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CONFUSION, DILUTION AND SPEECH: FIRST AMENDMENT LIMITATIONS ON THE TRADEMARK ESTATE: AN UPDATE

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I. INTRODUCTION

In an article published in *The Trademark Reporter*® shortly after the enactment of the Federal Trademark Dilution Act (FTDA), I suggested that in some respects trademark law provides less "breathing space" for First Amendment interests than copyright law, which is both an anomalous and unwelcome result insofar as the promotion of "science and the useful arts" advances a more important societal interest than the protection of a commercial symbol.¹

Trademark law advances an obvious societal interest by preventing consumer confusion regarding the source, sponsorship or affiliation of that owner's goods or services. Moreover, trademark law contains internal mechanisms (similar to the copyright law's fair use defense² and idea-expression

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1. See Michael K. Cantwell, *Confusion, Dilution, and Speech: First Amendment Limitations on the Trademark Estate*, 87 TMR 48, 52 (1997). First employed by Justice Brennan in *NAACP v. Button*, 371 U.S. 415, 432 (1963), the compelling metaphor of "breathing space" has been intimately associated with the overriding importance of ensuring adequate protection for First Amendment interests. See Henry R. Kaufman and Michael K. Cantwell, *From a First Amendment Standpoint, the Two Live Crew Case Added 'Breathing Space' Into the Copyright Mix*, Nat'l L. J., May 16, 1994, at C1. Justice Souter employed the metaphor in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994), by advertizing to "the fair use doctrine's guarantee of breathing space within the confines of copyright."

2. See 17 U.S.C. § 107 (setting forth nonexclusive factors for determining fair use). The fair use doctrine was first articulated in *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841), in which Justice Story established as opposing poles "fair and reasonable criticism" and usurpation designed "to supersede the original work" and suggested criteria under which use of copyrighted material would not constitute an infringement.

dichotomy³) to protect free speech interests, most significantly the requirement that the trademark infringement plaintiff prove a likelihood of confusion.

No similar mechanism protects First Amendment interests when trademark law is expanded to allow trademark owners to enforce their marks against non-confusing uses that dilute the distinctiveness of their marks (either through "blurring" or "tarnishment"), nor is there any countervailing societal interest to support such expansion of trademark rights.⁴ Indeed, when the dilutive use has an expressive purpose, there is a societal interest in allowing the message to be disseminated.

In the first decision to address the potential conflict between trademark dilution law and the First Amendment,⁵ the First Circuit held that the Maine antidilution statute was unconstitutional as applied to "expressive" as opposed to "commercial" uses of a trademark. However, the court left open the question whether dilution statutes could constitutionally be applied to trademark uses that combined expressive and commercial purposes ("mixed uses"). Shortly thereafter, the Eighth Circuit held that any First Amendment exemption should be limited to uses that are wholly expressive.⁶

Although the FTDA exempts "noncommercial uses,"⁷ which the legislative history suggests will include parodies and satires, the FTDA provides no guidance as to treatment of mixed uses. The legislative history indicates only that "[t]he bill will not prohibit or threaten 'noncommercial' expression, as that term has been

3. See 17 U.S.C. § 102(b) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery...") The rationale is that extending copyright to ideas would impede rather than advance the goals of copyright. See *Baker v. Selden*, 101 U.S. 99, 103 (1879).

4. See *TCPIP Holding Co. v. Haar Communs., Inc.*, 244 F.3d 88, 95 (2d Cir. 2001) ("[T]he Dilution Act is designed solely for the benefit of sellers. Its purpose is to protect the owners of famous marks from the kind of dilution that is permitted by the trademark laws when a junior user uses the same mark in a non-confusing way in an unrelated area of commerce. The Dilution Act offers no benefit to the consumer public-only to the owner.") (emphasis added); Cantwell, *supra* note 1, at 76. "Blurring" occurs when the distinctiveness of a trademark is weakened, see *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1489 (10th Cir. 1987), and "tarnishment" occurs when a trademark is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context." *Hormel Foods Corporation v. Jim Henson Productions, Inc.*, 73 F.3d 497, 507 (2d Cir. 1996).

5. See *L.L. Bean v. Drake Publishers, Inc.*, 811 F.2d 26, 1 U.S.P.Q.2d 1753 (1st Cir. 1987).

6. See, e.g., *Mutual of Omaha Insurance Company v. Novak*, 836 F.2d 397, 408 n.8 (8th Cir. 1987) (enjoining sale of T-shirts, coffee mugs and other merchandise bearing parody of plaintiff's trademark, court notes that defendant "is prohibited from using the design only in the specific commercial ways mentioned in the injunction." "His right to use the design in other ways—such as in anti-nuclear pamphlets and the like—is not restricted in any manner whatsoever.")

7. See 15 U.S.C. § 1125(c)(4)(B).

identified by the courts."⁸ Noting the inconsistent case law and the difficulty of classifying uses as either wholly commercial or wholly expressive, my earlier article proposed that the proper balance among copyright, trademark and First Amendment interests could be restored only by limiting application of the FTDA and state antidilution statutes to parodies that are wholly devoid of expressive content.⁹

Part II of this article briefly summarizes the pre-FTDA treatment of trademark parodies, as the subject of both federal infringement claims and state law dilution claims. Part III reviews cases decided under the FTDA and finds no greater consistency in these results than in the earlier cases. Part IV provides a summary and recommendations for treatment of both infringement and dilution suits involving parodies and satires, particularly those involving mixed uses.

II. BACKGROUND: TREATMENT OF TRADEMARK PARODIES PRIOR TO THE FTDA

The requirement in trademark infringement actions that the plaintiff prove a likelihood of confusion generally offers breathing space for free speech interests.¹⁰ For example, courts have found no likelihood of confusion with respect to the following:

- The use of the plaintiff's trademarked cartoon character (which plaintiff licensed to the electric utility industry) in literature critical of the industry.¹¹
- The use of an Olympic Games symbol superimposed over prison bars by a group opposed to the conversion of the Lake Placid Olympic Village into a prison.¹²
- The use of Smokey the Bear in fliers protesting policies of the U.S. Forest Service.¹³

The trademark parodies in the above cases involved core political speech, *i.e.*, speech on matters of public concern. Where the parody involves sexuality, obscenity or illegal activity,

8. See H.R. Rep. No. 104-374, at 4, reprinted in U.S.C.C.A.N. 1029, 1031 (emphasis added).

9. See Cantwell, *supra* note 1, at 77.

10. *Id.* at 57-58.

11. See *Reddy Communications v. Environmental Action Foundation, Inc.*, 199 U.S.P.Q. 630 (D. D.C. 1977).

12. See *Stop the Olympic Prison v. United States Olympic Committee*, 489 F. Supp. 1112 (S.D.N.Y. 1980).

13. See *Lighthawk v. Robertson*, 812 F. Supp. 1095 (W.D. Wash. 1993).

however, some courts have allowed distaste for the content of the defendant's speech to compromise their analysis of the likelihood of confusion. For example, courts found that consumers would likely believe the following:

- The Coca-Cola Company was selling posters inviting viewers to "Enjoy Cocaine."¹⁴
- The General Electric Company had introduced a line of undergarments under the brand name GENITAL ELECTRIC.¹⁵
- The Dallas Cowboys football organization sponsored or approved a pornographic film in which the uniforms of the Dallas Cowboys Cheerleaders were featured.¹⁶

It is easy to understand how courts might have been offended by these "parodies,"¹⁷ but it is difficult to conceive that any rational being would believe the owners of such valuable marks would have used them, or allowed them to be used, in such a damaging fashion. Moreover, it was unnecessary to base these decisions upon such strained confusion analyses when relief was available under a state antidilution statute in all three cases. Although both the *Coca-Cola* and *Dallas Cowboys* decisions held that the plaintiffs were entitled to relief under the New York antidilution statute,¹⁸ both opinions were primarily devoted to finding a likelihood of confusion, and the *General Electric* decision did not address dilution even though Massachusetts has an antidilution statute.¹⁹

The opinion of the Northern District of Georgia in *Pillsbury Company v. Milky Way Productions, Inc.* represents an improvement in its treatment of infringement and dilution claims. The case involved a mock advertisement in a pornographic magazine in which Pillsbury's trademark- and copyright-protected characters Popping Fresh and Poppie Fresh were shown engaging in activities decidedly at odds with the wholesome image sought to be projected by plaintiff.²⁰ The court's careful analysis confirmed the obvious conclusion, namely, that no rational person would

14. *Coca-Cola Company v. Gemini Rising*, 346 F. Supp. 1183 (S.D.N.Y. 1972).

15. *General Electric Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. 1036 (D. Mass. 1979).

16. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Limited*, 604 F.2d 200 (2d Cir. 1979).

17. See, e.g., *Dallas Cowboys*, 604 F.2d at 202 (referring to defendant's "gross and revolting sex film"); *Coca-Cola*, 346 F. Supp. at 1189 ("cocaine—far from being 'enjoyable'—is part of the tragic drug problem currently afflicting this nation, and particularly its youth").

18. *Coca-Cola*, 346 F. Supp. at 1191-92; *Dallas Cowboys*, 604 F.2d at 205 n.8 (citing NY Gen. Bus. Law § 368-d).

19. See Mass. Gen. L. Ch.110B, § 12.

20. 215 U.S.P.Q. 124 (N.D. Ga. 1981).

believe that the Pillsbury Company had placed or sponsored a pornographic advertisement in a pornographic magazine. In dismissing the trademark infringement claim, the court concluded,

The plaintiff's trademarks are strong as a result of its concerted efforts to cultivate a respectable commercial reputation. The parties' products and retail outlets, however, are substantially dissimilar, and while the purchasers of the two products may overlap, there is scant evidence that ordinary consumers attributed sponsorship of Milky Way's pictorial presentation to the plaintiff. This lack of actual confusion is significant in light of the striking similarity in design. Finally, the defendants did not intentionally deceive the public in order to derive monetary benefit at the plaintiff's expense.²¹

The court also dismissed the plaintiff's claim of copyright infringement, holding that the parodic advertisements were protected under the fair use doctrine.²² Nevertheless the court issued a permanent injunction under the Georgia antidilution statute, holding that the plaintiff had satisfied its burden of showing that the defendants' use "is likely to injure its commercial reputation or dilute the distinctive quality of [the plaintiff's] marks."²³ The court did not consider the constitutional implications of applying a state antidilution statute to enjoin the expressive use of a trademark.²⁴

Several years later, however, in the landmark decision of *L.L. Bean, Inc. v. Drake Publishers, Inc.*, the First Circuit considered the constitutional limitations of state antidilution statutes.²⁵ In holding Maine's statute unconstitutional as applied to enjoin a bawdy parody of the plaintiff's mail-order catalogue in a

21. *Id.* at 134 (citation omitted).

22. *Id.* at 132.

