

Docket No. 12-56943

**IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

WEBCELEB, INC.,

Plaintiff-Appellant,

v.

THE PROCTER & GAMBLE COMPANY, BERMANBRAUN, LLC
and MICROSOFT CORPORATION,

Defendants-Appellees

On Appeal From the Judgment of The United States District Court
Southern District of California
Honorable Dana M. Sabraw
Case No. 10-cv-2318 DMS (NLS)

**OPENING BRIEF OF PLAINTIFF-APPELLANT
WEBCELEB, INC.**

Jonathan Hangartner, Esq.
X-PATENTS, APC
5670 La Jolla Boulevard
La Jolla, CA 92037
Telephone: (858) 454-4313
Attorneys for Plaintiff-Appellant

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 26.1 of the Federal Rules of Appellate Procedure, Appellant Webceleb, Inc., hereby states that no parent corporation or publicly held corporation owns 10% or more of its stock.

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JURISDICTIONAL STATEMENT

The U.S. District Court for the Southern District of California had jurisdiction over Plaintiff Webeceleb, Inc.'s ("Webceleb") claims pursuant to 28 U.S.C. §§1331 and 1338.

This Court has jurisdiction to hear this appeal pursuant to 28 U.S.C. §1291 because the appeal is from a final judgment.

This appeal was timely filed in accordance with 28 U.S.C. §2107(a) and Rule 4(a), Fed. R. App. P., in that the judgment of the district court was entered on September 25, 2012, and the Notice of Appeal was filed with the district court on October 23, 2012.

This appeal is taken from the Order Granting Defendants' Motion for Summary Judgment and the Judgment in a Civil Case entered September 25, 2012.

**STATEMENT OF ISSUES
TO BE PRESENTED FOR REVIEW**

- A. Whether the district court erred as a matter of law in applying the artistic relevance test to Defendants' commercial use of the WEBCELEB mark.
- B. Whether the district court erred in granting Defendants motion for summary judgment based on the *Rogers* artistic relevance test.
- C. Whether the district court erred in denying Plaintiff's motion for further discovery pursuant to Fed. R. Civ. P. 56(d).

I. STATEMENT OF THE CASE

On November 9, 2010, Webceleb filed a complaint initiating this action against Defendant Procter & Gamble, claiming trademark infringement pursuant to 15 U.S.C. §§1114 and 1125, and unfair competition under California Business & Professions Code §17200, and seeking preliminary and permanent injunctive relief and damages based on P&G's infringing use of its federally registered WEBCELEB mark in connection with an award category for P&G's People's Choice Awards. ER415. On November 19, 2010, Webceleb filed a motion for preliminary injunction seeking an order enjoining P&G from any further use of the WEBCELEB mark in connection with the People's Choice Awards or any other P&G product or production. *Id.*

Just prior to filing its opposition to Webceleb's motion for preliminary injunction on December 3, 2010, P&G voluntarily stopped its infringing use of the WEBCELEB mark. Finding that the "substantive relief sought therein has been voluntarily undertaken by Defendant The Procter & Gamble Company," on December 13, 2010, the district court denied Webceleb's preliminary injunction motion as moot, without prejudice to a future motion for injunctive relief if P&G took action inconsistent with its representations that it would no longer use the WEBCELEB mark. ER411-412.

On September 29, 2011, Webceleb and P&G filed a Joint Motion for Leave to File First Amended Complaint. ER417. On October 7, 2011, the district court granted this motion, and on October 11, 2011, Webceleb filed its First Amended Complaint asserting the same claims as the original complaint, but adding BermanBraun LLC and Microsoft Corporation as Defendants based on their use of the WEBCELEB mark in connection with their WonderWall celebrity gossip website. ER403-410. On December 16, 2011, BermanBraun and Microsoft moved to dismiss the complaint for lack of standing, failure to state a claim, and defenses based on *First Amendment* protections and a classic fair use. ER418. On February 13, 2012, the district court denied Defendants' motion to dismiss. *Id.*

On May 14, 2012, the district court issued a Case Management Conference Order Regulating Discovery and Other Pretrial Proceedings (the "Scheduling

Order”) setting a schedule for the case through trial. ER419. Pursuant to the Scheduling Order, discovery was set to close on October 29, 2012.

On June 12, 2012, Defendants filed their motion for summary judgment based primarily on their *First Amendment* and fair use defenses. *Id.* On July 27, 2012, Webceleb filed its opposition, and on August 3, 2012, Defendants filed their reply. ER420. On August 6, 2012, the district court cancelled oral argument. ER421. On September 25, the district court entered an order granting Defendants’ motion for summary judgment and the clerk entered judgment for Defendants. ER6-15.

II. STATEMENT OF FACTS

Webceleb is an online independent music distribution platform and social network dedicated to the discovery and promotion of independent musicians. Through its web site at www.webceleb.com, Webceleb connects independent musicians with fans looking for new music that is not being promoted by the major commercial record labels and mainstream radio stations. Since early 2007, Webceleb devoted all of its limited resources to developing and marketing an innovative, internet-driven business model that lets music fans play a direct role in the success of independent musicians.

