

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

*By Michael K. Cantwell\**

**INTRODUCTION**

Although the availability and dimensions of a First Amendment defense to a trademark action have been debated by courts and commentators with increasing frequency during the last quarter century, a series of seemingly irreconcilable decisions in this area suggests that the issue is no closer to resolution than when it was first raised.<sup>1</sup> The state of the law in the related field of copyright is far more settled, with the authorities in general agreement that through the idea-expression dichotomy<sup>2</sup> and fair use doctrine,<sup>3</sup> copyright law provides adequate internal mechan-

---

\* Associate Director of the Libel Defense Resource Center ("LDRC"), a nonprofit organization that monitors developments and seeks to advance First Amendment values in libel, privacy, and related fields of law. The views expressed herein are those of the author and do not necessarily reflect those of the LDRC. The author wishes to thank Evan Kent Auberry of the TMR Editorial Board for his editorial suggestions and guidance.

1. The First Amendment provides that "Congress shall make no law . . . abridging the freedom of speech, or of the press. . . ." US Const Amend I. The first case in which a conflict between the First Amendment and trademark law was directly addressed was *Reddy Communications v. Environmental Action Foundation, Inc.*, 199 USPQ 630 (DC DC 1977). See *infra* Part II.A. Two leading articles on this subject were published in 1982 and 1986. See Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of the Trade Symbols*, 1982 *Wisconsin Law Review* 158 (1982); Robert J. Shaughnessy, *Trademark Parody: A Fair Use and First Amendment Analysis*, 72 *Virginia Law Review* 1079 (1986), 77 *TMR* 177 (1987).

2. Under the idea-expression dichotomy, only an author's expression of an idea is copyrightable. See 17 USC §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 US 99, 103 (1879). Patent law, which imposes a threshold requirement of novelty, is the proper forum for protecting ideas. *Ibid*; see also *Mazer v. Stein*, 347 US 201, 100 USPQ 325 (1954).

3. The fair use doctrine was first articulated in *Folsom v. Marsh*, 9 F Cas 342 (CC D Mass 1841). Establishing as opposing poles "fair and reasonable criticism" and usurpation designed "to supersede the original work," Justice Story suggested criteria under which use of copyrighted material would not constitute an infringement. Judicially applied for more than a century, these criteria were codified in the 1976 Copyright Act. See 17 USC §107 ("In determining whether the use made of a work in any particular case is a fair use, the factors to be considered shall include (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.").



isms to accommodate free speech interests, obviating the need for a freestanding First Amendment defense to a copyright claim.<sup>4</sup>

While internal mechanisms also exist in trademark law, they provide far less protection for free speech interests. Analogous to copyright's idea-expression dichotomy, under which only an author's expression is considered to be copyrightable subject matter,<sup>5</sup> recovery in a trademark infringement claim is limited to uses likely to cause confusion as to the source or sponsorship of a trademark.<sup>6</sup> In theory, this limitation of recovery to confusing uses of a trademark would seem to adequately protect free speech interests, for the First Amendment has no stake in the spread of misleading information.<sup>7</sup> In practice, however, courts have frequently permitted distaste for the defendant's message to distort their analysis of the likelihood of confusion.<sup>8</sup>

Moreover, in the thirty-one states having "anti-dilution statutes" that proscribe a nonconfusing use if the use either tarnishes a mark or diminishes the mark's distinctiveness, even these theoretical constraints are lacking.<sup>9</sup> Finally, although

4. See *Roy Export Company Establishment of Vaduz, Liechtenstein v. Columbia Broadcasting System Inc.*, 672 F2d 1095, 1099, 215 USPQ 289, 292 (CA 2 1982) ("No Circuit that has considered the question, however, has ever held that the First Amendment provides a privilege in the copyright field distinct from the accommodation embodied in the 'fair use' doctrine."); *Wainwright Securities Inc. v. Wall Street Transcript Corp.*, 558 F2d 91, 95, 194 USPQ 401, 403 (CA 2 1977), cert denied 196 USPQ 864 (1978) ("Conflicts between interests protected by the First Amendment and the copyright laws thus far have been resolved by application of the fair-use doctrine."). See also William F. Patry, *The Fair Use Privilege in Copyright Law* 141 (1985) ("No court has found that there exists a First Amendment right sanctioning copying beyond that provided by the idea/expression dichotomy and fair use.").

5. See *supra* note 2.

6. See Lanham Act §32(1)(a), 15 USC §1114(1)(a) (providing remedy for uses "likely to cause confusion, or to cause mistake, or to deceive").