23. *Id.*

24. *Id.* ("All the plaintiff need show to prevail is that the contested use is likely to injure its commercial reputation or dilute the distinctive quality of its marks.") It is not clear whether the court failed to consider the availability of such a defense or whether the defendants' use would not have qualified. In its copyright infringement analysis, the court rejected the defendants' contention that the advertisement was a parody. *Id.* at 129 ("While requesting the court to characterize its portrayal as a satire or parody, Milky Way has not furnished the court with any basis for making this determination."). In the *Bean* decision, the court later cited this as a basis for distinguishing the *Pillsbury* decision. See *L.L. Bean v. Drake Publishers, Inc.*, 811 F.2d 26, 33 n.5 (1st Cir. 1987) ("The defendants in *Pillsbury* had tried to proffer parody as a defense to plaintiff's copyright infringement claim; they did not assert it as a defense to the dilution claim. *Pillsbury*, therefore, does not stand for the proposition that the publication of a parody properly may be enjoined under an anti-dilution statute, since the court never considered whether defendants had presented a parody, and defendants never asserted parody as a defense to the dilution claim.").

25. 811 F.2d 26 (1st Cir. 1987).

pornographic magazine, the court distinguished the *General Electric* and *Dallas Cowboys* decisions.²⁶ The prior cases, explained the court, had involved the unauthorized *commercial* use of a trademark and not the *expressive* use of a trademark in an editorial or artistic parody.²⁷ The court also distinguished the *Pillsbury* decision because the defendants had not asserted parody as a defense to the dilution claim.²⁸

However, the court specifically declined to consider whether antidilution statutes could constitutionally be applied to enjoin unauthorized uses of trademarks (1) on products whose principal purpose is to convey a message²⁹ or (2) where a likelihood of confusion results.³⁰

Two cases in the Eighth Circuit answered both questions in the affirmative, distinguishing *Bean* as having involved the solely expressive use of a trademark in a situation where likelihood of confusion was not at issue. As the parodies in both cases related to matters of public concern, the court's cramped view was disappointing. However, because the plaintiff in each case was a major corporation headquartered in the Eighth Circuit, the results may not be entirely surprising.

The first, *Mutual of Omaha Insurance Company v. Novak*, involved the sale of T-shirts and other merchandise displaying a feather-bonneted, emaciated human head, and the words "Mutant of Omaha" and "Nuclear Holocaust Insurance."³¹ After conducting a multifactor test and finding a likelihood of confusion, the court considered—and rejected—the defendant's argument that there was no likelihood of confusion "but merely obvious parody," distinguishing cases cited by the defendant as having lacked credible survey evidence to support the finding of likely confusion.³²

As Judge Heaney pointed out in his dissenting opinion, however, the central query in the survey relied upon by the majority was blatantly suggestive.³³ The law, and the public,

26. *Id.* at 32.

27. *Id.* Notwithstanding the court's attempt, it is not so clear that the parody in *Bean* was purely editorial or that the uses enjoined in the earlier cases had been wholly devoid of an expressive element. See Cantwell, *supra* note 1, at 67-68.

28. *Id.* at 33 n.5.

29. *Id.* at 33 n.4.

30. *Id.* at 33 n. 3.

31. 836 F.2d 397 (8th Cir. 1987).

32. *Id.* at 401.

33. *Id.* at 404 (Heaney, J. dissenting). The finding of confusion was in large measure based upon the fact that one fourth of the 42% of respondents who said that the plaintiff's trademarks "came to mind" when viewing the defendant's T-shirts answered the following question in the affirmative, "Would you say that Mutual of Omaha goes along with or does

would have been better served had the Eighth Circuit acknowledged the "obvious parody" in the confusion calculus,³⁴ rather than treating it as an afterthought.

The second decision from the Eighth Circuit, *Anheuser-Busch, Inc. v. Balducci Publications*,³⁵ is perhaps an even more egregious "home-court" decision. The court panel in *Mutual of Omaha* had paid lip service to *Bean*, distinguishing the earlier decision on the ground that it involved an editorial use solely for noncommercial purposes³⁶ while offering assurances that the "injunction in no way infringes upon the constitutional protection the First Amendment would provide were [defendant] to present an editorial parody in a book, magazine, or film."³⁷

When presented several years later in *Balducci* with a *faux* advertisement for "Michelob Oily" on the back cover of a humor magazine, however, a slightly different court panel³⁸ explained that the earlier language "does not support absolute protection for editorial parody, but merely reflects the fact that a parody contained in an obvious editorial context is less likely to confuse, and thus more deserving of protection than those displayed on a product."³⁹ The panel reversed the district court, holding that the advertisement had both infringed and diluted the plaintiff's marks.⁴⁰

The defendants argued that the advertisement was a parody that was intended to comment on the effects of environmental pollution, including a specific reference to a then-recent oil spill on a river that was a source of the plaintiff's water supply and that

not go along with these tee shirts in order to help make people aware of the nuclear war problem." Although even the district court acknowledged the question as being ambiguous, the Eighth Circuit majority found no reversible error in the fact that the district court afforded the survey significant weight.

34. *Cf. Lyons Partnership v. Giannoulas*, doing business as Famous Chicken, 179 F.3d 384, 389 (5th Cir. 1999). ("Simply put, although the fact that conduct is a parody is not an affirmative defense to trademark infringement, a parody should be treated differently from other uses that infringe on a trademark. While it is only one factor to consider, it is a factor that must be considered in conjunction with all of the other digits of confusion. When, as here, a parody makes a specific, ubiquitous trademark the brunt of its joke, the use of the trademark for satirical purposes affects our analysis of the factors to consider when determining whether the use is likely to result in consumer confusion."); *Lucasfilm Ltd. v. Media Market Group, Ltd.*, 182 F. Supp. 897, 901 (N.D. Cal. 2002) ("Parody is not a defense to trademark infringement, but instead is relevant to show that there is little likelihood of confusion between an original mark and a parody of that mark.").

35. 28 F.3d 769 (8th Cir. 1994).

36. 836 F.2d at 403 n.9.

37. *Id.* at 402.

38. Judge Bowman, who wrote the majority opinion in *Mutual of Omaha*, was also on the *Balducci* panel.

39. *Balducci*, 28 F.3d at 776.

40. *Id.* at 771.

led it to temporarily close its St. Louis brewery, as well as the proliferation of plaintiff's beer brands and advertisements.⁴¹ As in *Mutual of Omaha*, however, a suspect survey proved conclusive in the finding of a likelihood of confusion.⁴²

Other courts have been more sympathetic to parodies appearing on products. In *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, for example, the Tenth Circuit held that the use of LARDASHE on jeans marketed for large women as a parody of plaintiff's "designer" jeans neither infringed nor diluted the plaintiff's JORDACHE mark.⁴³ Noting that the parody was more likely to increase than erode public identification of the JORDACHE mark with the plaintiff, the court found no dilution by blurring.⁴⁴ The court also found that the defendant's use was not in such an "unwholesome context" as to constitute dilution by tarnishment.⁴⁵

Similarly, in *Black Dog Tavern Company, Inc. v. Hall*, a Massachusetts district court held that the defendant's "Dead Dog" and "Black Hog" T-shirts neither infringed nor diluted the plaintiff's THE BLACK DOG trademark for T-shirts.⁴⁶ Notwithstanding the similarity between the competing goods and the strength of the plaintiff's mark, the absence of significant evidence of actual confusion, the sophistication of the consumers, and the obvious parody all weighed against a likelihood of confusion.⁴⁷ The court then rejected the dilution claim, holding that the plaintiff had provided insufficient evidence to show that its mark had been either tarnished or blurred. As in *Jordache*, the court did not need to reach the constitutional limits that might be imposed on application of the antidilution statute to a parody appearing on a T-shirt.⁴⁸

Finally, the Seventh Circuit decision in *Nike, Inc. v. "Just Did It" Enterprises*, another case involving T-shirts that parodied a well-known trademark, offers an interesting perspective on the scope of a trademark owner's ability to enjoin a parody.⁴⁹ The court reversed and remanded the district court's determination, as a matter of law, that the sale of T-shirts and sweatshirts with a composite mark consisting of the defendant's first name (Mike)

41. *Id.*

42. See Cantwell, *supra* note 1, at 64 n.81.

43. 828 F.2d 1482, 1490-91 (10th Cir. 1987).

44. *Id.* at 1490.

45. *Id.*

46. 823 F. Supp. 48 (D. Mass. 1993).

47. *Id.* at 53-58.

48. *Id.* at 59.

49. 6 F.3d 1225, 1232 (7th Cir. 1993).

and the well-known Nike "swoosh" logo was likely to result in consumer confusion. In identifying issues of material fact that prevented a grant of summary judgment, the court adverted to the potential public benefit in the parody.⁵⁰ What is most interesting about the decision, however, is the court's opening discussion, which suggests that trademark owners must accept the criticism and ridicule that is a natural concomitant to seeking public recognition:

Trademarks consist of words or symbols that identify and distinguish goods for the benefit of consumers. Manufacturers and merchants invest a great deal in trademarks for the goodwill of their businesses. Obviously they hope the public at large identifies their trademarks. When businesses seek the national spotlight, part of the territory includes accepting a certain amount of ridicule. The First Amendment, which protects individuals from laws infringing free expression, allows such ridicule in the form of parody.⁵¹

A similar rationale supports the erection of constitutional barriers to defamation and related claims by public officials and other public figures, namely, that one who seeks the public spotlight must accept a certain level of criticism. In order to recover, such individuals need to prove by clear and convincing evidence that the defendant published the alleged defamation with knowledge of its falsity or reckless disregard as to its probable falsity.⁵² Indeed, even persons who have not sought the public spotlight must establish that the defendant at least acted negligently if the allegedly defamatory statement involves a matter of public concern.⁵³

There is simply no basis for extending *more* protection to a commercial symbol than to the reputation of a person. Indeed, the Restatement (Third) of Unfair Competition flatly recommends that the use of a trademark to "comment on, criticize, ridicule, parody or disparage" the trademark owner should be actionable *only* under the law of defamation, invasion of privacy, or injurious falsehood.⁵⁴

50. *Id.* at 1231 ("some purchasers might resent paying a premium to be a walking billboard and would relish the opportunity to mock trendy folks who wear labels on their sleeves"); see also *Black Dog*, 823 F. Supp. at 57 ("some people might want to express their aversion to following the crowd or participating in a fad by wearing a distinctive t-shirt that comments on the trend").

51. *Id.* at 1227.

52. See *New York Times Co. v. Sullivan*, 376 U.S. 254 (1964); *Curtis Publishing Co. v. Butts*, 388 U.S. 130 (1967).

53. *Gertz v. Robert Welch Inc.*, 418 U.S. 323 (1974).

54. *Restatement (Third) of the Law of Unfair Competition* § 25(2) at 265 (1996) (emphasis added).

III. TREATMENT OF PARODIES FOLLOWING ENACTMENT OF THE FTDA

The foregoing review illustrates the inconsistent treatment of trademark parodies under trademark infringement and dilution law principles prior to enactment of the FTDA. This section considers the post-FTDA decisions, where one finds only slightly greater clarity.

A. Parody as a Defense to an Infringement Claim

The finding of a likelihood of confusion in the *Dallas Cowboys* and *Gemini Rising* decisions is best understood as reflective of each deciding court's strongly negative reaction to the nature of the parody.⁵⁵ Yet the fact that the courts were not amused does not mean that consumers are confused. Indeed, the more outrageous the parody the less supportable is a finding of confusion. Moreover, as the First Circuit observed in its landmark decision in *L.L. Bean, Inc. v. Drake Publishers, Inc.*, "judicial evaluation of the offensiveness or unwholesomeness" of a parody is not only inappropriate but represents "a threat to free speech."⁵⁶

Several decisions handed down since the FTDA show far greater sensitivity to the First Amendment issues at stake. For example, in an unpublished decision, Judge Chin of the Southern District of New York dismissed as "wholly without merit" a claim brought by the Fox News Network against the Penguin Group and the political satirist Al Franken, alleging trademark infringement and dilution.⁵⁷ The case arose from the use of Fox's trademarked phrase "fair and balanced" in the title of Franken's book, *Lies and the Lying Liars Who Tell Them: A Fair and Balanced Look at the Right*.

