



Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.

No. 10 Civ. 1611, 2012 WL 1022247 (S.D.N.Y. Mar. 22, 2012)

P. KEVIN CASTEL, District Judge.

During the post-game show of the 2010 Super Bowl, defendant Hyundai Motor America (“Hyundai”) debuted a commercial that its counsel describes as “a humorous, socio-economic commentary on luxury defined by a premium price tag, rather than by the value to the consumer.” The ad, which would eventually air five times over the course of a month, included a one-second shot of a basketball decorated with a distinctive pattern resembling the famous trademarks of plaintiff Louis Vuitton Malletier, S.A. (“Louis Vuitton”).

Louis Vuitton has asserted trademark and unfair competition claims under New York and federal law, alleging that the commercial diluted and infringed its marks. . . . Louis Vuitton moves for summary judgment on its trademark dilution claims as to liability only, and Hyundai has moved for summary judgment in its favor on all claims.

For the reasons explained, Louis Vuitton’s motion is granted and Hyundai’s motion is denied.

BACKGROUND

A. Hyundai’s Use of Louis Vuitton Markings in the “Luxury” Ad.

Hyundai’s thirty-second commercial goes by the name “Luxury.” It consists of brief vignettes that show “policemen eating caviar in a patrol car; large yachts parked beside modest homes; blue-collar workers eating lobster during their lunch break; a four-second scene of an inner-city basketball game played on a lavish

marble court with a gold hoop; and a ten-second scene of the Sonata driving down a street lined with chandeliers and red-carpet crosswalks.”

The commercial’s “scene of an inner-city basketball game” features “a basketball bearing marks similar, but not identical,” to the Louis Vuitton marks. Louis Vuitton characterizes the vignette as “a street-yard basketball scene in which it would use a basketball with markings copied from the design and colors of the [Louis Vuitton] Marks, altering them only slightly.”

The Louis Vuitton marks are known as the “toile monogram.” As described by Hyundai, it “consists of a repeating pattern design of the letters ‘LV and flower-like symbols on a chestnut-brown background.” In the cease-and-desist letter that it would send to Hyundai after the ad’s initial broadcast, Louis Vuitton described the marks as having “three distinctive elemental designs—a pinwheel design, a diamond with an inset pinwheel design, and a circle with an inset flower design” Louis Vuitton first registered this mark with the United States Patent and Trademark Office in 1932, and subsequently registered the mark’s individual elements. The most prominent alteration in the “Luxury” ad was the substitution of the letters “LZ” for “LV,” although Hyundai made small modifications to the other elements of the mark, including slight alterations to their proportions.

According to Hyundai, the commercial sought to “emphasize” the “style, quality and amenities” of the 2011 Sonata, “a mid-sized Sedan priced at approximately \$20,000.” As described by Hyundai, the “Luxury” ad sought to redefine the concept of luxury by communicating to consumers that Sonata offered “luxury for all.” The Commercial attempted to accomplish this goal by poking fun at the silliness of luxury-as-exclusivity by juxtaposing symbols of luxury with everyday life (for example, large yachts parked beside modest homes).

As further explained by Hyundai, “The symbols of ‘old’ luxury, including the [Louis Vuitton] Marks, were used as part of the Commercial’s humorous social commentary on the need to redefine luxury during a recession The commercial poked fun at these symbols of ‘old’ luxury to distinguish them from [Hyundai] in an effort to challenge consumers to rethink what it means for a product to be luxurious.” In Hyundai’s view, the ad sought “to distinguish [Louis Vuitton] from the common-sense Sonata.”

Hyundai does not dispute that the Louis Vuitton marks “are famous and distinctive” as “widely recognized luxury marks,” and are “viewed by some as the most valuable luxury brand in the world.” While the parties set forth slight and immaterial differences in their characterizations of the basketball’s design, they agree that the ball was intended to evoke “the original Louis Vuitton Toile Monogram”

Christopher J. Perry, a former marketing executive at Hyundai, confirmed in a Rule 30(b)(6) deposition that Hyundai worked to “genericize[] the Louis Vuitton

marks” so “that they remained very similar” to the brown-and-gold marks of Louis Vuitton. Perry said that “the brown and gold of [Louis Vuitton]” were intended to give the basketball a “more stylized and luxurious look to it,” and that these colors were “a distinctive special reference” that was “tied to Louis Vuitton.” . . .

. . . .

The “Luxury” ad was motivated in part by a desire on the part of Hyundai to change its brand image among consumers. As described by Hyundai, “among those who highly considered but did not purchase an earlier model of the Sonata, brand reputation and resale value were the main reasons for rejection.” . . . Ewanick, who had been at Hyundai at the time the ad was developed, testified that it was “[c]orrect” to say that Hyundai “used the Louis Vuitton[-]like marks in order to raise the image of the Hyundai brand in the mind of the consumer[.]” (Pl. 56.1 ¶ 69; Def. 56.1 Resp. ¶ 69.)

