Annual Update

Significant Developments in U.S. Trademark, False Advertising, and Right of Publicity Law

2017

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Contents

Below are the selections of Covington's Intellectual Property Rights Group for the "Top Ten" most significant and interesting developments in U.S. trademark, false advertising, and right of publicity law during 2017.

PTO Cannot Deny Registration to "Disparaging" Marks

In June, the Supreme Court issued a highly anticipated trademark decision, *Matal v. Tam*. The Court held that the "disparagement clause" of the Lanham Act violates the First Amendment right to freedom of speech and is facially unconstitutional.

The disparagement clause prohibits the registration of trademarks that may "disparage . . . or bring . . . into contemp[t] or disrepute" any "persons, living or dead."

This case centered on "The Slants," a band whose name the Patent and Trademark Office ("PTO") deemed disparaging and not registrable because "slant" is a derogatory term for persons of Asian descent. The Asian-American band members chose the name for their group in the hopes of reclaiming the term and "draining its denigrating force."

The Court unanimously held that denying registration on the basis of a mark's content "offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend." The justices unanimously agreed on this point, but took different paths to that result. Justice Alito wrote an opinion joined by Justices Roberts, Thomas and Breyer. Justice Kennedy concurred for himself and Justices Ginsburg, Sotomayor, and Kagan.

All justices agreed that a trademark is a form of speech that the government cannot constrain just because it is offensive. The government argued that registered trademarks are government speech, which is not subject to the First Amendment and the government need not be viewpoint-neutral in its own speech. But as the Court explained, private speech does not become government speech just because it takes the form of a federally registered trademark. Expression in a trademark remains the expression of the filer—not the government. Such speech is thus entitled to full First Amendment protections. The Court was unanimous on this point.

In his four-justice opinion, Justice Alito also explained that a trademark is not a government program that subsidizes speech, like federal funding for public libraries or grants for artists. In those contexts, the government is not "required to subsidize activities that it does not wish to promote." Justice Alito explained that trademarks are not analogous to subsidies because the PTO does not pay money to parties seeking registration. Justice Alito also rejected the government's argument that trademarks are commercial speech, which has less protection under the First Amendment than other types of speech. Justice Alito explained that even under that standard, the disparagement clause is not narrowly drawn enough to survive scrutiny.

In his separate four-justice concurrence, Justice Kennedy stated that he would have applied an even more stringent standard for viewpoint discrimination—which would have obviated any other questions the parties raised. Essentially, Justice Kennedy explained, the government's discrimination against viewpoints it found disparaging is so severe that the nuances of commercial speech and subsidy law (which Justice Alito explored in some detail) need not be examined. As Justice Kennedy reasoned, even commercial marks are "part of the expression of everyday life," and allowing government viewpoint discrimination in that context amounts to censorship.

University's Ban on Use of Trademarks Violated the First Amendment

Ruling on First Amendment grounds, the Eighth Circuit held in favor of a student organization that had been banned from using Iowa State University trademarks.

The student organization in question was the Iowa State chapter of the National Organization for the Reform of Marijuana Laws ("NORML"), an officially recognized student organization. Iowa State grants such student organizations permission to use its trademarks under certain circumstances. Originally, in 2012, the organization won approval to use an Iowa State trademark on T-shirts bearing a marijuana leaf. Later, allegedly after press coverage and political pushback, the university reversed its decision. Soon afterward, Iowa State revised its trademark guidelines to prohibit, among other uses, designs that suggest promotion of drugs and drug paraphernalia that are illegal or unhealthful.

Two members of the student group sued for violations of their First and Fourteenth Amendment rights. The students claimed that Iowa State implemented stricter trademark policies designed "expressly to restrict [NORML]'s message." They alleged that this is viewpoint discrimination, for which government entities like Iowa State must meet a high bar to show that restrictions on speech from a certain viewpoint are acceptable.

The district court granted the plaintiffs' motion for summary judgment on the allegation that Iowa State's trademark licensing decisions, as applied to the plaintiffs, violated their First Amendment rights. The district court also granted a permanent injunction prohibiting the defendants from enforcing "trademark licensing policies against Plaintiffs in a viewpoint discriminatory manner."

