when considering Google’s larger vision of creating a new smartphone platform, the ends justified the means.⁴³ These cases demonstrate that when courts engage in a “necessary use” analysis, they effectively place greater emphasis on factor one—which is already favorable to AI platforms—thereby decreasing the relative impact of factor three.

Application to Inputs

As applied to AI inputs, AI developers may try to refute assertions of substantial use with claims that the AI software does not store any of the training images and, by its nature, the software is only using the *necessary* amount of the original work. According to the plaintiffs in *Andersen*, the image-generative AI platform reads the training data sets and records various mathematical equations and calculations based on each training image, and only these formulas are maintained within the platform.⁴⁴ Under such assertions, AI developer defendants could have a strong defense that any taking amounts only to the taking of factual materials (the data and calculations surrounding each training image), and not any of the expressive elements of the original works (which are not otherwise utilized or stored within the platform) and, therefore, the AI is only scraping that which is *necessary*. Even if AI developers do store the original works in their platforms, they could still seek shelter in the broad view of ultimate use expanded upon by the *Oracle* court, finding safe haven under factor one and claiming that any use of the training images—indeed, copying them in their entirety—was necessary to create a new, functional technology from which invention and creativity can blossom. Conversely, might artists refrain from publishing their works for fear of their being fed into an image-generative AI product which might erode the artist’s rights in its creation?

Application to Outputs

If an AI defendant is able to successfully allege that it did not store any of the original work files, the affirmative fair use defense should be equally persuasive for outputs as well. If courts opt to compare the data derived from the original work to the image created in the secondary work, plaintiffs

may have difficulty demonstrating how this data translates into the expressive factors of the original work, or how it generates an image that is substantially similar to the original work.⁴⁵ If courts reject a comparison of the original work data, and instead opt to assess the original work file, both parties may face difficulty in making or defending their position and the factor three determination will hang in the balance. AI output defendants may have to justify the copying of the entire original work without being able to rely on the same necessary transformative use analysis availed by AI input defendants. AI output plaintiffs will also face an uphill battle and will likely need to show an infringing work that maintains a substantial similarity to the original, which image-generative AI plaintiffs have not yet been able to do in their pleadings,⁴⁶ and which AI defendants claim is a near impossibility.⁴⁷

Analyzing the Fourth Fair Use Factor

The fourth factor assesses the market of the copyrighted work, and whether the secondary work will detract from that market.⁴⁸ The mere existence of the secondary work alone is not sufficient justification for any lost sales in the original work; instead, the doctrine again ties back to factor one, as lost sales can only be considered if the original and secondary uses are of the same nature⁴⁹ (i.e., both were created with the purpose of licensing). Further, when considering lost revenue, courts must look to the recipient (if any) of the diverted cash flow. If the copyright holder's lost revenue was not converted into a revenue stream for the infringer, the lost profits are not considered a cognizable loss under the Copyright Act.⁵⁰ Finally, courts have dictated that plaintiffs cannot make broad claims in anticipation of future lost revenue but, instead, future-looking claims must be certain losses.⁵¹ Limiting the calculation of lost profits in this manner makes it very difficult for a plaintiff to collect sizable damages without quantifying definite losses, which is of itself an inherently burdensome task.

Application to Inputs

With respect to inputs, the fact that the original work and the secondary work are fundamentally different will likely weigh in favor of a fair use finding. AI defendants can assert that their use of the original material(s) is for the entirely different purpose of machine learning, thus neutralizing any claims of lost sales or licensing opportunities.

Application to Outputs

With respect to outputs, a finding in favor of fair use will be more difficult, but not impossible, to obtain. Because both the original work and the infringing output are of the same nature and thus avail themselves to the same market, there is likely to be a more in-depth factor four analysis for outputs than for inputs. Copyright holders will have to dem-

onstrate with substantial certainty the impact on the market with respect to both sales of the original and infringing work, which will be difficult. Any profit realized by the AI defendants is likely to come from the licensing of the AI platform rather than from payments tied to the allegedly infringing work itself, which calls into question the applicability of the factor four inquiry as the original and infringing uses are not of the same nature. As of the date of this writing, no image-generative AI input or output infringement claims have been fully adjudicated, but when such claims are analyzed, the outcome of factor four will depend upon such defendant's decision to monetize the infringing work in the same manner as the plaintiff, which is not guaranteed.

Conclusion

The assertion of a fair use defense by an image-generative AI developer is more viable in relation to AI inputs, and less certain, though not foregone, with respect to AI outputs. But is this truly indicative of a "fair" use? Under the current doctrine, AI companies are poised to profit handsomely from their inventions, while the artists and creators whose work the AI platforms are built upon, are not entitled to any compensation. Some may view this as an unjust use of the original creative labor. Others may find this to be an example of copyright law working in the way that it should: promoting the development of new and important technology. Either way, it is difficult to ignore the caselaw and dicta, which suggest that technology is simply *different*. If technology truly is *different*, and that difference eliminates the practical applicability of the current fair use doctrine, it may be time to afford the technology sector its own infringement doctrine and a fair use inquiry that is thoughtfully tailored to this difference. This will be increasingly true as image-generative AI cases come to the forefront.

Wendy Heilbut is the founding partner of Heilbut LLP. Her practice focuses on intellectual property and corporate transactional matters through which she guides high-growth companies, bridging legal services with strategic advice. Danielle Maggiamo focuses on protecting intellectual property assets, while Maggie Casey advises entrepreneurs and startups on a wide variety of corporate transactional matters. The authors can be contacted at admin@heilbutllp.com.

Endnotes

1. See Letter from Reg. Perlmutter to Congress (May 12, 2023) (explaining that the Copyright Office is actively monitoring litigation and has no current plan to address infringement issues directly); see also *infra*.
2. See, e.g., *Andersen v. Stability AI Ltd.*, No. 3:23-cv-00201, 2023 WL 7132064 (N.D. Cal. Jan. 13, 2023); *Getty Images (US) Inc. v. Stability AI, Inc.*, No. 1:23-cv-00135 (D. Del. Feb. 3, 2023).
3. See, e.g., *id.*
4. See, e.g., Christopher T. Zirpoli, Congressional Research Service, *Generative Artificial Intelligence and Copyright Law* (Sept. 29, 2023), <https://crsreports.congress.gov/product/pdf/LSB/LSB10922>; Gil Appel, Juliana Beelbauer, David A. Schwiedel, *Generative AI Has an Intellectual Property Problem*, Harvard Bus. Rev. (Apr. 7, 2023), <https://hbr.org/2023/04/generative-ai-has-an-intellectual-property-problem>; Katherine Klosek and Marjory S. Blumenthal, *Training Generative AI Models on Copyrighted Works Is Fair Use* (Jan. 23, 2024), <https://www.arl.org/blog/training-generative-ai-models-on-copyrighted-works-is-fair-use/>.
5. See, e.g., *Andersen*, No. 3:23-cv-00201; *Getty Images (US) Inc.*, No. 1:23-cv-00135.
6. See generally *Andersen*, No. 3:23-cv-00201.
7. See, e.g., First Amended Complaint § IX, *Andersen*, No. 3:23-cv-00201 (N.D. Cal. Nov. 11, 2023); see also Van Lindberg, *Building and Using Generative Models Under US Copyright Law*, 18 Rutgers Bus. L. Rev. 1 (Spring 2023).
8. See, e.g., First Amended Complaint § VIII, *Andersen*, No. 3:23-cv-00201 (N.D. Cal. Nov. 11, 2023).
9. Note that AI developers in some instances have rejected the contention that the images themselves are copied or saved onto the platform. See Lindberg, *supra* n.7, at 39 (explaining that during the machine learning process, generative AI platforms do not store the files used to train them within the computer program).
10. See, e.g., Class Action Complaint § IX, *Andersen*, No. 3:23-cv-00201 (N.D. Cal. Jan. 13, 2023).
11. See Lindberg, *supra* n.7, at 11 (citing Nicholas Carlini et al., *Extracting Training Data from Diffusion Models* (Jan. 30, 2023), <https://arxiv.org/pdf/2301.13188.pdf>); see also Motion to Dismiss § 1b, *Andersen*, No. 3:23-cv-00201.
12. See Klosek & Blumenthal, *supra* n.4.
13. See, e.g., *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508, 527 (2023) (explaining the fair use factors and citing 17 U.S.C. § 107).
14. *Id.* at 527-28 (2023).
15. See, e.g., *id.* at 529.
16. See, e.g., *id.* at 569 (citing *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 588 (1985)).
17. At the time of writing, we had yet to hear from any courts on image-generative AI, thus, this article reviews caselaw on non-image related AI and other novel technologies in its findings.
18. *Authors Guild, Inc. v. Hathitrust*, 755 F.3d 87 (2d Cir. 2014); *Authors Guild v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015).
19. See *Hathitrust*, 755 F.3d at 97.
20. See *id.*; *Google*, 804 F.3d at 216.
21. *Google LLC v. Oracle America, Inc.*, 141 S.Ct 1183 (2021).
22. See *id.* at 1203.
23. See *id.* at 1198 (internal quotation marks omitted).
24. See, e.g., *id.* at 1198, 1208 (explaining that some judges have concluded that “applying copyright law to computer programs is like assembling a jigsaw puzzle whose pieces do not quite fit” at 1198, and “the fact that computer programs are primarily functional makes it difficult to apply traditional copyright concepts in that technological world” at 1208).
25. See *Andy Warhol Foundation*, 598 U.S. at 528.
26. See *id.* (noting that section 107 of the Copyright Act lists “the sorts of copying that courts and Congress most commonly ha[ve] found to be fair uses”).
27. See *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903).
28. See *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 580 U.S. 405, 423 (2017) (citing *Bleistein*, 188 U.S. at 251).
29. See *Andy Warhol Foundation*, 598 U.S. at 525.
30. See *id.* at 511.
31. See *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 45 (9th Cir. 2021).
32. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994).
33. See *Google*, 804 F.3d at 220.
34. See *Hathitrust*, 755 F.3d at 98.
35. See, e.g., *id.*
36. See *Oracle*, 141 S.Ct at 1205.
37. See *Hathitrust*, 755 F.3d at 98.
38. See *id.*
39. See *Campbell*, 510 U.S. at 589.
40. See, e.g., *Hathitrust*, 755 F.3d at 98.
41. See *id.*
42. See *Oracle*, 141 S.Ct at 1205-06.
43. *Id.*
44. See Order on Motions to Dismiss And Strike, *Andersen v. Stability AI Ltd.*, No. 3:23-cv-00201 (N.D. Cal. Nov. 11, 2023).
45. See *id.*
46. See *id.*
47. See Lindberg, *supra* n.7, at 11; see also Motion to Dismiss § 1b, *Andersen*, No. 3:23-cv-00201.
48. See *Hathitrust*, 755 F.3d at 99.
49. See *id.* (“At the outset, it is important to recall that the Factor Four analysis is concerned with only one type of economic injury to a copyright holder: the harm that results because the secondary use serves as a substitute for the original work.”) (citations omitted).
50. See *Oracle*, 141 S.Ct. at 1206 (“As we pointed out in *Campbell*, a ‘lethal parody, like a scathing theatre review,’ may ‘kil[l] demand for the original.’ Yet this kind of harm, even if directly translated into foregone dollars, is not ‘cognizable under the Copyright Act.’”) (citations omitted).
51. See, e.g., *Google*, 804 F.3d at 224.

Does Copyright Protection Extend Beyond Original Works in an AI World?

By Nyasha Shani Foy

We are living in a pre-“Matrix” world¹—the version before the super-powerful computer programs in the machine world take over, leaving the humans to live in a simulated reality.

Artificial intelligence² has already taken over the zeitgeist and soon your entire life.

