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THE BLUR BETWEEN FACT AND FICTION: SHOULD TRADEMARK PROTECTIONS EXTEND TO ASPECTS OF FICTIONAL WORKS?

SAM WALKER
ORCID: 0000-0001-8010-0041

ABSTRACT

Many fictional works have developed trademark protection over the years, but in recent history, specific aspects from within fictional works have also gained protection. This case note examines the decision in *Viacom International, Inc. v. IJR Capital Investments, L.L.C.* and prior cases involving the application of the Lanham Act to aspects of fictional works. The Fifth Circuit properly granted trademark protection to Viacom’s mark “The Krusty Krab” by determining that it had gained secondary meaning and that the digits of confusion weighed in Viacom’s favor. This outcome serves the basic purposes of trademark law by protecting consumers and producers of goods and services from having aspects of fictional works become fair game to appropriate in the real-world.



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PROTECTIONS EXTEND TO ASPECTS OF FICTIONAL WORKS?

SAM WALKER*

I. INTRODUCTION

If you have watched any television in the last twenty-one years, it is likely that you have at least heard of *SpongeBob SquarePants*. The presence of this show has been impressive since its release. If you have not watched it, the show revolves around “SpongeBob SquarePants,” a fry cook at “The Krusty Krab,” and his various friends in “Bikini Bottom.” Now, imagine you are driving down the road and pass a sign for “The Krusty Krab,” a real restaurant that just opened in your neighborhood. Would you make the assumption that Viacom, the owner of *SpongeBob SquarePants*, opened or was affiliated with this restaurant and be disappointed when you walk through the doors and there is not a monotone squid to take your order and a giddy sponge preparing it, all while a greedy crab observes his employees from the back office?

In *Viacom International, Inc. v. IJR Capital Investments, L.L.C.*, the trademark protection of SpongeBob’s fictional employer came into question when IJR attempted to open a seafood restaurant named “The Krusty Krab.”¹ The Fifth Circuit contemplated whether specific elements from within a television show – which in this case, was a fictional business – should be allowed to receive trademark protections that would prevent real businesses from using those elements in commerce. The Court came to the proper conclusion and has set a precedent that protects both fictional intellectual property owners and those looking to own intellectual property in the real world. Producers and creators of fictional content can now acquire trademark protection for fictional elements in their creations by showing that they create a separate and distinct impression from that of the main mark.

This case note will first discuss some of the foundations of trademark protection, including the Lanham Act and the likelihood of confusion factors (referred to by the Fifth Circuit as the “digits of confusion”).² Second, it will discuss the Court’s proper application of the Lanham Act to “The Krusty Krab” and how the digits of confusion were applied. Third, it will analyze the Court’s goal in preventing “goodwill free-riders” and offering protections for marks that have established secondary meaning.³ Finally, we will look at the alternatives to the Court’s decision and explain why the Court took the proper action in this case. This analysis will show that the Court made the proper decision consistent with the tenants of trademark law.

* © Sam Walker 2021, ORCID: 0000-0001-8010-0041, J.D. Candidate, University of Illinois Chicago School of Law (May 2022); B.S. in Accounting, Iowa State University (2019). Thank you to all my friends and family for supporting me throughout this process. Special thanks to the UIC Law staff, RIPL editors, and Andrew Butzen for all their help developing this article.

¹ *Viacom Int’l, Inc. v. IJR Capital Invs., L.L.C.*, 891 F.3d 178, 183 (5th Cir. 2018).

² *Id.* at 192.

³ *Id.* at 187.

II. BACKGROUND

The foundation of *Viacom International, Inc. v. IJR Capital Investments, L.L.C.* is based on the Lanham Act, the digits of confusion, and a handful of cases that provide guidance for handling trademarks for fictional entities.⁴

A. The Lanham Act

The Lanham Act provides the national system for trademark registration and protection.⁵ A trademark is defined as any word, name, symbol, or device used in commerce to identify and distinguish the goods or services of one person from the goods or services of others and to indicate the source of the goods or services.⁶ A trademark must be distinctive of source.⁷ This can be accomplished through either inherent distinctiveness, or acquired distinctiveness.⁸ Acquired distinctiveness is also referred to as secondary meaning.⁹ Secondary meaning can be acquired through use in the marketplace.¹⁰

The Supreme Court's application of the Lanham Act in *Two Pesos, Inc. v. Taco Cabana, Inc.* has shown that the Court has two main goals: (1) to protect businesses and (2) to protect consumers.¹¹

The Lanham Act also provides the process for filing a civil action against anyone who uses a false designation of origin that "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[.]"¹² To prevail on a Lanham Act claim, one must prove that they have (1) a valid mark and (2) the defendant's use of its mark creates a likelihood of confusion as to source, affiliation, or sponsorship.¹³

⁴ *Id.*

⁵ The Lanham Act, 15 U.S.C. § 1051 (2021).

⁶ 15 U.S.C. § 1127 (2021).

⁷ See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:9 (5TH ED. 2021) ("The primary purpose of a trademark is to identify and distinguish goods or services").

⁸ *Id.* (explaining that a trademark will qualify as distinctive if either (1) it is inherently distinctive of source or (2) it has developed acquired distinctiveness of source.).

⁹ *Id.* (explaining that marks that lack inherent distinctiveness may nevertheless qualify as distinctive if they have developed acquired distinctiveness, otherwise known as secondary meaning, through advertising or use in the marketplace.).

¹⁰ See *Test Masters Educ. Servs. v. Robin Singh Educ. Servs.*, 799 F.3d 437, 445 (5th Cir. 2015); *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 476 (5th Cir. 2008); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210 (2000). These cases illustrate how marks can establish secondary meaning as a method of gaining trademark protections. A mark that is not inherently distinctive may gain secondary meaning through its exposure to consumers. Once the mark is widely associated as an indicator of affiliation or source, it has established secondary meaning and can be given trademark protections.

¹¹ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 784 (1992) ("[T]he legislative history of the 1988 amendments reaffirms Congress' goals of protecting both businesses and consumers with the Lanham Act.").

¹² 15 U.S.C. § 1125(a) (2021).

¹³ See *Soc'y of Fin. Exam'rs v. Nat'l Ass'n of Certified Fraud Exam'rs, Inc.*, 41 F.3d 223, 227 (5th Cir. 1995); *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 329 (5th Cir. 2008).

If a plaintiff's trademark is registered with the United States Patent and Trademark Office ("USPTO"), that trademark is given a presumption of validity in court. However, the more difficult alternative is to establish ownership of a mark strictly through use and not through registration.¹⁴ In that situation, the most crucial of the factors considered for proving validity is the use of the mark in commerce, sales, and licensing of consumer products.¹⁵

B. *The Digits of Confusion*

The Fifth Circuit uses an eight-pronged test called "the digits of confusion" to assess the likelihood of confusion as to affiliation, sponsorship, or source in trademark cases.¹⁶ The non-exhaustive list does not require a majority of the prongs to lean in one direction to grant judgment to any party, but provides a guide to which the court may look to.¹⁷ The digits provided include: (1) the type of trademark; (2) mark similarity; (3) product similarity; (4) outlet and purchaser identity; (5) advertising media identity; (6) defendant's intent; (7) actual confusion; and (8) care exercised by potential purchasers.¹⁸

1. *Type of Trademark*

The first digit, type of trademark, refers to the strength of the mark.¹⁹ The strength of a mark can be determined by its length of use, type of use, and if the mark has developed a secondary meaning.²⁰ A strong mark is entitled to more protection because it holds a greater likelihood of confusing consumers as to the origin of a product.²¹

¹⁴ See *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, 842 (5th Cir. 1990) ("Ownership of trademarks is established by use, not by registration.").

¹⁵ See *Turner v. H M H Publ'g Co.*, 380 F.2d 224, 229 (5th Cir. 1967) ("a trade or service mark may be acquired through its use by controlled licensees").

