

Scenario Five

Pete, a general business litigation partner at your firm, is acting as a mediator between two individuals, each of whom is producing an independent film under the title “Pledge.” One tells the story of four freshman friends who participated in fraternity rush, and what happened to them and their relationships with one another as they moved into different social circles on campus. The other uses a public television pledge drive as the centerpiece around which to arrange behind-the-scenes footage, interviews with viewers, and expert opinions in support of funding for public broadcasting. It seems to be an odd coincidence, but the parties prefer that only one end up using the name. The following basic facts are uncontested:

Brandon, a Silicon Valley investment analyst, began work on his film to address what he viewed as unbalanced media coverage of fraternities: hazing and drunkenness make headlines, while charitable activities and the Greek system’s social support functions go unheralded. Drawing on his own college experience and working with a filmmaker friend, Brandon decided to document the rush process at a well regarded house at Trestlemont College. As he met the young men, he was drawn to a group of them who had become fast friends during their first semester on campus in the dorms. They began the rush process as a team, but their competitiveness and individual preferences ultimately led them to join different houses. Brandon decided that they were his story, and followed them through graduation in May 2006. He hopes to complete the film this Summer and screen it on college campuses around October. He plans to do a final edit in response to student feedback and then take it to Sundance where he hopes to hook up with a distributor.

Elise, a graduate student at S.F. State, began work on her film last June after being shocked to learn that a House of Representatives subcommittee had voted to rescind \$100 million in funding for the Corporation for Public Broadcasting. She had been looking for a project to complete her Masters of Fine Arts and worked quickly, using her connections to line up interviews and taking advantage of a grass-roots campaign to restore the funds. After the crisis passed, Elise re-evaluated her project and realized that funding battles were an annual ritual. She decided to pair the government funding angle with the member support angle, and use her interviews and other material to highlight the need for individual support, as well as the absurdity of what public broadcasters have to do to raise funds. Her local station was pleased to assist, and Elise was able to complete shooting by February 2006. Unfortunately, distribution negotiations have gone slowly: most distributors view the topic as “too political,” on the one hand, and of interest only to well educated liberals, on the other. She continues to follow up on new leads, and believes that her break could come at any time.

The parties have filed the following trademark applications:

Owner	Mark	Goods/Services
Elise	PLEDGE <i>ITU Filed Aug. 2005</i>	“production of motion picture films”

Brandon	PLEDGE <i>ITU Filed June 2006</i>	“prerecorded video tapes, video cassettes, and DVDs all containing motion picture films; production and distribution of motion picture films; providing information via the Internet in the field of movies”
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The parties have registered the following domain names, and the use of those domains as of July 14, 2006, is recorded in the file:

Owner	Domain	Registered	Status of Use
Brandon	rush-themovie.com rushmovie.com	Mar. 2003	Web site contains a brief description of the project, and a link to a password-protected section of the site
Brandon	pledge-themovie.com pledgemovie.com	June 2005	Web site says “Coming soon”
Elise	pledgethemovie.com	Aug. 2005	Web site contains a brief description of the project, and provides links to membership information for public broadcasters around the country

Brandon’s disclosures claim that he launched his site in March 2003 with information about the project, but that the main purpose of the site was to facilitate communications with the students, their parents, and selected teachers, administrators and friends approved by the students. Each participant could access a password-protected section of the site to communicate directly with the filmmakers and, if desired, maintain a blog. Over the years, this section of the site grew to about a dozen participants on campus, and about an equal number off campus. Brandon updated the public information as the project evolved. In June 2005, when he decided to change the name of the film to Pledge, he registered additional domains but to avoid breaking bookmarks and internal site code, he did not migrate the site to the new domains.

Elise’s disclosures claim that when she launched her site in August 2005, it included, along with information about her project, a 60-second video clip showing highlights of an interview regarding the problems with funding for public broadcasting. She posted another 60-second clip, featuring a frenetic, hand-held action sequence from “inside” a pledge drive, in January 2006. She does not recall whether she tried to register the same domains as Brandon, or whether she checked those sites before registering her domain.

Although a mediated solution often departs from the letter of the law, the law may guide the decisions of the parties. Pete has asked you to respond to certain questions aimed at determining which party has the better rights, and has referenced additional disclosures made by the parties during the course of the mediation that he thinks might be relevant.

Q16. “What is the legal significance of the pending trademark applications, considering that neither has matured to registration?” Assume that registration is at least six months away.

- I. An immediate effect of filing an intent-to-use application is “constructive notice” which cuts off the rights of an “innocent junior user.” Therefore, Elise’s right to use Pledge already is superior to Brandon’s right to use Pledge, nationwide, subject to any goodwill developed in the area around Trestlemont College.

Although a registration provides constructive notice back to its filing date, this effect is not “immediate” and, in any event, the argument presupposes that Brandon is the “junior” user when he might be the senior user with respect to some goods and services.

