LETTER UPDATE – AUGUST 2023

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ENTERTAINMENT LAW ON A GLOBAL STAGE
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This Letter Update addresses three 2023 Supreme Court decisions that have an impact on the materials covered in the casebook. Professors who have adopted the Second Edition have permission to reproduce and distribute these materials in whole or in part to the students enrolled in their courses.

Chapter 8 – Domestic Copyright and Related Rights

I. Copyright Fundamentals

E. Fair Use

On page 381, add a new Note 5:

5. The Supreme Court's most recent fair use decision, *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith,* 143 S.Ct. 1258 (2023), illustrates the role of context in determining whether a particular use is transformative. The *Warhol* opinion focuses on the first fair use factor – the "purpose and character of the use." In this case, a photographer had licensed her photograph of the musician Prince for one-time use as an "artist reference" for a silkscreen portrait created by Andy Warhol to illustrate an article in Vanity Fair magazine. Warhol, however, also used the photograph as the basis for an entire series of Prince silkscreen portraits and drawings, and the Warhol Foundation later licensed one of these to publisher Condé Nast to illustrate a special publication about Prince. The infringement dispute focused solely on that specific use of the work. Even though Warhol's artwork "add[ed] new expression" to the underlying photograph, in this case the artwork was being used to illustrate an article about Prince, and its use *in that context* fulfilled the same purpose as the original photograph. Therefore, even if Warhol's artwork might be transformative in another context, this specific use of that artwork was not transformative. Because the use was also commercial, the first fair use factor favored the photographer. However, the Court "express[ed] no opinion as to the creation, display, or sale of the original Prince Series works." Thus, it is possible that a derivative work can be transformative when used in one context but not when used in another.

Chapter 10 – Building and Protecting a Brand

III. Infringement and Dilution Claims

On page 568, add a new Note 3:

3. In 2023, the Supreme Court weighed in on the First Amendment as a consideration in analyzing trademark infringement and dilution claims, but stopped short of endorsing or rejecting the application of *Rogers v. Grimaldi* to traditional works of art, literature, music, or entertainment. In *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023), VIP Products' "Bad Spaniels" dog toy parodied the trade dress and trademarks of the Jack Daniel's whiskey bottle. Treating the dog toy as an expressive work, the Ninth Circuit had ruled in favor of VIP Products, applying *Rogers v. Grimaldi* to the infringement claims, and applying the statutory "noncommercial use" exception to the federal dilution claims. However, the Supreme Court rejected both conclusions, on the ground that First Amendment protections do not apply when a party imitates another's mark *as a source indicator for its own goods*, even when the use is also a parody. (The fact that the unauthorized use has an element of parody, however, can factor into the likelihood-of-confusion analysis, since consumers who perceive the parody are less likely to be confused by the similarity of the marks.) The Court expressly declined to take a position on the *Rogers* test as applied to non-trademark uses. If the *Twentieth Century Fox Television v. Empire Distribution* case (page 563) arose today, what affect, if any, should the *Jack Daniel's* decision have on the court's analysis?

Chapter 11 – International Protection for Brands and Marks

III. Whether Trademark Law Has Extraterritorial Effect

On page 600, add this additional introductory material before the *Ballets Trockadero* case:

In a case that significantly changes the contours of the Lanham Act as applied to foreign activities, the Supreme Court considered whether the infringement and unfair competition provisions of the Lanham Act have extraterritorial application in *Abitron Austria GmbH v. Hetronic International, Inc.,* 143 S.Ct. 2522 (2023). The majority held that neither section 32(1) (addressing infringement of registered marks) nor section 43(a)(1) (addressing unfair competition claims) has extraterritorial effect. For the Lanham Act to apply, the infringing *conduct* must take place within the United States. (Four justices,

however, argued that it should be sufficient that the defendant's conduct creates a *likelihood of consumer confusion* in the United States.)

Although the infringement in *Abitron* involved the sale of goods, the Court's analysis and holding are phrased broadly enough to encompass the sale of services as well. After *Abitron,* how would the *Ballets Trockadero* case (page 600) be decided today?

If an American entertainment company suffers economic harm from the unauthorized use of its marks overseas – as was clearly the case in *Ballets Trockadero* – but is barred by *Abitron* from bringing a Lanham Act claim, what, if any, legal recourse is available? Is this sufficient to protect the interests of the American entertainment industry? What action might the entertainment industry (and American businesses in general) ask Congress to undertake in the wake of *Abitron*? What answer makes the most sense in terms of policy?