A. Webceleb's History and Development

The concept for Webceleb was developed in early 2007 by Alexander Rolek, Justen Palmer and Scott Fetters. ER 38. Webceleb was originally conceived as a social website on which a wide variety of independent artists — musicians, comedians, performance artists, models, photographers and others — could showcase their talents. *Id.*

Webceleb.com evolved from this original concept, but consistently focused on developing a strong brand identity devoted to promoting undiscovered independent artists. ER38-39. This core value is the basis for Webceleb's tag line — "Discover. Be Discovered." It is also at the very heart of Webceleb's business model, which has three key elements: (1) attract independent artists to post their work on Webceleb; (2) market those artists by leveraging existing social networking and quick information sharing websites such as Facebook, Twitter, and YouTube through the concept of "crowd sourcing"; and (3) monetize Webceleb by selling the artists' work through a unique profit sharing model in which the artist receives the majority of the revenues, Webceleb receives a small percentage, and the fans that buy the artist's work actually receive a significant share of the revenues generated by subsequent sales (this is referred to as the "Slice" revenue model). ER38-42.

B. Marketing and Brand Development

Webceleb's entire business model relies on its brand identity. Webceleb does all of its business using the WEBCELEB mark and www.webceleb.com domain. Webceleb is the owner of U.S. Trademark Registration No. 3756711 for the mark WEBCELEB in international class 042 for an internet based media sharing platform, described more specifically in the registration as "Providing temporary use of on-line non-downloadable software to enable uploading, posting, showing, displaying, tagging, blogging, sharing, or otherwise providing electronic media or information in the field of general interest over the Internet or other communications network." ER37-38.

Webceleb's crowd sourcing business model channels and relies on the power of social media sites like Facebook, YouTube, and quick information sharers like Twitter. These sites are vital to the survival of Webceleb, which leverages them to develop the Webceleb brand and promote the music and other media hosted on Webceleb as these platforms can quickly drive huge amounts of traffic to a particular song or artist. ER38-39. Facebook and Twitter sharing in particular have been incredibly effective forms of marketing for Webceleb.¹

Webceleb also has marketed and promoted its web site through various live music events and online competitions all directed to the independent music

¹ Twitter is an important communication tool that is based on the broadcast of brief messages called "tweets" to very large numbers of people.

community. Since August of 2007, Webceleb has sponsored independent music events at a range of venues and locations. ER42-43. Collectively these efforts have developed a strong association between the WEBCELEB trademark and the discovery and promotion of independent music. ER43-45.

C. People's Choice Awards Web Celeb Category

P&G is the owner of the annual People's Choice Awards, which typically airs each year on national television in early January. Unknown to Webceleb, the People's Choice Awards initiated a new award category for its January 2010 show called "Web Celeb." ER45. On January 6, 2010, when the People's Choice Awards show aired the results of the Web Celeb category for the first time, Webceleb experienced an unprecedented increase in the number of visitors to its web site. While Webceleb saw this spike in visits when it occurred, the company did not understand that it was related to the People's Choice Awards and only later learned that P&G had created a Web Celeb category. *Id.*

During subsequent months there was no activity in connection with the People's Choice Awards and thus no detectable impact on Webceleb. However, when P&G began its promotional campaign for the 2011 Awards show in mid-October of 2010, Webceleb saw a notable falling off of traffic to the Webceleb website. ER46. At the same time, Webceleb detected an unexpected increase in traffic across the Twitter platform relating to the keyword "webceleb." This

increased traffic was directly linked to People's Choice Web Celeb voting as P&G was using a Twitter device called a "hashtag" to insert the term "webceleb" as a keyword in automatically generated messages – called tweets on Twitter – that were broadcast with every vote that that is shared on Twitter. ER47-48.

Historically, Webceleb's own tweets have always had a significant presence in Twitter search results for "webceleb." ER48. As a result of P&G's Twitter campaign using the keyword "webceleb," every Twitter search for the term "webceleb" was now dominated by scripted "tweets" automatically generated by people voting for People's Choice "Web Celebs." Targeted and linked rich tweets from Webceleb's Twitter account were buried beneath the People's Choice voting tweets. *Id.* The People's Choice Twitter campaign effectively drove Webceleb off the Twitter field of interest, and destroyed Twitter as a platform for promoting Webceleb. *Id.*

Defendants' Microsoft and BermanBraun are partners in a celebrity gossip website called WonderWall. ER50-54. The WonderWall web site was the official sponsor of the People's Choice Web Celeb award category and promoted the Web Celeb category heavily on its web site at www.wonderwall.com. The WonderWall web site included an entire section devoted to Web Celeb nominees, with individual pages for each nominee. Each individual page included Facebook and

Twitter sharing buttons to allow users to easily share their interest in a particular WonderWall page and drive traffic to the WonderWall site. *Id.*

Microsoft and BermanBraun viewed their WonderWall Web Celeb section as a brand franchise, and actively worked to develop and promote it using the WEBCELEB mark. ER53. Thus, P&G used WonderWall's sponsorship to develop and promote the Web Celeb category of its People's Choice Awards, while Microsoft and BermanBraun used the Web Celeb category to develop and promote its own Web Celeb branded celebrity gossip pages devoted to the latest news on the Kardashians and other media celebrities.

