

Nike, Inc. v. "Just Did It" Enterprises, No. 92-3303,  
1993 WL 382494 (7th Cir. Sept. 28, 1993)

Zorka Ristanovic

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Recommended Citation

Zorka Ristanovic, *Nike, Inc. v. "Just Did It" Enterprises, No. 92-3303, 1993 WL 382494 (7th Cir. Sept. 28, 1993)*, 4 DePaul J. Art, Tech. & Intell. Prop. L. 165 (1993)

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## **Nike, Inc. v. "Just Did It" Enterprises,**

NO. 92-3303, 1993 WL 382494 (7TH CIR. SEPT. 28, 1993).

### *Introduction*

Nike, Inc., a manufacturer of footwear and apparel, sued "Just Did It" Enterprises for trademark infringement when it designed and sold t-shirts with the Nike "swoosh" trademark and the word "MIKE". The United States District Court for the Northern District of Illinois held that "MIKE" and "NIKE" were too similar and likely to confuse consumers, and therefore granted Nike's motion for summary judgment. The United States Court of Appeals for the Seventh Circuit reversed, holding that too many disputed facts existed, and reasonable minds may have differed on the question of likelihood of confusion. Thus, the court remanded the case for a jury determination of this issue.

### *Facts*

Nike, Inc. ("Nike") manufactures and markets athletic footwear, apparel and related accessories. Over the years, Nike has expended substantial resources promoting its products and advertising its "swoosh" trademark. In 1989, Nike adopted its famous slogan "Just Do It" which was used on t-shirts and other accessories. As a result of Nike's efforts, its name, slogan and trademark are recognized world-wide.

Michael Stanard is an award-winning commercial artist who founded the one-man company "Just Did It" Enterprises ("Just Did It"). "Just Did It" designed and sold t-shirts and sweatshirts with the Nike "swoosh" trademark and the word MIKE instead of NIKE. Stanard marketed his apparel to members of the general public, but focused on college athletes and celebrities with the first name of Michael. According to Stanard, two-thirds of those who purchased his shirts were people named Mike. Stanard claimed that the purpose of his enterprise was a humorous one, and should therefore be afforded First Amendment protection as fair use of a trademark. The district court found that NIKE and MIKE were too similar and likely to confuse consumers, and therefore granted Nike's motion for summary judgment. The court also determined that parody was not an affirmative defense, but simply "another factor to be considered in determining the likelihood of confusion." The defendant appealed.

### *Legal Analysis*

The issue before the Court of Appeals was whether the MIKE shirts confused consumers into thinking that they were a Nike product, thus infringing on Nike's

trademark. Although parody is protected by the First Amendment<sup>1</sup>, federal law prohibits copies or imitations that confuse consumers.<sup>2</sup> To show trademark infringement, Nike had to demonstrate “a valid trademark and a likelihood of confusion on the part of the public.”<sup>3</sup> However, the consumer confusion need not be limited to a mistake as to the source of the goods; the inquiry may extend to whether the consumer believed the trademark owner was affiliated with, endorsed or sponsored the product.<sup>4</sup>

The parties did not dispute that Nike had a valid trademark. Thus, to win summary judgment in this case, Nike had to show that there was no genuine issue of material fact as to the likelihood of confusion. In other words, Nike had to show that reasonable minds would not differ as to whether there was a likelihood that the MIKE t-shirts caused public confusion. The court looked at several factors in deciding there was a likelihood of confusion by the public: similarity of the products, concurrent uses of the product, marketing channels used by the parties, consumer care likely to be exercised, trademark strength, actual confusion, and intent of the parodist.<sup>5</sup>

The court’s initial inquiry was the degree of similarity, in appearance and suggestion, between Nike’s trademark and Stanard’s mark. Factors relevant to the issue of similarity are pronunciation, text and meaning.<sup>6</sup> The Court of Appeals noted that although the marks were identical except for one letter, public confusion is to be evaluated when the consumer is choosing to purchase the product and not when the consumer is viewing it from a distance. The parties disputed whether MIKE and NIKE would be pronounced the same. Additionally, the court found the comparison between Nike’s slogan “Just Do It” and the enterprise’s name “Just Did It” significant. “Just Did It” is the name of a business which requires the customer to make a check payable to the enterprise in order to receive its products. On the other hand, “Just Do It” is a slogan and not an entity with which customers must have contact in order to receive Nike products. Thus, in order for there to be customer confusion, a customer must view MIKE and NIKE as being similar, and continue to be confused when writing a check to “Just Did It” Enterprises. The court held that reasonable minds could differ as to whether there was a likelihood that the MIKE t-shirts caused public confusion, therefore this factor weighed against summary judgment.