¹⁶ See generally *Am. Rice, Inc.*, 518 F.3d at 329; *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 170 (5th Cir. 1986); *Xtreme Lashes, L.L.C. v. Xtended Beauty, Inc.*, 576 F.3d 221, 227 (5th Cir. 2009); *In re E. I. Du Pont de Nemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973). The likelihood of confusion factors presented in *DuPont* are the base of most circuits' factors. The Fifth Circuit calls the eight that they use the "Digits of Confusion" which are strongly inspired by the *DuPont* factors. More widely known as the likelihood of confusion factors, each circuit recognizes some variation of factors in order to create guidelines for trademark infringement claims.

¹⁷ See *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1122 n.9 (5th Cir. 1991) (stating that "no single factor is dispositive," and that actual confusion is not necessary).

¹⁸ See *Test Masters Educ. Servs.*, 799 F.3d at 445 (illustrating the digits of confusion).

¹⁹ See *Smack Apparel Co.*, 550 F.3d at 478-79.

²⁰ See generally *Samara Bros., Inc.*, 529 U.S. at 211 (holding that a mark is distinctive "if it has developed secondary meaning"); *Smack Apparel Co.*, 550 F.3d at 479.

²¹ See *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 201 (5th Cir. 1998) ("The stronger the mark, the greater the protection it receives because the greater the likelihood that consumers will confuse the junior user's use with that of the senior user.").

2. *Mark Similarity*

The second digit, mark similarity, refers to the consideration of the appearance, sound, and meaning of a mark.²² If two marks are similar, there is a greater likelihood of confusion.²³ Similarity in different contexts may mean using the same unique spelling of a word, such as “xtreme” or “krusty,” using specific typography for the mark, or the distinction between possessive and non-possessive marks such as “Domino’s Pizza” and “Domino Sugar.”²⁴

3. *Product Similarity*

The third digit, product similarity, is used to determine if the similarity between the parties’ products creates a likelihood of confusion.²⁵ The greater the similarity between the products, the more likely a consumer will be confused as to the origin of that product.²⁶ In the aforementioned examples, “Domino’s Pizza,” a delivery pizza chain, is not likely to be confused with “Domino Sugar,” a common sugar brand found in most grocery stores but “Xtreme” and “Xtended” lash kits may be confused for different product lines from the same brand.²⁷

4. *Outlet and Purchaser Identity*

The fourth digit, outlet and purchaser identity, compares the target markets of each party.²⁸ The more similar the outlet and purchaser identities, the greater the

²² See *Streamline Prod. Sys. v. Streamline Mfg., Inc.*, 851 F.3d 440, 454 (5th Cir. 2017). The Court here considered the likelihood of confusion between two manufacturers marks. It looked not only to the spelling of the marks, but also the design elements, aural similarity, color schemes, images, and typography of the marks. The Court weighed this factor in favor of finding a likelihood of confusion because both logos included images of natural gas machinery and blue color schemes.

²³ See *Nautilus Grp., Inc. v. ICON Health & Fitness, Inc.*, 372 F.3d 1330, 1344 (Fed. Cir. 2004) (“the greater the similarity between the two marks at issue, the greater the likelihood of confusion”); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:4 (5th ed. 2021) (“The phrase ‘confusingly similar’ is shorthand for saying that concurrent use of conflicting marks will create a likelihood of confusion, and hence infringement.”).

²⁴ See *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 261 (5th Cir. 1980); *Xtreme Lashes, L.L.C.*, 576 F.3d at 228.

²⁵ See *Exxon Corp. v. Tex. Motor Exch.*, 628 F.2d 500, 505 (5th Cir. 1980) (stating “the greater the similarity between the products and services, the greater the likelihood of confusion”).

²⁶ *Id.*

²⁷ See *Domino’s Pizza*, 615 F.2d at 262; *Xtreme Lashes, L.L.C.*, 576 F.3d at 229. The difference illustrated here is between two companies that have similar names but sell different products. Domino’s Pizza is not likely to be affiliated with Domino Sugar because they are different products. A consumer at the grocery store is not likely to confuse a bag of sugar with the delivery pizza restaurant a few blocks away. Xtreme Lashes and Xtended Lashes are likely to be confused because they both sell eyelash extensions that could be found next to each other in the beauty aisle of a store. The likelihood of confusion is greater based on the similarity of the products sold by Xtreme Lashes and Xtended Lashes.

²⁸ See *Streamline Mfg., Inc.*, 851 F.3d at 455 (“The smaller the overlap between the retail outlets for and the predominant consumers of [plaintiff’s] and [defendant’s] goods, the smaller the possibility of confusion.”).

likelihood of confusion.²⁹ Products that are sold in the same space and to the same audience are more likely to confuse the consumers.³⁰ Continuing with the previous examples, “Domino’s Pizza” is targeted towards young, single men, while “Domino Sugar” is targeted towards middle-aged housewives; therefore, there is less of a likelihood of confusion because the target markets do not overlap.³¹

5. Advertising Media Identity

The fifth digit, advertising media identity, compares the methods of advertising the parties use.³² Parties that use similar methods of advertising are more likely to cause confusion than those using different methods of advertising.³³ These differences may include local versus national advertising campaigns, or print advertising versus online advertising.³⁴ Courts have recognized that when both parties use print advertisements, direct mailings, and internet promotion, it supports the claim that they have similar advertising media identities.³⁵

6. Defendant’s Intent

The sixth digit, the defendant’s intent, is meant to ensure that the junior user avoids using a mark that they know may cause confusion with the senior user’s mark.³⁶ If there is no evidence of an intent to confuse, then this digit is neutral.³⁷ However, if there is evidence that the defendant acted in a manner meant to confuse consumers of the origin of a product, there are greater protections for the senior user.³⁸

7. Actual Confusion

²⁹ *Id.*

³⁰ *Id.*

³¹ See *Domino's Pizza*, 615 F.2d at 262.

³² See *Exxon Corp.*, 628 F.2d at 506. (“The greater the similarity in the campaigns, the greater the likelihood of confusion. In the case at bar, both plaintiff and defendant use virtually identical advertising media. Both parties used radio, television, newspaper ads, yellow page ads, and large signs identifying their places of business.”).

³³ *Id.*

³⁴ See *Domino's Pizza*, 615 F.2d at 262.

³⁵ See *Xtreme Lashes*, 576 F.3d at 229.

³⁶ See *Smack Apparel*, 550 F.3d at 481. (“[A] defendant's intent to confuse may alone be sufficient to justify an inference that there is a likelihood of confusion.”).

³⁷ See *Elvis Presley Enterprises, Inc.*, 141 F.3d at 203 (“If the defendant acted in good faith, then this digit of confusion becomes a nonfactor in the likelihood-of-confusion analysis, rather than weighing in favor of a likelihood of confusion.”); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:107 (5th ed. 2021) (“If, due to weakness of the mark and differences in the marks and goods, there is no infringement, then the question of defendant's good or bad intentions loses importance.”).

³⁸ See *Streamline Mfg., Inc.*, 851 F.3d at 455; Robert Bone, *Taking the Confusion Out of “Likelihood Of Confusion”: Toward a More Sensible Approach to Trademark Infringement*, 106 NW. U. L. REV. 1307, 1350–51 (2012) (“When the defendant adopts a mark with intent to deceive consumers, the defendant sets out to deliberately lie, and deliberate lying is a reason to condemn the action on moral grounds.”).