On appeal, the Eighth Circuit affirmed, noting the "unique scrutiny" the defendants imposed on NORML's trademark applications. The panel pointed to evidence showing that the school's reversal was politically motivated and that its trademark office had never before rejected a student group's design application due to concern over endorsement of the group's cause.

The court rejected the defendants' argument that its actions could be construed as government speech, and therefore did not violate the students' First Amendment rights. The government speech doctrine did not apply here because Iowa State "created a limited public forum when it made its trademarks available for student organizations to use if they abided by certain conditions." In limited public forums, the First Amendment requires a higher bar on speech restrictions.

For the court, the evidence here pointed to the conclusion that Iowa State imposed "unique scrutiny" on NORML. The First Amendment clearly prohibits discriminating against NORML because of the group's viewpoints, and under the heightened viewpoint-discrimination test, Iowa State failed to show that its actions were narrowly tailored to serve a compelling government interest.

Google Survives Genericide Claim

On May 16, the Ninth Circuit ruled in *Elliott v. Google* that the "Google" trademark is not generic as a matter of law just because the relevant public sometimes—even often—uses it as a verb.

The opinion clarifies that genericide occurs only when a trademarked term becomes commonly used to refer to a particular type of good or service, regardless of source. For example, Google would become generic only if the relevant public refers to *any* internet search engine as "a google."

The plaintiffs, two individuals, acquired over seven hundred domain names containing the word "google," including "googledisney.com," "googlebarakobama.net," and "googlenewtvs.com."

Google filed a complaint with the National Arbitration Forum (NAF), arguing that these registrations constituted "cybersquatting" and violated the Uniform Domain Name Dispute Resolution Policy. The NAF agreed and transferred the domain names to Google. The plaintiffs sued Google in federal court, petitioning for the cancellation of the "Google" trademark. The district court granted summary judgment for Google. The Ninth Circuit affirmed, applying its genericide test.

The Ninth Circuit describes its genericide test as a "who-are-you/what-are-you" test: does the relevant public primarily understand the mark as referring to the producer (who) or the product (what). If the relevant public primarily understands a mark as describing "who" a good or service comes from, the mark is valid. But if the relevant public primarily understands a mark as describing "what" a good or service is, the mark is generic and invalid. To be generic, the "what" must be a particular type of goods or services. For instance, the "Aspirin" mark became generic because consumers started using it to mean any pain medicine using acetylsalicylic acid—not just the medicine Bayer made containing that ingredient.

The court rejected plaintiffs' argument that verb use of a trademark, on its own, constitutes generic use as a matter of law. Plaintiffs claimed that a trademark is only performing its source-identifying function when used as an adjective, e.g., a "Kleenex tissue," and therefore that the common use of the verb "to google" indicates its genericness. But the court noted that it had long required more than a mark just being used as a common part of speech. In its 1982 opinion *Coca-Cola Co. v. Overland, Inc.*, the Ninth Circuit had noted that the fact that people used the Coca-Cola trademark as a noun, "a coke," did not indicate whether or not people had a particular source in mind. The noun "a coke" might refer to either a Coca-Cola beverage or a generic soft drink. Noun use alone did not indicate genericide. Similarly, the court ruled that the verb "to google" can be used discriminately, meaning "to use a Google search engine," or indiscriminately "to search for something on the internet."

In a concurrence, Judge Watford left open the question of whether evidence of a trademark's indiscriminate use as a verb might, in another case, be relevant to a jury's determination of generic use.

Ninth Circuit Reaffirms High Standard for Infringement in Expressive Works

In November's *Twentieth Century Fox Television v. Empire Distribution*, the Ninth Circuit ruled that the First

Amendment protected the title of Fox's television show "Empire"—so Fox did not violate the record label Empire Distribution's trademark rights in its name.

The *Empire* TV show depicts a fictional hip-hop music label named "Empire Enterprises." Each episode features songs, some original, which Fox releases as singles after each episode airs and in albums after the conclusion of each season. Fox promotes this music through live and radio performances, as well as through merchandise bearing the "Empire" mark.

