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## Hobbit titles: An unexpected journey in confusion

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Warner Brothers, New Line, and its affiliates recently achieved a rare courtroom victory by obtaining an order restraining distribution of a film they claimed unfairly competed with one of its titles. The target of their ire was The Global Asylum's film The Age of Hobbits. Asylum was set to release its film on Dec. 11, three days before New Line rolled out its film "The Hobbit: An Unexpected Journey." New Line's film revolves around the Hobbit character that first appeared in J.R.R. Tolkien's 1937 novel, The Hobbit, and were

later in his The Lord of the Rings book trilogy, and were the basis for the hit movie trilogy Lord of the Rings, which earned \$3 billion at the box office. New Line's film is the first in a series of three films, all shot in New Zealand by Sir Peter Jackson, produced at a reported cost of \$500 million dollars, and set to be released over the next few years.

New Line's film had its world premiere in Wellington, New Zealand, on Nov. 28, and has been the subject of intense promotion and advertising. I was in Wellington right before the world premiere and was surprised at the massive and ubiquitous nature of the promotion across the city. Not only were Hobbit characters placed on buildings, but museum stores and numerous other outlets carried movie merchandise. Tourism New Zealand spent \$10 million promoting the trilogy. The promotion began when I boarded my Air New Zealand flight to Wellington and was delighted to watch the most entertaining in-flight safety video I have ever seen. It starred Tolkien elves, dwarves, hobbits, and a wizard. The video has become an online hit viewed by millions.

The carrier has even rebranded itself the "airline of Middle-earth," and plastered a plane with images from the film.

Asylum's film, on the other hand, is a low budget indie film reportedly made for \$2 million. Asylum claimed that the word "hobbits" as used in its film did not refer to the fictional Tolkien creatures, but to a human sub-species whose skeletons were discovered in Indonesia in 2003. In Indonesia, archaeologists discovered a human sub-species with the Latin name Homo Floresiensis, which they nicknamed "hobbits" because of their small stature.

The legal dispute, in its simplest terms, comes down to this: Asylum claimed it had the right, under the First Amendment, to make a movie about ancient Indonesian people and refer to a name commonly used to describe the short-statured ancients in its movie title. Plaintiffs, on the other hand, asserted that Asylum infringed on their trademarks and tried to ride on the coattails of its massive promotional campaign and trick moviegoers to purchase the Asylum movie, thinking they are buying the Warner/New Line film.

Questions and Comments

**NEWS** RULINGS VERDICTS

Wednesday, December 26, 2012

**Education**

**UC Irvine's first law school class beat most California law schools on July bar exam**  
UC Irvine School of Law's inaugural class scored a 90 percent pass rate on the July bar exam, second only to Stanford's 94 percent but edging out other top schools.

**Government****Public attitude softens toward criminal rehabilitation**

Structural changes to the criminal justice system have not happened quickly, but the last 20 years have seen dramatic changes in public attitude toward it.

**Judges and Judiciary****Judges seek expanded due process in misconduct inquiries**

The California Judges Association is pushing four proposed changes to the procedures used to investigate alleged judicial misconduct in an effort to expand due process for bench officers.

**Education****New Stanford Law School leader ushers in changes**

Four months into her new job as dean of Stanford Law School, Mary Elizabeth "Liz" Magill is gathering information from top university administrators, faculty and students, while seeking ways to improve learning opportunities.

**California group seeks to rid state of 'grossly ineffective' teachers**

Students Matter, a non-profit education reform group, is suing the state and several school districts over allegations that statutory protections for teachers violate students' equal protection rights.

**Law Practice****Recent bar graduates increasingly hanging their own shingles**

A saturated legal market and sagging economy are forcing many law school graduates to pursue what was once considered an impossible task - starting their own practice immediately after passing the bar exam.

**Criminal****Prominent Chula Vista attorney convicted in 1989 murders**

Family members of a slain Victorville woman broke into tears as a San Bernardino County jury returned a guilty verdict Friday against a prominent Chula Vista attorney who remained

## While courts are very protective of filmmakers' First Amendment rights, the law is also concerned about protecting consumers from being misled about the origin of products, which is what the laws of unfair competition and trademark address. As most movie aficionados know, there is a long history of independent filmmakers trying to cash in on viewer interest in topics made popular by the major studios.