The seventh digit, actual confusion, is meant to gauge whether consumers have already been confused by the use of the mark.³⁹ In the previously mentioned example, there is a lack of actual consumer confusion between the sources of “Domino’s Pizza” and “Domino Sugar.”⁴⁰ Both brands have used its marks for numerous years and consumers have not been confused about whether these products came from the same source.⁴¹

8. Care Exercised by Potential Purchasers

The eighth and final digit, care exercised by potential purchasers, is meant to determine if a reasonable consumer would be aware of the different sources of the products.⁴² This can be based on the price of the product, or the method of purchasing the product.⁴³ Lower priced products likely require less care on the part of the purchaser, versus a more expensive product that a consumer may research before making a purchase.⁴⁴ Also, individuals at a grocery store may have a lower level of care than institutional buyers spending thousands of dollars on a piece of equipment.⁴⁵

9. Other Relevant Factors to Consider

Outside of the enumerated digits of confusion, other factors are also used to gauge evidence of consumer confusion.⁴⁶ Factors such as initial interest confusion and

³⁹ See *Domino’s Pizza*, 615 F.2d at 263 (“Although evidence of actual confusion is not necessary to a finding of likelihood of confusion, it is nevertheless the best evidence of likelihood of confusion”); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:5 (5th ed. 2021) (“The most common and widely recognized type of confusion that creates infringement is purchaser confusion of source which occurs at the time of purchase: point of sale confusion. However, point of sale confusion does not mark the outer boundaries of trademark infringement. The vast majority of courts recognize post-sale confusion, which may occur among those who see an infringing mark in use by an owner who were not confused at the time they bought the product. Similarly, initial interest confusion which is dispelled by the time of purchase can also be actionable. Reverse confusion is a type of infringement and occurs when the junior user’s advertising swamps the market and customers are likely to be confused into thinking that the senior user’s goods or services are those of the junior user.”).

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² See *Smack Apparel*, 550 F.3d at 483.

⁴³ See *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 595 (5th Cir. 1985) (discussing that the method of purchase and price are indicators of care, but cannot be assumed to be determinative).

⁴⁴ See *Oreck Corp.*, 803 F.2d at 173-74 (reasoning that because purchasers were “buying for professional and institutional purposes at a cost in the thousands of dollars, they are virtually certain to be informed, deliberative buyers”); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:5 (5th ed. 2021) (“The probable confusion of the senior user’s customers should also be considered.”).

⁴⁵ See *Oreck Corp.*, 803 F.2d at 173; *Xtreme Lashes* 576 F.3d at 231. Both cases distinguish between educated purchasers shopping on behalf of a business and individuals shopping less carefully for personal items.

⁴⁶ See *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 941-42 (9th Cir. 2005) (explaining initial interest confusion); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:5 (5th ed. 2021) (explaining that point of sale confusion is the most common and widely recognized type of confusion).

point of sale confusion are widely recognized as evidence of consumer confusion.⁴⁷ Initial interest confusion describes the confusion that may occur and draws a consumer to a product or service.⁴⁸ Point of sale confusion describes consumer confusion that occurs at the time of purchase.⁴⁹

C. Protections for Aspects of Fictional Works

Creators of fictional works have brought cases in the past seeking to protect aspects of their works from false association or endorsement through § 43 of the Lanham Act. There is a small body of case law that addresses the issue of whether fictional elements in a television show or fictional work can be afforded trademark protection. These few cases involve immensely popular fictional stories and characters such as Superman, The Dukes of Hazzard, and Conan the Barbarian.⁵⁰

1. *DC Comics, Inc. v. Powers*

In *DC Comics, Inc. v. Powers*, a publisher sought to use the name “The Daily Planet” for a news publication.⁵¹ For those unfamiliar, “The Daily Planet” is a central aspect of the *Superman* comics; it is the fictional workplace of Clark Kent and featured in many issues of the comic book since its creation in 1938.⁵² To determine if an aspect within a fictional work establishes a common law trademark, “a party must demonstrate that his use of the mark has been of such a quality and for such a duration that it has come to identify goods bearing it as originating from that party.”⁵³ The Court also looked to the licensing agreements that DC Comics had with third parties.⁵⁴ Many bundled licensing agreements included rights to use characters and aspects of the story such as “Superman,” “Kryptonite,” and “The Daily Planet.”⁵⁵ Based on the duration and consistency of the use of the mark, “The Daily Planet,” DC Comics established a common law trademark and deserved protection under § 43(a).⁵⁶

⁴⁷ *Id.*

⁴⁸ See *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002) (discussing that initial interest confusion “occurs when a customer is lured to a product by the similarity of the mark, even if the customer realizes the true source of the goods before the sale is consummated”).

⁴⁹ 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:5 (“The most common and widely recognized type of confusion that creates infringement is purchaser confusion of source which occurs at the time of purchase: point of sale confusion.”).

⁵⁰ *DC Comics, Inc. v. Powers*, 465 F. Supp. 843, 845 (S.D.N.Y. 1978); *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76, 77 (2d Cir. 1981); *Conan Props., Inc., v. Conans Pizza, Inc.*, 752 F.2d 145, 154 (5th Cir. 1985).

⁵¹ See *DC Comics, Inc.*, 465 F. Supp. at 845.

⁵² See Jimmy Stamp, *The Architecture of Superman: A Brief History of The Daily Planet*, SMITHSONIAN MAGAZINE, (June 12, 2012), <https://www.smithsonianmag.com/arts-culture/the-architecture-of-superman-a-brief-history-of-the-daily-planet-22037/>. This article takes a look at the history of The Daily Planet. The fictional newspaper and building played a central role in *Superman* throughout the comics.

⁵³ See *DC Comics, Inc.*, 465 F. Supp. at 846.

⁵⁴ *Id.* at 847.

⁵⁵ *Id.*

⁵⁶ *Id.*

2. *Warner Bros. v. Gay Toys, Inc.*

In *Warner Bros. v. Gay Toys, Inc.*, Gay Toys manufactured a bright orange 1969 Dodge Charger with a Confederate flag on the top and “01” on the doors called the “Dixie Racer.”⁵⁷ This toy car is nearly identical to the “General Lee” driven in Warner Brothers’ popular show *The Dukes of Hazzard*.⁵⁸ This vehicle is central to the plot of *The Dukes of Hazzard*, and Warner Brothers sought to stop the unauthorized use of this aspect of the show.⁵⁹ Warner Brothers had exclusively licensed the “General Lee” name and likeness to several other toy companies and refused to license the “General Lee” name and likeness to Gay Toys.⁶⁰ The Second Circuit found that Gay Toys deliberately tried to capitalize on the demand Warner Brothers created for the “General Lee” “in order to divert business and increase its sales by misleading consumers as to the source and sponsorship of the ‘Dixie Racer.’”⁶¹ Consumers were likely to confuse the “Dixie Racer” as the “General Lee” and assume Warner Brothers was a sponsor of this replica car.⁶² Based on this confusion, the Court found in favor of Warner Brothers and granted injunctive relief to stop the production of the “Dixie Racer.”⁶³

3. *Conan Properties, Inc. v. Conans Pizza, Inc.*

The most relevant case to *Viacom International* is *Conan Properties, Inc. v. Conans Pizza, Inc.* In this case, the Fifth Circuit found that the unauthorized use of the name and likeness of “Conan the Barbarian,” used in the promotion of a pizza restaurant, violated trademark protections.⁶⁴ Conan Properties, Inc. (“CPI”) is the owner of the literary property rights of “Conan the Barbarian.”⁶⁵ The pizza restaurant used a barbarian mascot, gave the food barbaric names, such as “The Savage,” and used the name “Conan.”⁶⁶ These factors created an environment that would easily confuse consumers into believing that this restaurant was associated with CPI’s mark.⁶⁷

⁵⁷ See *Warner Bros.*, 658 F.2d at 77.

⁵⁸ *Id.* at 78.

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² See *Warner Bros.*, 658 F.2d at 79.

⁶³ *Id.* at 80.

⁶⁴ See *Conan Props.*, 752 F.2d at 154.

⁶⁵ *Id.* at 147.

⁶⁶ *Id.* at 154.

⁶⁷ *Id.*

III. VIACOM INTERNATIONAL, INCORPORATED V. IJR CAPITAL INVESTMENTS, L.L.C.

A. *The Facts of the Case*

In 1999, Viacom launched *SpongeBob SquarePants* on the Nickelodeon network.⁶⁸ The main character, “SpongeBob,” works as a fry cook at “The Krusty Krab.”⁶⁹ The restaurant is a central aspect of the show and appears in a vast majority of the episodes.⁷⁰ The show has been the most-watched animated series for fifteen consecutive years.⁷¹ With this long span of popularity, the show has viewers of all ages, with one-third of the viewers being eighteen or older.⁷²

Over the life of the series, “The Krusty Krab” has appeared in video games, mobile apps, feature films, musicals, advertisements, third-party products, and press discussions of the show.⁷³ These separate mediums in which “The Krusty Krab” has appeared have generated millions of views for *SpongeBob SquarePants*.⁷⁴ Beyond just views, Viacom generated millions of dollars through licensed merchandise featuring “The Krusty Krab.”⁷⁵

⁶⁸ See David Canfield, ‘*Why am I saying ‘Who’s ready?’ three times?’: An oral history of SpongeBob SquarePants*, ENTERTAINMENT WEEKLY (June 27, 2019), <https://ew.com/tv/2019/06/27/spongebob-squarepants-20th-anniversary/>.