Elsewhere, Hyundai states that it “objects to [Louis Vuitton’s] implication that the sole and immediate purpose of the campaign was to sell cars. Rather, the admissible evidence demonstrates [Hyundai’s] goal to build consideration and awareness and try to change the brand perception long term.” (Def. 56.1 Resp. ¶ 3; quotation marks and alteration omitted.)

B. Hyundai Previously Sought, But Did Not Receive, Permission to Display Several Luxury Marks in Its Commercial.

Before going forward with the final version of “Luxury,” Hyundai requested permission from numerous companies to display their luxury marks in a commercial. Hyundai’s outside advertising firm contacted thirteen companies to see whether they would permit Hyundai to use their brands free of charge. In a never-broadcast vignette, Hyundai displayed “a vending machine that dispensed luxury handbags” Six brands (Chanel, Prada, Coach, Yves Saint Laurent, Chloe, Gucci and Ferragamo) expressly declined consent. Others (Fendi, Chloe, Dolce & Gabbana, Marc Jacobs, Burberry and Louis Vuitton) never responded to the request. As described by Hyundai’s counsel, “it does not appear” that its outside advertising firm “ever spoke with anyone at [Louis Vuitton] about this Commercial.” An e-mail of November 19, 2009 sent within Hyundai’s outside advertising firm states that as to permission from Louis Vuitton: “have not been able to get a return phone call-email has not been sent.” A separate e-mail in the chain states: “Unfortunately we have not found one who would be open to participating yet.”

C. Hyundai’s Continued Airing of “Luxury.”

The “Luxury” ad first ran during the Superbowl post-game show of February 7, 2010, following the New Orleans Saints’ 31–17 victory over the Indianapolis Colts. On February 12, 2010, Louis Vuitton sent Hyundai a cease-and-desist letter objecting to the inclusion of Louis Vuitton imagery in the “Luxury” ad. By then,

Hyundai had already arranged for “Luxury” to air three times during the NBA All–Star Game weekend, over February 12–14, 2010. Hyundai executives decided to wait for an opinion from legal counsel before taking action on the ad, and went forward with the plan to run the ad during the NBA programming.

Louis Vuitton commenced this litigation on March 1, 2010. Hyundai executives “took the complaint under advisement,” and again aired the commercial during the 9 p.m. hour of the Academy Awards on March 7, 2010.

....

{The court found a likelihood of dilution by blurring and then turned to Hyundai’s claim that its use qualified as a parodic fair use under Lanham Act § 43(c)(3)(A)(ii).}

....

2. The Record Includes Express Evidence that Hyundai Intended No Parody, Criticism or Comment Upon Louis Vuitton.

Through deposition testimony and in submissions by counsel, Hyundai has disclaimed any intention to parody, criticize or comment upon Louis Vuitton. Rather, it contends that the basketball design in the “Luxury” ad reflects a broader social comment, one that embodies “an effort to challenge consumers to rethink what it means for a product to be luxurious.”

The text of the TDRA expressly states that fair use applies if dilution has arisen due to “use in connection with . . . identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.” 15 U.S.C. § 1125(c)(3)(A)(ii) (emphasis added) {sic}. Because Hyundai has disclaimed any comment, criticism or parody of Louis Vuitton, the “Luxury” ad does not, as a matter of law, qualify for fair use under the TDRA.

Louis Vuitton has directed the Court to deposition testimony in which individuals involved in the ad’s creation state that the ad contains no comment on Louis Vuitton. In the Rule 30(b)(6) deposition, Perry testified as follows:

Q. Okay. Why didn’t you just use the [un-altered] Louis Vuitton marks?

A. I don’t recall the – Innocean came back to us and suggested adjustments.

Q. Well, why didn’t you say, gee, to make the association even stronger, let’s just use the Louis Vuitton marks?

A. The intent of the spot wasn’t to – was to portray these over-the-top overwhelming luxury ideas.

Q. Right. And, in fact, you weren’t commenting in any way or giving any commentary on Louis Vuitton, were you?

[Defense counsel]: Objection to the form. You may answer.

A. No.

Q. And the point here was not to actually make fun of Louis Vuitton or criticize Louis Vuitton, was it?

[Defense counsel]: Objection to the form.

A. That is correct.

Q. So why not use the Louis Vuitton marks themselves?

[Defense counsel]: Asked and answered. You may answer.

A. I suppose we could have. We opted not to. It wasn't the intent to try to – the intent wasn't specific to – the same reason why we didn't use specific brands on any of the other things we did. It was just to convey luxury. And to your point that the brown and gold conveyed luxury.

Q. The intent wasn't to say anything about Louis Vuitton, was it?

[Defense counsel]: Asked and answered.

