

MASTERCARD INTERNATIONAL, INC. v. NADER 2000 PRIMARY COMMITTEE, INC.

2004 U.S. Dist. LEXIS 3644 (S.D.N.Y. Mar. 8, 2004)

The Southern District of New York found that a political advertisement did not violate plaintiff MasterCard's copyright and trademark rights in its commercial advertisements because there was no likelihood of confusion between the advertisements and because political speech is exempted from certain liabilities.

MasterCard commissioned the production of a series of commercial advertisements featuring the names, images, and prices of goods and services, followed by a related intangible item which could not be purchased. The advertisements would conclude with the words or voiceover: "Priceless. There are some things money can't buy, for everything else there's MasterCard." In August 2000, Ralph Nader and his campaign committee broadcasted an advertisement promoting his candidacy for president. The advertisement featured a series of products and services, with their prices, followed by the words and voiceover of the priceless intangible "finding out the truth." The advertisement concluded with the words: "... priceless. There are some things that money can't buy." MasterCard alerted the Nader Campaign to its concern over the similarity of the advertisements and, following an inability to reach agreement, filed a complaint seeking a preliminary injunction. After the preliminary injunction was denied, defendants moved for summary judgment on all of MasterCard's claims.

As to the trademark infringement claim, the court applied the balancing test expressed in *Polaroid Corp. v. Polarad Electronics, Corp.*, 287 F.2d 492 (2d Cir. 1961), to determine whether the public would likely be confused as to the source of the goods and services. While the first two factors (strength of the protected marks and similarity between the goods) weighed in MasterCard's favor, the court found that upon balance, no likelihood of confusion existed. Due to the lack of the likelihood of confusion, the court also held that MasterCard's "palming off" claim failed.

The Federal Trademark Dilution Act ("FTDA") protects against the impairment of the goodwill and value of a plaintiff's mark as a result of an unauthorized use of the mark. However, the court stated that a plaintiff must show actual dilution rather than a mere likelihood of dilution. Moreover, the court stated that noncommercial uses of a mark are expressly exempted because Congress did not intend for the FTDA to "chill" political speech. The court found that because the advertisement constituted political speech it was not commercial and thus exempt from the FTDA. The finding that Nader's advertisement was political in nature also led the court to hold that the defendants did not engage in deceptive trade practices.

Additionally, the court held that the defendants were not liable for copyright infringement because their use of MasterCard's copyrighted material qualified as a fair use under 17 U.S.C. § 107. The court held that the Nader advertisement was a transformative, noncommercial parody. In considering the transformative value of a parody, a given work must be "reasonably perceived" to be commenting upon the original creation. However, the degree of parodic commentary of a given work is less critical where the parodic work is less likely to substitute for the original in the primary market. The court held that the Nader advertisement had no demonstrative capacity to divert sales from the original and

that the advertisement's commentary on the original MasterCard advertisement could be reasonably perceived.

Since the court found no genuine issue of material fact for any of the claims, the court granted defendants' motion for summary judgment on all claims.