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Court To Sen. Hershey: Tear Down Those Signs

Law360, New York (July 30, 2014, 10:15 AM ET) -- Here's a play on an old children's riddle: What's brown and white and read all over? The not-so-childish answer is Maryland state Sen. Steve Hershey's campaign signs. However, on July 16, 2014, Judge William D. Quarles of the U.S. District Court for the District of Maryland in *The Hershey Company, et al. v. Friends of Steve Hershey, et al*, case number 1:14-cv-01825, preliminarily enjoined the senator from using the brown and white campaign signs The Hershey Company contended infringed upon its Hershey's trade dress and ordered him to remove all infringing forms of the signs from the Internet and to take down all infringing outdoor signs and posters. Not a sweet outcome for the senator, who, for years, has been embroiled in an on-again, off-again dispute with The Hershey Company over signs and logos he has used in his different political campaigns.



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The battle began in 2002 when Steve Hershey ran for county commissioner in Queen Anne's County, Maryland. The Hershey Company wrote to the politician at that time asking him to stop using campaign materials that depicted the word "Hershey" printed in bold white font on a dark brown background, contending that they violated the famous Hershey trade dress. Use of these campaign materials ceased after the election. In 2010, Hershey ran for state delegate using a campaign logo and signs similar to those used in the 2002 campaign. Hershey again contacted Hershey about the allegedly infringing use, allowing him to use his existing materials for the primary election only.

At the conclusion of the primary elections, the company sent a letter to Hershey itemizing terms agreed to in a phone conversation, specifying that Hershey agreed to change the design of his materials for the general election, "particularly the font and color" so that they would be "materially different from" the Hershey trade dress. After being appointed to a vacant state Senate seat in 2013, Sen. Hershey began campaigning to be elected to the state Senate using a campaign logo with a Maryland flag in dual tone brown as the background with the word "Hershey" in white font prominently displayed on the front below which the words "State Senate" appeared in smaller font.

Again, The Hershey Company contacted the senator objecting to the new campaign logo. When the senator refused to stop using the new logo, the company filed suit in federal court for trademark infringement, breach of contract and other related claims, which was immediately followed by a motion for a preliminary injunction.

In response to these filings, Sen. Hershey filed a motion to dismiss or, in the alternative, for summary judgment, which was supplemented several days later by a pleading which stated that all versions of the campaign sign referenced in the Hershey complaint had been

changed. The new version added the phrase "Our Senator, not Big Chocolate ... we're not confused" on a white background at the top of the previous signs. In his filing, the senator argued that he "enjoys a First Amendment right to make the distinction [between the two logos] clear (as if it needed to be) and also express his views about the Hershey Company."

No one has disputed that the company owns a strong, distinctive, well-known and recognizable trade dress. As the court noted, multiple federal trademark registrations existed for variations of the current Hershey's trade dress, products have been advertised and sold under these variations throughout the United States for over a century, annual retail sales of these products exceeded \$1 billion, and in a 2014 study the candy bar wrapped in the Hershey's trade dress was ranked as the top brand of chocolate candy. Moreover, the company's market research showed and over 90 percent awareness of this product among U.S. consumers. These are the kinds of facts and statistics any trademark owner would love to have going into court.

The senator argued that he did not use any of Hershey's protected marks, that the design he was using was not likely to cause confusion, that he was not offering any services under the mark, and that, under any circumstances, his use of his campaign signs and logo was protected by the First Amendment. The court held otherwise.

The court's found that the senator, in fact, did "use" the mark, since federal law prohibits the use of any "reproduction, counterfeit, copy, or colorable imitation" of a registered mark "with greater weight given to the dominant or salient portions" of the mark. The finding of "obvious similarity" between the "overall appearance" of the senator's signs and the Hershey's trade dress was based on the fact that the Maryland flag design was so subtle when embedded in the dual brown tone background that it "would likely be difficult to notice, especially when viewed on a lawn sign from a passing car." Moreover, neither the spelling difference between "Hershey" and "Hershey's" nor the use of the words "State Senate" in a position where the company's trade dress used the term "Milk Chocolate" were considered significant enough to distinguish the two designs.