⁶⁹ See Meagan Flynn, *SpongeBob’s incredible journey from ‘Bob the Sponge’ in a marine institute’s comic book to global stardom*, THE WASH. POST (November 28, 2018), <https://www.washingtonpost.com/nation/2018/11/28/spongebobs-incredible-journey-bob-sponge-marine-institutes-comic-book-global-stardom/> (describing the origin of the idea for *SpongeBob SquarePants* as well as denoting his job at “The Krusty Krab” as a central part of the series).

⁷⁰ See *Viacom International*, 891 F.3d at 183 (discussing that “The Krusty Krab” has appeared in 166 of 203 episodes).

⁷¹ Katelyn Balach, *Nickelodeon Greenlights Season 12 of SpongeBob SquarePants, Number-One Animated Series across All TV with Kids*, BUS. WIRE (May 23, 2017), <https://www.businesswire.com/news/home/20170523006251/en/Nickelodeon-Greenlights-Season-12-of-SpongeBob-SquarePants-Number-One-Animated-Series-across-All-TV-with-Kids#:~:text=About%20SpongeBob%20SquarePants&text=The%20series%20has%20been%20the%20arter%20across%20all%20Nickelodeon%20networks.> (“[t]he series has been the most-watched animated program with kids for more than fifteen consecutive years, and over the past several years, it has averaged more than 100,000,000 total viewers every quarter across all Nickelodeon networks”).

⁷² See Nicholas Ebelhack, ‘*SpongeBob’ breaks audience age barrier*, THE W. COURIER (April 15, 2015), <https://westerncourier.com/4726/opinions/spongebob-breaks-audience-age-barrier/>; Neal Justin, *At age 20, ‘SpongeBob SquarePants’ is still soaking up the love*, STAR TRIBUNE (July 9, 2019), <https://www.startribune.com/at-age-20-spongebob-squarepants-is-still-soaking-up-the-love/512477752/>. This article takes a look at the longevity of the *SpongeBob SquarePants* series. Over twenty years of being on air, the series has managed to maintain fans as they grew older and capture new fans as they grew up. This has led to the audience of *SpongeBob Squarepants* spanning from children to Barack Obama and David Bowie. It mentions that at one point, one-third of the audience was above the age of eighteen.

⁷³ Katelyn Balach, *Nickelodeon Marks 20 Years of SpongeBob SquarePants with the “Best Year Ever”*, BUS. WIRE (February 11, 2019), <https://www.businesswire.com/news/home/20190211005682/en/Nickelodeon-Marks-20-Years-of-SpongeBob-SquarePants-with-the-%E2%80%9CBest-Year-Ever%E2%80%9D>. This article provides some of the forms of media that *SpongeBob* has appeared in and been licensed for over the past 20 years of the series.

⁷⁴ See *Viacom Int’l*, 891 F.3d at 183.

⁷⁵ *Id.*

In 2014, IJR's owner, Javier Ramos, opened seafood restaurants in California and Texas.⁷⁶ Ramos was planning to serve seafood that had a crusted glaze.⁷⁷ Ramos chose the name "The Crusted Crab" based on discussing the appearance of the food with a friend.⁷⁸ "The Crusted Crab" was then changed to "The Krusty Krab" as a stylistic choice.⁷⁹ Both Ramos and his friend deny speaking of *SpongeBob SquarePants* during the naming process of the restaurant.⁸⁰

B. Procedural History

In 2015, Viacom sent IJR a cease-and-desist letter demanding the withdrawal of IJR's trademark application to use "The Krusty Krab" mark in connection with seafood restaurants.⁸¹ IJR declined to cease its use, claiming that Viacom did not hold a valid trademark for "The Krusty Krab" and that there was no likelihood of confusion.⁸² Viacom filed suit in January 2016 and asserted nine claims against IJR including unfair competition under the Lanham Act and trademark infringement under Texas common law.⁸³ The United States District Court for the Southern District of Texas found that "Viacom established ownership of the mark through sales and licensing; Viacom demonstrated that The Krusty Krab had acquired distinctiveness; and every likelihood-of-confusion factor indicated IJR's proposed use would probably cause confusion."⁸⁴ The district court granted summary judgment on the trademark infringement and unfair competition claims.⁸⁵ Following the district court decision, IJR appealed.⁸⁶

C. Fifth Circuit Court of Appeals Decision

The Fifth Circuit Court of Appeals analyzed two factors to determine whether Viacom had a viable trademark infringement claim: (1) whether Viacom owns a legally protectable mark in "The Krusty Krab;" and (2) whether IJR's use of the mark creates a likelihood of confusion as to source, affiliation, or sponsorship.⁸⁷ To ascertain the protectability of Viacom's alleged mark, the Court first had to determine if specific aspects of television shows may receive trademark protection.⁸⁸ Based on analysis of the aforementioned cases of *Superman*, *Conan the Barbarian*, and *The Dukes of Hazzard*, the Court focused its inquiry on whether "The Krusty Krab" played a central role in the show, and whether it created a separate distinct mark recognizable as a

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.* at 183.

⁷⁹ *See Viacom Int'l*, 891 F.3d at 183.

⁸⁰ *Id.*

⁸¹ *Id.* at 184.

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *See Viacom Int'l*, 891 F.3d at 184.

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.* at 185.

⁸⁸ *Id.*

source indicator.⁸⁹ The Court found “The Krusty Krab” to be analogous to *Superman*, *Conan the Barbarian*, and *The Dukes of Hazzard* because Viacom had extensively licensed “The Krusty Krab” as a part of its *SpongeBob SquarePants* merchandise and it plays an integral role in the series.⁹⁰ The Court found that The Krusty Krab’s key role in the show, coupled with its consistent use of the mark on licensed products, established that Viacom possesses ownership in The Krusty Krab’s name as a source-identifying mark.⁹¹ Based on these factors, the Court found Viacom to have a legally protectable interest in the mark.⁹²

Next, the Court analyzed whether “The Krusty Krab” was a distinctive mark.⁹³ The Court found that the mark itself was not inherently distinctive, but had developed secondary meaning.⁹⁴ Secondary meaning is established “when, in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.”⁹⁵ The Court looked to the following seven factors:

- (1) length and manner of use of the mark or trade dress;
- (2) volume of sales;
- (3) amount and manner of advertising;
- (4) nature of the use of the mark or trade dress in newspapers and magazines;
- (5) consumer-survey evidence;
- (6) direct consumer testimony; and
- (7) the defendant's intent in copying the [mark].

⁹⁶

The Court found in favor of Viacom for the first four factors, did not consider factors five and six based on the lack of their presence in the record, and found the seventh factor inconclusive.⁹⁷ The Court looked at the evidence of The Krusty Krab’s long and consistent use in *SpongeBob SquarePants* since 1999, the millions earned on licensed sales and display of “The Krusty Krab” mark, and the millions of dollars spent on

⁸⁹ See generally, *DC Comics, Inc.*, 465 F. Supp. at 843; *Conan Props., Inc.*, 752 F.2d at 145; *Warner Bros.*, 658 F.2d at 76. These cases illustrate examples where courts extended protections to fictional aspects of a show that were not trademarked on their own. The courts in these cases found that aspects from within a show were eligible to be granted trademark protection when they were central elements of the show, and were recognizable as indicators of source separate from the show. In all of these cases, the aspects were recognizable outside of the show as something that indicated an association with the owner of the fictional work.

