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The Lanham Act and Why Studios Are Right in Being Cautious

Devan Orr*

In her article, *Recommendations for Studios: Increasing Good will and Revenue via Fan Conventions*, Tiffany Lee argues that American movie studios should follow the Japanese method of merchandising and be more lax in pursuing copyright and trademark infringement claims. This idea, however, may not work in the United States. The studios have a duty to the artists because the studios distribute and finance the artists' creativity. Copyright and trademark infringement suits are the legal avenue to fulfill this duty and studios are completely within their rights according to the Lanham Act, §15 U.S.C 1114. Even though Ms. Lee argues that the fans would be more cooperative with a lax enforcement of copyright and trademark, the potential for a major influx of unlicensed memorabilia and other copyrighted materials is too great.

Congress enacted The Lanham Act, beginning at 15 U.S.C. §1051 in 1946.[1] Congress wanted to make sure that within the greater power of the Commerce Clause a statutory power existed that allowed for a national system of trademarking and made sure that possessing a trademark or copyright included infringement remedies.[2] Section 1114 specifically deals with those remedies, and lays out the ground rules of what is trademark infringement in a very general way. The Act codified what was common law, and

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[1] *Lanham Act*, LEGAL INFORMATION INSTITUTE (August 19, 2010), http://www.law.cornell.edu/wex/lanham_act.

[2] *Id.*

Congress has updated it several times.[1] Additionally, the Act still leaves states the freedom to implement their own law for the areas that are not codified.[2] By putting everything in a centralized location that Congress can revise as necessary, the United States created a system to pursue trademark claims. Arguably, this means that the United States would prefer businesses pursue trademarks rather than allow infringement that creates a substantial risk of confusion. So, despite the importance of the First Amendment and free expression, the country has acknowledged through its code and the Lanham Act that protecting intellectual property is crucial for the development of commerce. What Ms. Lee and the public fail to realize is that the entertainment industry protects the artist through copyrights and trademarks. Intellectual property is real property that is being stolen through the creation of every unlicensed product. Joss Whedon is the creative mind behind *Firefly*, and Fox undertook the obligation to protect his intellectual property when they agreed to air the television show. Adequately protecting the property includes filing suit against those who infringe and steal from Joss Whedon regardless of intent or scale.

The construction of the statute is grounded in the scope of the Commerce Clause. While not as lauded as the First Amendment rights, the Commerce Clause is an integral part of this nation's history and protecting businesses and people. When the Lanham Act was introduced, the court was in a time of restriction regarding businesses, particularly after the war with most of the Roosevelt court still in place. The Lanham Act was a way for businesses to protect property in the form of ideas and symbols. The first part of the introduction of §1114 of the Lanham Act makes very clear

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[1] *The Lanham Act*, USLEGAL, INC., http://trademarks.uslegal.com/trademark-law/the-lanham-act/.
[2] *Id.*

that this statute applies across the board to "any person."[3] The definition of persons includes individuals as well as companies, corporations, and other entities. No one denies that studios are allowed to pursue trademark suits against other companies as well as the individual sellers at conventions and on the Internet. The second part of the introduction states that whatever action occurs "shall [be taken] without the consent of the registrant."[4] Ms. Lee says the movie studios are going after small-batch producers who do not impact the marketplace.[5] She notes that the convention organizers have personal websites to sell merchandise made by both the studios and other companies operating without permission.[6] With all of the potential for trampling on trademarks, the studios should not let this go unchecked, particularly when the digital age led to more pirating and infringement. Even though Japan has learned to prosper through the amateur market, Japan is a different society; smaller, more homogenized. What works for them in a society founded on different values will not necessarily work for the much larger entertainment industry in the United States. The United States entertainment industry is a global. Studios care just as much if not more about the international box office than the domestic one. Studios cannot allow trademark infringement domestically and still try to enforce copyright and trademarks internationally.

