

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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MASTERCARD INTERNATIONAL :
INCORPORATED :
 :
Plaintiffs, : 00 Civ. 6068 (GBD)
 :
-against- : MEMORANDUM
 : OPINION AND ORDER
-----X
NADER 2000 PRIMARY COMMITTEE, INC., :
NADER 2000 GENERAL COMMITTEE, INC., :
and RALPH NADER, :
Defendants. :

GEORGE B. DANIELS, District Judge:

Plaintiff MasterCard filed an action against defendants Ralph Nader and his political committee, alleging unfair competition, misappropriation, trademark infringement and dilution of MasterCard’s trademarks under the Federal Trademark Act and state and common law. Plaintiff also alleged infringement of plaintiff’s copyright under the Copyright Act of 1976. Defendants filed a motion for summary judgment. Defendants’ motion for summary judgment is hereby GRANTED in its entirety.

BACKGROUND

MasterCard, a Delaware corporation with its principle place of business in New York, is a large financial institution that engages in the interchange of funds by credit and debit payment cards through over 23,000 banks and other foreign and domestic member financial institutions. Since Fall of 1997, MasterCard has commissioned the authorship of a series of advertisements that have come to be known as the “Priceless Advertisements.” These advertisements feature the names and images of several goods and services purchased by individuals which, with voice overs and visual displays, convey to the viewer the price of each of these items. At the end of each of the Priceless Advertisements a phrase

identifying some priceless intangible that cannot be purchased (such as “a day where all you have to do is breathe”) is followed by the words or voice over: “Priceless. There are some things money can’t buy, for everything else there’s MasterCard.”

In August 2000, MasterCard became aware that Ralph Nader and his presidential committee were broadcasting an allegedly similar advertisement on television that promoted the presidential candidacy of Ralph Nader in the 2000 presidential election. That political ad included a sequential display of a series of items showing the price of each (“grilled tenderloin for fund-raiser; \$1,000 a plate;” “campaign ads filled with half-truths: \$10 million;” “promises to special interest groups: over \$100 billion”). The advertisement ends with a phrase identifying a priceless intangible that cannot be purchased (“finding out the truth: priceless. There are some things that money can’t buy”). The resulting ad (the “Nader ad”) was shown on television during a two week period from August 6-17, during the 2000 presidential campaign, and also appeared on the defendants’ web site throughout that campaign. Plaintiff sent defendants a letter explaining its concern over the similarity of the commercials, and suggested that defendants broadcast a more “original” advertisement. When plaintiff contacted representatives of defendants a few days later, plaintiff MasterCard advised defendants to cease broadcasting their political advertisement due to its similarity with MasterCard’s own commercial advertisement and resulting infringement liability.

When the parties could not come to an agreement, on August 16, 2000, MasterCard filed a complaint alleging the following counts against Ralph Nader and his presidential committee; trademark infringement and false designation of origin in violation of Section 43(a) of the Lanham Act; infringement of a registered trademark in violation of Section 32(1) of the Lanham Act; dilution in violation of Section 43(c) of the Lanham Act; copyright infringement in violation of the Copyright Act; unfair competition; misappropriation; infringement of New York Common Law Trademark Rights;

dilution under New York law; and deceptive trade practices. Plaintiff sought a preliminary injunction during the 2000 presidential campaign which was denied by this Court. Thereafter, defendants moved for summary judgment on all nine of plaintiff's counts.

DISCUSSION

Summary judgment is proper “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue of material fact and that the moving party is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c); Nebraska v. Wyoming, 507 U.S. 584, 590, 113 S.Ct. 1689, 1694 (1993). The burden of demonstrating that no factual dispute exists is on the moving party. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). Once the moving party has met this burden, the nonmoving party “must set forth specific facts showing that there is a genuine issue for trial.” Fed. R. Civ. P. 56(e). In deciding a motion for summary judgment, a court must resolve all ambiguities and draw all reasonable inferences in favor of the party opposing the motion. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255, 106 S. Ct. 2505, 91 L.3d.2d 202 (1986). Summary judgment should be granted only when no reasonable trier of fact could find in favor of the nonmoving party. Gallo v. Prudential Residential Services, Ltd., 22 F.3d 1219, 1224 (2d Cir. 1994).

1. Trademark Infringement

MasterCard's first count is based on Section 43(a) of the Trademark Act, 15 U.S.C. Section 1125(a). Plaintiff claims that defendants have used two of MasterCard's service marks “THERE ARE SOME THINGS MONEY CAN'T BUY. FOR EVERYTHING ELSE THERE'S MASTERCARD,” and “PRICELESS” to misrepresent that the 2000 presidential candidacy of Ralph Nader for the office

of President of the United States was endorsed by MasterCard. (Complaint ¶ 23). Plaintiff's second count also pleads a claim for trademark infringement due to defendants' use of the two federally registered trademarks, ("THERE ARE SOME THINGS MONEY CAN'T BUY. FOR EVERYTHING ELSE THERE'S MASTERCARD," and "PRICELESS"), pursuant to Section 32(1) of the Trademark Act, 15 U.S.C. Section 1114(1).

In trademark infringement cases, the Court must apply the undisputed facts to the balancing test outlined in Polaroid Corp. v. Polarad Elecs., Corp., 287 F.2d 492, 495 (2d Cir. 1961), and may grant summary judgment where it finds, as a matter of law, that there is no likelihood of confusion to the public. See Lois Sportswear, USA, Inc. v. Levi Strauss & Co., 799 F.2d 867 (2d Cir. 1986); Lang v. Retirement Living Publ'g Co., 949 F.2d 576, 580 (2d Cir. 1991). In determining whether there is a likelihood of confusion between MasterCard's Priceless Advertisements and Ralph Nader's Political Ad, the Court weighs eight factors, as articulated in Polaroid, 287 F.2d at 495: (1) strength of the Plaintiff's mark; (2) degree of similarity between the two marks; (3) proximity of the products or services; (4) likelihood that the prior owner will "bridge the gap" into the newcomer's product or service line; (5) evidence of actual confusion between the marks; (6) whether the defendant adopted the mark in good faith; (7) the quality of defendants' products or services; and (8) sophistication of the parties' consumers. See Time, Inc. v. Petersen Publishing Co., 173 F.3d 113, 117 (2d Cir. 1999); See also Morningside Capital Group, 182 F.3d 133, 137 (2d Cir. 1999).