Empire Distribution is a record label, distributor, and publisher. It sent Fox a letter asserting its rights in the "Empire" name. In response, Fox sought a declaratory judgment that its show and associated music releases do not infringe Empire's trademark. The district court granted summary judgment to Fox on all claims and denied reconsideration, holding that the First Amendment protected Fox's title against any trademark claims. Empire appealed.

Empire argued that the court should have applied the likelihood of confusion test, which it believed would favor it. The court had instead used the Second Circuit's *Rogers v. Grimaldi*, which the Ninth Circuit has ruled applies when an allegedly infringing use arises in an expressive work. Under that test, use of a mark is not infringing unless it (a) has "no artistic relevance to the underlying work whatsoever" or (b) is relevant but still "explicitly misleads" as to the work's source or content.

The Ninth Circuit affirmed judgment against Empire. It first clarified, contrary to Empire's argument, that the *Rogers* test applies not only to uses of a mark in the title or body of an expressive work, but also to related promotional efforts. As the court explained, First Amendment interests would be "destabilized" if trademarks in titles and substance were protected, but promotion of those same works was not.

Applying the two-part *Rogers* test, the court found that Fox's use did not infringe under either prong. First, the court found Fox's use of the "Empire" term artistically relevant. The show is set in New York—the Empire State—and concerns a business "empire," Empire Enterprises. On this part of the test, the court rejected Empire's argument that a mark must have acquired a certain cultural relevance or meaning beyond its source-identifying function in order to be evaluated under the *Rogers* test. It also rejected Empire's claim that the defendant's expressive work must refer to the senior work. Rather, the court affirmed that the first prong of the *Rogers* test is extremely simple: a defendant satisfies it if the title is minimally relevant to the work, nothing more.

The court rejected Empire's argument that Fox failed the second prong, which requires an explicitly misleading statement. Fox never even referred to Empire Distribution, so it could did not explicitly mislead consumers about it.

The Ninth Circuit's ruling makes clear that creators of expressive works enjoy strong protections when they use another's mark in some way that is artistically relevant to the work.

Sony Nets First Amendment Win in Ninth Circuit

In an unpublished but significant opinion, issued without oral argument, the Ninth Circuit ruled in *Virag SRL v. Sony Computer Entertainment America LLC* that the First Amendment protects Sony's video games, affirming dismissal of a trademark suit based on those games' incorporation of real-world trademarks for realism's sake.

The case concerned Sony's Gran Turismo games, which simulate racing real-world cars on various real-world racetracks. One such racetrack is the National Autodrome of Monza in Italy, where the Rally of Monza takes place. Features of the Monza racetrack formed the basis of the case. In the Gran Turismo games, Sony had replicated that racetrack so precisely that it copied the logo of Italian flooring company Virag SRL, whose logo appears on a bridge over the track. Virag sued Sony for trademark infringement, among other claims.

The district court granted Sony's motion to dismiss the Lanham Act claim, holding that the First Amendment protected the games as expressive works. So under the two-prong *Rogers v. Grimaldi* test applicable to trademark infringement claims based on expressive works, Virag could not state a claim against Sony. First, the *Rogers* test requires that the copied mark be artistically relevant to the work where it appears. The district court ruled that Sony's use of the Virag logo to depict the National Autodrome of Monza was artistically relevant because it makes the games more realistic. Second, if artistically relevant, use of the logo cannot be explicitly misleading to consumers. The court held that using Virag's logo was not misleading. Virag appealed. (It lost on its non-trademark claims too, but did not appeal those.)

On review, the Ninth Circuit affirmed the district court's ruling in three quick paragraphs. The court began by holding the games clearly subject to First Amendment protection—they contain expressive elements such as characters, plot, music, "and extensive interactions between players and the games' virtual world." Virag claimed the games were subject to the lower constitutional standard for commercial speech, but the Ninth Circuit rejected the argument because the games "do not merely propose a commercial transaction." The Ninth Circuit also ruled that the *Rogers* test applies regardless of whether the mark in question has independent cultural significance, or whether the game's use of a mark serves to communicate a message other than the mark's source.

