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IP/ENTERTAINMENT LAW WEEKLY CASE UPDATE FOR MOTION PICTURE STUDIOS AND TELEVISION NETWORKS

July 20, 2011

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Crystal Entertainment & Filmworks, Inc. v. Jurado, USCA Eleventh Circuit, June 21, 2011

 [Click here for a copy of the full decision.](#)

- Circuit court affirms district court decision in action for infringement of unregistered trademark against defendant members of female dance band, Exposé, finding that plaintiff failed to show that it had acquired the trademark to the name Exposé, either through “prior use” or through its “joint endeavor” with defendants, as the defendant band members “controlled the qualities and characteristics that the public associates with the Exposé mark.”

The predecessors in interest to plaintiffs Crystal Entertainment & Filmworks, Inc. I and II (collectively, Crystal), Pantera Group Enterprises and Pantera Productions, Inc. (collectively, Pantera), formed a female dance band “Exposé” in 1984. The dance band enjoyed limited success and, in 1986, the band members were replaced with defendants Jeanette Jurado, Ann Curless and Gioia Bruno. Pantera attempted to register the Exposé mark with the U.S. Patent and Trademark office as a trademark, but that application was denied due to the mark’s common usage. Plaintiffs never obtained a registered trademark for Exposé.

Exposé’s first album, released in 1986, went triple platinum and the cover featured a picture of the defendants as members of the band. The band’s 1989 second album went gold and also featured defendants on the cover. In 1992, Exposé temporarily replaced Bruno with a fourth member, Kelly MoneyMaker, who appeared on the band’s third album with the rest of Exposé. The group disbanded in 1995. The group released only compilation albums between 1995 and 2003. In the interim, Pantera was dissolved, and Crystal alleged that Pantera had assigned its rights in and to the Exposé mark to Crystal.

In 2003 and again in 2006, defendants resumed performances as Exposé and executed trademark and licensing agreements with Crystal to continue using the mark. Among other things, the agreements acknowledged that Crystal owned the Exposé mark. Thereafter defendants, citing Crystal’s failure to promote Exposé’s tours, discontinued payment of licensing fees to Crystal, sought registration of the Exposé mark through their company, defendant Walking Distance Entertainment, LLC., and advertised their tours on the internet at



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“exposeonline.net” and “myspace.com/exposeonline.”

Crystal sued defendants for unregistered trademark infringement in violation of Section 43(a) of the Lanham Act, breach of contract and cybersquatting under the Anti Cybersquatting Consumer Protection Act, seeking injunction, damages, and a constructive trust for Exposé’s licensing fees. Defendants counterclaimed for rescission of the trademark and licensing agreements. After a bench trial, the district court found that defendants had breached their agreement to pay Crystal a portion of their tour and merchandising proceeds, but that defendants – and not Crystal – were the common-law owners of the Exposé mark. The court also ruled for defendants on Crystal’s claims for cybersquatting and denied Crystal’s demands for injunction and constructive trust.

The Eleventh Circuit affirmed the trial court’s decision on appeal. The court found that, under Section 43(a) of the Lanham Act, the plaintiff must demonstrate that it has an enforceable right to the mark and that defendants used the mark without authorization in a way that is likely to cause confusion among consumers. Defendants had used the mark publicly since 1986.

Crystal argued that it rightfully owned the rights to Exposé because it acquired the rights from Pantera, which had owned the rights prior to defendants’ use of the mark. In order to establish ownership of an unregistered mark due to prior use, however, a party must show that it adopted the mark and used it in a way sufficiently public to identify or distinguish the marked goods among relevant segments of the public. Crystal offered only the uncorroborated testimony of one witness, whom the trial court found not to be credible. Crystal failed to demonstrate ownership through prior use.

Crystal also argued that it owned the trademark because Exposé was the product of joint endeavors. Where the mark is the product of a joint endeavor, however, the court first determines the characteristic for which the product or service under the mark is known and then examines which party controlled that characteristic. The court found that Exposé was best known for defendants’ personalities and styles as performers, and that plaintiff Crystal failed to show that it had exercised control over defendants or selected MoneyMaker as a replacement member of Exposé. Because Crystal could not establish any enforceable rights to the mark, the Eleventh Circuit found it unnecessary to reach to issue as to whether defendants’ use of the mark was likely to cause consumer confusion.

Mine O’ Mine, Inc. v. Calmese, USDC District of Nevada

 [Click here for a copy of the full decision.](#)

- District court grants summary judgment in favor of plaintiff, exclusive licensee of “Shaq” family of trademarks related to basketball star Shaquille O’Neal, and against defendants, who marketed t-shirts under the “Shaqtus” mark, on plaintiff’s trademark infringement and unfair completion claims.



