I. Introduction: When Brands and Entertainment Intersect

The scene unfolds with a phone call. A marketing executive at Apple receives a call from a producer of ABC’s primetime hit, *Modern Family*. The producer describes an episode that integrates one of Apple’s latest and greatest products into the storyline. The episode is called “Game Changer” and is scheduled to air around the time Apple’s new product hits stores. In the episode’s opening scene, lead character Phil Dunphy tells his wife, “the iPad comes out on my actual birthday. It’s like Steve Jobs and God got together to say, ‘[w]e love you, Phil.’” Just like its title, the episode became a game changer. Many speculated whether Apple paid for *Modern Family*’s 30-minute homage to the iPad, but Apple said it didn’t pay a dime.¹ Apple never pays for product placement.² Instead, “Game Changer” was entirely a figment of the scriptwriters’ imagination. As *Modern Family* co-creator Christopher Lloyd explained:

"In fact, there was no product placement. This was widely assumed, and everybody was wrong. We wanted to do a show about Phil getting very excited about a new product and it seemed the perfect one to use, since it was debuting [April 3]. We approached Apple about getting their cooperation (using the product, for example, and they are notoriously secretive about their products prior to their being launched) and they agreed and gave us a few other small concessions. But there were no stipulations as with normal product placement, i.e. we give you X dollars and you have to feature our product such-and-such a way and say such-and-such nice things about it. We are not angels -- we have made those agreements with other companies. But that was not the deal with Apple. It was all story-driven.”³

¹ Brian Steinberg, ‘*Modern Family*’ Featured an iPad, but ABC Didn’t Collect, Advertising Age (April 1, 2010), [http://adage.com/article/media/modern-family-ipad-abc-collect/143105/](http://adage.com/article/media/modern-family-ipad-abc-collect/143105/)
Still, consumers believed it was paid product placement. Jeff Morton, a producer of *Modern Family*, said at a Producer’s Guild event in 2010 that “the public thought it was a giant sell out.”\(^4\) But, as co-creator Christopher Lloyd said, they “are not angels,” and *Modern Family* has executed paid product placement deals before with brands like Toyota, Audi, and Target.\(^5\) Like many productions, even the producers of *Modern Family* see the value in this modern form of marketing.

Sometimes brands are even crossing over and becoming the producers themselves. For example, Sprint and Suave teamed up to produce an online web series called *Into the Motherhood* to target moms, which eventually was picked up by ABC.\(^6\) David Lang of Mindshare Entertainment, the agent of Sprint and Suave who helped produce the series, alluded to the fact that brands, just like television or film producers, can produce content that interests consumers.\(^7\) In *New York Times’ Media Decoder* blog, he said, “[i]t goes to show you that great ideas and great creativity can come from anywhere.”\(^8\)

More recently, Chipotle produced an irreverent TV series called *Farmed and Dangerous* to spread its brand message of sustainability and “Food with Integrity.”\(^9\) Although the brand itself is not integrated into the series, the chief marketing and development officer of Chipotle

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\(^7\) Id.
\(^8\) Id.
recently said that “[t]he more people are curious about where their food comes from, the more questions they ask, and the more likely they are to end up at a company like Chipotle.”

Still, unpaid product placement and paid product placement can go wrong. For example, in 2012, Anheuser-Busch requested Paramount Pictures to remove or “blur” its Budweiser logo from the DVD release, made-for TV, and online versions of the film, *Flight*. In *Flight*, Denzel Washington plays a commercial airline pilot whose life spirals out of control after his airplane crashes and tests confirm that he had alcohol in his system at the time of the crash. Throughout his downward spiral into the depths of alcoholism, Denzel Washington is seen guzzling one Budweiser after the next and, in one scene, Denzel Washington drinks from a can of Budweiser while driving his car. The vice president of Budweiser said that the company did not give the filmmakers its permission to use its products and the company was concerned that the film’s depiction of their trademark would negatively affect the brand. He said:

“[w]e would never condone the misuse of our products, and have a long history of promoting responsible drinking and preventing drunk driving. It is disappointing that Image Movers, the production company, and Paramount chose to use one of our brands in this manner. We have asked the studio to obscure the Budweiser trademark in current digital copies of the movie and on all subsequent adaptations of the film.”

Similarly, Emerson sued NBC for infringing its trademark, InSinkErator, when NBC featured the brand in a scene of the television show, *Heroes*, where a character with super healing powers sticks her hand in an InSinkErator garbage disposal. When the character pulls

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14 Id.
15 Id.
her hand out of the garbage disposal, which features the InSinkErator logo, her hand is shown bloody and disfigured before it miraculously heals.  17 Although Emerson later settled the case out of court and NBC agreed to edit the scene, many wondered whether Emerson’s suit would have even been successful against NBC. 18

In contrast, issues can arise even if a brand approves the use of its mark within expressive works. For example, a Chinese tourism company sued Paramount Pictures for failing to portray the name of a scenic park in the film Transformers 4. 19 The Chinese tourism company provided access to their park for filming and paid $770,000 to receive prominent placement of the park’s name in the film, but the filmmakers not only failed to feature the name of the park in the film, the tourism company claimed that the filmmakers edited the film in a way that misleads consumers on the location of the park. 20 Apparently, the filmmakers thought they prominently showed the name of the park in the film, but the filmmakers made a translation error and shot the name of a bridge within the park instead. 21 The tourism company demanded reimbursement of their product placement fee and additional damages for economic loss, totaling $3.35 million. 22

Also, no one will forget the famous feud between Reebok and the producers of Jerry Maguire in which Reebok sued Tristar Pictures for breach of contract when the filmmakers

17 Id.
20 Id.
failed to portray Reebok in a positive light in the film. The brand was upset because it provided the filmmakers $1.5 million in products and promotional support in exchange for a favorable portrayal of the brand in the film. According to Reebok, the original script featured a scene at the end of the film where Cuba Gooding Jr.’s character, Rod Tidwell, and Reebok appear to “make up” by producing a “glitzy” commercial together after the star was upset with Reebok earlier in the film. Instead, the filmmakers ended up cutting this last scene out of the film for “creative reasons” and, as a result, the film only showed Rod Tidwell upset about his lack of sponsorship deals with Reebok and saying “[f]uck Reebok.” The case ended up settling before it went to court.

These are emerging legal issues that brands constantly face in the pervasive world of branded entertainment, which is often referred to as the “intersection of Madison and Vine.” It’s where brands and producers connect to align interests and produce new content or integrate the brand’s product, branding, or message within existing content. As former Chief Creative Officer, Craig Davis, of ad agency JWT Global said, “we need to stop interrupting what

24 Id.
25 Id.
26 Id.
30 The term brand is referred to broadly to include the owner of the trademark or an agent of the brand (e.g. advertising or product placement agent).
31 The term “producer” is referred to broadly to encompass any content creator that a brand may negotiate with whether it’s a production company, television network, film studio, or an outside agency acting on behalf of a production company, television network, or film studio.
people are interested in and be what people are interested in.”32 Since traditional advertising is on the decline, brands and producers alike are working together to create new avenues that are mutually beneficial to engage consumers.33 Brands strive to raise brand awareness and increase the distinctiveness of their trademarks by aligning with programming that targets the same audience and delivers a similar message while producers seek to offset production costs, maintain authenticity, and create an end-product that not only sells, but entertains, tells a story, sends a message, or leaves the audience talking about it for days.

As brands become more active in this space, however, it is important for a brand to recognize that the law does not allow it to control the use of its trademarks in every context. When it comes to unauthorized trademark uses in entertainment, the extent of a brand’s protection is limited. Although trademark law protects a consumer from confusion and a brand from the misappropriation and dilution of its trademark, the level of trademark protection can be dictated by first amendment and fair use considerations. In recent trademark infringement and dilution cases, courts increasingly protect the producers of creative content. But should that be the case as the lines between what is commercial and noncommercial continue to blur? When a producer uses a trademark in a film, television show, video game, or online web series, the producer’s trademark use can be expressive or it can be commercial. After all, Juno wouldn’t be Juno if it weren’t for Juno MacGuff’s gallon of Sunny D34 and the third season of Chuck wouldn’t have even existed if it weren’t for Subway paying a substantial portion of the

production costs to integrate its products in the show. Still, are consumers being trained to see all trademarks within entertainment as approved or sponsored uses? The answer may be “no,” now, but as Madison and Vine continue to intersect, maybe they will.