In demonstrating the strength of the trademark, the plaintiff must establish either that the mark is inherently distinctive or alternatively, that the mark has acquired secondary meaning. See McGregor-Doniger Inc. v. Drizzle, Inc., 599 F.2d 1126, 1131 (2d Cir. 1979). MasterCard's marks, "priceless" and "there are some things money can't buy, for everything else there's MasterCard," are registered. MasterCard asserts that their marks have attained secondary meaning. Defendants concede

that MasterCard's Priceless Advertisements are strong enough to have become a part of present-day American popular culture. (Def.'s Mem. in Supp. of Mot. for Summ. J., p. 19). The strength of MasterCard's trademarks is indisputable.

In determining the second factor, the similarity of the marks in issue, a court must consider whether the marks create the same overall commercial impression when viewed separately. See Nikkon, Inc. v. Ikon Corp., 803 F. Supp. 901, 926 (S.D.N.Y. 1992). A court may rely upon its own visual inspection in making this determination. See e.g., Venetianaire Corp. v. A & P Import Co., 429 F.2d 1079, 1081 (2d Cir. 1970). In this instance, it is not necessary for the Court to do so, because once again, defendants do not dispute that the Nader Ad employs the word "priceless" in the same manner used by MasterCard in its television advertisements. (Zopoth Aff. ¶¶304, Exs. 9 and 10). The Nader Ad also employs the phrase "there are some things money can't buy," which is part of a MasterCard trademark. Defendants do not dispute that they employ that phrase in the same look, sound and commercial impression as employed by MasterCard. Id.

The third and fourth factors, the proximity of the products or services and the likelihood that the prior user will bridge the gap, respectively, weigh in favor of defendants. There is little similarity between MasterCard's credit and debit card business and Ralph Nader's political candidacy. There is little likelihood and no evidence that MasterCard, a financial services company, would have any direct involvement in supporting a candidate in a political presidential campaign. Similarly, neither Ralph Nader nor his political campaign committee have expressed any desire or intent to enter the credit card business or offer the public any direct financial services. (Def's Mem. in Supp. of Summ. J., p. 20).

Evidence of actual confusion, the fifth factor, also weighs in favor of defendants. This factor is perhaps the most significant when considering the overall likelihood of confusion by the public. "The best evidence of likelihood of confusion is the occurrence of actual confusion and mistakes." Lambda

Electronics Corporation, et al. v. Lambda Technology, Inc., 515 F.Supp. 915, 926 (S.D.N.Y. 1981).

While it is not essential for a finding of trademark infringement to demonstrate actual confusion, “there can be no more positive proof of likelihood of confusion than evidence of actual confusion.” Id., at 926-27 (citing Grotrian, et al. v. Steinway & Sons, 365 F.Supp. 707, 715-16 (S.D.N.Y. 1973), aff’d, 523 F.2d 1331 (2d Cir. 1975)). In Lang v. Retirement Living Publishing Co., 949 F.2d 576 (2d Cir. 1991), the Second Circuit affirmed the trial court’s grant of summary judgment to the defendants on the ground that plaintiff had failed to raise a genuine issue of fact on likelihood of confusion. In that case, where the plaintiff, whose trade name was similar to that of defendants, received 400 phone calls and several letters from third parties attempting to reach the defendant, the Court explained that the Lanham Act seeks to prevent consumer confusion that enables a seller to pass off his goods as the goods of another, not to protect against confusion generally. Id., at 583. As evident by the present record, out of 452 e-mails to MasterCard regarding the Nader Ad, only two are relied upon as possibly reflecting confusion. (Grossman Aff. ¶9, Exs. 4). This is certainly not enough to show actual confusion or that such confusion inflicted commercial injury to MasterCard. In support of its argument that actual confusion exists, MasterCard also relies on the written transcript of a broadcast of CNN’s Late Edition, during which Connecticut Senator Christopher Dodd stated that he thought the Nader Advertisement was a credit card ad. A viewing of a tape of that program shows Senator Dodd laughing at his own joke, while speaking the words on which MasterCard relies to establish actual confusion. It is little or no evidence of actual confusion. Even if Senator Dodd had actually been confused, a few isolated instances of actual confusion are not sufficient to defeat a motion for summary judgment. See Brockmeyer v. The Hearst Corporation, et al., 428, F.Supp.2d 281, 298 (S.D.N.Y. 2003) (“one anecdotal instance of purported actual confusion is at best de minimis, indeed infinitesimal, and insufficient;” a survey revealing a less than 3% rate of confusion was insufficient to show a likelihood

of confusion.); See also Cumberland Packing Corp. v. Monsanto Co., 140 F.Supp.2d 241, 254 (E.D.N.Y. 2001) (a survey showing a 7.84% confusion rate found to be insufficient to raise a material fact as to the likelihood of confusion). The plaintiff should be able to demonstrate a reasonable likelihood that reasonable people will be confused.

The sixth factor regarding good faith adoption of the mark also favors defendants. The relevant intent in this inquiry is whether the alleged infringer intended “to palm off his products as those of another.” See Miss Universe, Inc. v. Patricelli, 408 F.2d 506, 509 (2d Cir. 1969); See also Maternally Yours, Inc. v. your Maternity Shop, Inc., 234 F.2d 538, 542 (2d Cir. 1956). In the present case, there is no evidence that defendants intended to confuse the public. There is no basis to argue that the Ralph Nader political ad which has the clear intent to criticize other political candidates who accept money from wealthy contributors, at the same time, attempts or intends to imply that he is a political candidate endorsed by MasterCard. There is uncontradicted testimony that neither Ralph Nader, nor his committees, had any such intent. (Nader Aff. ¶21; Zopoth Aff. ¶7, Ex. 16).

The seventh factor, the quality of defendants’ products or services, is of insignificant weight in this case. There is no reasonable comparison to be made between the quality of the products and services provided by MasterCard and the value of defendants’ politics. MasterCard provides a quality of financial services which can readily be compared to its commercial competitors. However, it is purely the public’s subjective opinion of the appeal and attractiveness of a political candidate’s ideas and record which determines whether the public will buy the politics any candidate for office is selling.