At its core, AI, and its progeny generative AI,³ bring the allure of efficiency.⁴ Need to write a brief? Use ChatGPT. Searching for an image for your next presentation deck? Try DALL-E or Midjourney. Craving a “Scooby Doo”/“Law & Order” video mash-up? Check out Sora. Yet, as great as these shiny new toys may seem to be, the exchange of technology for efficiency comes at a cost. We’ve already begun to see the pitfalls and consequences from the unsupervised use of generative AI⁵—an intriguing twist in the era of deepfakes and disinformation. We even have a term for when AI starts “acting bad”: hallucination.⁶ This doesn’t even take into account the adverse and unintended human effects—for example, mass unemployment caused by the replacement of the human workforce by AI, a major source of consternation and conversation during the 2023 Hollywood strikes.⁷

From a legal perspective, even though the use of AI dates back to the 1950s⁸ when used in the broad context to describe computer systems capable of performing autonomously, the proliferation of AI today brings to the forefront questions that we have not previously considered, specifically from a copyright law perspective: Should AI itself be considered an “author” under copyright law? Should the users of AI be considered the “author” of the works they create, and should those works be eligible for copyright protection? Or, alternatively, should copyright protection be granted to the developer of the AI tool(s) used to create a work? This article will explore these questions and how AI may shape the future of copyright law.

When discussing whether AI-assisted and/or AI-generated works should be eligible for copyright protection and who (or what) should receive copyright registration for these works, we must first start the analysis with the black letter law.⁹ Broadly speaking, under most international copyright law regimes, authors are granted protection automatically upon the creation of their original works.¹⁰ Applying this framework to AI-assisted and/or AI-generated works would

mean that either AI itself or the creator of an AI-assisted and/or AI-generated work would be considered the author upon the creation of such work. And yet, we know that is not the case; certain works are not eligible for copyright protection based on who created them and how they were created. Take, for example, the case of the Monkey Selfie.¹¹ In *Naruto v. Slater*, Naruto, a Celebes crested macaque, took photos of himself on a wildlife photographer’s camera. The subsequent legal dispute between People for the Ethical Treatment of Animals, on behalf of Naruto, and the photographer centered on whether Naruto could own the copyright in those photos.

In the case of AI-assisted and/or AI-generated works, these are works created as a result of training systems on massive amounts of preexisting human-authored works (“input data”), feeding specific prompts into these systems, to then create new works (“outputs”). Similar to *Naruto*, under current U.S. case law and guidance, AI cannot be considered an “author” nor are AI-assisted and/or AI-generated works considered eligible for copyright protection because copyright does not extend to non-human authored works.¹² Recent case law and U.S. Copyright Office guidance from the visual art world highlight how various jurisdictions have applied this principle.

In *In re Zarya of the Dawn* (2023), Kris Kashtanova became the first person to register a copyright for an AI-assisted work, a comic book called *Zarya of the Dawn*. Upon learning that Kashtanova used Midjourney to create the images in the comic book, the U.S. Copyright Office later canceled the original registration, finding that while “Ms. Kashtanova is the author of the Work’s text as well as the selection, coordination, and arrangement of the Work’s written and visual elements . . . the images in the Work that were generated by the Midjourney technology are not the product of human authorship.” Because the original registration for the work did not disclaim its Midjourney-generated content, the Copyright Office subsequently canceled the original certificate and issued a new one covering only the expressive material that Kashtanova created.¹³

In *In re SURYAST*, Ankit Sahni used a custom-built AI system called RAGHAV to create SURYAST, a work in the “style” of Vincent van Gogh’s “The Starry Night,” using an original photograph of a sunset created by Sahni as a base

image. In December 2023, the Copyright Office rejected the SURYAST registration application because it deemed that Mr. Sahni did not provide sufficient “creative control” over RAGHAV’s in the creation of SURYAST.¹⁴

In *Thaler v. Perlmutter*, inventor Stephen Thaler sought copyright registration for a work created by Thaler’s own generative AI system, the aptly named “Creative Machine.” Specifically, Thaler requested that the “Creative Machine” be named as the author and that the copyright should be transferred to him as the owner of the machine. The Copyright Office denied Thaler’s registration application. Thaler subsequently sued Shira Perlmutter, in her official capacity as the Register of Copyrights, in D.C. District Court. The district court held that an AI-generated artwork is not eligible for copyright protection where AI is identified as the sole creator and human involvement is absent in the creation process because human authorship is a requirement of copyrightability.¹⁵ Notably, Thaler has pursued a similar legal theory under patent law.¹⁶

It is also worth mentioning *Li Yunkai v. Liu Yuanchunv*. Here, the Beijing Internet Court granted copyright protection for AI-generated pictures created by an artist using the Stable Diffusion AI image generator. The court found that the work created was eligible for copyright protection because the users of the AI software provided “intellectual inputs,” such as deliberately picking the presentation of characters, selecting prompt words, arranging the order of the prompt words and choosing the prompt parameters. The court held that these activities were sufficient to reflect a human author’s personalized expression and originality.¹⁷

While the current legal landscape appears to be mostly settled for the time being, two key fact-based inquiries could lead courts to adopt a new framework and guidance to intellectual property protection for AI-assisted and/or AI-generated works going forward: 1) does the creator utilize an open source or proprietary AI tool in the creative process, and 2) what is the source of the training or input data for the AI tool?

A creator using an open-source AI tool, for example ChatGPT or Midjourney, does so by relying on a tool that is developed by a third party and trained on various other third parties’ works.

Should an individual be considered an author if they rely on an open-source tool in the creative process? Should those works be eligible for copyright protection? Arguably no, because such works are in fact “crowd-sourced” or a joint work¹⁸—assuming the party providing the training data permissively provided such data. In essence, everyone and no one owns the copyright. Current guidance comes to the same conclusion (e.g., no copyright protection for AI-assisted or

AI-generated works), but in a way that ignores the ever growing number of Thalers within the pantheon of AI creators and developers—individuals who create works using their own proprietary AI systems that are trained on creator/developer-curated data sets, such as the works of Refik Anadol.¹⁹ Creators who use these types of AI tools and the works created from them deserve another approach. Given that computer programs are eligible for copyright protection,²⁰ shouldn’t the proprietary AI tool and the output works be eligible for copyright protection, with the output works being deemed as derivative works created from such systems and the creator of the system being deemed the author? Certainly, there is human authorship in the computer program and in the selection and arranging of the training data. Thus, when discussing intellectual property protection of an AI-created work, the analysis should first start with a fact-based inquiry about the creation of the work, which should explore questions such as:

- What AI tools did the creator use? Are the tools proprietary (e.g., Thaler’s DABUS + Creativity Machine) or open source (e.g., *In re Zarya of the Dawn*)?
- How does the AI “learn”? What was the AI trained on?

The answers to these inquiries may highlight distinctions that could provide an opening to more jurisdictions accepting a limited protection for certain AI works in the future. However, the courts and Copyright Office will need more time to lean into these nuances before reconsidering whether to afford protection to AI-created works.

Given the current legal landscape and risks, businesses that are or are planning to incorporate AI into their day-to-day should do so with careful consideration after first developing internal best practices, which should include:

- Understanding your “why”: Why are you using AI? To dip a toe in as an experiment? Jumping on a trend? What are the implications for the business and the bottom line? What is your risk profile? What due diligence or compliance programs do you have in place to analyze the risk of using AI-generated works? Do you have adequate insurance coverage in place?
- Understanding the AI “creation” process: What information do you intend to disclose in your AI prompt? Do you have permission to publicly disclose that information? Will the resulting AI-generated work be an unauthorized derivative work?²¹ How will you know whether the output is

factually correct (and not the result of a “hallucination”)?

Keep in mind that intellectual property isn't the only area of law implicated by the use of AI. Beyond the intellectual property issues, you will also want to be sure that you don't inadvertently breach a non-disclosure or confidentiality agreement or violate any data privacy laws. You should also be aware of any potential right of publicity and moral rights issues that could arise.²² Remember the fake Drake song “Heart on My Sleeve”?²³ In this real-life example, the issue was how similar this non-Drake work sounded like his actual works and the subsequent harm to his reputation. Or, in another example, Keith Haring's “Unfinished Painting” (1989), which was “completed” using a generative AI program, creating in essence an incorrectly attributed work that Haring did not in fact create.²⁴ Currently, no law exists that says it's illegal to train an AI system on Drake's voice or Haring's works;²⁵ however, if AI-generated content uses an individual's name, image, likeness or artistry in connection with a commercial purpose and attributes such work to the individual, then this could trigger a violation of one's right of publicity or moral rights.²⁶

As AI continues to evolve and challenge the traditional copyright norms so too will the discussions surrounding its uses in an effort to ensure that such uses remain ethical, responsible, and legal. Courts and scholars will continue to grapple with and unpack nuanced questions, like:

- Who is doing the content creation? Is AI the “tool” or merely “an assisting instrument”? Or is AI the “creator”?
- What value do we place on human artistry?
- If AI could receive copyright protection, how long should the copyright last?²⁷

The conversation on AI will likely lead us to the next meeting of the minds on copyright law, à la the next Berne Convention,²⁸ as it also continues to push the progress of art and science.

Nyasha Shani Foy is a business and legal affairs executive, corporate transactional lawyer, creative and thought leader. Prior to joining Sotheby's as vice president and assistant general counsel, NFTs, she served in senior business and legal affairs roles at BuzzFeed, Complex Media, VICE Media Group and Broadway Video. She serves on the Save the Music Foundation Board, the Board of Directors for the Black Entertainment and Sports Lawyers Association, and the Board of Trustees at Wesleyan University. Perry A. Jackson II, Howard University School of Law class of 2025, assisted with research for this article.

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Endnotes

1. *The Matrix*, IMDb, www.imdb.com/title/tt0133093/.
2. *Artificial Intelligence*, NVIDIA, www.nvidia.com/en-us/glossary/artificial-intelligence/.
3. *Generative AI — What Is It and How Does It Work?*, NVIDIA, www.nvidia.com/en-us/glossary/generative-ai/ (Generative AI refers to algorithms or model systems that, after training on massive amounts of pre-existing human-authored data or “input data,” can create new “outputs” in the form of new data or works that are similar to the examples in the training data, e.g., text, audio, images or video).
4. Nicole Magoon et al., *Tech in Content Production: Will AI Kill the Video Star?*, Bain, Sept. 2023, <https://www.bain.com/insights/tech-in-content-production-will-ai-kill-the-video-star/>.
5. Dan Mangan, *Judge Sanctions Lawyers for Brief Written by A.I. with Fake Citations*, CNBC, Jun. 22 2023, www.cnbc.com/2023/06/22/judge-sanctions-lawyers-whose-ai-written-filing-contained-fake-citations.html.
6. *What Are AI Hallucinations?*, IBM, <https://www.ibm.com/topics/ai-hallucinations>.
7. David Vendrell, *Background Actors Are Getting Cloned by AI*, TheFutureParty, Aug. 18, 2023, <https://futureparty.com/background-actors-ai-clone-body-scans> (Background actors, who make up to \$187 per day, represent a large majority of SAG-AFTRA's membership. Some shows are pressuring background actors to undergo full body scans during shoot days, seemingly without forewarning. The worry is these scans can be used to populate shows so productions don't have to hire humans for as many days, using the scans however they please. That would not only impact how many days background actors work but also the costumers, makeup artists and prop masters who are assigned to extras); see also Sharon Knolle, *Tyler Perry Halts \$800m Studio Plan After Seeing Sora AI*, TheWrap, Feb. 22, 2024, <https://www.thewrap.com/tyler-perry-studio-atlanta-expansion-open-ai-sora>.