On Aug. 31, plaintiffs sent Asylum a cease-and-desist letter demanding that it refrain from using the "Hobbit" marks. The parties then discussed Asylum's asserted fair use defense and possible changes to the title, design, and promotional materials. Asylum changed the design of its promotional materials, but refused to remove the word "hobbit" from the film title for the domestic release of the picture.

On Nov. 7, plaintiffs filed a complaint against Asylum for trademark infringement, false designation of origin, trademark dilution, false advertising, and unfair competition. Then, three weeks before the scheduled release of the Asylum picture, plaintiffs filed an application seeking a temporary restraining order stopping the release of the Asylum film.

As most movie aficionados know, there is a long history of independent filmmakers trying to cash in on viewer interest in topics made popular by the major studios. Roger Corman produced "Black Scorpion," which imitated the "Batman" movies, "Forbidden World," a knockoff of "Alien," and "Piranha," which borrows liberally from "JAWS." Asylum has produced a number of low-budget films that resemble major studio releases. The company made a low-budget version of H.G. Wells' "The War of the Worlds," which was released the same year as Steven Spielberg's film based on the same 1898 public domain book. Blockbuster reportedly ordered 100,000 copies of the Asylum film, far more than it had for any of Asylum's previous titles. Seeing how profitable such films can be, Asylum produced several low-budget knockoffs, sometimes called mockbusters, including "Transmorphers," "Almighty Thor," "Abraham Lincoln vs. Zombies," "Snakes on a Train," and "Paranormal Entity."

The major studios were not amused, but it was questionable whether they could legally stop Asylum. 20th Century Fox threatened legal action over the release of "The Day the Earth Stopped," a film similar to "The Day the Earth Stood Still." Last May, Universal Studios sued Asylum over the film "American Battleship," claiming infringement of its movie "Battleship." Asylum changed the title to "American Warships."

For the most part, Asylum has been successful in releasing its pictures and defending them from legal assault. The company claims that it has released more than 150 films and has only been sued twice for trademark infringement. One case was settled, and Asylum prevailed in the other.

Asylum's legal success involved the film Haunting of Winchester House. The owners of the Winchester Mystery House, a popular tourist attraction in San Jose that consists of a 160-room Victorian-style mansion as well as a museum, gift shop, and café(C) sued Asylum. The attraction is billed as the world's most haunted house. Gunmaker-heir Sarah Winchester, according to legend, created this mansion to fend off ghosts.

The owners of Winchester Mystery House objected to Asylum's plan to produce and market its movie, which allegedly was based on a "terrifying true story." When Asylum asked for permission to film at the Winchester Mystery House, the owners informed Asylum that they had signed a contract with another producer for exclusive rights to the Winchester story.

The Asylum movie begins with a shot of a Victorian-style structure, but not the actual Winchester Mystery House. The movie includes the ghost characters of Sarah Winchester, her adolescent daughter, and her brother, who was deaf and could not speak. These characters, as well as the ghosts of those killed by Winchester guns, haunt Sarah Winchester's home. However, the real Sarah Winchester did not have an adolescent daughter or a brother who was deaf and unable to speak.

free for decades after the murder.

### Mergers & Acquisitions Dealmakers

A roundup of recent mergers and acquisitions and financing activity and the lawyers involved.

### Litigation

#### Class action against Instagram unlikely to get far, legal observers say

After provoking an online outcry with changes to its terms of use, Instagram Inc. finds itself in the crosshairs of a class action. But legal observers say the Facebook-owned company has little to worry about.

### Perspective

#### Hobbit titles: An unexpected journey in confusion

Warner Brothers, New Line, and its affiliates recently achieved a rare courtroom victory by obtaining an order restraining distribution of a film they claimed unfairly competed with one of its titles. By **Mark Litwak**

#### Revised law is new paint job for construction remedies

If the sudden 2008 credit crunch can be likened to an earthquake, then the following flood of mechanics lien and stop payment notice litigation was its aftershock. By **William 'Fritz' Pahlund**

### Judicial Profile

#### Leland S. Davis III

Superior Court Judge San Mateo County (South San Francisco)

### Law Practice

#### U.S. firms make way for global leadership

As U.S. law firms increasingly become global businesses, current leaders face the challenge of ensuring that lawyers in different countries are well represented in the firm's top ranks.

The trial court dismissed the case against Asylum on summary judgment. On appeal, the appellate court agreed, stating that in trademark infringement cases involving First Amendment concerns, the finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interests of filmmakers. The owner of a trademark does not have the right to quash an unauthorized use of its mark by another who is communicating ideas or expressing points of view.