The eighth and final factor to be weighed is the level of consumer sophistication in either of the relevant markets for credit card services or for political candidates. Unless otherwise demonstrated, it is reasonable to conclude that the general American public is sophisticated enough to distinguish a Political Ad from a commercial advertisement. Rarely, if ever, is there a realistic opportunity to

confuse the two. Indeed, as previously discussed, out of the 452 e-mails received by MasterCard regarding Ralph Nader's Political Ad, only 2-3 questioned MasterCard's involvement with Ralph Nader's campaign. This sampling of American consumers, which is the only proof offered on the record, is a sufficient indication that consumers are generally sophisticated enough to decipher between MasterCard's commercial purposes and Ralph Nader's political agenda.

When balancing the eight Polaroid factors, no one factor can determine the ultimate issue of likelihood of confusion to the consumer. See W.W.W. Pharm. Co. v. The Gillette Co., 808 F.Supp. 1013, 1022 (S.D.N.Y. 1992), aff'd, 984 F.2d 567 (2d Cir. 1993). To properly weigh these factors requires the court to view each factor in light of the totality of the evidence. Id. Thus, after balancing the Polaroid factors, this Court finds that there is no genuine issue of material fact with regard to any likelihood of confusion between MasterCard's Priceless Advertisements and Ralph Nader's Political Ad which could constitute a violation of the Trademark Act. Defendants' summary judgment motion to dismiss Counts One and Two of plaintiff's complaint is therefore granted.

MasterCard also alleges a state law claim under New York common law for trademark infringement in Count Seven of the complaint. Under New York common law, as is required under federal law, a plaintiff must show a likelihood of confusion between the two products in order to prevail. See Nabisco v. Warner-Lambert Co., 32 F.Supp.2d 690, 701 (S.D.N.Y. 1999). As with plaintiff's federal Lanham Act claims, there is no likelihood of confusion between MasterCard's Priceless Ads and Ralph Nader's Political Ad. As a matter of law, plaintiff has failed to show a genuine issue of material fact as to the existence of a likelihood of confusion between MasterCard's financial services and Ralph Nader's 2000 presidential political campaign. Therefore, defendants are granted summary judgment on plaintiff's New York common law trademark infringement claim in Count Seven of the complaint.

2. Unfair Competition and Misappropriation

In its fifth and sixth counts, MasterCard alleges state law claims under New York common law for unfair competition and misappropriation. Under Section 301(a) of the Copyright Act, 17 U.S.C. § 301(a), all legal or equitable state rights that are equivalent to any of the exclusive rights granted within the general scope and subject matter of the Copyright Act are preempted by the Copyright Act. Courts have used a two-part test to determine whether a state cause of action will be preempted by the Copyright Act: (1) what is the nature of the work in question; and (2) what are the rights claimed in that work under state law. See Harper & Row, Publishers, Inc. v. Nations Enters., 501 F.Supp. 848, 850 (S.D.N.Y. 1980), aff'd, 723 F.2d 195 (2d Cir. 1983), rev'd on other grounds, 471 U.S. 539 (1985); See also Mayer v. Josiah Wedgwood & Sons, Ltd., 601 F.Supp. 1523, 1532 (S.D.N.Y. 1985).

The first prong for preemption is met when the nature of the work protected comes within the subject matter of copyright as defined by §§ 102 and 103 of the Copyright Act. See § 301(b)(1). Because MasterCard owns copyright registrations for several of its “Priceless” television advertisements, and because “advertisements are generally capable of receiving copyright protection,” Raffoler, Ltd. v. Peabody & Wright, Ltd., 671 F. Supp. 947, 950 (E.D.N.Y. 1987), MasterCard’s advertisements clearly fall within the subject matter of the Copyright Act.

The second prong for preemption is met when the right granted under state law is “equivalent to any of the exclusive rights within the general scope of copyright as specified in Section 106.” 17 U.S.C. § 301(a). See also Harper, 501 F. Supp. at 850; Mayer, 601 F. Supp. at 1532. The federal rights granted by the Copyright Act include the right “to prepare derivative works based upon the copyrighted work.” 17 U.S.C. § 106. As evident in the Complaint, MasterCard claims that the Nader Ad violated MasterCard’s rights because it was derived from MasterCard’s “Priceless” advertising. (Compl. ¶ 50). The Second Circuit Court of Appeals has held that misappropriation and unfair

competition claims “grounded solely in the copying of plaintiff’s protected expression are deemed preempted by Section 301.” Computer Assocs. Int’l, Inc. v. Altai, Inc., 982 F.2d 693, 717 (2d Cir. 1992) (citations omitted); See also American Movie Classics Co. v. Turner Entm’t Co., 922 F. Supp. 926, 933 (S.D.N.Y. 1996). Thus, Counts Five and Six are dismissed on defendants’ motion for summary judgment as those claims are preempted by federal copyright law.

In pleading its sixth count, along with its misappropriation claim, MasterCard also alleges the state law violation of “palming off” by defendants. (Compl. ¶ 62). “Palming off” or passing off, “occurs when a producer misrepresents his own goods or services as someone else’s.” Dastar Corporation v. Twentieth Century Fox Film Corporation, et al., 123 S.Ct. 2041, 2045, n.1 (2003). Lack of likely consumer confusion is independently sufficient to defeat a claim of palming off. See Towle Mfg. Co. v. Godinger Silver Art Co., Ltd., 612 F. Supp 986, 995-96 (S.D.N.Y. 1985). Therefore, this claim also fails for the same reason MasterCard’s trademark infringement claim fails: there is no likelihood of confusion as a matter of law. Dismissal of Count Six is therefore warranted on this basis as well.