8. Anyoha Rockwell, *The History of Artificial Intelligence Science in the News*, Harvard Graduate School of Arts and Sciences, Aug. 28, 2017, <https://sitn.hms.harvard.edu/flash/2017/history-artificial-intelligence/>.
9. In the U.S., copyright law derives from the Copyright Clause, which empowers Congress with express authority to create laws “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 8.
10. Like the U.S., Canada’s copyright regime allows for automatic protection upon creation, and it affords additional protection upon registration. See *Learn Copyright - Canadian Intellectual Property Office*, Government of Canada, <https://isid-isde.canada.ca/site/canadian-intellectual-property-office/en/learn-copyright-canadian-intellectual-property-office>. The U.K. takes a similar approach, attributing “authorship” to whomever “authors” or “creates” a work first. See *Ownership of Copyright Works*, Government of UK, Aug. 19, 2014, <https://www.gov.uk/guidance/ownership-of-copyright-works>. The notable exception is in work for hire scenarios, where the employer is considered the author. See 17 U.S.C. § 101.
11. *Naruto v. Slater*, 888 F.3d 418 (9th Cir. 2018). In 2014, the United States Copyright Office published an opinion, later included in the third edition of the office’s Compendium of U.S. Copyright Office Practices, to clarify that “only works created by a human can be copyrighted under United States law, which excludes photographs and artwork created by animals or by machines without human intervention.”
12. What is interesting is that nowhere in U.S. copyright law does it state that an author must be human; this is an assumption that we’ve been making since the Statute of Anne. One can infer from the drafting of the U.S. copyright law, which includes three references to “natural person” and eight references to an author’s “domicile” – that it is intended to protect human authorship, as opposed to machine or monkey.
13. *Re: Zarya of the Dawn* (Registration # VAu001480196), U.S. Copyright Off., Feb. 21, 2023, <https://www.copyright.gov/docs/zarya-of-the-dawn.pdf>.
14. *Decision Affirming Refusal To Register SURYAST*, U.S. Copyright Off. Rev. Bd., Dec. 11, 2023, <https://copyright.gov/rulings-filings/review-board/docs/SURYAST.pdf>.
15. *Thaler v. Perlmutter*, Civil Action No. 22-1564 (BAH), 2023 U.S. Dist. LEXIS 145823 (D.D.C. Aug. 18, 2023).
16. In *Thaler v. Comptroller-General of Patents, Designs and Trademarks (UK)*, Thaler filed for two U.K. patents stating that the inventor was his AI machine named Device for the Autonomous Bootstrapping of Unified Science, or DABUS. The comptroller of the patents denied Thaler’s application finding that (i) DABUS could not be an inventor under the Patents Act, and (ii) Thaler was not entitled to apply for a patent based on his ownership of DABUS. After a series of appeals, the U.K Supreme Court ruled that a machine that embodies an AI system, like DABUS, cannot be an inventor under the UK Patents Act. See also *Thaler v. Vidal*, 43 F.4th 1207 (Fed. Cir. 2022).
17. *Li Yunkai v. Liu Yuanchun*, Beijing Internet Court Civil Judgment (2023) Jing 0491 Min Chu No. 11279.
18. A joint work is an authored work “prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.” 17 U.S.C. § 101.
19. Works / Media Artist + director, Refik Anadol, (2024), <https://refikanadol.com/works/>.
20. In the United States, computer programs are literary works under the definition in the Copyright Act. See 17 U.S.C. § § 101,102.
21. Todd Spangler, *Netflix Adds Generative AI to Competitive Risk Factors in Its Annual Report*, Variety, Jan. 26 2024, <https://variety.com/2024/digital/news/netflix-generative-ai-risk-factors-annual-report-1235889385/>.
22. Although, the U.S. is not a moral rights country, France is. The rights of publicity and moral rights issues that will arise under civil law regimes have yet to be seen. See Susan P. Liemer, *On the Origins of le Droit Moral: How Non-Economic Rights Came To Be Protected in French IP Law*, 19 J. Intell. Prop. L. 65, 70–71 (2011).
23. In April 2023, Ghostwriter99 posted on Mark Zuckerberg’s internets a song called “Heart on My Sleeve” using the AI-generated voices of Drake and The Weeknd. See Ethan Shanfeld, *Ghostwriter’s “Heart On My Sleeve,” the AI-Generated Song Mimicking Drake and The Weeknd, Submitted for Grammys*, Variety, Sept. 6, 2023, <https://variety.com/2023/music/news/ai-generated-drake-the-weeknd-song-submitted-for-grammys-1235714805/>.
24. See Artnet News, *A Keith Haring Painting “Completed” Using A.I. Generates Backlash*, Artnet News, Jan. 10, 2024, <https://news.artnet.com/art-world/keith-haring-unfinished-painting-completed-with-ai-2418058>. Keith Haring’s “Unfinished Painting” (1989) is deliberately so, left shockingly blank to represent the vacuum left by the HIV epidemic, which cut short millions of lives around the world. On December 31, 2023, @DonnelVillager, in response to another user’s tweet about the work, posted an image of “Unfinished Painting,” filled edge to edge using generative AI. “The story behind this painting is so sad!” they wrote. “Now using AI we can complete what he couldn’t finish!”
25. There are pending cases that seek to challenge this question; *NY Times v. Microsoft and OpenAI*, a class action against Midjourney Inc, DeviantArt Inc, (company behind DreamUp, and Stability A.I. Ltd), *Authors Guild v. OpenAI*, and a suit by Getty Images against Stability AI.
26. See Patrick Smith & Diana Dasrath, *George Carlin’s Estate Sues Over AI-Generated Stand-Up Special Titled “I’m Glad I’m Dead,”* NBCNews.com, Jan. 26, 2024, <https://www.nbcnews.com/news/us-news/george-carlins-estate-sues-ai-generated-stand-special-titled-glad-dead-rcna135808>.
27. In U.S. regime, most copyright terms are tied to the life of the author. AI, however, does not have an age.
28. Held in 1886, the Berne Convention for the Protection of Literary and Artistic Works (the “Berne Convention”), was an international assembly whose goal was to agree on a set of legal principles for determining the minimum protection to be granted for the protection of works and the rights of their authors. *Summary of the Berne Convention for the Protection of Literary and Artistic Works (1886)*, https://www.wipo.int/treaties/en/ip/berne/summary_berne.html.

Nothing Can Dim the Light That Shines From Within: Reflections on the Special December Edition of Women in Intellectual Property Law

By Sara M. Dorchak

I don't know about you, but I love me some sunshine. That is one of the reasons the winter months, for me anyway, tend to be the hardest. As the days get shorter and shorter, and the amount of sunlight limited, it can sometimes be difficult to find your way through the extended darkness. That said, this past December I found a beacon of light that lifted my spirits in an otherwise dark time, and left me feeling motivated and empowered.

I am referring to the special December edition of the Women in Intellectual Property Law event, which took place on December 7, 2023. Hosted by Davis and Gilbert LLP, the evening brought together four amazing women. Each with their diverse voices shared stories about their lives, careers, and visions for the future of women within the IP field.

The evening began with some light refreshments, allowing attendees to mingle and network before the presentation. Our esteemed panel of speakers was introduced and they discussed their journeys, the challenges they face, and the delicate balance between career aspirations and familial responsibilities. Throughout the event, the panelists reiterated the importance of mentorship, networking, and continuous learning in advancing women's careers in IP.

Terria P. Jenkins chronicled her legal journey, which she affectionately called "taking the scenic route." Her career began as a law clerk to the Honorable Russell F. Cannan (ret.) after receiving her J.D. from The Catholic University of America, Columbus School of Law and her B.A. in criminal justice from American University. From there, she worked as a criminal trial attorney with the Maryland State Public Defender's Office, an experience that provided many of the tools she uses in her practice today.

Terria's life then took a completely different turn when she became a trademark examiner at the U.S. Patent and Trademark Office. From there, she accepted a role as trademark counsel at the Eastman Kodak Company in Rochester, New York, a company that would come in and out of her life as her career progressed. Today, Terria is a partner and chair of the Trademark and Brand Licensing Group at Bond, Schoeneck & King, PLLC, where she handles a broad range of intellectual property issues, including trademark and copyright counseling, strategic branding and identity issues, brand licensing, portfolio development and management, litigation

and enforcement, advertising and marketing clearance, and related IP matters.

Marietta Jo, the general counsel of Supergoop! (a sunscreen and skincare company), received her J.D. from New York University School of Law and her B.A. from Amherst College. After law school, she accepted a position as a litigation associate with Kelley Drye & Warren LLP, where she focused on a wide variety of commercial topics, including trademark and patent infringement cases and false advertising claims.

After that, Marietta accepted a role as sales and marketing counsel to Avon Cosmetics, where her work day was completely different from what she had previously known. Now, instead of preparing for a trial, she was advising the marketing department on global marketing campaigns, negotiating and reviewing various agreements, and partnering with the research and development department to maximize claims and address product labeling and related issues. That experience proved valuable when she ultimately joined Supergoop! as its general counsel. Of course, as general counsel, she finds herself in yet another new environment, though it is clear that even after a short period of time, she has excelled at her new role.

Nancy Mertz, managing partner of Metzler Law PLLC, told an uplifting story demonstrating that taking chances in your career can often lead you to unexpected and rewarding places. Nancy received her J.D. from American University's Washington College of Law and her B.A. from the University of Rochester. After graduating, she found herself at the forefront of the information age, navigating the dot-com domain boom and learning about computers before most people had them in their homes.

Nancy made what many of us feel is the ultimate plunge in putting up her own shingle and opening Metzler Law PLLC. Her firm handles a wide variety of issues in intellectual property and entertainment, both in litigation and on the transactional side. In addition, Nancy has testified before the House Judiciary Committee on copyright modernization and authored four Supreme Court amicus briefs. In particular what struck me most was her decision to make a change when she was not satisfied where she was, and it was that leap of faith that led her to where she is today.



The last (but certainly not least) panelist was **Moji Onabanjo**. Moji obtained her law degree at the Nigerian Law School and reportedly fell into the intellectual property practice. She jokingly recalled saying to herself “What is ‘intellectual property?’” and wondering what she was getting herself into. Little did she know that it would be the foundation of the rest of her career.

After earning her LL.M. in intellectual property law at Queen Mary University of London, Moji worked for two of the foremost law firms in Nigeria, where she helped global brands protect their intellectual property assets across Africa. Today, she serves as managing attorney of GV Legal, where she continues to help local and global brands protect their IP rights in the United States and beyond.

The event concluded with a dessert reception, providing further opportunities for networking. As names were drawn for gifts and prizes, I was reminded of my own worth when I received a notebook inscribed with the words, “Things I’ve

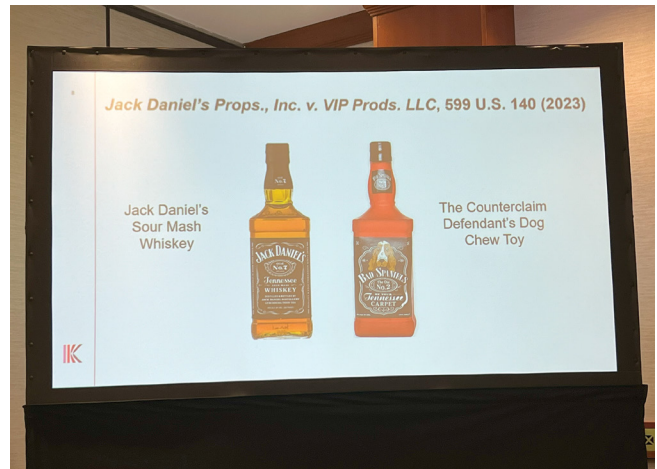
done that remind me I’m a badass.” After listening to these amazing women, I left with renewed determination to fill my notebook not only with past accomplishments but also with aspirations for the future. Although the sun did set early that day, the light that radiated from this event was enough to get me through the rest of winter.