This paper discusses the rise of branded entertainment, how courts currently respond to the use of trademarks within creative content, and what brands can do now to protect their marks given the courts’ heightened protection for creative content and the inherent ambiguity on whether trademark uses in entertainment is expressive or commercial.

**II. The Rise of Branded Entertainment: How We Got Here and How Brands and Producers Align Interests**

Brands and producers have been teaming up since as early as the late nineteenth century. From the Lumiere brothers placing Lever Brothers soap products in their silent films in exchange for the Lever Brothers’ financial and distribution support in the 1890’s to brands like Procter & Gamble paying radio broadcasters to mention their products on air during radio “soaps” in the 1930’s to brands underwriting entire television programs like *The Colgate Comedy Hour* in the 1950’s to the explosion of product placement in blockbuster films like *E.T.* and *Risky Business* in the 1980’s, the intertwining of products and entertainment is nothing new.

The concept, however, has evolved over time into what is now called “branded entertainment” and its sophistication and prevalence is on the rise. In 2010, *Adweek* reported that branded entertainment is becoming a necessary component of a brand’s marketing strategy and, in 2014, brands are likely to spend approximately $38.16 billion on branded entertainment

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37 *Id.*
programs overall. \(^{38}\) In addition to branded entertainment being on the rise, the structure of a branded entertainment deal is increasingly complex.

**A. How Did We Get Here?**

Branded entertainment is on the rise for a number of reasons. First, the proliferation of the Internet and cable television has led to audience fragmentation and the decline of traditional 30-second spot advertising. \(^{39}\) In other words, the number of viewers for one program diminishes as consumer choice for content consumption increases, which ultimately impacts the value of traditional advertising. The days appear to be long gone when television shows like *Seinfeld* averaged 30 million viewers an episode. \(^{40}\) *Seinfeld*’s series finale alone reached 73.6 million viewers and was rated one of the top series finales of all time. \(^{41}\) In contrast, CBS’ *Big Bang Theory*, the top scripted show on primetime, averaged 20 million viewers during the 2013-2014 season, which includes not only viewership from the original airdate, but also DVR playbacks for a week following the initial airdate. \(^{42}\)

As viewership and the value of traditional advertising dropped, production costs continued to increase, so producers looked to paid product placements in order to fill the void. \(^{43}\) In many contexts, the increase in revenue was a result of a brand paying a flat fee to the producer, but paid product placements on television are a bit more complicated. In order to avoid the inherent conflict with current advertisers who either wanted to be placed in the shows themselves or prevent the networks from showcasing competing products in shows that they

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\(^{41}\) Id.

\(^{42}\) Id.

advertise around, the networks provided product placement and other marketing extensions to existing advertisers as a “value-add” for advertising deals in order to get overall advertising revenue back up. Thus, traditional spot advertising morphed into multi-media advertising campaigns. For example, Brand A pays X amount of advertising revenue to a television network in the form of a multi-million dollar media package that includes product integration within the TV series, traditional 30-second advertising spots, and other marketing extensions like a spin-off web series with characters from the show or an interactive online game about the show.

Still, audiences were further fragmented by technologies like DVR’s and on-Demand that created the “watch what you want when you want it” mentality and decreased the overall effectiveness of traditional ads. A study conducted in 2010 found that 86% of TV viewers with DVR’s always skip commercials. As of 2013, Leichtman Research Group reported that 47% of all U.S. homes have at least one DVR and 70% of all U.S. homes have either a DVR, Netflix, or use on-Demand. Although television networks say that the traditional 30-second ad on television is not going away, recent technological developments indicate that time-shifting technologies will continue to develop and evade interruptive advertising. Since the Supreme Court paved the way in 1984 for time-shifting technologies like the VCR in *Sony Corporation of America v. Universal City Studios, Inc.*, courts continue to support time-shifting technologies

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50 *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 455 (U.S. 1984)
as fair use.\textsuperscript{51} For example, a district court judge recently issued a tentative decision stating that Dish Network’s Hopper technology, which records all primetime programing at once for later viewing \textit{without the commercials}, was considered fair use.\textsuperscript{52} Thus, branded entertainment is a solution to today’s ad-skipping generation that technology will only continue to support.

The rise of reality television has also led to an increased acceptance of branded entertainment. \textit{New York Times} reported in 2008 that audiences “seem to be more tolerant when products turn up in settings that are deemed realistic rather than fictitious.\textsuperscript{53} Additionally, stars of reality TV tend to be more willing to push products than actors of scripted programming.\textsuperscript{54} For example, when working on a challenge to launch one of Crest’s new toothpaste flavors on \textit{The Apprentice}, one of the stars of the show said, “I’ve been using Crest since I can remember, and I’ve never had a cavity in my life.”\textsuperscript{55} Shows like \textit{The Apprentice, Extreme Makeover: Home Edition}, and \textit{American Idol} paved the way for branded entertainment.\textsuperscript{56} Sears, for example, helped producers build homes for families who were down on their luck in \textit{Extreme Makeover: Home Edition}, which caused viewers to be 25% more likely to shop at Sears following Sears’ appearance on the show.\textsuperscript{57} In 2011, Nielsen conducted a product placement study and found that reality TV shows accounted “for more than 50% of the product placements in the study.”\textsuperscript{58}


\textsuperscript{54} Id.

\textsuperscript{55} Johnnie L. Roberts, \textit{TV’s New Brand of Stars}, Newsweek (Nov. 21, 2004, 7:00 PM), http://www.newsweek.com/tvs-new-brand-stars-124327

\textsuperscript{56} Glickman & Kim, \textit{Supra} note 36, at 31.

\textsuperscript{57} http://www.newsweek.com/tvs-new-brand-stars-124327

Finally, branded entertainment is on the rise because it benefits both the producer and brand. As long as the integration of brands within entertainment is done well, it can benefit the producer in a number of ways. For example, a producer can rely on branded entertainment deals as an alternative source of revenue to produce and promote content. Such funds can help producers pay for a shoot “at a remote location,”\textsuperscript{59} build “a better set,”\textsuperscript{60} “secure higher-cost materials and higher-paid talent,”\textsuperscript{61} or account for a substantial portion of the production’s budget.\textsuperscript{62} For example, Heineken paid nearly a third of a production’s budget in exchange for a large-scale branded entertainment deal with the film \textit{Skyfall}.\textsuperscript{63} As one commentator noted, a brand’s investment can be the difference in whether a show or film gets produced in the first place.\textsuperscript{64}

Producers benefit from other forms of brand investment as well. For example, a producer can offset production costs by accepting free products or services like airplane tickets or hotel rooms, which allow the producer to allocate the production’s existing budget for other filming or post-production needs.\textsuperscript{65} Moreover, a producer can save its own marketing costs by allowing a brand to co-promote the film.\textsuperscript{66} For example, Apple took clips from the film \textit{Mission: Impossible} that featured Apple products and used them in its own advertising to promote the film and raise brand awareness by affiliating with the film.\textsuperscript{67} The producer of the film stated that this

\textsuperscript{60} Id.
\textsuperscript{61} Said, supra note 39, at 153.
\textsuperscript{63} Id.
\textsuperscript{64} Said, supra note 39, at 152.
\textsuperscript{65} Edward J. Epstein, \textit{Pushing the Pseudo-Reality Envelope}, Slate (March 27, 2006, 3:04 PM), http://www.slate.com/articles/arts/the_hollywood_economist/2006/03/pushing_the_pseudoreality_envelope.html
\textsuperscript{67} Peter Burrows & Andy Fixmer, \textit{Apple, the Other Cult in Hollywood}, Bloomberg Businessweek Technology (May 10, 2012), http://www.businessweek.com/articles/2012-05-10/apple-the-other-cult-in-hollywood
co-promotion saved approximately $500,000 in marketing costs and allowed the production to secure talent like Tom Cruise to star in the film and Brian De Palma to direct the film.\textsuperscript{68}

For brands, these integrated marketing deals can achieve a significant return on investment. For example, General Motors Corporation sold its entire inventory of the Pontiac Solstice within a month after the new model appeared in an episode of The Apprentice in 2005.\textsuperscript{69} Similarly, Apple received approximately five minutes of exposure on Mission: Impossible – Ghost Protocol, which was purportedly worth $23 million dollars.\textsuperscript{70} Positive placements can have a significant impact on brand awareness while negative placements can potentially hurt a brand. For example, in the film Sideways, Black Stone Winery’s pinot noir sales jumped 150% while U.S. merlot sales dropped by 2% after the lead character dissed the wine in the film.\textsuperscript{71}

Despite the benefits of branded entertainment, commentators have argued that brands use trademark law to chill speech by causing producers to pixilate or obscure brand logos in expressive works in order to avoid liability.\textsuperscript{72} That may be true in some instances, but brand marketers that were used to obtaining “free” product placements in shows would likely argue that the rise of generic products and pixilation is a result of the producer recognizing its ability to monetize brand integration in entertainment as opposed to giving it away for free. For example, suppose a brand provides a prop master free products to use as props on the set of a television show, but the network tells the prop master to cover all the logos on the products because obscuring the logos benefits the network. A network may want the logos obscured because the

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logos either conflict with existing advertisers or it may want to incentivize non-advertisers to invest in large media deals by taking away cost-effective alternatives like providing products to prop masters on set for free. Although the brand gave permission, the logos were still obscured.