The fact that the court agreed with the senator that the public was not likely to confuse the senator with a candy bar did not stop the court from finding that confusion was still likely. Confusion as to "sponsorship or affiliation" was also relevant, the court stated, and it held that given the similarity between the designs, "a member of the public could easily — and mistakenly — believe that Sen. Hershey is in some way affiliated with Hershey." This was supported by anecdotal evidence submitted by the company of such confusion by the public.

The senator argued strenuously that he and his campaign did not use the mark "in connection with the sale, offering for sale, distribution, or advertising of goods or services," and, thus, could not have engaged in any infringing activity. The court, however, held that the term "services" was interpreted broadly to include political activities such as the senator and his campaign's promotion of a political candidate, dissemination of political information, hosting of campaign events, and solicitation of political donations, all of which were accomplished using the offending logo.

Judge Quarles also did not buy into the senator's argument that the First Amendment protected any use he made of the Hershey's trade dress, holding that it was not used as part of "a communicative message." Had the senator and his campaign used the Hershey marks "for parody, political commentary, or some other communicative purposes," the use may then have been protected under the Constitution. However, the court stated that such "protection does not apply when the trademark is used to associate a political candidate with the popular consumer brand."

Having determined that the company was likely to succeed on the merits of its

infringement claim against the senator, the court then addressed the elements of irreparable harm, balancing of equities, and public interest. It held that there was irreparable harm to the company since its "reputation was no longer within its control." It also found the equities and public interest to favor the company since, inter alia, the senator and his campaign had sufficient time to distribute non-infringing campaign materials and any harm suffered was "self-inflicted."

Since issuance of the injunction, the company filed its opposition to the senator's motion to dismiss or, in the alternative, for summary judgment. It supplemented its filing with a July 18 decision by the U.S. District Court for the Eastern District of Virginia in Reynolds Consumer Prods. Inc. v. Handi-Foil Corp, case No. 1:13-cv-214, 2014 U.S. Dist. LEXIS 98059 (E.D. VA July 18, 2014), which interpreted the U.S. Supreme Court's recent opinion in Lexmark International Inc. v Status Control Components Inc., 134 S.Ct. 1377(2014) in a manner consistent with the company's position that proof of actual confusion and actual damage is not required to prevail under a Section 43(a) Lanham Act claim. The senator has argued for an opposite interpretation.

With the issuance of this preliminary injunction and less than six five months until the general election, this long-running battle presumably has come to an end. However, as of this writing the case was still active and motions are still pending.

Sen. Hershey is not the first politician to come under fire for the unauthorized use of third-party intellectual property in connection with a political campaign. The use of music has been an issue for quite a few politicians, including Newt Gingrich, who was sued in 2012 for the unauthorized use of the song "Eye of the Tiger." The issue of trademark infringement generally arises in the political campaign context when third parties use political campaign slogans or politicians' names in connection with the efforts to sell merchandise. In the 2012 presidential campaign, both Mitt Romney and Barack Obama took action against third parties' use of campaign trademarks. The Hershey case is somewhat different from the usual trademark dispute in that the politician is the one who was sued for use of a corporate trademark.

Although the First Amendment is sometimes a valid defense to the use of a third party's intellectual property, as the court in this case made clear, that right is not absolute. Just as someone cannot scream "fire" in a crowded theater and rely on the First Amendment to protect his or her actions, no one has the unfettered right to make use of a third party's trademark on products or in connection with the offering of services. This is true whether the use is commercial or noncommercial, for profit or not-for-profit.

The Hershey Company made clear in its pleadings, that it was not objecting to the use of the "Hershey" name in connection with the campaign or to any of the senator's political communications, but that it was objecting to the Senator's use of its famous Hershey mark and trade dress to falsely indicate or to confuse consumers into believing that the company sponsored, endorsed, authorized or otherwise was associated with the senator, his campaign or his campaign fund-raising efforts.

As Judge Quarles made clear in his decision, the provision of "services" for purposes of a trademark infringement analysis will be construed broadly. Thus, unless the services provided fall within the parameters of "parody, political commentary, or some other communicative purpose," do not copy or try to manipulate or tweak someone else's protected trademark or trade dress to use for your own purposes. Although doing so may seem like a clever play on a well-known symbol, it is not a harmless gesture and can be a very expensive and embarrassing mistake to make.

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