However, with its *Hobbit* movie, Asylum apparently crossed the line. So the question arises, where exactly is that line? How closely can a filmmaker imitate another work or title without having a judge halt its distribution?

It is rare for a court to restrain distribution of a film especially when copies have already been shipped. Films, like newspapers and books, are protected expression under the First Amendment. A party seeking a preliminary injunction must show that it is likely to succeed on the merits and will suffer irreparable harm if the relief is not granted.

A basic principle of copyright law is that ideas, themes, facts, subject matter, and historical incidents cannot be copyrighted. Anyone can write a book about George Washington, and they can even borrow facts from prior books without infringing those authors' copyrights. Moreover, film titles generally cannot be registered as trademarks. Only a distinctive title to a series of books, periodicals, newspapers, or television programs like *Bonanza* could be registered. The reason is that trademarks are used to identify the origin of goods or services. Single books or films are one-offs. Their titles describe that particular work, not a series of works. Courts can, however, protect titles from confusingly similar uses, under the law of unfair competition, if the title has acquired a secondary meaning. A secondary meaning is when the title is sufficiently well known, that consumers associate it with a particular author's work.

While courts are very protective of filmmakers' First Amendment rights, the law is also concerned about protecting consumers from being misled about the origin of products, which is what the laws of unfair competition and trademark address.

There have been a number of cases in which courts have wrestled with a conflict between the freedom of expression of a filmmaker and the owners of trademarks and other rights. A commonly cited case is *Rogers v. Grimaldi*, which Asylum relied upon in its defense. In that case, Federico Fellini conceived, co-wrote, and directed a film entitled "*Federico Fellini's 'Ginger and Fred'*." The movie was a fictional work about two retired dancers. The dancers made a living in Italian cabarets imitating Fred Astaire and Ginger Rogers, thus earning the nickname "*Ginger and Fred*." The story was a satire about the world of television. According to Fellini, the characters did not resemble or portray Fred Astaire and Ginger Rogers. However, Ginger Rogers brought suit, claiming that Fellini violated her rights of privacy and publicity. Her complaint alleged that the defendants violated her rights by creating the false impression that the film was about her or that she sponsored, endorsed, or was involved in the film, and that it violated her right of publicity, and defamed her by depicting her in a false light.

The district court decided that Fellini's movie was a work protected under the First Amendment, and that a trademarked term could be used in the title of an artistic work if the use of the term has some artistic relevance to the work and does not explicitly mislead consumers as to the source and content of the work.

The court of appeals affirmed the lower court, explaining that movies, plays, books, and songs are all works of artistic expression and deserve protection, even though they are also sold in the commercial marketplace and thus can be the subject of consumer deception. Consequently, when the title of a movie or a book has acquired secondary meaning—that is, when the title is sufficiently well-known, that consumers associate it with a particular author's work—the holder of the rights to that title can prevent the use of the same or confusingly similar titles by other authors.

The court concluded that filmmakers could use a celebrity's name in the title of an artistic work where the title does not explicitly denote authorship, sponsorship, or endorsement by the celebrity or explicitly mislead as to its content. The court also held that Oregon law on the right of publicity does not bar the use of a celebrity's name in a movie title, unless the title was "wholly unrelated" to the movie or was "simply a disguised commercial advertisement for the sale of goods or services."

Other cases have given less weight to the First Amendment rights of filmmakers. In *American Dairy Queen Corp. v. New Line Productions Inc.*, the defendant produced and was preparing to release a film entitled *Dairy Queens*, which was described as a mockumentary satirizing Minnesota beauty contests. The plaintiff was the Dairy

Queen ice-cream chain, which claimed trademark infringement and dilution of its trademark. The district court found that the likelihood-of-confusion factors weighed in favor of the plaintiff. Then, it considered whether the defendant's First Amendment interests were sufficient to outweigh the plaintiff's trademark interests in its Dairy Queen trademark. Ultimately, the court found that because other alternative titles like "Dairy Princesses" or "Milk Maids" were available, "the balance between the public's interest in free expression and its interest in avoiding consumer confusion and trademark dilution tilts in favors [sic] of avoiding confusion and dilution." Dairy Queen Corp. won because the court distinguished *Rogers v. Grimaldi* on the grounds that the *Rogers* case involved a title that directly referred to the content of the film - performers known as Ginger and Fred. On the other hand, defendant's film was about beauty pageants in Minnesota, without any connection to plaintiff's ice cream stores. The Dairy Queen decision has been widely criticized. Moreover, there are many cases that stand for the principle that filmmakers can refer to trademarks in their film, provided they do not do so in such a manner as to mislead moviegoers that the trademark owner is somehow affiliated or endorsing the picture.

