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A Muppet Will Not Be Confused with Lunchmeat

Tisha Pates Underwood

Repugnant to system of justice

Finally, the court stated that the relief the plaintiff sought was contrary to public policy considerations previously recognized by the Supreme Court of Illinois. The plaintiff insured his motorcycle for only $25,000 per person. Thus, if the motorcycle was involved in an accident in which the plaintiff was at fault, the injured party would only be able to recover $25,000. In this case, the plaintiff attempted to recover more benefits for himself than he elected to make available to third parties whom he injured. The Supreme Court of Illinois previously stated that this outcome would be repugnant to the system of justice.

For these reasons, the Supreme Court of Illinois held that the clause unambiguously prohibited the plaintiff from seeking uninsured-motorist coverage from Allstate and that enforcement of this clause did not violate public policy. Accordingly, the judgment of the appellate court was reversed, and the judgment of the circuit court was affirmed.

A muppet will not be confused with lunchmeat

by Tisha Pates Underwood

Muppet fans can take comfort in knowing that the latest addition to the muppet family—a wild boar named Spa'am—is not overly confusing with the lunchmeat SPAM. This issue was recently the center of a legal controversy when Jim Henson Productions ("Henson") intended to include the Spa'am muppet in its latest movie "Treasure Island" and portray Spa'am on merchandise. Before releasing the movie and merchandise, Hormel Foods Corp. ("Hormel"), the maker of SPAM, filed suit in the U.S. District Court of the Southern District of New York. Hormel alleged that the proposed use of Spa'am constituted 1) trademark infringement and false advertising in violation of the federal Lanham Act and 2) unfair competition, deceptive practices, and trademark dilution in violation of New York's common law. In ***Hormel Foods Corp. v. Jim Henson Prods. Inc.*, 36 U.S.P.Q.2d 1812 (1995)**, the court found that "Spa'am", the muppet, would not be confused by consumers with "SPAM", the lunchmeat, and held that "Spa'am" does not dilute the "SPAM" trademark. Accordingly, Henson did not violate either the federal Lanham Act or New York's trademark laws.

Trademark infringement and false advertising claims under the Lanham Act rejected

Hormel alleged that Henson's Spa'am constituted trademark infringement under the Lanham Act, 15 U.S.C. § 1114(1) (1988). This section prohibits the use of a copy or colorable imitation of another's trademark. In order to determine whether Spa'am constituted this type of imitation, the court needed to determine whether consumers would mistakenly believe that Hormel approved the use of the SPAM trademark in the creation and marketing of Spa'am. To do this, the court turned to the eight factors established in *Polaroid Corp. v. Polarad Elec. Corp.*, 287 F.2d 492 (2d Cir. 1961). These factors include: strength of plaintiff's mark, similarity of uses, proximity of the products, likelihood that the prior owner will bridge the gap (likelihood that one of the manufacturers will expand into the domain of the other), actual confusion, defendant's good or bad faith in using plaintiff's mark, quality of the junior user's product, and sophistication of consumers. Furthermore, since the Spa'am case involved a parody of the SPAM lunchmeat, the court held there were additional First Amendment considerations and the eight *Polaroid* factors should be applied with proper weight given to those considerations.

The court held that all of the *Polaroid* factors were either inapplicable or favored Henson. Hormel failed to show likelihood of consumer confusion and, thus, the existence of trademark infringement. The court noted, "[N]o one likes to

be the butt of a joke, not even a trademark. But the requirement of trademark law is that a likely confusion of source, sponsorship or affiliation must be proven, which is not the same things as a 'right' not to be made fun of." In short, the court held that Hormel could not use federal trademark laws to "enjoin what is obviously a joke at its expense."

Hormel also alleged that Spa'am constituted false advertising under the Lanham Act, 15 U.S.C. § 1125(a) (1988). This section bars any false or misleading representation of fact that misrepresents the nature, characteristics, qualities or geographic origin of another's goods. Hormel claimed that Spa'am "falsely personifies SPAM as a nasty pagan brute" and, thus, a false representation of SPAM is made. The court rejected the argument and held that "the depiction of the Spa'am character is not a statement of fact, but a spoof—the very antithesis of a fact." Consequently, the court held that Homel faileded to make out a misrepresentation of fact, and Hormel's false advertising claim was denied.

New York state law claims rejected

In addition to its federal claims, Hormel alleged that Henson's use of Spa'am amounted to unfair competition and deceptive practices under New York state law. The court held that these claims were substantially similar to the claims Hormel advanced under the Lanham Act. Therefore, the same analysis applied, and the claims were rejected.

Hormel also claimed that Spa'am violated New York's anti-dilution statute, N.Y. Gen Bus. Law § 368-d. This section is similar to the trademark infringement section of the Lanham Act except that consumer confusion is not an element of this offense. Violations of § 368-d are divided into three categories: blurring, tarnishment, and other.

"Blurring" is the "whittling away of an established trademark's selling power and value through its unauthorized use by others in dissimilar products." *Mead Data Cent., Inc. v. Toyota*, 875 F.2d 1026 (2d Cir. 1961). In no decision was this statute held applicable to a parody as a blurring violation. This absence is understandable, because "the use of famous marks in parodies causes no loss of distinctiveness, since the success of the use depends upon the continued association of the mark with the plaintiff." 1982 Wis. L. Rev. 158. In this case, the court found that the Spa'am parody was unlikely to blur Hormel's trademark since the joke relied on (and thus reinforced) the distinctiveness of the SPAM mark.

"Tarnishment" arises when "the plaintiff's trademark is linked to products of shoddy quality or is portrayed in an unwholesome or unsavory context." Hormel contended that Spa'am would tarnish its trademark in three different ways. First, it argued that Spa'am's unhygenic appearance would tarnish SPAM. The court found no evidence of this alleged unhygienic appearance in the motion picture. Second, Hormel claimed that SPAM would be tarnished by the association with Spa'am as a result of Spa'am's allegedly threatening and cowardly behavior. The court held that negative associations with Spa'am were unlikely given its childlike qualities and ultimately positive behavior. Finally, Hormel argued that Spa'am's behavior portrayed SPAM in an "unsavory context." The court held this allegation was inaccurate based on the wider context of Spa'am—the character appeared in a high-quality, good-humored, family-oriented movie.

"Other" is a category reserved for types of dilution that qualify neither as "blurring" nor "tarnishment." The court has explicitly exempted satirists who are selling no product, but only want to parody a trademark in order to entertain. Accordingly, the use of Spa'am in the movie is exempted from the reaches of the "other" category. However, Hormel argued that the merchandising of Spa'am's likeness on tee-shirts and other items is not exempted. The court held that Henson altered Hormel's trademark for entertainment purposes, and the fact that the altered trademark may be used on merchandise is not problematic enough to place it within the "other" category. Additionally, the court stated that this conclusion was further supported by the fact that Henson did not have "predatory intent of either appropriating for itself the goodwill associated with Hormel's name or trademark." This lack of "predatory intent", although not required by the statute, was found to be relevant in the court's decision to deny the "other" type of dilution claim. Therefore, the court held that no blurring, tarnishment, or other types of dilution of Hormel's trademark existed under New York law.