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ADVERTISING LAW @ MANATT
NEWSLETTER OF THE ADVERTISING, MARKETING & MEDIA PRACTICE GROUP OF MANATT, PHELPS & PHILLIPS, LLP

March 11, 2009 Issue of AdvertisingLaw@manatt

IN THIS ISSUE

Yahoo Defeats Pay-Per-Click Claim

A federal court has ruled in favor of Yahoo in a case over the use of trademarked terms in keyword-triggered ads.

The dispute is now a familiar one: whether a search engine such as Yahoo should let pay-per-click advertisers use keywords allegedly associated with a competitor to trigger their ads on a search results page. But in this instance, there was a twist, because the complained-of keyword was not trademarked by the plaintiff company.

In its complaint, Texas-based Heartbrand Beef claimed it was the sole U.S. seller of "Akaushi" beef, or high-end beef from cattle descended from a breed originally from Japan. Heartbrand alleged that a competitor, Lobel's of New York, used the term "Akaushi" as a keyword that would trigger its own ads on Yahoo. Heartbrand contended that using "Akaushi" in this manner was misleading and constituted a "false designation of origin" in violation of the Lanham Act.

Yahoo countered that allowing a term to serve as a trigger for a search ad was not a use in commerce, which is required for a "false designation of origin" claim under the Lanham Act.

The court dismissed Heartbrand's complaint, writing that its

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UPCOMING EVENTS

March 16-18, 2009
PLI Practising Law Institute

Topic:
"Television, Video & User-Generated Content"

Co-Chair & Moderator: Kenneth M. Kaufman

New York, NY
for more information

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April 2-3, 2009
PLI's Information Technology Law Institute 2009: Web 2.0 and the

"allegation as to Yahoo is that, at the direction of other parties, Yahoo placed a link to lobels.com in response to a user searching for the term 'Akaushi.' To call this a 'statement' would stretch the meaning of that word."

Group Pays $25K for Wrongful Removal of YouTube Videos

A rodeo organization has agreed to pay $25,000 to an animal rights group for wrongly ordering that YouTube take down the group's video clips.

In December 2007, YouTube pulled a channel put up by Showing Animals Respect & Kindness, or SHARK, after the Professional Rodeo Cowboys Association informed YouTube that it considered the clips to infringe copyrighted material.

SHARK's channel featured actual rodeo footage, with provocative titles such as "Horses Illegally Shocked at 2007 Cheyenne PRCA Rodeo" and "Rodeo Bulls--Killers, or Gentle Giants?" SHARK members attending the rodeos videotaped the events depicted, and the organization hoped to raise money during the holiday season through its YouTube channel.

The rodeo group claimed that SHARK's clips breached its copyright under the Digital Millenium Copyright Act because it had not authorized SHARK to videotape the rodeos. SHARK complained that rodeos are not copyrighted and YouTube put its channel back up.

The digital rights group Electronic Frontier Foundation sued the rodeo group for wrongly charging SHARK with copyright infringement in order to chill its "efforts to raise public awareness of animal abuse. . . .and not in order to enforce any perceived copyright interest."

Consumer Advocates Want Companies to Come Clean

A group of nonprofit environmental and health advocates have sued Procter & Gamble Co., Colgate-Palmolive Co., and two other big consumer products companies, seeking to force them to disclose the ingredients in their cleaning products and any research on the effects of the products.

Future of Mobile Computing: Privacy, Blogs, Data Breaches, Advertising, and Portable Information Systems

Topic:
"Mobile Advertising and Web 2.0"

Speaker: Linda Goldstein

PLI California Center
San Francisco, CA
for more information

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April 22-23, 2009
Food and Drug Law Institute 52d Annual Conference

Topic:
"Food Advertising: Campaigns and Claims"

Speaker: Christopher A. Cole

L'Enfant Plaza Hotel
Washington, DC
for more information

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April 29, 2009
American Advertising Federation Webinar

Topic:
"Budget Busters: Bongs, Blogs, and Brand Wars."

Speaker: Jeff Edelstein

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June 4-6, 2009
American Advertising Federation National Conference 2009

The complaint, which was filed in New York state court, was brought by Earthjustice on behalf of Sierra Club, American Lung Association, and four other groups. The suit was brought under Article 35 of New York's Environmental Conservation Law, an obscure 1976 statute aimed at phasing out phosphates in detergent.