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

8. See, eg, *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F2d 200, 203 USPQ 161 (CA 2 1979) (pornographic film using plaintiff's trade dress); *Coca-Cola Company v. Gemini Rising Inc.*, 346 F Supp 1183, 175 USPQ 56 (EDNY 1972) (poster using plaintiff's trade dress and parodying plaintiff's slogan to urge "Enjoy Cocaine"); *General Electrical Co. v. Alumpa Coal Co.*, 205 USPQ 1036 (D Mass 1979) ("Genital Electric" logo used on underwear). Although it seems highly unlikely that the owners of these marks would have used them, or allowed them to be used in such a damaging fashion, all three courts found a likelihood of confusion. See *infra* notes 48-65 and accompanying text.

9. Alabama, Ala Code §8-12-17 (Michie 1993); Arkansas, Ark Code Ann §4-71-113 (Michie 1991); California, Cal Bus & Prof Code §14330 (West 1987 and Supp 1995); Connecticut, Conn Gen Stat Ann §§35-11a(11), 35-11i(c) (West Supp 1995); Delaware, Del Code Ann tit 6, §3313 (Michie 1993); Florida, Fla Stat Ann §495.151 (West 1988); Georgia, Ga Code Ann §10-1-451(b) (Michie 1994); Idaho, Ida Code §48-512 (Bobbs-Merrill 1977); Illinois, Ill Rev Stat ch 765, §1035/15 (West 1993); Iowa, Ia Code Ann §548.113 (West Supp 1995); Louisiana, La Rev Stat Ann §51.223.1 (West 1987); Maine, Me Rev Stat Ann tit 10, §1530 (West 1980); Massachusetts, Mass Gen L Ann ch 110B, §12 (West 1990); Minnesota, Minn Stat §325D.165 (West 1995); Missouri, Mo Rev Stat §417.061(1) (West 1990);



recovery under federal law had previously been limited to confusing uses of a mark, the recently enacted Federal Trademark Dilution Act of 1995 ("FTDA") amended the Lanham Act to allow owners of "famous marks" a federal dilution claim.<sup>10</sup>

Both trademark and copyright law possess affirmative defenses to an infringement action in the form of a "fair use" defense.<sup>11</sup> However, only the copyright fair use doctrine provides any meaningful protection for free speech interests. For example, the Supreme Court has recognized that parody implicates important First Amendment objectives.<sup>12</sup> Yet the fair use defense set forth in Section 32(b)(4) of the Lanham Act is limited to the use of another party's mark to describe one's own goods.<sup>13</sup> Unless a

---

Montana, Mont Code Ann §30-13-334 (1993); Nebraska, Neb Rev Stat §87-122 (1994); New Hampshire, NH Rev Stat Ann §350-A:12 (Equity 1984); New Mexico, NM Stat Ann §57-3-10 (Michie 1987); New York, NY Gen Bus Law §368-d (West 1984); Oregon, Ore Rev Stat §647.107 (1993); Pennsylvania, 54 Pa Cons Stat Ann §1124 (West Supp 1994); Rhode Island, RI Gen Laws §6-2-12 (Michie 1992); South Carolina, SC Code Ann §§39-15-1105(2), 39-15-1165 (1994 SC Acts 486); Tennessee, Tenn Code Ann §47-25-512 (Michie 1988); Texas, Tex Bus & Com Code Ann §16.29 (West Supp 1995); and Washington, Wash Rev Code Ann §§19.77.010(6), 19.77.160 (West 1989 and Supp 1995). In 1996, four states had enacted dilution: Alaska, §45.050.180, Mississippi, §75-25-25, West Virginia, §47-2-13, and Wyoming, §40-1-115. See *infra* Part III.

10. See HR 1295, "Federal Trademark Dilution Act of 1995" [hereinafter referred to as FTDA], see 86 TMR 526 (1996). Prior to this bill, under both §§31 and 43(a) of the Lanham Act, recovery was limited to uses "likely to cause confusion." See 15 USC §§1114 and 1125(a). See *infra* Part III.

11. The fair-use doctrine in copyright was first articulated in *Folsom v. Marsh*, *supra* note 3, and is now codified at 17 USC §107. See *supra* note 3. The trademark fair use doctrine appears at Lanham Act §33(b)(4), 15 USC §1115(b)(4).

12. See, eg, *Hustler Magazine v. Falwell*, 485 US 46, 54 (1988) (explicitly recognizing the prominent role played by parodies in public and political debate in the United States and concluding that "our political discourse would have been considerably poorer without them").