Moreover, technology now allows for brands to be digitally inserted into programming, which would arguably lead to more generic sets in order to make it easier for the digital insertion of brands throughout the program’s shelf life. This new technology increases the amount of revenue productions can generate through syndication, because advertisements can update and change over time based on the marketer’s needs and the demographic tuning into the show. For example, a TV show airing on a male dominated network may insert an Axe advertisement while the same episode appearing on an online site targeting women may place a Dove advertisement. Or a network may initially air a Lexus ad to coincide with the launch of the newest Lexus model, but the network can later switch out that ad in subsequent airings to feature another brand to coincide with its latest product launch.

B. The Anatomy of a Branded Entertainment Deal: How Brands and Producers Align Interests

Branded entertainment is a modern form of advertising to which trademarks are a necessary component. As the Supreme Court noted, “advertising devices… give a trade-mark its potency.” As such, a brand is not just concerned about building brand awareness by affiliating with a popular show or film; it also is concerned about building and maintaining the distinctiveness of its mark. Still, the brand’s interest in developing the distinctiveness of its mark by controlling how it is used is in direct contrast with the producer’s interest in maintaining creative control throughout the process. Unlike advertising where a brand has full control, this

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73 Glickman & Kim, Supra note 36, at 32.
74 Id.
75 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition §3:12 (4th ed. 2014)
type of marketing requires more of a “give and take” between the producer and the brand. As a result, branded entertainment deals have become increasingly complex in order to align these two competing interests.

1. Distinguishing Between a Brand And a Producer’s Interest

When seeking out the right partner and project, a brand considers the same things it would with any other advertising campaign. For example, it looks at whether the project has a similar target audience, brand message, and marketing strategy (i.e. similar channels of trade) and analyzes whether the producer’s use of its products or trademarks properly portrays the brand. For example, assume Brand A targets women, ages 25-40, and its brand message is “affordable luxury for the working mom.” Brand A is launching its new clothing line in the first quarter of next year and expects its marketing campaign to start in January. Brand A may consider aligning with CBS’ daily talk show, The Talk, which also targets women within the same age group and stars working moms like Julie Chen, Sharon Osbourne, and Sara Gilbert as the show’s hosts. Additionally, since The Talk airs daily, Brand A may be able to time its product integration with the release of the new clothing line and have a stylist talk about the new line on the show in a flattering manner.

Similarly, a producer considers the brand’s “fit” as well in order to avoid alienating its audience as a result of a forced brand partnership. For example, Producer A may not want to align its organic-themed cooking show with Hostess because it would come across as awkward to the audience. Not all projects are appropriate for branded entertainment deals even if a deal could offset significant production costs. The least brand-friendly projects are typically horror

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77 Bronstad, supra note 69.
films, period pieces, or dark dramas. Additionally, a producer may be limited in the types of deals it can make depending on its contracts with the talent as some actors are less brand-friendly than others.\textsuperscript{79}

A producer’s primary concern, however, is maintaining creative control.\textsuperscript{80} For example, a producer will want to maintain the integrity of the work by having control over what gets into the final edit of the film. In other words, Brand A may be able to negotiate approving a script in advance or reviewing clips or photo stills from the film throughout filming, but Brand A also runs the risk that what Brand A read or saw will end up on the cutting room floor. Additionally, sometimes a producer will want to use trademarks for authenticity purposes or to serve as “communicative tools.”\textsuperscript{81} As one commentator noted, “[c]ontent creators therefore frequently include marks for purposes of verisimilitude, to identify fiction occurring in a particular time and place in the real world, or in non-fiction works (such as documentaries) as a reflection of the world of the documentary subject.”\textsuperscript{82} Trademarks can also convey status or describe a character.\textsuperscript{83}

2. How Brands and Producers Connect

Branded entertainment deals can be structured in a number of ways and a brand’s level of investment tends to correlate with the amount of control a brand has over the producer’s use of its products and trademarks within creative content.\textsuperscript{84} In other words, the more a brand invests, the more control a brand can have over how the producer uses its products and trademarks.\textsuperscript{85}

\textsuperscript{79} Kai Falkenberg, Elizabeth McNamara, \textit{Using Trademarked Products in Entertainment Programming}, Comm. Law., Winter 2007, at 1, 14
\textsuperscript{80} Steven N. Lewis, \textit{Branded Entertainment and Product Integration A Revolution in Its Infancy}, Ent. & Sports Law., Winter 2006, at 9, 10
\textsuperscript{81} Rosenblatt, \textit{supra} note 72 at 1026-27.
\textsuperscript{82} \textit{Id.}
\textsuperscript{83} \textit{Id.}
\textsuperscript{84} Savare, \textit{supra} note 66 at 359-60.
\textsuperscript{85} \textit{Id.}
Not surprisingly, a brand has the greatest degree of control when it produces the content itself. If a brand is not creating the content itself, a brand’s level of investment can vary from: (1) signing a clearance or release agreement; (2) participating in a barter deal; (3) paying a flat fee; (4) participating in a promotional tie-in; or (5) creating a 360-degree multi-media campaign.

When a brand merely authorizes a producer to use its products and trademarks in creative content by signing a clearance or release agreement, a brand has less control over the producer’s use. This situation typically arises when a script already references a brand and the producer seeks the brand’s approval in advance of shooting. Although trademark law does not always require a brand’s approval of the producer’s use, producers often seek approval regardless due to “industry custom, insurance requirements, and fear of trademark litigation.” Sometimes these agreements state that the brand’s approval is conditioned upon the producer’s agreement not to portray the brand’s trademarks or products in a disparaging manner, but the agreement itself does not specifically stipulate to how the brand’s products and marks can or cannot be used.

In contrast, barter agreements, in which a brand provides product or services in exchange for exposure, can vary depending on how much value the brand provides the production. The more products or services a brand provides, the more likely a producer will guarantee exposure for the brand. Lots of brands thrive on barter deals. For example, Apple was featured in 891 shows in 2011 by merely offering free iPhones, iPads, and Macs to productions. Additionally, Coffee Beanery received significant exposure in Showtime’s Shameless as a result of the brand’s

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86 Rosenblatt, supra note 72 at 1026.
product placement agency providing free set dressing, props, and wardrobe to production to create a Coffee Beanery set where one of the lead characters worked as a barista.\footnote{Brands & Films, http://brandsandfilms.com/2013/12/the-most-memorable-product-placements-of-2013/ (last updated December 29, 2013)}

Similarly, flat fee agreements can vary like barter deals, and a brand’s degree of control depends on how much money the brand is investing in the production. These deals are more common in film, video games, and online web series where conflicts with other advertisers are less likely. Broadcast and cable networks typically try to allocate their branded entertainment deals for current advertisers. Still, a brand may get involved in certain television programs by paying a flat fee under certain circumstances. For example, a brand can work with an independent production company by integrating its product within the content before the producers sell or license the content to the network. Additionally, premium cable providers like Showtime and online streaming services like Netflix are ripe for product integration opportunities, because the programming is technically “ad-free.”