The first part of the statute does not take into account intent. The lack of intent language allows the movie studios to sue whomever as long as the action was done without permission. This means that, despite the potential public

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[3] 15 U.S.C. §1411 (2005).
[4] *Id.*
[5] Tiffany Lee, Recommendations for Studios: Increasing Good Will and revenue via Fan Conventions 1-20 (2013) (unpublished manuscript) (on file with the Arizona State University Sports and Entertainment Law Journal).
[6] *Id.*

relations problem, the studios have the ability to act against everyone, and they should. Tiffany Lee argues that it would be better for public perception if studios either ignored the trademark infringement, or made more of an effort to work with the infringers. Studios, however, have a duty towards the artist to protect that property and make sure the artist receives the profits from his or her creations. Without strict enforcement of copyrights and trademarks, studios cannot relate the profits back to the artist, potentially chilling artistic expression. Ms. Lee argues that "hype generated around original works due to the highly successful amateur market" outweigh any other negatives.[7] However, the negatives such as brand dilution, decreased profits, etc., already make the movie studios cautious in allowing any licensing. This is an especially important concept in today's Pinterest and Etsy age. Those marketplaces are teeming with people who, although claiming First Amendment protection, are just taking something from a television show for their own profit without paying any royalties to the owners or creators of the original intellectual property.

Reasonably, there would be no reason for the studios to put in an injunction before someone was making a substantial profit off of the item. Before widespread use of Internet marketplaces, like EBay or others, the entertainment studios would have no idea who was selling what on any scale unless the news got back to them through slower, more traditional routes. Studios can now be more diligent in pursuing claims, because advanced technology means people turn profits with less effort. What seems a harmless enterprise to an Etsy user could end up being a business with adverse interests to those who own the copyrighted material. So, because it is easier for the everyday crafter to sell her goods, it is also easier for the studios to track those goods being sold. Nothing is anonymous on the Internet, and entertainment

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[7] *Id.*

studios can now stop trademark infringement simply by using a quick Google search.

The Internet aside, Ms. Lee wants to promote the fan-held conventions as a place for cooperation and additional revenue for the studios. While the royalty agreements and other formal contracts could further a fan connection, even she admits that it comes at the risk of studios losing profits. The article stated that studios are already losing a sizable profit margin on DVDs and movie tickets, partially due to piracy. The article, however, is arguing that merchandising and other secondary profits should not be considered because of the positive effect. While a nice idea, it cannot work in this depressed economy due to the hit studios are already taking in regards to lower ticket sales. If studios are already losing profits on DVDs and movie tickets, they should be *more* cautious with merchandising. Just as fashion houses must pursue counterfeiters to profit from their merchandise, an entertainment industry already damaged by a decrease in other sources of revenue must guard its trademarks to continue their creative efforts.

Allowing dilution is bad for not only the studios, but also the fans. Take, for example, the Jayne hat from Joss Whedon's *Firefly*. What looks like just a woven hat to anyone else, is a specific design choice that Mr. Whedon or another executive on the show made to convey a specific statement about that character; probably to juxtapose Jayne's rugged and obvious masculine demeanor with his comfort in a fuzzy awkward hat. The fans know this, and that is why they want the hat so badly. The more they create knock-off versions of the hat, the more diluted the marketplace becomes with items that do not fit the aesthetic of the original piece. Fans should be allowed to have or create the real hat, but must act within the scope of the Lantham Act in order to preserve profits and keep the studios functioning and creating the program they love.

The final part of the Section 1114(1) uses the phrase "*shall* be liable in a civil action by the registrant for the remedies hereinafter provided."[8] This final clause sums up the entirety of the argument in favor of enforcement. Despite the potential public relations issues that Ms. Lee pointed out, entertainment studios have the right to protect their profit, especially in difficult times. In order to keep fans happy, the show must exist. Studio executives are often fans themselves, but they know that in order to keep the networks and production companies in business, the trademarks on their items must be enforced. Then studios can make the profits they need in order to make the television shows everyone knows and loves. The unlicensed hat may be cool, but the ability to watch the show itself it was spurs the action. Because of that, entertainment studios ultimately should pursue trademark infringement claims within the scope of the Lantham Act to preserve profits for the artists, and to maintain quality programming for the fans.

[8] *Supra* note 5 at (1).