

# Three Point Shot

March 2016

**California Court to PGA Tour Caddies: You'll Get Nothing and Like It!** As the full swing of the PGA season rounds the corner, and with the azaleas blooming at Augusta, the trusted confidants of golf's premier players have already missed the cut.

Last month, the District Court for the Northern District of California dismissed a lawsuit filed against the PGA Tour by a group of 168 caddies contending that the Tour may not require them to wear shoulder-to-thigh length "bibs" during tournaments, many of which feature the name of the golfer for whom the caddie works (on the back) and the names and logos of tournament sponsors (on the front) (*Hicks v. PGA Tour, Inc.*, 2016 WL 928728 (N.D. Cal. Feb. 9, 2016)). Among other arguments, the caddies alleged that the Tour missed the fairway and violated their "right of publicity" by using them as "human billboards" for tournament sponsors without compensation.

California, like many other states, recognizes both a statutory and a common law right of publicity. In California, to state a claim for common law misappropriation in violation of the right of publicity, a plaintiff must allege that defendant used the plaintiff's name, likeness, or identity without plaintiff's consent, to the defendant's advantage, causing harm to plaintiff. The caddies argued that they had never consented to the Tour's use of their "likeness and images" in connection with the corporate-sponsored bibs during television broadcasts of tournaments. Lawyers for the caddies estimated the value of chest-front advertising on caddie bibs at [\\$50 million per Tour season](#), of which the caddies received no cut.

U.S. District Judge Vince Chhabria dismissed the caddies' lawsuit last month with prejudice, writing that "(t)he caddies' overall complaint about poor treatment by the Tour has merit, but this federal lawsuit about bibs does not." The court's ruling relied heavily on the contract that each caddie must sign with the Tour to work an event. The form contract provides that "(c)addies shall wear uniforms...as prescribed by the host tournament and the PGA TOUR," but does not explicitly require a caddie to wear a tournament bib. The caddies argued that the contract's particular silence as to bibs precludes the Tour from requiring the caddies to wear the advertisement-laden smocks between the ropes. As a matter of contract interpretation, Judge Chhabria cited the general rule that even where disputed contract language appears ambiguous, the ambiguity can be resolved as a matter of law where context reveals that the language is susceptible to only one interpretation. The court found context in the caddies' own admission that the Tour has required them to wear bibs for decades as the primary part of their "uniform." Therefore, concluded Judge Chhabria, the only reasonable interpretation of the contract is that caddies agreed the Tour could make them wear bibs.

Resting upon this interpretation of the Tour contract, the court ruled that the critical element in the caddies' right of publicity violation claim was not satisfied, namely, a lack of consent. Because the court interpreted the caddie contract as requiring the caddies to wear bibs, and when read with a provision of the contract whereby caddies assign to the Tour their "individual television, radio, motion picture, photographic, electronic ... and all other similar or related media rights" with respect to their participation in Tour events, the court concluded that the caddies consented to the use of their images at tournaments, including any logo on the bibs. Thus, tapping in an easy two-foot putt, the court dismissed the caddies' claim relating to the right control the commercial use of their likenesses.

Even if the district court's decision is upheld [on appeal](#), all is not lost. Caddies still possess a long game and can always individually negotiate with sponsors to endorse products and place advertisements on other highly visible parts of the uniform, such as hats and shirt sleeves. Further, the court apparently did find some merit in the caddies' allegations of poor treatment by the Tour, which may earn them a few strokes in the court of public opinion. [So, they got that going for them, which is nice.](#)

**App Stores Win Shootout in "Free Kick Master" Trademark Dispute** What exactly is Free Kick Master? A new graduate degree focusing on athletic theory? A new martial arts video game that channels the Jackie Chan classic, [The Legend of Drunken Master](#)? While both of those are reasonable guesses, Free Kick Master is actually a company that runs a [skill-based competition](#) that features the world's best soccer free kickers shooting against the world's best goalkeepers to declare the "Free Kick Master" and "Golden Goalkeeper," respectively. This past February, Amazon, Apple, Google and Samsung successfully tackled a trademark infringement suit brought by Free Kick Master LLC ("Free Kick Master") based on the offering of third-party apps that allegedly infringed the plaintiff's mark. ([Free Kick Master LLC, v. Apple Inc](#), 2016 WL 777916 (N.D Cal. Feb. 29, 2016)).

