
Kate Devine

Follow this and additional works at: https://via.library.depaul.edu/jatip

Recommended Citation
Available at: https://via.library.depaul.edu/jatip/vol15/iss1/9
I. INTRODUCTION

MasterCard International Inc. ("MasterCard"), a financial services company, sued presidential candidate Ralph Nader and his political committees (collectively "Nader") in the United States District Court for the Southern District of New York, alleging nine violations of the Lanham Act, the Copyright Act, and New York State and common law. The nine counts arose from Nader's use of two of MasterCard's service marks: (1) "There are some things money can't buy. For everything else, there's MasterCard," and (2) "Priceless." Specifically, MasterCard claimed that Nader used these service marks to suggest that his 2000 run for the President of the United States was endorsed by MasterCard.

II. BACKGROUND

Plaintiff MasterCard is a large financial organization consisting of more than 23,000 banks, foreign member institutions, and domestic member institutions that engage in funding transactions by credit and debit payment cards. Defendant Ralph Nader was a candidate in the November 2000 presidential election. Since 1997, MasterCard has utilized a series of advertisements known as the "Priceless Advertisements" (the "Priceless Ads"). These advertisements feature the names, descriptions, and prices of certain goods and services purchased by individuals. The

---

2. Id. at *1.
3. Id. at *2.
4. Id. at *1.
5. Id.
6. Id. at *1.

243
Priceless Ads end with an expression identifying some priceless intangible that cannot be bought with money.\textsuperscript{7} This is followed by the phrase: "Priceless. There are some things money can’t buy, for everything else there’s MasterCard."\textsuperscript{8}

In August of 2000, MasterCard discovered that Nader allegedly broadcast a similar advertisement on television, endorsing himself for president (the "Nader Ad").\textsuperscript{9} Television stations broadcast this advertisement from August 6-17, 2000, during the presidential campaign.\textsuperscript{10} The Nader Ad could also be viewed on Nader’s website throughout the campaign.\textsuperscript{11} The Nader Ad included a series of objects displaying the price of each.\textsuperscript{12} It then ended with a phrase identifying a priceless intangible that could not be bought with money.\textsuperscript{13} Specifically, the phrase read, "finding out the truth – priceless. There are some things that money can’t buy."\textsuperscript{14}

After viewing the ad, MasterCard sent Nader a letter and contacted them via telephone explaining its concern over the similarity of the advertisements.\textsuperscript{15} MasterCard suggested that Nader stop broadcasting the ad because of its similarity to MasterCard’s own Priceless ads.\textsuperscript{16} Nader refused.\textsuperscript{17} The parties could not reach an agreement, and consequently, MasterCard sued on August 16, 2000.\textsuperscript{18} The complaint included the following counts: trademark infringement in violation of Section 43(a) of the Lanham Act, trademark infringement in violation of Section 32(1) of the Lanham Act, trademark infringement of New York Common Law Trademark Rights,\textsuperscript{19} trademark dilution in violation of New York State law, and unfair competition in violation of New York State law.

\textsuperscript{7} MasterCard, 2004 WL 434404 at *1.
\textsuperscript{8} Id.
\textsuperscript{9} Id.
\textsuperscript{10} Id.
\textsuperscript{11} Id.
\textsuperscript{12} Id.
\textsuperscript{13} MasterCard, 2004 WL 434404 at *1.
\textsuperscript{14} Id.
\textsuperscript{15} Id.
\textsuperscript{16} Id.
\textsuperscript{17} Id.
\textsuperscript{18} Id.
\textsuperscript{19} The Court granted Defendants summary judgment on the New York state
of Section 43(c) of the Lanham Act; trademark dilution under New York law, copyright infringement in violation of the Copyright Act, unfair competition and misappropriation under New York common law, and deceptive trade practices under New York common law. MasterCard then sought a preliminary injunction during the 2000 presidential campaign which was denied by the Court. Subsequently, Nader filed a motion for summary judgment on all nine counts.