Fox argued that consumers would be confused into believing that Fox had sponsored or in some way endorsed the book, which featured on its cover pictures of several public figures, including Fox's commentator Bill O'Reilly, surrounding the phrase "Lies and the Lying Liars Who Tell Them."⁵⁸ The court's opinion, delivered from the bench, began with a short, pointed and commonsense

55. See *supra* note 17.

56. *Bean*, 811 F.2d at 34. Accord, *Pillsbury*, 215 U.S.P.Q. at 132 ("The court does not condone the manner in which Milky Way chose to assault the corporate citadel, but value judgments have no place in this analysis. The court concludes that Milky Way's use of the plaintiff's copyrighted works was protected under the fair use defense.") Recent decisions, however, suggest that the "sleaze factor" is alive, well, and being misapplied in the courts. See discussion at Part III.C. Parody as a Defense to a Dilution Claim Under the FTDA.

57. A transcript of the preliminary injunction hearing was published in BNA's Media Law Reporter. See 31 Med. L. Rptr. 2254, 2260.

58. *Id.* at 2255-56.

finding that the parody was unlikely to result in consumer confusion:

Factually, I conclude that there is no likelihood of confusion as to the origin and sponsorship of the book. It is highly unlikely that consumers are going to be misled into believing that Fox or Mr. O'Reilly are sponsors of the book. That is evident from the cover viewed as a whole. It is evident by Mr. Franken's name being featured prominently across the top. It is evident from the word "lies" in big red letters across the faces of the other four individuals on the cover. It is evident from the phrase "the lying liars who tell them."⁵⁹

The court then briefly reviewed several of the traditional confusion factors, first noting that even if Fox was arguing that its viewers were "less sophisticated than those who would buy Mr. Franken's book," they nevertheless were "relatively sophisticated consumers" and as viewers of Fox would be even less likely to be confused "because they know the individuals on the cover, and they've got to conclude that Mr. O'Reilly is not endorsing this book."⁶⁰ The court also found that the defendants had not acted in bad faith and that there was no evidence of actual confusion.⁶¹

After finding the mark to be relatively weak, the court went on to question its validity:

From a legal point of view, I think it is highly unlikely that the phrase "fair and balanced" is a valid trademark. I can't accept that that phrase can be plucked out of the marketplace of ideas and slogans.⁶²

Even assuming, however, that the mark was valid and some danger of confusion existed, the court concluded that the public interest in free expression would outweigh the public interest in avoiding any such confusion.⁶³

In a decision involving a labor dispute, *WHS Entertainment Ventures v. United Paperworkers International Union*, the district court for the Middle District of Tennessee expressly declined to "discuss at length" the traditional confusion factors, focusing instead on the "ultimate inquiry," namely, whether "the relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way."⁶⁴

59. *Id.* at 2260.

60. *Id.*

61. *Id.*

62. *Id.*

63. *Id.*

64. 997 F. Supp. 946, 951 (M.D. Tenn. 1998) (internal quotations and citations omitted).

Similarly, the Fifth Circuit rejected a plaintiff's contention that the various confusion factors must be considered separately and without reference to whether the challenged use is a parody:

Simply put, although the fact that conduct is a parody is not an affirmative defense to trademark infringement, a parody should be treated differently from other uses that infringe on a trademark. While it is only one factor to consider, it is a factor that must be considered in conjunction with all of the other digits of confusion. When, as here, a parody makes a specific, ubiquitous trademark the brunt of its joke, the use of the trademark for satirical purposes affects our analysis of the factors to consider when determining whether the use is likely to result in consumer confusion.⁶⁵

The restaurant plaintiff in *WHS Entertainment Ventures* brought claims for, *inter alia*, trademark infringement and trademark dilution after the defendant union circulated fliers bearing a parody of plaintiff's logo trademark and listing violations found by a health inspector, including "dirty towels on plates" and "fruitflies over utensil bins."⁶⁶ Reminiscent of *Mutual of Omaha*, the parody involved transforming the "muscular and healthy" horse appearing in plaintiff's logo into one that is emaciated and has drops of sweat running from its face.⁶⁷

The court concluded that no reasonable consumer would believe the plaintiff to be the source, sponsor or in any way affiliated with the fliers:

A typical consumer would not believe that this kind of flyer could have emanated from the Wildhorse Saloon restaurant. A reputation for cleanliness is so integral to the business of a restaurant that no reasonable person would believe that one would purposefully distribute a flyer containing a listing of its health food violations—even as a part of a distasteful or unconventional advertising campaign.⁶⁸

The plaintiff did not dispute this conclusion, but argued, rather, that consumers would be confused into believing that the defendants were involved in a labor dispute with the plaintiffs when in fact the dispute was with a company related to the plaintiff. However damaging such confusion might be to the plaintiff, held the court, it was not the sort of confusion that was actionable under the Lanham Act.⁶⁹

65. *Lyons Partnership v. Giannoulas, doing business as Famous Chicken*, 179 F.3d 384, 389 (5th Cir. 1999).

66. *WHS Entertainment Ventures*, 997 F. Supp. at 947.

67. *Id.* at 947 n.1.

68. *Id.* at 952.

69. *Id.*

Several post-FTDA infringement cases have recognized the significance of parodies in preventing consumer confusion.

Tommy Hilfiger Licensing, Inc. v. Nature Labs, L.L.C. involved the sale of pet perfumes identified by the mark TIMMY HOLEDIGGER, with a logo similar to the plaintiff's flag logo, and carrying the tag line, "If You Like Tommy Hilfiger Your Pet Will Love Timmy Holedigger."⁷⁰ The defendant also offered a line of pet colognes parodying several other designer fragrances, including CK-9 (Calvin Klein's cK-1), Pucci (Gucci), Bono Sports (Ralph Lauren's Polo Sport), Miss Claybone (Liz Claiborne) and White Dalmations (Elizabeth Taylor's White Diamonds).⁷¹

The district court first considered the defendant's argument that the Lanham Act must be narrowly construed when the unauthorized use of a trademark involves an expressive work such as a parody, and that the public interest in avoiding consumer confusion must be balanced against the public interest in free speech. While declining to invoke a free-standing First Amendment defense because the defendant's use also involved the sale of a commercial product, the court noted that the parody was nevertheless relevant to the analysis of several confusion factors.⁷²

Thus, while the strength of the mark normally would favor the plaintiff, the reverse is true in the case of a parody because "the strength and recognizability of the mark may make it easier for the audience to realize that the use is a parody."⁷³ Similarly, when the joke is made clear to viewers, confusion is unlikely, notwithstanding a similarity between the marks. The court found the use of HOLEDIGGER and in some versions a bone-shaped logo, coupled with the overall context (*i.e.*, with the very idea of a product such as pet perfume) and the "silliness" of the various accompanying slogans, clearly conveyed the joke to the audience.⁷⁴ After reviewing the remaining confusion factors, the court concluded that the defendant's use was an obvious parody or pun and unlikely to cause confusion among consumers.⁷⁵

70. 221 F. Supp. 2d 410 (S.D.N.Y. 2002).

71. *Id.* at 412.

72. *Id.* at 416.

73. *Id.* (quoting 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 31:53 (4th ed. 2001)) [hereinafter *McCarthy*]; see also *Lyons*, 179 F.3d at 389 ("when a consumer encounters the use of a trademark in a setting that is clearly a parody, the strength of the mark may actually make it easier for the consumer to realize that the use is a parody").

74. *Id.* The slogans included the following: "Strong enough for a man but made for a chihuahua"; "T. Holedigger keeps your best friend smelling fresh and clean"; "If You Like Tommy Hilfiger, Your Pet Will Love Timmy Holedigger." *Id.*

75. *Id.* at 420. See also *New York Stock Exchange, Inc. v. New York, New York Hotel, LLC*, 69 F. Supp. 2d 479, 488 (S.D.N.Y. 1999), *rev'd on other grounds*, 293 F.3d 550 (2d Cir.

The Western District of Pennsylvania reached a similar conclusion in *World Wrestling Federation Entertainment, Inc. v. Big Dog Holdings, Inc.*, a suit based upon the sale of numerous products parodying the plaintiff's wrestling association's copyrights and trademarks in various wrestling characters and products.⁷⁶ While declining to apply a free-standing First Amendment defense to the trademark infringement claim, the court included the parody as an additional factor in confusion analysis.⁷⁷

Rejecting the plaintiff's contention that the defendant used many of the plaintiff's marks with little or no alteration, the court found that the marks had been modified to make obvious references to dogs and were not sufficiently similar to result in confusion.⁷⁸ As in *Tommy Hilfiger*, the strength of the plaintiff's marks reduced the likelihood of confusion because of the parodic nature of the defendant's use.⁷⁹ With the exception of the likely care exercised in making purchase decisions, and the targets of the sales efforts, the court found that the remainder of the confusion factors also favored the defendant.⁸⁰

In *Charles Atlas, Ltd. v. DC Comics, Inc.*, the district court for the Southern District of New York dismissed the plaintiff's trademark infringement claim on the ground that the slim likelihood of confusion was easily outweighed by "the public interest in parodic expression."⁸¹ The parody involved defendant's comic books featuring a character, "Flex Mentallo," patterned on the hero of plaintiff's well-known comic-strip advertisements for bodybuilding courses. Like the hero of the plaintiff's advertisements, Mentallo is a weakling who has sand kicked in his face by a bully, is then introduced to bodybuilding techniques, and subsequently avenges his humiliation by returning to the beach and beating up the bully. Unlike the plaintiff's hero, however, Mentallo goes on to beat up and insult the woman he had been with.⁸²

The court had little difficulty identifying the parody in the defendant's "farcical commentary on plaintiff's implied promises of physical and sexual prowess through use of the Atlas method."

2002). ("The obvious pun in the variation of the marks, together with the difference in the services offered by the [defendant] and the [plaintiff], dispel the likelihood of confusion.")

76. 280 F. Supp. 2d 413 (W.D. Pa. 2003).

77. *Id.* at 431.

78. *Id.* at 435.

79. *Id.* at 435-36.

80. *Id.* at 435-40.

81. 112 F. Supp. 2d 330, 341 (S.D.N.Y. 2000).

82. *Id.* at 332.

