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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

MOSSACK FONSECA AND CO., S.A.,
et al.,

Plaintiffs,

vs.

NETFLIX, INC.,

Defendant.

) Case No. 2:19-cv-09930-CBM-AS

) **DEFENDANT NETFLIX INC.'S
NOTICE OF MOTION AND
MOTION FOR JUDGMENT ON
THE PLEADINGS**

) [Notice of Lodging of Physical Exhibits
filed concurrently]

) Hearing:
Date: July 28, 2020
Time: 10:00 a.m.
Place: Courtroom 8B

1 **TO THE COURT, ALL PARTIES, AND THEIR COUNSEL OF RECORD:**

2 **PLEASE TAKE NOTICE** that on July 28, 2020 at 10:00 a.m., or as soon
3 thereafter as the matter may be heard before the Honorable Consuelo B. Marshall of
4 the above-entitled Court, located at 350 West First Street, Los Angeles, California,
5 90012, Courtroom 8B, Defendant Netflix, Inc. (“Netflix” or “Defendant”) will, and
6 hereby does, move for judgment on the pleadings pursuant to FRCP 12(c) (the
7 “Motion”) on the federal law claims stated against Netflix in the January 21, 2020
8 Second Amended Complaint (the “SAC”) [Docket No. 52] of Plaintiffs Mossack
9 Fonseca & Co., S.A., Bufete MF & Co., Jurgen Mossack, and Ramon Fonseca
10 (“Plaintiffs”).

11 The Motion is made on the grounds that: (1) the fourth and fifth causes of
12 action asserted against Netflix in the SAC—for “Dilution/Tarnishment under 15
13 U.S.C. [§] 1125(c)” and “False Advertising [under] 15 U.S.C. § 1125”—are barred by
14 the First Amendment; and (2) Plaintiffs cannot establish a probability of prevailing on
15 the merits of their claims. In addition, Netflix requests that they recover from
16 Plaintiffs their attorneys’ fees and costs incurred in making this Motion pursuant to 15
17 U.S.C. § 1117.¹

18 This Motion is based upon this Notice of Motion and Motion, the
19 accompanying Memorandum of Points and Authorities, the accompanying Notice of
20 Lodging of Physical Exhibits, the pleadings and papers on file herein, all other matters
21 of which the Court may take judicial notice, and such other or further material as may
22 be presented at or before the hearing on the Motion.

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¹ If the Court grants this Motion, Netflix will prove the amount of their attorneys’ fees and costs separately.

1 This Motion is made following several conferences of counsel pursuant to
2 Local Rule 7-3 which took place beginning on February 10, 2020 and concluded on
3 March 11, 2020.
4

5 **PRYOR CASHMAN LLP**

6
7 Dated: June 17, 2020

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 Defendant Netflix, Inc. (“Netflix” or “Defendant”) respectfully submits this
3 memorandum of law in support of its motion for judgment on the pleadings pursuant
4 to Federal Rule of Civil Procedure 12(c) dismissing Plaintiffs’ fourth and fifth claims,
5 for trademark dilution and false advertising under the Lanham Act, respectively, with
6 prejudice.

7 **I. INTRODUCTION**

8 This action concerns the film entitled *The Laundromat* (the “Film”).² As
9 described in detail below, the Film concerns the so-called “Panama Papers,” a cache
10 of documents concerning hundreds of thousands of offshore entities created by
11 Plaintiffs Jurgen Mossack (“Mossack”) and Ramon Fonseca (“Fonseca”) and their law
12 firm, Mossack Fonseca and Co. S.A. (the “Mossack & Fonseca Firm,” and together
13 with Mossack and Fonseca, “Plaintiffs”), in order to facilitate tax avoidance on the
14 part of the wealthy. Beyond mere tax avoidance, several thousand of these offshore
15 entities were also implicated by Europol for alleged involvement with other kinds of
16 criminal conduct, including money laundering, tax evasion, bribery, and fraud, as
17 Plaintiffs themselves acknowledge.

18 The Film seeks to expose the pervasive abuse of offshore shell corporations and
19 tax shelters, and it is an indictment of the legal systems that permit them. Plaintiffs,
20 whose livelihoods depend on the flourishing of the offshore industry, unsurprisingly
21 dislike the Film’s message, and they seek to misuse the trademark laws, among others,
22 in order to silence it.

23 In addition to their state law libel and false light claims, which are addressed in
24 Netflix’s concurrently-filed anti-SLAPP motion, Plaintiffs assert claims for trademark
25 dilution by blurring and by tarnishment, as well as false advertising based on the
26 allegation that consumers will mistakenly believe that Plaintiffs sponsored or

27 _____
28 ² The Film was submitted as Exhibit A to the Answer of Defendant Netflix, Inc. to Plaintiffs’ Second Amended Complaint [Docket No. 53]. A copy of the Film is also attached to the Notice of Lodging of Physical Exhibits filed concurrently herewith.