III. LEGAL ANALYSIS

Part A of this analysis will address MasterCard’s trademark infringement claim, analyzing whether Nader violated Sections 43(a) and 32(1) of the Lanham Act. Next, Part B will address MasterCard’s trademark dilution claim, analyzing whether Nader violated Section 43(c) of the Lanham Act. Finally, Part C will address MasterCard’s claims of copyright infringement and fair law claim of trademark infringement. MasterCard, 2004 WL 434404 at *5.

20. The Court granted Defendants’ motion for summary judgment on Plaintiffs’ state law dilution claim. Id. at *9.

21. The Court granted Defendants’ motion for summary judgment of Plaintiffs’ state law claims of unfair competition and misappropriation under New York common law as those claims are dismissed by federal copyright act. Id. at *10. Specifically, MasterCard’s advertisements clearly fall within the subject matter of copyright as defined by § 102 and 103 of the Copyright Act and are “equivalent to any of the exclusive rights within the general scope of copyright as specified in Section 106.” Id. at *5.

22. The Court granted Defendants’ motion for summary judgment of plaintiffs’ claim of deceptive trade practices in violation of N.Y. Gen. Bus. Law § 349. Id. at *16. In order to sustain a Section 349 claim, plaintiffs’ must show that defendant intentionally deceived consumers. Id. Here, the Court reasoned the Nader advertisement was not being used in connection with the promotion of a product or service. Instead, the Defendants’ use of Plaintiffs’ marks is political in nature. MasterCard, 2004 WL 434404 at *16.

23. Id. at *1.

24. Id. Summary Judgment is proper “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law.” FED.R.CIV.P. 56(c).
use in violation of the Copyright Act.

A. Trademark Infringement – Sections 43(a) and 32(1) of the Lanham Act

The court first addressed MasterCard’s allegations that Nader violated Sections 43(a) and 32(1) of the Trademark Act. Applying the eight factor balancing test articulated in *Polaroid Corporation v. Polarad Electric Corporation*, the court looked to see whether there was a likelihood of confusion between the Priceless Ads and the Nader ad. In analyzing the strength of the

25. *MasterCard*, 2004 WL 434404 at *2. Section 43(a) of the Lanham Act reads:

(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 origin, sponsorship, or approval of his or her 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.


Section 32(1) of the Lanham Act reads:

(1) Any person who shall, without the consent of the registrant (a) use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided.


27. *MasterCard*, 2004 WL 434404 at *3. The Eight Factors articulated in *Polaroid* are:

(1) strength of the Plaintiff’s mark; (2) degree of similarity
mark, the court reasoned that MasterCard must have established either that the mark was inherently distinctive or that the mark had an acquired secondary meaning.\textsuperscript{28} MasterCard argues that its mark had achieved a secondary meaning.\textsuperscript{29} Nader conceded this point, saying that the Priceless Ads were so inherent in present-day American pop culture that they had acquired a secondary meaning.\textsuperscript{30} Thus, in holding that the strength of MasterCard’s mark was indisputable, the court weighed this factor in MasterCard’s favor.\textsuperscript{31}

Next, in determining the similarity of the marks, the court considered whether the two marks created the same overall advertisement impact when viewed separately.\textsuperscript{32} Nader again agreed that the Nader ad used the term “priceless” in the same way MasterCard used the term in its television ads.\textsuperscript{33} In addition, Nader did not dispute that they used the phrase “there are some things money can’t buy” in the same commercial context as did MasterCard.\textsuperscript{34} Thus, in holding that both marks created the same overall advertisement impact, the court weighed this second factor in MasterCard’s favor.\textsuperscript{35}

In analyzing the third and fourth factors, the court considered whether there was any likelihood that MasterCard, a financial institution, would have any direct participation or involvement in

\begin{itemize}
  \item between the two marks;
  \item (3) proximity of the products or services;
  \item (4) likelihood that the prior owner will “bridge the gap” into the newcomer’s product or service line;
  \item (5) evidence of actual confusion between the marks;
  \item (6) whether the defendant adopted the mark in good faith;
  \item (7) the quality of defendants’ products or services; and
  \item (8) sophistication of the consumers.
\end{itemize}