Although companies like Netflix have previously stated that they do not accept money from brands to place products within its shows,\footnote{Matthew Fleischer, ‘House of Cards, ’ or more like house of product placement, L.A. Times (May 3, 2013), http://articles.latimes.com/2013/may/03/entertainment/la-et-st-house-of-cards-netflix-product-placement-20130503} Corbis Entertainment recently announced that it will soon list Netflix and Amazon.com TV shows for product integration opportunities on its Branded Entertainment Network, which is a new online network where brands and producers can connect to negotiate branded entertainment deals.\footnote{Todd Spangler, Corbis Launches Brand-Placement Bazaar with Netflix, Sony, Discovery and Others, Variety (May 6, 2014, 10:24 p.m.), http://variety.com/2014/biz/news/corbis-launches-brand-placement-bazaar-with-netflix-sony-discovery-and-others-1201172878/} Furthermore, many have commented on the rise of product placements within this type of “ad-free” programming.\footnote{Fleischer, supra note 89.}

Additionally, a brand may have a greater degree of control if it leverages a large-scale promotional campaign to support a production. This tends to be more common for

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91 Fleischer, supra note 89.}
“commercial” friendly films that are likely to be successful in the box office and generate a lot of buzz among consumers. For example, Tiffany & Co. teamed up with the producers of *The Great Gatsby* to help market the film in exchange for the right to create a jewelry line inspired by the film and be the exclusive jewelry worn by characters in the film.92 In the film, characters like Daisy Buchanan “were covered head-to-toe in Tiffany jewelry”93 and outside of the film, the brand promoted Tiffany’s Jazz Age collection, a jewelry line Tiffany & Co. created based on the film. The promotional campaign facilitated a nine percent increase in the brand’s sales and included placement of Tiffany’s jewelry in the film, a *Gatsby*-inspired window at Tiffany’s flagship store in New York, a digital marketing campaign that featured the film’s logo alongside the *Gatsby*-inspired collection, and the film’s talent wearing Tiffany’s jewelry at the red carpet premiere.94

Finally, a brand can exert more control over the use of its products and trademarks when implementing a 360-degree multi-media campaign around the producer’s content. This type of deal is much more common for broadcast and cable television programs and can allow brands to engage producers on how to integrate its products and feature its trademarks even before the script is written. Sometimes brands can utilize the producer’s content for its own marketing extensions as well. For example, AT&T teamed up with the producers of CW’s *Vampire Diaries* to execute a large-scale media program that included 30-second advertising spots, product integrations within the show on a weekly basis, and a “digital experience” on both AT&T and

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94 King, *supra* note 92.
the CW’s websites where viewers could download mobile apps about the show and watch a web series called “The Vampire Diaries Rehash,” featuring a character from the show.95

Regardless of a brand’s level of investment, all branded entertainment deals allow brands some sort of say on the producer’s use of the brands’ products and trademarks within creative content.

III. When Entertainment Can Hurt Brands: The Tension between Trademark Law, Nominative Fair Use, and the First Amendment

Still, brands do not always have a say when their marks are used within creative content. While trademark law affords brands protection from confusion and dilution of their trademarks, it also carves out fair use and First Amendment exceptions for others to use a brand’s marks under certain circumstances.96 As a result, a brand does not have absolute protection over the use of its trademark in every context, and a producer is not required to obtain permission to use a brand’s mark so long as one of the exceptions apply. This creates a confusing state where brands are accustomed to controlling the use of its marks through branded entertainment deals, but have few remedies in certain circumstances when a producer uses its marks without permission. Although brands have successfully prevented the unauthorized use of its mark in expressive works,97 recent caselaw shows that brands often lose when raising infringement or dilution claims against producers.98

97 Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 206 (2d Cir. 1979)
98 Lee S. Brenner, Audrey Jing Faber, Making the Mark When the Use of Trademarked Products in Film and Television Programs Does Not Create Consumer Confusion, Lanham Act Claims Are Likely to Fail, L.A. Law., May 2014, at 30, 30-31
A. Potential Causes of Action Under Trademark Law

The Lanham Act defines a trademark as “any word, name, symbol, or device, or any combination thereof” that a brand uses “to identify and distinguish” itself from competitors and “indicate the source of goods, even if that source is unknown.” The purpose of trademark law is to protect both consumers and trademark owners. The U.S. Supreme Court first recognized these dual goals in Inwood Laboratories, Inc. v. Ives Laboratories, Inc. when it noted that trademark infringement deprives a trademark “owner of his goodwill” and “consumers of their ability to distinguish among the goods of competing manufacturers.” Justice Stevens later reiterated that notion during his concurrence in Two Pesos, Inc. v. Taco Cabana, Inc. by citing the Senate Report accompanying the Lanham Act’s enactment:

“The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.”

Although the law does not give an absolute right to exclude other from using its marks, the Lanham Act does prohibit any person from using a trademark in a manner that is: (1) likely to dilute the distinctiveness of the mark or (2) confuse consumers.

1. Likelihood of Confusion

Under Section 32(1) and 43(a) of the Lanham Act, trademark owners can prevent certain unauthorized trademark uses that are likely to cause confusion. Thus, injunctions are

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100 Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982)
101 Id. at 855 & n. 14.
103 Id. at 784 & n. 15.
105 Rosenblatt, supra note 72 at 1019-22.
the standard remedy of choice in trademark infringement cases, because one of the primary goals of trademark law is to stop confusing uses in the marketplace.108

Traditionally, trademark law protected mark owners from source confusion, which is based on the theory that trademarks communicate the physical source or origin of the goods.109 Under the traditional theory, courts prohibited licensing unless the entire business was transferred.110 Modern trademark law, however, recognizes today’s market where licensing, sponsorship, and approval of trademark uses are common business realities that help develop a brand’s image and create brand extensions.111 Thus, modern trademark law protects brands not just from source confusion, but also trademark uses that are likely to cause confusion as to “connection, affiliation, or sponsorship.”112 The courts adopted this expansive view under Section 32(1) of the Lanham as early as the 1960’s and Congress codified this approach in 1989 when enacting Section 43(a) of the Lanham Act.113 Section 43(a)114 states that:

“(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which-- (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.”115

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106 Id.
107 Id.
110 Id.
111 Rosenblatt, supra note 72 at 1018 (a trademark owner “may enhance the selling power of its mark by developing a reputation for philanthropy, event sponsorship, or other activities that color the brand image.”)
113 Id.
114 15 U.S.C. § 1125
115 Id.

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Thus, Section 43(a) prohibits anyone from using another’s mark in a way that is likely to deceive or confuse consumers into thinking the trademark owner is affiliated, connected, or associated with that use, or that the trademark owner sponsored or approved that use.

In the entertainment context, a brand relies on sponsorship confusion to argue that the producer’s use of its trademark in creative content, without permission, will likely cause consumers to believe that the brand either sponsored or is affiliated with the producer’s creative content.\(^{116}\) To determine whether consumers are ultimately confused as to sponsorship or affiliation, some courts apply the traditional likelihood of confusion factors, a balancing test that analyzes: “(1) the type of mark, (2) the similarity of the marks, (3) the similarity of the parties' products or services, (4) the similarity of the parties' retail outlets and customers, (5) the similarity of the advertising media used, (6) the defendant's intent, and (7) the actual confusion engendered by the parties' uses.”\(^{117}\) In contrast, other courts suggest that the nominative fair use or Rogers v. Grimaldi tests should be applied in lieu of the likelihood of confusion test when trademarks are used for expressive or referential purposes.\(^{118}\) In other words, courts differ on the approach they take when analyzing trademark uses in expressive works.\(^{119}\)

2. Dilution

Dilution is another cause of action for brands under section 43(c) of the Lanham Act.\(^ {120}\) As one commentator noted, this cause of action is based on the policy that the law should preserve “the distinguishing nature of a mark.”\(^ {121}\) Unlike the likelihood of confusion cause of

\(^{116}\) Falkenberg & McNamara, supra note 79 at 14.
\(^{118}\) J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 31:139 (4th ed. 2014)
\(^{119}\) Id.
\(^{120}\) 15 U.S.C. § 1125
\(^{121}\) Brittany Robbins, Quiet on Set! We Have A Trademark to Sell, 24 Fordham Intell. Prop. Media & Ent. L.J. 585, 593 (2014)
action under the Lanham Act, diluting trademark uses do not confuse consumers.\footnote{Falkenberg & McNamara, supra note 79, at 14.} Instead, the Lanham Act protects trademark owners from “the gradual corrosion of a trademark’s identity and reputation.”\footnote{Alexandra E. Olson, Dilution by Tarnishment: An Unworkable Cause of Action in Cases of Artistic Expression, 53 B.C. L. Rev. 693, 696-97 (2012)}