III. SUMMARY OF THE ARGUMENT

The district court erred as a matter of law when it applied the *Rogers* artistic relevance test to evaluate Defendants' commercial use of the WEBCELEB mark in connection with the People's Choice Awards show and the WonderWall celebrity gossip site. The *Rogers* test strikes an appropriate balance between *First Amendment* protections and the public's interest in avoiding confusion in cases involving artistic use of culturally significant marks. Extension of the *Rogers* test to cases involving non-artistic, commercial use of marks that are not culturally significant, however, takes the test far beyond its legal underpinnings. This case

involves commercial, infringing uses of Webceleb's mark that does not implicate the *First Amendment* concerns that the *Rogers* test evolved to address.

Even if applied here, Defendants' use of the WEBCELEB mark was purely commercial use that is not artistically relevant to any underlying work. Artistic relevance requires an artistic use of the mark, not just any relevance to the underlying subject matter. Here, it is at least a genuine issue of fact whether or not Defendants' use of the WEBCELEB mark is not artistically relevant and explicitly misleading.

The district court also erred in denying Webceleb's Rule 56(d) request that it deny or defer the motion for summary judgment to allow for further discovery. Webceleb diligently pursued discovery and identified specific discovery relevant to genuine issues of material fact that needed to be obtained in order to respond to Defendants' motion for summary judgment.

IV. ARGUMENT

This Court reviews the district court's grant of summary judgment *de novo*. *Szajer v. City of Los Angeles*, 632 F.3d 607, 610 (9th Cir. 2011); *Universal Health Servs., Inc. v. Thompson*, 363 F.3d 1013, 1019 (9th Cir. 2004). “[R]eview is governed by the same standard used by the trial court under Federal Civil Rule 56(c).” *Adcock v. Chrysler Corp.*, 166 F.3d 1290, 1292 (9th Cir. 1999). This

Court “must determine, viewing the evidence in the light most favorable to the nonmoving party, whether there are any genuine issues of material fact and whether the district court correctly applied the relevant substantive law.”

Universal Health Servs., 363 F.3d at 1019 (internal quotation marks omitted).

When the underlying facts are not in dispute, the court's only function is to determine whether the district court correctly applied the law. *Id.*

“Summary judgment is appropriate only if, taking the evidence and all reasonable inferences drawn therefrom in the light most favorable to the non-moving party, there are genuine issues of material fact and the moving party is entitled to judgment as a matter of law.” *Corales v. Bennett, Inc.*, 567 F.3d 554, 562 (9th Cir. 2009). “A material issue of fact is one that affects the outcome of the litigation and requires a trial to resolve the parties' differing versions of the truth.” *S.E.C. v. Seaboard Corp.*, 677 F.2d 1301, 1306 (9th Cir. 1982).

The moving party has the initial burden of demonstrating that summary judgment is proper. *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 157 (1970). The moving party must identify the pleadings, depositions, affidavits, or other evidence that it “believes demonstrates the absence of a genuine issue of material fact.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party satisfies this initial burden, then the burden shifts to the opposing party to show that summary judgment is not appropriate. *Id.* at 324. The opposing party's evidence

is to be believed, and all justifiable inferences are to be drawn in its favor.

Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986). However, to avoid summary judgment, the opposing party cannot rest solely on conclusory allegations but must designate specific facts showing there is a genuine issue for trial. *Berg v. Kincheloe*, 794 F.2d 457, 459 (9th Cir. 1986).

Due to the “intensely factual nature of trademark disputes,” pre-trial dispositive motions are generally disfavored for trademark cases in the Ninth Circuit. *Interstellar Starship Services, Ltd. v. Epix Inc.*, 184 F.3d 1107, 1109 (9th Cir. 1999) (citing *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1356 n.5 (9th Cir. 1985)); *see also Bell v. Harley Davidson Motor Co.*, 539 F. Supp. 2d 1249, 1255 (S.D. Cal. 2008).

A. The District Court Erred As a Matter of Law in Applying the *Rogers* Artistic Relevance Test

The district court erred as a matter of law in its application of the artistic relevance test to this case. The artistic relevance test is sometimes referred to as the *Rogers* test in reference to the case *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), which developed the test in connection with an infringement claim involving the title of a movie. Careful consideration of the development and legal rationale from the *Rogers* test establish that it should not have been applied in this case.

1. The Original Context for the *Rogers* Artistic Relevance Test

In *Rogers*, the iconic actress Ginger Rogers filed a Lanham Act claim to prevent the use of the phrase “Ginger and Fred” as the title of a Fellini movie about two fictional Italian dancers that imitated Ms. Rogers and Fred Astaire. *Id.* at 996. Ms. Rogers claimed that the use of her name in the title of the movie created the false impression that she sponsored, endorsed, or was otherwise involved in the film. The district court granted summary judgment for the defendant, finding that the use of Ms. Rogers’ name in the title of the movie was an exercise of artistic expression rather than commercial speech. The district court then held that “because the speech at issue here is not primarily intended to serve a commercial purpose, the prohibitions of the Lanham Act do not apply, and the Film is entitled to the full scope of protection under the First Amendment.” *Id.* at 997.