Sara M. Dorchak is Counsel at Barclay Damon LLP and has over 10 years of experience working closely with domestic and international clients to assist them in all stages of trademark and copyright prosecution and enforcement for a variety of goods and services. Her clients span a wide array of industries, including fashion, entertainment, cannabis, construction, jewelry, household items, books, education, and downloadable and non-downloadable software. In addition to her legal practice, Sara is an adjunct professor at St. John’s University School of Law, where she teaches a course on trademark drafting and prosecution.

ANNUAL MEETING 2024



Annual Meeting Co-Chairs Marc Lieberstein, Bill Samuels and Brooke Singer (L-R) introducing the speaker of the first session, Ted Davis (Kilpatrick Townsend LLP).



An excerpt from the presentation on Recent Developments in United States Trademark and Unfair Competition Law.



Samantha Rothaus (Davis+Gilbert LLP) speaking on the Artificial Intelligence panel



Anca Cornis-Pop (IPG) and Truan Savage (TIDAL) speaking on the Artificial Intelligence panel.



Annual Meeting Co-Chairs with the Artificial Intelligence panelists.



Section Chair Bill Samuels.

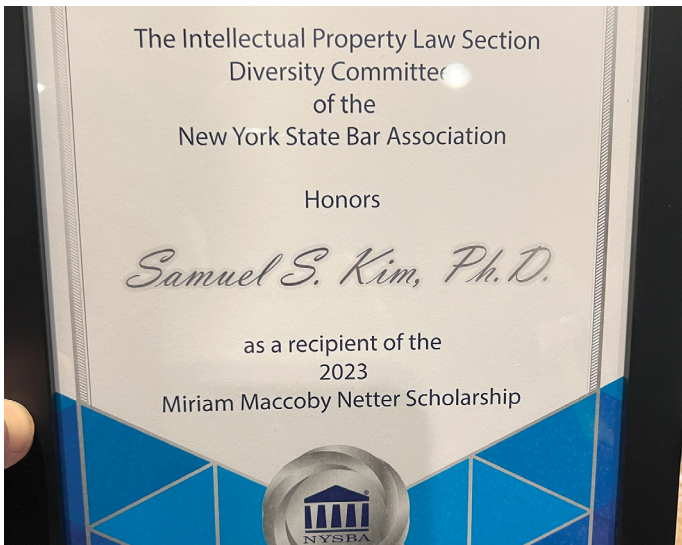
ANNUAL MEETING 2024



Ronald Hedges (Ronald J. Hedges LLC) speaking on the panel, "The Ethics of Using AI in Your IP Practice."



Marissa Moran (CUNY- New York City College of Technology) speaking on the panel, "The Ethics of Using AI in Your IP Practice."



Outgoing Section Chair Brooke Singer with Samuel Kim, recipient of the 2023 Miriam Maccoby Netter Scholarship.



Annual Meeting Co-Chairs with panelists from "The Ethics of Using AI in Your IP Practice."



Section Vice-Chair Nyasha Foy speaking on the Metaverse/Web3 panel.

ANNUAL MEETING 2024



Panelists from the Metaverse/Web3 panel.



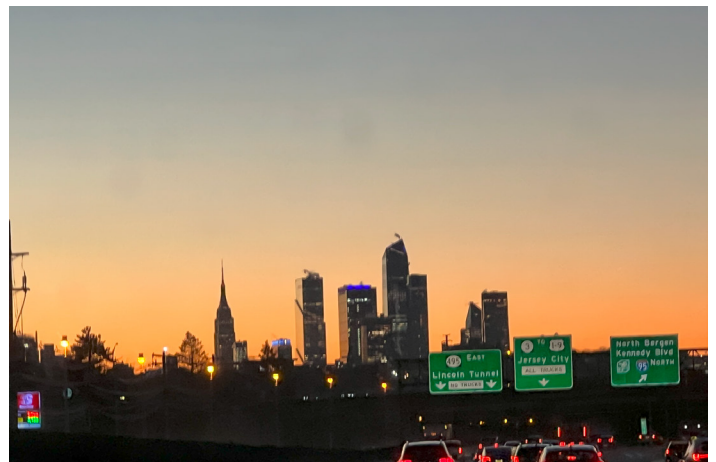
Section Chair Bill Samuels, Annual Meeting Co-Chair Marc Lieberstein and Section Vice-Chair Nyasha Foy (L-R).



Annual Meeting Co-Chair Marc Lieberstein



Section Officers (2022-24): Bill Samuels, Brooke Singer, Leonie Huang, and Nyasha Foy (L-R).



The Intersection of the First Amendment and Trademark Law: A Survey of Recent Opinions

By Theodore H. Davis Jr. and Joseph K. Davis

I. Introduction

Throughout much of its history, and with one arguable, but narrow, exception,¹ the Supreme Court of the United States has been largely untroubled by the possible tension between the right to free speech guaranteed by the First Amendment to the Constitution on the one hand and the protection of trademarks on the other. Nevertheless, the Court's relative lack of attention to that issue has not been characteristic of opinions from the lower federal courts and state courts, and, indeed, those courts have long addressed it in myriad contexts. Beginning in 2017 and continuing to the present day, that activity began to percolate up to the highest court in the land, with far-reaching results.

This article addresses recent opinions bearing on the intersection of the free speech and trademark rights. Part II examines the content discrimination vs. viewpoint discrimination framework introduced into the registration context by the Supreme Court's opinions in *Matal v. Tam*² and *Iancu v. Brunetti*,³ but dispensed with by the Court in *Vidal v. Elster*.⁴ Along with Part II, Part III examines the Court's 2023 decision in *Jack Daniel's Properties, Inc. v. VIP Products LLC*⁵ and applications of it by the lower federal courts since its issuance.

II. The Content Discrimination vs. Viewpoint Discrimination Framework

The Supreme Court has historically employed various paradigms for addressing First Amendment-based challenges to government action. Nevertheless, and although it has not disavowed other ones, the Court's decisions since the turn of the century appear increasingly receptive to a framework that classifies alleged impairments of the exercise of free speech into one of two categories: (1) those with a content-discriminatory effect; and (2) those with a viewpoint-discriminatory effect. Those two concepts sound similar, but the consequences of government action falling into one category or the other can differ significantly.

"Government regulation of speech is content based if a law applies to particular speech because of the topic discussed or the idea or message expressed."⁶ This means that content-based discrimination occurs when the government attempts to regulate all speech about a certain topic, no matter what that speech says. In contrast, "[v]iewpoint discrimination is

... an egregious form of content discrimination"⁷ that occurs when the government attempts to regulate only certain opinions about a topic.⁸ Content-discriminatory restrictions on speech are disfavored, but they historically can be justified under the familiar test set forth in *Central Hudson Gas & Electric Corp. v. Public Service Commission*,⁹ which turns on whether (1) the asserted government interest is substantial; (2) the regulation directly advances that government interest; and (3) the regulation is no more extensive than necessary. Government action with a viewpoint-discriminatory effect, however, is permissible only in cases in which the government itself speaks.¹⁰ As set forth below in greater detail, the distinction between content discrimination and viewpoint discrimination has taken center stage in recent years in both the registration and enforcement contexts.

A. Applying—and Dispensing With—the Framework in the Registration Process

1. *Vidal v. Elster*

In *Vidal v. Elster*,¹¹ the Supreme Court addressed the constitutionality of Section 2(c) of the Lanham Act, which prohibits the registration as a trademark or service mark of any "name, portrait, or signature identifying a particular living individual except by his written consent."¹² Citing Section 2(c), the USPTO rejected an application to register the TRUMP TOO SMALL mark by a critic of the former president. The application recited an intent to use the mark for various shirts, and, although an example of that use is absent from the application's file-wrapper history, the following images of the front and rear of one of Elster's shirts appear in the litigation files (figure 1):

Figure 1



According to the Federal Circuit, “the phrase [the applicant] sought to trademark [sic] invokes a memorable exchange between President Trump and Senator Marco Rubio from a 2016 presidential primary debate, and aims to ‘convey[] that some features of President Trump and his policies are diminutive.’”¹³

In overturning the refusal, that court held Section 2(c) unconstitutional as applied by the USPTO when refusing Elster’s application. It drew heavily on the Supreme Court’s opinions in *Matal v. Tam*,¹⁴ and *Iancu v. Brunetti*,¹⁵ which together invalidated the once-extant prohibitions on the registration of scandalous, immoral, and potentially disparaging marks in Section 2(a) as impermissibly viewpoint-discriminatory,¹⁶ while also rejecting the proposition that the USPTO’s decisions to register or not to register particular marks constituted permissible speech.¹⁷ The Federal Circuit agreed with *Elster* that Section 2(c) was at least content discriminatory. Nevertheless, it ultimately held that “[w]hatever the standard for First Amendment review of viewpoint-neutral, content-based restrictions in the trademark area, whether strict scrutiny or intermediate scrutiny, there must be at least a substantial government interest in the restriction.”¹⁸ The USPTO’s proffered interest was the protection of Trump’s state-law rights of privacy and publicity, but that failed to convince the court, which therefore held Section 2(c) unconstitutional on an as-applied basis “under any conceivable standard of review.”¹⁹

Agreeing to review the Federal Circuit’s invalidation of Section 2(c), the Supreme Court granted the government’s petition for a writ of certiorari, which presented the following question: “Whether the refusal to register a mark . . . violates the Free Speech Clause of the First Amendment when the mark contains criticism of a government official or public figure.”²⁰ The Court answered that question in an opinion authored by Justice Thomas that, as a threshold matter, agreed with the Federal Circuit’s conclusion that Section 2(c)—referred to by the Court as the “names clause”—has a content-discriminatory effect, but not a viewpoint-discriminatory one. Citing the USPTO’s practice of refusing registration to applied-for marks containing any recognizable references to living individuals, the Court explained that “the names clause does not facially discriminate against any viewpoint. No matter the message a registrant wants to convey, the names clause prohibits marks that use another person’s name without consent. It does not matter ‘whether the use of [the] name is flattering, critical or neutral.’”²¹

At that point, the Court might have been expected to invoke the *Central Hudson* test, just as the Federal Circuit had done. It did not do so, however, and, indeed, neither the Court’s opinion nor the others filed in the case even mention *Central Hudson* at all. Instead, consistent with the methodol-

ogy in some of its recent opinions in other cases,²² the Court undertook a historical analysis of both trademark law generally and its treatment of claimed rights in personal names in particular, which led the Court ultimately to conclude that “[s]everal features of trademark [law] counsel against a *per se* rule of applying heightened scrutiny to viewpoint-neutral, but content-based trademark regulations.”²³

One such feature, the Court held, was “the inherently content-based nature of trademark law,” which “has never been a cause for constitutional concern.”²⁴ As evidence of that nature, the Court cited the common law’s discouragement of claims of rights to personal names, which it considered to be codified in the Lanham Act as Section 2(e)(4)’s prohibition on the registration of applied-for marks deemed to be primarily merely surnames without supporting showings of secondary meaning.²⁵ The Court also found support for its conclusion in the common-law cause of action for infringement recognized by both English courts and their early United States counterparts, which, it noted, extended to alleged misappropriations of personal names.²⁶ “[P]olicing trademarks so as to prevent confusion over the source of goods,” it explained, “requires looking to the mark’s content.” Thus, “[t]he common law did . . . allow a person to obtain a trademark *containing* his own name—with a caveat: A person could not use a mark containing his name to the exclusion of a person with the same name.”²⁷

The result of the Court’s deep dive into the history of trademark law was that Section 2(c) withstood constitutional scrutiny:

We conclude that a tradition of restricting the trademarking [sic] of names has coexisted with the First Amendment, and the names clause fits within that tradition. Though the particulars of the doctrine have shifted over time, the consistent through line is that a person generally had a claim only to his own name. The names clause reflects this common-law tradition by prohibiting a person from obtaining a trademark of another living person’s name without consent, thereby protecting the other’s reputation and goodwill.²⁸

Nevertheless, the Court disclaimed any intent to hold that “an equivalent history and tradition is required to uphold every content-based trademark restriction,”²⁹ explaining that “[w]e hold only that history and tradition establish that the particular restriction before us, the names clause . . . , does not violate the First Amendment.”³⁰

2. *In re GO & Associates*

If, as *Tam* and *Brunetti* (but not *Elster*) hold, applications of the content discrimination vs. viewpoint discrimination framework can invalidate prohibitions on registration, a recent Federal Circuit opinion places limits on that practice where the extra-statutory failure-to-function ground for refusal is concerned. That opinion, in *In re GO & Associates*,³¹ arose from an unsuccessful application to register EVERYBODY VS RACISM for tote bags, various articles of clothing, and “[p]romoting public awareness of the need for racial reconciliation and encouraging people to know their neighbor and then affect [sic] change in their own sphere of influence.”³² Citing “dozens of examples of the mark being used in informational (rather than source-identifying) ways,” including uses “by referees in the National Basketball Association; in titles of rap songs, podcasts, church sermons, and YouTube videos; and on various articles of clothing,” the assigned USPTO examining attorney refused registration after concluding that the applied-for mark failed to function as a source identifier for the applicant’s goods and services because it comprised informational matter. The Trademark Trial and Appeal Board affirmed after determining that the record “show[ed] wide use of the proposed mark in a non-trademark manner to consistently convey an informational, anti-racist message to the public.”³³

Although certain precedential Board opinions over the past year have overturned failure-to-function refusals to register claimed marks,³⁴ the applicant apparently did not invoke them as its primary line of attack. It instead asserted that “[p]er se refusals based on the Informational Matter Doctrine are unconstitutional” because they “involve[] content-based discrimination that is not justified by either a compelling or substantial government interest.”³⁵ The Federal Circuit disagreed:

[The applicant’s] constitutional argument is based on a faulty premise: that the [USPTO’s] application of the so-called “Informational Matter Doctrine” results in the *per se* refusal of any mark that contains informational matter, regardless whether or not consumers perceive the mark as source-identifying. That is not true. Indeed, one can immediately envision many marks . . . that contain informational matter (e.g., widely used slogans), but nevertheless function as source identifiers.³⁶

Noting that “[t]he fundamental purpose of a trademark or service mark is to identify and distinguish the source of a particular good or service,”³⁷ the court further observed that the registration of a mark used by the public in such a way preventing its attribution to a single source would undermine

trademark law in its entirety. Of equal importance, it would render the public “no longer free to express common sentiments without the threat of paying a licensing fee to someone who sees an opportunity to co-opt a political message.”³⁸ “Contrary to [the applicant’s] position,” the court concluded, “nothing in the Lanham Act or the PTO’s so-called ‘Informational Matter Doctrine’ prohibits registration of a mark containing informational matter, so long as the mark also functions to identify a single commercial source.”³⁹ Because the factual record demonstrated that the applied-for mark failed to perform that function, the applicant’s constitutional challenge failed.

B. Possible Application of the Framework in the Litigation Context in *Jack Daniel’s Properties, Inc. v. VIP Products LLC*

Although the most recent high-profile applications of the content discrimination vs. viewpoint discrimination framework have occurred in the registration context, another may soon rear its head in the aftermath of the Supreme Court’s opinion in *Jack Daniel’s Properties, Inc. v. VIP Products LLC*.⁴⁰ This section addresses the disposition of the federal cause of action for likely dilution by tarnishment under Section 43(c) of the Lanham Act⁴¹ in that case; that of the likelihood-of-confusion-based causes of action at issue is addressed below.

The basic facts of *Jack Daniel’s* are by now well-known to most trademark professionals. Following its receipt of a demand letter from the producer of the Tennessee sour mash whiskey shown below on the left, the manufacturer of the dog chew toy shown below on the right filed an action in the District of Arizona seeking a declaratory judgment of non-liability for infringement and likely dilution (figure 2).

Figure 2



Not surprisingly, Jack Daniel’s counterclaimed for precisely those torts.

On summary judgment, the district court found as a matter of law that VIP’s imitations of Jack Daniel’s marks and trade dress were trademark uses, or, in other words, indicators of the source of VIP’s own goods.⁴² The district court found that disqualified VIP from the protection of Section 43(c) (3)(ii), which creates an “exclusion” from liability for likely dilution covering

[a]ny 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 . . . identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.⁴³

Following a bench trial, the district court found VIP's uses likely to cause dilution under a tarnishment theory,⁴⁴ only to have the Ninth Circuit reverse. Whatever the merits of the district court's analysis of the exclusion in Section 34(c)(3)(A)(ii), the court of appeals held that a different exclusion in Section 43(c)(3)(C), one covering "noncommercial use[s]" by defendants, precluded liability. Having found the chew toy an expressive work falling within the scope of the First Amendment's protection as a matter of law while evaluating Jack Daniel's likelihood-of-confusion-based causes of action, the Ninth Circuit concluded that "[w]hen the use of a mark is 'noncommercial,' there can be no dilution by tarnishment. Speech is noncommercial 'if it does more than propose a commercial transaction' and contains some 'protected expression.' Thus, use of a mark may be 'noncommercial' even if used to 'sell' a product."⁴⁵

That holding met with misfortune at the hands of the Supreme Court, which, reviewing Section 43(c)(3)(C)'s language and purpose, held that "[t]he problem with the Ninth Circuit's approach is that it reverses that statutorily directed result, as this case illustrates."⁴⁶ It then further explained that:

Given the fair-use provision's carve-out, parody (and criticism and commentary, humorous or otherwise) is exempt from liability only if not used to designate source. Whereas on the Ninth Circuit's view, parody (and so forth) is exempt always—regardless [of] whether it designates source. The expansive view of the "noncommercial use" exclusion effectively nullifies Congress's express limit on the fair-use exclusion for parody, etc. Just consider how the Ninth Circuit's construction played out here. The District Court had rightly concluded that because VIP used the challenged marks as source identifiers, it could not benefit from the fair-use exclusion for parody. The Ninth Circuit took no issue with that ruling. But it shielded [the counterclaim defendant's] parodic uses anyway. In doing so, the court negated Congress's judgment about when—and when not—parody (and criti-

cism and commentary) is excluded from dilution liability.⁴⁷

Thus, "the noncommercial exclusion does not shield parody or other commentary when [a defendant's] use of a mark is . . . source-identifying."⁴⁸

To that point, the outcome in *Jack Daniel's* was strictly a matter of statutory construction, rather than one turning on the First Amendment's right to free speech. On remand, however, VIP successfully invoked Rule 5.1 of the Federal Rules of Civil Procedure,⁴⁹ which requires district courts to certify to the Attorney General of the United States any constitutional challenges to federal statutes and allow the United States to intervene if it so chooses. On April 14, 2024, the district court therefore certified to the Attorney General the following question:

Does the Lanham Act provision authorizing injunctive relief in cases of trademark dilution by tarnishment, 15 U.S.C. § 1125(c)(2)(C), violate the First Amendment to the United States Constitution because its reliance on whether the trademark use "harms the reputation of the famous mark" constitutes impermissible viewpoint discrimination?⁵⁰

In doing so, the court acknowledged Jack Daniel's argument that VIP had waived its constitutional argument by failing to raise it earlier in the litigation, noting that it was making "no finding at this time as to whether VIP has waived its constitutional challenge. While [Jack Daniel's] waiver argument could ultimately be determinative as to whether this Court reaches VIP's constitutional challenge, this is not the appropriate juncture for the Court to consider it."⁵¹ Whether the parties' dispute is an appropriate vehicle for an application of the content discrimination vs. viewpoint discrimination framework to claims of likely dilution by tarnishment therefore remains to be seen, as does the outcome of such an application.

III. Challenges to the Use of Alleged Imitations of Plaintiffs' Marks in the Titles or Content of Expressive Works

A. The *Rogers v. Grimaldi* Test for Liability

The test for liability first set forth in *Rogers v. Grimaldi*⁵² has played an increasingly significant role in trademark-based challenges to the titles and content of expressive works since its articulation. Although applications of that test vary from court to court, the test generally requires an alleged imitation of a plaintiff's mark either to have no artistic relevance to the underlying work or, if it is artistically relevant, to be explicitly misleading as to the work's source or content.⁵³ A plaintiff

before a court that has adopted *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the Ninth Circuit) or as part of the inquiry into whether the defendant’s use is explicitly misleading (as in the Second Circuit).⁵⁴

B. Limitations on the *Rogers* Test Imposed by *Jack Daniel’s*

However *Rogers* is applied, the Supreme Court sharply limited its availability in *Jack Daniel’s*. It did so by abrogating the Ninth Circuit’s rule that *Rogers* protects not only the titles and contents of creative works but also the trademarks and service marks under which they are sold.⁵⁵ Presciently anticipating the Supreme Court’s eventual holding, the district court in *Jack Daniel’s* eschewed the *Rogers* framework in favor of a straightforward multi-factored likelihood-of-confusion analysis that produced a finding of infringement following a bench trial.⁵⁶ According to the Ninth Circuit, however, the district court erred by not treating VIP’s product as a creative work eligible for *Rogers*’s protection.⁵⁷ Because the district court had found liability under the Ninth Circuit’s multifactored *Sleekcraft* test⁵⁸ without first deciding whether the plaintiff could meet either prong of *Rogers*, the appellate court remanded the matter for a determination of that issue.⁵⁹ On remand, the district court applied the *Rogers* test to enter summary judgment of noninfringement, which the Ninth Circuit summarily affirmed. The Supreme Court then granted Jack Daniel’s petition for a writ of certiorari, the first question of which asked “[w]hether humorous use of another’s trademark as one’s own on a commercial product is subject to the Lanham Act’s traditional likelihood-of-confusion analysis, or instead receives heightened First Amendment protection from trademark-infringement claims.”⁶⁰

In answering that question, the Court vacated the Ninth Circuit opinion by holding that the trademark nature of VIP’s uses disqualified them from *Rogers*’s protection:

Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer’s own goods. [The counterclaim defendant] used the marks derived from [the counterclaim plaintiff] in that way, so the infringement claim here rises or falls on likelihood of confusion. But that inquiry is not blind to the expressive aspect of the [the counterclaim defendant’s] toy that the Ninth Circuit highlighted. Beyond source designation, [the counterclaim defendant] uses the marks at issue in an effort to “parody” or “make fun” of [the counterclaim plaintiff].

