

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-5818 PA (AJWx) Date December 17, 2007

Title Paris Hilton v. Hallmark Cards

Present: The Honorable PERCY ANDERSON, UNITED STATES DISTRICT JUDGE

C. Kevin Reddick

Not Reported

N/A

Deputy Clerk

Court Reporter

Tape No.

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

None

None

Proceedings: IN CHAMBERS

Before the Court are a Motion to Dismiss (Docket No. 9) and an Anti-SLAPP Motion to Strike (Docket No. 10) filed by defendant Hallmark Cards ("Hallmark"). Hallmark challenges the sufficiency of the First Amended Complaint filed by plaintiff Paris Hilton ("Hilton"). Pursuant to Rule 78 of the Federal Rules of Civil Procedure and Local Rule 7-15, the Court finds that this matter is appropriate for decision without oral argument. The hearing calendared for December 17, 2007, is vacated, and the matter taken off calendar.

Hilton is a celebrity and media personality whose public image and behavior have perhaps blurred the distinction between fame and infamy. Hilton starred in the reality television show "The Simple Life." In an episode of the show, which featured Hilton and her friend Nicole Ritchie being put into situations for which their privileged upbringings provided little preparation, Hilton and Richie worked in a fast food restaurant. Throughout the show, Hilton developed and popularized "That's Hot" as a catchphrase. Hilton later registered "That's Hot" as a trademark for uses associated with apparel.

Hilton amended her Complaint once as a matter of right. In her First Amended Complaint Hilton challenges the use of her likeness and "That's Hot" catchphrase on a greeting card manufactured and distributed by Hallmark. The card, titled "Paris's First Day as a Waitress," depicts a cartoon waitress serving a customer. A photograph of Hilton's head is superimposed on the waitress's body. The text on the card has Hilton warning the customer: "Don't touch that, it's hot." The customer asks: "What's hot?" Hilton responds: "That's hot." The inside of the card reads: "Have a smokin' hot birthday."

The First Amended Complaint alleges a cause of action for misappropriation of Hilton's right to publicity under California common law, and claims for false designation of origin under the Lanham Act and infringement of her federally registered "That's Hot" trademark. In its Motion to Dismiss, Hallmark contends that as a parody of Hilton's use of her catchphrase, the card is entitled to protection under the First Amendment. Hallmark additionally argues that Hilton's Lanham Act and trademark infringement claims are barred by the nominative fair use doctrine and fail because there is no likelihood of confusion. In its Anti-SLAPP Motion, Hallmark asserts that Hilton's misappropriation of publicity claim must be

UNITED STATES DISTRICT COURT
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stricken because the claim impermissibly interferes with Hallmark's right to freely express an opinion about a matter of public interest.

I. Legal Standards

A. Motion to Dismiss

Hallmark claims that the First Amended Complaint fails to state a claim upon which relief can be granted. Generally, plaintiffs in federal court are required to give only "a short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). While the Federal Rules allow a court to dismiss a cause of action for "failure to state a claim upon which relief can be granted," they also require all pleadings to be "construed so as to do substantial justice." Fed. R. Civ. P. 8(e). The purpose of Rule 8(a)(2) is to "give the defendant fair notice of what the . . . claim is and the grounds upon which it rests." Bell Atlantic Corp. v. Twombly, ___ U.S. ___, 127 S. Ct. 1955, 1964, ___ L. Ed. 2d ___ (2007) (quoting Conley v. Gibson, 355 U.S. 41, 47, 78 S. Ct. 99, 103, 2 L. Ed. 2d 80 (1957)). "Factual allegations must be enough to raise a right to relief above the speculative level, on the assumption that all the allegations in the complaint are true (even if doubtful in fact) . . ." Id. at ___, 127 S. Ct. at 1965, ___ L. Ed. 2d ___ (citations omitted); Daniel v. County of Santa Barbara, 288 F.3d 375, 380 (9th Cir. 2002) ("All allegations of material fact are taken as true and construed in the light most favorable to the nonmoving party.") (quoting Burgert v. Lokelani Bernice Pauahi Bishop Trust, 200 F.3d 661, 663 (9th Cir. 2000)). For a complaint to survive a motion to dismiss, it must contain "only enough facts to state a claim to relief that is plausible on its face." Id. at ___, 127 S. Ct. at 1974, ___ L. Ed. 2d ___. The Ninth Circuit is particularly hostile to motions to dismiss under Rule 12(b)(6). See, e.g., Gilligan v. Jamco Dev. Corp., 108 F.3d 246, 248-49 (9th Cir. 1997) ("The Rule 8 standard contains a powerful presumption against rejecting pleadings for failure to state a claim.") (internal quotation omitted).