The Ninth Circuit affirmed the district court's application of *Rogers* to bar Virag's claim. It noted that the artistic relevance prong is not a high bar—relevance need only be "above zero," which it was here. It also found that Virag had not even alleged any "explicit indication, overt claim, or explicit misstatement" that would mislead consumers. At this point, Virag could seek panel or *en banc* rehearing, or petition for cert before the Supreme Court. But it has not yet sought review.

The opinion mainly restates settled Ninth Circuit law. But it is notable for affirming a First Amendment win on the pleadings. Courts often decline to apply that defense on a motion to dismiss, frequently finding it too fact-dependent.

Distribution of Counterfeits by Non-Controlled Retailers Does Not Infringe

In October's *Energizer Brands v. Procter & Gamble*, a Missouri federal court found that Duracell did not infringe Energizer's pink battery bunny when retailers sold Duracell batteries bearing a similar mark that Duracell made for foreign markets.

Both Energizer and Duracell advertise their batteries using the image of a pink toy bunny, often playing a drum. But only Energizer has rights to that mark in the United States. Although Duracell has agreed not to use the mark in the United States or its territories, it continues to use pink bunny marks in other countries.

Energizer discovered several physical and online stores selling Duracell batteries bearing the bunny mark. It informed Duracell, which responded that the products were "diverted, gray market, or counterfeit." Duracell explained that it was investigating the matter. After follow-ups produced no more information, Energizer sued. A few months into the litigation, Duracell wrote to the offending retailers, requesting that they immediately stop advertising and selling Duracell bunny-branded batteries. Many did so. Duracell itself sued a retailer that did not.

Energizer claimed that Duracell had breached its contract not to use the pink bunny marks in the U.S. That contract also applied to parties over which Duracell "exercise[d] control." Energizer claimed Duracell could control its retailers.

The court rejected Energizer's claim. First, Duracell exercised no management or control over any of the retailers at issue. The fact that many of the retailers responded to Duracell's request to stop selling the infringing goods did not demonstrate otherwise. Second, the contract did not oblige Duracell to prevent non-controlled parties from using the bunny mark.

Energizer also asserted a claim of contributory trademark infringement. The court rejected this claim, too. Contributory infringement requires that a party intentionally induce another to infringe a mark, or to continue to supply another having reason to know the other is infringing. But Duracell had neither induced nor supplied any of the stores selling the batteries.

This case demonstrates the difficulty of pinning responsibility for off-market goods on the original manufacturer, at least through trademark law. It also shows that influence in a business relationship is insufficient to demonstrate control for purposes of secondary trademark liability.

Green and Yellow Agricultural Equipment Violate John Deere's Rights in Color Scheme

In October, in *Deere v. FIMCO*, a Kentucky federal court held that Deere & Company's green and yellow color scheme for agricultural equipment was infringed by a competing manufacturer. The court found that color scheme famous, holding the competitor liable for dilution as well.

Deere manufactures a variety of agricultural equipment, including its John Deere line of tractors and various equipment meant to be towed behind tractors (usually called "trailed equipment"). Deere paints essentially all this equipment in its signature green and yellow colors, as it has since the early 20th century. FIMCO, a competitor to Deere, makes only trailed equipment. It has existed since 1966, but was mainly a regional South Dakota company until 1998—at which point it began a very rapid nationwide expansion. It also began painting its equipment in green and yellow colors identical to Deere's colors. In 2012, Deere learned of FIMCO's use of the Deere colors and began trying to resolve the issue informally, as it had with other infringers. But by 2014, FIMCO had consolidated its various sub-brands under the "Ag Spray" brand name, and painted virtually all its goods green and yellow. Deere, represented by Covington, sued for trademark infringement and dilution.

FIMCO had two main defenses to Deere's claims. First, at summary judgment, it argued that Deere's color scheme was "aesthetically functional" and not a protectable trademark. Under this doctrine, marks are functional—and invalid—if their exclusive use by one entity would put competitors at a "significant non-reputation-related disadvantage." FIMCO claimed it would be disadvantaged if prohibited from using Deere's colors because farmers wanted to match their FIMCO equipment to their Deere tractors. In its ruling on summary judgment, the court rejected this theory because FIMCO's purported disadvantage was due purely to Deere's reputation—because farmers wanted trailed equipment in the same colors they identified with Deere.

