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What would Campbell's soup or Brillo soap pads do if they were confronted by the artworks of a young artist named Andy Warhol? Would they view his art as homage to their brand, as the creative work of an artist, and as something to be fostered and encouraged? Or would they view it as an insidious infringement and have their lawyers send out a harsh cease-and-desist letter?

Andy Warhol did not have to deal with those issues because at the time he was creating his iconic works, the use of trademarks and brands in artworks was new and rare. By and large, companies were either unaware of the growing phenomena of using icons of popular culture in artwork or were flattered and often bought the works or reproductions of the works for their corporate suites. Since then, and perhaps because of the Pop Art movement, trademark, licensing and product placement has become a huge business – one that companies guard zealously.

But there's a new phenomenon called Fan Art that incorporates trademarks (and/or copyrighted material) into third-party products created by established artists. Fan fiction, fan websites, fan pages on Facebook, fan-designed merchandise and fan video mash-ups are all part of this new trend and creative process. Fans are taking an active participatory interest in fictional characters, books, music, films, and products with which they identify. Fans are creating new books, new plot lines, sequels and prequels, new versions of albums and videos based on pre-existing works. They are incorporating brand names, trademarks and logos into the above and also into a wide variety of handmade goods and commercial products they have designed.

This new form of expression of interest by fans, who are also most likely the most intense consumers of the products at issue, raises problems for the underlying rights holders. Should they embrace the fans and their creations? Should they restrict them? Should they try to police them? Should they ban them? Should they attempt to control them in any manner? These are serious issues for intellectual property rights holders. As is so often the case today, new technologies have taken what was once a manageable situation and created a problem of great size and proportion. In the past, you might have found a small cottage industry where a few fans got together over coffee, exchanging drafts of their works or exchanging a few handmade products. Today, with the Internet, Fan Art of all sorts has a global marketplace; fans have the ability to connect with fans all over the world. The five or six friends who used to meet over coffee can now be 5,000 or 50,000 or 500,000 people all creating and sharing fan-based products. There are websites such as www.etsy.com, www.zazzle.com and www.cafepresse.com, which facilitate the ability of fans to create a wide variety of products and sell them on a global basis without ever having to set up any type of manufacturing capability. On these sites you simply upload your designs (your Fan Art), and when a consumer orders one of the vast number of different products offered on the sites, the artist prints the Fan Art design on the product and ships it directly to the customer.

Can a trademark owner turn a blind eye to the fan activity or benevolently ignore it? That is a difficult question. Trademark owners in the United States have a duty to "police" their trademarks. If they do not, they risk losing any rights they have to their trademarks. This duty to police, however, is not specifically codified in the Trademark Act, and there are not a great many cases that provide any guidelines as to the extent to which one has to go in order to properly police one's mark. As such, there is a great deal of confusion on the part of trademark owners as to what their obligation is in order to protect their interest when they see their trademarks being used in fan-created products or incorporated or referenced in fan-created artworks, films or literary works. They fear if they do not act aggressively, if they do not send a cease-and-desist letter or otherwise control the use of their mark, they will lose it.

But strict or heavy-handed enforcement has its drawbacks. We have seen from a number of high-profile cases in which companies have sent the classic cease-and-desist letter to a fan only to have the cease-and-desist letter posted online, with the resultant backlash from the fans of the brand, its most ardent customers, being quite vicious, with boycotts and press ridicule. The situation provides a real dilemma for a trademark or copyright owner. Fans who use and incorporate marks and copyright-protected materials generally do not view themselves as counterfeiters or illegal users of the underlying intellectual property; rather, they think of themselves as fans simply being creative or even as partners who enhance and add value to the underlying property.

The websites mentioned above and other similar sites such as eBay will, upon being notified by a trademark or copyright owner using the proper procedures, remove the "allegedly infringing" products from their sites. In doing so, sites such as eBay generally, under current case law and statutes, will not be found liable for the removal, hosting and/or even selling of the infringing goods.

When a brand is used in Fan Art, the brand owner, if he is going to proceed aggressively and try to prevent the fan from incorporating the brand into her literary work, artwork or products, must show that the consuming public is likely to be confused as to the source of origin of the fan-created product, specifically that the public is going to believe that it came from the manufacturer. Often this is not the case as Fan Art in most instances is clearly distinct from the type of product that the brand owner is selling.

Another avenue of redress available to the trademark owner is under the Lanham Act Section 43(a). If one creates the likelihood of confusion as to an association, affiliation or sponsorship where none exists, that could also be a trademark infringement. Therefore, if the consuming public will look at the Fan Art with the brand embedded in it and believe that it is sponsored or licensed by the brand owner, then the brand owner would have a basis upon which to prevent the Fan Art from reaching the marketplace.

There is also the trademark infringement of dilution by tarnishment or blurring. There are several criteria which must be reached before one can make a dilution claim. If the thresholds are reached and the trademark's owner can demonstrate that the Fan Art is going to cause the trademark owners' mark to lose its distinctiveness as a source indicator, or if the fan use creates negative associations with the trademark, then a dilution claim may kick in. At this juncture, distribution of the Fan Art may then be restricted (a trademark owner does not need to show a likelihood of confusion, competition or economic injury under dilution).

All this being said, in many instances, taking action is still not an easy call. Take an artist whose art is based on realistic street scenes, which, by necessity, incorporate brands in the art work as they appear on signage on every street. Is an artist required to approach each and every brand owner whose logo appears on a sign on a city street before the artist can incorporate the sign in their art work? Doubtful. But what of the same artist if they are doing a close-up of a store front with just a few logos present? Or what if it is a close-up of a store or window with just one trademark appearing – does that change the artist's obligation?

Then of course there is the "fair use" defense for trademark and copyright usage that often comes into play in the realm of Fan Art as well. If a trademark owner makes the wrong decision, in addition to fan ire and bad publicity, he can also face legal claims for inappropriate "take downs" and interference with business opportunities (Case law in the United States has by and large been very favorable to artists who incorporate trademarks in their artwork; they have won far more cases than they have lost).

Fan art in all of its forms is here to stay. In fact, it is a growing phenomenon with the ever increasing forms of new technology and social networks. Brand owners and copyright owners need to reassess how they approach Fan Art. Attacking fans as plain counterfeiters is probably not a viable option but neither is abdicating one's right to one's trademarks and copyrights. Even when brand owners who find their brands incorporated in fan products and art might find success in the courtroom, they can lose in the marketplace and in the arena of public opinion. The courtroom victory may turn into a pyrrhic victory. New strategies are called for which recognize the inevitable changes in the marketplace but yet ensure the vital interests of trademark and copyright owners. Trademark owners cannot afford to simply cede the battlefield and allow anyone to use their intellectual property in any way they see fit under the guise of Fan Art or other similar "copyleft" concepts. However, a new paradigm needs to be reached and hopefully create a situation in which both the fan and the intellectual property owner can co-exist and mutually profit from a symbiotic relationship.