3. Dilution

Counts Three and Eight of plaintiff’s complaint allege against defendants federal and state dilution of plaintiff’s trademarks. The Federal Trademark Dilution Act, 15 U.S.C. § 1125(c) and the New York anti-dilution law, New York Gen. Bus. Law § 360-1, protect against the unauthorized use of marks that impairs the goodwill and value of plaintiff’s mark. “Dilution” is defined as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.” 15 U.S.C. § 1127. Section 1125(c) provides that the owner of a famous mark

is entitled to an injunction against another person’s “commercial use in commerce of a mark if such use begins after the mark or trade name has become famous and causes dilution of the distinctive quality of the mark.” Under federal law, the elements for a claim of dilution are that “1) plaintiff’s mark is famous; 2) it is inherently distinctive; 3) defendant’s use of the junior mark is a commercial use in commerce; 4) defendant’s use began after plaintiff’s mark became famous; and 5) defendant’s use of the junior mark causes dilution of the distinctive quality of the plaintiff’s mark.” Playtex Products, Inc. v. Georgia-Pacific, Inc., et al., 2003 WL 21939706, 8 (S.D.N.Y. 2003). Moreover, a plaintiff must show “actual dilution, rather than a likelihood of dilution.” Moseley, et al. v. V Secret Catalogue, Inc., et al., 537 U.S. 418, 433 (2003). Under both federal and New York law, dilution can involve either blurring or tarnishment. New York Stock Exchange, Inc., v. New York, New York Hotel, LLC, 293 F.3d 550, 557 (2d Cir. 2002); See also Perkins School for the Blind v. Maxi-Aids, Inc., et al., 274 F.Supp.2d 319, 325 (E.D.N.Y. 2003); World Wrestling Federation Entertainment, Inc. v. Bozelli, 142 F.Supp.2d 514, 529 (S.D.N.Y. 2001).

Blurring has typically involved “the whittling away of an established trademark’s selling power through its unauthorized use by others upon dissimilar products.” Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989) (describing such “‘hypothetical anomalies’ as ‘Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth’”) (quoting legislative history of section 368-d) (citation omitted). That is, trademark dilution statutes are designed to cover those situations where the public knows that the defendant is not connected to or sponsored by the plaintiff, but the ability of the plaintiff’s mark to serve as a unique identifier of the plaintiff’s goods or services is weakened because the relevant public now also associates that designation with a new and different source. See Federal Express Corp. v. Federal Espresso, Inc., 201 F.3d 168, 174 (2d Cir. 2000) (quoting Sports Authority, Inc. v. Prime Hospitality

Corp., 89 F.3d at 965-66 (discussing New York law) (internal quotation marks and brackets omitted).

_____ In New York Stock Exchange, the Second Circuit held that blurring occurs when “the defendant uses or modifies the plaintiff’s trademark to identify the defendant’s goods or services, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff’s product. To determine the likelihood of blurring, [courts] have looked to six factors, including: (i) the similarity of the marks; (ii) the similarity of the products covered; (iii) the sophistication of the consumers; (iv) the existence of predatory intent; (v) the renown of the senior mark; and (vi) the renown of the junior mark.” New York Stock Exchange, Inc., v. New York, New York Hotel, LLC, 293 F.3d 550, 558 (2d Cir. 2002) (citing Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994)); See also Katz, et al. v. Modiri, et al., 283 F.Supp.2d 883, 901 (S.D.N.Y. 2003).

Tarnishment occurs when the plaintiff’s mark is “linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context,’ with the end result that ‘the public will associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.” Id. “The sine qua non of tarnishment is a finding that the plaintiff’s mark will suffer negative associations through defendant’s use.” Hormel Foods Corp. v. Jim Henson Productions, Inc., 73 F.3d 497, 507 (2d Cir. 1996).

The Federal Trademark Dilution Act specifically exempts noncommercial uses of a mark from its coverage. Section 1125(c)(4) provides that “[t]he following shall not be actionable under this section: ... (B) Noncommercial use of a mark.” Therefore, prior to even addressing whether defendants have actually diluted plaintiff’s marks under the federal law, the Court must first determine whether defendants’ use of the marks is “commercial,” and thereby, whether that use is even covered by the

statute.¹

Plaintiff argues that Ralph Nader's Political Ad is commercial in nature even though it neither sells products or services, is not designed to entice consumers to buy products or services, and does not propose any kind of commercial transaction. MasterCard asserts that contributions to the Nader 2000 General Committee "increased from \$5125 before the Ad ran to \$818,000 in August 2000, after the Ad ran through the "DONATE ON-LINE" icon or otherwise." (Pl's. Mem. in Opp. to Summ. J. 26) (emphasis added). Although the Nader Ad ran before a large sum of contributions were made to his campaign, plaintiff offers no evidence of a causal connection between the Ad and the contributions. There is nothing in the record other than the inference to be drawn from the proximity in time that advances the notion that the contributions Ralph Nader and his political committee received were a direct result of the Ad.

Even assuming the Nader Ad caused greater contributions to be made to his political campaign, this would not be enough to deem Ralph Nader's Ad "commercial." If so, then presumably, as suggested by defendants, all political campaign speech would also be "commercial speech" since all political candidates collect contributions. Ralph Nader's Political Ad attempts to communicate that other presidential candidates can be bought, but that the "truth," represented by himself, cannot. The

¹ Black's Law Dictionary defines 'commercial' as "Relates to or is connected with trade and traffic or commerce in general; is occupied with business and commerce. Generic term for most all aspects of buying and selling."

The Lanham Act defines 'use in commerce' as the "use of a mark in the ordinary course of trade... For purposes of this chapter, a mark shall be deemed to be in use in commerce (1) on goods when (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services." 15 U.S.C. § 1127.

Nader Ad is a strong political message which expresses his personal opinion on presidential campaigning. The legislative history of the Lanham Act clearly indicates that Congress did not intend for the Act to chill political speech. In speaking about the amendments to Section 43(a) that expanded what was actionable as deceptive advertisements, one of the new law's sponsors, United States Representative Robert Kastenmeier, pointed out that political advertising and promotion are not meant to be covered by the term "commercial." He stated that the statute

uses the word "commercial" to describe advertising or promotion for business purposes, whether conducted by for-profit or non-profit organizations or individuals. Political advertising and promotion is political speech, and therefore not encompassed by the term "commercial." This is true whether what is being promoted is an individual candidacy for public office, or a particular political issue or point of view...