And that kind of message matters in assessing confusion because consumers are not so likely to think that the maker of a mocked product is itself doing the mocking.⁶¹

The Court further explained that:

[T]he *Rogers* test has applied only to cases involving “non-trademark uses”—or otherwise said, cases in which “the defendant has used the mark” at issue in a “non-source-identifying way.” The test has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks, “to identify or brand [a defendant’s] goods or services.”⁶²

Thus, “the First Amendment does not demand a threshold inquiry like the *Rogers* test. When a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression.”⁶³

Nevertheless, the Court emphasized that *Rogers*’s unavailability in challenges to defendants’ uses of marks *as* marks should not produce automatic findings of liability; rather, “a trademark’s expressive message—particularly a parodic one, as [the counterclaim defendant] asserts—may properly figure in assessing the likelihood of confusion.”⁶⁴ “Yet,” it continued, “to succeed, the parody must also create contrasts, so that its message of ridicule or pointed humor comes clear. And once that is done (if that is done), a parody is not often likely to create confusion.”⁶⁵ The Court therefore concluded that “although VIP’s effort to ridicule Jack Daniel’s does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis. Consistent with our ordinary practice, we remand that issue to the courts below.”⁶⁶

C. Post-*Jack Daniel’s* Developments

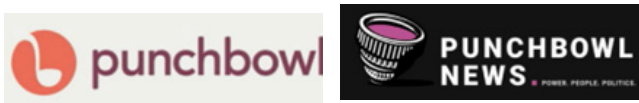
1. Opinions Dispensing with the *Rogers* Analysis

Not surprisingly, the Supreme Court’s opinion in *Jack Daniel’s* has produced several opinions holding the *Rogers* analysis inapplicable.⁶⁷ This section addresses the three most notable ones, two of which come from federal appellate courts.

a. *Punchbowl, Inc. v. AJ Press, LLC*

Although it took months for it to do so, the Ninth Circuit grudgingly acknowledged *Jack Daniel’s* abrogation of its past authority in *Punchbowl, Inc. v. AJ Press, LLC*,⁶⁸ a case it previously had held *Rogers* applicable to trademark uses by defendants. The plaintiff’s mark in that litigation was PUNCHBOWL for online invitations and greeting cards, while the defendant used PUNCHBOWL NEWS for an online news publication (figure 3):

Figure 3



Although the defendant argued that *Jack Daniel's* did not apply in cases in which defendants' trademark uses were not intended as parodies of plaintiffs' marks, the court rejected that contention.⁶⁹ Nevertheless, in remanding the action to the district court, it strongly suggested that the expressive nature of the defendant's publication should weigh against a finding of liability:

[T]he expressive nature of [the defendant's] use of the Punchbowl Mark and the fact that "punchbowl" is a common word will certainly be relevant in the likelihood-of-confusion analysis. . . . When companies operating in different spaces use the same common words as trademarks with different expressive connotations, it reduces the likelihood of confusion.⁷⁰

Whether the Ninth Circuit's vision of its expressive-nature exception will swallow the rule in *Jack Daniel's* remains to be seen.

b. *Vans, Inc. v. MSCHF Product Studio, Inc.*

Jack Daniel's holding that challenges to trademark uses by defendants are properly evaluated under a straight-up application of the likelihood-of-confusion test for infringement led the Second Circuit to affirm the entry of preliminary injunctive relief in a case in which the plaintiffs sought to protect the marks and trade dress appearing in the left-hand column below against the uses appearing in the right-hand column (figure 4):⁷¹

The Second Circuit concluded that the defendant's alleged "Wavy Baby" parodies of the plaintiffs' marks and trade dress were in the nature of trademark uses, and, informed by that initial determination, it affirmed the district court's finding of likely confusion by applying its standard *Polaroid* factors.⁷² A defense witness's testimony that the plaintiffs' shoe was the "most iconic, prototypical" skate shoe on the market established the strength of the plaintiffs' marks and trade dress.⁷³ The similarity between the parties' marks and trade dresses presented a "closer question," but, once again, an admission against interest, namely, that "the [defendant's] Wavy Baby sneaker design intentionally evoked an image of [the plaintiffs'] Old Skool sneaker" tipped the balance in the plaintiffs' favor.⁷⁴ The court next affirmed the district court's finding of competitive proximity, holding that:

The district court did not clearly err in rejecting [the defendant's] factual claim that the Wavy Baby is a work of art meant to be displayed rather than a pair of sneakers meant to be worn. Although it is hard to see why some people would wear the Wavy Baby as a functional shoe, we owe that finding deference. Many people are martyrs to fashion and dress to excite comment.⁷⁵

Anecdotal evidence of actual confusion further weighed in the plaintiffs' favor,⁷⁶ as did the general lack of sophistication among the parties' customers.⁷⁷ The district court might possibly have erred in finding that the lower quality of the defendant's shoes favored a finding of liability, but, even so, that one factor did not render incorrect the district court's ultimate conclusion that the plaintiffs likely would prevail on their infringement claims.⁷⁸ Consistent with the Supreme Court's holding to similar effect, the Second Circuit concluded that "if a parodic use of protected marks and trade dress leaves confusion as to the source of a product, the parody has not 'succeeded' for purposes of the Lanham Act, and the infringement is unlawful."⁷⁹

Figure 4



c. *Davis v. Amazon.com, Inc.*

Although *Punchbowl* and *Vans* yielded victories for plaintiffs—at least in the short term where *Punchbowl* is concerned—the Central District of California served up a reminder in *Davis v. Amazon.com, Inc.*⁸⁰ that such an outcome is not inevitable, even when *Rogers* does not apply. The plaintiffs in that case challenged the use of *Gringo* as the title of a film featuring “a fictionalized account of an American who . . . is on the run after being set-up by his ‘friends’ for distributing marijuana.”⁸¹ Based on the lead plaintiff’s prior use of *Gringo: My Life on the Edge as an International Fugitive* as the title of a book with an allegedly similar plot, the plaintiffs claimed likely confusion between the two titles and successfully convinced the court that the defendants’ use was in the nature of a source identifier.⁸² Despite the plaintiffs’ threshold victory on that issue, their complaint ultimately fell short on a motion to dismiss for failure to state a claim because it did not adequately allege likely confusion under the standard multifactor test. In particular, its averments established that the common word “gringo” was not a conceptually strong mark, that the parties’ titles were dissimilar when compared in their entirety, that the marketing channels were distinguishable, and that consumers of the two works exercised at least some degree of care. The plaintiffs may have adequately alleged their title’s commercial strength, as well as the defendants’ bad faith and the competitive proximity of the parties’ goods and services, but those considerations did not defeat the motion to dismiss.⁸³

2. Opinions Continuing To Apply the *Rogers* Analysis

For the most part, courts have assumed that the *Rogers* analysis survives on a post-*Jack Daniel’s* basis if defendants’ alleged imitations of plaintiffs’ marks in the titles or contents of expressive works do not constitute trademark uses. That assumption has mostly, but not always, produced pro-defendant outcomes.

a. *Hermès Int’l v. Rothschild*

A rare victory for a plaintiff under a *Rogers*-based analysis followed a jury trial in the Southern District of New York in a case arising in the context of non-fungible tokens.⁸⁴ The plaintiff, a luxury fashion business, sold high-end handbags such as the following under the BIRKIN mark (figure 5, top row).

In late 2021, the defendant, a self-styled “marketing strategist” in the fashion industry, created digital images of faux-fur-covered versions of the plaintiff’s bags, which he sold as nonfungible tokens (figure 5, bottom row).

The defendant marketed his collection under the METABIRKINS mark but claimed he did not actually use that term when selling his NFTs; instead, he assigned each a number. Following the denial of *Rogers*-based defense mo-

Figure 5



tions to dismiss and for summary judgment, and before the Supreme Court’s decision in *Jack Daniel’s*, the jury found infringement.

The defendant attacked that verdict in a post-trial motion seeking either judgment as a matter of law or a new trial. It argued in part that the jury instructions suggested that the defendant bore the burden under *Rogers* to demonstrate its entitlement to the First Amendment’s protection; that claim fell short in light of an instruction to the contrary included at the insistence of defense counsel.⁸⁵ Moreover, the court held, because it had instructed the jury that the explicitly misleading prong of *Rogers* required proof of an intent to confuse by the defendant, the disputed instruction arguably favored the defendant.⁸⁶ “It remains only to add,” the court concluded, “that if the jury found — as they did here — that [the defendant] did use [the plaintiff’s] marks with an intent to deceive, any claim he might have to First Amendment protection was waived. For nothing could be better established than that the First Amendment does not eliminate liability for intentional fraud.”⁸⁷

Another basis of the defendant’s post-trial bid to escape liability was the alleged insufficiency of the plaintiff’s evidence that the defendant’s conduct was explicitly misleading. The Second Circuit and the Ninth Circuit are split on the proper application of the second prong of the *Rogers* test. A plaintiff proceeding under *Rogers* in the Ninth Circuit must demonstrate that its opponent has engaged in some form of explicitly misleading conduct beyond merely creating a likelihood of confusion,⁸⁸ while one in the Second Circuit need only advance a “particularly compelling” showing of likely confusion to prevail.⁸⁹ The district court did not directly address that distinction, but, consistent with its reviewing court’s case on the subject, it rejected the defendant’s attack on the plaintiff’s evidence of explicitly misleading conduct through the lens of the *Polaroid* factors. Specifically, the court cred-

ited the plaintiff's showings of the similarities between the parties' respective goods, "the distinctive place in American cultural life" occupied by the plaintiff's goods, the likelihood of the plaintiff entering the NFT space, and evidence of actual confusion proffered by the plaintiff.⁹⁰ That evidence of actual confusion comprised the results of a survey conducted by an expert retained by the plaintiff and a showing that "several fashion magazines" had mistaken the defendant's NFTs as originating with the plaintiff.⁹¹ Although the court did not address the plaintiff's survey evidence at length, an earlier opinion denying the parties' cross-motions for summary judgment credited the survey results for establishing a 18.7% net confusion rate among respondents.⁹²

b. JTH Tax LLC v. AMC Networks Inc.

Hermès notwithstanding, not all plaintiffs have prevailed under *Rogers* in the post-*Jack Daniel's* world.⁹³ One of the more notable examples of that phenomenon comes from the Southern District of New York's decision in *JTH Tax LLC v. AMC Networks Inc.*⁹⁴ In that case, the owner of the LIBERTY TAX SERVICE mark for tax services, including the variation on that mark shown below on the left, sued against the producers of the *Better Call Saul* television series based on the appearance in the series of a fictional business operating under the SWEET LIBERTY TAX SERVICES mark (figure 6).⁹⁵

Figure 6



Employing the Second Circuit's version of the *Rogers* test, the district court found the plaintiff had failed to allege facts establishing the particularly compelling case of likely confusion required to support a finding of explicitly misleading conduct by the defendants.⁹⁶ It therefore dismissed the complaint for failure to state a claim.

c. Hara v. Netflix, Inc.

Consistent with the outcome in *JTH Tax LLC*, a California federal district court granted a motion to dismiss for failure to state a claim in *Hara v. Netflix, Inc.*⁹⁷ The plaintiff in that case, a well-known Hollywood drag queen, challenged the defendants' alleged animated depiction of her "in a show featuring LGBTQ+ characters that takes place in West Hollywood," as well as in an advertisement for that show.⁹⁸ In granting the defendants' *Rogers*-based motion to dismiss,

the court first found that the defendants' use of the plaintiff's appearance was artistically relevant to the show, forcing the plaintiff to rely upon *Rogers's* second prong.⁹⁹ Then, with respect to that prong, the court held that "[t]he mere appearance of a name or likeness in an expressive work is not sufficient to render it misleading. Instead, to be liable for misappropriation under the Lanham Act, a defendant must make 'an explicit indication, overt claim, or explicit misstatement' to mislead."¹⁰⁰ The court did, however, grant the plaintiff leave to replead her federal false endorsement cause of action under Section 43(a) of the Lanham Act,¹⁰¹ to address the deficiencies of its complaint under *Rogers's* second prong.¹⁰²

IV. Conclusion

If the Supreme Court has historically been slow to take up cases presenting potential conflicts between the First Amendment right to free speech and the protection of trademark rights it has made up for lost time in recent years. Whether or not as a result of that trend, the lower federal courts also have been unusually active over the trailing twelve months in addressing claims of free speech by defendants accused of violating plaintiffs' trademark rights. If litigants' experiences in the wake of *Tam*, *Brunetti*, and *Jack Daniel's* are any indication, though, one thing is apparent: The Court's opinion in *Elster* is likely not the last word on the subject.

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In the interest of full disclosure, he notes his participation in the following cases referenced by this Article: *Jack Daniel's Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023) (post-appeal counsel for counterclaim plaintiff); *Iancu v. Brunetti*, 588 U.S. 388 (2019) (counsel of record for amicus curiae American Intellectual Property Law Association in support of respondent); and *Matal v. Tam*, 582 U.S. 218 (2017) (counsel for amicus curiae American Bar Association in support of neither party).