1 endorsed the Film. These claims fail as a matter of law. Plaintiffs' dilution claim is
2 hopeless. Not only have Plaintiffs failed to plead sufficiently an essential element of
3 their dilution claim – namely, the fame of their allegedly diluted mark – but also the
4 Film does not use the Plaintiffs' logo as a mark, as it must for the use to be actionable
5 under the federal dilution law. Furthermore, given Plaintiffs' admissions that, before
6 the Film was published, they (i) were already the subject of legal proceedings in
7 Panama, (ii) could no longer bank anywhere, (iii) had lost all of their clients, and
8 (iv) had to shut down their business as a result of the foregoing, their claim that the
9 Film tarnished their mark is risible. Likewise, given Plaintiffs' complaint that the Film
10 tarnished their brand due to its unflattering portrayal of them, their false advertising
11 claim – premised on the allegation that consumers will assume Plaintiffs sponsored or
12 endorsed the Film – hardly rises to the level of plausibility required to pass legal
13 muster. Perhaps most importantly, both claims are barred by the First Amendment,
14 under which the Film is protected speech, which cannot be chilled by Plaintiffs'
15 contrived and meritless trademark claims.

16 **II. STATEMENT OF FACTS**

17 **A. The Panama Papers Scandal**

18 In April 2016, newspapers and media outlets around the world began publishing
19 reports regarding the methods used by wealthy and powerful people to hide income
20 and avoid taxes through the use of offshore bank accounts and shell companies.
21 (Second Amended Complaint (“SAC”) ¶¶ 54-57). The primary source for these
22 bombshell reports was a cache of 11.5 million Mossack & Fonseca Firm documents
23 an anonymous whistleblower had provided to journalist Bastian Obermayer of the
24 German newspaper *Suddeutsche Zeitung*. (*Id.* ¶ 49). Obermayer enlisted the
25 International Consortium of Investigative Journalists to review the massive corpus of
26 documents for approximately one year before publishing any reports regarding their
27 contents. (*Id.* ¶¶ 51-52). These documents, dubbed the Panama Papers, referenced
28 over 200,000 offshore entities created by the Mossack & Fonseca Firm, including

1 many used for the benefit of rich and famous people in both public and private sectors
2 around the world. (*Id.* ¶ 50). As the SAC acknowledges, some number of offshore
3 corporations created by Mossack and Fonseca, or their firm, were in fact utilized “for
4 criminal activity including, but not limited to, money laundering, tax evasion, bribery
5 and/or fraud.” (*Id.* ¶ 53).

6 The reporting on the Panama Papers and the Mossack & Fonseca Firm’s role in
7 facilitating tax avoidance and offshore banking for the wealthy precipitated numerous
8 governmental investigations and prosecutions, including two legal proceedings
9 brought by Panamanian authorities against Mossack and Fonseca. (*Id.* ¶ 62). As a
10 result of the ongoing criminal investigations and prosecutions, Mossack and Fonseca
11 have been subject to arrest and bail conditions that confine them to Panama. (*Id.* ¶ 63).
12 In the immediate aftermath of the reporting on the Panama Papers (*i.e.*, well before the
13 production or release of the Film), banks refused to do business with Plaintiffs, clients
14 ceased to do business with Plaintiffs, and Plaintiffs’ law firm closed. (*Id.* ¶¶ 59-61).

15 In or about November 2017, journalist Jake Bernstein released a “thoroughly
16 researched” book regarding the previously unknown financial dealings of wealthy
17 individuals and institutions that made use of the offshore banking and financial
18 systems, entitled *Secrecy World: Inside the Panama Papers Investigation of Illicit*
19 *Money Networks and the Global Elite* (the “Book”).³ (*Id.* ¶¶ 67-78). Bernstein used
20 the Panama Papers documents provided by the whistleblower, as well as interviews
21 with Mossack and Fonseca, as source material for the Book. (*Id.*).

22 **B. The Laundromat**

23 Sometime following the publication of the Book, Netflix acquired the right to
24 distribute a film about the Panama Papers that used the Book as inspiration. (*Id.* ¶¶ 80-
25 81. The Film, entitled *The Laundromat*, is the resulting feature film. (*Id.* ¶ 81). The
26 Film stars the actors Meryl Streep, Gary Oldman, and Antonio Banderas and was

27 ³ The Book was submitted as Exhibit B to the Answer of Defendant Netflix, Inc. to Plaintiffs’ Second
28 Amended Complaint [Docket No. 53]. A copy of the Book is also attached to the Notice of Lodging
of Physical Exhibits filed concurrently herewith.

1 directed by Steven Soderbergh. (*Id.* ¶¶ 86, 88). The Film does not purport to be a
2 factual documentary or non-fiction adaptation of the Book. To the contrary, the Film
3 makes clear from the outset that it is not a pure dramatic presentation of actual facts,
4 but rather a comedic morality tale about a system which invites and protects abuse.
5 Indeed, the Film opens with a title card facetiously stating that the Film is “**Based On**
6 **Actual Secrets**” and ends with a disclaimer at the 1 hour, 34 minute, 25 second mark
7 stating, “While the motion picture is inspired by actual events and persons, certain
8 characters, incidents, locations, dialogue, and names are fictionalized for the purpose
9 of dramatization. As to any such fictionalization, any similarity to the name or to the
10 actual character or history of any person, living or dead, or actual incident is entirely
11 for dramatic purposes and not intended to reflect on any actual character or history.”