According to the district court in the *Rogers* case, the Lanham Act “cannot apply to the title of a motion picture where the title is ‘within the realm of artistic expression,’ and is not ‘primarily intended to serve a commercial purpose.’” *Id.* at 997 (citations omitted). The district court concluded that the use of the title “Ginger and Fred” did not violate the Lanham Act “because of the undisputed artistic relevance of the title to the content of the film. *Id.*

On review, the Second Circuit recognized that the district court’s holding “would create a nearly absolute privilege for movie titles, insulating them from

Lanham Act claims as long as the film itself is an artistic work, and the title is relevant to the film's content." *Id.* The Court of Appeal sought instead to balance the protection afforded to such titles against the reality that even truly artistic works are subject to trademark restrictions:

Movies, plays, books, and songs are all indisputably works of artistic expression and deserve protection. Nonetheless, they are also sold in the commercial marketplace like other more utilitarian products, making the danger of consumer deception a legitimate concern that warrants some government regulation. Poetic license is not without limits. The purchaser of a book, like the purchaser of a can of peas, has a right not to be misled as to the source of the product.

Id. at 997 (citations omitted). "Though *First Amendment* concerns do not insulate titles of artistic works from all Lanham Act claims, such concerns must nonetheless inform our consideration of the scope of the Act as applied to claims involving such titles." *Id.* at 998.

Discussing the "hybrid nature" of titles of artistic works, the court recognized that the title of a movie "may be both an integral element of the filmmaker's expression as well as a significant means of marketing the film to the public." *Id.* Writers and filmmakers "frequently rely on word-play, ambiguity, irony, and allusion in titling their works." At the same time, consumers have a dual interest in "not being misled and enjoying the results of the author's freedom of expression." "For all of these reasons, the expressive element of titles requires more protection than the labeling of ordinary commercial products." *Id.* From

this, the Second Circuit concluded that because “overextension of Lanham Act restrictions in the area of titles might intrude on *First Amendment* values, we must construe the Act narrowly to avoid such a conflict.” *Id.*

In attempting to craft a test that would appropriately balance these competing interests, the Second Circuit expressly recognized that “the Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” *Id.* at 999.

The court concluded that:

In the context of allegedly misleading titles using a celebrity’s name, that balance will normally not support application of the Act unless the title has no artistic relevance to the underlying work whatsoever, or if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.

Id. In its subsequent explanation, the court makes it clear that this test is extremely specific to the context of a title of an artistic work that uses a celebrity’s name, and warns that the justifications for striking the balance in this way may break down in the closely related context of “misleading titles that are confusingly similar to other titles.” *Id.* at n.5. Even in such a similar situation, “the public interest in sparing consumers this type of confusion outweighs the slight public interest in permitting authors to use such titles.” *Id.*

2. Ninth Circuit Application of the *Rogers* Test

In *Mattel v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002), this Court bravely took on a similar battle between “Speech-Zilla” and “Trademark Kong.” *Id.* at 898. Mattel had sued MCA Records for trademark infringement under the Lanham Act based on its production, marketing, and sale of the song *Barbie Girl* by the Danish band Aqua. The district court held that the song *Barbie Girl* is a parody of Barbie and a nominative fair use that was not likely to confuse consumers. *Id.*

On appeal, this Court recognized that in ordinary circumstances there is no conflict between the source-identifying function of trademarks and *First Amendment* rights. By way of example, the Court noted that “[w]hatever first amendment rights you may have in calling the brew you make in your bathtub ‘Pepsi’ are easily outweighed by the buyer’s interest in not being fooled into buying it.” *Id.* at 900, quoting *Trademarks Unplugged*, 68 N.Y.U.L. Rev. 960, 973 (1993).

The problem arises, however, when marks “transcend their identifying purpose” and “enter public discourse and become an integral part of our vocabulary,” because they assume a role “outside the bounds of trademark law.” *Id.* at 900. Where a mark assumes such cultural significance, *First Amendment* protections come into play, and “the trademark owner does not have the right to

control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function.” *Id.* See also *New Kids on the Block v. News Am. Publ’g Inc.*, 971 F.2d 302, 307 (9th Cir. 1992). Thus, when an artistic work targets the original and does not merely borrow another’s property to get attention, *First Amendment* interests weigh more heavily in the balance. *Id.* (distinguishing *Dr. Seuss Ents., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1400 (9th Cir. 1997)).

The Court then discussed *Rogers*, noting that if a “pair of dancing shoes” had been labeled “Ginger and Fred,” a dancer might have suspected that Rogers was associated with the shoes. *Id.* at 901-902. But where the name “Ginger and Fred” was the title of a movie, it was being used artistically and must be treated differently. *Id.* at 902. The Court then adopted the *Rogers* balancing test in the specific context of “literary titles,” and affirmed the district court’s grant of summary judgment in favor of defendants.

This Court applied the *Rogers* artistic relevance test again in *Mattel Inc. v. Walking Mountain Prod.*, 353 F.3d 792 (9th Cir. 2003), another *Barbie* case involving another artistic work. In *Walking Mountain*, Mattel sued a photographer who produced and sold photographs of a nude Barbie doll in danger of being attacked by vintage household appliances. *Id.* at 796. Mattel sued for infringement of its Barbie trademark based on its use in the titles of the

photographs. *Id.* The district court granted defendant's motion for summary judgment on the trademark claims, finding no likelihood of confusion as to Mattel's sponsorship of the allegedly infringing works.