Unlike the *Balducci* court, which complained that “no significant steps were taken to remind readers that they were viewing a parody,”⁸³ the *Atlas* court rejected the plaintiff’s suggestion that the parody defense depends on proper labeling:

Plaintiff argues that the Flex Mentallo character cannot be a parody of its comic ad because DC’s promotional materials for the character “make absolutely no mention of parody or satire.” However, the analysis of whether an expressive work constitutes parody does not depend exclusively on proper labeling. . . . Although such labeling would have strengthened DC’s defense . . . trademark law does not require the use of “magic words,” nor would such words automatically insulate an otherwise infringing work from trademark liability.⁸⁴

An admission against interest was at the heart of *American Dairy Queen Corporation v. New Line Productions, Inc.*, in which a Minnesota district court ruled that the plaintiff’s use of “Dairy Queens” as a title for a mock documentary satirizing beauty contests in rural Minnesota had both infringed and diluted the plaintiff’s trademark.⁸⁵ Unlike the *WHS Entertainment Ventures* court, which had focused on the “ultimate inquiry,” namely, whether “the relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way,”⁸⁶ the *Dairy Queen* court conducted a traditional likelihood of confusion analysis, and a cramped one at that. Two of the confusion factors, the strength of the plaintiff’s mark and the virtual identity between the plaintiff’s and defendant’s marks, favored the plaintiff. Two of the factors, the absence of competition between the parties and the absence of an intent by the defendant to trade on the goodwill of the mark, favored the defendant. One factor, evidence of actual confusion, was neutral.⁸⁷

In concluding that it was likely consumers would believe the plaintiff was the source of the defendant’s film, or at least had endorsed or permitted the use of its mark in the film title,⁸⁸ the court gave no consideration to the nature of the film. Unlike the *WHS Entertainment Ventures* court, which took into account the nature of the allegedly infringing material in ruling that no reasonable person could believe a restaurant would circulate leaflets detailing its health code violations, the *Dairy Queen* court failed to consider whether any reasonable consumer would believe

83. See *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 774 (8th Cir. 1994).

84. *Atlas*, 112 F. Supp. 2d at 338 n.12.

85. 35 F. Supp. 2d 727 (D. Minn. 1998).

86. See *WHS Entertainment Ventures*, 997 F. Supp. at 951.

87. *Diary Queen*, 35 F. Supp. 2d at 731-32.

88. *Id.* at 732.

that a family-friendly restaurant chain would risk its wholesome public image by sponsoring a film containing "off-color humor" and other potentially offensive content.

The court went on to reject a First Amendment defense to both the infringement and dilution claims, holding that there was no constitutional violation because "alternative avenues of expression" existed for the defendant to express her ideas. Although the "alternative avenues of expression" test has been criticized as depending upon a false analogy between real property and intellectual property, it had been endorsed by the Eighth Circuit in *Mutual of Omaha* and was binding on the district court.⁸⁹

Critical to the court's reasoning was the defendant's contention that the film title was "not intended to in any way suggest, refer to or cause confusion with Plaintiff, or capitalize on any goodwill of Plaintiff." The court contrasted the defendant's position with that of the Italian filmmaker Federico Fellini, who freely admitted that the title of his film *Ginger and Fred* was intended to refer to the plaintiff Ginger Rogers, but succeeded in convincing the Second Circuit that the use of her name was essential to his artistic vision.⁹⁰ Because the defendant in *Dairy Queen* could identify no such artistic need, the court concluded that she had "alternative avenues of expression" open for expressing her ideas.

B. Parody Versus Satire

In recognizing that parody could constitute a "fair use" defense to a copyright infringement claim, the Supreme Court, in *Campbell v. Acuff-Rose Music, Inc.*,⁹¹ distinguished between parody, which "needs to mimic an original in order to make its point," and satire, which "can stand on its own feet and so requires justification for the very act of borrowing." Lower courts have

89. *Id.* at 734. Although cited by the Eighth Circuit in *Mutual of Omaha Insurance Company v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987), and thus arguably binding on the district court, the alternative avenues of communication rationale, based on the decision in *Lloyd Corporation v. Tanner*, 407 U.S. 551, 567 (1972), has been criticized as depending upon a false analogy between rights in real property and intangible property. See *L.L. Bean v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987) ("The first amendment issues involved in this case cannot be disposed of by equating the rights of a trademark owner with the rights of an owner of real property."). Indeed, in a case implicating core First Amendment expression issued shortly after its decision in *Lloyd*, the Supreme Court rejected the state's argument that alternative means of expression were available to the defendant. See *Spence v. Washington*, 418 U.S. 405 (1974). See generally Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of the Trade Symbols*, 1982 *Wis. L. Rev.* 158 (1982).

90. See *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

91. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580-81 (1994).

applied this dictum in choosing to offer less protection to satires than to parodies in trademark as well as copyright infringement claims.

In one of the first published decisions involving a claim under the newly enacted FTDA, *Dr. Seuss Enters. L.P. v. Penguin Book USA, Inc.*, the nature of the defendant's use figured heavily in the court's rejection of the defendant's defenses to the copyright and trademark infringement claims.⁹² The case involved the defendant's self-styled parody "The Cat Not in the Hat! A Parody by Dr. Juice," which used the distinctive style of Theodor Geisel (better known as Dr. Seuss) to "retell" the O.J. Simpson double murder trial.⁹³ After finding that the plaintiff showed a reasonable likelihood of success on the copyright claim, the court rejected the fair use defense, agreeing with the plaintiff that "fair use does not apply to satires but rather only to true parodies."⁹⁴

The court also pointed to the satiric as opposed to parodic nature of the use in rejecting the First Amendment defense to the trademark infringement claim. The court identified three separate approaches to addressing First Amendment concerns in a trademark infringement suit. The first, initially articulated and later rejected by the Second Circuit, would disallow the defense where "alternative avenues of expression" exist for the plaintiff.⁹⁵ The second, the current standard in the Second Circuit, would balance "the public interest in free expression against the public interest in avoiding consumer confusion."⁹⁶ The third, derived from *L.L. Bean*, would refuse to apply the Lanham Act in a noncommercial setting.⁹⁷

In the case of a pure parody (*i.e.*, where the purpose is to comment on the mark itself), the "alternative avenues" and *L.L. Bean* approaches converge because no alternatives would be

92. 924 F. Supp. 1559, 1568-70 (S.D. Cal. 1996) (fair use defense to copyright infringement claim not applicable where defendant had not targeted the original), *aff'd*, 109 F.3d 1394 (9th Cir. 1997); *id.* at 1572 (First Amendment defense to trademark infringement claim not applicable where purpose was not to comment upon the mark itself).

93. *Id.* at 1561.

94. *Id.* at 1567.

95. *Id.* at 1571 (citing *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Limited*, 604 F.2d 200, 206 (2d Cir. 1979). Although the district court immediately notes that this approach was criticized as "insufficiently sensitive to the notion that the form of expression may be essential to the message sought to be conveyed," citing a subsequent Second Circuit decision that effectively overruled *Dallas Cowboys* on this point, *id.* (citing *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989), other courts, notably the Eighth Circuit in *Mutual of Omaha*, 836 F.2d at 402, use this test.

96. *Dr. Seuss Enterprises*, 924 F. Supp. at 1572 (quoting *Cliff's Notes Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490, 496 (2d Cir. 1989).

97. *Id.* at 1572 (citing *L.L. Bean*, 811 F.2d at 33).

available to the parodist.⁹⁸ When the purpose of use of the mark is to comment on another issue or a different party, the two approaches diverge, however.⁹⁹ Deciding that the weight of Supreme Court authority favored the "alternative avenues" approach, the court in *Dr. Seuss Enterprises* rejected the First Amendment defense.¹⁰⁰

In reversing and remanding the district court's grant of summary judgment to the defendant in *Elvis Presley Enterprises, Incorporated v. Capece*,¹⁰¹ the Fifth Circuit also cited the *Campbell* dictum.¹⁰² The defendant operated a nightclub called "The Velvet Elvis," and had obtained a U.S. trademark registration for THE VELVET ELVIS for use in connection with restaurant and tavern services. In finding no likelihood of confusion, the district court relied on the defendant's intent to parody "a time or concept from the sixties—the Las Vegas lounge scene, the velvet painting craze and perhaps indirectly the country's fascination with Elvis."¹⁰³ Citing the defendant's admissions that neither Elvis Presley nor the plaintiff's marks were a target of the parody, and that the parody could have been accomplished without using either, the Fifth Circuit held that it was erroneous as a matter of law to have given any weight to the parody.¹⁰⁴

In *Harley Davidson, Inc. v. Grottanelli*,¹⁰⁵ the Second Circuit also cited *Campbell* in rejecting a parody defense to a trademark infringement claim. The court found that the defendant not only failed to comment on the plaintiff's mark but used the mark to promote a competing service.¹⁰⁶

In finding that the defendant's parody was not likely to result in confusion, the Ninth Circuit in *Mattel, Inc. v. MCA Records, Inc.*,¹⁰⁷ observed that the defendant's work targeted the plaintiff

98. *Id.* at 1572.

99. *Id.*

100. *Id.* at 1573.

101. 141 F.3d 188, 191 (5th Cir. 1998). The court also held that the lower court erred as a matter of law in considering the defendant's advertising separately from its confusion analysis. *Id.* at 197-98.

102. *Id.* at 199 (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580-581 (1994)).

103. *Id.* at 200.

104. *Id.*

105. 164 F.3d 806, 813 (2d Cir. 1999) ("[W]hatever protection is to be afforded a trademark parody must be informed by the Supreme Court's recent elucidation in the copyright context of parodies allegedly protected by the defense of fair use." (citation omitted)).

106. *Id.* ("defendant's mark makes no comment on plaintiff's mark; it simply uses it somewhat humorously to promote his own products and services, which is not a permitted trademark parody use").

107. 296 F.3d 894, 901 (9th Cir. 2002).

directly, rather than using the plaintiff's mark to lampoon a third party.

Courts do not require that the plaintiff's mark be the sole target, however. For example, in *Tommy Hilfiger* the plaintiff argued unsuccessfully that the defendant was not entitled to any First Amendment consideration because it had not specifically targeted the plaintiff or its products or its customers. The court explained that while the defendant's parody was aimed broadly at purveyors of high-end fashion brands, the plaintiff was included in this category, and thus the parody deserved First Amendment protection.¹⁰⁸

C. Parody as a Defense to a Dilution Claim Under the FTDA

Section 43(c)(4)(B) of the Lanham Act provides a statutory exemption from the FTDA for a "noncommercial use."¹⁰⁹ The legislative history indicates that this exemption was intended to cover "parody, satire, editorial and other forms of expression that are not a part of a commercial transaction."¹¹⁰

Notwithstanding the absence of modifiers in the foregoing passage, it is clear that courts do not view all parodies (or satires) as created equal. The significant factors for determining whether to apply the noncommercial use exemption appear to be the following: (1) the nature of the parody or satire, that is, whether it involves (a) speech on a matter of public concern or (b) offensive or illicit subject matter (the so-called sleaze factor); (2) whether the plaintiff's mark is directly targeted or used to lampoon a third party, that is, whether the use is (a) a parody or (b) a satire; and (3) whether the parody or satire appears (a) in traditional medium of expression, such as a magazine, movie, or song or (b) on a product. It is rare for the defendant to prevail without being able to establish at least one of the "a" categories, above.

1. Nature of the Parody

Several pre-FTDA decisions did not need to consider the applicability of a First Amendment exemption to a dilution claim involving a parody because the courts found neither blurring nor

108. See *Tommy Hilfiger Licensing, Inc. v. Nature Labs, L.L.C.*, 221 F. Supp. 2d 410, 415 (S.D.N.Y. 2002). See also *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir. 1992) ("the satire need not be only of the copied work and may . . . also be a parody of modern society [but] the copied work must be, at least in part, an object of the parody, otherwise there would be no need to conjure up the original work").