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Endnotes

1. See *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522 (1987).
2. 582 U.S. 218 (2017).
3. 588 U.S. 388 (2019).
4. No. 22-704, 2024 WL 2964139 (U.S. June 13, 2024).
5. 599 U.S. 140 (2023).

6. *Reed v. Town of Gilbert, Ariz.*, 576 U.S. 155, 163 (2015).
7. *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 829 (1995).
8. *Id.* at 830.
9. 447 U.S. 557 (1980).
10. “When government speaks, it is not barred by the Free Speech Clause from determining the content of what it says. That freedom in part reflects the fact that it is the democratic electoral process that first and foremost provides a check on government speech.” *Walker v. Texas Div., Sons of Confederate Veterans, Inc.*, 576 U.S. 200, 207 (2015).
11. No. 22-704, 2024 WL 2964139 (U.S. June 13, 2024).
12. 15 U.S.C. § 1052(c) (2018).
13. *See In re Elster*, 26 F.4th 1328, 1330 (Fed. Cir. 2022) (“*Elster I*”), *rev’d sub nom. Vidal v. Elster*, No. 22-704, 2024 WL 2964139 (U.S. June 13, 2024) (“*Elster II*”).
14. 582 U.S. 218 (2017).
15. 588 U.S. 388 (2019).
16. 15 U.S.C. § 1052(a) (2018).
17. *See Tam*, 582 U.S. at 236 (“[I]t is far-fetched to suggest that the content of a registered mark is government speech. If the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently. It is saying many unseemly things. It is expressing contradictory views. It is unashamedly endorsing a vast array of commercial products and services. And it is providing Delphic advice to the consuming public.” (citation omitted) (footnote omitted)).
18. *Elster I*, 26 F.4th at 1333.
19. *Id.* at 1339.
20. Petition for Certiorari at (I), *Vidal v. Elster*, No. 22-704, 2024 WL 2964139 (U.S. June 13, 2024) No. 22-704).
21. *Elster II*, 2024 WL 2964139, at *5 (alteration in original) (quoting 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 13:37.50 (5th ed.)).
22. *See Kennedy v. Bremerton School Dist.*, 597 U.S. 507 (2022) (free speech and free exercise clauses of First Amendment); *N.Y. State Rifle & Pistol Ass’n v. Bruen*, 597 U.S. 1 (2022) (gun control); *Dobbs v. Jackson Women’s Health Org.*, 597 U.S. 215 (2021) (reproductive rights).
23. *Elster II*, 2024 WL 2964139, at *6.
24. *Id.*
25. *Id.* at *4 (citing 15 U.S.C. § 1052(e)(4)).
26. *Id.* at *7.
27. *Id.* at *9.
28. *Id.* at *11.
29. *Id.* at *12.
30. *Id.*
31. 90 F.4th 1354 (Fed. Cir. 2024).
32. *Id.* at 1335.
33. *In re Go & Assocs.*, No. 88944728, 2022 WL 1421542, at *7 (T.T.A.B. Apr. 20, 2022), *aff’d*, 90 F.4th 1354 (Fed. Cir. 2024).
34. *See, e.g., In re Black Card LLC*, 2023 U.S.P.Q.2d 1376 (T.T.A.B. 2023) (overturning refusal to register FOLLOW THE LEADER for various services); *In re ZeroSix, LLC*, 2023 U.S.P.Q.2d 705 (T.T.A.B. 2023) (overturning refusal to register BOYS WORLD for audio recordings featuring music). In addition to those opinions, the USPTO entered into a settlement agreement during the pendency of a district court appeal allowing another application to move forward despite the Board’s prior affirmation, also in a precedential opinion, of a final failure-to-function refusal to register the underlying mark. *See Pound Law LLC v. Vidal*, No. 6:23-CV-61-RMN, slip op. at 3 (M.D. Fla. Sept. 11, 2023) (“Upon remand, the USPTO will take appropriate steps to approve application Serial No. 87/724,338 [to register #LAW for legal referral services] for publication forthwith.”), *remanding In re Pound Law, LLC*, 2022 U.S.P.Q.2d 1062 (T.T.A.B. 2022).
35. 90 F.4th at 1357–58 (alterations in original).
36. *Id.* at 1358.
37. *Id.* (internal quotation marks omitted).
38. *Id.*
39. *Id.*
40. 599 U.S. 140 (2023).
41. 15 U.S.C. § 1125(c) (2018).
42. *VIP Prods., LLC v. Jack Daniel’s Prods., Inc.*, No. CV-14-2057-PHX-SMM, 2016 WL 5408313, at *5 (D. Ariz. Sept. 27, 2016) (“*VIP Prods. I*”), *later proceedings*, 291 F. Supp. 3d 891 (D. Ariz. 2018) (“*VIP Prods. II*”), *reversed in part and vacated in part*, 953 F.3d 1170 (9th Cir. 2020) (*VIP Prods. III*), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021) (“*VIP Prods. IV*”), *aff’d*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022) (“*VIP Prods. V*”), *vacated*, 599 U.S. 140 (2023).
43. 15 U.S.C. § 1125(c)(3)(ii) (2018) (emphasis added).
44. *See VIP Prods. II*, 291 F. Supp. 3d at 904–905.
45. *VIP Prods. III*, 953 F.3d at 1176 (first quoting *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004); and then quoting *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 906 (9th Cir. 2002)). The court then reached the same conclusion with respect to the Arizona dilution statute, Ariz. Rev. Stat. § 44-1448.01, which similarly provides that noncommercial uses by defendants are “not actionable.” *VIP Prods. III*, 953 F.3d at 1176.
46. *Jack Daniel’s*, 599 U.S. at 162.
47. *Id.*
48. *Id.* at 163.
49. Fed. R. Civ. P. 5.1.
50. *VIP Prods. LLC v. Jack Daniel’s Prods. Inc.*, No. CV-14-02057-PHX-SMM, slip op. at 4 (D. Ariz. April 10, 2014).
51. *Id.* at 3.
52. 875 F.2d 994 (2d Cir. 1989).
53. *Id.* at 999.
54. *Compare Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 265 (9th Cir. 2018) (“If the plaintiff satisfies both elements, it still must prove that its trademark has been infringed by showing that the defendant’s use of the mark is likely to cause confusion.”) with *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993) (“This determination must be made, in the first instance, by application of the venerable Polaroid [likelihood-of-confusion] factors.”).
55. That rule reached its apogee in a different opinion, one issued immediately before the Supreme Court’s issuance of a writ of certiorari in *Jack Daniel’s*. *See, e.g., Punchbowl, Inc. v. AJ Press, LLC*, 52 F.4th 1091, 1099 (9th Cir. 2022) (“[A]ttempting to distinguish

- between a brand and the body and titles of individual articles fails to appreciate the expressive connection between the publication's title and brand and the reporting that appears under that heading. . . . Just because a mark is used as a brand . . . does not mean the use of the name is beyond *Rogers's* coverage.”), *opinion withdrawn*, 78 F.4th 1158 (9th Cir. 2023), *later opinion*, 90 F.4th 1022 (9th Cir. 2024).
56. See *VIP Prods. II*, 291 F. Supp. 3d at 911.
 57. See *VIP Prods. III*, 953 F.3d at 1176–77.
 58. See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979), abrogated on other grounds by *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003).
 59. *IP Prods. III*, 953 F.3d at 1177.
 60. Petition for Writ of Certiorari at (I), *Jack Daniel's Prods., Inc. v. VIP Prods. LLC*, 599 U.S. 140 (2023) (No. 22-148), 2020 WL 5632652, at *(I).
 61. *Jack Daniel's*, 599 U.S. at 153.
 62. *Id.* at 155-56 (second alteration in original) (first quoting Stacy Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669, 1684 (2007); and then quoting *id.* at 1683).
 63. *Id.* at 159.
 64. *Jack Daniel's*, 599 U.S. at 161.
 65. *Id.*
 66. *Id.*
 67. See, e.g., *Yuga Labs, Inc. v. Ripps*, No. CV 22-4355-JFW(JEMX), 2023 WL 7089922 (C.D. Cal. Oct. 25, 2023) (denying *Rogers*-based motion to dismiss challenge to nonfungible tokens allegedly confusingly similar to those of plaintiff); *HomeVestors of Am., Inc. v. Warner Bros. Discovery*, No. CV 22-1583-RGA, 2023 WL 6880341 (D. Del. Oct. 18, 2023) (recommending denial of *Rogers*-based motion to dismiss), *report and recommendation adopted*, No. CV 22-1583-RGA, 2023 WL 8826729 (D. Del. Dec. 21, 2023); *MGA Ent. Inc. v. Harris*, No. CV2011548JVSAGR, 2023 WL 6194387 (C.D. Cal. Sept. 15, 2023) (granting *Jack Daniel's*-based motion for new trial in challenge to defendant's trade dress), *motion to certify appeal denied*, No. 220CV11548JVSAGR, 2023 WL 8896883 (C.D. Cal. Dec. 8, 2023).
 68. 90 F.4th 1022 (9th Cir. 2024).
 69. See *id.* at 1031 (“It is clear from the foregoing discussion that Jack Daniel's altered the law that governed us when we decided [the case earlier]. To the point that our precedents previously held that *Rogers* applies when an expressive mark is used as a mark—and that the only threshold for applying *Rogers* was an attempt to apply the Lanham Act to something expressive—the Supreme Court has now made clear that this is incorrect. In that specific respect, our prior precedents are no longer good law.”).
 70. *Id.* at 1032 (citations omitted).
 71. See *Vans, Inc. v. MSCHF Prod. Studio, Inc.*, 88 F.4th 125, 131–32 (2d Cir. 2023) (per curiam).
 72. See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).
 73. *Vans*, 88 F.4th at 139.
 74. *Id.*; see also *id.* (“This admission is embodied in the Wavy Baby design: the Wavy Baby features a combination of elements (e.g., a three-tiered appearance, textured toe box, visible stitching, and red tags on the back), which are placed relative to one another such that the Wavy Baby's appearance evokes [the plaintiffs'] Old Skool sneaker.”).
 75. *Id.* at 140.
 76. *Id.* at 140-41.
 77. *Id.* at 142.
 78. *Id.* at 141.
 79. *Id.* at 142.
 80. No. 221CV02090JVSJDEX, 2023 WL 8113299 (C.D. Cal. Nov. 2, 2023), *appeal docketed*, No. 23-3968 (9th Cir. Dec. 6, 2023).
 81. *Id.* at *2.
 82. *Id.* at *5-6.
 83. *Davis*, 2023 WL 8113299, at *10.
 84. See *Hermès Int'l v. Rothschild*, 678 F. Supp. 3d 475 (S.D.N.Y. 2023), *appeal docketed*, No. 23-1081 (2d Cir. July 24, 2023).
 85. *Id.* at 483.
 86. *Id.* at 484-85.
 87. *Id.* at 485.
 88. See, e.g., *Dr. Seuss Enters. v. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020) (holding that *Rogers's* second prong sets “a high bar that requires the use to be ‘an ‘explicit indication,’ ‘overt claim,’ or ‘explicit misstatement’ about the source of the work” (quoting *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1245 (9th Cir. 2013)); see also *Novalogic, Inc. v. Activision Blizzard*, 41 F. Supp. 3d 885, 901 (C.D. Cal. 2013) (“To be ‘explicitly misleading,’ a defendant's work must make some affirmative statement of the plaintiff's sponsorship or endorsement, beyond the mere use of the plaintiff's name or other characteristic.”).
 89. *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993).
 90. *Hermès*, 678 F. Supp. 3d at 486.
 91. *Id.*
 92. See *Hermès Int'l v. Rothschild*, 654 F. Supp. 3d 268, 282 (S.D.N.Y. 2023).
 93. See, e.g., *Down to Earth Organics, LLC v. Efron*, No. 22-CV-06218 (NSR), 2024 WL 1376532 (S.D.N.Y. Mar. 31, 2024) (granting motion to dismiss trademark-based challenge to title of documentary series).
 94. No. 22 CIV. 6526 (PGG), 2023 WL 6215299 (S.D.N.Y. Sept. 25, 2023).
 95. *Id.* at *2.
 96. *Id.* at *11-15.
 97. No. 2:23-CV-03456-RGK-AS, 2023 WL 6812769 (C.D. Cal. Aug. 23, 2023).
 98. *Id.* at *3.
 99. *Id.*
 100. *Id.* at *4 (citation omitted) (quoting *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1245 (9th Cir. 2013)).
 101. 15 U.S.C. § 1125(a).
 102. 2023 WL 6812769, at *4.