Another factor the court examined was the manner of concurrent use of the products. The court held that since Stanard imprinted his mark on the same types of items as Nike, the parody and trademark dealt with similar products that had similar purposes; this factor therefore weighed in favor of public confusion.

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1. Hustler Magazine, Inc., v. Falwell, 485 U.S. 46 (1988).

2. 15 U.S.C. §§ 1114(1)(a), 1125(a)(1988).

3. A.J. Canfield Co. v. Vess Beverages, Inc., 796 F.2d 903, 906 (7th Cir. 1986).

4. Tetley, Inc. v. Topps Chewing Gum, Inc., 556 F.Supp. 785, 789 (E.D.N.Y. 1983).

5. Helene Curtis Indus., Inc. v. Church & Dwight Co., Inc., 560 F.2d 1325, 1330 (7th Cir. 1977).

6. Jordache Enters., Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1484-85 (10th Cir. 1987).

The Seventh Circuit next considered the parties' distribution and marketing channels. Nike's products are marketed to the general public, but the parties are in dispute as to Stanard's method of distribution. Stanard contended that he limited the marketing of his products to members of the general public with the first name of Michael. Furthermore, Stanard sells his MIKE t-shirts strictly by mail-order, while there was no evidence regarding whether or how Nike used the mail to sell its products. The court therefore held that Nike and Stanard employed different marketing channels and served different target markets. This factor therefore weighed against the likelihood of confusion.

Another issue over which the parties were in dispute concerned the degree of care consumers would exercise in purchasing the products in question. The prices of Stanard's products ranged from \$19.95 to \$39.95. Nike argued that based on these prices, consumers were unlikely to exercise a high degree of consumer care when purchasing the items. The court concluded that absent any evidence or authority for the proposition that degree of consumer care depends solely on price, it could not hold as a matter of law that consumers did not carefully consider the product information. The court noted that while one group of consumers may prefer the Nike name for its quality, another group may prefer to wear the MIKE shirts in order to ridicule the perceived pretentiousness of Nike wearers. Thus, this was another factor that weighed against the likelihood of public confusion.

The court stated that proof of actual confusion of consumers is a substantial factor in the determination of likelihood of confusion.<sup>7</sup> Although Stanard produced the names of individuals who were not confused by the parody, Nike failed to respond with evidence of actual confusion. Accordingly, the court held the question of whether consumers believed that a MIKE shirt was a NIKE shirt weighed against a finding of public confusion.

Finally, the court of appeals considered the intent of the parodist. An inference that there was likelihood of confusion on the part of consumers is raised where the intent of the parodist is to "palm off" his products as those of another.<sup>8</sup> The court held Stanard's intent was to poke fun at Nike and not to pass off his products as imitations. In reaching this conclusion, the court noted that parodies do not exist unless there is actual knowledge of the trademark by the parodist as well as the consumer. Therefore, in determining Stanard's intent, the factors of whether or not he benefitted from Nike's advertising and promotions, and how he expected to promote his parody, are irrelevant. The court also rejected a test for intent that measures consumer confusion by their first impression upon viewing the MIKE shirt from across the room. The court stated that "any initial confusion ends with a closer look when the observer 'gets it'."

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7. *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 277-79 (7th Cir. 1976).

8. *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

*Conclusion*

Nike claimed that the MIKE shirts confused consumers into thinking they were a Nike product. Although the MIKE and NIKE shirts were similar products with similar uses, the Seventh Circuit held that reasonable minds could differ as to whether there was a likelihood of confusion. The parties used different marketing strategies and targeted different audiences. Furthermore, there was no direct evidence that anyone was actually confused by the parody. The court determined that Standard's intent was to parody and not imitate. Thus, the court decided likelihood of confusion was a factual issue that should have been decided by a jury, and summary judgment was therefore reversed the lower court.

*Zorka Ristanovic*