109. 15 U.S.C. § 1125(c)(4)(B).

110. 141 Cong. Rec. S19306-10, S19310 (December 29, 1995) (statement of Sen. Hatch); 141 Cong. Rec. H14317-01, H14318 (December 12, 1995) (statement of Rep. Moorhead).

tarnishment.¹¹¹ For the same reason, some post-FTDA courts found it unnecessary to consider the reach of the noncommercial use exemption in Section 43(c)(4)(B) of the Lanham Act.¹¹²

Because parodies sharpen rather than weaken public identification of the plaintiff's mark with the plaintiff, they are unlikely to cause blurring.¹¹³ Depending on the subject matter, a parody could result in dilution by tarnishment, although tarnishment is unlikely to occur when "the association is essentially a harmless, clean pun, which merely parodies or pokes fun at the plaintiff's mark."¹¹⁴

Although the legislative history suggests that the noncommercial use exemption should apply to any trademark parody or satire, courts are most likely to apply the exemption when the parody or satire addresses a matter of public concern. This is hardly surprising insofar as nothing stands above such core speech in the First Amendment pantheon.

Two recent cases applied the noncommercial use exemption to trademark parodies appearing in political advertising. The first, brought by Mastercard International, involved Ralph Nader's parody, during the 2000 presidential campaign, of Mastercard's advertisements that begin by displaying various goods and services, along with their prices, and conclude, "There are some things that money can't buy. For everything else there's Mastercard. Priceless."¹¹⁵ Nader's parody began by similarly listing various items and their price ("grilled tenderloin for a fundraiser—\$1000 a plate; campaign ads filled with half-truths—\$10 million; promises to special interest groups—over \$100 billion") before concluding "finding out the truth—priceless. There are some things that money can't buy."¹¹⁶

The U.S. District Court for the Southern District of New York denied the defendant's motion for a preliminary injunction during

111. See, e.g., *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1490 and n.7 (10th Cir. 1987) (finding neither blurring nor tarnishment); *Black Dog Tavern Company, Inc. v. Hall*, 823 F. Supp. 48, 59 n.16 (D. Mass. 1993) (unnecessary to consider constitutional limitations on state antidilution statute because neither blurring nor tarnishment was found).

112. See, e.g., *Tommy Hilfiger*, 221 F. Supp. 2d at 410; *WHS*, 280 F. Supp. 2d at 413.

113. See *Tommy Hilfiger*, *id.* at 422 (quoting *Jordache*, 828 F.2d at 1490). See also *New York Stock Exchange, Inc. v. New York Hotel, LLC*, 293 F.3d 550, 558 (2002).

114. *Id.* at 423 (quoting *Jordache Enterprises v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 57 (D.N.M. 1985), *aff'd*, 828 F.2d 1482 (10th Cir. 1987)). But see *New York Stock Exchange, Inc. v. New York Hotel, LLC*, 293 F.3d 550, 558 (2002) (a reasonable trier of fact might conclude that the defendant's humorous analogy to its activities—deemed by many to involve odds stacked heavily in favor of the house—would injure the plaintiff's reputation).

115. *Mastercard International Incorporated v. Nader 2000 Primary Committee*, 2004 WL 434404 (S.D.N.Y. Mar. 8, 2004).

116. *Id.* at *1.

the campaign and in the recently published opinion granted defendant's motion for summary judgment dismissing Mastercard's various claims, including trademark dilution, based upon the use of its trademark in defendant's political advertising.

Mastercard argued that the noncommercial use exemption did not apply to Nader's advertisements because they were used to raise money for his political campaign.¹¹⁷ The court rejected this argument, noting that when Congress amended the Lanham Act to expand what was actionable as deceptive advertising, it specifically indicated its intent to treat political advertising as political rather than commercial speech.¹¹⁸

In part, the *Nader* court relied upon the decision in *American Family Life Insurance Company v. Hagan*.¹¹⁹ The plaintiff was an insurance company that sponsored commercials in which a white duck, known as the AFLAC Duck, quacked the company's acronym. The defendants, Timothy Hagan, a candidate for Governor of Ohio, and the Tim Hagan for Governor Campaign, ran campaign commercials on the Internet in which the head of Hagan's opponent, the incumbent Governor Robert Taft, was superimposed on a duck that quacked "Taftquack."¹²⁰

The court conceded that the defendant's use satisfied the elements of a dilution claim under the FTDA but held that the noncommercial use exemption applied.¹²¹ Indeed, the court concluded that regardless of the scope of the noncommercial use exemption, it would certainly apply to political advertisements:

Regardless of how narrowly the noncommercial use exemption is interpreted, the First Amendment guarantee that catalyzed the exemption "has its fullest and most urgent application precisely to the conduct of campaigns for political office." If parody is protected by the noncommercial use exemption, then political speech certainly is.¹²²

Core First Amendment speech was also implicated in the *Fox News Network* case, discussed above.¹²³ Fox argued that the defendants had diluted its trademark by using it "on their book to sell a product, to poke fun at Fox News, to ridicule its number one

117. *Id.* at *7.

118. *Id.* (citing the floor comments of Rep. Kastenmeier, one of the bill's sponsors, 134 Cong. Rec. H. 1297 (daily ed. April 13, 1989)).

119. 266 F. Supp. 2d 682 (N.D. Ohio 2002).

120. *Id.* at 685.

121. *Id.* at 698.

122. *Id.* (internal citations omitted).

123. See discussion of *Fox News* in Part III.A. Parody as a Defense to an Infringement Claim.

talent, Mr. O'Reilly."¹²⁴ Fox fared even worse on its dilution claim than it had on its infringement claim, with the court first holding the parody to be "fair criticism" protected by the First Amendment and then adverting to the irony "that a media company that should be seeking to protect the First Amendment is seeking to undermine it by claiming a monopoly on the phrase 'fair and balanced.'"¹²⁵

If political parodies are at one end of the spectrum, parodies involving somewhat more risqué subject matter are at the other end. Indeed, if "[t]he *sine qua non* of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use,"¹²⁶ it is hardly surprising that tarnishment "is usually found where a distinctive mark is depicted in a context of sexual activity, obscenity or illegal activity."¹²⁷

Floor comments by Representative Moorhead in the House and Senator Hatch in the Senate offer the assurance that the FTDA "will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not part of a commercial transaction."¹²⁸ Was that assurance intended to extend to parodies involving explicit sexual or illegal activities, or be limited to "harmless, obvious jokes?"¹²⁹ If the latter, the exemption is mere surplusage because the plaintiff would be unable to establish dilution in the first instance.

Cases decided following the enactment of the FTDA suggest, however, that courts will continue to offer scant protection to parodies thought to be offensive in nature, whether under First Amendment principles or via the statutory noncommercial use exemption. A recent decision illustrating such judicial priggishness is *Kraft Food Holdings, Inc. v. Helm a/k/a "King Velveeda"*.¹³⁰ The lines were sharply drawn in *Kraft*. On one side was the plaintiff's well-known trademark VELVEETA, first registered in 1923,¹³¹ and used on more than three billion dollars worth of cheese products in the decade prior to the suit, and on which the plaintiff had spent more than 100 million dollars in advertising.¹³²

124. See 31 Med. L. Rptr. 2254, 2257.

125. *Id.* at 2260.

126. *Hormel Foods Corp v. Jim Henson Prods.*, 73 F.3d 497, 507 (2d Cir. 1996).

127. *Deere & Co. v. MTD Prods, Inc.*, 41 F.3d 39, 44 (2d Cir. 1994).

128. 141 Cong. Rec. S19306-10, S19310 (Dec. 29, 1995) (statement of Sen. Hatch); 141 Cong. Rec. H14317-01, H14318 (December 12, 1995) (statement of Rep. Moorhead).

129. See *Kraft Food Holdings, Inc. v. Helm a/k/a "King Velveeda"*, 205 F. Supp. 2d 942 (E.D. Ill. 2002).

130. *Id.*

131. *Id.* at 948.

132. *Id.* at 943.

On the other side was Stuart Helm, an artist, who testified that he had used the nickname "King VelVeeda" for 17 years to identify himself and to sign his artwork.¹³³ The homepage of his website, available at www.cheesygraphics.com, carried a large banner reading "King VelVeeda's Cheesygraphpics.com," and the site contained "various photographs and illustrations of nude women and women in various stages of undress, striking sexually suggestive poses . . . women and men engaging in sexual activity, including bestiality . . . and . . . references to, and illustrations of, drug use and paraphernalia."¹³⁴ The website also advertised the defendant's design services as well as a variety of merchandise for sale to the public.¹³⁵

On these facts, the magistrate judge found the plaintiff had satisfied the elements of a claim under the FTDA, namely, that VELVEETA was a famous mark, the defendant had begun using the mark in commerce for commercial purposes after the mark became famous, and such use would dilute the mark. The magistrate failed to consider, however, whether the defendant was entitled to the benefit of the "noncommercial use" exemption in Section 1125(c)(4)(B) of the Lanham Act.¹³⁶

The magistrate eventually addressed this issue, not as a matter of statutory interpretation, but rather in rejecting the defendant's argument that his use of the name "King VelVeeda" was a trademark parody entitled to heightened protection.¹³⁷ The rejection was based on two grounds: (1) the defendant had earlier testified in his depositions and in-court testimony that "his use of 'VelVeeda' is not meant to be an opinion, commentary, or parody of

133. *Id.* at 944. Despite the defendant's use of the allegedly dilutive nickname for 17 years, the court cursorily dismissed the defendant's laches defense. *Id.* at 955-56. ("Mr. Helms has not submitted any evidence showing that Kraft had knowledge of Mr. Helm's use of the name 'VelVeeda.'") Of course this begs the question of whether the plaintiff should have known of the defendant's activities. See, e.g., *Safeway Stores, Inc. v. Safeway Quality Foods, Inc.*, 433 F.2d 99, 103 (7th Cir. 1970) (plaintiff is chargeable with information it might have received had due inquiry been made); *McDonald's Corp. v. Druck & Gerner, DDS, P.C.*, 814 F. Supp. 1127, 1137 (N.D.N.Y. 1993) (plaintiff that aggressively policed its trademarks should have known of defendant's activities).

134. *Kraft Food*, 205 F. Supp. 2d 944.

135. *Id.*

136. 15 U.S.C. § 1125(c)(4)(B). Notwithstanding the fact that the court had already determined the defendant's use to be "commercial" for the purpose of establishing an element of the claim, the availability of the noncommercial use exemption should have been assessed. As Judge Kozinski explains in the *Mattel* decision discussed below, see Part III.D. *Mattel v. MCA Records: Construing the Scope of the Noncommercial Use Exception*, "if the term 'commercial use' had the same meaning in both provisions, this would eliminate one of the three statutory exemptions defined by this subsection, because any use found to be dilutive would, of necessity, not be noncommercial." *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 904 (9th Cir. 2002). Clearly Congress could not have intended the noncommercial use exemption to be a nullity.

137. *Kraft Food*, 205 F. Supp. 2d at 950.