Second, as a defense to Deere's dilution claim, FIMCO argued that—by acquiring the assets of a 1930s-era company when it formed in 1966—it used green and yellow colors on farm equipment before Deere's use of those colors was famous. If true, that would have barred Deere's dilution claim because the Lanham Act requires not just that a plaintiff's mark be famous, but that it was famous before the defendant's use began.

After a June 2017 bench trial, the court first examined Deere's evidence of its marks' fame in history: reams of newspaper coverage, periodicals, and other documents referring specifically to Deere's color scheme. The court found Deere's colors famous by 1968—when national magazines like *Forbes* touted the colors—but at least by the late 1980s when Deere obtained registrations for its color marks. Moving to when FIMCO first used green and yellow, the Court examined the record and found that FIMCO had produced no tangible evidence showing it used green and yellow before 1998. FIMCO had only the vague testimony of its owner, which the court declined to credit.

Having dispensed with FIMCO's defenses, the court found that FIMCO infringed Deere's mark. Most factors of the infringement test indicated a likelihood of confusion. The goods at issue, varieties of sprayers and applicators farmers would use to grow crops, were closely related. The marks used were highly similar because the colors were identical and FIMCO placed them on its equipment exactly where Deere did on its own goods. Deere presented testimonial and survey evidence of actual confusion. Deere and FIMCO also advertised through the same trade shows and dealerships, placing the goods in close physical proximity. Finally, because the products were related and competed, the parties had already expanded into the same product lines. Though a few factors did favor FIMCO, the court held the balance weighed toward Deere.

Turning to dilution, the court ruled for Deere on each relevant factor. As noted above, the court found Deere's mark famous years before FIMCO copied it. Deere also vigorously enforced its mark, having shown dozens of successful examples of such. And Deere showed convincing survey evidence that people actually associated FIMCO's color scheme with Deere.

Most notably for its dilution analysis, the court relied on FIMCO's own affirmative evidence to find that FIMCO intentionally associated its goods with Deere's—a key factor for dilution. The evidence FIMCO had advanced at summary judgment on aesthetic functionality—that farmers want trailed equipment in colors that match their Deere tractors—supported Deere's dilution claim at trial.

The decision appears to be the first color trademark case to go through trial since the Supreme Court reviewed the judgment from the *Qualitex* case in 1995. It is also one of the only reported cases discussing how a dilution plaintiff can prove fame in the more distant past.

Across the Atlantic, however, another color mark fell short of the European Union's standards for distinctiveness. In the EU, as in the U.S., a mark must be distinctive. Red Bull argued that its juxtaposition of silver and blue on its cans had acquired distinctiveness. It filed two applications to register a half blue and half silver mark for its energy drinks, and was initially successful but then challenged. The EU Intellectual Property Office found that the marks had not acquired sufficient distinctiveness and were insufficiently precise as to the colors registered. Courts subsequently upheld the cancellation.

Cheerios Loses Bid to Trademark Yellow Box

In August, the United States Trademark Trial and Appeal Board ("TTAB") rejected General Mills' attempt to trademark what it called a mark for "Toroidal-shaped, oat-based breakfast cereal." The public knows these oaty toroids as Cheerios, and as General Mills contended, the public associates that cereal with its predominately yellow packaging.

With that argument, General Mills sought to register yellow packaging—namely boxes—as a trademark for its Cheerios cereal. The Trademark Examining Attorney refused registration on the grounds that a single color mark is not inherently distinctive, and General Mills had failed to show acquired distinctiveness—so the yellow packaging failed to function as a mark for Cheerios. General Mills appealed to the TTAB.

Since the Supreme Court's 1995 ruling in *Qualitex v. Jacobson Products Co.*, the law on color trademarks has been fairly settled. Single colors and color schemes may function as trademarks and be entitled to registration, but they can never be inherently distinctive. So anyone seeking to trademark a color or color scheme must show that, in the mind of the public, the primary purpose of a color or color scheme must be to identify the source of a product—e.g., General Mills—not the product itself, e.g., Cheerios.

