

Client Alert

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“Good Times” for Chic: Court Protects Domestic Trademark by Enjoining Infringing Musical Performances Abroad

The United States District Court for the Southern District of New York recently held, on cross-motions for summary judgment, that performances in foreign countries by two former members of a musical group were not extraterritorial acts falling outside the reach of the Lanham Act, and could be enjoined when such performances were materially advanced by infringing acts occurring in the United States. *Rodgers v. Wright*, 04 Civ. 1149, 2008 U.S. Dist. LEXIS 26550 (S.D.N.Y. March 31, 2008). This decision illustrates an important remedy that may be available to domestic trademark holders seeking to enjoin infringing activities outside the United States.

Plaintiff Nile Rodgers, a well-known writer of hit songs such as “We Are Family,” producer of iconic classics including Madonna’s “Like a Virgin,” and founder of the music group Chic, brought a trademark infringement action under the Lanham Act against two former Chic singers. Rodgers, as an original group member and partner of Chic, is the registered owner of the trademark “Chic,” and has, since 1977, regularly performed throughout the world under the name Chic, and has signed contracts and released albums under that trademark. The defendants, former vocalists for Chic, were not in the Chic partnership and had never held any trademark rights in the name. Nevertheless, in 1996, the defendants began performing domestically and abroad under the titles “Ladies of Chic,” “First Ladies of Chic,” “Chic” and other monikers that identified and advertised themselves by their former

association with Chic. The defendants also maintained a website advertising their availability for performances both in the United States and abroad. *Id.* at *2-5.

In considering the parties’ cross-motions for summary judgment, the court first corrected the defendants’ inaccurate arguments on the effect of trademark registration lapses and mark abandonment. Since the plaintiff had “continued to use the mark in commerce since 1982, and [he] applied to register the mark anew before the 1982 Registration expired,” the court dismissed the defendants’ argument that Rodgers had abandoned the mark. *Id.* at *13. Notably, the decision is silent as to whether the defendants argued laches or acquiescence in light of the fact that Rodgers waited until 2004 to file suit—almost eight years after the infringing activities commenced in, approximately, 1996. Ambiguities notwithstanding, the court then proceeded in its infringement analysis by assessing the *Polaroid* factors and found that the defendants’ use of “Chic,” “Ladies of Chic,” and similar marks was likely to confuse consumers and, in at least one instance, had actually confused consumers. *Id.* at *17-20. The court further held that there was no fair use defense because the defendants did not act in good faith, and employed the Chic mark in such a way as to trade on the good will of the plaintiff. *Id.* at *20-21 (quotes omitted). Finally, the court held that the defendants’ European performances were within the reach of the Lanham Act. *Id.* at *22-23.

The Supreme Court previously held that “Congress has the power to prevent unfair trade practices in foreign commerce by citizens of the United States, although some of those acts are done outside the territorial limits of the United States,” and Congress exercised that power in providing for extraterritorial application of the Lanham Act. *Steele v. Bulova Watch Co., Inc.*, 344 U.S. 280, 286-87 (1952). Accordingly, the court examined the Second Circuit standard for extraterritorial application of the Lanham Act, and considered: (1) whether the defendants’ conduct had a substantial effect on United States commerce; (2) whether the defendants were United States citizens;

(3) and whether there was a conflict between the defendants' trademark rights under foreign law and plaintiff's trademark rights under domestic law. *Rodgers v. Wright*, 2008 U.S. Dist. LEXIS 26550 at *22 (citations omitted).

While noting that the Second Circuit has “never applied the Lanham Act to extraterritorial conduct absent a substantial effect on U.S. commerce,” the court acknowledged that it was “somewhat unclear as to what sort of substantial effect on U.S. commerce is required for a court to exercise jurisdiction over a U.S. citizen’s foreign infringement of a U.S. trademark.” *Id.* at *23-24. But the court reasoned that U.S. consumer confusion or harm to the plaintiff’s domestic goodwill would suffice to meet this requirement, and that financial harm to the American trademark owner also would be considered relevant to this determination. *Id.* at *24.

In concluding that the Lanham Act should apply where a U.S. citizen’s foreign infringement is materially furthered by infringing domestic activities that will likely confuse American consumers, the court opined:

Whether the eventual performance was in the U.S. or abroad, it is undisputed that defendants directed, coordinated, and operated their “First Ladies of Chic” enterprise from the U.S. That is, save for the actual performance abroad, defendants “conducted [their] business almost exclusively within the United States and used the instrumentalities of American commerce to profit at [plaintiff’s] expense without regard to where the [infringing performances] ultimately occurred or whether those [performances] violated American law. . . Moreover, defendants materially advanced their foreign infringement with their domestic infringement. . . [A]s part of their effort to attract bookings and concertgoers, defendants advertised their availability to perform anywhere as “First Ladies of Chic” on their own website, www.ladiesofchic.com, and on the websites of American promoters and talent agencies, thus using plaintiff’s mark in American commerce in a way that was likely to confuse domestic as well as foreign consumers . . . it is well-settled that the Lanham Act applies to an American defendant’s foreign infringement where that infringement results in a likelihood of a confusion of American consumers. . . .

Id. at *28-31.

This decision by the Southern District is notable, particularly for those who regularly seek injunctions against trademark infringers who operate both domestically and internationally. As this decision demonstrates, courts are willing to enjoin infringing acts outside the United States even when only domestic trademark registrations and rights are at issue.

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