⁹⁰ See *Viacom Int’l*, 891 F.3d at 189.

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.* at 190.

⁹⁵ See *Test Masters Educ. Servs.*, 799 F.3d at 445; *Smack Apparel Co.*, 550 F.3d at 476; *Samara Bros., Inc.*, 529 U.S. at 210. These cases illustrate how marks can establish secondary meaning as a method of gaining trademark protections. A mark that is not inherently distinctive may gain secondary meaning through its exposure to consumers. Once the mark is widely associated as an indicator of affiliation or source, it has established secondary meaning and can be given trademark protections.

⁹⁶ See *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 541 (5th Cir. 1998); *Duraco Prods. v. Joy Plastic Enters.*, 40 F.3d 1431, 1452 (3d Cir. 1994); *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 795 (5th Cir. 1983). The factors illustrated by these cases have become widely used by many courts to determine if a mark has established secondary meaning. They are meant to assess the public perception of a mark so that one may establish that they have done enough to create the association between their mark and their goods or services.

⁹⁷ See *Viacom Int’l*, 891 F.3d at 190-192.

advertisements over the past decade and a half.⁹⁸ Based on the overwhelming evidence, the Court found that Viacom had established secondary meaning in “The Krusty Krab” mark.⁹⁹

Following this determination, the Court considered the digits of confusion.¹⁰⁰ The Court only considered seven of the digits of confusion because neither party raised the eighth.¹⁰¹ The digits considered included:

(1) the type of mark allegedly infringed; (2) the similarity between the two marks; (3) the similarity of the products or services; (4) the identity of retail outlets and purchasers; (5) the identity of the advertising media used; (6) the defendant's intent; and (7) any evidence of actual confusion.¹⁰²

The Court found in favor of Viacom for factors one, two, three, and seven.¹⁰³ Based on the strength of Viacom’s mark, the identical spelling and pronunciation of the marks, both marks' identification of restaurants, and evidence of actual confusion, the Court found that IJR infringed on Viacom’s mark.¹⁰⁴

IV. ANALYSIS

At the most basic level of trademark law, the courts recognize two basic goals. The Supreme Court adopted the policy goals outlined by Congress, stating:

The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.¹⁰⁵

In *Viacom International*, the Fifth Circuit found that these underlying principles of trademark protection are served by extending protections to fictional elements of television shows that act as source identifiers.¹⁰⁶ Without offering trademark protection to elements of fictional works, American trademark law would have a sizeable loophole that would allow for the hijacking of the intellectual property owned by others. The Fifth Circuit obtained the goal of preventing a “goodwill free-

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 192.

¹⁰¹ *Id.*

¹⁰² See *Scott Fetzer Co. v. House of Vacuums, Inc.*, 381 F.3d 477, 485 (5th Cir. 2004); *Elvis Presley Enterprises*, 141 F.3d at 194; *Domino’s Pizza*, 615 F.2d at 259.

¹⁰³ See *Viacom Int’l*, 891 F.3d at 192-98.

¹⁰⁴ *Id.* at 198.

¹⁰⁵ See S. REP. NO. 1333, at 3 (1946). Congress’ goals for trademark protection were also quoted in *Two Pesos, Inc.*, 505 U.S. at 782.

¹⁰⁶ See *Viacom Int’l*, 891 F.3d at 198.

rider” from taking advantage of The Krusty Krab’s name and protecting “consumers against confusion”.¹⁰⁷

A. *Protecting the Public*

The goal of protecting the public is greatly served by extending trademark protection to aspects of fictional works. When it comes to a particular product, preventing confusion in the marketplace and increasing consumer confidence serves the general public.¹⁰⁸ If not protected, consumers will lose the ability to trust the source of the goods they produce.¹⁰⁹ If consumers cannot trust the source of the goods they encounter in the marketplace, it will place an undue burden on consumers to always have to know more than they should when simply interacting with or purchasing a product in the marketplace.¹¹⁰

Protecting The Krusty Krab’s name aligns with the basic goal of consumer protection. The Fifth Circuit found that Viacom used The Krusty Krab’s name as a source identifier.¹¹¹ The Court further noted that specific elements within television shows can serve as source identifiers, and therefore deserve protection as such.¹¹² The fact that it is a fictional element of a television show should not deter the application of the basic tests for trademark protection.¹¹³ As a mark that gained secondary meaning, “The Krusty Krab” deserves the same protections as any other mark.¹¹⁴ “The Krusty Krab,” in and of itself, creates a separate and distinct commercial impression.¹¹⁵ Based on all these basic criteria that would apply to any other mark, “The Krusty Krab” is a mark meant to distinguish Viacom as the source of goods.¹¹⁶

Marks that designate a source serve to inform the consumer of the producer of a product.¹¹⁷ McCarthy on Trademarks and Unfair Competition states:

¹⁰⁷ *Id.* at 187.

¹⁰⁸ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:5 (5th ed. 2021) (“Another important economic function of trademarks is that they reduce the customer’s cost of collecting information about products.”).

¹⁰⁹ A. ALCHIAN & W.R. ALLEN, EXCHANGE AND PRODUCTION: COMPETITION, COORDINATION, AND CONTROL 193 (2d ed. 1977) (“Without brand names or other means of identifying makers, consumers would face larger risks and incur greater costs of information.”).

¹¹⁰ *Id.*

¹¹¹ *See Viacom Int’l*, 891 F.3d at 189.

¹¹² *See generally DC Comics, Inc.*, 465 F. Supp. at 843; *Conan Props., Inc.*, 752 F.2d at 145; *Warner Bros.*, 658 F.2d at 76; *Viacom Int’l*, 891 F.3d at 178. These cases all held that certain aspects within a fictional work can become source identifiers.

¹¹³ *See generally DC Comics, Inc.*, 465 F. Supp. at 843; *Conan Props., Inc.*, 752 F.2d at 145; *Warner Bros.*, 658 F.2d at 76; *Paramount Pictures Corp. v. Romulan Invasions*, 7 U.S.P.Q.2d 1897, 1899 (T.T.A.B. 2018). These cases all include applications of trademark test to aspects of fictional works.

¹¹⁴ *See Viacom Int’l*, 891 F.3d at 189.

¹¹⁵ *See Id.* at 187.

¹¹⁶ *See The Procter & Gamble Co. v. Keystone Automotive Warehouse, Inc.*, 191 U.S.P.Q. 468, 474 (T.T.A.B. 1976) (“The salient question is whether the designation in question, as used, will be recognized in and of itself as an indication of origin for this particular product. That is, does this component or designation create a commercial impression separate and apart from the other material appearing on the label?”).

¹¹⁷ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:2 (5th ed. 2021) (“Trademarks perform four basic tasks that are deserving of protection in the courts: (1) To identify one seller’s goods and distinguish them from goods sold by others; (2) To signify that all goods

Brand names and trademarks become associated with expectations of a particular quality. Reputations based on consistent past performance economize on the costs of information about the anticipated performance of a good. Thus, consumers will sensibly use the brand name or reputation of the maker as a basis for choice.¹¹⁸

Therefore, a consumer who sees “The Krusty Krab” would likely assume that the source is that of the fictional “Krusty Krab,” or that it is associated with *Spongebob SquarePants* and, in turn, Viacom.¹¹⁹ Consumers would associate the quality of the fictional “The Krusty Krab” with Viacom and expect it to meet Viacom’s high level of quality.¹²⁰ IJR’s restaurant would further disturb that connection, and consumers would mistakenly assume the restaurant is connected with Viacom.¹²¹

Trademark protection reduces a consumer’s search costs by bolstering consumer trust and preventing confusion.¹²² If consumers are able to reliably link a mark, even aspects of fictional works, to a quality of goods, they do not need to research every purchase they make as heavily to ensure it is of the same quality.¹²³ McCarthy states, “[t]he point is that trademarks reduce the customer's cost of acquiring information about products and services. Information, and the time required to acquire it, are not costless.”¹²⁴ Preference of a brand is a logical step as consumers build their knowledge of the products on the market.¹²⁵ A consumer expects a certain level of quality from “The Krusty Krab.” Thus, IJR’s restaurant could create an opportunity for consumers to be deceived into buying their product because they initially trust that

bearing the trademark come from or are controlled by a single, albeit anonymous, source; (3) To signify that all goods bearing the trademark are of an equal level of quality; and (4) As a key part of advertising and selling the goods and service.”)