B. Anti-SLAPP Motion

Hallmark additionally argues that Hilton's first cause of action for misappropriation of her publicity rights should be stricken pursuant to California Code of Civil Procedure section 425.16. Although it is a state procedural rule, the Ninth Circuit has held that section 425.16(b)'s procedures may be used to dismiss claims pending in federal court. United States ex rel. Newsham v. Lockheed Missiles & Space Co., 190 F.3d 963, 973 (9th Cir. 1999). Section 425.16 applies to "[a] cause of action against a person arising from any act of that person in furtherance of the person's right of petition or free speech under the United States or California Constitution in connection with a public issue . . ." Cal. Civ. Proc. Code § 425.16(b)(1). Such claims are subject to a special motion to strike "unless the court determines that the plaintiff has established that there is a probability that the plaintiff will prevail on the claim." Id. For purposes of section 425.16, an "act in furtherance of a person's right of petition or free speech under the United States or California Constitution in connection with a public issue" includes . . .

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-5818 PA (AJWx) Date December 17, 2007

Title Paris Hilton v. Hallmark Cards

any conduct in furtherance of the exercise of the constitutional right of petition or the constitutional right of free speech in connection with a public issue or an issue of public interest." Cal. Civ. Proc. Code § 425.16(e). A defendant who prevails on their Anti-SLAPP motion is entitled to recover their attorney's fees. Cal. Civ. Proc. Code § 425.16(c).

In ruling on a motion to strike brought pursuant to section 425.16, a court "shall consider the pleadings and supporting and opposing affidavits stating the facts upon which the liability or defense is based." Cal. Civ. Proc. Code § 425.16(b)(2). Initially, a court "decides whether the defendant has made a threshold showing that the challenged cause of action is one arising from protected activity." Equilon Enters. v. Consumer Cause, Inc., 29 Cal.4th 53, 67, 124 Cal. Rptr. 2d 507, 518 (2002). "The burden then shifts to the SLAPP plaintiff to establish by a 'reasonable probability' that the [SLAPP] plaintiff will prevail on the claim and that the [moving] party's 'purported constitutional defenses are not applicable to the case as a matter of law or by a prima facie showing of facts which, if accepted by the trier of fact, would negate such defenses.'" United States ex rel. Newsham, 190 F.3d at 971 (quoting Wilcox v. Superior Court, 27 Cal. App. 4th 809, 821, 33 Cal. Rptr. 2d 446, 453 (1994)).

II. Analysis

In both its Motion to Dismiss and Anti-SLAPP Motion, Hallmark contends that its card is a parody entitled to First Amendment protection. In its Motions, Hallmark argues that the card "pokes fun at Hilton and her vapid use of the phrase 'that's hot'" which she uses to denote "something as trendy, sexy or desirable. In the [c]ard, however the phrase is used literally as a warning about the temperature of a plate of food, rather than as a measure of desirability (assumedly to the chagrin of the male patron)." Hallmark's Motion to Dismiss, p. 1, l. 23 & p. 2, ll. 10-13. But just because Hallmark claims that the card is a parody does not make it so. See Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997) ("Even if Seuss establishes a likelihood of confusion, Penguin and Dove argue that their identical and confusingly similar use of Seuss' marks is offset by the work's parodic character. In a traditional trademark infringement suit founded on the likelihood of confusion rationale, the claim of parody is not really a separate 'defense' as such, but merely a way of phrasing the traditional response that customers are not likely to be confused as to the source, sponsorship or approval. 'Some parodies will constitute an infringement, some will not. But the cry of 'parody!' does not magically fend off otherwise legitimate claims of trademark infringement or dilution. There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use of someone else's trademark. A non-infringing parody is merely amusing, not confusing.") (citing Mutual of Omaha Ins. Co. v. Novak, 648 F. Supp. 905, 910 (D. Neb. 1986) and quoting McCarthy on Trademarks, § 31.38[1], at 31-216 (rev. ed. 1995)).