134 Cong. Rec. H. 1297 (daily ed. April 13, 1989) (statement of Wisconsin Rep. Kastenmeier) (emphasis added).

Plaintiff MasterCard urges the Court to rely on United We Stand America, Inc. v. United We Stand, America New York, Inc., 128 F.3d 86 (2d Cir. 1997) to conclude that Ralph Nader's activities are "commercial" in nature. That case is not instructive in determining whether or not MasterCard has a basis to bring a claim against defendants under the Federal Trademark Dilution Act. In United We Stand, the Court was determining whether a certain political activity fell under the scope and the meaning of the word "services" and "use in commerce" of the Lanham Trademark Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).² That particular section of the Lanham Act does not have a commercial activity requirement, nor does it exempt from liability noncommercial use of a mark. See Planned Parenthood

² "Any person who shall, without the consent of the registrant use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered trademark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided." 15 U.S.C.A. § 1114(1)(a).

Federation of America Inc. v. U.S. District Court Southern District of New York, 42 U.S.P.Q.2d 1430, 1434 (S.D.N.Y. 1997). However, the Federal Trademark Dilution Act, 15 U.S.C.A. § 1125(c), specifically exempts from the scope of all provisions of Section 1125 the “noncommercial use of a mark.” See Id., at 1433.

Though not binding, this Court finds the analysis in American Family Life Insurance Company v. Hagan, et al., 266 F.Supp.2d 682 (N.D.Ohio 2002), to be relevant and persuasive. In that case, similar to the case at hand, the plaintiff, American Family Life Insurance Company, or AFLAC, ran well-known “AFLAC Duck” commercials which featured a white duck quacking the company’s name “AFLAC.” Id., at 684. One of the defendants was a candidate for Governor of the State of Ohio running against the incumbent Governor Robert Taft. The candidate and his Campaign, developed internet commercials that “‘borrow[ed]’ from AFLAC’s commercials. Specifically, the internet commercials include[d] a crudely animated character made up of the incumbent Governor’s head sitting on the body of a white cartoon duck; the duck quacks ‘TaftQuack’ several times during each commercial,” which defendants ran on their website, www.taftquack.com. Id. Defendants’ website also contained a link which visitors could use to make campaign contributions. Id. at 686-87. Among other claims, plaintiff sued defendants for federal trademark dilution and moved for a preliminary injunction.

In denying the plaintiff’s motion for a preliminary injunction, and finding that the plaintiff was not likely to prevail on its dilution claim, the court also found that defendants’ speech was political, rather than commercial. Specifically, the court stated that the candidate was “‘using a quacking cartoon character, which admittedly brings to mind AFLAC’s marks, *as part of his communicative message*, in the context of expressing political speech.” Id., at 700 (emphasis in original). The court added that though “the consuming public may associate the AFLAC Duck and the TaftQuack character a

proposition the Court accepts [this] is an insufficient predicate to support injunctive relief of political speech.” *Id.*, at 701. The court further noted that though defendants included in their website a mechanism for visitors to make campaign contributions, “it is arguable whether [the candidate’s] speech proposes a commercial transaction at all.” *Id.*, at 697. The court stated that defendants’ solicitation of contributions, and the resulting making of contributions, “is much more than merely a commercial transaction. Indeed, this exchange is properly classified not as a commercial transaction at all, but completely noncommercial, political speech.” *Id.*

This Court finds that Ralph Nader’s use of plaintiff’s trademarks is not commercial, but instead political in nature and that therefore, it is exempted from coverage by the Federal Trademark Dilution Act. However, even if Ralph Nader’s use of plaintiff’s trademarks could be deemed commercial in nature, such use did not dilute plaintiff’s marks. Defendants do not dispute that plaintiff’s marks are famous, distinctive, or that they used plaintiff’s marks after such marks became famous. However, there is no evidence in the record that defendants’ use of plaintiff’s marks actually caused dilution of the distinctiveness of plaintiff’s marks. Plaintiff does not offer evidence that defendants’ limited use of the Priceless marks lessened its value or the capacity of these marks to identify and distinguish plaintiff’s goods or services. Further, plaintiff does not claim, nor is there any evidence in the record, that due to defendant’s use of plaintiff’s marks, plaintiff altered or lessened its use of the marks to identify MasterCard’s products or services.

Count Three of plaintiff’s complaint alleging dilution of plaintiff’s trademarks is dismissed on defendants’ motion for summary judgment. Ralph Nader’s use of plaintiff’s trademarks is political in nature, not within a commercial context, and is therefore exempted from coverage by the Federal Trademark Dilution Act. Furthermore, there is no evidence on the record that Ralph Nader’s use of plaintiff’s trademarks diluted plaintiff’s trademarks.

Count Eight, alleging dilution of MasterCard's trademarks under state law, is based on N.Y.G.B.L. § 360-1. Section 360-1 provides that "[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." In order to show state trademark dilution under section 360-1, MasterCard must demonstrate that it's "trademark is of truly distinctive quality or has acquired secondary meaning, and, second, that there is a 'likelihood of dilution.'" Brennan's, Inc. v. Brennan's Restaurant, LLC, et al., 2003 WL 1338681, 6 (S.D.N.Y. 2003) (citing Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 42 (2d Cir. 1994)).

Again, it is not in dispute that plaintiff's marks are of a distinctive quality, and have acquired secondary meaning. Yet, there is no evidence on the record that defendants' use of plaintiff's marks created even a likelihood of dilution of such marks. There is no evidence that defendants' limited and political use of plaintiff's marks could weaken those marks' ability to serve as a unique identifier of plaintiff's goods or services. Therefore, there is no evidence of possible dilution by "blurring." Further, there is no evidence that plaintiff's marks could be tarnished or suffer from negative associations in the eyes of the public due to defendants' use of those marks. Therefore, there is no evidence of dilution of plaintiff's marks by tarnishment. As with plaintiff's federal dilution claim, summary judgment for defendants on plaintiff's Count Eight alleging state law dilution of plaintiff's trademarks is hereby granted.

4. Copyright Infringement

In Count Four, plaintiff alleges copyright infringement of its Priceless Advertisements. In

response, defendants argue the Nader Ad is a fair use of the Priceless Advertisements because it is a parody of the Priceless Advertisements.