¹¹⁸ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:5 (5th ed. 2021)

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ 15 U.S.C. § 1127 (2021) (A trademark is “any word, name, symbol, or device” used by a producer “to identify his or her goods and distinguish them from those manufactured by others.”).

¹²² A. ALCHIAN & W.R. ALLEN, EXCHANGE AND PRODUCTION: COMPETITION, COORDINATION, AND CONTROL 193 (2d ed. 1977).

Brand names and trademarks become associated with expectations of a particular quality. Reputations based on consistent past performance economize on the costs of information about the anticipated performance of a good. Thus, consumers will sensibly use the brand name or reputation of the maker as a basis for choice. The greater are the possible losses from poor performance of a good, the greater is the value of that brand name as a predictor of quality of performance. Without brand names or other means of identifying makers, consumers would face larger risks and incur greater costs of information.

¹²³ See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:5 (5th ed. 2021).

¹²⁴ *Id.*

¹²⁵ Richard Craswell, *Trademarks, Consumer Information, and Barriers to Competition* (1979).

a mark as popular and established as “The Krusty Krab” would be associated with Viacom or that it would be officially licensed.¹²⁶

It is reasonable for consumers to assume that a fictional restaurant could change from being an aspect of a fictional work to becoming a business in the real-world. Plenty of fictional works bleed into the real-world, such as the “Central Perk” coffee shop from *Friends* opening in Chicago or *Star Wars*’ “Oga’s Cantina” located in Disneyland.¹²⁷ The presence of an aspect of a fictional restaurant in the real-world is not outside the realm of possibility.¹²⁸ The presence of these said restaurants makes it more reasonable for a consumer to be confused whether Viacom had opened or licensed “The Krusty Krab” or not. A consumer is well served by ensuring that these marks are protected so that the association between the fictional and real-world is protected. Not protecting these aspects of fictional works would create a violation of consumer trust.

B. Protecting the Producer

The Fifth Circuit used the term “goodwill free-rider” to describe those who attempt to appropriate the goodwill built by the original intellectual property producer.¹²⁹ The goal of preventing this misappropriation aligns strongly with the goals of trademark protection.¹³⁰ If IJR had been allowed to use The Krusty Krab’s name, it would be detrimental to Viacom’s goodwill, the entertainment industry at large, and would create a loophole allowing businesses to hijack the goodwill of well-known aspects of fictional works with little fear of repercussion. Examples of this exist across the world.¹³¹

¹²⁶ See *El Greco Leather Products Co., Inc. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d Cir. 1986) (“One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder’s trademark. [. . .] For this purpose the actual quality of the goods is irrelevant; it is the control of quality that a trademark holder is entitled to maintain.”).

¹²⁷ See Emma Krupp, *An interactive ‘Friends’-themed pop-up is coming to Chicago in October*, TIME OUT (August 20, 2020), <https://www.timeout.com/chicago/news/an-interactive-friends-themed-pop-up-is-coming-to-chicago-in-october-082020>; Lucas Peterson, *Everything you need to know about the food at Star Wars Galaxy’s Edge at Disneyland*, L.A. TIMES (May 31, 2019), <https://www.latimes.com/food/la-fo-star-wars-galaxys-edge-disneyland-food-20190531-story.html>.

¹²⁸ See Belle Cushing, *10 Restaurants from Books and Movies That Became Real*, BON APPETIT (February 4, 2014), <https://www.bonappetit.com/restaurants-travel/slideshow/fictional-restaurant-came-life>.

¹²⁹ See *Viacom Int’l*, 891 F.3d at 187. (“The underlying purposes of trademark are to protect goodwill and ‘to protect consumers against confusion and monopoly,’ and ‘to protect the investment of producers in their trade names to which goodwill may have accrued and which goodwill free-riders may attempt to appropriate by using the first producer’s mark, or one that is deceptively similar.”) (quoting *Union Nat’l Bank of Tex., Laredo, Tex., v. Union Nat’l Bank of Tex., Austin, Tex.*, 909 F.2d 839, 843–844 (5th Cir. 1990)).

¹³⁰ See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:2 (5th ed. 2021) (“Trademark law serves to protect consumers from deception and confusion over trademarks as well as to protect the plaintiff’s infringed trademark as property.”).

¹³¹ See Toi Staff, *Spongebob-themed eatery hits Ramallah*, THE TIMES OF ISRAEL (June 27, 2015), <https://www.timesofisrael.com/ramallahs-spongebob-themed-eatery/>; Tamara Hardingham-Gill, *A real-life version of the Krusty Krab restaurant from Spongebob Squarepants has just opened*, METRO (February 22, 2016), <https://metro.co.uk/2016/02/22/a-real-life-version-of-the-krusty-krab-restaurant-from-spongebob-squarepants-has-just-opened-5711591/>; Ivy Tejano, *KrustyKrab Cafe: Business*

Looking outside of the U.S. to countries with limited intellectual property protections, one can take a glimpse at what may happen when these protections are limited.¹³² Blatant copying of “The Krusty Krab” mark has occurred in restaurants in Russia, the Philippines, and the West Bank where unofficial replicas have popped up.¹³³ These restaurants are able to reap the benefits of “The Krusty Krab” mark.¹³⁴ All the goodwill that Viacom has built over decades of airing *SpongeBob SquarePants* has been misappropriated by these restaurants.¹³⁵ Viacom’s goodwill may also be damaged by the shortcomings of any of the restaurants using “The Krusty Krab” name.¹³⁶ These companies were not the ones to spend millions on marketing, production, airing, and building “The Krusty Krab” name.¹³⁷ Viacom’s investment and goodwill in its well-known fictional source identifiers, such as “The Krusty Krab,” should be secure from the “pirates and cheats” that take advantage of the mark’s hard-earned notoriety.¹³⁸

IJR raised the argument that *SpongeBob SquarePants* was the source identifier, not “The Krusty Krab.”¹³⁹ The Court rejected this argument based on other parallel marks, such as Pop-Tart and Kellogg.¹⁴⁰ The courts have found that a “word mark does not lose its strength as a trademark when the manufacturer[’s mark] is identified along with the branded product.”¹⁴¹ This means that despite aspects of fictional works appearing alongside their originating works, if they create separate and apart commercial impressions, there is no issue in protecting both.¹⁴² In practice, this means, for example, that “The General Lee” could create a separate commercial impression from *The Dukes of Hazzard* despite appearing alongside it regularly.

proposal turned to reality, SUN STAR PHILIPPINES (September 18, 2017), <https://www.sunstar.com.ph/article/164654>. These articles show just a few of the unofficial restaurants using “The Krusty Krab” name.

¹³² *Id.*

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ *See Viacom Int’l*, 891 F.3d at 198.

¹³⁶ *See* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:11 (5th ed. 2021) (“Since consumers will be confused as to source, they will attribute quality deficiencies in the infringer’s goods or services to the legitimate owner of the mark.”).

¹³⁷ *See Viacom Int’l*, 891 F.3d at 191 (discussing the \$197 million spent in marketing expenses of the promotion for just the two feature length *SpongeBob* films alone).

¹³⁸ *See Two Pesos, Inc.*, 505 U.S. at 782.

¹³⁹ *See Viacom Int’l*, 891 F.3d at 188 (“That the mark typically appears alongside the ‘SpongeBob SquarePants’ trademark does not threaten its status as a trademark. Both the Federal Circuit and the T.T.A.B. have held that a ‘word mark does not lose its strength as a trademark when the manufacturer[’s mark] is identified along with the branded product.’”)

¹⁴⁰ *See Kellogg Co. v. Gen. Foods Corp.*, 166 U.S.P.Q. 281, 282-83 (T.T.A.B. 1970). (Despite the “primary or house mark ‘KELLOGG’ always appear[ing] on the labels, packages, and advertising material” Pop-Tarts is “likely to create a commercial impression separate and apart from ‘KELLOGG.’”)