Genuine Use of Trademarks in the Perfume Industry: Update on Israeli Case Law

By Hanna J. Odeh



This article concerns an interesting trademark case in Israel's legal landscape, *Chloe S.A.S & Others v. Oil De Lamor Ltd.*,¹ which led to a precedential ruling by the District Court of Tel Aviv in July 2023. The case involved a head-on conflict between trademark holders' interests in protecting their trademark rights and the public interest in maintaining the competition on the free market and the freedom of occupation.

In a nutshell, trademark infringement lawsuits were brought in Israel by some of the largest companies in the fragrance industry against a small Israeli company called Oil De Lamor Ltd., which produces and markets "smell-alike" perfumes. The lawsuits were filed by ten plaintiffs: (1) Chloe S.A.S., (2) ZINO DAVIDOFF SA, (3) Hugo Boss Trade Mark Management GmbH & Co Kg, (4) Coty B.V., (5) Coty Germany GmbH, (6) Lancôme Perfumes Et Beaute & Cie, (7) Giorgio Armani S.p.A., Milan, Swiss Branch Nedrisio, (8) The Polo/Lauren Company, L.P., (9) L'Oréal, and (10) Britney Jean Spears ("Plaintiffs"). Plaintiffs alleged that using names similar to their famous perfume brands constitutes an infringement of their well-known trademarks, as well as free-riding on their reputation. In response, Oil De Lamor alleged that such use of well-known perfume brands made for a genuine description of the character of their products as smell-alike perfumes.

Ultimately, after an evidentiary hearing, the lawsuits were dismissed while charging the plaintiffs with over 180,000 NIS in legal expenses. The court held that Plaintiffs failed to prove a danger of confusion and, in a precedential ruling, that the use of a perfume brand name to describe the smell of a smell-alike perfume was considered to be a *genuine use* under Israeli law.

I. Genuine Use Under Israeli Law

Trademark infringement under Israeli law occurs when one party uses a trademark that is identical or confusingly similar to another party's registered trademark in a way that may cause confusion among consumers regarding the source of goods or services. In Israel, the TRADE MARKS ORDINANCE [NEW VERSION] 5732-1972 governs trademark protection. In order to establish trademark infringement, the following elements typically need to be proven:

- 1.) The plaintiff must demonstrate that they own a valid and registered trademark in Israel. This registration gives the trademark owner exclusive rights to use the mark in connection with the goods or services specified in the registration;
- 2.) The defendant must have used a mark that is identical or similar to Plaintiff's registered trademark. This similarity can extend to the overall impression created by the mark, including visual, phonetic, and conceptual similarities;

3.) The use of the similar or identical mark must be likely to cause confusion among consumers regarding the source of goods or services. This confusion could lead consumers to believe that the defendant's infringing goods or services are affiliated with or endorsed by the plaintiff trademark owner; and

4.) The unauthorized use of the mark must typically occur in commerce, such as on products, packaging, advertising materials, or in connection with services.²

Infringement may entitle the trademark owner to seek various remedies, including injunctive relief to stop the infringing activity, monetary damages, or an account of profits derived from the infringement. In addition to registered trademarks, Israel also recognizes unregistered trademarks based on use in commerce, which can provide some level of protection. However, the scope of protection for unregistered marks may be narrower compared to registered trademarks.

Under Israeli law, Section 74 of Trade Marks Ordinance [New Version] 5732-1972 codifies the entitlement of any person to use any registered mark owned by another party for genuine description of the character or the quality of his product. Section 74 states: "Registration under this ordinance shall not prevent any genuine use by a person in his own name or in the name of his business or in the geographical name of his place of business, or of any his predecessors in business, or the use by any person of any genuine description of the character or the quality of his goods." This is referred to as "genuine use." However, the burden of proof rests on the shoulders of the claimant raising the doctrine. Israeli legal doctrine establishes three concurrent conditions for the attainment of such protection: 1) the use of the registered mark is necessary for genuine description or identification of the product; 2) the use of the registered mark should not surpass the extent required for accurate description and identification of the product; and 3) the use of the registered mark may not mislead consumers into believing there is a sponsorship or any connection between the product and the registered mark owner. The concept of "genuine use" under Israeli law is similar to protections in other jurisdictions, such as *nominative fair use* under U.S. law³ or *referential use* in Europe.⁴

II. Facts of the *Oil De Lamor* Case

Defendant Oil De Lamor is a small business run by a couple, Shlomit and Amir Artzi. The company produces and markets smell-alike ("odor compatible") perfumes. In contrast to renowned fragrances formulated with water or mostly alcohol-based solvents, the perfumes produced by the defendant are oil-based and retailed at markedly reduced price points. The defendant's customer base predominantly comprises clients who cannot afford buying the well-known fragrances or those who prioritize oil-based perfumes to safe-

guard their skin from the adverse effects of alcohol exposure. The defendant adopts a utilitarian approach by packaging its fragrances in unadorned, generic bottles bearing its registered trademark *Oil De Lamor*, alongside the designation of the corresponding scent-emulating perfume, i.e., the name of the compatible odor. For the sake of clarity, some examples include: *Oil De Lamor, R. Blue Men* for a compatible perfume to *POLO RALPH LAUREN BLUE*; *Oil De Lamor, A. Kod Men* for compatible perfume to *Armani Code Men*; *Oil De Lamor, Laviboel* for compatible perfume to *La Vie Est Belle Lancôme*.

The plaintiffs claimed that Oil De Lamor's perfumes infringed the the following famous marks: (1) CHLOE, (2) DAVIDOFF, (3) BOSS, (4) LAVIE EST BELLE, (5) MIRACLE, (6) ARMANI, (7) GIORGIO ARMANI SI, (8) LAUREN, (9) RALPH LAUREN, (10) BRITNEY SPEARS, and (11) BRITNEY SPEARS FANTASY.

III. The Parties' Arguments

Israeli law does not grant direct protection of the smell itself, and there is no prohibition under Israeli law on producing compatible odors. In the *Oil De Lamor* case, the plaintiffs did not hold any patents in Israel covering the chemical formulas of their perfumes. Instead, they claimed the use of names similar to their famous brands constituted trademark infringement and free-riding on their reputation, which caused a danger of confusion among the public. Under Israeli law, misleading use of a trademark occurs when there is a likelihood of confusion, due to deceptive similarity between the marks. In the *Oil De Lamor* case, Plaintiffs claimed that Defendant's use of Plaintiffs' marks to identify the Plaintiff perfumes that Defendant's perfumes smell similar to misled consumers into believing there is a connection between the plaintiffs and Oil De Lamor perfumes.

Oil De Lamor denied these allegations, claiming there is no danger of confusion due to the differentiation between marks, and especially the overall look and feel of the products. Moreover, Defendant claimed that, given the products' price differences, such confusion is highly unlikely to occur because consumers are likely to exercise more care in selecting a perfume. Defendant also emphasized that its smell-alike perfumes used Defendant's own registered trademark *Oil De Lamor* to indicate the source of the smell-alike perfumes.

Furthermore, Oil De Lamor argued that its use of names similar to the famous brands constituted a "genuine use" according to Section 74 of the TRADE MARKS ORDINANCE [NEW VERSION] 5732-1972. Specifically, Defendant argued that it uses names with some similarity to the famous marks in order to describe its products as smell-alike perfume. In addition, Defendant emphasized that such use is

necessary to identify the article effectively, especially due to the essential difficulty in describing fragrances.

In response, Plaintiffs argued none of the genuine use conditions under Israeli law were met. Plaintiffs relied on two main arguments. First, Plaintiffs argued that there was a danger of confusion, which could lead consumers to think there is a connection between their famous brands and Defendant's products. Second, Plaintiffs argued that genuine use protection did not apply to the circumstances of the case because there was, in fact, no similarity between the smells of Plaintiffs' famous brands protected by well-known trademarks and the smells of Oil De Lamor's smell-alike perfumes. Thus, according to Plaintiffs, instead of it being a genuine description of Defendant's product characteristics, Defendant's use of Plaintiff's trademarks is actually a false description.

Both sides submitted extensive evidence and expert opinions. Of note, in response to Plaintiff's second argument against genuine use, Oil De Lamor's experts conducted a public smelling survey to prove the similarity between the odors. Defendant's experts demonstrated perceptual similarity between odors through two steps: first, they determined the sufficient similarity index in the fragrance industry (the "common similarity index"). Second, they measured the similarity level between each original and smell-alike perfumes as compared to the common similarity index.

In order to determine the common similarity index, as a benchmark, Defendant's experts measured the similarity level between one of the plaintiff's perfumes, *Fantasy Britney Spears*, and body lotion *Fantasy Britney Spears* taken from the same Fantasy kit.⁵ The rationale behind the choice was the difference between the type of solvent, alcohol-based solvent versus oily-based solvent (which would be the same difference in solvents between Plaintiffs' perfumes and Defendant's smell-alike perfumes, and therefore, comparing apples to apples). Another rationale behind the choice was Plaintiffs' statement that the *Fantasy Britney Spears* fragrance was created, developed and marketed in collaboration with Elizabeth Arden, a subsidiary of Revlon Inc., which is one of the most renowned corporations in the perfumes industry. Based on this statement, Defendant's experts opined that if that was the case, there would be no question that the degree of similarity between these products, both carrying identical brand names and fragrances, meets the *common similarity standard* in the industry. As illustrated below, Defendant's expert analysis found an equal or even higher level of similarity than what was accepted in the field.

IV. The District Court of Tel Aviv's Ruling

In light of all of the evidence, the District Court of Tel Aviv held in a precedential ruling that the use of a perfume brand name to describe the smell of a smell-alike perfume constituted a genuine use. The court held Oil De Lamor's use of names similar to Plaintiffs' registered trademarks met all of the conditions under the applicable doctrine to gain the protection of genuine use. The court also rejected Plaintiffs' arguments that Defendant's use of their trademarks was likely to create confusion about the source of Oil De Lamor's products or whether Oil De Lamor had any connection to Plaintiffs. Within his ruling, Judge Gershon Gontovnik emphasized the importance of maintaining and encouraging competition in the free market.

Similar to the *Smith v. Chanel, Inc.* under U.S. law,⁶ this ruling in Israel is another milestone that sharpens the boundaries of trademark protection in the perfume industry.

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Endnotes

1. CA/ 61865-03-17; 10499-04-17; 54008-07-17.
2. Section 1 of Trade Marks Ordinance.
3. *See, e.g., Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002).
4. Case C-2/00, *Holterhoff v. Freiesleben*, ECR 2002 i-04187.
5. Namely, both the perfume and the body lotion were marketed together in the same packaging, under the same brand name, and the same fragrance name and description.
6. *Smith v. Chanel, Inc.* 402 F. 2d 562 (9th Cir. 1968).

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