

THE CASE OF THE COLLECTOR CAR CARDS

LAWRENCE SAVELL

When I was growing up in Brooklyn, I, like a lot of other kids, collected baseball cards. For a nickel (when I had one), I could get five glossy cards plus a large stick of apparently petrified bubble gum, which because of its marginal flavor and high density, could be (and usually was) effectively hurled great distances.

Back then, the only trading cards I was aware of were the baseball cards of a single manufacturer. Now, there are multiple manufacturers of baseball cards, and cards exist for several of the inferior sports as well. There are also trading cards covering a wide variety of non-sport subjects; I have even seen a series on famous murderers (somewhat overlapping with a series on noted New Yorkers).

There are even cards about cars. The case of *Chrysler Corporation and Automobili Lamborghini SPA v. Newfield Publications, Inc.*, decided by the United States District Court for the Eastern District of Michigan on April 3, 1995, involved the alleged manufacture and sale of collector car cards.

According to the Court, Newfield, through an acquired company, produced a collection of 7" by 10" cards, to be stored in two three-ring binders. Approximately 12 of these cards displayed Chrysler's and Lamborghini's vehicles and trademarks. The front of each card contained a color picture of a vehicle with the vehicle's name prominently printed (sometimes in the manufacturer's distinctive lettering), along with text describing its performance. The back of each card generally contained statistics and historical information.

The plaintiffs, which extensively license and produce various products containing their trademarks and depicting their vehicles, including posters, t-shirts, calendars, decals, and collectible cards, sued Newfield for trademark infringement and unfair competition. They

claimed that Newfield's product directly competed with the products they licensed and produced. Newfield countered that its product was actually a book designed to stimulate reluctant readers, and not a collectible card series. Both sides moved for summary judgment, asking the Court to decide the case without having to go to trial.

In its ruling, the Court denied the motions (except on one narrow point), and set the case for trial.

As the Court noted, the test for trademark infringement is whether the use complained of causes a "likelihood of confusion" among consumers as to which company is the source of the goods or services involved. The court noted that the determination of whether there was unfair competition involved the same "likelihood of confusion" test.

Prior court decisions provided a list of factors to be considered in determining whether there is a "likelihood of confusion." These include (1) the "strength" of the original trademark (how distinctive and recognizable it is), (2) the relatedness of the goods, (3) the similarity of the marks, (4) any evidence of actual confusion, (5) the marketing channels through which the goods are advertised and sold, (6) the likely degree of purchaser care, (7) the defendant's intent in selecting the new trademark, and (8) the likelihood of expansion of the two product lines to the point of overlap. A plaintiff need not prove all of these factors to prevail.

The court found that the plaintiffs' trademarks were very "strong," as they were widely publicized and recognizable. It found that the cards involved here competed with collectible cards licensed by the plaintiffs; thus, the two products were closely related and overlapped. The marks were clearly similar, as Newfield had used plaintiffs' exact marks and photographs of plaintiffs' vehicles. It also found that the marketing

channels were similar, and that both plaintiffs and defendant targeted the same specialized collectible card market. Moreover, the Court determined that the target audience of young boys was not sufficiently "sophisticated" to differentiate between the products of each side. Additionally, it found evidence that Newfield intended to benefit from the plaintiffs' reputation.

However, Chrysler and Lamborghini failed to produce any evidence of actual confusion by consumers. Although such failure was not fatal to the plaintiffs' claims, the lack of such evidence favored Newfield.

Based on the analysis of factors, the Court concluded that the plaintiffs had demonstrated a "likelihood of confusion." However, Newfield raised certain defenses, which the Court ruled were sufficient to deny judgment for the plaintiffs at that point. Although the Court did not agree that Newfield's use of the plaintiffs' trademarks was a "fair use" (an exception to trademark protections, allowing limited use of another's marks in certain narrow situations), it did agree that questions of fact (requiring a trial) remained regarding other defenses. These included First Amendment rights (the Court could not rule out that Newfield's product constituted a "book-in-parts" with an educational component), "consent" and "acquiescence" (there was some evidence that employees of the plaintiffs had provided some materials to Newfield), and "laches" (relating to the plaintiffs' possible delay in asserting their claims).

Lawrence Savell is an attorney with Chadbourne & Parke in New York City. This column provides general information and cannot substitute for consultation with a lawyer.