“From the infancy of copyright protection,” the fair use doctrine “has been thought necessary to fulfill copyright’s very purpose, ‘[t]o promote the Progress of Science and useful Arts.’” Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 575 (1994) (quoting U.S. Const., art. I, § 8, cl. 8). In Campbell, defendants Luther R. Campbell, Christopher Wongwon, Mark Ross, and David Hobbs, collectively known as 2 Live Crew, a rap music group, created a song entitled “Pretty Woman” that parodied Roy Orbison’s copyrighted song, “Oh, Pretty Woman.” Id., at 571-72. Plaintiff Acuff-Rose Music, Inc., who owned the rights to Orbison’s song, sued defendants for copyright infringement. Id., at 573. The District Court for the Middle District of Tennessee granted summary judgment in favor of defendants, finding that 2 Live Crew’s song was a fair use parody of the Orbison song and that the commercial purpose of 2 Live Crew’s song was not a bar to a finding of fair use. Id. The Court of Appeals for the Sixth Circuit reversed, holding that a finding of fair use was barred by the song’s commercial character and excessive borrowing of the Orbison song. Id., at 573-74. In reversing the Court of Appeals’ decision, the United States Supreme Court held that a parody’s commercial nature is not a bar to a finding of fair use and is in fact only one element to be considered in a fair use analysis. It held that the Court of Appeals gave insufficient consideration to the nature of a parody in assessing the degree to which a parody copies. Id., at 572, 594.

As noted in Campbell, “in truth, in literature, in science and art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before.” Id. (quotation marks omitted). Until the 1976 Copyright Act, the doctrine of fair use grew exclusively out of the common law. See Id., at 576; Folsom v. Marsh, 9 F.Cas 342, 348

(C.D.Mass.1900) (CCD Mass. 1841) (Story, J.) (Stating fair use test). With the Copyright Act, Congress restated the common law tradition of fair use. The statute provides that the use or reproduction of a copyrighted work is “not an infringement of copyright” if it is used “for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research.” 17 U.S.C.A. § 107. In determining whether the work has been used for such a purpose, the statute lists four nonexclusive factors to consider: 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used; and 4) the effect of the use upon the potential market for, or value of, the copyrighted work. 17 U.S.C. § 107(1) - (4). It has been found that “once a work is determined to be a parody, the second, third, and fourth factors are unlikely to militate against a finding of fair use.” Abilene Music, Inc., et al. v. Sony Music Entertainment, Inc., et al., 2003 WL 21415311, 4 (S.D.N.Y. 2003).

This section of the Copyright Act “intended that courts continue the common law tradition of fair use adjudication” and “permits and requires courts to avoid rigid application of the copyright statute, when, on occasion, it would stifle the very creativity which that law is designed to foster.” Campbell, 510 U.S. at 577 (quotation marks omitted). Fair use analysis, therefore, always “calls for case-by-case analysis.” Id. The fair use examples provided in § 107 are “illustrative and not limitative” and “provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses.” Id.; See Nimmer § 13.05[A}, at 13-153 (“[T]he factors contained in Section 107 are merely by way of example, and are not an exhaustive enumeration.”). The ultimate test of fair use, therefore, is whether the copyright law’s goal of “promot[ing] the Progress of Science and useful Arts,” U.S. Const., art. I, § 8, cl., 8, “would be better served by allowing the use than by preventing it.” Arica Inst., Inc. v. Palmer, 970 F.2d 1067, 1077 (2d Cir. 1992) (quoting Peter

Pan Fabrics, Inc. v. Martin Weiner Corp., 274 F.2d 487, 589 (2d Cir. 1960) (L.Hand, J.)). The burden of proof is on the defendants to demonstrate fair use. Infinity Broadcast Corp. v. Kirkwood, 150 F.3d 104, 107 (2d Cir. 1998). Though recognizing that fair use is a “mixed question of law and fact,” courts regularly resolve fair use issues at the summary judgment stage where there are no genuine issues of material fact. Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc. 150 F.3d 132, 136 (2d. Cir. 1998).

Before considering these factors in detail, it is important to note the difference between an advertisement that promotes a parody of a copyrighted work and an advertisement that itself actually infringes a copyright. An advertisement which uses elements of a copyrighted work “does not necessarily ... [infringe] the copyright, if the product that it advertises constitutes a fair use of the copyrighted work.” Steinberg v. Columbia-Delphi Productions, 663 F. Supp. 706, 714 (S.D.N.Y. 1987) (citing Warner Bros. v. American Broadcasting Cos., 720 F.2d 231, 242-44 (2d. Cir. 1983) (finding that promotional broadcasts for a television series legally parodying the Superman comic strip character did not infringe copyright in Superman character)). On the other hand, an advertisement infringes a copyright when what is being advertised “bears no relationship to the copyrighted work.” Steinberg, 663 F. Supp. at 714. In such a case, “[n]o matter how well known a copyrighted phrase becomes, its author is entitled to guard against its appropriation to promote the sale of commercial products.” Id. (citing Warner Bros., 720 F. 2d at 242). However, even a wholly commercial advertisement may itself constitute a fair use. Leibovitz v. Paramount Pictures Corp., 137 F.3d 109 (2d Cir. 1998) (finding a poster of a pregnant Leslie Nielson, used to advertise “Naked Gun 33 $\frac{1}{3}$,” to be a fair use of the photograph of Demi Moore it parodied).

The first fair use factor to consider is “the purpose and character of the [allegedly infringing] use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” 17

U.S.C. § 107(1). As this Court has already discussed, the Ralph Nader Political Ad’s use is not commercial. The stated purpose of the defendants’ advertisement was to raise public awareness of Ralph Nader’s desire to be included in the upcoming, televised Presidential candidate debates. (Nader Aff. ¶14; Amato Aff. ¶11; Exs. 12-15). The Nader Ad depicted that the two major party candidates were beholden to special interests, which was the reason that Ralph Nader, who was not so beholden, should be included in the debates. (Defs.’ Mem. in Supp. of Summ. J. 26).

The more important question under the first factor, and in fair use analysis generally, is whether the allegedly infringing work “merely supersedes” the original work “or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning or message,” Campbell, 510 U.S. at 579, in other words “whether and to what extent the new work is ‘transformative.’” Id., at 579 (quoting Leval, *Toward a Fair Use Standard*, 103 Harv.L.Rev. 1105, 1111 (1990)). If “the secondary use adds value to the original if [copy rightable expression in the original work] is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.” Id. As stated in Campbell, the goal of copyright “is generally furthered by the creation of transformative works.” Id., at 579.