- II. Brandon must prove that he developed rights in Pledge before the filing of Elise’s trademark application in order to successfully oppose it (at the Trademark Trial and Appeal Board) *or* to prevent Elise from making use of the mark for the services listed therein (in a court proceeding), if based on likelihood of confusion grounds.

This is correct.

- III. Until the fate of both applications has been decided, they merely represent potential rights that cannot be enforced in court, that is, no injunction preventing use by the other could be issued while *either* application remains pending. Therefore, the mediation should focus solely on common law rights.

If the first-filed application matures to registration, it is enforceable immediately regardless of the fate of the second-filed application.

- A. I only.
B. II only.
BEST ANSWER.
C. I and II.
D. III only.
E. None of the above.

Q17. “Would either party’s mark be considered distinctive (as required for protection as a trademark)?” Elise’s disclosures admit that “pledge” is the term used for a financial commitment made by a viewer (or listener) in support of a public broadcaster, typically but not exclusively during a “pledge drive.” Brandon’s disclosures admit that “pledge” is the traditional term for a student who has accepted a bid from a fraternity or sorority, but has yet to complete the house’s initiation rituals to become an “active” (a member).

- I. With respect to the use of Pledge as the title of a film (released or unreleased), neither mark, because courts do not treat film titles as protectable source identifiers (at least not until a sequel is released).

This is true.

- II. Elise's use of Pledge merely describes a significant feature, function, or characteristic of her current film and visible web site activity, but she could have rights in the applied for services of "production of motion picture films" for movies unrelated to pledge drives (or fraternity rush).

Descriptiveness must be assessed in relation to the goods and services. The phrase "have rights" probably is not satisfied, though, because she has not provided any such services.

- III. Brandon's use of Pledge merely describes a significant feature, function, or characteristic of his current film and visible web site activity, but he could have rights in the applied for goods of "prerecorded video tapes, video cassettes, and DVDs all containing motion picture films" and services of "production and distribution of motion picture films" for movies unrelated to fraternity rush (or pledge drives).

Descriptiveness must be assessed in relation to the goods and services. The phrase "have rights" probably is not satisfied, though, because he has not sold or transported any such goods or provided any such services.

- A. I only.
B. I and II.
C. II and III.
D. I and III.
E. I, II, and III.

EQUALLY ACCEPTED ANSWER — because in the context of the question, "could have rights" might be interpreted as forward looking ("could develop rights") rather than "could have rights today."

- F. None of the above.

Q18. "What significance, if any, should be given to the parties' domain name registrations?" Your investigation has revealed that at the time she registered her domain, Elise *could have* found out about Brandon's project by checking the whois for his domain "pledge-themovie.com" and, observing that the owner's e-mail address was brandon@rush-themovie.com, going to visit that site to learn that the project was now named Pledge.

- I. Brandon’s June 2005 domain registrations, and use to display a “Coming soon” page, do not, in themselves, establish trademark rights in Pledge alone, or even in “pledge-themovie” or “pledgemovie” as trademarks (with or without the .com).

Display of a “Coming soon” page does not associate the domain with particular goods or services, so this is correct.

- II. Elise’s August 2005 registration of “pledgethemovie.com” infringed Brandon’s trademark rights in his earlier-registered domain name “pledge-themovie.com” because they are virtually identical, and a junior user has a duty to select a mark that avoids confusion.

This assumes that mere registration is infringing, but infringement is judged in the context of the goods and services on which a mark is used. Also, any assertion by Brandon that he has developed trademark rights is quite doubtful.

- III. Elise’s August 2005 registration of “pledgethemovie.com” does *not* violate the ACPA, even though her domain is virtually identical to “pledge-themovie.com,” because Elise was actually unaware of Brandon’s project and therefore could not have intended to cause confusion or to divert users, and bad faith factors VI, VII, and VIII do not apply.

This seems correct: her legitimate use of the domain prior to the dispute coming to light will outweigh any evidence of bad faith.

- A. I only.
B. II only.
C. III only (as long as Elise’s ignorance wasn’t “willful blindness”).
D. I and II.
E. II and III (as long as Elise’s ignorance wasn’t “willful blindness”).
F. I and III (as long as Elise’s ignorance wasn’t “willful blindness”).

BEST ANSWER.

