

“The Naked Cowboy vs. M&M” An Explanation of Trademark Infringement

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The Case of the Naked Cowboy: an Attorney’s Overview

*Burck v. Mars, Inc., No. 08 Civ. 1330 (DC), 2008
U.S. Dist. LEXIS 47861 (S.D.N.Y. Jun. 23, 2008)*

For the last ten years, Robert Burck (“Burck”) has performed in Times Square in New York as “The Naked Cowboy”—wearing nothing but a cowboy hat, underwear, and a guitar (that conveniently covers the underwear, so that for all appearances Burck is naked). Burck owns trademarks on The Naked Cowboy name and likeness.

Beginning in April 2007, M&M’s candy maker Mars, Inc. (“Mars”) began running video ads in Times Square, featuring an M&M dressed like The Naked Cowboy. The ads also included other New York characters and landmarks such as King Kong climbing the Empire State Building, the “I [heart] NY” slogan, and the Statue of Liberty. Burck sued Mars in the U.S. District Court for the Southern District of New York, alleging federal trademark violation and New York “right to publicity” violation. Mars and co-defendant Chute Gerdeman, Inc. (“Chute,” an advertising and design agency) moved for judgment on the pleadings and to dismiss the complaint, respectively. Burck in turn moved to strike certain of defendants’ affirmative defenses, including fair use.

In an opinion dated June 23, 2008, District Judge Chin dismissed Burck’s state right to publicity claim, but upheld his federal trademark infringement claim under § 43(a) of the Lanham Act. Defendants disputed that consumers would confuse the parodic nature of the ads as an endorsement by Burck. Taking Burck’s factual allegations as true for the purpose of the ruling, Judge Chin held that it was the role of the fact finder to determine whether defendants’ ads constituted permissive parody — i.e., whether consumers would think that an ad featuring an M&M dressed like The Naked Cowboy was endorsed or approved by Burck. Thus, the litigation continues apace, and

will likely be concluded by settlement or jury determination. This paper will attempt to analyze and predict the outcome of the case on the merits, should it go that far.

Mars’ parody defense:

The court noted that Burck may find redress under 15 U.S.C. § 1125(a)(1) (also known as § 43(a) of the Lanham Act), which holds defendants liable for false endorsement claims when the defendant, (1) in commerce, (2) made a false or misleading representation of fact (3) in connection with goods or services (4) that is likely to cause consumer confusion as to the origin, sponsorship, or approval of the goods or services. For the purposes of the motion to dismiss, Mars did not dispute that Burck alleged the first three elements, but rather disputed whether he sufficiently stated a claim on the fourth element. Thus, the court only addressed that final element, and concluded that it was a matter of fact whether the ad was likely to cause consumer confusion. However, as the litigation proceeds, the court will return to the four elements to consider them on the merits. Each element is discussed below, in order to predict the outcome of The Naked Cowboy case.

1. In commerce

At first blush, it seems fairly apparent that Mars’ ad was “in commerce”—it was an advertisement meant to promote and sell M&M’s candy, after all—but, because of how courts have narrowed what constitutes “in commerce,” Mars may be in the clear. The U.S. District Court for the Southern District of New York, in an opinion by Judge Chin, no less, has held that “[f]or the Lanham Act to apply, ‘the questioned advertising or statements, and not merely the underlying commercial activity, must be disseminated in [interstate] commerce — i.e., [they must] not be purely local.’” *Goldberg v. Bell Atl.*, 2000 U.S. Dist. LEXIS 14250, *10 (S.D.N.Y. Sept. 29, 2000) (quoting

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Licata & Co. v. Goldberg, 812 F. Supp. 403, 409 (S.D.N.Y. 1993)). Here, the ads played solely in Times Square; Burck does not allege that the ads were ever played or disseminated in interstate commerce — meaning the ads were “purely local.” *Id.*

That said, Chute is an Ohio corporation: it is possible that the ad was created outside of the state of New York. However, even assuming that the ad was created outside of New York, that does not necessarily mean that the ad was “disseminated” in interstate commerce. Indeed, the Lanham Act states that ads must be “use[d] in commerce.” 15 U.S.C. § 1125(a)(1). Here, Mars “use[d]” the ad only in intrastate commerce. Even still, the court in *Goldberg v. Bell Atl.* noted that if the plaintiff were engaged in interstate commerce, then it might satisfy the Lanham’s Act “in commerce” requirement. *Goldberg v. Bell Atl.*, 2000 U.S. Dist. LEXIS 14250, at *10 (citing *Goldsmith v. Polygram Diversified Ventures, Inc.*, 1995 U.S. Dist. LEXIS 15351, No. 94 Civ. 8888 (DLC), 1995 WL 614560, at *4 (S.D.N.Y. Oct. 19, 1995)). Although Burck predominately performs in Times Square, he has also performed in New Orleans, Austin, and Cincinnati, as well as appearing in national television commercials. This is likely enough for Burck to meet the “in commerce” requirement.