One such transformative use that is typically found to be fair use is a parody. Defendants’ argument that Ralph Nader’s Political Ad is transformative of MasterCard’s Priceless Advertisements is as follows: Defendants believe that the MasterCard commercials’ underlying message is “that MasterCard is the best way to pay for everything that matters.” (Defs’ Mem in Supp. for Summ. J. 27). The Nader Ad, on the other hand, portrays the cold, big-money arena of Presidential politics and contrasts Ralph Nader’s “truth” as the remedy for the bought and paid-for positions of others. Through this message, defendants claim that the Nader Ad “lays bare the artifice of the original, which cloaks its

materialistic message in warm, sugar-coated imagery that purports to elevate intangible values over the monetary values it in fact hawks” through parody (Defs’ Mem. in Supp. of Summ. J. 27).

Parody has an obvious claim to transformative value. See Campbell, 510 U.S. at 577. A parody is characterized by an attempt to mimic an original, expressive, and usually famous work. See Id., at 586 (“parodies invariably copy publicly known, expressive works”). Focusing particularly on the fair use protection to which parodies are entitled, the Court in Campbell initially noted that “parody may or may not be fair use,” Id., at 581, and “like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law,” Id. The Court went on to say, “[T]he heart of any parodist’s claim to quote from existing material is the use of some elements of a prior author’s composition to create a new one that, at least in part, comments on that author’s works.” Id., at 580. The comment must have some “critical bearing on the substance or style of the original composition.” Id. The relevant inquiry is “whether a parodic character may reasonably be perceived.” Id. (emphasis added).

Plaintiff claims that because there is nothing in the Nader Ad which “comments on or refers to MasterCard or its Priceless Ads” (Pl.’s Mem. in Opp’n to Summ. J. 11), it cannot be classified as a parody. However, the Supreme Court in Campbell stated “[p]arody serves its goals whether labeled or not, and there is no reason to require parody to state the obvious (or even the reasonably perceived).” Id., n.17. The Court also added, “[w]hile we might not assign a high rank to the parodic element here, we think it fair to say that [defendant’s] song reasonably could be perceived as commenting on the original or criticizing it, to some degree.” Id., at 583. In fact, the Court declined to evaluate the parody, stating that “[t]he threshold question when fair use is raised in defense of parody is whether the parodic character may reasonably be perceived. Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use.” Id., at 582. In finding a parodic element in defendant’s

infringement of plaintiff's song, the Court also commented that the defendants in that case would have even more easily met the requirement had there been less risk of "market substitution" of the parody for the original:

A parody that more loosely targets an original than the parody presented here may still be sufficiently aimed at an original work to come within our analysis of parody. If a parody whose wide dissemination in the market runs the risk of serving as a substitute for the original . . . , it is more incumbent on one claiming fair use to establish the extent of transformation and the parody's critical relationship to the original. By contrast, when there is little or no risk of market substitution, whether because of the large extent of transformation of the earlier work, the new work's minimal distribution in the market, the small extent to which it borrows from the original, or other factors, taking parodic aim at an original is a less critical factor in the analysis, and looser forms of parody may be found to be fair use ...

Campbell, 510 U.S. at 580, n.14.

Where, as here, the parody really has no demonstrative capacity to divert sales from the original, as was stated in Campbell, a showing of "the parody's critical relationship to the original" is less vital in the fair use analysis.

The Nader Ad does add something new and qualifies as a "transformative" work. Whether it "comments" on the original is the issue in question. MasterCard's message depicted in its Priceless Advertisements is very plain and straightforward. In a series of advertisements, MasterCard presents various intangible moments that are highly valuable, yet unable to be "purchased" or are "priceless." Hence, "there are some things that money can't buy."³ This idea is followed by the message, that the viewer-consumer can purchase everything else with their MasterCard credit card "for everything else, there's MasterCard." Ralph Nader's Political Ad attempts to show various ways different Presidential candidates can be bought in the "big-money arena of Presidential politics" (Def's Mem. in Supp. Summ. J. 27) and contrasts the "priceless" truth represented by Ralph Nader as the remedy for the

³ It should be noted that with regard to the phrase "there are some things that money can't buy," not even MasterCard claims that phrase is its original creation.

bought and paid for positions of others. Through this depiction, Ralph Nader argues that he not only sends across his own message, but that he wittingly comments on the craft of the original, “which cloaks its materialistic message in warm, sugar-coated imagery that purports to elevate intangible values over the monetary values it in fact hawks.” Id. This commentary “may reasonably be perceived.” The message need not be popular nor agreed with. It may be subtle rather than obvious. It need only be reasonably perceived. Ralph Nader’s Political Ad is sufficiently a parody for the purposes of a fair use analysis, and consequently, is transformative.

The second statutory factor, “the nature of the copyrighted work,” § 107(2), relates to whether the original work is “‘creative’ as opposed to ‘factual,’ as well as to whether the work has been previously published.” Feiner v. H.R. Industries, 10 F.Supp.2d 310, 314 (S.D.N.Y. 1998). Original works that are creative in nature will generally receive greater copyright protection. See e.g. Ringgold v. Black Entertainment Television, Inc., 126 F.3d 70, 80 (2d Cir. 1997). A previously published work available to the general public will receive less protection under the fair use doctrine than an unpublished work which has not yet been released to the general public by its author. Feiner, 10 F. Supp.2d at 314; Arica Institute, Inc. v. Palmer, 970 F.2d 1067, 1078 (2d Cir. 1992).

The creative nature of plaintiff’s Priceless Advertisements places these advertisements in the “core of intended copyright protection.” Campbell, 510 U.S. at 586. Although this seems to favor plaintiff, courts have recognized that “this factor may be of less (or even of no) importance when assessed in the context of certain transformative uses.” Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc., 150 F.3d 132, 144 (2d Cir. 1998); See also Leibovitz v. Paramount Pictures Corporation, 2000 WL 1010830, 4 (S.D.N.Y. 2000) (“It is well established that the second factor the nature of the copyrighted work is not very important to the fair use analysis.”); Abilene Music, Inc., et al. v. Sony Music Entertainment, Inc., et al., 2003 WL 21415311, 4 (S.D.N.Y. 2003) (“the second

factor, the nature of the original work, is not heavily weighted in cases involving parodies”). In particular, giving this factor undue weight in a fair use analysis would prevent findings of fair uses which advance science and art through criticism or commentary. See e.g. Campbell, 510 U.S. at 586 (finding second factor unlikely to “help in separating the fair use sheep from the infringing goats in a parody case since parodies almost invariably copy publicly known, expressive works.”). This factor is without much force in most cases, and its relevance here is slight.