A. Correct

Similarly, Perry testified that any commentary in the "Luxury" ad was of a broad, societal nature, and not directed to any item or brand. He stated:

Q. Well, were you trying to provide commentary on the specific things that are shown in the course of the commercial?

A. No.

Q. No. You were—you were trying to give a kind of general social comment, correct?

A. That's correct.

Q. And am I correct that the individual scenes that you used within the course of the commercial, you could use one, you could use another. It's just a matter of sort of decisions of which ones you liked best, right?

[Defense counsel]: Objection to the form of the question. You may answer.

A. Yes.

* * *

Q. In fact, you could have—had you wanted to, you could have continued to do the ad and have it make sense without any additional basketball scene at all; isn't that true?

A. Yes.

Boone, an account executive at the advertising firm that oversaw the “Luxury” ad, also testified that the ad contained no comment directed toward Louis Vuitton or its marks:

Q. So what other than Louis Vuitton were you attempting to have consumers take away from the basketball with these markings on it?

A. That was just one teeny, tiny piece of the commercial that was meant to signify luxury. . . . It was a 30-second commercial that in its totality at the end of watching that commercial they would say, oh, this commercial is about communicating that Hyundai is a vehicle that provides luxury to all, that we’re bringing luxury – you don’t have to spend gazillions of dollars to have luxury, that this car – it was about the car, about communicating the Hyundai product. We weren’t trying to at all promote Louis Vuitton. That was not our objective. We wanted to sell Hyundais through this over-arching communication about that you can get luxury at an affordable price, that was what we were trying to do.

Q. You weren’t commenting on Louis Vuitton in any way, were you?

[Defense counsel]: Object to the form of the question.

A. Can you be more specific with your question?

Q. I’m just asking you were you attempting through the commercial to comment on Louis Vuitton?

A. No.

Q. I’m sorry?

A. No.

Q. Were you in some ways trying to criticize Louis Vuitton?

A. No.

Q. Were you in some ways trying to make fun of Louis Vuitton?

A. No.

Q. Were you in any way trying to compare the Hyundai with Louis Vuitton?

A. No.

Q. And it’s your position that this wasn’t about Louis Vuitton at all, this basketball, is that correct?

A. Correct.

In opposition to Louis Vuitton’s motion, Hyundai does not direct the Court to evidence that contradicts this testimony. It does not, for example, cite to testimony or other evidence in which other persons involved in the process explained an intention to parody or comment upon Louis Vuitton. Indeed, in its memorandum

of law, Hyundai does not even address this evidence. Its opposition instead turns on discussion of legal authorities that do not apply the TDRA, with little engagement of the record cited by Louis Vuitton and minimal discussion of the statutory text.

Moreover, Hyundai's counsel states that the "Luxury" ad makes no comment on Louis Vuitton: "The symbols of 'old' luxury, including the [Louis Vuitton] Marks, were used as part of the Commercial's humorous social commentary on the need to redefine luxury during a recession, *even though the Commercial's overall intent was not to comment directly on [Louis Vuitton] or the other luxury symbols.*" (Def. Supplemental 56.1 ¶ 17; emphasis added.) It also states that "[a]lthough the Commercial was *not intended as a direct attack on any of the luxury products shown*, [Hyundai] used these items as part of a humorous social commentary on the current definition of luxury itself, which was a contrast to the 'luxury for all' offered by the Sonata." (Def. Supplemental 56 .1 ¶ 2; emphasis added.)

In its opposition brief, Hyundai's counsel also states:

Surely the Commercial could have been made by evoking a different designer's marks on the basketball (*e.g.*, Gucci, Fendi, etc.). Yet, *some* symbol of luxury had to be chosen to make the basketball an integral part of the basketball vignette; for commentary purposes, HMA chose LVM, the number one luxury brand in 2010.

Yet Hyundai does not suggest that Louis Vuitton or these other marks were the object of parody, comment or criticism, but instead that these brands were proxies for its broader observation about an "old" luxury that stands in contrast with the Sonata line. They were not comment, criticism or parody "upon the famous mark owner or the goods or services of the famous mark owner." 15 U.S.C. § 1125(c)(3)(A)(ii).

Louis Vuitton has come forward with evidence that the "Luxury" ad is not a comment, criticism or parody of Louis Vuitton. Hyundai has cited no evidence to the contrary. In addition, even Hyundai's counsel states that "the Commercial's overall intent was not to comment directly on [Louis Vuitton] or the other luxury symbols," but rather, to make a generalized statement that contrasts the Sonata with "old" luxury.

Based on this record, I conclude that no reasonable trier of fact could conclude that the Louis Vuitton-style marks shown in the "Luxury" ad could constitute "use in connection with . . . identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner." 15 U.S.C. § 1125(c)(3)(A)(ii).