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Plaintiff Mine o' Mine (MOM), a company formed, owned and operated by basketball star Shaquille O'Neal, brought suit against defendants True Fan Logo, Inc. and Michael Calmese for trademark infringement, unfair competition and cybersquatting under the Lanham Act, trademark dilution under the Federal Anti-Dilution Act, common law trademark infringement; and violation of the right of publicity under Nevada law. Defendant Calmese, representing himself and True Fan Logo pro se, asserted three counterclaims: common law trademark infringement, unfair competition under the Lanham Act and defamation of character - libel. On cross-motions for summary judgment, the court granted judgment in MOM's favor on its trademark infringement and unfair competition claims, as well as on all of defendants' counterclaims, but denied summary judgment on its right of publicity claim.

MOM owns the exclusive right to sublicense O'Neal's name, image, and likeness and to register, exploit, and protect the word "Shaq" and Shaq formative marks including, among others: "Shaq," "Shaqtacular," "Shaq Attaq," and "Shaq's All Star Comedy Jam." MOM acquired the federal registration of the Shaq mark for t-shirts and other goods in 1998, based on the first use of the mark in 1995. In February 2008, O'Neal was traded to the Phoenix Sun, and sportswriters and others began calling him "The Big Cactus" and "The Big Shaqtus." While playing for the Phoenix Suns, O'Neal wore an orange jersey with the number 32.

Defendant True Logo Fan registered <Shaqtus.net> as a domain name in March 2008, listing a nonparty to the suit as the administrative contact. Defendant Michael Calmese asserts that True Logo Fan is his business name because he has registered it as a trademark. Calmese was also the registered agent for True Logo Fan, which was an Arizona corporation before it dissolved in 2002. Calmese also registered "Shaqtus" as an Arizona trade name with the Arizona Secretary of State for "clothing/advertising." Calmese hired a third party to create the Shaqtus character, which took the form of a cactus with the facial expression of a man wearing an orange basketball jersey bearing the name "Phoenix Shaqtus" and the number 32 and bouncing a basketball. Calmese sold clothing with the Shaqtus trade name and Shaqtus character online at <Shaqtus.net> and another online retail store.

In 2008 and 2009, sports network ESPN aired commercials featuring O'Neal encountering a cactus bearing O'Neal's face in the Arizona desert. Calmese sent a letter to ESPN asserting that he is the co-owner of the "Shaqtus" trademark and trade name, that his business has been selling clothing articles and advertisements with the Shaqtus trademark since 2008 at Shaqtus.NET and Shaqtus.COM, and proposing either to sell the "Shaqtus" trade name to ESPN or jointly create the "Shaqtusclaus" with the network. ESPN informed Calmese that MOM owned the federal registration for the mark Shaq, that any claim of property would stem from that registration and that the network's use of "Shaqtus" was done with the consent of O'Neal. Calmese disputed ESPN's contention, arguing that he is the rightful owner of the "Shaqtus" trade name and therefore O'Neal could not have given ESPN permission to use the mark. Counsel for MOM and O'Neal sent Calmese and True Fan Logo a letter demanding he and his company cease and desist from all use of the Shaqtus mark, to transfer <Shaqtus.net> to MOM, and to cancel his Arizona trade name registration for Shaqtus. Calmese did not cancel his



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"Shaqtus" trade name registration and True Fan Logo is still the registered agent for <Shaqtus.net>, but the website itself is no longer viewable.

At the outset, the court dismissed defendants' various arguments that there were genuine issues of material fact precluding summary judgment in plaintiff's favor, finding them irrelevant, untimely or self-serving.

Having dispatched defendants' arguments against summary judgment in plaintiff's favor, the court considered plaintiff's trademark infringement claim under the Lanham Act. To establish infringement, MOM must establish (1) that it has a protectable ownership interest in the mark; and (2) that the defendants' use of the mark is likely to cause consumer confusion. Noting that the defendants' did not contest that MOM owns the trademark for Shaq and Shaq formative marks, the court focused on the issue of whether defendants' use of Shaqtus is likely to cause consumer confusion with Shaq and Shaq formative marks.

Plaintiff asserted that a high likelihood of confusion existed because, among other similarities, the marks start with the same four letters, which are uniquely known to refer to O'Neal, and defendants' clearly intended to refer to the name given to O'Neal by sportswriters when he joined the Phoenix Suns, which was a combination of "Shaq" and "cactus." The court agreed, based on its analysis of the eight factors bearing on the issue of consumer confusion: the strength of the mark, the proximity of the goods, the similarity of the marks, evidence of actual confusion, marketing channels used, type of goods and the degree of care likely to be exercised by the purchaser, defendants' intent in selecting the mark and the likelihood of expansion of the product lines.