¹⁴¹ *See Viacom Int’l*, 891 F.3d at 188.

¹⁴² *See Bridgestone Ams. Tire Operations, L.L.C. v. Fed. Corp.*, 673 F.3d 1330, 1336 (Fed. Cir. 2012) (explaining that “each identification may have trade significance,” meaning that both the manufacturer name and the parallel product name may have be protected under trademark law. Producers may have multiple marks on a single product or service and each of them may be an indicator of source. The marks appearing with each other does not detract from the validity of each as a source indicator.).

By extending the protections of trademark law to aspects of fictional works, the creators of those marks are protected. They do not need to worry about expending time, money, and effort into creating a mark that can be exploited by the first person to take that creation or mark into the real-world.¹⁴³ Those who attempt to reap the goodwill that has been sown by the creators of these fictional works should be forced to cease the use of the mark and pay damages just as any other trademark violator would.¹⁴⁴

C. Counterarguments to Extending Trademark Protection

It may not sit well with some that fictional works may cause individuals to stop creating real-world businesses.¹⁴⁵ In fact, many found the Fifth Circuit's decision in *Viacom International* shocking and "nautical nonsense."¹⁴⁶ The core of this sentiment is that trademark protections should not be anchored to a fictional world and that the line should be drawn where no actual confusion would be created in the real world by the existence of a fictional restaurant.¹⁴⁷

Other counterarguments criticize the courts for conflating recognition of a mark with actual confusion as to affiliation or source.¹⁴⁸ The courts expanding actual confusion to include recognition over time has become the source of consumer confusion by requiring anything that bears a recognizable name or logo to also carry an accompanying license.¹⁴⁹ Without the courts creating this association, there would not

¹⁴³ See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:20 (5th ed. 2021) ("Because a trademark is a symbol of associated good will the value of a trademark is the value of the good will which it symbolizes.") The corporation to create that goodwill creates value through it and it would be unfair to allow another to damage the goodwill of another's business.

¹⁴⁴ See generally 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 30:1, 30:58 (5th ed.). These sections outline both injunctive and monetary relief.

¹⁴⁵ See Alexandra Jane Roberts, *Viacom Possesses Trademark Rights in 'Krusty Krab' Based on Its Central Role in the SpongeBob Universe—Viacom v. IJR*, TECH. & MKTG. LAW BLOG (June 9, 2018), <https://blog.ericgoldman.org/archives/2018/06/viacom-possesses-trademark-rights-in-krusty-krab-based-on-its-central-role-in-the-spongebob-universe-viacom-v-ijr-guest-blog-post.htm>.

¹⁴⁶ *Id.* ("Assigning real trademark protection to fake restaurants without directly addressing the discrepancy is nautical nonsense.")

¹⁴⁷ *Id.*

¹⁴⁸ See Robert C. Denicola, *Freedom to Copy*, 108 YALE L.J. 1661, 1668 (1999).

¹⁴⁹ See Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1708 (1999)

Ironically, having accepted the merchandising rationale for certain sorts of trademarks, we may find it hard to undo. It is possible that consumers have come to expect that "Dallas Cowboys" caps are licensed by the Cowboys, not because they serve a trademark function, but simply because the law has recently required such a relationship. If this expectation exits, consumers may be confused if the law changes.

See Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 912 (2007) ("The reach of the entitlement depends on consumer perception. If that perception is formed at least in part by exposure to licensing practices, then the law conflates premise and conclusion and invites doctrinal feedback."). The exposure of consumers to modern licensing practices has created the assumption that anything bearing a recognizable image or name is affiliated with the company that owns it. This was not always the case and modern licensing practices are what has created the

be any reason for confusion as to source or affiliation when viewing a recognizable mark.¹⁵⁰ Consumers would know that not all products or services bearing a recognizable name or image are affiliated with the owner of the image.¹⁵¹ Those that follow this logic argue that no consumer could confuse IJR's small local seafood restaurant with Viacom's fictional one by name alone. The mere recognition of "The Krusty Krab" name would not create a likelihood of confusion as to affiliation or source if the Court had not conflated recognition of a name and actual confusion.

Beyond this, the likelihood of confusion could also be dispelled at the point-of-sale.¹⁵² By the time a consumer stops at IJR's restaurant, enters the building, and reads the menu, it is unlikely that they remain confused about the affiliation of the restaurant to Viacom.¹⁵³ All these arguments would go against the likelihood of confusion and are the foundation for those who disagree with the Fifth Circuit's decision.

While this argument seems logical, it fails to take into account the core goals of trademark protections.¹⁵⁴ Whether a trademark is based in a fictional world or the real-world, the goals of consumer protection and producer protection remain.¹⁵⁵ To simply draw a line for protection between the real-world and fiction is an oversimplification. "The Krusty Krab," in and of itself, has created impressions on millions of viewers over decades.¹⁵⁶ To dismiss the work put into this mark as just a fictional restaurant fails to realize the real-world impact that this fictional restaurant has had.¹⁵⁷

likelihood of confusion for consumers just by their recognition of a mark. This confusion based on recognition is one that the authors of these pieces seek to challenge.

¹⁵⁰ See Lemley, *supra* note 149, at 1708.

¹⁵¹ *Id.*

¹⁵² See Idaho Golf Partners, Inc. v. Timberstone Mgmt., L.L.C., No. 1:14-cv-00233-BLW, 2016 WL 5340302, *6 (D. Idaho Sept 21, 2016) ("a jury may properly conclude that short-lived initial interest confusion is weaker evidence of actual confusion than more lasting initial interest or point-of-sale confusion.") This case places emphasis on weighing the impact of initial interest confusion and point-of-sale confusion. It acknowledges that both exist and finds that certain initial interest confusions are outweighed when there is little to no risk of point-of-sale confusion.

¹⁵³ See Safeway Stores, Inc. v. Safeway Disc. Drugs, 675 F.2d 1160, 1167 (11th Cir. 1982) ("Short-lived confusion or confusion of individuals casually acquainted with a business is worthy of little weight"). In cases that consumers that have initial interest confusion that can be quickly dispelled, the Court found that there was little weight to that initial interest.

¹⁵⁴ See *Two Pesos, Inc.*, 505 U.S. at 782.

¹⁵⁵ *Id.*

¹⁵⁶ See L.A. Johnson, 'SpongeBob SquarePants' is soaking up viewers, A&E POST-GAZETTE (July 2, 2020), <http://old.post-gazette.com/ae/20020702spongebob0702p3.asp> (explaining that 56.1 million people watched *SpongeBob SquarePants* in the month of February 2002). This number has increased since and with nearly every episode containing "The Krusty Krab," so have its impressions.

¹⁵⁷ See generally Gary Collinson, *SpongeBob SquarePants – The Krusty Krab set progresses to LEGO Ideas Review Stage*, FLICKERING MYTH (April 25, 2020), <https://www.flickeringmyth.com/2020/04/spongebob-squarepants-the-krusty-krab-set-progresses-to-lego-ideas-review-stage/>; License Global, 'SpongeBob: Krusty Cook-Off' Game Dives into Mobile Devices, LICENSE GLOB. (May 12, 2020), <https://www.licenseglobal.com/video-games/spongebob-krusty-cook-game-dives-mobile-devices>. From Lego sets to mobile games, "The Krusty Krab" has become massive on its own and created an impact across many markets.