The Lanham Act prohibits two types of diluting trademark uses: dilution by blurring and\footnote{\textit{15 U.S.C.A. § 1125}} dilution by tarnishment.\footnote{Id.} Dilution by blurring arises when one uses a mark in a way that creates an association with a famous mark, which “impairs the distinctiveness of the famous mark.”\footnote{Allied Maint. Corp. v. Allied Mech. Trades, Inc., 42 N.Y.2d 538, 544 (1977)} In other words, it is the “gradual whittling away” of a famous mark.\footnote{\textit{Ty Inc. v. Perryman}, 306 F.3d 509 (7th Cir. 2002) at 511.} As Seventh Circuit explained in \textit{Ty Inc. v. Perryman}\footnote{Id. at 511.} dilution by blurring can occur when an upscale restaurant uses the name “Tiffany’s” because such use could diminish “the efficacy of the name as an identifier of” the jewelry store “Tiffany’s” since consumers will think of both the restaurant and store the next time they see the name.\footnote{\textit{Id.} at 507.} In contrast, dilution by tarnishment refers to a situation where one uses a mark in a way that “harms the reputation of famous mark.”\footnote{15 U.S.C.A. § 1125} As the Second Circuit explained in \textit{Hormel Foods Corporation v. Jim Henson Productions, Inc.},\footnote{Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497 (2d Cir. 1996) Id. at 507.} “[t]he sine qua non of tarnishment is a finding that plaintiff’s mark will suffer negative associations through defendant's use.”\footnote{Olson, supra note 123, at 694.}

While the goal of dilution law is to protect “the goodwill of mark holders,”\footnote{Olson, supra note 123, at 694.} the Lanham Act places limits on these two causes of action. For example, it applies only to famous marks

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\footnote{\textit{Ty Inc. v. Perryman}, 306 F.3d 509 (7th Cir. 2002) at 511.}
that are inherently distinctive or have acquired distinctiveness. Additionally, the statute creates safe harbors for certain types of uses such as “any fair use” or “noncommercial use.”

Section 43(c) states that:

“The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection: (A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—(i) advertising or promotion that permits consumers to compare goods or services; or (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner. (B) All forms of news reporting and news commentary. (C) Any noncommercial use of a mark.”

In the entertainment context, dilution by blurring is less common than dilution by tarnishment. Still, courts appear to be skeptical of tarnishment given the very nature of expressive works. For example, in Caterpillar Inc. v. Walt Disney Company, the court noted the “fantastic nature of the movie” when it held that the use of Caterpillar’s logo on animated bulldozers that destroyed George’s home in George of the Jungle 2 was unlikely to tarnish Caterpillar’s trademark. Even though the narrator of the film called the products “deleterious dozers” and “maniacal machines,” the court recognized that the film was a “children’s comedy” and said, “it is clear to even the most credulous viewer or child that the bulldozers in the movie are operated by humans and are merely inanimate implements of [a character’s] environmentally unfriendly schemes.”

B. Protecting Trademarks within Creative Content is an Uphill Battle

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133 15 U.S.C. § 1125
134 Id.
136 Id.
137 Olson, supra note 123, at 697.
139 Id. at 922.
140 Id.
In the entertainment context, likelihood of confusion and dilution claims are rarely successful today.\textsuperscript{141} Courts are skeptical that this sort of trademark use causes confusion and producers have powerful tools to defend against claims of confusion and dilution. These tools include nominative fair use and first amendment jurisprudence, which prevent trademark owners from overreaching their rights and allow third parties to use trademarks for communicative purposes.\textsuperscript{142}

1. Courts are Skeptical of Confusion

Recent caselaw establishes that courts are skeptical of a trademark owner’s claim that the producer’s unauthorized use of its trademark within creative content is likely to cause confusion. For example, in Caterpillar,\textsuperscript{143} the court expressed discomfort over applying the traditional likelihood of confusion test because: (1) only one trademark was at issue; (2) the brand and the film did not compete; and (3) there was no evidence of actual confusion or “intent to free ride on the fame of Caterpillar’s trademarks.”\textsuperscript{144} The court explained that it was uncomfortable with Caterpillar’s sponsorship confusion claim because “the appearance of products bearing well known trademarks in cinema and television is a common phenomenon.”\textsuperscript{145}

Additionally, the court in Wham-O Inc. v. Paramount Pictures Corporation\textsuperscript{146} appeared to confuse source confusion with sponsorship confusion when holding that consumers were not likely to be confused as a result of the filmmaker’s use of a yellow Slip ‘N Slide in the film, Dickie Roberts: Former Child Star. The court noted that the plaintiff failed to prove confusion and said, “[t]here is nothing in the record to suggest that defendants’ use of the plaintiff’s marks

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\textsuperscript{141} Brenner & Faber, supra note 98, at 30-31.
\textsuperscript{142} 6 McCarthy on Trademarks and Unfair Competition § 31:139 (4th ed.)
\textsuperscript{143} Caterpillar Inc. v. Walt Disney Co., 287 F. Supp. 2d 913 (C.D. Ill. 2003)
\textsuperscript{144} Id. at 922.
\textsuperscript{145} Id.
\textsuperscript{146} Wham-O, Inc. v. Paramount Pictures Corp., 286 F. Supp. 2d 1254 (N.D. Cal. 2003)
‘creates a likelihood that the consuming public will be confused as to who makes the product.’ Consumers and viewers will not mistake plaintiff for a movie production house, and consumers and viewers will not mistake defendants for a purveyor of toys.”

In the film, the producers featured a character, who never had a “normal” childhood, testing the Slip ‘N Slide as an adult and misusing the product in a slapstick comedy way where the character was continuously getting hurt.

Despite the court’s skepticism of sponsorship confusion in this context, a brand could arguably have a case for sponsorship confusion as branded entertainment continues to grow, because viewers will likely assume brands paid a producer or authorized a producer to use its products or marks anytime a brand appears in creative content. There is already some evidence that consumers are assuming that brands have had a hand in a producer’s trademark use in expressive works.

For example, Big Bang Theory was listed three times on Nielsen’s top ten product placements list in 2011, but the co-creator of the show later explained that those brands had nothing to do with the show. The co-creator of Big Bang Theory said, “I’m not aware of #bigbangtheory doing any paid product placement. We use real brand names so that the dialogue doesn’t sound fake.” The producers of Sopranos, True Detective, and The Crazy Ones also defended the presence of brands in their shows after being questioned by viewers. This

147 Id. at 1262.
148 Id.
149 Rosenblatt, supra note 72, at 1033-34; Brenner & Faber, supra note 98, 30-31.
151 Id.
increase in confusion was anticipated back in 2005 as a result of the rise in branded entertainment.\(^{153}\)

Additionally, although some courts have stated that sponsorship confusion is less likely when trademarks are portrayed negatively, because consumers will not likely think the brand endorsed such use,\(^{154}\) not all portrayals are clearly negative to the audience. In those cases, the audience could very well assume the brand approved or sponsored the producer’s use of the product in the program. For example, suppose Brand A is a wireless provider for cell phones, and Brand A is a strong advocate against texting while driving. Not every consumer may be aware of the brand’s anti-texting-while-driving initiative, so the consumers may not realize that a character texting while driving his or her car is a bad thing. If the production shoots the scene in a way where the camera focuses on Brand A’s logo, it is possible consumers will think the brand endorsed that use.