12 Moreover, while the Film has characters bearing Mossack and Fonseca’s
13 names, they are caricatured narrators who break the fourth wall to explain the offshore
14 industry to the audience and introduce the Film’s vignettes. The Film does not depict
15 these characters as direct participants in criminal activity. Rather, the Film saves its
16 pointed critiques for the opacity of the global banking system and the systemic
17 corruption of wealthy individuals that permit that system to perpetuate itself.⁴

18 These palpably farcical characters open the Film, dressed in tuxedos and
19 walking past cavemen on a barren landscape, with an explanation about the genesis of
20 money and credit with comedic dialogue about the impracticality of bartering bananas
21 (which “turn brown over time”) and cows (which “can wander away”). “Credit,” they
22 explain, stands in for the “tangible” cow, and because of credit, “even if you didn’t
23 have all the bananas you need ... you could borrow bananas from the future.” Noting
24 that the world of finance has since “gotten a little more complicated” and involves
25 trading things that are “very different from cows,” they then introduce the vignettes
26

27 ⁴ Rather than portraying these characters as involved in criminal activity, the Film repeatedly makes
28 the point that they followed the letter of the law. At one point, there is even a clip of President Obama
noting that most of the use of offshore shell companies is legal.

1 that follow as stories “that are not about us; they are more about you.” These narrators
2 are reminders of the Film’s satirical nature throughout.

3 The Film depicts the April 2016 hacking of the Panama Papers by “John Doe,”
4 and their subsequent worldwide publication. Plaintiffs’ tax shelter and shell
5 corporation mill is exposed. President Obama is seen saying that the problem is that a
6 lot of this is legal. The narrators (*i.e.*, the Mossack and Fonseca characters) explain
7 that they “didn’t write the laws; [they] just wrote contracts!” They are ruined by the
8 ensuing scandal, close their businesses, and are arrested because some of the shell
9 entities they formed have been connected to suspected criminals. Sitting in jail (or
10 what is revealed to be dramatic/comedic jail scenery), Mossack complains: “You want
11 to go back to bananas?!” The Film ends with words from the so-called “manifesto” of
12 the Panama Papers leaker, calling on governments around the world to end the
13 pervasive corruption depicted in the Film.

14 C. Plaintiffs’ Allegations

15 Plaintiffs’ allegations relevant to the instant motion⁵ include that the Film’s
16 depictions of the MOSSACK FONSECA trademark and logo (collectively, the
17 “MFSA Logo”) caused dilution by tarnishment by “diminish[ing] the present and
18 future value of the logo in commerce” (SAC ¶ 176) – notwithstanding the fact that the
19 SAC is replete with allegations of the harm caused to Plaintiffs’ reputation, including
20 the goodwill of their business, by the Panama Papers, long before the Film was ever
21 conceived, let alone released. (*Id.* ¶¶ 57-63.) Plaintiffs further allege dilution by
22 blurring, premised only on the conclusory allegation that the depiction of Plaintiffs’
23 logo in the Film “is likely to impair [the trademark’s] distinctiveness by causing
24 consumers to no longer associate the logo solely and exclusively with MFSA.” (*Id.* ¶
25 177.) As discussed below, however, nowhere in the SAC do Plaintiffs allege that
26 MFSA’s logo has attained the level of fame necessary to qualify for protection from

27
28 ⁵ Plaintiffs’ state law claims in the first through third counts of the SAC are addressed Defendant’s
anti-SLAPP motion, filed concurrently with the instant motion for judgment on the pleadings.

1 trademark dilution (by either tarnishment or blurring) under the controlling federal
2 law, the Trademark Dilution and Revision Act (“TDRA”). Notably, Plaintiffs also
3 acknowledge that “Netflix used and continues to use the logo for the sake of making
4 its movie scenes true to reality. . .” (*id.* ¶ 179), which amounts to an admission under
5 the controlling case law that the MFSA Logo is artistically relevant to the Film, as
6 discussed in greater detail below.

7 Plaintiffs’ fifth count is styled as false advertising, but is premised on alleged
8 false endorsement. Plaintiffs claim Netflix “misrepresented the nature, characteristics,
9 and qualities” of its Film because it misrepresented that the use of the MFSA Logo
10 was “permissible use, authorized, licensed, assigned, sponsored and/or otherwise
11 endorsed by MFSA, when in fact the same is patently false.” (SAC ¶¶ 184-85.)

12 As detailed below, Plaintiffs’ trademark claims fail for a number of reasons.
13 Their dilution claim fails because (i) they failed to plead the requisite fame of their
14 mark, (ii) Netflix’s depiction of the MFSA Logo is not a trademark use, as it must be
15 to be actionable under the TDRA, (iii) by Plaintiffs’ own admission, their Logo,
16 brand, goodwill and reputation were destroyed in the wake of the Panama Papers’
17 release far before the release of the Film, and (iv) Netflix’s use of the MFSA Logo
18 falls within the noncommercial use exception under the TDRA. Further, Plaintiffs’
19 Lanham Act false advertising claim is barred by the First Amendment under the
20 controlling *Rogers* test.