A consumer's choice to dine at this restaurant could occur simply by the name alone. This shows that there is the possibility of initial interest confusion.¹⁵⁸ Initial interest confusion is a widely recognized and accepted ground for finding infringement.¹⁵⁹ This supports recognizing "The Krusty Krab" as a valid mark because there is a likelihood of confusion based on the initial interest of those seeing IJR's restaurant, which is supported by Viacom's survey.¹⁶⁰ Point-of-sale confusion and initial interest confusion can both exist and do not have to always point in the same direction to show infringement.¹⁶¹ In this case, there was overwhelming evidence showing that there was a strong likelihood of initial interest confusion.¹⁶² The Fifth Circuit specifically addressed this by stating, "[e]ven if initial consumer confusion is quickly dispelled, this initial misunderstanding is evidence of confusion."¹⁶³

The Court outlined specific criteria in order to determine if an aspect should be offered trademark protection.¹⁶⁴ If an aspect of a fictional work appears frequently within a successful show, plays a central role in the show, and creates a separate distinct mark recognizable as a source indicator, that aspect should be granted trademark protection.¹⁶⁵ These criteria limit the application of trademark protections to only those that deserve protections and not aspects that appear in passing.¹⁶⁶ As a result, owners of these marks are protected if they ever decide to transition to using them in the real-world.

¹⁵⁸ See *Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 941-42 (9th Cir. 2005) ("Capturing initial consumer attention has been recognized by our court to be a grounds for finding of infringement of the Lanham Act since 1997").

¹⁵⁹ *Id.*

¹⁶⁰ See *Viacom Int'l*, 891 F.3d at 197.

¹⁶¹ See *Best Vacuum, Inc. v. Ian Design, Inc.*, 2005 WL 1185817, *10 (N.D. Ill. Jan. 18, 2005) ("Initial interest confusion occurs when a consumer is lured to a product by the similarity of the mark, even if the customer realizes the true source of the goods before the sale is consummated."); *Idaho Golf Partners*, 2016 WL 5340302, at *5 ("The Ninth Circuit has held that confusion of either [point-of-sale or initial interest] is actionable under the Lanham Act. Both are 'analyzed pursuant to the Sleekcraft factors for likelihood of confusion.' Thus, Defendant in this case is not required to demonstrate a likelihood of point-of-sale confusion. Plaintiff is precluded from arguing otherwise.") These cases contain both perspectives and show that they are capable of coexisting. The courts in each case weighed the factors in each circumstance to see which was most applicable for proving a likelihood of confusion. Beyond this, a case does not need to have both point-of-sale and initial interest confusion to show a likelihood of confusion. There can be one or the other or both, but the courts should look to the weight of the circumstances when applying them.

¹⁶² See *Viacom Int'l*, 891 F.3d at 197.

¹⁶³ *Id.*

¹⁶⁴ *Id.*

¹⁶⁵ *Id.* at 189.

¹⁶⁶ *Id.*

D. *The Blur Between Fact and Fiction*

The line between reality and fiction changes every day as more and more companies begin to bring their fictional works to life in the real-world.¹⁶⁷ From “Bubba Gump Shrimp Co.,” to “Three Broomsticks,” real-world iterations of fictional restaurants are popping up all around the world.¹⁶⁸ Protecting trademark owners’ abilities to expand their marks into the real-world is another reason to offer these protections.¹⁶⁹ If not upheld in this manner, businesses would be able to appropriate the names of fictional businesses and steal the goodwill associated with them.¹⁷⁰ A fan of *The Simpson’s* may prefer to check out a real-world “Moe’s Tavern” than a local bar next door based on Moe’s Tavern’s association with a fictional series.¹⁷¹ If this trademark protection is prohibited, there will be free reign to appropriate the names of fictional works on a first-come, first-serve basis instead of preserving the creator’s rights.¹⁷²

V. CONCLUSION

The extension of trademark protection to aspects of fictional works is not a novel one. The Fifth Circuit followed the precedent as well as the basic principles of trademark law in order to come to the correct conclusion in *Viacom International*.¹⁷³

Extending trademark protection to “The Krusty Krab” protects the public. Consumers will be able to make purchases without the fear of being misled.¹⁷⁴ Consumers will be able to continue to accurately rely on trademarks as a way to recognize the source of goods and services they encounter in the marketplace.¹⁷⁵ Protecting “The Krusty Krab” ensures that consumers can encounter fictional elements of shows and works that they know and trust in the marketplace, and be assured that it is an official product of the producer. The goal of protecting “The Krusty Krab” strongly aligns with the goals of protecting the public.

¹⁶⁷ See Cushing, *supra*note 128.

¹⁶⁸ *Id.*

¹⁶⁹ See *Viacom Int’l*, 891 F.3d at 194. A subsidiary of Viacom expanded its fictional Bubba Gump Shrimp Co. into the real world and this natural expansion should be protected.

¹⁷⁰ See generally *Kimball Laundry Co. v. U.S.*, 338 U.S. 1, 10 (1949); *Meeker v. Stuart*, 188 F. Supp. 272, 275 (D.C. Cir. 1960). Goodwill is consistent with consumer’s buying habits. A consumer is more likely to purchase goods that they have had positive experiences within the past. Along with this, misappropriation of this goodwill violates consumer trust by giving them the false assumption that the goods they are buying will meet the expectations set by their previous experiences.

¹⁷¹ *Id.*

¹⁷² See Bryan Otake, *The Continuing Viability of The Deterrence Rationale In Trademark Infringement Accountings*, 5 UCLA ENT. L. REV. 221, 234 (1998). Deterrence of trademark infringement is a goal in the punishment of the infringers. Without punishment, infringers would not be deterred from stealing intellectual property.

¹⁷³ See generally *DC Comics, Inc.*, 465 F. Supp. at 843; *Conan Props., Inc.*, 752 F.2d at 145; *Warner Bros.*, 658 F.2d at 76. These cases act as examples of the precedent set regarding protections for aspects of fictional works.

¹⁷⁴ 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:2 (5th ed. 2021)

¹⁷⁵ *Id.*

Extending trademark protection to “The Krusty Krab” also protects businesses. Producers will be free to create marks with confidence and have assurance that those marks would not be infringed by goodwill free-riders.¹⁷⁶ Infringers will not be able to benefit from the time, effort, and money put into developing marks that originated within a fictional work.¹⁷⁷ Viacom will be able to continue to protect its source identifiers regardless of its origins. The loophole that may have previously allowed for aspects of fictional works to be infringed upon has been held closed by *Viacom International* and the precedent leading up to it. Producers, like Viacom, will be able to produce and invest in its fictional content without the fear that third parties could swoop in and commercially exploit the goodwill and reputation the fictional elements have earned. Aspects of fictional works that have developed into source identifiers will be offered the same protections as any other source-identifying mark.

Counterarguments against extending protections to aspects of fictional works fall flat when looking at the core goals of trademark law and the care that was taken to ensure that only fictional marks that deserve protections are granted them.¹⁷⁸ The Fifth Circuit in this decision, and prior courts in their decisions, crafted their holdings in a manner that ensures that trademark protections are not applied to every aspect of fictional works, but only those that have developed over time to become a source identifier.¹⁷⁹

Over time, there a blur has been created between fictional works and the real-world.¹⁸⁰ Producers of popular fictional works are increasingly bringing their creations to the real-world.¹⁸¹ This blur between fiction and reality creates the need to protect the trademarks made by the producers of fictional works.¹⁸²

Overall, the extension of trademark protection to “The Krusty Krab” was the correct outcome of this case for a multitude of reasons. The courts must now continue to apply the Fifth Circuit’s analysis and follow its precedent in similar cases to ensure that fictional elements of well-known and popular works are not unlawfully exploited and do not distort consumer trust.

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ See *Two Pesos, Inc.*, 505 U.S. at 782.

¹⁷⁹ See generally *DC Comics, Inc.*, 465 F. Supp. at 843; *Conan Props., Inc.*, 752 F.2d at 145; *Warner Bros.*, 658 F.2d at 76; *Viacom Int’l*, 891 F.3d at 189. These cases all extended trademark protections to aspects of fictional works but recognized that not all aspects deserve protections. They set out tests to determine what should be considered such as the role of the aspect within the work, the money that is made from the aspect, and the number of episodes that the aspect is in. All of these cases ensure that trademark protections are only applied to those aspects of fictional works that deserve them.

¹⁸⁰ See Krupp, *supra* note 127; Peterson, *supra* note 127. These all include examples of fictional works being brought to life in the real-world.

¹⁸¹ *Id.*

¹⁸² *Id.*