13. See 15 USC §1114(b)(4) (permitting a "use, otherwise than as a mark . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party."). Indeed, there are those who would limit the scope of the trademark fair use doctrine even further. Some courts would confine its operation to "descriptive" as opposed to suggestive or arbitrary and fanciful marks. See *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F2d 786, 791 (CA 5 1988) ("The [fair use] defense is available only in actions involving descriptive terms and only when the term is used in its descriptive sense"); *Callman Ventures, Inc. v. Columbian Art Works, Inc.*, 717 F Supp 96, 133 (SDNY 1989) (fair use defense unavailable for suggestive mark). The absence of any limiting language in the statute makes both this interpretation highly dubious. See *Car-Freshner Corp. v. S.C. Johnson & Son Inc.*, 70 F3d 267, 36 USPQ2d 1855, 1857 (CA 2 1995) ("Section 1115(b)(4) includes no prerequisite that the mark sought to be protected be on the descriptive tier."). See also *Venetianaire Corp. v. A & P Import Co.*, 429 F2d 1079, 1082, 167 USPQ 481 (CA 2 1970) (fair use defense would have applied to arbitrary and fanciful mark had defendant used mark in descriptive manner rather than as a trademark); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F2d 4, 12, 189 USPQ 759 (CA 2 1976), on reh'g mod'f 189 USPQ 769 (CA 2 1976) (fair use found without needing to resolve nature of the mark).

It has also been suggested that §33(b)(4) should not apply when the use is confusing. See *Dallas Cowboys*, *supra* note 8 at 206 fn 9, 203 USPQ at 165 ("Because the primary purpose of the trademark laws is to protect the public from confusion, . . . it would be



parody is in some fashion descriptive of the defendant's goods, it is difficult to see how the trademark fair use doctrine could be used to protect parodies.<sup>14</sup>

By contrast, the Supreme Court has explicitly held that parodies can qualify as a fair use under the Copyright Act, emphasizing the contribution to society resulting from "transformative works" such as parodies.<sup>15</sup> Indeed, the Court has employed a powerful metaphor traditionally associated with the First Amendment in characterizing transformative works as "[l]ying] at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright."<sup>16</sup>

A good example of the differing treatment afforded parodies under copyright and trademark law may be seen in *Pillsbury Company v. Milky Way Productions, Inc.*<sup>17</sup> Although holding the defendant's parody of the plaintiff's trademarked and copyrighted characters to be a fair use under copyright law and unlikely to result in consumer confusion under the Lanham Act, the court entered an injunction against the parody as violative of a state anti-dilution statute.<sup>18</sup>

---

somewhat anomalous to hold that the confusing use of another's trademark is 'fair use.'"); 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, §11.17[3] at 11-85 (3d ed 1993), ("A junior user's use should be deemed 'fair' only if it is non-confusing."). Such a reading has the effect of barring the fair use defense when it is most needed, indeed arguably in the only instance when it would be needed, for an affirmative defense is unnecessary if the plaintiff cannot establish the elements of a claim, and likelihood of confusion is the sine qua non of a trademark infringement claim.

14. It may be argued that a fair use defense is unnecessary in a parody case because parodies are by their nature unlikely to engender confusion. Indeed, many Lanham Act claims have been dismissed on this basis without application of fair use. See, eg, *Pillsbury Company v. Milky Way Productions, Inc.*, 215 USPQ 124 (ND Ga 1981); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F2d 1482, 4 USPQ2d 1216 (CA 10 1987); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F2d 490, 495, 12 USPQ2d 1289 (CA 2 1989). However, other courts have not been averse to finding a likelihood of confusion in cases involving parodies, particularly when the parody is viewed as tasteless or offensive. See, eg, *Dallas Cowboys*, supra note 8; *Coca-Cola*, supra note 8. See infra notes 48-65.

15. See, eg, *Campbell v. Acuff-Rose Music, Inc.*, 114 S Ct 1164, 1171, 29 USPQ2d 1961, 1965 (1994) ("Suffice it to say now that parody has an obvious claim to transformative value. . . . Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one. We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under §107.").

16. *Id.* at 1171, 29 USPQ2d at 1965. First employed by Justice Brennan in *NAACP v. Button*, 371 US 415, 432 (1963), the compelling metaphor of "breathing space" has been intimately identified with the importance of ensuring expansive 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*, *National Law Journal* at C1 (May 16, 1994).

17. *Supra* note 14.