21 **III. ARGUMENT**

22 **A. Legal Standard**

23 The standard for evaluating a 12(c) motion is the same as that governing a
24 motion to dismiss. *See Durkin v. Shields*, No. 92-1003-IEG (LSP), 1997 WL 808651,
25 at *8 (S.D. Cal. 1997) (citing *Hishon v. King & Spalding*, 467 U.S. 69, 73 (1984)).
26 That is, “[a] judgment on the pleadings is properly granted when, taking all the
27 allegations in the pleadings as true, the moving party is entitled to judgment as a
28

1 matter of law.” *Milne ex rel. Coyne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1042
2 (9th Cir. 2005) (citation & quotations omitted).

3 The standard articulated in *Twombly* and *Iqbal* applies equally to a motion for
4 judgment on the pleadings. *Chavez v. United States*, 683 F.3d 1102, 1108-09 (9th Cir.
5 2012); *Cafasso v. General Dynamics C4 Sys., Inc.*, 637 F.3d 1047, 1054-55 & n. 4
6 (9th Cir. 2011) *see also* *Lowden v. T-Mobile USA, Inc.*, 378 F. App’x 693, 694 (9th
7 Cir. 2010) (“To survive a Federal Rule of Civil Procedure 12(c) motion, a plaintiff
8 must allege enough facts to state a claim to relief that is plausible on its face.”)
9 (citation & quotations omitted)). “[A] plaintiff’s obligations to provide the grounds of
10 entitlement to relief requires more than labels and conclusions, and a formulaic
11 recitation of the elements of a cause of action will not do.” *Id.* (quoting *Bell Atlantic*
12 *Corp. v. Twombly*, 550 U.S. 544, 555 (2007)). “Rather, the allegations in the
13 complaint ‘must be enough to raise a right to relief above the speculative level.’” *Id.*
14 (quoting *Twombly*, 550 U.S. at 555).

15 **B. Plaintiffs’ Dilution Claim Fails As A Matter Of Law**

16 To prove dilution under the TDRA, 15 U.S.C. § 1125(c), a plaintiff must show
17 that “(1) the mark is famous and distinctive; (2) the defendant is making use of the
18 mark in commerce; (3) the defendant’s use began after the mark became famous; and
19 (4) the defendant’s use of the mark is likely to cause dilution by blurring or dilution
20 by tarnishment.” *Aegis Software, Inc. v. 22nd Dist. Agric. Ass’n*, 255 F. Supp. 3d
21 1005, 1009 (S.D. Cal. 2017) (citation & quotations omitted). Here, Plaintiffs’ claim
22 for dilution, by blurring and by tarnishment, fails for four independent reasons,
23 detailed below.

24 **1. As A Matter Of Law, Plaintiffs’ Mark Is Not “Famous” For** 25 **Dilution Purposes**

26 First, Plaintiffs have failed to plead that the MFSA logo is a famous mark under
27 the exacting standard of the TDRA, which requirement applies equally to a claim for
28 dilution by blurring or by tarnishment. *See id.* (granting motion to dismiss dilution

1 claim because the plaintiff’s complaint “falls short of pleading fame”). In order to be
2 “famous,” a mark must be “widely recognized by the general consuming public of the
3 United States...” as a designation indicating a single source of goods or services. 15
4 U.S.C. § 1125(c)(2)(A) (emphasis added). This is a “difficult and demanding”
5 standard, *Arcsoft, Inc. v. Cyberlink Corp.*, 153 F. Supp. 3d 1057, 1065 (N.D. Cal.
6 2015) (citation omitted), and one to which Plaintiffs’ SAC unquestionably does not
7 rise. *See, e.g., Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356 (Fed. Cir.
8 2012) (evidence did not prove COACH was a “famous” mark for dilution purposes).
9 A number of courts, including those in the Ninth Circuit, have said that to qualify as
10 “famous” for purposes of dilution, the mark must be a “household name” – “a name
11 immediately familiar to very nearly everyone, everywhere in the nation.” 4 *McCarthy*
12 *on Trademarks and Unfair Competition*, § 24:104 (5th ed.); *Aegis Software, Inc.*, 255
13 F. Supp. 3d at 1009 (“The famousness prong of the claim is meant to carefully limit
14 the class of trademarks eligible for dilution protection . . . [T]he mark must be a
15 household name.”) (citation & quotations omitted); *Arcsoft, Inc.*, 153 F. Supp. 3d at
16 1065 (“[T]he Ninth Circuit has concluded that trademark dilution is a cause of action
17 reserved for a select class of marks – those marks with such powerful consumer
18 associations that even noncompeting uses can impinge on their value. . . Dilution
19 protection extends only to those whose mark is a household name.”) (internal
20 quotation marks and citations omitted). Thus, niche fame in a particular industry or
21 consumer group is insufficient. *Urban Home, Inc. v. Cordillera Inv. Co.*, No. 13-
22 08502, 2014 WL 3704031, at *6 (C.D. Cal. June 19, 2014) (noting that “[t]he
23 trademark dilution statute was revised in 2006 to deny protection to marks whose
24 fame extends only to niche markets...”).