2. The Trademark Use May Be Nominative Fair Use

Still, courts consider certain trademark uses “fair” even in the presence of confusion. The nominative fair use test was developed by the Ninth Circuit in *New Kids on the Block v. News America Publishing Inc.*\(^{155}\) In *New Kids on the Block*, the famous boy band sued two newspapers for using their trademark in a survey that asked readers which performer in the band was the best or most popular.\(^{156}\) The Ninth Circuit recognized instances where a third party

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\(^{155}\) *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992)

\(^{156}\) *Id.* at 308.
needs to refer to a trademark without the consent of the trademark owner in order to communicate its message.\footnote{Id.} The court said,

“it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference, or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.”\footnote{Id. at 308.}

Since the newspapers’ “New Kids On the Block” reference was not used to identify the source of the defendant’s products or services, the Ninth Circuit replaced the likelihood of confusion test with the three-part nominative fair use test.\footnote{Id.} The court said that a “commercial user” of another’s trademark “is entitled to a nominative fair use defense” if he proves that: (1) the product or service cannot be identified without the use of the trademark; (2) he only used what was reasonably necessary of the trademark to identify the product or service; and (3) his trademark use does not suggest that the trademark holder sponsored or endorsed his use.\footnote{Id.}

Since this decision, the nominative fair use test has not been applied uniformly among the courts,\footnote{J. David Mayberry, Trademark Nominative Fair Use: Toward A Uniform Standard, 102 Trademark Rep. 820, 833-40 (2012)} but some courts have applied it in the entertainment context. For example, in \textit{Wham-O},\footnote{Wham-O, Inc. v. Paramount Pictures Corp., 286 F. Supp. 2d 1254 (N.D. Cal. 2003)} the court stated that the filmmaker’s use of the Slip ‘N Slide in the film was protected as a nominative fair use even if there was a chance the plaintiff could prove dilution or infringement.\footnote{Id. at 1263-64.} The court noted that it was necessary to identify the product by name and the

\footnote{Id.}
characters only mentioned Slip ‘N Slide twice in the film.\textsuperscript{164} Other than showing the product, the producers did not show the logo or the mark and the use did not suggest sponsorship or endorsement.\textsuperscript{165} The court also noted that “it is not unusual for movie producers to use a signature scene – and the products and props therein – to cultivate interest in a film. Films with car chases do so with cars; films with gunplay do so with firearms; films with haute couture wardrobes do so with clothing.”\textsuperscript{166}

3. **The Consumer’s Interest in Creative Expression Outweighs The Consumer’s Interest In Preventing Confusion (i.e. Rogers and Grimaldi Test)**

Furthermore, even if the producer is not using the mark to explicitly refer to the trademark owner, the First Amendment may protect the trademark use if it is being used for expressive purposes such as establishing authenticity. The Second Circuit first considered a producer’s First Amendment right to use a trademark for expressive purposes in *Rogers v. Grimaldi*.\textsuperscript{167} In *Rogers v. Grimaldi*, the Second Circuit held that the plaintiff, Ginger Rogers, was not entitled to trademark protection against the filmmakers that produced the film, *Ginger and Fred*.\textsuperscript{168} Rogers claimed that the filmmakers’ use of her trademark in the title of the film was likely to cause consumers to believe she sponsored or endorsed the film.\textsuperscript{169} The court said, “[b]ecause overextension of the Lanham Act restrictions in the area of titles might intrude on First Amendment values, we must construe the Act narrowly to avoid such conflict.”\textsuperscript{170} Since “the Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in freedom of expression,” the court said a

\textsuperscript{164} Id.
\textsuperscript{165} Id.
\textsuperscript{166} Id. at 1264.
\textsuperscript{167} *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989)
\textsuperscript{168} Id. at 1005.
\textsuperscript{169} Id. at 997.
\textsuperscript{170} Id. at 998.
plaintiff could only prove trademark infringement for trademark uses in titles of expressive works if: (1) the trademark use “has no artistic relevance to the underlying work whatsoever” or (2) the trademark use “explicitly misleads as to the source of the content” even if “it has some artistic relevance.”

Since the development of the Rogers v. Grimaldi test, courts have applied it to uses within expressive works and have increased its potency by requiring confusion that is “particularly compelling.” Unlike nominative fair use, which courts “have been slow to embrace,” many circuits have accepted the Rogers v. Grimaldi test including the Fifth, Sixth, Ninth, and Eleventh Circuits.

For example, in E.S.S. Entertainment 2000 Inc. v. Rock Star Videos, Inc., the court held that the First Amendment protected the producer of a video game after applying the Rogers v. Grimaldi test and dismissing the plaintiff’s trademark and trade dress claims. In that case, the producer was inspired by the look of a strip club called the “Play Pen” and used it to create “The Pig Pen” for use in the video game Grand Theft Auto: San Andreas. Initially, the producer claimed its use of “The Pig Pen” was nominative fair use, but the court rejected that defense because the producer did not intentionally create “The Pig Pen” to refer to the plaintiff’s strip club. Instead, the court recognized that the use had artistic relevance since it created an “irreverent image of urban Los Angeles” and the use “does not explicitly mislead consumers as

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171 Id. at 999.
173 Mayberry, supra note 161, at 833.
174 Brenner & Faber, supra note 98, at 32.
176 Id. at 1049.
177 Id. at 1032-1033
178 Id. at 1035
to the content of the Game.”179 When the court held that the defendant’s use was not explicitly misleading, the court noted that “The Pig Pen” did not appear in materials promoting the game and consumers do not even see it until after purchasing the game.180 When the Ninth Circuit affirmed the court’s decision, it stated that the requisite amount of artistic relevance is “anything above zero” and “the mere use of a trademark alone cannot suffice to make such use explicitly misleading.”181

IV. How Brands Can Protect Their Trademarks Now

Given the recent unsuccessful attempts to protect trademarks through litigation, a brand can take other, more practical steps, to protect its trademarks. These steps include: (1) building relationships with producers to get ahead of the issue by educating them on the proper and improper uses of its trademarks; (2) conducting research about the producer and understanding its track record before teaming up; and (3) protecting the brand contractually with a formal written agreement.

A. Get Ahead of the Issue By Building Relationships with the Right People

Before a brand even enters into a branded entertainment deal, a brand should to try to get ahead of the issue by building relationships with the right people whether it’s the producer, studio or network executive, or clearance department. By building relationships with the right people, a brand can educate the other side on proper and improper uses of its products and marks. For example, Brand A is a huge consumer packaged goods company that targets families, maintains a wholesome image, and advocates its anti-drug campaign to reduce drug abuse among kids. Producer B is producing an adult comedy that is akin to Seth McFarlane’s

179 Id. at 1043-1044
180 Id.
181 E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc., 547 F.3d 1095, 1100 (9th Cir. 2008)
irreverent show, *Family Guy*. Suppose there is a scene where cartoon characters, who are played by kids, smoke pot and eat a bunch of snacks in one scene. As a result of Producer B’s relationship with Brand A, Producer B may refrain from using Brand A’s snack brands in light of the brand’s wholesome image.

By raising awareness of improper uses, a producer will be more likely to consider how important the use of the trademark is in a project over its relationship with the brand. After all, a brand could be a future partner and assist in funding one of the producer’s next projects. For example, in the Budweiser conflict with Paramount Pictures regarding the use of Budweiser’s logos in *Flight*, the producer could have conducted a cost-benefit analysis to determine whether the use of Budweiser’s logo was necessary. If the producer needed to use the logo for creative reasons, the producer could have offered creative solutions to Budweiser such as offering the brand the opportunity to have promotional rights, so the brand could use the film as a marketing platform to talk about responsible drinking. If Budweiser still does not approve the use, a producer can weigh the pros and cons of its use knowing that it is likely within its right to use the logo for expressive purposes.

Similarly, many insurance companies require productions to provide reports on trademark uses that have been cleared by the brand. If a brand strikes a relationship with the clearance department and thereby lowers search costs for those requesting clearances, a brand can create an “internal watchdog” for the brand. For example, a brand can give a clearance department a list of entities it has the authority to approve its trademarks as well as communicate what uses are concerning for the brand, so the clearance department will be able to flag certain uses when reviewing the scripts and notify the brand in advance of shooting.

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182 Rosenblatt, *supra* note 72 at 1037-38.
Another thing a brand can do is familiarize itself with the producer’s production lineup in order to gage how likely its products and trademarks will be used in a project. For example, if Producer B is producing a cop drama and Brand A knows that its products are frequently used by cops based on previous market research, Brand A may want to engage Producer B to determine whether there is a need for its products in the project and, most importantly, find out how those products are likely to be featured in the project.

A brand may even want to go a step further and request to be added to a producer’s script distribution list, if available, to review the scripts themselves and watch out for negative uses. While scripts may go through subsequent revisions or the direction may change while shooting, a brand can still try to get ahead of the issue by reviewing the project and using the opportunity to, again, educate the producer on its concerns before shooting even begins. Although not all entities distribute entire scripts, producers are accustomed to sharing at least the script pages where a brand is featured when asking the brand to sign a clearance or release agreement or negotiating a branded entertainment deal unless the project is under wraps where secrecy is important to the project’s success.

While these solutions are not foolproof, they are valuable market-based solutions that can allow a trademark owner to mitigate the risk of its products and trademarks being used in a harmful manner.