The fundamental flaw with both of Hallmark's Motions, at least with respect to the misappropriation of publicity and Lanham Act claims, is that to determine whether the card is entitled to First Amendment protection as a parody of Hilton's use of her catchphrase would require a comparison

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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Case No. CV 07-5818 PA (AJWx) Date December 17, 2007

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of the circumstances in which Hilton has used and popularized "That's Hot" to the way in which the phrase is used in the card. To do so is inappropriate in ruling on a Motion to Dismiss because such an analysis would go well beyond an assessment of the allegations in the First Amended Complaint. For similar reasons, Hallmark has failed to meet its burden on its Anti-SLAPP Motion.

A. Misappropriation of Publicity

"California has long recognized a common law right of privacy for protection of a person's name and likeness against appropriation by others for their advantage." Downing v. Abercrombie & Fitch, 265 F.3d 994, 1001 (9th Cir. 2001). To sustain a common law cause of action for commercial misappropriation, a plaintiff must prove: "(1) the defendant's use of the plaintiff's identity; (2) the appropriation of plaintiff's name or likeness to defendant's advantage, commercially or otherwise; (3) lack of consent; and (4) resulting injury." Eastwood v. Superior Court, 149 Cal. App.3d 409, 417, 198 Cal. Rptr. 342, 347 (1983). Claims for misappropriation of publicity rights are subject to a First Amendment defense. In situations where a celebrity's right to control his or her image conflicts with another's right to free expression, courts apply a balancing test "based on whether the work in question adds significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation." Comedy III Prods., Inc. v. Gary Saderup, Inc., 25 Cal. 4th 387, 391, 106 Cal. Rptr. 2d 126, 129 (2001); see also id. at 405, 106 Cal. Rptr. 2d at 140 ("When artistic expression takes the form of a literal depiction or imitation of a celebrity for commercial gain, directly trespassing on the right of publicity without adding significant expression beyond that trespass, the state law interest in protecting the fruits of artistic labor outweighs the expressive interests of the imitative artist.").

In assessing whether a work is "significantly transformative" such that it qualifies for First Amendment protection:

[C]ourts may find useful a subsidiary inquiry, particularly in close cases: does the marketability and economic value of the challenged work derive primarily from the fame of the celebrity depicted? If this question is answered in the negative, then there would generally be no actionable right of publicity. When the value of the work comes principally from some source other than the fame of the celebrity—from the creativity, skill, and reputation of the artist—it may be presumed that sufficient transformative elements are present to warrant First Amendment protection. If the question is answered in the affirmative, however, it does not necessarily follow that the work is without First Amendment protection—it may still be a transformative work.

In sum, when an artist is faced with a right of publicity challenge to his or her work, he or she may raise as affirmative defense that the work is

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-5818 PA (AJWx) Date December 17, 2007

Title Paris Hilton v. Hallmark Cards

protected by the First Amendment inasmuch as it contains significant transformative elements or that the value of the work does not derive primarily from the celebrity's fame.

Id. at 407, 106 Cal. Rptr. 2d at 142.

Here, the card depicts Hilton as a waitress. Because of the similarity between that depiction and Hilton's appearance in "The Simple Life" as a waitress, the Court is unable to conclude, at this stage of the proceedings, that the card is significantly transformative. Put another way, the potential exists that the card is sufficiently evocative of an image Hilton has presented of herself that Hallmark is merely capitalizing on Hilton's notoriety. Hallmark has not sufficiently established that the card is protected by the First Amendment. Accordingly, the Court will not dismiss Hilton's misappropriation of publicity claim at this time. Nor will the Court grant Hallmark's Anti-SLAPP Motion.

B. Lanham Act

The First Amended Complaint's second claim under the Lanham Act alleges that Hallmark has "falsely represented to the public that its products are in some way authorized by, endorsed by, sponsored by, or associated with [Hilton]." First Amended Complaint, p. 5, ll. 12-14. The Lanham Act provides:

Any person who, on or in connection with any goods or services . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C.A. § 1125(a)(1).

1. Likelihood of Confusion

The purpose of the Lanham Act is to prevent consumer confusion. In measuring the likelihood of confusion, the Ninth Circuit has enumerated a number of factors. See AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979). Those Sleekcraft factors have been restated for cases involving

SEND

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CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-5818 PA (AJWx) Date December 17, 2007
 Title Paris Hilton v. Hallmark Cards

celebrities. See Downing, 265 F.3d at 1007-08. In cases involving celebrities, a likelihood of confusion depends upon:

1. the level of recognition that the plaintiff has among the segment of the society for whom the defendant's product is intended;
2. the relatedness of the fame or success of the plaintiff to the defendant's product;
3. the similarity of the likeness used by the defendant to the actual plaintiff;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent on selecting the plaintiff; and
8. likelihood of expansion of the product lines.