Citing *MCA Records*, this Court again noted that when marks "transcend their identifying purpose" and "enter public discourse and become an integral part of our vocabulary" they assume a role outside the bounds of trademark law. As such, when a "mark assumes such cultural significance, *First Amendment* protections come into play." *Id.* at 807. Adopting the holding of *MCA Records*, the Court applied the *Rogers* artistic relevance test and found that the use of the Barbie mark in the titles of the photographs was artistically relevant since Barbie was the subject of the artistic expression parodying Barbie and the values she was claimed to represent. Accordingly, the public interest in free artistic expression "greatly outweighs its interest in potential consumer confusion about Mattel's sponsorship of [defendant's] works." *Id.*

In *Walking Mountain*, the Court chose not to apply the *Rogers* artistic relevance test to Mattel's trade dress claims, noting that trade dress claims or trademark claims involving uses other than in the title of an artistic work may be "incompatible with the *Rogers* test." *Id.* at 808, n.14. Thus, consistent with both the *Rogers* case and *MCA Records*, *Walking Mountain* again narrowly limited its

application of the *Rogers* artistic relevance test to a situation where a culturally significant mark was used in an artistically meaningful way in the title of the work.

This Court subsequently applied the *Rogers* artistic relevance test outside of this narrow context in *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008). Plaintiff E.S.S Entertainment operates a strip club in eastern Los Angeles using the “Play Pen” mark. Rock Star sells a video game that takes place in a fictional city called Los Santos that is modeled on Los Angeles, and which includes a depiction of an East Los Santos strip club called the “Pig Pen” that generally resembles the Play Pen. E.S.S. Entertainment sued Rock Star on claims including trade dress infringement and unfair competition under the Lanham Act. The district court granted Rock Star’s motion for summary judgment based on a *First Amendment* defense.

None of the parties in *E.S.S. Entertainment* objected to application of the *Rogers* test, and this Court found “no principled reason” not to apply the *Rogers* artistic relevance test to the use of a trademark in the body of a work rather in the title. Applying the test, the Court first found that the inclusion of a strip club similar in look and feel to the Play Pen had “some artistic relevance” to the video game. The Court next found no indication that the “buying public would reasonably have believed that ESS produced the video game or, for that matter, that Rockstar operated a strip club.” *Id.* at 1100.

3. The *Rogers* Test Does Not Apply to Defendants' Use of the WEBCELEB Mark

The *MCA Records* and *Walking Mountain* cases applied the *Rogers* test in the correct context of cases like *Rogers* itself that involved iconic marks being used in the titles of highly artistic works. Application of the *Rogers* artistic relevance test outside of that context pulls it from its moorings, transforming it into exactly what the Second Circuit sought to prevent – a “nearly absolute privilege” against valid Lanham Act claims.

The justification for *First Amendment* protection invoked in *Rogers*, *MCA Records*, and *Walking Mountain* is simply not present here. The common thread in those cases is a senior user of a culturally significant mark seeking to prevent the use of its trademark in the title of an expressive work authored by a junior user who intends an association with the senior user. *Masters Software, Inc. v. Discovery Commc'ns, Inc.*, 725 F.Supp. 2d 1294, 1306 (W.D. Wash. 2010). In that specific context, the *Rogers* artistic relevance test properly balances the strong *First Amendment* interests of such a use of a culturally significant mark as part of an artistic expression, against the limited risk of consumer confusion in most such uses.

Here, however, the district court has applied the test in an entirely different context, where the defendant has used a mark that is not culturally significant in a commercial rather than artistic context. Defendants did not use the WEBCELEB

mark as an artistically expressive communication. Their uses make no allusion to Plaintiff Webceleb or its products and services. Rather, P&G used it as a label for a category used in a commercial television award show, while Microsoft and BermanBraun used it as a brand identifier for particular pages on their WonderWall celebrity gossip website. In both circumstances, the Defendants were:

expressing nothing more than what any user of a suggestive trademark expresses when branding its product, and the Lanham Act's limitations on such “expressions” do not violate the First Amendment. *See, e.g., Mattel*, 296 F.3d at 900 (noting that when “limited to [their] core purpose – avoiding confusion in the marketplace – a trademark owner's property rights play well with the *First Amendment*”).

Masters Software, Inc., 725 F.Supp. 2d at 1306; *see also Dita, Inc. v. Mendez*, No. CV 10–6277 PSG (FMOx), 2010 WL 5140855 (C.D. Cal. Dec. 14, 2010) (examining the required association between the junior and senior work required for *First Amendment* protection).

Notwithstanding the unopposed application of the *Rogers* test to use of a non-culturally significant mark in the body of a video game in *E.S.S. Entertainment*, several courts have properly limited application of the *Rogers* test to claims involving a mark that is “of such cultural significance that it has become an integral part of the public’s vocabulary.” *See Rebelution, LLC v. Perez*, 732 F.Supp. 2d 883, 887 (N.D. Cal. 2010); *Masters Software, Inc. v. Discovery Comme’ns, Inc.*, 725 F.Supp. 2d 1294, 1306 (W.D. Wash. 2010); *Dita, Inc. v.*

Mendez, No. CV 10–6277 PSG (FMOx), 2010 WL 5140855 (C.D. Cal. Dec. 14, 2010). This cultural significance requirement reflects the underlying basis for the balancing test as set forth in *Rogers* and in the *MCA Records* case, which emphasized that when a mark “has taken on an expressive meaning apart from its source-identifying function,” application of the traditional likelihood of confusion test fails to account for the full weight of the public’s interest in free expression. *MCA Records*, 296 F.3d at 900.