B. Do Your Research, Know Your Partner, and Think Like a Producer

When a brand is evaluating whether to commit to a branded entertainment deal, a brand should consider taking certain steps to ensure it is aligning with the right partner and the right project. To make sure it is aligning with the right project, a brand should review the script in advance to understand the nature project as a whole and how the brand will be featured. For
example, Brand A may review a script in which a sports car is essentially another character in the film, but Brand A may end up declining a partnership because there is a scene where the car’s brakes fail and a character dies as a result of a car crash.

To make sure it is aligning with the right partner, a brand must research the producer and understand its track record for branded entertainment deals. To understand the producer’s track record, the brand should consider asking for a sizzle reel of the producer’s past branded entertainment deals and researching the success rate of those deals. For example, Producer B may use sizzle reels in order to pitch projects to brands as well as conduct case studies to promote successful partnerships. When reviewing a sizzle reel, a brand will be able to gage how the production company features brands as well as understand the producer’s view of a “successful brand integration.” Producer B may tout its “successful” brand partnerships, but its sizzle reel or case studies may prove otherwise. In other words, Brand A may believe that the product integrations were either too overt or, alternatively, unlikely to resonate with viewers, and the producer’s case studies may not present a large enough ROI in order for Brand A to invest in a future project.

Additionally, a brand should understand who ultimately is in control. This may include researching the production company’s relationship with other entities as well as determining who is the final decision maker. Producing a project can be an intricate process with multiple entities involved. There may be a production company producing the project, a production resources department allocating products for a production, a studio or network controlling the marketing and advertising, and talent such as actors and directors who may have a contractual say on the creative process. For example, sometimes the ultimate decision maker may be the promotions department at a studio or it could be the director on set. If a director has a significant amount of
control over the project and publicly stated that he is not a fan of branded entertainment, a brand may want to reconsider aligning with the producer for that project. In contrast, a brand may want to consider working directly with the promotions department as opposed to the production resources department if the promotions department can influence the decision making of filmmakers.

Finally, in order to align its interests with the producer, a brand must think like a producer. This requires not only understanding the producer’s creative process, but also respecting the producer’s creative process. Unlike advertising, a brand cannot direct the storyline or control the filming and editing process. Still, a brand can engage the producer to understand its intentions and offer its assistance where necessary. As long as the brand respects a producer’s boundaries, the process can be more collaborative and enjoyable for both parties involved. For example, Google executives collaborated with the producers of *The Internship* by providing the producers an inside look on what it is like to work as an intern at Google.\(^{183}\) Although there were scenes where characters joked about the “harsh treatment of interns,” Google executives decided to not “meddle with other less flattering parts of the film that distort reality for comedic effect.”\(^{184}\) Still, Google executives were able to review the scripts and see an advance cut of the film as well as convince the filmmakers to remove a scene where one of Google’s driverless cars crashed.\(^{185}\)

**C. Protect The Brand Through Contracts**

Another way a brand can protect itself from harmful portrayals in entertainment is by understanding the nature of branded entertainment contracts and drafting carefully crafted brand-

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\(^{184}\) *Id.*

\(^{185}\) *Id.*
friendly clauses. Given the complexity of branded entertainment deals, these clauses should be drafted on a case-by-case basis in accordance with the brand and producer’s needs for that particular project. The following provides guidance on key clauses in branded entertainment contracts and provides tips on how they should be drafted.

1. **Be aware of Pro-Production Clauses**

When reviewing a branded entertainment agreement, a brand should be aware of certain clauses that are unique to branded entertainment deals and protect producers. Examples of pro-production clauses include preserving a producer’s creative control and limiting the types of remedies a brand can receive if the deal goes wrong.

   i. **Creative Control**

   Since a producer’s primary concern is maintaining creative control, a branded entertainment contract will have a clause that protects the producer’s creative interests. Unless a brand is underwriting the production, a brand is not likely to negotiate away or revise a provision such as this:

   Producer maintains full and absolute creative control over the Film and nothing in this Agreement shall be construed in a manner that limits the Producer’s creative control, including, but not limited to, whether the Company’s Products or Branding is featured in the final edited version of the Film.

   ii. **Damages Clause**

   Additionally, branded entertainment contracts typically prohibit a brand’s right to injunctive relief. Given the producer’s substantial investment in a project, a producer will not allow the brand any right to prevent the producer from bringing the project to the market. Thus, it is important for a brand to have “brand-friendly” provisions that protect the brand from any sort of negative portrayals because the project will ultimately be released to consumers. The following is an example of a clause preventing injunctive relief:
Neither party shall be entitled to any other form of relief other than monetary damages in the event a party breaches any provision of this Agreement. Company hereby irrevocably waives its rights to enjoin or restrain the Producer’s exploitation of the Film, including, without limitation, the Film’s theatrical, DVD, television, or online release as well as the advertising and promotion of the Film.

2. Carefully Craft Brand-Friendly Clauses

In light of the above provisions that protect a producer’s interests, a brand must include certain clauses in a branded entertainment contract in order to protect itself. For example, a brand should include carefully crafted grant of rights, approval rights, consideration, exclusivity, indemnification, insurance, and termination clauses.\(^{186}\)

i. Grant of Rights Clause

A grant of rights clause in a branded entertainment agreement is similar to a trademark licensing agreement, which “sets the boundaries” of a third party’s right to use a mark.\(^{187}\) When a licensee uses a mark in a way that is outside of the scope of the license, it is both a breach of contract and an infringement.\(^{188}\) As a result, this provision should be carefully drafted, so that the brand does not grant rights beyond what it actually owns, and clearly identify what types of uses fall outside of the scope of its grant.

Additionally, a brand should recognize that the producer will likely want the grant of rights clause to extend beyond the right to use the mark within the project itself by including the right to feature the mark in marketing extensions for the project. A producer will also want the grant to last in perpetuity and cover existing and future mediums, so the producer will not be obligated to remove the brand in subsequent versions of the project. Unless the brand does not want to promote a certain product beyond a particular date, a brand can only benefit from this

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\(^{188}\) *Id.*
long shelf-life because a brand’s ROI will only continue to grow as the brand is featured in subsequent versions like syndication, DVD’s, on-Demand, and online streaming.

For example, suppose Apple provides a significant amount of free product in order to be featured in a film that uses the iPhone throughout the film, including a scene where a character uses the various apps like Siri and Spotify. Apple should grant the right to use its products and any copyrights or trademarks associated therewith, but it should also limit the grant by excluding third party applications like Spotify, which is owned by a separate company, but could be featured on the product. Additionally, if Apple does not own the rights to Siri’s voice, the grant of rights clause should explicitly exclude the use of Siri’s voice and note that the producer is responsible for seeking additional clearances to include Siri’s voice in the film. The grant of rights clause should also include the producer’s agreement not to portray Apple’s brand in a negative manner and explicitly cite examples that would constitute a negative portrayal. The following is an example of a potential grant of rights clause under this hypothetical:

As of the Effective Date of this Agreement, Company grants to Producer a non-exclusive license to use and approves the Producer’s use of its products and branding, including the Company's trademarks, service marks, trade dress, trade names, or copyrights associated with the products or brand (“Company Products and Branding”), in the Film and connection with the Film, including, but not limited to, the advertising, promotion, publicity, and exploitation of the Film, in any and all media, whether now known or later developed, throughout the universe, in perpetuity. The Company’s grant of rights and approvals shall not include any third party applications or voiceover services including, without limitation, Spotify and Siri. Producer shall be responsible for seeking additional clearances, as required, from any third party featured in association with Company Products and Branding. Producer further agrees to not portray Company Products and Branding in a negative or disparaging manner including, without limitation, depicting or utilizing Company Products and Branding in a manner that: (1) associates the Company with poor service, short battery life, or any other product defects; (2) violates any third party rights; or (3) harms consumers. The Producer’s non-exclusive license shall extend to the Producer’s successors and assigns including, but not limited to, all distributors and licensees of the Film.

i. Approval Rights Clause
Like most trademark licensing agreements, a brand should also have some sort of control over how a producer uses its marks. A brand’s approval rights, however, are in direct conflict with the producer’s need to maintain creative control. Because of this conflict, a producer is likely to resist a brand’s approval rights. At minimum, a brand should request the right to review a script in advance and obtain permission to have a brand representative on set during an important shoot. While the producer will have ultimate control over how the script is drafted and the film is shot, a brand can at least be aware of the content in advance of shooting in order to align with a project that will not be harmful to the brand. Additionally, by attending a shoot, a brand can mitigate the risk that the creative direction will change significantly in the midst of shooting. In other words, a brand can keep an eye out for actor improvisation or directorial changes during the shoot and can carefully advise the producer of any concerns without interfering with the filming process. While it may seem like the producer is giving up a considerable amount of control here, it is not uncommon for brands to review scripts in advance and attend shoots as long as the brand signs confidentiality agreements and it is not a “closed set” where only specific members of the production crew and talent are on set.