In *Dallas Cowboys Cheerleaders Inc. v. Pussycat Cinema Ltd.*, the defendant exhibited a pornographic movie, "Debbie Does Dallas" that portrayed a "Texas cowgirl" engaged in sex acts. The character wears a uniform strikingly similar to that worn by the Dallas Cowboys Cheerleaders. Ads for the movie showed the character in the uniform, and included such captions as "starring ex-Dallas cowgirl cheerleader Bambi Woods." In fact, Bambi Woods had never been a Dallas Cowboys cheerleader.

The Dallas Cowboy Cheerleaders brought suit, alleging that they had a trademark in the particular combination of colors and the design of their uniforms. The uniform in which they appear and perform consists of a blue bolero blouse, a white vest decorated with three blue five-pointed stars on each side of the front of the vest and white fringe at the bottom of the vest, tight white shorts with a belt decorated with blue stars, and white boots. The trademark was not registered at the time, although plaintiff contended that it was protected as a common law trademark.

The defendant contended that the film was a parody or satire on female cheerleaders and was protected expression under the First Amendment. Moreover, the defendant claimed that no one could rationally believe that the film originated or was associated with the actual Dallas Cowboy Cheerleaders.

The court disagreed and issued an injunction against further distribution of the film. The court found that the association with the Dallas Cowboy Cheerleaders, both in the film and in the advertising, had the single purpose of exploiting the Dallas Cowboy Cheerleaders' popularity in order to attract an audience to view sex acts in the movie.

Then there is the Agatha Christie case. Casablanca Records produced a film titled "Agatha" about the famous mystery writer Agatha Christie. The story is a fictionalized account of an 11-day disappearance of Christie in 1926. Christie is portrayed as an emotionally unstable woman who engaged in a sinister plot to murder her husband's mistress. The heir to Christie's estate brought suit to enjoin Casablanca from distributing the movie, alleging unfair competition and infringement of the right of publicity.

During her life, Agatha Christie agreed to have her name used in connection with various motion pictures and plays based on her books. Her heir alleged that Casablanca's use of the name Agatha and Agatha Christie would cause confusion in the minds of the public in general, and Agatha Christie readers in particular, by creating the impression that the movie and novel were authorized or even written by Christie. The court, however, summarily dismissed this claim, without much explanation other than finding that the heir "can prove no set of facts in support of [this] claim which would entitle [them] to relief."

Different judges decided these cases under different state laws, and federal and state laws have evolved over time. Still, it is difficult to distinguish how the use of the word Agatha, is not likely to confuse moviegoers about the origin of the film about her, but the use of the word hobbit is likely to confuse moviegoers about the source of *Asylum's* movie.

The judge in the *Asylum* case seemed to be greatly influenced by plaintiffs' data showing that *Asylum's* title was likely to mislead moviegoers about its movie. Plaintiffs presented evidence from a weekly tracking study conducted by Nielsen National Research Group in which 30 percent to 40 percent of survey respondents indicated confusion about the source of "Age of Hobbits." The survey included 1,200 respondents divided into two groups. The test group was shown an image of the "Age of Hobbits" poster while the control group was shown the same poster with an alternative title.

Thirty percent of those in the test group who had an opinion about the source of "Age of Hobbits" (about 200 respondents) said they believed the movie was made or distributed by plaintiffs. On the other hand, 6 percent to 14 percent of the respondents in the control group, who were shown the movie poster "Age of Java Men," associated the film with plaintiffs.

The court also mentioned that Asylum's release of its film three days before the release of the plaintiff's film demonstrated intent to capitalize on the publicity surrounding plaintiffs' film, and its similar artwork and prominent use of the trademark showed intent to deceive.

**Mark Litwak** is a veteran entertainment attorney and producer's rep based in Beverly Hills. He is the author of six books including: *Dealmaking in the Film and Television Industry*; *Contracts for the Film and Television Industry*; and *Risky Business: Financing and Distributing Independent Film*. He teaches entertainment law at the USC Gould School of Law and is the creator of the Entertainment Law Resources website at [www.marklitwak.com](http://www.marklitwak.com). He can be reached at [law2@marklitwak.com](mailto:law2@marklitwak.com)

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