This understanding was reinforced in *Walking Mountain*, where the court indicated that *First Amendment* protections “come into play” when a mark transcends its source identifying purpose and enters the public discourse as part of our vocabulary. *Walking Mountain Prod.*, 353 F.3d at 807. The Ninth Circuit’s examples of culturally significant trademarks are illuminating. Rolls Royce, Band-Aid, and Aspirin have all acquired transcendent meaning separate and distinct from their source identifying function as a trademark. *See MCA Records*, 296 F.3d at 900.

Here, the district court erred when it applied the *Rogers* artistic relevance test. The WEBCELEB mark has not transcended its source identifying purpose or obtained cultural significance, and was used by Defendants as a branding device not as an artistic reference to Webceleb’s service. This case is fundamentally different than the use in the title “Ginger and Fred,” which uses Ms. Rogers’ name

to evoke a connection with Ms. Rogers herself as a key aspect of the artistic expression of the movie. It is fundamentally different than the use of the iconic Barbie trademark in the title of the song or a photograph in which Barbie is the focus of the artistic expression itself. Such cases demand broad *First Amendment* protection, as the mark itself and its cultural relevance are central to the artistic expression.

P&G's use of the WEBCELEB mark as the name of an award category in a commercial production like the People's Choice Awards had no artistic significance. Microsoft and BermanBrauns use of the WEBCELEB mark to brand parts of their WonderWall gossip website had no artistic significance. Neither use was an artistic reference to Plaintiff Webceleb or its product. Neither use was an ironic use of a culturally significant name or mark.

Rather, both were classic commercial branding uses, as Defendants tried to create a WEBCELEB franchise that they could commercialize across their internet and television media platforms. Nothing more. Such use is not entitled to the heightened *First Amendment* protection afforded by the *Rogers* artistic relevance test. The district court erred as a matter of law when it applied this test, and its order granting summary judgment should be reversed.

B. The *Rogers* Artistic Relevance Test Does Not Preclude Plaintiff's Claims

Even if this Court expands application of the *Rogers* artistic relevance test to such commercial uses of a non-culturally significant mark, the district court erred in granting summary judgment. The *Rogers* test states that in certain artistic contexts, the balance between *First Amendment* interests and the public's interest in avoiding confusion will normally not support application of the Lanham Act unless: (1) the title has no artistic relevance to the underlying work whatsoever, or (2) if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work. *Rogers*, 875 F.2d at 999.

Here, P&G used the WEBCELEB mark as a sponsored category label in connection with its People's Choice Awards Favorite Web Celeb. ER50-51. Defendants Microsoft and BermanBraun used the mark in a stylized form under a magnifying glass in the same way as Defendants' flagship WONDERWALL trademark, and in close connection with that mark as seen in the examples below, taken directly from the WonderWall website:



The stylized version of the WEBCELEB mark on the right, was used in a position and manner consistent with Microsoft and BermanBraun's other marks such as the WONDERWALL mark shown on the left. *Id.*

While it did serve an identifying function in both uses, the WEBCELEB mark as used by Defendants had no “artistic relevance” to the underlying work. In considering this, it is important to recognize that the word “artistic” modifies the word “relevance.” Relevance alone is not sufficient to bring a use within the first prong of the *Rogers* test. The concept of “artistic relevance” is best understood by reference to the cases in which this test was developed.

For example, in *Rogers* the title “Ginger and Fred” had artistic relevance to the *underlying* work about dancers emulating Ginger Rogers and Fred Astaire. *Rogers*, 875 F.2d at 996-97. In *MCA Records* the title “Barbie Girl” had artistic relevance to the *underlying* work, a social commentary about Mattel’s iconic doll and its place in cultural values. *MCA Records*, 296 F.3d at 899. *See also Cliffs Notes v. Bantam Doubleday Dell Pub. Group*, 886 F.2d 490, 491 (2d Cir. 1989) (publication allegedly parodying plaintiff’s publication named Cliff Notes); *Twin Peaks Prods., Inc. v. Pubs. Int’l, Ltd.*, 996 F.2d 1366, 1370 (2d Cir. 1992) (book title referring to plaintiff’s television series named Twin Peaks); *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 918-19 (6th Cir. 2003) (painting referring to plaintiff Tiger Woods); *Walking Mountain Prod.*, 353 F.3d at 796 (photographer referring to plaintiff’s famous Barbie doll); *E.S.S. Entertainment*, 547 F.3d at 1097 (video game maker allegedly referring to plaintiff’s strip club).

In this case, Microsoft and BermanBraun have consistently emphasized the purely utilitarian function of their use of WEBCELEB, and make no effort to attribute any artistic relevance to the underlying web pages bearing gossip about Ashton Kutcher or Kim Kardashian. Unlike other cases applying the *Rogers* test, Defendants' use of the mark does not make artistic reference to Plaintiff Webceleb's product. In fact, Defendants consistently assert that their use of WEBCELEB was purely descriptive, "simply describing the content of the page" and "tersely and accurately describes the contents of the Award." Thus, Defendants' – particularly Microsoft and BermanBraun which used the WEBCELEB mark to brand the celebrity pages of their gossip website – cannot attribute any *artistic* relevance to their use of WEBCELEB.