2. Made a false of misleading representation of fact

Burck will likely also be able to prove the second element. This element is usually reserved for statements about a competitor that are verifiably false — e.g., if Company A ran an advertisement claiming that Company B’s product caused cancer (assuming this is false). However, the “false or misleading representation of fact” element may also come into play where it works in conjunction with the fourth element — that the ad is likely to cause consumer confusion about the ad’s sponsorship. Briefly, if the ad falsely portrays someone’s sponsorship, then that may be a sufficient “false or misleading representation of fact” to meet this element’s requirement. Here, Mars juxtaposed The Naked Cowboy with New York’s trademarked “I [heart] NY” slogan. Adding in the fact that The Naked Cowboy has been licensed to appear on a number of commercials and other media, it is likely that a reasonable consumer would expect Burck to charge for his character’s license. By showing The Naked Cowboy in the same ad as a trademarked slogan (that Mars no doubt licensed from New York — which can be inferred because New York has not yet sued Mars), it is likely that consumers would believe that Burck sponsored the ad. Thus, Burck will likely be able to prove the second element.

3. In connection with goods or services

Judge Chin notes that the ad was at least party artistic — i.e., not completely commercial. He writes: “[T]he commercial aspect of the video and mural is subtle -- they do not advertise or describe the product itself -- while the entertainment aspect is obvious.” *Burck v. Mars, Inc.*, No. 08 Civ. 1330 (DC), 2008

U.S. Dist. LEXIS 47861, at *27 (S.D.N.Y. Jun. 23, 2008). However, courts interpret these Lanham Act elements broadly, and something does not have to directly advertise it in order to be “in connection with goods or services.” Mars’ ad was used to promote and sell its M&Ms candy. This is likely enough to find that the ad was used “in connection” with Mars’ goods.

4. Likely to cause consumer confusion as to the origin, sponsorship, or approval of the goods or services

This is the meat of the dispute. Judge Chin held that this was a matter of fact, so, barring a settlement, this element will be resolved either by Judge Chin via summary judgment or after conducting a trial. Mars is claiming a parody fair use defense. In denying Burck’s motion to dismiss Mars’ parody affirmative defense on the grounds that the ad was commercial in nature, Judge Chin noted that “[b]ecause a parody may be of a hybrid nature, combining artistic expression and commercial promotion, it is valid to plead a parody defense even where the parody is used in part for advertising purposes.” *Burck v. Mars, Inc.*, No. 08 Civ. 1330 (DC), 2008 U.S. Dist. LEXIS 47861 at *28 (S.D.N.Y. Jun. 23, 2008) (quoting *N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel, LLC*, 293 F.3d 550, 555-56 (2d Cir. 2002)). Thus, the fact that the ad was at least partly artistic in nature saved Mars’ parody affirmative defense.

Mars will rely, for its parody defense, on 15 U.S.C. § 1115(b)(4), which provides in pertinent part that the use “of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin” may be used as a defense to a claim of trademark infringement. 15 U.S.C. § 1115(b)(4). We may break this down into three parts: (1) the use must accurately describe the trademarked good or service; (2) the use must only describe the trademark or its geographic origin; and (3) the use must be in good faith.

The ad accurately describes The Naked Cowboy trademark — it shows a character wearing the same outfit as the Naked Cowboy in the same location where The Naked Cowboy usually plays. It may also be argued that Mars’ appropriation of Burck’s character merely described The Naked Cowboy (by accurately representing it) or its geographic origin (i.e., Times Square). However, this defense does not withstand scrutiny. The intent of this provision of the fair use defense is to allow ads to mention or describe competitors without fear of being sued for simply comparing two products (e.g., Tylenol may compare itself to Aspirin in its ads without fear that simply mentioning Aspirin or showing its logo constitutes trademark infringement). This defense does not stand because Mars’ use of The Naked Cowboy was not intended to compare Burck’s character with M&Ms candy. Similarly, showing The Naked Cowboy in Times Square does not constitute describing his “geographic origin” in the same way that, for example, a Wendy’s ad mentioning

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that McDonald’s originated in California would. Finally, it seems reasonable to say that Mars’ appropriation of Burck’s character was not done in good faith. Mars did not seek out Burck’s approval or license prior to using The Naked Cowboy in the ad; regardless of the propriety of Burck’s later demand for compensation, Mars refused to compensate Burck after he became aware of the ad. As mentioned above, Mars used the slogan “I [heart] NY” in its ad — a slogan for which license Mars no doubt paid. Thus, Mars must have known that it would be responsible for paying *some* licensing fees in conjunction with the ad; because of The Naked Cowboy’s popularity and many licensed appearances, it is doubtful that Mars only innocently failed to seek out Burck’s permission.