The stronger the mark, the greater the protection afforded by the trademark laws, and the court found that the Shaq mark to be both conceptually and commercially strong. The mark is conceptually strong because it is a coined term that does not exist in the English language and therefore fanciful and entitled to maximum protection. It is commercially strong because it has been used nationwide since the 1990s to refer to O'Neal and goods or services that originate with him or his company. In fact the court noted that any sports fan who has lived in the United States or watched the NBA in at least the past fifteen years would conclude that a reference to "Shaq" is a reference to O'Neal. MOM also has exclusive rights to Shaq and Shaq formative marks and is unaware of any third parties who use the mark.

The proximity of goods element refers to the relatedness of the goods at issue. Related goods are more likely to confuse the public as to the producers of the goods, the danger being that that the public will mistakenly assume there is an association between the producers of the related goods when there is not. Proximity of goods is measured by whether the products are: (1) complementary; (2) sold to the same class of purchasers; and (3) similar in use and function. The court concluded that this factor also weighed in favor of finding a likelihood of confusion because both parties sold t-shirts and the shirts are complementary because they refer to the same NBA player. There are no different classes of t-shirt consumers, and t-shirts with the Shaq



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mark are identical in use and function as t-shirts with the Shaqtus mark.

The court also found that the marks themselves were sufficiently similar and therefore likely to cause confusion. While exact similarity is not required, the greater the similarity between the two marks, the greater the likelihood of confusion, and similarity of the marks depends on three elements, sight, sound, and meaning, as each is encountered by consumers in the marketplace. Both Shaqtus and the Shaq mark begin with the same four letters and when consumers read and hear the two terms, they see and hear words that are similar in sight and sound. Both Shaq and Shaqtus also have both been used to refer to O'Neal and the marks are similar in meaning. Under the family of marks doctrine, an owner of a mark may use numerous marks with the common prefix to establish that it has a family of marks with a common "surname," which consumers recognize as an identifying trademark when it appears as part of a mark. The court found that the Shaqtus mark falls within the scope of MOM's family of marks containing the surname Shaq, including Shaq, ShaqTACULAR, and Shaq ATTAQ. The Shaqtus mark also contains the Shaq surname and clearly falls within the scope of MOM's family of marks.

The court did not consider the issue of whether any actual confusion resulted from the marks, noting that it had no facts one way or the other on the issue. It also found that, while shared marketing channels do increase the likelihood of confusion, where the marketing channel is as widely used as the internet – the only one the parties shared – its importance is miniscule, although it weighs slightly in favor of finding confusion. And while the likelihood of expansion of the product lines beyond t-shirts was low – defendant is no longer selling Shaqtus gear and O'Neal no longer plays for the Phoenix Suns, the court did find the type of goods at issue – inexpensive t-shirts – indicated that consumers were less likely to exercise care in their purchases, increasing the likelihood of confusion.

Finally, the court concluded that defendants intended to cause confusion with the Shaq mark. When a defendant knowingly adopts a mark similar to another's, courts presume an intent to deceive the public, intent to deceive is strong evidence of a likelihood of confusion. Calmese intended to cause confusion with the Shaqtus mark. He knew about the Shaq mark and chose the Shaqtus mark anyway, after O'Neal started playing for the Phoenix Suns and after he was dubbed "Shaqtus." The Shaqtus character was clearly intended to be a cactus caricature of O'Neal -- a basketball playing cactus, named Shaqtus, wearing an orange shirt and the number 32.

On balance, the eight factors, considered together, indicated that there is a high likelihood of confusion and the court held that there are no genuine issues of material fact and MOM is entitled to judgment as a matter of law on its trademark infringement claims. Having granted the motion under the Lanham Act, the court also granted plaintiff's motion for summary judgment on its unfair competition claim, reasoning that the test for unfair competition under both common law and the Lanham Act is identical to the test used for trademark infringement.



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The court denied plaintiffs' motion on its right of publicity claim and granted summary judgment in favor of defendants, reasoning that while under Nevada law, every person has a statutory right of publicity in his name, voice, signature, photograph, and likeness, the Ninth Circuit has recognized the transformative-use defense when cartoons depicting real persons are distorted for purposes of lampoon, parody, or caricature. Defendants' Shaqtus character was half-human and half cactus, and therefore sufficiently transformative to defeat plaintiff's right of publicity action. Shaqtus also is not O'Neal's real name, voice or signature and is not protected by the Nevada statute.

The court granted summary judgment in plaintiff's favor on all of defendants' counterclaims. In trademark cases in which the parties assert trademark claims against each other based on rights in the same or similar marks, only one party can succeed on its trademark claim. Defendants' use of the Shaqtus name violated MOM's rights and they therefore have no rights in the Shaqtus name and cannot prevail on either the trademark infringement or unfair competition claims. The court also granted summary judgment in plaintiff's favor on defendants' counterclaim for defamation.

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