So how does a soccer skills challenge end up toe-to-toe with some of the biggest names in mobile? We are very glad you asked.

Free Kick Master owns the registered "Free Kick Master" mark, which is intended for use in a variety of settings including, television shows, film production, organizing sporting events and computer games and applications. [Amazon](#), [Apple](#) and [Google](#) all offer downloads of apps through their app stores, and although [Samsung](#) does not have its own app store, Samsung permits third party applications to run on its devices, and affords certain online services to app developers. Free Kick Master alleged that the defendants' use, sale, distribution, and/or promotion of the unrelated Free Kick Master apps infringed its trademarks.

The case, originally filed in Ohio, was booted to a California forum, where the plaintiff then filed an amended complaint. The second amended complaint alleged six causes of action, including multiple trademark infringement claims under the Lanham Act, requests for injunctive relief, as well as trademark-related claims under California state law. In the opening match, the court gave Free Kick Master's direct infringement claims the red card, dismissing them because no facts showed that Amazon or Google, as app store operators, or Samsung, as device maker, "used" the mark in displaying apps created by third-party developers or that the "use" created a likelihood of confusion (See [Free Kick Master LLC v. Apple Inc.](#), 2015 WL 6123058 (N.D. Cal. Oct. 19, 2015)). Free Kick Master initially got a friendly call from the referee when the court stated that despite not pleading it expressly, Free Kick Master's claim was really one of [contributory infringement](#). However, the court swatted away the contributory claims too. It concluded that Amazon, Google and Samsung did not intentionally induce the third-party developers to infringe plaintiff's mark, or supply a product or service to individuals with knowledge that the third-party developers' apps/games were infringing plaintiff's mark.

Barely avoiding another red card, Free Kick Master persuaded the judge to allow it to file a third amended complaint, purportedly to include evidence that company representatives had previously attempted to contact the defendants to inform them about the allegedly infringing apps (but had received no affirmative reply or assistance).

In the February 2016 rematch, Free Kick Master was equally unsuccessful, as the court finally deemed time had expired and [dismissed the action, with prejudice](#). Among other reasons, the court found the claims to be untimely based on the doctrine of laches. The third amended complaint stated that Free Kick Master knew of the alleged infringement before March 2011, which was more than four years prior to the filing of the original complaint – at least two years past the applicable statute of limitations period. The defendants also satisfied the other requisite elements for a successful laches defense, namely that the delay was unreasonable and that the delay was prejudicial because the passage of time made uncovering evidence of any notice from plaintiff more difficult.

Victory was not achieved merely on a technicality, however, as the court also ruled on the merits of the trademark claims, reiterating that the plaintiffs failed to show that Apple, Amazon and Google intentionally induced third party app developers to infringe on Free Kick Master's trademarks, or that they had the requisite knowledge of the infringement. Indeed, the court found that plaintiff had failed to submit sufficient documentation that its representatives telephoned the defendants about the infringing apps or that the defendants ignored the plaintiff's alleged calls or had actual knowledge of the existence of potentially infringing apps in their stores. Perhaps a more effective way to gain the defendants' attention would have been to blow a vuvuzela outside corporate headquarters? Moreover, with regard to claims against Samsung, the court found no evidence that any of the purportedly infringing apps ever used Samsung's developers tools or that Samsung had "directly monitored" the app developer's activities.

Despite the extra time granted by the court to amend the complaint, Free Kick Master failed to get a shot on goal against the "Golden Goalkeeper" of legal teams representing the Real Madrid-like giants of mobile, companies who, at least in this case, were able to leave the pitch with a resounding win in front of their home crowd in California.