The evidence available to date further indicates that Defendants' use of the WEBCELEB mark was explicitly misleading. Defendants' commercial use of the mark confused consumers and drove huge volumes of traffic looking for P&G's Web Celeb category to Plaintiff's indie music website. ER45-46. Thus, the limited evidence developed to date indicates that even if the *Rogers* test applied here, Defendants' commercial use of the WEBCELEB mark does not come within the protections of the *First Amendment*.

Finally, application of the *Rogers* test implicates several genuine issues of material fact that are clearly the subject of dispute. The issues of whether

defendants' were engaged in a commercial or non-commercial use of the WEBCELEB mark, whether their use of the mark had artistic relevance to the underlying work, and whether or not Defendants' use was explicitly misleading are all factual issues that preclude granting summary judgment. *See Parks v. La Face Records*, 329 F.3d 437 (6th Cir. 2003) (denying summary judgment under *Rogers* test due to genuine issue of material fact regarding artistic relevance of use of plaintiff's name in the title of a song); *see also Browne v. McCain*, 611 F. Supp. 2d 1073, 1078 (C.D. Cal. 2009) (denying motion to dismiss, but noting factual issues regarding whether or not the accused political advertisement was an artistic work subject to the artistic relevance test). Thus, even if this Court expands the application of the *Rogers* test to cases such as this, the district court erred in granting summary judgment in favor of Defendants.

C. Webceleb Is Entitled to Further Discovery Pursuant to Rule 56(d)

Fed. R. Civ. P. 56(d) (formerly Rule 56(f)) provides that if a nonmovant shows shows by affidavit or declaration that, for specified reasons, it cannot present facts essential to justify its opposition, the court may: (1) defer considering the motion or deny it; (2) allow time to obtain affidavits or declarations or to take discovery; or (3) issue any other appropriate order. "The burden is on the party seeking additional discovery to proffer sufficient facts to show that the evidence sought exists, and that it would prevent summary judgment." *Chance v. Pac-Tel*

Teletrac Inc., 242 F.3d 1151, 1161 n.6 (9th Cir. 2001) (citing *Nidds v. Schindler Elevator Corp.*, 113 F.3d 912, 920 (9th Cir. 1996)). To meet this burden, the party opposing summary judgment must file an affidavit specifying: (1) the specific facts that party hopes to elicit from further discovery; (2) the facts sought exist; and (3) the sought-after facts are essential to opposing summary judgment. *Family Home and Finance Center, Inc. v. Federal Home Loan Mortgage Corp.* 525 F.3d 822, 827 (9th Cir. 2008) (citation omitted); see also *Tatum v. San Francisco*, 441 F.3d 1090, 1100 (9th Cir. 2006).

When a summary judgment motion is filed “before a party has had a realistic opportunity to pursue discovery related to the theory of the case, district courts should grant any 56(f) motion fairly freely.” *Burlington Northern Santa Fe R.R. Co. v. Assiniboine and Sioux Tribes of the Fort Peck Reservation*, 323 F.3d 767, 773-774 (9th Cir. 2003). Continuance of a motion for summary judgment for the purposes of discovery should be granted almost as a matter of course unless the non-moving party has not diligently pursued discovery of the evidence. *Id.* (citations omitted). “Summary denial is especially inappropriate where the material sought is also the subject of outstanding discovery requests.” *VISA Int’l Serv. Ass’n v. Bankcard Holders of Am.*, 784 F.2d 1472, 1475 (9th Cir. 1986). This Court reviews the district court’s decision on a Rule 56(d) motion under the “abuse of discretion” standard. *Id.* at 773.

The district court brushed aside Webceleb's Rule 56(d) request to defer or deny Defendants motion for summary judgment to allow for discovery, stating in a footnote that Webceleb's counsel did not state that any of the materials sought in discovery were "essential to his opposition." ER14. "Absent such a showing, the Court declines to deny or defer ruling on the motion." *Id.* In fact, Webceleb's counsel clearly and consistently indicated that further discovery was necessary with respect to specific genuine issues of material fact in dispute in the case, including:

- Defendants' use of WEBCELEB as a trademark (key documents showing trademark use that were offered in support of Webceleb's opposition brief were received from Defendants just four days prior);
- Defendants' decision to use the WEBCELEB mark;
- Any due diligence performed by Defendants to clear the mark before use;
- Commercial aspects of Defendants' use of the mark including advertising revenues and other commercial benefits derived from their use of the mark;
- Evidence relating to actual or potential consumer confusion relating to Defendants' use of the mark;
- All of Defendants' uses of the mark across all media, including without limitation "Web Celeb Ambush" videos which are believed to exist but have not been produced;

- When Defendants became aware of Plaintiff and their reaction to that awareness;
- Defendants decision to stop using the WEBCELEB mark in response to Plaintiff's motion for preliminary injunction; and
- Likelihood of consumer confusion and the various factual issues relevant to the *Sleekcraft* inquiry.