Kraft or Velveeta®"¹³⁸; and (2) the parodies in the cases cited by the defendant involved harmless, obvious jokes rather than sexually explicit or illegal activities.¹³⁹

Neither basis for rejection is well grounded. First, at least some of the statements were made when the defendant was proceeding *pro se*, and were later contradicted in his briefs. Second, a defendant's admission (especially when later withdrawn) should not be the end of the inquiry. When the district court in the *Jordache* case was faced with a similar admission, it conducted its own inquiry and reached its own conclusion.¹⁴⁰ Third, and most importantly, if the noncommercial use exemption is to have any meaning, its application cannot be limited to "harmless, obvious jokes" that would not have been actionable in the first instance.

Starbucks Corporation v. Dwyer,¹⁴¹ discussed below, is another case in which the arguably off-color nature of the defendant's use may have factored in the court's refusal to apply the noncommercial use exemption.

Not every court considered the nature of the parody in applying the noncommercial use exemption. In *Lucasfilm Ltd. v. Media Market Group, Ltd.*, for example, the district court held that the defendant's animated pornographic movie entitled "Starballz" neither infringed nor diluted the plaintiff's various trademarks in the "Star Wars" films.¹⁴² The court dispensed with the dilution claim in two short paragraphs. In the first, the court acknowledged the tarnishment: "Starballz tarnishes the Star Wars family of marks by associating them with a pornographic film that is inconsistent with the image that Star Wars has striven to maintain for itself."¹⁴³ In the second, the court concluded that

138. *Id.* at 952.

139. *Id.* at 953. ("The junior marks in *Hormel*, *Jordache* and *Everready* did not involve explicit sexual or illegal activities. The respective courts found the parodies in each case to be harmless, obvious jokes, parodying the original product.") While there were arguments to be made that the defendant's use of the name did not qualify as a parody, in basing a legal conclusion on a factual admission against interest—particularly when the defendant later amended these statements and when the defendant had proceeded *pro se* during the deposition—the magistrate judge might fairly be characterized as being more interested in the results than the process. By contrast, the Tenth Circuit concluded in *Jordache* that the district court had "correctly looked beyond [defendants'] stated explanation in determining their true purpose . . . finding that LARDASHE was intended to be a parody." *Jordache*, 828 F.2d at 1487 n.3. The measure of the district court's indulgence may be seen when one considers the *Jordache* defendants' somewhat incredible original explanation of the derivation of their mark, namely, that it was a polite version of "lardass," the childhood nickname of one of the defendants.

140. See *Jordache*, 828 F.2d at 1487 n.3.

141. See Order for Preliminary Injunction, *Starbucks Corporation v. Dwyer* (No. C 00 1499 MMC), at ¶ 1. See discussion *infra* notes 158-66.

142. 182 F. Supp. 2d 897 (N.D. Cal. 2002).

143. *Id.* at 900.

plaintiffs were unlikely to prevail on the merits of a dilution claim because the defendant's use fell within the "noncommercial use" exemption.¹⁴⁴ Citing Senator Hatch's prefatory comments, the court explained that the exemption was intended to protect "noncommercial expression, such as parody, satire, editorial and other forms of expression that are not part of a commercial transaction."¹⁴⁵ The court then went on to explain that "an expressive use is not rendered commercial by the impact of the use on sales."¹⁴⁶

2. Parody or Satire

As discussed above, lower courts have applied the *Campbell* dictum in choosing to offer less protection to satires than parodies in trademark as well as copyright infringement cases.¹⁴⁷ Arguably, however, the distinction between parody and satire is not relevant to claims brought under the FTDA. Certainly, the bill's sponsors in Congress made no such distinction: "[the FTDA] will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not part of a commercial transaction."¹⁴⁸

Indeed, in one of the earliest cases brought under the FTDA, the *Dr. Seuss* case discussed above, the court cited this language in applying the noncommercial use exemption to the defendant's satirical use of plaintiff's marks.¹⁴⁹ In contrast, the fact that the defendant's use involved a satire rather than a parody (*i.e.*, it did not target either the plaintiff's copyright or mark) was an important factor in the court's rejection of the defendant's asserted defenses to the copyright and trademark infringement claims.¹⁵⁰

144. *Id.* ("The exception for noncommercial use in § 1125(c)(4)(B) was explained by Senator Hatch in introducing the bill as follows: 'The bill will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not part of a commercial transaction.'") (citation omitted).

145. *Id.* (quoting 141 Cong. Rec. S19306-10, S19310 (December 29, 1995)).

146. *Id.* (citing *Dr. Seuss Enterprises v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997)). The court also made short shrift of the infringement claim, observing that "no reasonable consumer is likely to be confused between Star Wars and Starballz, which is labeled as an adult film, is animated, and is rarely sold in the same marketing channels as Star Wars." *Id.* at 901. The court also advised that the fame of the Star Wars films is such that "it is extremely unlikely that consumers would believe that Starballz is associated with Star Wars or Lucasfilm." *Id.*

147. See *supra* notes 91-108, and accompanying text.

148. See *supra* note 128.

149. See *Dr. Seuss Enterprises v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997).

150. *Id.* at 1568-70 (fair use defense to copyright infringement claim not applicable where defendant had not targeted the original), *id.* at 1572 (First Amendment defense to

Similarly, in *American Family Life Insurance Co.*, the court applied the noncommercial use exemption notwithstanding the fact that neither the plaintiff nor its mark was the target of the defendant's lampoon.¹⁵¹ The court dismissed the claims for copyright and trademark infringement, false designation of origin and state unfair competition on the ground that all required a showing of similarity between the two ducks, which the plaintiff had failed to demonstrate.¹⁵² The court also dismissed the state dilution claim, holding that under Ohio law the plaintiff's and defendant's marks must be virtually identical, which they were not.¹⁵³

The court then allowed that the plaintiff had stated a claim under the FTDA, which does not require the marks be identical, and conceded that the defendant could fairly be accused of using the plaintiff's mark to go "coattail riding," "get attention" and perhaps "avoid the drudgery in working up something fresh."¹⁵⁴ It nevertheless held that the use was noncommercial and therefore exempt under Section 43(c)(4)(B) of the Lanham Act.¹⁵⁵

3. Product or Media

In the *Dr. Seuss* case, the court held that the noncommercial use exemption was not precluded simply because the defendants had used the marks "to make their book more entertaining and to consequently, sell more copies."¹⁵⁶ This did not break much new ground, however, since the challenged use involved a publication rather than merchandise, and it is well settled that "an expressive use is not rendered commercial by the impact of the use on

trademark infringement claim not applicable where purpose was not to comment upon the mark itself).

151. *American Family Life Insurance Company v. Hagan*, 266 F. Supp. 2d 682 (N.D. Ohio 2002).

152. *Id.* at 691-92.

153. *Id.* at 693. The court noted that even if Ohio law did not require such virtual identity between the two marks, application of such a claim would violate the First Amendment.

154. *Id.* at 700-01 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580-81 (1994)).

155. *Id.* at 701 ("That the consuming public may associate the AFLAC Duck and the TaftQuack character—a proposition the Court accepts—is an insufficient predicate to support injunctive relief of political speech. The First Amendment protects Hagan from AFLAC's dilution claim under the Lanham Act. And, of course, the First Amendment provides this protection from AFLAC's dilution claim under state law, as well.")

156. *Dr. Seuss*, 924 F. Supp. At 1574. Insofar as the plaintiff obtained a preliminary injunction based on its claims for trademark and copyright infringement, this was something of a Pyrrhic victory for the defendant.

sales.”¹⁵⁷ Thus, it became the plaintiff's burden to convince the court that a use that was “editorial” on its face was actually commercial.

Conversely, where the parody appears on a nontraditional medium, such as a product or merchandise, it seems to be the defendant's burden to convince the court that the use is noncommercial. In *Starbucks Corporation v. Dwyer*, for example, the court refused to apply the noncommercial use exemption, notwithstanding the expressive nature of the defendant's parody, involving the following alterations to the plaintiff's logo, which portrayed a mermaid with long flowing hair (the “Siren Logo”):¹⁵⁸

- The words “Starbucks Coffee” were replaced with the words “Consumer Whore”;
- The stars in the exterior border were replaced with dollar signs;
- The mermaid's tail was replaced with arms holding a cup of coffee in one hand and a cellular phone in the other;
- The mermaid's face was altered so that her mouth is agape; and
- Nipples and a navel ring were added to the mermaid.

Termed the “Consumer Whore Logo” by the court, the defendant's parody appeared on T-shirts, stickers and comic books that were offered for sale.¹⁵⁹ Starbucks sought a preliminary injunction, alleging copyright infringement, trademark infringement and trademark dilution. The court granted the preliminary injunction in an unpublished decision that treated the dilution claim in a short paragraph:

Plaintiffs have demonstrated a probability of success on the merits of their claim for violation of the [FTDA]. Specifically, plaintiffs have demonstrated a probability of success in proving that the Siren Logo is a famous mark and that Dwyer's commercial use of the Consumer Whore Logo tarnishes that mark.¹⁶⁰

The court acknowledged the expressive nature of the defendant's use.¹⁶¹ Indeed, the court went on to hold that the

157. *Id.* (citing *Virginia Pharmacy Board v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748 (1976)).

158. See Order for Preliminary Injunction, *Starbucks Corporation v. Dwyer* (No. C 00 1499 MMC) at ¶ 1.

159. *Id.* at ¶ 7.

160. *Id.* at ¶ 14.

161. *Id.* at ¶ 8. (“Dwyer's Consumer Whore Logo was intended by Dwyer to comment upon Starbucks, consumerism in general and persons who wear t-shirts bearing the Consumer Whore logo.”)

parody was likely to constitute a fair use defense to the copyright infringement claim.¹⁶² The court also held that Starbucks had failed to establish a likelihood of success on its trademark infringement claim, without analysis, but probably again based on the parodic nature of the use.¹⁶³ Yet the court failed to consider or even mention the noncommercial use exemption under Section 43(c)(4)(B) of the Lanham Act.

It is possible the court believed the issue had been subsumed into its determination that the defendant engaged in commercial use of a mark in commerce. Indeed, numerous courts and a leading commentator have conflated the "commercial use in commerce" element of a federal dilution claim under Section 43(c) of the Lanham Act with the noncommercial use exemption under Section 43(c)(B)(4).¹⁶⁴

The *Starbucks* court compounded its error in failing to consider the noncommercial use exception by issuing a preliminary injunction that swept far too broadly, enjoining not only the use of the Consumer Whore Logo on T-shirts and stickers, but on comic books as well.¹⁶⁵ A subsequent Stipulated Judgment prohibited the defendant from displaying, reproducing, publishing, distributing or selling anything that constitutes or contains the parody.¹⁶⁶

Although both the *Hilfiger* and *World Wrestling Federation* cases involved parodies on commercial products, because neither court found blurring or tarnishment, the applicability of the noncommercial use exemption was not at issue. Dictum in *World Wrestling Federation* suggests that the plaintiff's dilution claim would have been dismissed even had the court found tarnishment:

162. *Id.* at ¶ 19.

163. *Id.* at ¶ 22 ("Though plaintiffs have demonstrated a likelihood of proving that the Siren Logo is a valid trademark, plaintiffs have not demonstrated a likelihood of success in establishing that the Consumer Whore Logo is likely to cause confusion with the Siren Logo.").

