

World Trademark Review Daily

**Lanham Act does not apply extraterritorially to encompass UK acts
United States - McDermott Will & Emery LLP**

**Confusion
Dilution
Publicity**

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In *Love v Sanctuary Records Group Ltd* (Cases 07-56008, 07-56568, July 8 2010), the US Court of Appeals for the Ninth Circuit has intervened in a battle between two Beach Boys involving Lanham Act claims and California right of publicity claims.

Mike Love, a founder of The Beach Boys, owns the right to use the trademark THE BEACH BOYS in live performances in the United States. Love performs shows throughout the United States under the mark with a varying line-up of performers. In 2004 Brian Wilson, another founder of the band, released a solo album and began touring with a backup band. To promote Wilson's album, a British newspaper distributed a CD entitled "Good Vibrations" with its Sunday newspapers. The CD contained Wilson's solo renditions of Beach Boys songs, Wilson's own songs and two video performances of Wilson's band. The CD cover featured a large photograph of Wilson with three smaller photographs showing The Beach Boys band, including Love. The majority of the 2.6 million copies of the paper featuring the CD were distributed in the United Kingdom and Ireland. Approximately 425 copies of the paper were distributed in the United States without the CD, including 18 in California.

Love filed suit in California against Wilson, the British newspaper and related defendants who participated in the promotional campaign, alleging that use of the mark THE BEACH BOYS on, and in connection with, the promotion of the CD infringed upon and diluted Love's rights in THE BEACH BOYS mark, violated Love's right of publicity and constituted unfair competition.

The district court dismissed the complaint against the British newspaper and the defendant who had licensed and recorded the CD for lack of personal jurisdiction. The district court also dismissed the complaint against other defendants who owned the rights to Wilson's recordings, on the basis of their unopposed motion asserting that they did not have anything to do with the case. Ultimately, the district court dismissed the claims for violation of California's statutory and common law rights of publicity after holding that English law, which does not recognise a right of publicity, governed. Further, the court dismissed the Lanham Act claims after determining that the extraterritorial reach of the statute did not encompass the claims. Finally, the district court granted defendants' motion for attorneys' fees.

During the district court proceedings, Love filed a declaration from an individual who asserted that he had purchased a copy of the CD on eBay because he had thought that it was a Beach Boys product. When the judge learned that the individual was a close associate of Love's attorney and had fabricated the allegations in the declaration, the court sanctioned Love's counsel. Love appealed.

The central issue on appeal was whether Love's US federal and state claims could be maintained based upon conduct that occurred only in the United Kingdom. With respect to the right of publicity claims, the Ninth Circuit found that the district court had correctly dismissed the claims under a choice of law analysis. The Ninth Circuit noted that California applies the 'governmental interest' analysis to conflicts issues, including those involving rights of publicity claims. Applying that standard, the court determined that, although California recognises right of publicity claims and English law does not, California had no interest in applying its law to the conduct at issue, so no true conflict existed.

In making this determination, the court reasoned that none of the parties remaining in the suit were California citizens (Love himself was a Nevada resident). The court further held that the alleged injury to Love occurred almost exclusively in the United Kingdom and Ireland, as only a minimal amount of the newspapers were delivered in the United States, none of which contained the CD. Finally, the court determined that, even if California had an interest in protecting an individual with ties to California to exploit his image overseas, that interest was not as significant as the UK interest in controlling the distribution of a British paper that is distributed primarily in the United Kingdom.

The court also determined that the district court had correctly dismissed Love's Lanham Act claims. The defendants argued that the Lanham Act could not apply because the creation, promotion and distribution of the CD all occurred in Europe. The court agreed with the defendants based upon its analysis of the three-part test to determine whether extraterritorial application of the Lanham Act is proper. For the Lanham Act to apply extraterritorially:

- the alleged violations must create some effect on US foreign commerce;
- the effect must be sufficiently great to present a cognisable injury to the plaintiffs under the Lanham Act; and

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- the interests of, and links to, US foreign commerce must be sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.

The court noted that the first two prongs may be met, even where the alleged conduct occurs outside of the United States and where the resulting injury is limited to deception of foreign consumers, so long as the US plaintiff suffers monetary injury in the United States. Love did not meet the test, however, because he failed to present any evidence that the alleged Lanham Act violations caused him any monetary injury in the United States. Thus, the Lanham Act could not apply extraterritorially to encompass defendants' conduct in the United Kingdom.

Finally, the Ninth Circuit found that the district court had not erred in awarding the defendants attorneys' fees under various statutory and contractual bases. Notably, the Ninth Circuit affirmed the award of attorneys' fees as an "exceptional case" under the Lanham Act. The Ninth Circuit agreed with the district court that the case was exceptional as groundless and unreasonable, as Love did not present even "one item of evidence substantiating any US effect" from the defendants' alleged conduct other than a deceptive declaration filed by a close associate of Love's attorney.

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