- Q19. “Has either party established common law rights, or rights analogous to trademark rights?” The file contains the following chronology of uses of Pledge and Pledge-based names and marks, constructed from the parties’ disclosures:

Date	Brandon	Elise
Summer '05	June 2005 Global find and replace of “The Rush Brothers” to “Pledge” on the web site,	August 2005 Filed trademark application for Pledge; Registered pledgethemovie.com;

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Date	Brandon	Elise
	sections viewable by the public and private sections used by participants to communicate with the filmmakers; Registered pledge-themovie.com and pledgemovie.com	Posted web site at pledgethemovie.com
Fall 2005 - Spring 2006	November 2005 Sent the students a DVD with selected clips from the previous academic year to boost their morale before finals; the disc label had the title “Junior Achievements” and the notice “Copyright Pledge 2005” December 2005 Made an appeal to friends and family to invest in the film so that production could be completed, raising \$24,000 in an investment partnership named “Pledge Brothers I”	January 2006 Met with staff of local public television station for pre-shoot planning and then filmed for four days during the Winter pledge drive, wearing a large badge that read: <p style="text-align: center;">Elise Pledge Movie CSU San Francisco</p> April 2006 Sent a completed edit of “Pledge” to the President of the local public television station along with a thank you card; the disc label and slipcase had the title “Pledge” and the subtitle “The Price of Free Media” along with a copyright notice referring to Elise individually; Approached two distributors recommended by school faculty and, while not getting a deal, obtained valuable tips on how to present the project to others May 2006 Sent packets to and had phone calls with ten additional distributors, receiving useful feedback but no offers
June 2006	Renewed pledge-themovie.com and pledgemovie.com; Filed trademark application; Discovered Elise’s earlier application, consulted counsel, issued a demand letter	Received Brandon’s demand letter, consulted counsel, offered to enter into mediation

- I. Brandon’s June 2005 re-branded web site text and Elise’s August 2005 web site text were made available to the general public, which is sufficient to establish use analogous to a trademark by the first one that releases his or her film in a commercially

reasonable amount of time, even though neither Brandon nor Elise has undertaken any marketing to attract the public to those sites.

There must be a few million web sites. In the absence of advertising, third party links, or other action to attract attention, such usage fails to rise to the level of use analogous to a trademark.

II. Brandon's November 2005 DVD had a recognizable "trade name" use in the copyright notice, but the distribution was too limited to establish rights analogous to a trademark.

True.

III. Elise's badge was viewed by numerous employees and "pledge volunteers" representing a sizeable cross-section of the public during the January 2006 shoot, but the badge's layout was too unclear about the significance of Pledge as Elise's trade name or mark to establish rights analogous to a trademark.

The phrase "Pledge Movie" could have been perceived as purely descriptive of the subject of the movie.

- A. I only.
- B. II only.
- C. III only.
- D. I and II.
- E. II and III.

BEST ANSWER

- F. I and III.

Q20. BONUS QUESTION: ***Points awarded on this question are "above the curve."*** The Internet Movie Database, now owned by Amazon.com, operates a movie and television search engine at www.imdb.com, searchable by title, names of directors and actors, and many other data fields. In addition to the site's copious quantities of free information, for \$12.95 per month, IMDbPro provides subscribers access to detailed information on new projects "in production" that have been registered with IMDb. If either Brandon or Elise had registered their respective project with IMDb, so that it became available on IMDbPro in full form, and IMDb's free listings in abbreviated form, immediately upon their conception of the name "Pledge," what impact might that have in the dispute between the two filmmakers?

There are at least two different possible aspects to this question: (1) would such a listing strengthen the case for "use analogous to trademark use," for purposes of establishing priority, and (2) does either of the parties have a duty to search standard industry databases such that they would have been on notice of the other party's intended use and therefore have a duty to take

action to minimize the risk of confusion. (Such a listing, without more, does not in itself give rise to common law trademark rights.)

Numerous people use IMDb to find information about current and old movies, often searching for an actor or director's portfolio. Listing in IMDb is likely to generate much more exposure than having a web site that isn't widely linked or publicized (and therefore unlikely to rise to the top of the search engine results). So being registered in IMDb would help with broader exposure, both to industry professionals and to the public at large. Nevertheless, it is somewhat doubtful that a "passive" listing would constitute the type of activity (compare Chance) courts have found to have an impact on the public mind.

With respect to conducting one's due diligence, courts have been reluctant to require extensive searching beyond the listings of the USPTO. This is not to say that a party can safely ignore the sources from which its mark was derived, as Hilfiger discovered in adopting an existing design from the world of sailing. Even though the parties adopted a term that is descriptive in the context of their respective topics, it would have been logical for them to search an easily available database of film titles to uncover conflicting names. Logical, but in the "special case" of literary titles, which typically are denied protection in the absence of a sequel, failure to search might be more excusable. In any event, the question traditionally has not been one of liability but of enhancement of damages, which is not an issue in the mediation at all.

Note: A maximum of 2 points was awarded on this question.

Grading Notes

The scores on this Exam were distributed in an unusual manner: 10 of 14 students had scores within a 10-point range. As a result, very fine lines had to be drawn between grades; one point separated A- grades from B+ grades, and so forth. As a result of this clustering, as well as the addition of bonus points "above the curve," the median grade was one step higher this term than in past terms. Hopefully this compensates sufficiently for any subjectivity in the award of partial credit or essay points.

Thank you for your attention this Summer. I hope that you found some value amidst the avalanche of material we covered, and wish you the best in your studies.

END OF EXAM