164. In *Kraft*, for example, the court correctly concluded that the parodic use of the plaintiff's mark on a website offering both free commentary and displays of artwork, as well as merchandise for sale, constituted "commercial use in commerce of a mark," but failed to address or even acknowledge Section 43(c)(4)(B). See *Kraft*, 205 F. Supp. 2d at 947. In *Atlas*, the court cited both provisions, but did not analyze the scope of the exemption, instead citing trademark infringement cases construing the use in commerce requirement. See *Atlas*, 112 F. Supp. 2d at 336-37. In *American Dairy Queen*, the court discussed the noncommercial use exemption but treated it as an element of the claim. See *American Dairy Queen*, 35 F. Supp. 2d at 732. Indeed, even Professor McCarthy considers the exemption redundant. See 4 *McCarthy*, *supra* note 73, § 24:105, 24-225. Treating the exemption as redundant would not only violate a canon of statutory interpretation but would create a constitutional conflict by eliminating any First Amendment protection for dilutive speech other than comparative advertising and news reporting. See *infra* note 173 and accompanying text.

165. See *Starbucks* (No. C 00 1499 MMC) at ¶¶ 7, 14.

166. See Stipulated Judgment, dated March 28, 2001 (Case No. C 00 1499 MMC).

Considering that tarnishment caused merely by an editorial or artistic parody which satirizes plaintiff's product or its image carries the free speech protections of the First Amendment, it is difficult for the Court to find that WWE's marks have been diluted in any way.¹⁶⁷

Indeed, is there any principled difference between a parody that appears on a T-shirt and one in a traditional medium? Both are used to transmit a message, and rarely is either provided free of charge. Moreover, it is likely that the income results from the message and not the medium, for there are numerous other manufacturers of T-shirts and coffee mugs, if that is what the purchaser is seeking.

**D. *Mattel v. MCA Records:*
*Construing the Scope of the
Noncommercial Use Exemption***

The decision in *Mattel, Inc. v. MCA Records, Inc.*,¹⁶⁸ offered an interpretation of the legislative history that not only gives meaning to the noncommercial use exemption, but at first blush appears to resolve the issue of parodies that involve "mixed uses" by interpreting the exemption to apply to any use that is not "wholly commercial."

The *Mattel* suit arose from the release of a song by the Danish band, Aqua, entitled "Barbie Girl," which parodied the plaintiff's well-known doll. The defendant argued that the song was a social commentary on the Barbie doll and the cultural values the defendant claimed Barbie represented, characterizing her as "a blond bimbo girl, in a fantasy world/Dress me up, make it tight, I'm your dolly."¹⁶⁹

Mattel sued the companies that produced, marketed and sold the song. The district court dismissed the claims for trademark infringement and dilution, holding that Barbie Girl is a parody of Barbie, a nominative fair use, and unlikely to result in consumer confusion.¹⁷⁰

The Ninth Circuit affirmed on all counts. On the dilution claim, the court found that the plaintiff had satisfied the basic elements set forth in the FTDA, namely, that *Mattel* was the owner of a famous mark, the defendant's "commercial use in commerce" had commenced after the mark had become famous,

167. See *WWE*, 280 F. Supp. 2d at 443 (citations omitted).

168. 296 F.3d 894 (9th Cir. 2002).

169. *Id.* at 901.

170. *Id.* at 899.

and the use diluted the distinctive quality of the mark.¹⁷¹ The court next considered the applicability of the statutory exceptions, namely, uses for the purposes of (1) comparative advertising; (2) news reporting and commentary; and (3) "noncommercial use." Judge Kozinski pointed to the obvious conflict between the inclusion of "commercial use" as an element of dilution and "noncommercial use" as an exemption to application of the statute:

If a use has to be commercial in order to be dilutive, how then can it also be noncommercial so as to satisfy the exception of section 1125(c)(4)(B)? If the term "commercial use" had the same meaning in both provisions, this would eliminate one of the three statutory exemptions defined by this subsection, because any use found to be dilutive would, of necessity, not be noncommercial.¹⁷²

Not only would such a reading remove one of the statutory exemptions, but it would eliminate any First Amendment protection for dilutive speech other than comparative advertising and news reporting.¹⁷³ Turning to the legislative history, Judge Kozinski offered an interpretation that resolved this apparent ambiguity while avoiding a constitutional conflict: "Noncommercial use" refers to a use that consists of entirely of noncommercial, or fully constitutionally protected, speech.¹⁷⁴

Under prevailing First Amendment jurisprudence, commercial speech is speech that "does no more than propose a commercial transaction."¹⁷⁵ It thus follows that speech that does more than propose a commercial transaction is fully protected.¹⁷⁶ Because the defendant's song was not "purely commercial speech [it] is

171. *Id.* at 903-04.

172. *Id.* at 904. Professor McCarthy suggests, rather, that the exemption is redundant in light of the requirement that the challenged use be a "commercial use." 4 *McCarthy, supra* note 73, § 24:105, 24-225.

173. *Id.* In addition, an injunction in a dilution action could potentially sweep more broadly than one in an infringement action, which would be limited to areas of confusion, an absurd result insofar as dilution law protects less important interests than infringement law. *Id.* at 905. ("[D]ilution law protects only the distinctiveness of the mark, which is inherently less weighty than the dual interest of protecting trademark owners and avoiding harm to consumers that is at the heart of every trademark action.") See also *supra* note 4.

174. *Id.* at 905 (this exemption "is intended to prevent the courts from enjoining speech that has been recognized to be [fully] constitutionally protected," "such as parodies") (quoting Jerome Gilson et al., *Trademark Protection and Practice* § 5.12[1][c][vi], at 5-240 [§ 5A.01[8][b] in latest edition]; accord 4 *McCarthy, supra* note 73, § 24:97.2 (noncommercial use exemption intended to (1) incorporate the Supreme Court's concept of commercial speech; and (2) forbid application of § 43(c) to enjoin use of famous marks in "noncommercial" settings, such as product reviews).

175. *Id.* at 906 (citing *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (quoting *Bolger v. Young's Drug Prod.'s Corp.*, 463 U.S. 60, 66 (1983))).

176. *Id.* at 906.

therefore fully protected."¹⁷⁷ That the defendant "used Barbie's name to sell copies of the song" was insufficient to remove the exemption, because the song also parodied the Barbie image.¹⁷⁸

Mattel thus modifies the dichotomy first proposed in *Bean* from commercial *use* versus expressive *use* to commercial *speech* versus noncommercial *speech*. Under this reading, "mixed" uses of a trademark (*i.e.*, uses that combine a commercial with an expressive purpose) would not be actionable under the FTDA because they will always do more "than propose a commercial transaction." Because uses can rarely be classified as wholly commercial or expressive, this would seem to eliminate the difficult line drawing and inconsistent results found in the cases discussed earlier. Or does it?

Even if Congress intended for noncommercial *use* and noncommercial *speech* to be used interchangeably, it is not altogether clear that they intended to immunize mixed uses so long as *any* expressive component was present. Such a reading would change the result in *Mutual of Omaha* and thus be contrary to the statement, in the section-by-section analysis in the Senate Report, printed by unanimous consent in the Congressional Record,¹⁷⁹ that the noncommercial use exemption "is consistent with existing case law."¹⁸⁰

Indeed, the legislative history focuses on uses that consist almost entirely of traditional forms of speech. Thus the Senate Report goes on to explain that "[t]he cases recognized that the use of marks in certain forms of artistic and expressive speech is protected by the First Amendment."¹⁸¹ Similarly, the example given in the House Report of a trademark *use* that would be excused under the noncommercial use exemption is a "consumer product review."¹⁸²

Moreover, it might be argued that the use of the qualifier "certain" in the passage quoted from the Senate Report was intended to limit the types of artistic and expressive speech to which the noncommercial use exemption should apply, thus, for example, excluding from its protection "speech" that appears on a product. Additional support for such a view is found in the floor comments of Senator Hatch and Representative Moorhead when

177. *Id.*

178. *Id.* at 907.

179. See *Mattel*, 296 F.3d at 906.

180. 141 Cong. Rec. S19306-10, S19311 (Dec. 29, 1995).

181. *Id.*

182. See H.R. Rep. No. 104-374, at 8, reprinted in U.S.C.C.A.N. 1029, 1035. ("Section (4)(B) of the bill expressly incorporates the concept of "commercial" speech from the "commercial speech" doctrine, and proscribes dilution actions that seek to enjoin use of famous marks in "noncommercial" uses (such as consumer product reviews)").

introducing the bill in their respective chambers of Congress, which focus on the concerns of the media:

The proposal adequately addresses legitimate first amendment concerns espoused by the broadcasting industry and the media. The bill will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.¹⁸³

Moreover, it is unclear what, if any, limitations are placed on parody and satire by the qualifying language at the end of the last sentence. Are parody and satire offered as examples of "forms of expression that are not part of a commercial transaction," and thus exempted, or are parodies and satires not to be exempted if a court holds that they *are* part of a commercial transaction?

Professor McCarthy suggests that First Amendment concerns are somewhat lessened when a parody appears on a product rather than in a more traditional medium of communication,¹⁸⁴ but that does not address whether Congress intended to exempt such parodies, or indeed whether they should be exempted. Certainly the legislative history is sufficiently unclear to permit courts to enjoin as "commercial" a parody that appears on a T-shirt, while echoing the advice of the Eighth Circuit in *Mutual of Omaha* that the defendant is free to use the trademark on pamphlets or in other editorial forms.¹⁸⁵

Even under Judge Kozinski's reading of the legislative history, defendants seeking to invoke the exemption would need to establish that the challenged trademark use constitutes speech in the first instance. This was not difficult in *Mattel*, which involved the title and lyrics of a song, or *Lucasfilm*, which involved a movie.

Nor was it difficult in a more recent decision involving photographs of Barbie dolls in "various absurd and often sexualized positions," with the word "Barbie" appearing in the title of some of the works.¹⁸⁶ After affirming the district court's dismissal of Mattel's claims of copyright infringement and trademark infringement, the Ninth Circuit affirmed the dismissal of the dilution claim as follows:

183. See *supra* note 128.

184. See 4 McCarthy, *supra* note 73, at § 24:105, 24-253 ("First Amendment protection is greatest in the case of an editorial, non-commercial parody which causes tarnishment, but such concern is much lessened where the parody is a trademark used to identify a commercial product such as wearing apparel.")

185. See, e.g., *Kraft*, 205 F. Supp. 2d at 954 ("Trademark rights need not yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.") (quotations and citations omitted).

186. *Mattel, Inc. v. Walking Mountain Productions*, 353 F.3d 792, 796 (9th Cir. 2003).

A dilution action only applies to purely commercial speech. Parody is a form of noncommercial expression if it does more than propose a commercial transaction. Under *MCA*, Forsythe's artistic and parodic work is considered noncommercial speech and, therefore, not subject to a trademark dilution claim.¹⁸⁷

Significantly, the court also vacated and remanded the district court's denial of attorneys' fees to the defendant under both the Copyright Act and the Lanham Act.¹⁸⁸

Convincing a court that a statement on a T-shirt or coffee container constitutes speech would be more difficult. Although *Cohen v. California* establishes the principle that words appearing on a jacket are constitutionally protected speech, that case did not involve the sale of a product, and the speech was of a purely political nature.¹⁸⁹

Assuming, however, that a defendant can cross the "speech" threshold, under Judge Kozinski's reading of the legislative history, it is difficult to conceive of a parody or satire that would be *unable* to claim the benefit of the noncommercial use exemption, since, by definition, a parody will *always* have a communicative purpose beyond proposing a commercial transaction. It remains to be seen whether courts will follow Judge Kozinski's explanation of the noncommercial use exemption, or decline to do so, raising some of the questions suggested above.