With that standard in mind, the TTAB noted that General Mills sells Cheerios in several flavors, not all of which have yellow packaging. But it also found General Mills had invested much time and money promoting the Cheerios brand, including the yellow box on its "regular" Cheerios cereal. Here, General Mills submitted evidence of media referring to the Cheerios "yellow box." It also conducted a survey in which over half the respondents identified Cheerios as the brand related to an unmarked yellow box.

Even so, the TTAB found a fatal flaw for General Mills' case: it did not have the requisite "substantially exclusive" use of yellow boxes for cereal. As the TTAB explained, "[N]on-exclusive use presents a serious problem for the merchant seeking to develop trademark rights in a word, symbol, or device that is not inherently distinctive, because it interferes with public perception that it serves as an indicator of a single source[.]"

The TTAB found that many others—including General Mills' main competitors—sold even toroidal-shaped, oat-based cereals in yellow packages. It concluded that the number and nature of third-party cereal products in yellow packaging meant consumers do not perceive yellow as having source-indicating significance for the goods. Indeed, even accounting for General Mills' survey evidence, the TTAB concluded that general familiarity with the yellow Cheerios box was not enough to change the TTAB's mind—it did not discount the TTAB's conclusion that yellow packaging alone did not indicate the source of General Mills' goods.

At this point, General Mills may seek review of the TTAB decision before the Federal Circuit or by bringing a civil action, though it is unclear whether it will do so.

Generic Name Plus TLD is Registrable, and PTO Can Win Fees Even if it Loses Case

In August's *Booking.com v. Matal*, a Virginia federal court held—contrary to PTO practice and Federal Circuit precedent—that a generic name plus a top-level domain ("TLD") like ".com" can be registrable as a descriptive mark, if the combination also has secondary meaning. Even so, the PTO was able to recover fees for its loss.

Booking.com sought to register its website's name as a trademark. When the PTO refused on grounds that adding ".com" or another TLD to a generic name does not make it distinctive, Booking.com sued the PTO.

The district court determined that Booking.com's mark was eligible for protection. This broke with longtime PTO practice not to register marks that were generic names plus a TLD. Reviewing Federal Circuit precedent and PTO practices, the district court ruled both that (1) a TLD generally has source-identifying significance, and (2) a mark composed of a generic word plus a TLD "is usually a descriptive mark eligible for protection upon a showing of secondary meaning." The court added, however, that a TLD has no source-identifying significance by itself. And it noted that because generic names plus TLDs are only descriptive and require showings of secondary meaning, these marks are relatively weak. The court remanded the case to the PTO.

Despite its loss, the PTO filed a motion for its expenses—including attorney and paralegal time, expert witness fees, printing, and travel. It premised its motion on a section of the Lanham Act providing that "all expenses of the proceeding shall be paid by the party bringing the case, *whether the decision is in favor of such party or not*." Booking.com protested that such a payment violates the "American Rule" that each party pay its own attorneys' fees unless otherwise provided.

In October, the district court ruled for the PTO, finding itself bound by Fourth Circuit precedent holding that the statutory provision's reference to "expenses" included attorneys' and paralegals' fees. That decision rested on both plain meaning and historical analysis of the word "expenses" as used in the Lanham Act. The court found that a Supreme Court case discussing a related issue in the Bankruptcy Code had not overruled the Fourth Circuit, and that a case on the same Lanham Act provision pending before the Federal Circuit *en banc* would in any event have no effect on the law of the Fourth Circuit.

The court also rejected Booking.com's argument that forcing a prevailing party to pay the PTO's expenses violates the First Amendment right of access to the courts. It noted that other courts have rejected this principle, and that the PTO is funded by user fees. The court also pointed out that an applicant who does not wish to pay the expenses of a de novo review of the PTO's decision may appeal directly to the Federal Circuit, where fees will not be due.

The PTO's broader interpretation of "expenses," first asserted in 2013, thus survives in the Fourth Circuit. But it may not in a case before the Federal Circuit. Concerns about the accessibility of de novo review may find greater purchase there, and could also set up a potential case for the Supreme Court.