ER16-20. Among these, several reflect genuine issues of material fact specifically relevant to application of the *Rogers* artistic relevance test. For example, evidence of actual or potential confusion goes directly to the “explicitly misleading” prong of the *Rogers* test. Evidence regarding all uses of the WEBCELEB mark is essential so that all of Defendants’ uses can be evaluated in the correct context under the *Rogers* test. Evidence regarding commercial aspects of Defendants’ use of the mark goes to the “artistic relevance” prong of the *Rogers* test. Ultimately, as its counsel indicated in his declaration, this discovery was essential to Webceleb’s ability to oppose Defendant’s motion for summary judgment.

Moreover, Plaintiff diligently sought discovery from Defendants on all topics relevant to this case. Discovery, however, was not a smooth process.

ER16-18. P&G resisted discovery, requiring Plaintiffs to seek the assistance of the court via a motion to compel, and as of the date Webceleb filed its opposition brief Microsoft had produced just sixty-eight (68) pages of documents. ER17-18. In

response to Webceleb's motion to compel, P&G had just recently produced substantial additional materials, and Webceleb anticipated setting depositions of all key witnesses promptly once it had sufficient document production from Defendants. *Id.*

The pleadings closed in this case on March 29, 2012. Defendants' motion for summary judgment was filed on June 12, 2012, less than a month after a schedule had been set in the case and five and a half months before the close of discovery. Webceleb diligently sought discovery relevant to genuine issues of material fact in dispute and necessary to its opposition to Defendants' motion for summary judgment. The district court's summary refusal to grant even a brief continuance to allow such discovery was an abuse of discretion warranting reversal and remand for further proceedings.

D. Defendants Use of WEBCELEB Was Commercial Speech.

While it erred in granting summary judgment based on the *Rogers* test, the district court properly denied Defendants' motion for summary judgment on the grounds that its use of the WEBCELEB mark was not commercial speech. While this issue is not the subject of a cross-appeal, it will be briefly addressed here as it may be pressed by Defendants as an alternate basis for affirmance.

For purposes of the Lanham Act, noncommercial speech is speech not used "in connection with a sale of goods or services." *Bosley Med. Inst., Inc. v. Kremer*,

403 F.3d 672, 677 (9th Cir. 2005), quoting *Lamps Plus, Inc. v. Seattle Lighting Fixture Co.*, 345 F.3d 1140, 1143 (9th Cir. 2003). While commercial speech does receive some *First Amendment* protection, the Lanham Act customarily avoids violating the *First Amendment* by operating only when consumers are likely to be misled or confused by the alleged infringer's use. See, *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557, 563 (1980)(noting that there is no constitutional objection to the suppression of commercial speech that does not accurately inform the public about lawful activity); see also 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31:142, at 31-229 (4th ed. 1996 & Supp. 2008) (describing low level of *First Amendment* protection for misleading speech); Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. Rev. 960, 973 (1993) (noting that so long as trademark law “limits itself to its traditional role of avoiding confusion in the marketplace, there's little likelihood that free expression will be hindered”).

Here, Defendants’ use of the WEBCELEB mark was commercial.

WonderWall is a commercial, for profit, celebrity gossip website. The available evidence confirms that WonderWall generates revenues through the sale of advertising throughout its website. WonderWall uses its content – celebrity gossip and images – to generate visits to its website and sells advertising on its various

web pages on that website based on the number of “impressions” it gets for the advertisement. ER50-53.

WonderWall used the WEBCELEB mark to brand particular content that it displayed on its website – photos and information about PCA Web Celeb nominees – and sold advertising space on those pages. P&G’s PCA website similarly provides advertising for P&G’s own products as well as for various other commercial businesses like WonderWall that sponsor the show. *Id.* P&G similarly used the WEBCELEB brand to generate valuable page views on its website and exploited those page views for their advertising value. *Id.*

Use of a mark “in connection with” the sale of goods or services does not require that the term itself be used to sell something. See, e.g., *PETA*, 263 F.3d at 365. Where a web site presents commercial advertisements it is a commercial use. For example, in *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, (4th Cir. 2001) (“*PETA*”), the defendant operated a website at www.peta.org purportedly on behalf of “People Eating Tasty Animals” and asserted that the site was a parody of the plaintiff’s website. The Court of Appeals confirmed that this was a commercial use because, even though the defendants’ website did not sell anything, it provided links to “commercial operations offering goods and services.” Thus, Defendants’ use of the mark was “in connection with” the sale of goods and services and was a commercial use.

As the district court properly held, the commercial use of the WEBCELEB mark by Defendants to generate advertising revenues and other commercial benefits at least raises an issue of fact.

V. CONCLUSION

For all of the foregoing reasons, Webceleb respectfully requests that this Court reverse the order of the district court, vacate the judgment entered by the district court, and remand the case to the district case for further discovery.

Dated: January 31, 2013

Respectfully submitted,

X-PATENTS, APC

By: s/Jonathan Hangartner
Jonathan Hangartner
Attorneys for Appellant
Webceleb, Inc.

CERTIFICATE OF COMPLIANCE

I, Jonathan Hangartner, certify that:

This brief complies with the type-volume limitations of Fed. R. App. P. 32(a)(7)(B). The brief's type size and typeface comply with Fed. R. App. P. 32(a)(5) and (6). This brief contains 7653 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

Dated: January 31, 2013

Respectfully submitted,

X-PATENTS, APC

By: s/ Jonathan Hangartner
Jonathan Hangartner
Attorneys for Appellant
Webceleb, Inc.

9th Circuit Case Number(s)

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