\textit{Id.} (citing Polaroid, 287 F.2d at 495).

\begin{flushright}
29. \textit{Id}.
30. \textit{Id}.
31. \textit{Id}.
32. \textit{Id}.
33. \textit{Id}.
35. \textit{Id}.
\end{flushright}
financially supporting a presidential candidate in the 2000 election.\textsuperscript{36} Here, the court noted that there was little similarity between MasterCard’s financial services business and Nader’s political candidacy.\textsuperscript{37} Furthermore, the court reasoned that neither Nader nor his committees had demonstrated any desire to enter the financial services business or make any offerings to the public regarding credit or debit cards.\textsuperscript{38} Thus, the court held that both the third and fourth factors weighed in Nader’s favor.\textsuperscript{39}

Next, in determining the evidence of actual confusion among the public, the court examined whether there was an occurrence of actual confusion and mistakes.\textsuperscript{40} The court specifically noted that out of 452 e-mails to MasterCard from consumers regarding the Nader ad, only two could possibly demonstrate consumer confusion.\textsuperscript{41} MasterCard also relied on a written transcript of CNN’s \textit{Late Edition} program, in which Connecticut Senator Christopher Dodd stated that he thought the Nader ad was a credit card ad.\textsuperscript{42} However, the court reasoned that a tape of the CNN program showed Senator Dodd laughing at his own joke, demonstrating that this was not evidence of actual confusion.\textsuperscript{43} Since plaintiff failed to demonstrate a reasonable likelihood that reasonable people would be confused by the Nader ad, the court held this factor weighed in Nader’s favor.\textsuperscript{44}

In determining the sixth factor, the court considered whether Nader intended “to palm off his products as those of another.”\textsuperscript{45} In pointing to the uncontested testimony that neither Nader nor his committees had any intent to imply that he was endorsed for the presidency by MasterCard, the court here held that there was no

\begin{footnotes}
\item[36] Id.
\item[37] Id.
\item[38] Id.
\item[39] Id.
\item[40] MasterCard, 2004 WL 434404 at *3.
\item[41] Id.
\item[42] Id.
\item[43] Id.
\item[44] Id.
\item[45] Id. at *4.
\end{footnotes}
evidence that Nader intended to confuse the public.\textsuperscript{46} Thus, this factor again weighed in Nader’s favor.\textsuperscript{47}

Regarding the seventh factor, the court noted that the quality of Nader’s products or services was of little weight in this case as there was no reasonable comparison to be made between MasterCard’s financial services and Nader’s political values and agendas.\textsuperscript{48} Thus, the quality of Nader’s product did not factor into the court’s analysis.

Finally, in analyzing the eighth factor, the court held that it was reasonable to conclude that the general American public is sophisticated enough to distinguish Nader’s Ad used for political purposes with MasterCard’s financial services ad used for commercial purposes.\textsuperscript{49} The court reasoned that there was little opportunity to confuse these two advertisements.\textsuperscript{50} Thus, the court weighed this factor in Nader’s favor.\textsuperscript{51}

To properly analyze the eight Polaroid factors, the court viewed each in light of the totality of the circumstances.\textsuperscript{52} After balancing the Polaroid factors, the court held that MasterCard failed to establish a likelihood of confusion, as required to support a trademark infringement claim.\textsuperscript{53} Specifically, there was no genuine issue of material fact with regard to any likelihood of confusion between the Priceless Ads and the Nader Ad that could comprise a violation of the Lanham Act.\textsuperscript{54} Thus, Nader was granted summary judgment on the federal trademark infringement claims.\textsuperscript{55}

\begin{footnotes}
\footnote{46. \textit{MasterCard}, 2004 WL 434404 at *4.}
\footnote{47. \textit{Id.}}
\footnote{48. \textit{Id.}}
\footnote{49. \textit{Id.}}
\footnote{50. \textit{Id.}}
\footnote{51. \textit{Id.}}
\footnote{52. \textit{MasterCard}, 2004 WL 434404 at *4.}
\footnote{53. \textit{Id.}}
\footnote{54. \textit{Id.}}
\footnote{55. \textit{Id.} Furthermore, the Court granted Defendants’ summary judgment on the New York state law claim of trademark infringement. \textit{Id.} Similar to the Lanham Act, under New York common law, MasterCard had to show a likelihood of confusion between the two products in order to succeed. \textit{Id.} Here,}
\end{footnotes}
B. Trademark Dilution -- Section 43(c) of the Lanham Act