FanDuel and DraftKings Win Major Right of Publicity Case

In October, Fantasy sports companies FanDuel and DraftKings obtained dismissal of a lawsuit in Indiana federal court—*Daniels v. FanDuel, Inc.*—that claimed the two companies' use of athletes' names and likenesses violated the athletes' rights of publicity.

The plaintiffs were a group of college football players, who alleged that FanDuel and DraftKings used their names and likenesses to promote online fantasy sports contests, without the plaintiffs' consent. This, they contended, violated the plaintiffs' rights of publicity under Indiana law. That law forbids anyone to use someone else's name or likeness for commercial purposes without having obtained prior written consent.

The contests in question are online versions of fantasy football. Customers pay FanDuel or DraftKings a fee, select a group of collegiate players from a list of available athletes, then win or lose based on the athletes' real-world game performances. For instance, if a player drafted one of the plaintiffs, and that plaintiff scored a touchdown in his real-life game, the customer would receive points redeemable toward cash prizes if the customer's team outperformed the other contest entrants' teams. These types of contests made money for FanDuel and DraftKings—but the plaintiffs contended the companies should not be allowed to earn money by letting customers "draft" them.

FanDuel and DraftKings made three arguments in support of their motion to dismiss: (1) that statutory exceptions to Indiana right of publicity law exempt their contest materials from coverage under the law; (2) that their First Amendment rights trump any publicity rights the plaintiffs have; and (3) that federal copyright law preempted the plaintiffs' claims.

The court ruled for the defendants on their first argument. Specifically, the court found their contest websites were subject to two different statutory exceptions. First, the "newsworthiness" exception specifies that the right of publicity does not apply to the use of a name or likeness in material that has political or newsworthy value, defined very broadly. The court ruled that athletic achievements are newsworthy, even when a defendant is not a news outlet. Second, the court ruled that the "public interest" exception exempted the defendants' websites for the same reasons the newsworthiness exception did: namely, athletic achievements are events and topics of general or public interest.

The court did not, however, rule for the defendants on their First Amendment or copyright argument. It held that it could not rule on the applicability of the fact-intensive First Amendment defense on a motion to dismiss. It lacked the proper factual and evidentiary basis to evaluate the websites based just on the pleadings, and it did not find the defense so clearly applicable when taking those pleadings as true. As to the copyright argument, the court pointed to binding appellate law holding that the Copyright Act does not preempt Indiana's right of publicity statute.

The case is not over, though. The plaintiffs have appealed to the Seventh Circuit. And this case is just one of several that have been brought against fantasy sports companies in recent years, asserting right of publicity claims under various states' laws.

Recent Copyright and Trademark Publications

- Jacqueline Charlesworth and Michelle Choe, "New Chance To Bypass DMCA Copyright Circumvention Ban," *Law360* (July 14, 2017)
- Simon Frankel and Theodore Karch, "Brand owners rejoice at Google trademark ruling," *Daily Journal* (June 26, 2017)
- Simon Frankel, Ronald Dove, Kathleen Gallagher-Duff, Marie Lavalleye, and Neil Roman, "Supreme Court Rules That Law Prohibiting Offensive Trademarks Offends First Amendment," *Covington Alert* (June 20, 2017)
- Simon Frankel and Neema Sahni, "9th Circ. Ruling Generates Copyright Preemption Confusion," *Law360* (April 20, 2017)
- Jacqueline Charlesworth, "Star Athletica v. Varsity: Ceci N'est Pas Une…Useful Article," *Law360* (March 26, 2017)
- Simon Frankel, Jacqueline Charlesworth, Ronald Dove, and Marie Lavalleye, "Supreme Court Sets the Standard for Separability in Copyright," *Covington Alert* (March 24, 2017)
- Simon Frankel and Ronald Dove, "Significant Developments in U.S. and European Copyright Law," *Covington Advisory* (February 22, 2017)
- Simon Frankel and Ronald Dove, "Significant Developments in U.S. Trademark, False Advertising, and Right of Publicity Law," (February 22, 2017)

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