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Breakfast Battles Cook Up Copyright, Trademark Questions

Law360, New York (June 06, 2014, 11:17 AM ET) -- Taco Bell Corp. has joined the breakfast wars through the launch of its first breakfast menu. The company's initial maneuver in this ongoing battle for breakfast customers takes direct aim at McDonald's iconic breakfast menu. Taco Bell's television commercials feature individuals named "Ronald McDonald" attesting to their "love" for "... Taco Bell's new breakfast." These commercials include the disclaimer: "These Ronald McDonalds are not affiliated with McDonald's Corp. and were individually selected as paid endorsers of Taco Bell Breakfast, but man, they sure did love it." Three versions of this television commercial are available here, here and here.

Many viewers respond with a common inquiry: "Can Taco Bell do that?" Taco Bell's reference to McDonald's trademark-protected clown mascot and slogan "I'm Lovin' It" — as well as the thematic structure of these commercials — raise interesting questions under advertising and copyright laws.

Advertising

The Federal Trade Commission defines "comparative advertising" as "advertising that compares alternative brands on objectively measurable attributes or price, and identifies the alternative brand by name, illustration or other distinctive information." [1] In limited circumstances, the Lanham Act [2] permits companies to use their competitors' trademarks in comparative advertising. For example, the use of a competitor's trademark may be necessary by a company to distinguish and differentiate between its products or services and those of its competitor.

This use of a competitor's trademark in comparative advertising may be protected from trademark infringement or trademark dilution claims under the doctrine of "nominative fair use." This doctrine permits the unauthorized use of a competitor's trademark in advertising, provided that such advertising does not contain misrepresentations, does not imply any endorsement or sponsorship by the trademark owner, there is no easier way to refer to the owner or its products and only so much of the trademark is used as is needed to identify the trademark owner.

Caution is therefore required when companies create comparative advertising campaigns. They must scrutinize these campaigns to minimize any risk of trademark infringement, trademark dilution or false advertising claims.

Endorsements and testimonials are common forms of advertising and often found in conjunction with comparative advertising campaigns. The FTC defines endorsements and testimonials identically as "any advertising message (including verbal statements, demonstrations or depictions of the name, signature, likeness or other identifying personal characteristics of an individual or the name or seal of an organization) which consumers

are likely to believe reflects the opinions, beliefs, findings or experience of a party other than the sponsoring advertiser.” [3]

Companies that employ testimonials or endorsements must ensure that their advertisements are truthful, not deceptive and protected by nominal fair use when other companies’ products or services are referenced. These requirements apply both to the literal accuracy of the advertisements as well as to the overall impression that an advertisement portrays about the advertiser’s products or services.

Taco Bell’s breakfast menu commercials employed these advertising techniques. McDonald’s responded to Taco Bell’s television commercials with a social media campaign, including a Facebook post with a picture of the Ronald McDonald clown petting a chihuahua, Taco Bell’s former mascot, with the caption: “Imitation is the sincerest form of flattery.” McDonald’s clever retort in place of legal action prevents a formal exploration of whether Taco Bell’s commercials fall within the permissible scope of nominative fair use and FTC guidelines for endorsements and testimonials.

Nonetheless, Taco Bell’s commercials and McDonald’s response serve as valuable reminders that advertising campaigns must be vetted thoroughly so that the appropriate business units can weigh the potential risks and benefits. Similarly, a company’s response to potential issues should be calibrated to the risk and take into account business concerns and not just legal options.

Copyright

Taco Bell’s television commercials also raise interesting copyright questions. Other companies have used the thematic structure of average-citizens-with-famous-names in commercials. In 2012, ESPN Inc. featured the pitfalls of an individual with the name “Michael Jordan” in a SportsCenter campaign. Notably, in 2002, the fast food chain Jack In The Box Inc. featured a commercial in which the “Jack” mascot delivered a burger to an individual named “Ronald MacDonald.” This commercial ends with the mascot stating: “Now my burgers are so good, even Ronald MacDonald likes them.” The similarities among these commercials may implicate the Copyright Act. [4]

Copyright protects original works of authorship, including television commercials and other forms of advertising media that feature literary, artistic or musical content. Copyright does not, however, protect ideas or concepts revealed in written or artistic works. Rather, it protects the way in which such things are expressed — it protects the end product. Courts have explained that the essence of copyright infringement lies not in copying a general theme, but copying the particular expression of a general theme through similarities of treatment, details, scenes, events and characterization.

The demarcation between ideas themselves and the tangible expression of those ideas is amorphous and particularly fact-dependent. With television commercials, the legal analysis requires an intensive review of the “substantial similarities” between the commercials to determine whether copying and actionable infringement have occurred. The various circuit courts have differing tests for “substantial similarity” under the Copyright Act, which further complicates the analysis.

The similarities between Taco Bell’s commercials and its predecessors’ commercials could be viewed within the copyright context. If Taco Bell’s commercials were challenged, a court would have to compare the style, structure, and other expressive elements of these television commercials to determine whether there are similar general themes or if actionable copyright infringement may exist. At the very least, this should remind retailers that they must be attuned to copyright and other intellectual property issues throughout the creative process of developing marketing and advertising strategies.

Practical Tips

Whether or not you think Taco Bell's advertising crossed the line, there are some general principles that all companies should consider following when developing advertising and marketing campaigns:

- **Accuracy:** Advertising should be vetted to ensure it is accurate and supported by verified facts. Advertising should not directly or implicitly deceive or mislead the public. In addition to avoiding expressly deceptive statements, companies should ensure their statements do not mislead the public by providing selective or incomplete information.
- **Disclosure:** Any material connections between a company and a person endorsing its products or services should be disclosed. In addition, the use of a disclaimer should be considered if it would decrease any potential risk of an advertisement deceiving or misleading the public.
- **Confusion:** Advertising should avoid creating any potential confusion with other companies' products or brands. Advertisements should not take unfair advantage of a competitor's reputation or trademarks. For example, the use of a competitor's trade name is generally sufficient in comparative advertising, while reproducing a competitor's logo may provide grounds for potential liability.
- **False associations:** In their advertising, companies should avoid creating or implying false or misleading associations between their products or services and those from other companies.
- **Unwarranted criticism:** In their advertising, companies should avoid making false or malicious statements about other companies' products or services. This includes any direct or implicit accusations that other companies have engaged in fraud or deception or have violated laws.
- **Identify sources:** When making comparisons with other products or services, or statements about other companies' products or services, companies should clearly identify the source of that information in their advertisements. Similarly, when a company makes factual claims about products or services, those claims should be supported by legitimate tests and studies.

Although these general principles provide an initial framework for assessing advertising and marketing content, comparative and false advertising claims are highly fact specific. Companies should consider these principles and seek legal advice when appropriate throughout the creative process to avoid being confronted with a lawsuit. Moreover, companies should proactively monitor their competitors' advertising and marketing campaigns and monitor any public references to their products or services. Vigilant monitoring and a rapid, thoughtful response often will prevent harm from potentially infringing or deceptive advertising.

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[1] FTC, Statement of Policy Regarding Comparative Advertising (Aug. 13, 1979).

[2] 15 U.S.C. Subsection 1051 et seq.

[3] 16 C.F.R. Section 225.0(a)-(b).

[4] 17 U.S.C. Subsection 101 et seq.

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