Id.. "Although these are all factors that are appropriate for consideration in determining the likelihood of confusion, they are not necessarily of equal importance, nor do they necessarily apply to every case." Id. at 1008.

Similar to claims for misappropriation of publicity rights, Lanham Act claims require a balancing of a celebrity's right to control his or her image with a defendant's First Amendment rights. Courts must construe "the Lanham Act 'to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.'" Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 807 (9th Cir. 2003) (quoting Rogers v. Grimaldi, 875 F.2d 994, 999 (2d Cir. 1989)). This balancing test "prohibits application of the Lanham Act to titles of artistic works 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. (quoting Rogers, 875 F.2d at 999).

As with Hilton's misappropriation of publicity claim, the Court is unable to conclude that the facts alleged in the First Amended Complaint fail to state a Lanham Act false endorsement claim. The card uses Hilton's name, a photograph of her face, her catchphrase, and places her in a similar situation to one in which she placed herself in "The Simple Life." Whether the card parodies Hilton or merely capitalizes on her fame requires a more fact-intensive analysis of the card's context and Hilton's public image than the Court can engage in on a motion to dismiss.^{1/}

^{1/} Hallmark additionally argues that Hilton cannot establish that it acted with actual malice. See Hoffman v. Capital Cities/ABC, Inc., 255 F.3d 1180, 1185 (9th Cir. 2001). Hilton has, however, alleged that Hallmark's "acts were willful, malicious and oppressive to the extent that [Hallmark] acted in conscious disregard of [Hilton's] rights. Defendant failed to properly obtain approval relative to [its] use of the name and likeness of [Hilton]." First Amended Complaint, ¶ 19. Without deciding whether

SEND

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 07-5818 PA (AJWx)

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Title Paris Hilton v. Hallmark Cards

2. Nominative Fair Use

Hallmark further contends that Hilton cannot state a Lanham Act claim because its use of her image and catchphrase are merely nominative. The nominative fair use doctrine applies in situations where “goods and services are effectively identifiable only by their trademarks.” New Kids on the Block v. News America Publ’g, Inc., 971 F.2d 302, 306 (9th Cir. 1992). Nominative fair use is a defense to an infringement action because in such situations, “use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.” Id.; see also id. at 308 (“Such nominative use of a mark—where the only word reasonably available to describe a particular thing is pressed into service—lies outside the strictures of trademark law: Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder. ‘When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth.’”) (quoting Prestonettes, Inc. v. Coty, 264 U.S. 359, 368, 44 S. Ct. 350, 351, 68 L. Ed. 731 (1924)).

A defendant is entitled to the nominative fair use defense when its use of a trademark satisfies each element of a three-part test:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

Id. at 308. Here, at least at the pleading stage, Hallmark has not conclusively established either that it has used only so much of Hilton’s protected intellectual property as reasonably necessary to identify its product or that it has done nothing to suggest Hilton’s endorsement of the card.

C. Trademark Infringement

Hilton’s third claim alleges that Hallmark has infringed her “That’s Hot” federally registered trademark. As it did in seeking to dismiss the Lanham Act claim, Hallmark argues that there is no likelihood of confusion and that it is entitled to a nominative fair use defense. Hallmark additionally contends that because Hilton’s registered trademark applies only to apparel, the card, which the Patent and Trademark Office considers to be an entirely different category of good, cannot infringe her

Hilton will eventually have to prove that Hallmark acted with malice, the Court concludes that these allegations are sufficient at this stage of the proceedings to state a claim.

SEND

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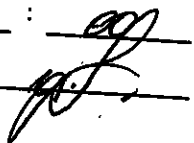
trademark. Hilton's Opposition to the Motion to Dismiss does not mention her trademark claim. Nor does Hilton refute the arguments made in Hallmark's Motion. The Court therefore concludes that Hilton has abandoned her third claim for relief. See Local Rule 7-12. Accordingly, the First Amended Complaint's claim for trademark infringement is dismissed with prejudice.

CONCLUSION

For all of the foregoing reasons, the Court denies Hallmark's Anti-SLAPP Motion to Strike. The Court also denies Hallmark's Motion to Dismiss the First Amended Complaint's first and second claims for relief. The third claim for trademark infringement is dismissed with prejudice. Hallmark shall file its Answer by January 14, 2008.

IT IS SO ORDERED.

Initials of Preparer



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