25 In order to determine whether a mark has attained the requisite level of fame,
26 courts evaluate four factors: (i) the duration, extent and geographic reach of the
27 advertising and publicity of the mark; (ii) the amount, volume, and geographic extent
28 of sales of goods or services offered under the mark; (iii) the extent of actual

1 recognition of the mark; and (iv) whether the mark has been federally registered. 15
2 U.S.C. § 1125(c)(2)(A).

3 Here, Plaintiffs make only the unsupported, conclusory assertion that the MFSA
4 logo was famous at the time Netflix allegedly infringed it, providing no factual
5 allegations concerning any of the relevant four factors to support that claim. (SAC ¶¶
6 6, 35, 124, 171.) At their most detailed, Plaintiffs allege they are “a well-known
7 worldwide leader in the perfectly legal offshore corporate formation and maintenance
8 industry” (SAC ¶ 32), and that they have generated “significant profits” (*id.* ¶¶ 33, 48)
9 and “expended significant monies on client development, branding, and marketing . .
10 .” (*id.* ¶ 34). However, they provide *no* figures to support these conclusory claims.
11 Naked assertions of fame are patently insufficient to withstand a motion for judgment
12 on the pleadings. *See, e.g., Arcsoft, Inc.*, 153 F. Supp. 3d at 1067 (granting motion to
13 dismiss dilution claim where plaintiff “[did] not offer any nonconclusory allegations
14 about the extent to which consumers actually recognize the Perfect365 Mark”).

15 At best, Plaintiffs have alleged only niche fame, claiming that their “logos were
16 widely recognized by consumers *in Plaintiffs’ industry* and became famous well prior
17 to Netflix’s unlawful use of the logo.” (SAC ¶ 171 (emphasis added); *see id.* ¶¶ 39-41
18 (alleging Plaintiffs’ promotion of their brand in the legal industry.)) Thus, by
19 Plaintiffs’ own admission, their mark and logo are not sufficiently famous to merit
20 protection under Section 43(c) of the Lanham Act.

21 2. Netflix Is Not Using The MFSA Logo As A Trademark

22 Second, Netflix is not using the MFSA logo as a trademark, as is required under
23 the TDRA. The TDRA makes clear that “a non-trademark use does not and cannot
24 dilute by blurring. The same rule applies to dilution by tarnishment.” 4 *McCarthy on*
25 *Trademarks and Unfair Competition* § 24:122 (5th ed.); *see* 15 U.S.C. § 1125(c)(1),
26 1125(c)(2)(B) & (C). Here, taking all of Plaintiffs’ allegations as true, Netflix’s
27 depiction of the MFSA trademark in the Film is not trademark use. (*See* SAC ¶ 7
28 (“The logo is used approximately 8 times between the trailer and the movie proper,

1 exposed on the side of a building, on a client folder, twice behind a transparent door in
2 an office, on a background re-broadcast of a CNN news segment, and three times in
3 scene backgrounds projected on large screen televisions, including one instance
4 lasting approximately 30 seconds.”.) The MFSA logo is not used as a designation of
5 source of the Film in any way, to identify either the author of the screenplay or the
6 producer of the Film. As Professor McCarthy states in his seminal treatise on
7 trademark law, “a novelist who uses a famous mark in the body of a story is not
8 subject to the antidilution law because the accused use is not as a mark or trade name
9 to identify the author or publisher. This also includes the use of marks in the content
10 of motion pictures and television shows.” 4 *McCarthy on Trademarks and Unfair*
11 *Competition*, § 24:122 (emphasis added). Accordingly, Netflix is not subject to the
12 antidilution law based on its display of the MFSA logo in the Film, and Plaintiffs’
13 dilution claim should be dismissed.

14 **3. Plaintiffs’ Dilution By Tarnishment Claim Fails Because Their** 15 **Mark Is Already Tarnished**

16 Third, beyond its lack of fame, Plaintiffs’ Logo and the goodwill that it
17 represents have already been so thoroughly tarnished that its portrayal in the Film – in
18 connection with the same subject matter that has already made headlines throughout
19 the United States – cannot possibly sustain a claim for tarnishment. For instance, as
20 the SAC acknowledges, “[i]mmediately after initial news reports of hack revelations,
21 and the rumors concerning [Plaintiffs’] alleged clients, banks and other third parties
22 refused to do business with [Plaintiffs’ firms].” (*Id.*, ¶ 59.) As a consequence of the
23 “severe[] damage[]” caused to Plaintiffs’ firms’ reputation (*id.*, ¶ 58), it ultimately was
24 forced to close its offices and lost its entire client base. (*Id.*, ¶ 61.) As Plaintiffs admit,
25 they have already “suffered damage to the goodwill and value their business” as a
26 result of the “hack and release” of the Panama Papers. (*Id.*, ¶ 64.)
27
28