Additionally, depending on the brand’s leverage, a brand could also ask for right to review photo stills or clips from the film where the brand is featured as well as the right to attend an advance screening of the film before the film’s release date. The following is an example of a potential approval rights clause:

Producer grants Company the right to review the Film’s script dated X as well as any subsequent revisions to the script (“Script”) in advance of filming. Company shall have the right to attend the filming of Scene Y and Scene Z of the Script, so long as Company does not interfere with the Producer’s filming process or creative control of the Film. Producer shall also provide Company clips of the final-edited scenes featuring

189 2 Mary M. Squyres & Nanette Norton, Trademark Practice Throughout the World § 20:11.50 (2014)
190 Id.
191 Id.
Company’s Products or Branding or allow Company to attend an advanced screening of the Film prior to the Film’s release date.

ii. Consideration Clause

The consideration clause typically delineates what a brand is providing to the producer and what the producer is providing in return for the brand’s investment. As with any contractual clause, this clause should carefully illustrate the intent of the parties and avoid any subjective or ambiguous terms. For example, many branded entertainment agreements use seemingly clear terms like “clear and identifiable logo,” which ultimately rely on subjective interpretations. For example, a producer may interpret a “clear and identifiable logo” as the appearance of a brand’s logo in the background of a show that is arguably recognizable to viewers even though the logo is somewhat blurry or partially obscured because a character’s hand is covering part of the logo. In contrast, a brand may interpret a “clear and identifiable logo” as the appearance of the brand’s full logo in the forefront of the television screen that is clear as a result of the camera lens focusing on the logo. To avoid confusion, a brand may also want to consider attaching an image of its logo to the contract and refer to that image within the contract.

The consideration clause should also specifically illustrate what, when, and how the producer will be compensated, as well as whether the brand is entitled to reimbursement and under what circumstances the producer must reimburse the brand. For example, suppose Starbucks agrees to provide $20,000 worth of product for set dressing and consumption by the cast and crew as well pay $100,000 in cash installments to a television producer in exchange for the producer featuring the brand a minimum of five times during the first season of the television show. The following is an example of a consideration clause under this hypothetical:

As of the Effective Date of this Agreement, Producer agrees to make reasonable efforts to feature Company Products and Branding as shown in Exhibit A in at least five (5) separate episodes of season one (1) of the Show by reasonably zooming in and focusing
on the Company’s entire, unobscured logo or brand name in the final edited version of the Show (“Brand Exposure”). In exchange for the Producer’s reasonable efforts to achieve Brand Exposure within the Show, Company agrees to provide Producer $20,000 worth of product including, but not limited to, coffee beans, equipment, and other related props and set dressing as described in Exhibit B for use in the Show within thirty (30) days of the Effective Date of this Agreement. In addition, Company agrees to pay Producer $100,000 (“Total Cash Fee”) in $20,000 increments within thirty (30) days of the original airdate of each Brand Exposure in the Show on Network X. Should Producer fail to deliver any mutually satisfactory Brand Exposures, Producer shall reimburse Company the wholesale costs of the product provided in accordance with this Agreement and Company shall only pay a pro rata portion of the Total Cash Fee based on the amount of mutually satisfactory Brand Exposures.

iii. Exclusivity Clause

When a brand invests in a branded entertainment deal, a brand often prefers category exclusivity, which is the right “to be the only company within its product or service category associated with the sponsored property.” In other words, a brand does not want any of its competitors associated with the project it aligns with when committing to a branded entertainment deal. For example, suppose Whole Foods agrees co-promote and be integrated within a competitive cooking series. Whole Foods would want the following category exclusivity clause:

Producer grants Company category exclusivity in association with the Producer’s use of the Company’s Products and Brand within Season One (1) of the Show as well as the Company’s right to co-promote Season One (1) of the Show. For avoidance of doubt, Company’s category shall be limited to grocery stores and the Company’s store brand goods including, but not limited to, Company’s 365 Everyday Value brand. No other grocery store or store brands shall be featured in or co-promote Season One (1) of the Show.

iv. Indemnification Clause

A brand should also include an indemnification clause to protect itself from any third party claims. For example, some commentators have argued that branded entertainment deals

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can subject a brand to right of publicity and false endorsement claims.\textsuperscript{193} For example, if an actor holds a product in a film and later finds out that the studio required him to hold the product for a product placement deal, he could potentially sue the brand and claim that the brand violated of his right of publicity because the brand used the actor’s identity for commercial purposes without authorization.\textsuperscript{194} Additionally, the actor could argue that the use of his identity will cause consumers to believe he endorses the product.\textsuperscript{195} While the typical representation and warranties clause should state that the producer has the authority to enter into the deal and an actor’s right to make such claims may depend on the actor’s contract with the producer (i.e. whether the actor granted the producer the right to make such deals or use his image for commercial purposes), a brand should still include the following provision to protect himself:

Each party shall indemnify the other party and hold the other party harmless including, without limitation, each party’s respective parent corporations, affiliates, subsidiaries, successors, assigns, and licensees, as well as its directors, officers, employees, and agents associated therewith, from any and all third party claims, losses, liabilities, and damages that result from either party’s: (1) participation or exercise of its rights in this Agreement; (2) breach of this Agreement, including each party’s representations and warranties therein; (2) gross negligence or willful misconduct; and (3) use of any intellectual property including, without limitation, any trademarks, copyrights, and rights of publicity as a result of this Agreement.

v. Insurance Clause

Since production companies often have fewer assets and operate separately from the studios, a brand should always include an insurance clause to protect itself.\textsuperscript{196} An insurance clause should require the production company to maintain insurance throughout the duration of

\textsuperscript{193} Guli & Parker, supra note 186, at 87.
\textsuperscript{194} Id.
\textsuperscript{195} Id. at 89.
\textsuperscript{196} Id. at 91.
the agreement and list the brand as a named insured under the production company’s insurance.\textsuperscript{197} The following is an example of an insurance provision:

Producer shall maintain a commercial general liability insurance policy with a single limit of X dollars for the duration of this Agreement and shall list Company as an additional insured under Producer’s insurance policy.

vi. Termination Clause

Finally, although a brand cannot enjoin the producer from releasing the film, a brand could try to negotiate a termination clause that requires the producer to remove the brand’s logos and name in the event the producer features the brand in a negative manner or in a way that is outside of the scope of the grant of rights clause.\textsuperscript{198} One commentator noted that the clause should require the producer to remove branding from subsequent versions of the project,\textsuperscript{199} but a brand should actually try to have the logos removed before the project is even released to the public. This is precisely why a brand should try to obtain the right to review photo stills or attend a screening prior to the release of the film in order to protect the brand. While removing the logo during post-production can be expensive for a producer, it will be even more costly to request removal of the brand’s logos following the project’s release date. As a result, a brand should at least try to negotiate for the following provision:

In the event Producer terminates this Agreement by portraying Company’s Products and Brand in a manner that falls outside of the scope of the Grant of Rights Clause of this Agreement, Producer shall remove Company’s branding including, without limitation, Company’s logos and brand name during post-production of the Film and prior to the Film’s release.

Whether a brand obtains the above provision in its branded entertainment agreement will ultimately depend on the brand’s leverage with the producer.

\textsuperscript{197} Id.
\textsuperscript{198} Id. at 90.
\textsuperscript{199} Id.
V. Conclusion

Branded entertainment is on the rise and, as a result, brands are accustomed to controlling the use of their mark within creative content. Trademark law, however, is limited by fair use and first amendment considerations, so brands must understand that they cannot control the use of their mark in every context. Additionally, recent caselaw illustrates that brands are rarely successful in trademark infringement cases against producers of creative content. As such, a brand must take a practical approach to branded entertainment and protect its mark by (1) building relationships with producers to get ahead of the issue by educating them on the proper and improper uses of its trademarks; (2) conducting research on the producer and understanding its track record before teaming up; and (3) protecting the brand contractually with a formal written agreement.