In a recent decision, *American Family Life Insurance Co.*, the court rejected the plaintiff's argument that the *Mattel* court had interpreted the exemption too broadly, and that speech containing both commercial and noncommercial elements should not be exempted.¹⁹⁰ Yet it seems likely that the post-*Mattel* case law will present no less of patchwork than the pre-*Mattel* case law.

E. Protection of Parody Under State Antidilution Statutes

Prior to the enactment of the FTDA, a trademark dilution claim was available only under state law. Because the FTDA does not preempt existing state antidilution statutes,¹⁹¹ it might appear

187. *Id.* at 812 (citation omitted).

188. *Id.* at 816. ("Analysis of *Mattel's* trademark and trade dress infringement claims indicates that *Mattel's* claims may have been groundless or unreasonable.")

189. See *Cohen v. California*, 403 U.S. 15 (1971) (words affixed to a jacket as "speech" afforded the highest level of constitutional protection).

190. *American Family Life Insurance Company v. Hagan*, 266 F. Supp. 2d 682 (N.D. Ohio 2002).

191. See Cong. Rec., *supra* note 128, at S19311 (1995) ("In this regard, it is important to note that the proposed federal dilution statute would not preempt state dilution laws.");

that the protections of the noncommercial use exemption are not available in dilution claims brought under state law. Arguably, however, to the extent a state dilution statute conflicts with Congress's stated intention to exempt parody and satire under the FTDA, the state law would be preempted under the Supremacy Clause.¹⁹²

No court has held a state antidilution statute preempted by the FTDA, although the plaintiff's attempt to avoid the strictures of the federal statute by suing under state law was denied on other grounds in *American Family Life Insurance Co.*¹⁹³ The issue arose when the plaintiff amended its complaint to add a claim under a state antidilution statute, which did not include an exception for noncommercial use.¹⁹⁴ After dismissing this claim because the marks were not "virtually identical," as required under the Ohio statute, the court noted in dictum that it would have refused to apply the statute in any event because application of the state law "would run afoul of the First Amendment."¹⁹⁵

IV. SUMMARY AND RECOMMENDATIONS

A. Trademark Parodies and the Likelihood of Confusion

The traditional likelihood of confusion analysis, which developed from cases involving purely commercial exploitation that do not raise First Amendment concerns, is "at best awkward in the context of parody."¹⁹⁶

The courts have adopted several approaches to address this awkwardness. The most restrictive approach, applied by the Eighth Circuit in *Mutual of Omaha*, would deny First Amendment protection to the parody if "alternative avenues of expression exist."¹⁹⁷ As discussed previously, this approach rests on a false

H.R. Rep. No. 374, *supra* note 8, at 5 (1995) ("Unlike patent and copyright laws, federal trademark law coexists with state trademark law, and it is to be expected that the federal dilution statute should similarly coexist with state dilution statutes.")

192. See *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941) (state law preempted when it "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.")

193. *American Family Life Insurance Co. v. Hagan*, 266 F. Supp. 2d 682, 693 (N.D. Ohio 2002).

194. *Id.*

195. *Id.*

196. *Cliff's Notes*, 886 F.2d at 496. *Accord Lyons*, 179 F.3d at 389 ("Simply put, although the fact that conduct is a parody is not an affirmative defense to trademark infringement, a parody should be treated differently from other uses that infringe on a trademark.")

197. *Mutual of Omaha Insurance Company v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987).

analogy between real property and intellectual property.¹⁹⁸ Ironically, the Second Circuit, which initially articulated this approach in the *Dallas Cowboys* case, later rejected it as failing to "sufficiently accommodate the public's interest in free expression."¹⁹⁹

Emphasizing the importance of "construing the Lanham Act 'narrowly' when First Amendment values are involved,"²⁰⁰ the Second Circuit balances the public interest in avoiding consumer confusion against the public interest in free expression.²⁰¹ Although the Eighth Circuit paid lip service to such a test in *Balducci*,²⁰² its balancing showed little sensitivity to the free speech values at stake. Indeed, the panel admonished the district court for showing "special sensitivity" to the First Amendment in conducting the confusion analysis, thus "holding [the plaintiff] to a higher standard than required in a classic trademark infringement case."²⁰³

Of course, that is precisely the point. The plaintiff *should* be held to a higher standard when First Amendment interests are at stake. The *Balducci* panel's recommended approach—first determine likelihood of confusion without considering the expressive nature of the use, and then apply a balancing test—is not only more complicated than the approach taken by the district court in that case but also risks undermining First Amendment protections. Indeed, the *Balducci* panel had little difficulty finding a likelihood of confusion once it ignored the parodic nature of the use, and having found confusion, its "balancing test" consisted of the perfunctory observation that the First Amendment does not protect parodies that are confusing.²⁰⁴

The Fifth Circuit takes an approach directly contrary to *Balducci*:

Simply put, although the fact that conduct is a parody is not an affirmative defense to trademark infringement, a parody should be treated differently from other uses that infringe on a trademark. While it is only one factor to consider, it is a factor that must be considered in conjunction with all of the other digits of confusion. When, as here, a parody makes a specific,

198. See *supra* note 89.

199. See *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

200. *Cliff's Notes*, 886 F.2d at 494.

201. *Id.* Originally applied in *Rogers* to titles of expressive works, the Second Circuit held in *Cliff's Notes* that the test is "generally applicable to Lanham Act claims against works of artistic expression, a category that includes parody."

202. *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 773 (8th Cir. 1994).

203. *Id.* at 776.

204. *Id.*

ubiquitous trademark the brunt of its joke, the use of the trademark for satirical purposes affects our analysis of the factors to consider when determining whether the use is likely to result in consumer confusion.²⁰⁵

Finally, the Seventh Circuit treats the First Amendment as an additional factor to be considered in assessing the likelihood of confusion.²⁰⁶

Regardless of the chosen approach to assessing a likelihood of confusion in a case involving an expressive use of a trademark, courts must not lose sight of the ultimate inquiry, namely, whether "the relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way."²⁰⁷ Moreover, the purchasing public must be credited with at least a modicum of intelligence.²⁰⁸

Thus, the fact that a court—or the public—might be offended by the nature of the parody is not a basis for finding a likelihood of confusion. Indeed, the more outrageous and offensive the parody, the less likely confusion will result. Such cases should be actionable, if at all, only under the dilution statutes.

B. Trademark Parodies and Dilution

In determining the scope of the noncommercial use exemption and in construing the commercial-expressive use dichotomy first proposed in *L.L. Bean*, some courts have distinguished between parodies appearing on products or merchandise and those appearing in more traditional media. Because there is a commercial as well as an expressive component in both instances, this is a distinction without a difference. Certainly, neither the parodist in *L.L. Bean* nor the producers of the Starballz parody provided their editorial products free of charge. If the commercial aspect is overlooked in these instances, why should it loom so large when the parodist sells a coffee mug rather than a magazine? It should not. The noncommercial use exemption should apply to any parodic, satiric or similar expressive use regardless of the chosen medium of expression.²⁰⁹

205. *Lyons Partnership v. Giannoulas, doing business as Famous Chicken*, 179 F.3d 384, 389-90 (5th Cir. 1999).

206. See *Nike, Inc. v. "Just Did It" Enterprises*, 6 F.3d 1225, 1228 (7th Cir. 1993); see also *World Wrestling Federation, Inc. v. Big Dog Holdings, Inc.*, 280 F. Supp. 2d 413, 431 (W.D. Pa. 2003).

207. *WHS Entertainment Ventures v. United Paperworkers Int'l Union*, 997 F. Supp. 946, 951 (M.D. Tenn. 1998) (internal quotations and citations omitted).

208. *McGregor-Doniger, Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1138 (2d Cir. 1979).

209. See Cantwell, *supra* note 1, at 77.

Courts have also distinguished, implicitly if not explicitly, between harmless, obvious jokes and parodies involving sexuality or allegations of illegality. But nothing in the text or the legislative history of Section 43(c)(4)(B) suggests that the availability of the noncommercial use exemption depends upon the nature of the parody, and reading such a limitation into the text involves the court in value judgments outside its expertise or domain and represents a threat to First Amendment values.²¹⁰

Finally, some courts have distinguished between parodies and satires, refusing to apply the parody defense unless the defendant is using the plaintiff's mark to comment on the plaintiff. Again, however, the noncommercial use exemption makes no such distinction.

Elimination of these false distinctions would narrow the scope of protection from what plaintiffs have enjoyed in at least some of the cases reviewed in this article. Yet in balancing the rights of the parodist against those of the trademark owner, it is important not to lose sight of two principles that act to limit the protection available to the trademark dilution plaintiff.

First, the expansion of rights afforded to the trademark owner under the FTDA come at the expense of the public interest in free expression. In the context of a trademark infringement suit the potential restrictions on free expression are balanced by the public interest in avoiding consumer confusion, and in any event there is no First Amendment right to disseminate false information.²¹¹ In the context of a dilution suit, however, there is little countervailing public interest.²¹²

Second, trademark owners, like public figures, who seek the public spotlight must accept the concomitant risk of public ridicule

210. See *supra* note 56 and accompanying text.

211. See, e.g., *Herbert v. Lando*, 441 U.S. 153, 171 (1979) ("Spreading false information in and of itself carries no First Amendment credentials."); *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 340 (1974) ("[T]here is no constitutional value in false statements of fact.").

212. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002) ("In addition, dilution law protects only the distinctiveness of the mark, which is inherently less weighty than the dual interest of protecting trademark owners and avoiding harm to consumers that is at the heart of every trademark claim."); *TCPIP Holding Co. v. Haar Communs., Inc.*, 244 F.3d 88, 95 (2d Cir. 2001) ("The Dilution Act further differs from traditional trademark law in that the class of entities for whose benefit the law was created is far narrower. The action for infringement under the Lanham Act serves the interests of consumers, as well as sellers, in having trademarks functions as source-identifiers. . . . In contrast, the Dilution Act is designed solely for the benefit of sellers. Its purpose is to protect the owners of famous marks from the kind of dilution that is permitted by the trademark laws when a junior user uses the same mark in a non-confusing way in an unrelated area of commerce. *The Dilution Act offers no benefit to the consumer public-only to the owner.*") (emphasis added); Cantwell, *supra* note 1, at 76)

in the form of parody.²¹³ It is well established that public figures cannot recover for parodies, however vulgar.²¹⁴ If "good name in man and woman" can be said in today's world to remain "the immediate jewel of their souls,"²¹⁵ surely there is no principled basis to afford greater protection to the reputation of a commercial symbol than is afforded a human being.

213. See *Nike*, 6 F.3d at 1227 ("The First Amendment, which protects individuals from laws infringing free expression, allows such ridicule in the form of parody.")

214. See *Flynt v. Falwell*, 485 U.S. 46 (1988).

215. William Shakespeare, *Othello*, Act 3, scene 3, ll. 155-56.