Next, the court addressed MasterCard's allegation of trademark dilution. The Federal Trademark Dilution Act protects against the unauthorized use of marks that impairs the goodwill and value of the plaintiff's mark. However, the Act specifically excludes from its coverage noncommercial uses of a mark. Thus, prior to addressing whether Nader actually diluted MasterCard's marks under federal law, the Court first determined whether Nader's use of the mark was commercial.

In determining whether Nader's use of the mark was commercial in nature, the court reasoned that the Nader Ad did not sell products or services, was not designed to entice customers to

the Court reasoned that MasterCard failed to show a genuine issue of material fact as to a likelihood of confusion between MasterCard's financial services and Nader's 2000 political campaign. MasterCard, 2004 WL 434404 at *5.

56. Section 43(c) of the Lanham Act reads: (1) The owner of a famous mark shall be entitled...to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark;

(B) Noncommercial use of a mark;

(C) All forms of news reporting and news commentary.


58. Id.

59. Id. at *7. Section 1125(c)(4) provides that "the following shall not be actionable under this section:...noncommercial use of a mark." Id.

60. Id.
buy products or services, and did not propose any kind of commercial transaction.\(^{61}\) Although the Nader Ad ran on television before a large amount of contributions were given to his presidential campaign, MasterCard offered no evidence of a causal connection between the ad and the large amount of contribution money received.\(^{62}\)

The court reasoned further that even if there was evidence of a causal connection between the Nader Ad and the large amount of contributions, the speech would still not be considered commercial.\(^{63}\) Specifically, the court noted that the Nader Ad was a strong political message which expressed his personal opinion on presidential campaigning.\(^{64}\) Furthermore, the court reasoned that the legislative history of the Lanham Act clearly indicates that Congress did not intend for the Act to chill political speech by deeming parts of it commercial.\(^{65}\) Thus, the court held that this speech was political, rather than commercial in nature as defendants’ solicitation of contributions was more than a commercial transaction.\(^{66}\) The speech was part of Nader’s communicative message, in the context of expressing political speech.\(^{67}\) Subsequently, Nader’s use of MasterCard’s trademarks was exempted from coverage by the Federal Trademark Dilution Act.\(^{68}\) Once again, Nader’s summary judgment motion was granted.\(^{69}\)

\(^{61}\) Id.
\(^{63}\) Id.
\(^{64}\) Id.
\(^{65}\) Id.
\(^{66}\) Id. at *8.
\(^{67}\) Id.
\(^{68}\) MasterCard, 2004 WL 434404 at *9. Furthermore, even if Nader’s use of MasterCard’s trademarks could be deemed commercial in nature, this use would not dilute the MasterCard’s marks. Id. at *8. Here, the Court reasoned that there was no evidence in the record that defendants’ use of plaintiff’s marks actually caused dilution of the distinctiveness of plaintiff’s marks. Id.
\(^{69}\) Id. at *9. Additionally, the Court granted defendants’ motion for summary judgment on plaintiffs’ state law dilution claim. Id. In its reasoning, the Court noted that there was no evidence that defendants’ use of plaintiffs’
C. Copyright Infringement and Fair Use

In response to MasterCard's claim of copyright infringement, defendants argue that the Nader Ad was a fair use of the Priceless Ads. The court in fact reasoned that the Nader Ad was a parody of the Priceless Ads. The Copyright Act provides that the use or reproduction of a copyrighted work is "not an infringement of a copyright" if it is used "for purposes such as criticism, comment, news reporting, teaching, scholarship, or research." In determining whether the Nader Ad was a fair use of the Priceless Ads, the court had to consider four non-exclusive factors articulated by the Supreme Court in Harper & Row v. Nation Inc.