1 **4. The Film Falls Within The Noncommercial Use Exception To**
2 **The Dilution Statute**

3 Finally, as the Film is an artistic work, its use of Plaintiff’s logo falls within the
4 “noncommercial use” liability exemption to dilution protection under Section 43(c) of
5 the Lanham Act, 15 U.S.C. § 1125(c)(3)(C), because it “does more than propose a
6 commercial transaction” and contains some “protected expression.” *VIP Prods. LLC*
7 *v. Jack Daniel’s Prods., Inc.*, 953 F.3d 1170, 1176 (9th Cir. 2020) (citation &
8 quotations omitted). As the Ninth Circuit has held, use of a mark may be
9 “noncommercial” even when it is contained in a product that is sold. *Id.*

10 Here, there is no question the portrayal of the MFSA logo in the Film qualifies
11 as noncommercial speech protected by the First Amendment. It is an artistic work that
12 does far more than “propose a commercial transaction,” and unquestionably contains
13 “protected expression,” namely, a particularized message, which is likely to be
14 understood by those who viewed it. *See Gordon v. Drape Creative, Inc.*, 909 F.3d
15 257, 268 (9th Cir. 2018). Indeed, the Film presents a farcical view of the conduct,
16 including that of Plaintiffs, exposed in the “Panama Papers,” and is intended to
17 provide a critical commentary on the use of offshore companies to provide tax shelters
18 for the wealthy. *See VIP Prod. LLC*, 953 F.3d at 1176 (holding the defendant was
19 entitled to judgment in its favor on dilution claim where defendant’s product conveyed
20 a humorous message that was a commentary on the plaintiff’s brand); *Smith v. Wal-*
21 *Mart Stores, Inc.*, 537 F. Supp. 2d 1302 (N.D. Ga. 2008) (quoting *Mattel v. Walking*
22 *Mountain Prods*, 353 F.3d 792, 812 (9th Cir. 2003) (“[T]arnishment merely caused by
23 an . . . artistic parody which satirizes [the complainant’s] . . . image is not actionable
24 under an anti-dilution statute because of the free speech protections of the First
25 Amendment.”) (quotations omitted)). Thus, the First Amendment principles codified
26 in the noncommercial use exception under the TDRA likewise bar Plaintiffs’ dilution
27 claim against the Film.
28

1 **C. Plaintiffs’ False Advertising Claim Fails Under The *Rogers* Rule**

2 Just as the First Amendment bars Plaintiffs’ dilution claim, it likewise bars their
3 Lanham Act false advertising claim. As noted above, artistic expression, such as
4 Defendant’s film, is constitutionally protected speech. The application of the First
5 Amendment’s protections to motion pictures and other works of entertainment has
6 been established since the Supreme Court’s decision in *Joseph Burstyn, Inc. v. Wilson*,
7 343 U.S. 495 (1952), in which the Court recognized that “[t]he importance of motion
8 pictures as an organ of public opinion is not lessened by the fact that they are designed
9 to entertain as well as to inform.” *Id.* at 501; *see also Schad v. Borough of Mt.*
10 *Ephraim*, 452 U.S. 61, 65 (1981) (“Entertainment, as well as political and ideological
11 speech, is protected; motion pictures, programs broadcast by radio and television, and
12 live entertainment, such as musical and dramatic works, fall within the First
13 Amendment guarantee.”) (citations omitted).⁶

14 The conflict between Lanham Act claims and First Amendment protection for
15 artistic works was addressed in the seminal case of *Rogers v. Grimaldi*, 695 F. Supp.
16 112 (S.D.N.Y. 1988), *aff’d*, 875 F.2d 994 (2d Cir. 1989), which held that the First
17 Amendment precludes Lanham Act claims premised upon the title of an expressive
18 work unless the title “has *no* artistic relevance to the underlying work whatsoever, or,
19 if it has some artistic relevance, unless [it] *explicitly* misleads as to the source or the
20 content of the work.” *Id.* at 999 (emphasis added). The *Rogers* test has been widely
21 adopted, including by the Ninth Circuit, and extended to use of both names and
22 trademarks in the *content* of expressive works, as well as their titles, leading to such
23 claims regularly being dismissed as a matter of law. *See, e.g., VIP Prods. LLC*, 953
24 F.3d at 1174 (use of trade dress in dog toy); *Gordon*, 909 F.3d at 264 (use of
25 trademark in greeting card); *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547

26 ⁶ To the extent that Plaintiffs’ false advertising claim is predicated on advertisements for the Film, as
27 opposed to the Film itself, it is settled law that “advertisements that are ‘adjunct’ to a protected work
28 are entitled to the same immunity from [Lanham Act claims] as the underlying work.” *Dickinson v.*
Ryan Seacrest Enters., Inc., No. CV 18-2544-GW (JPRX), 2019 WL 3035090, at *8 (C.D. Cal. Mar.
26, 2019).