In assessing the third factor, the Court must focus on only the protected phrases of the Priceless Advertisements. Further, the amount and substantiality of the portion used in relation to the copyrighted work as a whole must be examined in context to determine whether the extent of the copying is consistent with or more than necessary to further the purpose and character of the use. See Campbell, 510 U.S. at 586-587. In the parody context, this concerns “what else the parodist did besides go to the heart of the original.” Liebowitz v. Paramount Pictures Corp., 137 F.3d 109 (2d Cir. 1998) (quoting Campbell, 510 U.S. at 589). Although the Ralph Nader Political Ad copied the word “priceless” and the phrase “there are some things money can’t buy” and used them in a similar manner, the greater part of the Nader Ad is original the narration, the supertitles, and the film imagery is rather different from the MasterCard commercials. The substance of the message is different from the message communicated by the advertisement it copies. In order for the Ralph Nader Political Ad to be considered a legitimate parody of the Priceless Advertisement, it necessarily must take enough from MasterCard’s advertisement to assure that the viewer will be reminded of the ad that it borrows from.

As outlined in Leibovitz, 137 F.3d at 113, the Court in Campbell made three important points concerning the third-factor. First, consideration must be given not only to the quantity of the materials taken but also to “their quality and importance” to the original work. Campbell, 510 U.S. at 587. Second, “the parody must be able to ‘conjure up’ at least enough of the original to make the object of

its critical wit recognizable.” Id., at 588. Third, the court explained that “[o]nce enough has been taken to assure identification, how much more is reasonable will depend, say, on the extent to which the [copying work’s] overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original.” Id. Thus, as the Court in Campbell noted, the third factor “enquiry will harken back to the first of the statutory factors,” Id., at 586, with the consideration of the purpose and character of the copying, as well as look to the fourth statutory factor in addressing the potential for market substitution. Id., at 587. “That approach leaves the third factor with little, if any, weight against fair use so long as the first and fourth factors favor the parodist.” Liebowitz, 137 F.3d at 116. As this Court has already found, the first factor is in favor of the defendants in that defendants’ use of the Priceless Advertisements is not commercial in nature and is a transformative parody of those advertisements.

The fourth factor looks at “the effect of the use upon the potential market for or value of the copyrighted work.” Campbell, 510 U.S. at 588. As the Campbell opinion explained, if the secondary work harms the market for the original through criticism or parody, rather than by offering a market substitute for the original that supersedes it, it does not produce a harm cognizable under the Copyright Act.” Id., at 592. If the secondary copied use offers itself as a market substitute and in that way harms the market value of the original, this factor argues strongly against a finding of fair use. See On Davis v. The Gap, Inc., 246 F.2d 152, 175 (2nd Cir. 2001). In this case, the Nader Ad is sufficiently transformative of MasterCard’s Priceless Advertisements. The Ralph Nader Political Ad may serve a general overlapping market, the viewing public. However, it serves an entirely different purpose than the Priceless Advertisements, a political non-commercial purpose. For this reason, the fourth factor also weighs heavily in the defendant’s favor for a finding of fair use.

There is no genuine issue of material fact after weighing the factors pertinent to a finding of

fair use. The Nader Ad is a non-infringing fair use parody of MasterCard's Priceless Advertisements under Section 107 of the Copyright Act. Accordingly, defendants' motion for summary judgment dismissing Count Four of MasterCard's complaint is granted.⁴

5. Deceptive Trade Practices

In Count Nine, plaintiff claims that through defendants' use of plaintiff's marks in the Nader Ad, defendants intentionally deceived and misled the public in violation of N.Y. Gen. Bus. Law § 349. Defendants argue that plaintiff's Count Nine should be dismissed again because the Nader Ad is political, rather than commercial in nature. Defendants also contend that the requirements of the statute are not met, in that the defendants did not intend to deceive and there is no evidence of actual deception.

Section 349 prohibits "deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service." N.Y. Gen. Bus. Law § 349(a). In order to establish a claim under Section 349, it must be shown that the defendant committed "a material deceptive act or practice directed to consumers that caused actual harm." Boule, et al. v. Hutton, et al., 328 F.3d 84, 93-94 (2d Cir. 2003) (citing Marcus v. AT&T Corp., 138 F.3d 46, 63 (2d Cir. 1998)). An act is considered deceptive within the meaning of Section 349 only if it is of such a nature to mislead a reasonable consumer. Id. at 94 (citing Marcus, 138 F.3d at 64.). Further, in order to prevail on a Section 349 claim, it must be shown that the defendant intentionally deceived consumers. Eastern American Trio Products, Inc. v. Tang Electronic Corporation, et al., 97 F.Supp.2d 295, 423 (S.D.N.Y.

⁴ Defendants also argue that they are entitled to summary judgment on plaintiff's Count Four because the Nader Ad did not copy any "protected expression" from the Priceless Advertisements. Since this Court finds the Nader Ad to be a non-infringing fair use parody of MasterCard's Priceless Advertisements under Section 107 and grants summary judgment in favor of defendants on this basis, it is not necessary for the Court to address this argument.

2000); See also Samara Bros., Inc. v. Wal-Mart Stores, Inc., 165 F.3d 120, 131 (2d Cir. 1998), rev'd on other grounds, 529 U.S. 205 (2000).

In the present case, as previously discussed, defendants' use of plaintiff's marks in the Nader Ad is political, not commercial, in nature. The Ad was not being used in connection with the sale or promotion of a product or service, nor in the conduct of business, trade or commerce. There is no evidence the defendants intended to deceive, nor any evidence of actual consumer deception. Both are required showings under Section 349. Therefore, MasterCard's Count Nine is dismissed and defendants' motion for summary judgment on this count is granted.

CONCLUSION

For the foregoing reasons, defendants' motion for summary judgment is hereby GRANTED in its entirety.

Dated: New York, New York
March 8, 2004

SO ORDERED:

GEORGE B. DANIELS
United States District Judge