"People deserve to know whether the products they use to wash their dishes and clean their homes could be harmful," said an Earthjustice lawyer in a statement. The activists contend that chemicals in household cleaning products are linked to asthma, skin sensitization, and other human health issues, as well as reproductive problems for aquatic life.

The trade group Soap and Detergent Association countered that the plaintiffs were "using an arcane New York state regulation as a way to disparage cleaning product formulators whose products are used safely and effectively by millions of people every day." Nevertheless, starting next year, it said that the industry is planning an initiative to disclose ingredient information. The trade group represents 110 cleaning product companies that together manufacture more than 90% of U.S. cleaning products.

Last September, the advocacy groups wrote several manufacturers informing them that the New York law required the filing of semiannual ingredient and research reports with the state's Department of Environmental Conservation. The letters asked the manufacturers to comply within 30 days.

Several companies complied, including Burlington, Vermont based Seventh Generation Inc. Cincinnati-based Procter & Gamble, New York-based Colgate-Palmolive, and Princeton, New Jersey based Church & Dwight Co. (maker of Arm & Hammer products) declined the request.

The federal Consumer Product Safety Commission, which is charged with oversight of home cleaning products, does not require comprehensive ingredient lists. The federal Toxic Substances Control Act, which was enacted in 1976 to regulate the introduction of new chemicals to the market, grandfathered in most chemicals already on the market.

Hendrix Electric Vodka Loses Trademark Dispute

The marketer of "Hendrix Electric" vodka has agreed to pay $3.2

million to the estate of guitar legend Jimi Hendrix to settle a trademark dispute over the use of Hendrix's image and name.

Last year, a federal court ruled in favor of the Hendrix estate, finding that Electric Hendrix LLC and its head, Craig Dieffenbach, lacked permission to use the Hendrix mark to market its vodka. The parties settled the dispute ahead of a trial set for later this month to determine damages. In the settlement, Electric Hendrix also agreed to stop selling and marketing the vodka or any other products branded with the Hendrix name.

"This judgment recognizes our family's long-standing commitment to preserve the Jimi Hendrix legacy and artistic vision," Jimi's stepsister, Janie Hendrix, said in a written statement.

Dieffenbach's business partner was Leon Hendrix, the younger half-brother of Jimi. Jimi died intestate, and his estate went to his father, Al Hendrix. When the elder Hendrix died, he left a will that excluded Leon from the $80 million estate, leaving it under the control of Janie. Dieffenbach, a Seattle developer and Hendrix fan, financed Leon's unsuccessful court battle to receive a percentage of the estate.

In 2005, Dieffenbach began marketing the Electric Hendrix vodka in purple-tinted bottles with a Jimi Hendrix likeness and signature above the label. The estate, which controls the market for a wide variety of Hendrix-themed items, from coasters and tumbler glasses to incense and cell-phone covers, sued Dieffenbach in 2007, complaining of trademark infringement. Janie said additionally that she did not want Jimi's name or image used to promote alcohol because he died after ingesting sleeping pills with alcohol in 1970, at age 27. She said using her half-brother's image to sell alcohol amounted to a "sick joke."

"Vista Capable" Lawsuit Loses Class Action Status

A federal court has decertified a putative class action lawsuit alleging consumers were misled by Microsoft Corp.'s advertising of certain Windows XP computers as "Windows Vista Capable."

The complaint contended that Microsoft's labeling of some personal computers as "Windows Vista Capable" was misleading because many of the computers were not powerful enough to support all of Vista's features, including the "Aero" user interface.

The court reversed its own decision from last February certifying the class, writing that the plaintiffs did not show that Microsoft artificially inflated demand for PCs that could run only the more basic version of Vista. They also failed to prove that Microsoft was unjustly enriched by sales of "Vista Capable" computers, the court wrote.

In the course of discovery in the case, e-mails among Microsoft executives, computer manufacturers, and chipmakers showed high-level executives questioning Microsoft's marketing plan prior to the January 2007 launch of Vista. During the holiday season preceding the debut, Microsoft and PC makers labeled certain PCs "Vista Capable," while labeling more powerful computers "Premium Ready," or able to run all of Vista's features.

Although the court found that consumers still had the option to sue individually, the decertification is a huge blow to the case, since the damages per individual are probably not high enough to compel most consumers to pursue their own separate lawsuits.