1 F.3d 1095, 1099 (9th Cir. 2008) (use of trade dress in video game); *Mattel, Inc. v.*
2 *MCA Records*, 296 F.3d 894, 902 (9th Cir. 2002) (use of trademark in title and content
3 of song); *see also ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 928 (6th Cir. 2003)
4 (use of name and trademark in marketing materials for prints of painting); *Louis*
5 *Vuitton Mallatier S.A. v. Warner Bros. Entm’t Inc.*, 868 F. Supp. 2d 172, 177 n.9
6 (S.D.N.Y. 2012) (use of trademark in context of film).

7 The *Rogers* test has been applied to bar claims of trademark infringement, false
8 endorsement, and false advertising made against expressive works. *See Brown v. Elec.*
9 *Arts, Inc.*, 724 F.3d 1235, 1241 (9th Cir. 2013) (applying *Rogers* test to false
10 endorsement claim); *Rogers*, 875 F.2d 944 (involving false advertising claim arising
11 under the Lanham Act). Thus, the *Rogers* test is applicable to Plaintiffs’ false
12 advertising claim in the instant action. Here, Plaintiffs are unable to satisfy either
13 prong of the *Rogers* test, requiring dismissal of their false advertising claim.

14 1. The Use Of Plaintiffs’ Logo Is Artistically Relevant To The 15 Film

16 Regarding the first prong of the *Rogers* test, courts have found that the
17 threshold for finding that the trademark at issue has artistic relevance to the
18 underlying work is “appropriately low.” *Rogers*, 875 F.2d at 999; *see Louis Vuitton*,
19 868 F. Supp. 2d at 178 (“The threshold for artistic relevance is purposely low and will
20 be satisfied unless the use has *no* artistic relevance to the underlying work
21 *whatsoever*”) (citations & quotations omitted) (emphasis in the original); *E.S.S.*
22 *Entm’t 2000, Inc.*, 547 F.3d at 1100 (finding that “the level of relevance merely must
23 be above zero” to “merit First Amendment protection”).

24 Here, Defendant more than meets that “appropriately low” threshold. The Film
25 employs the names of Plaintiffs, along with the names of their law firms, and the logo
26 of MOSSACK FONSECA, all in the course of telling the fictionalized story of how
27 these two lawyers found and exploited loopholes to help wealthy and powerful
28 individuals and companies avoid taxation and other liabilities, largely through the

1 creation of offshore shell companies. Because these men and their companies,
2 identified by the MOSSACK FONSECA logo, all feature in the real life events on
3 which the Film is based, their use is artistically relevant to the work. *See E.S.S. Entm't*
4 *2000, Inc.*, 547 F.3d at 1095, 1098, 1100 (finding that video game creator's use of
5 "Pig Pen," a virtual, cartoon-style strip club similar in look at feel to trademark
6 owner's Los Angeles strip club, was protected by the First Amendment from
7 trademark and trade dress infringement claims; the court found artistic relevance
8 because the creator sought to create a "cartoon-style parody of East Los Angeles," and
9 "a reasonable way, to do that is to recreate a critical mass of the businesses and
10 buildings that constitute it"); *Dillinger, LLC v. Electronic Arts, Inc.*, No. 1:09-cv-
11 1236-JMS-DKL, 2011 WL 2457678, at *5 (S.D. Ind. June 16, 2011) (finding the
12 name "Dillinger" in reference to a Tommy Gun was artistically relevant to the
13 defendants' The Godfather video game because "the gentleman-bandit, commonly
14 known for his public persona as a flashy gangster who dressed well, womanized,
15 drove around in fast cars, and sprayed Tommy Guns, has above-zero relevance to a
16 game whose premise enables players to act like members of the mafia and spray
17 Tommy Guns.") (citation & quotations omitted). Indeed, Plaintiffs themselves
18 acknowledge that "Netflix used and continues to use the logo for the sake of making
19 its movie scenes true to reality..." (SAC ¶ 179.) Thus, Plaintiffs effectively concede
20 that the use of Plaintiffs' logo is artistically relevant to the Film.

21 2. **The Film Does Not Explicitly Mislead As To Its Source Or** 22 **Content**

23 The SAC also fails to satisfy the second prong of the *Rogers* test, namely, the
24 Film does not explicitly mislead as to its source. It is well-settled that the mere use of
25 Plaintiffs' trademark is not sufficient to satisfy this prong of the *Rogers* test. "After
26 all, a trademark infringement claim presupposes a use of the mark. If that necessary
27 element in every trademark case vitiated a First Amendment defense, the First
28 Amendment would provide no defense at all." *E.S.S. Entm't 2000, Inc.*, 547 F. 3d at

1 1099. Instead, the defendant must “*explicitly* mislead consumers” as to the source or
2 content of the work. *Brown*, 724 F.3d at 1245 (emphasis in the original).

3 Here, the SAC is devoid of any allegation that the Film or its advertising, make
4 any claims about Plaintiffs’ endorsement of or approval of the Film, or any role they
5 played in creating it. Indeed, neither the Film, nor any related promotion, makes any
6 such claim. Thus, the Film does not explicitly mislead as to the source or content of
7 the work.

