

Is the Third Time the Charm? Court Awards \$71.4M in Contentious Trade Dress and Publicity Rights Dispute

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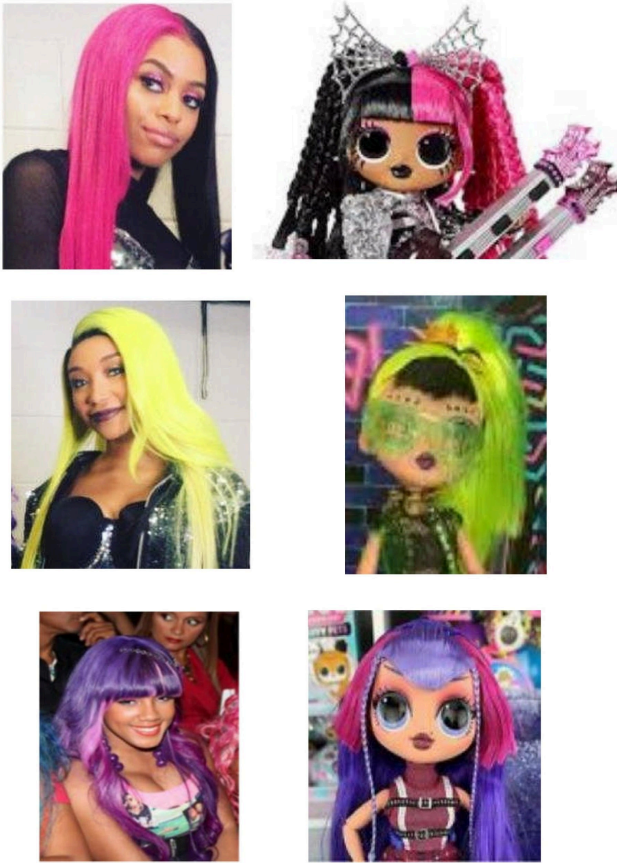
Imitation may be considered the sincerest form of flattery, but in the world of intellectual property (IP), it might cost you.

Recently, a California federal court awarded approximately \$71.4 million in compensatory and punitive damages to rapper T.I. and his wife (plaintiffs) following a protracted IP legal battle against MGA Entertainment (MGA), a toy manufacturer. On the tails of a mistrial and a second vacated trial verdict in favor of MGA, the third jury trial verdict found MGA's dolls infringed on the likeness and trade dress of OMG Girlz, a girl pop group owned by the plaintiffs.

At this time, no appeal has been filed. Nonetheless, the case serves as a cautionary tale for companies developing products or services that draw inspiration from artists, entertainers, athletes, or even social media influencers.

Case Overview

The dispute centers around MGA's L.O.L. Surprise! O.M.G. dolls, which the plaintiffs claimed violated the trade dress and publicity rights of girl pop group, OMG Girlz. The plaintiffs specifically alleged MGA's dolls copied the group's distinctive hairstyles, clothing, and accessories.



[1]

Among other claims, the plaintiffs argued that MGA violated the federal Lanham Act by misappropriating the distinctive style and visual appearance of OMG Girlz and exploited the name or likeness of the pop group in violation of common law and California Civil Code Section 3344, which governs individual publicity rights.

Despite claims that OMG Girlz group did not achieve significant pop culture fame, the jury ultimately found that MGA willfully infringed on the trade dress and likeness of the pop group and awarded both compensatory and punitive damages to the plaintiffs.

Key Takeaways

It's inevitable for companies to market products and services influenced by pop culture trends and icons, especially in our ever-evolving world of social media where an influencer's image is often synonymous with their product and brand. In light of the MGA verdict, here are some key takeaways to consider going forward:

1. Trademark infringement is about more than just logos, names, and slogans. Trade dress is an important subset of trademark law that affords the same IP protections to the overall look and feel of a product or service. This can include components such as the design, shape, color, or configuration of a product or its packaging.

As a company develops new products and services (including packaging), it should carefully consider the sources of inspiration for its designs and if it could potentially create a likelihood of confusion with existing products or services. For example, emulating the unique design aesthetic of a popular influencer's social media page (such as colors, fonts, and composition) could create potential trade dress infringement risk.

2. Be wary about incorporating distinctive styles or traits associated with well-known individuals. While an individual's "likeness" is not subject to protection under federal trademark law, it may nonetheless be protected under state "right to publicity" laws. These laws govern the unauthorized commercial use of a person's name, image, and/or likeness and can vary on a state-by-state basis.

Trade dress risk can be created in many ways, whether it's hiring a look-alike or sound-alike to sponsor a product in the company's commercial or developing a product or packaging that includes an image or design with a well-known celebrity's iconic hairstyle. Publicity rights concerns can also be further compounded as organizations rely more heavily on artificial intelligence to generate content, which we've addressed in more detail [here](#).

3. Take steps to mitigate risk, as willful infringement could potentially result in significant punitive damages under state law. Due to the jury's finding that MGA acted with fraud oppression or malice under California law, [2] it awarded more than \$50 million in punitive damages against MGA, in addition to the compensatory damages for infringement. Among the factors that went into determining this award, the jury considered the financial vulnerability of OMG Girlz — suggesting that infringement against a lesser-known artist or individual with fewer resources can potentially result in greater punitive damages in some states.

Overall, companies should not assume that if their product or service is being marketed in a different commercial space that it will mitigate infringement risk. Therefore, if a company is aware that its product or service is inspired by and intentionally utilizes distinctive traits of an individual or brand, it should seek appropriate license rights to that trade dress or individual's likeness.

[1] *MGA Entertainment Inc. v. Harris*, No. 2:20-cv-11548, Dkt. No. 13, at 3.

[2] California Civil Code, Section 3294.

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