### **Hoverboards: Just as Explosive as Their Sales?**

Hoverboards are great: they are a fun way to get from Point A to Point B, easy to use (after a little wobbly practice), lightweight, and portable. Hoverboards are like Segways without handlebars; they are self-balancing and allow the operator to accelerate, turn, and stop. However, major airlines have banned the popular device du jour for safety reasons, as have some major online retailers, and the [New York City Police Department tweeted that the devices would be deemed an illegal motorized scooter](#) under [NYC Admin. Code 19-176.2](#) if used on the public streets.

And, there is another potential downside. According to a complaint filed in the Northern District of Indiana, they may unexpectedly explode and catch fire. The claimant, Michael Brown, filed a putative class action against Swagway, LLC, a manufacturer of hoverboards, and Modell's Sporting Goods, Inc., the popular sporting goods store, after a hoverboard that Brown purchased for his children allegedly exploded while charging, damaging his home (*Brown v. Swagway, LLC*, No. 15-588 (N.D. Ind. filed Dec. 10, 2015)). Brown seeks both to enjoin Swagway and Modell's from selling more hoverboards, and monetary relief for economic losses and other damages on behalf of a class. Brown's allegation is but one of a [number of reported instances](#) of brands of self-balancing two-wheeled electric scooters, or hoverboards, that allegedly malfunctioned and caught fire (similar to laptops and mobile phones, hoverboards have lithium ion batteries [that can become flammable if the battery short circuits](#)).

According to his [complaint](#), Brown purchased a hoverboard for his children from Modell's website as a Chanukah present and had it shipped to Indiana. On the very first night of Chanukah, Brown alleges his children used the hoverboard for about 30 minutes, after which he plugged it in to charge – some 45 minutes later, the hoverboard burst into flames. Short story made even shorter, the fire department arrived and extinguished the fire. Although fortunately it does not appear that anyone was injured, the whole ordeal left [a charred mess](#) on Mr. Brown's floor.

Rather than making a trip to the local home improvement store to buy some new flooring, Mr. Brown made a trip to his lawyer to bring the above-mentioned action against Modell's and Swagway. In his [complaint](#), Brown brought a claim for breach of an implied warranty, arguing that the hoverboard was advertised as safe and fit for ordinary use, but that it was in fact unsafe and defective. Brown also brought a New York consumer protection claim under [N.Y. Gen. Bus. Law §§ 349 et seq.](#), arguing that the defendants engaged in unfair and deceptive acts in the sale of the allegedly defective products, and profited as a result. In response, Modell's filed a motion to dismiss to strike Brown's request for class certification, arguing that Brown failed to show a proposed class suffered comparable damages, or cite any other incidents involving allegedly defective hoverboards purchased from Modell's, or that the class even had standing to sue based upon the risk of a "certainly impending" injury. Modell's further argued that the Indiana court lacked personal jurisdiction over it because Modell's does not have "minimum contacts" with Indiana (e.g., Modell's argues that it maintains no stores in the state, its e-commerce website does not target forum residents, and its dealings in the state are limited to its contract with Swagway). Similarly, [Swagway also filed a motion to dismiss](#), raising similar arguments about defects in class certification and also claiming that Brown cannot pursue injunctive relief because he is not at future risk of economic injury and already has adequate remedies available at law. Whether Brown can successfully balance the statutory and jurisdictional issues remains to be seen.

Meanwhile, the heat remains on hoverboard makers. In February 2016, the U.S. Consumer Product Safety Commission (CPSC) issued a letter urging manufacturers of self-balancing scooters to test their lithium ion battery products to ensure they meet the voluntary UL safety standards. In response, Swagway issued a [statement](#) in February advising customers to stop using their hoverboards in the interim.

With unsettling videos online of hoverboards catching fire, or even [burning down houses](#), it is doubtful we have heard the last word from regulators or affected consumers. Indeed, over the course of a few months, hoverboards have gone from one of the most popular items of the holiday season to one of the most volatile. Unfortunately for the plaintiff Michael Brown, he chose the hottest gift of the holiday season.

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