8 In fact, the Film does precisely the opposite. It repeatedly makes clear that it is
9 a fictionalization, including by incorporating disclaimers that it is “*based* on actual
10 secrets. This disclaimer expressly counsels consumers against viewing the Film’s
11 content as factual and make it unlikely that consumers would interpret a trademark
12 portrayed in the fictional work as a “source-denoter.” *Medina v. Dash Films, Inc.*, No.
13 15-CV-2551 (KBF), 2016 WL 3906714, at *5 (S.D.N.Y. July 14, 2016). Indeed, even
14 apart from the Film’s disclaimers, consumers do not expect the trademark of a
15 character or entity portrayed in a fictional work to denote that fictional work’s author
16 or creator. *See, e.g.*, 4 *McCarthy on Trademarks and Unfair Competition*, § 24:122
17 (noting that use of a mark as an element in a film is not trademark use, as it does not
18 designate the film’s source).

19 Moreover, here, the context of Netflix’s use of Plaintiffs’ logo makes it highly
20 unlikely that consumers would assume Plaintiffs to be the source of the Film. As
21 stated in the SAC, Plaintiffs use their logo in connection with their Panamanian
22 corporate law firm and their work as attorneys. (*See* SAC ¶¶ 33, 37.) No reasonable
23 consumer would assume that Plaintiffs’ Panamanian law firm branched out into the
24 production of an American film, let alone one that is critical of their own work. *See*
25 *E.S.S. Entm’t*, 547 F.3d at 1100-01 (“A reasonable consumer would not think a
26 company that owns one strip club in East Los Angeles, which is not well known to the
27 public at large, also produces a technologically sophisticated video game like San
28 Andreas.”).

1 As the *Medina* court noted, “[t]his is particularly true where defendants
2 employed their own source designations elsewhere on the product,” as is the case
3 here. *Id.* The Film is accessible only on the Netflix platform, bears the Netflix red “N”
4 logo on the front of the Film, and the opening credit page reads, “NETFLIX
5 PRESENTS...,”⁷ leaving little doubt as to the source of the Film. *See Dickinson v.*
6 *Ryan Seacrest Enters., Inc.*, No. CV 18-2544-GW (JPRX), 2018 WL 6112628, at *6
7 (C.D. Cal. Oct. 1, 2018) (“Near the beginning of the Episode, the cast members,
8 producers, and companies behind the Episode are listed, with Dickinson failing to
9 appear on that list.”); *Stewart Surfboards, Inc. v. Disney Book Grp., LLC*, No. CV 10-
10 2982 GAF (SSX), 2011 WL 12877019, at *7 (C.D. Cal. May 11, 2011) (dismissing
11 trademark claims for, *inter alia*, failure to meet *Rogers* test’s second prong, and
12 holding that allegedly infringing book, though containing plaintiff’s trademark on the
13 back cover, “does not say anything like ‘Brought to You by Stewart Surfboards’ or
14 ‘Presented by Stewart Surfboards’ ... [and] [t]o the contrary, the book jacket and spine
15 include [various Disney logos]...”).

16 Further, given the satirical and critical nature of in the Film, it is inconceivable
17 that viewers would assume Plaintiffs endorsed or approved of the Film. Indeed,
18 Plaintiffs’ dilution by tarnishment claim alleges that the Film has damaged their brand
19 through its *negative* portrayal in the Film. They cannot have it both ways, claiming
20 both that the Film tarnishes their reputation and that consumers will assume they have
21 sponsored or endorsed the Film. *See Dickinson*, 2018 WL 6112628, at *6 (finding
22 nothing suggested that the plaintiff, who was portrayed as the “nemesis” in the subject
23 episode of a reality television show, “somehow endorsed or backed the Episode”). In
24 sum, the SAC is devoid of any allegation from which this Court might plausibly
25 conclude that the Film explicitly misleads as to the source or content of the work.

26
27 ⁷ These elements of the Film’s source designation are all apparent from the face of the Film itself,
28 which is incorporated by reference in the SAC and therefore may be considered on Defendant’s
instant motion for judgment on the pleadings. *See Ryan v. Salisbury*, 382 F. Supp. 3d 1031, 1051 (D.
Haw. 2019).

1 Because the use of Plaintiffs’ Logo is artistically relevant to the Film and the
2 Film does not explicitly mislead consumers as to the source or content of the work,
3 Plaintiffs’ Lanham Act false advertising claim is barred by the First Amendment
4 under the *Rogers* test and thus fails as a matter of law.

5 **IV. CONCLUSION**

6 For the foregoing reasons, Plaintiffs’ dilution and false advertising claims
7 against Netflix’s Film fail as a matter of law. Thus, Netflix respectfully requests that
8 its Rule 12(c) motion be granted in its entirety and that the fourth and fifth counts of
9 the SAC be dismissed with prejudice.

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PRYOR CASHMAN LLP

Dated: June 17, 2020

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