These factors include:

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used; and (4) the effect of the use upon the potential market for, or value of, the copyrighted work.

In Harper & Row, the Court noted that the most important factor in determining fair use is the effect on the market. In assessing this factor, the Court examined the effect of the use upon the potential market for or value of the copyrighted work. Here, the marks created even a likelihood of dilution of such marks. Furthermore, there was no evidence that defendants' limited and political use of plaintiffs' marks could weaken those marks' ability to serve as a unique identifier of plaintiffs' goods or services. MasterCard, 2004 WL 434404 at *9.

70. Id. at *10.
71. Id.
72. Id. at *10; see 17 U.S.C.A. § 107 (2005).
75. Harper, 471 U.S. at 566.
court found that while the Nader Ad may serve a general overlapping market with MasterCard, it serves an entirely different purpose than the Priceless Ads. Specifically, the Nader Ad had a political non-commercial purpose. Thus, the court held this factor weighed heavily in Nader’s favor.

In deciding the second factor, the court reasoned that the most important question was whether the allegedly infringing work “merely supercedes” the original work “or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.” Here, the court noted that the Nader Ad does add something new, thus altering MasterCard’s ads; the underlying messages in the two advertisements were different. Specifically, as MasterCard’s underlying message in its advertisements is that MasterCard is the best way to pay for anything that is commercially transactable, the Nader Ad portrays the harsh reality of Presidential policies and politics and contrasts Nader’s “truth” as the remedy for the political falsities and politicians’ bought and paid for positions. The Court further reasoned that the Nader Ad was a parody for purposes of fair use analysis, as Nader had his own message while knowingly commenting on the design of the original.

In analyzing the third factor, the nature of the copyrighted work, the court considered whether the original work was creative as opposed to factual, as well as whether the work has been previously published. Here, the court reasoned that the creative nature of the Priceless Ads placed these advertisements in the “core of intended copyright protection.” However, the court

77. Id.
78. Id.
79. Id.
80. Id. at *12 (Citing Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994)).
81. Id. at *13.
83. Id.
84. Id. at *14.
85. Id. at *14 (citing Campbell, 510 U.S. at 586).
noted that giving this factor undue weight in a fair use analysis would prevent findings of fair use that advance science and art through criticism or commentary. 86 Thus, the court held that this factor does not weigh in either MasterCard’s or Nader’s favor as it has little relevance to the analysis. 87

Finally, in assessing the fourth factor, the court focused on the protected phrases of the Priceless Ads. 88 In examining the amount and substantiality of the portion used in relation to the copyrighted work as a whole, the court reasoned that the greater part of the Nader Ad was original. 89 Specifically, the narration, supertitles, and film imagery were very different from the Priceless Ads. 90 Further, the substance of these messages was diverse. 91 Thus, the court held this factor weighed in Nader’s favor. 92

After balancing the factors pertinent to the finding of fair use, the court determined there was no genuine issue of material fact, as the Nader Ad was a fair use parody of MasterCard’s Priceless ads under the Copyright Act. 93 The court thus granted Nader’s motion for summary judgment. 94

IV. CONCLUSION

The District Court for the Southern District of New York granted Nader’s motion for summary judgment in its entirety. 95 Specifically, the court granted summary judgment to claims of trademark infringement in violation of the Lanham Act, trademark infringement of New York Common Law Trademark Rights, trademark dilution in violation of Section 43(c) of the Lanham

86. Id. at *14.
87. Id.
89. Id.
90. Id.
91. Id.
92. Id.
93. Id.
95. Id. at *16.
Act, trademark dilution under New York law, copyright infringement in violation of the Copyright Act, unfair competition, and misappropriation and deceptive trade practices under New York common law.96

Kate Devine

96. *Id.* at *1.*