Finally, Mars’ parody affirmative defense is likely to fail because the parody is simply not very effective. Although this is not always the case, the most successful parody defenses are usually for “good” parodies — i.e., those parodies which are successful in parodying the original. Successful parodies need not necessarily *criticize* the target; successful parodies make known to viewers that they are distinct from and commenting on the original. The ad here does not successfully parody The Naked Cowboy. Although there is some parodic element to the idea of an anthropomorphic M&M in the same costume as Burck, the intent was not to critique or comment on his character. Indeed, while the most successful parodies are those for which it is apparent that the original does not “authorize” the parody (e.g., where the parody criticizes the original), here it is quite conceivable that a reasonable consumer would assume that The Naked Cowboy was associated with Mars or M&M’s candy.

Potential remedies:

Assuming Mars’ parody defense fails, Burck may be able to recover damages for the unauthorized use of The Naked Cowboy. Judge Chin dismissed Burck’s claim of violation of New York right to publicity, leaving Burck’s Lanham Act claim intact. On that count, Burck requested \$2 million in compensatory damages, plus treble damages and attorney’s fees. Burck justified this request by alleging that Mars’ conduct caused him “to suffer losses in an amount equal to the full extent of recoverable damages permitted under the Lanham Act,” including Mars’ profits from the ads. Because one of the primary purposes of the Lanham Act is to prevent consumer confusion, proof of actual confusion is generally required for recovery of damages from pecuniary loss.

Burck may be able to prove that Mars’ use harmed the potential market for The Naked Cowboy. Burck has made a living as his character for a decade. In that time he has licensed the character’s use and appearance, most notably in a Chevrolet commercial that aired during Super Bowl XLI. Mars did not license the use, causing Burck to lose money

he otherwise could have — and in the past has — earned from his trademarks. However, Burck must prove to the fact finder that consumers were actually confused about whether Burck authorized or endorsed the use of The Naked Cowboy. Because The Naked Cowboy has appeared in myriad advertisements, television shows, movies, etc. — for which consumers would no doubt assume Burck was compensated — there is a strong likelihood that Burck will succeed on the merits of his claim. However, his own complaint may undermine the size of his potential damages award.

Mars seems to have attempted to create a market substitution, whereby its Naked Cowboy M&M substituted for and competed against the “real” Naked Cowboy. This in effect excluded Burck from the market, and may have harmed the value of potential future paid endorsements and sponsorships. However, this conclusion is predicated on other companies’ *knowledge* of Mars’ appropriation of The Naked Cowboy. Because in the entertainment industry there is a strong tendency to license any use — even if the unlicensed use might be fair — companies seeking to use The Naked Cowboy in the future would not assume that Mars had *not* licensed the character — instead, these companies would assume that Mars *had* licensed the character.

Thus, it is unlikely that Mars’ use of The Naked Cowboy in any way diminished the character’s value. Although it is true that Mars did not compensate Burck for the use of his character’s likeness, the use may in fact result in more exposure of The Naked Cowboy to the public consciousness. Indeed, the ads “played on a continuous loop every few minutes over a nine-month period” — most entertainers would kill for this type of exposure. Furthermore, by juxtaposing The Naked Cowboy with such New York staples as King Kong, the Empire State Building, the Statue of Liberty, and the “I [heart] NY” slogan, Mars elevated The Naked Cowboy’s stature as a legitimate New York fixture. This added exposure would allow Burck to charge more for his character’s use. That Mars in fact used The Naked Cowboy without Burck’s license is not material in determining the character’s future return, because other companies had no way of knowing that Mars did not compensate Burck. That is, Chevrolet would not view Mars’ ad as a license to appropriate the Naked Cowboy character; Chevrolet would naturally assume that Mars compensated Burck, and Burck could use the increased exposure to demand higher compensation from Chevrolet for future use.

Further, Burck’s complaint, in support of his prayer for relief, offers that “The Naked Cowboy’s street performances... have become a fixture of New York City culture, as well as one of the top tourist attractions for visitors to Times Square.” Indeed, “over the past ten years, The Naked Cowboy has grown to be one of Times Squares’ most recognized and sought-after attractions.” The argument is that because Burck’s character has

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grown so popular, he ought to be so compensated. However, as discussed above, any loss in sales or revenues Burck suffered from not being licensed by Mars may have been offset by the added exposure The Naked Cowboy received by proxy in the ad. The prime location of the ad, its long-term, continuous playback, along with the ad’s juxtaposition of famous New York landmarks and characters, support an inference that The Naked Cowboy is now an even greater New York “attraction” than it was before Mars’ ad. This added attention and increased stature no doubt will affect Burck’s asking price when licensing out The Naked Cowboy; it may very well turn out that Mars’ unauthorized use of The Naked Cowboy will be a boon to Burck’s career. Indeed, a court’s consideration of damages may include compensation for lost sales or revenue, sales at lower prices, harm to market reputation, or expenditures to prevent, correct, or mitigate consumer confusion, as well as whatever equity demands. Because Burck’s prices, along with his market reputation, will no doubt *increase*, it seems likely that equity will require the court to minimize Burck’s damages award to just the licensing cost Mars failed to pay, based on a consideration of his future earning capacity as a result of Mars’ ad. And because the burden of proof with regard to damages is on Burck, it will be very hard — perhaps impossible — for him to prove that he truly was “harmed,” in the long run, by the ad.

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