18. Parodies appear to be exempt from a claim under the FTDA. See *infra* note 137 and accompanying text; see also *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 924 F Supp 1559 (SD Calif 1996) (granting injunctive relief under the Copyright and

Insofar as the promotion of "science and the useful arts" under the Copyright Clause<sup>19</sup> implicates a more important societal interest than statutory protection of a commercial symbol, affording a lesser degree of protection for free speech in the trademark context is both unsalutary and anomalous. Lesser protection for free speech in the trademark context is also ironic, insofar as courts have traditionally rejected analogies between trademark and copyright law on the grounds that trademark involves a more limited property right.<sup>20</sup>

This article suggests that it offends public policy as well as the Constitution to provide less "breathing space" to First Amendment interests within trademark than copyright law. Part I briefly examines the evolution of the conflict between First Amendment and trademark rights. Part II analyzes the fashion in which courts have sought to balance these interests, concluding that while the requirement that the plaintiff prove likelihood of confusion theoretically offers sufficient accommodation for First Amendment interests, state anti-dilution statutes and the new anti-dilution provision in the Lanham Act directly conflict with the free speech guarantees incorporated in the First Amendment. Part III proposes a framework for reestablishing the proper balance among trademark, copyright, and First Amendment interests.

## I. EVOLUTION OF THE CONFLICT

Trademark law is rooted in the common law action for deceit.<sup>21</sup> The law protects consumers from confusion regarding the source of products or services and protects businesses from the diversion of sales and loss of good will, often achieved through

---

Lanham Acts but rejecting plaintiff's dilution claim under §43(c) on the ground that parodies that are not part of a commercial transaction are exempt from the reach of the FTDA). Yet parodies remain potentially actionable under state law, for the FTDA explicitly does not preempt state anti-dilution statutes. See 141 Cong Rec S19310, S19311 (1995) ("In this regard, it is important to note that the proposed federal dilution statute would not preempt state dilution laws."); HR Rep No 374, 104th Cong, 1st Sess 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."). Of course, it could be argued that a claim under a state anti-dilution statute involving a parody is nevertheless preempted under the Supremacy Clause because it conflicts with Congress' intention to exempt parody from a uniform federal anti-dilution statute. See *Hines v. Davidowitz*, 312 US 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.").

19. US Const, Art I, Sec 8.

20. See Shaughnessy, *supra* note 1 at 1101, 77 TMR 177.

21. See *Taylor v. Carpenter*, 23 F Cas 742 (CC D Mass 1844) (Story, J.); *Southern v. How*, Popham 144, 79 Eng Rep 1243, Trinity Term 15, Jac 1 (KB 1618); see also *Denicola*, *supra* note 1 at 160.



considerable labor, by making actionable the fraudulent sale of goods or services using another's mark.<sup>22</sup>

During the nineteenth and much of the twentieth century, trademark law was confined to the prevention of confusion as to the source of a product or service, and thus presented no conflict with free speech interests. Even had trademark law been afforded a broader scope of operation, First Amendment jurisprudence was so undeveloped during this period<sup>23</sup> that it is doubtful any constitutional defense to a trademark action would have been raised.<sup>24</sup> Indeed, in the first case in which the Supreme Court was called upon to balance a property right against the public interest in access to information, the majority essentially ignored the free speech issue, focusing instead on the defendant's attempt to "reap where others had sown."<sup>25</sup>

The potential for conflict between trademark law and First Amendment interests grew as both bodies of law came to be construed more broadly. Although a trademark owner was initially protected only against the use of similar marks on directly competing goods, and only against confusion as to origin of the goods, courts came to recognize a right to expand into related markets.<sup>26</sup> Some delicate line drawing became necessary,

---

22. See Taylor, *id.* at 744 ("unmitigated and designed infringement of the rights of the plaintiffs, for the purpose of defrauding the public and taking from the plaintiffs the fair earnings of their skill, labor and enterprise").

23. Prior to World War I, First Amendment issues were rarely presented to the Supreme Court, and these early decisions were notoriously unsympathetic to free speech concerns. See John E. Nowak and Ronald D. Rotunda, *Constitutional Law* §16.13 at 957 (4th ed 1991). Even under current First Amendment doctrine, however, there would seem to be little societal stake in protecting the flow of misleading commercial information. See *Rogers v. Grimaldi*, 875 F2d 994, 998, 10 USPQ2d 1825, 1827 (CA 2 1989) ("The purchaser of a book, like the purchaser of a can of peas, has a right not to be misled as to the source of the product.").

24. Indeed, the constitutionality of trademark law was challenged not on the basis of conflicts with the First Amendment but on the grounds that Congress lacked the power—under the Patent and Copyright Clause—to enact such legislation. See *United States v. Steffens* ("The Trade-Mark Cases"), 100 US 82 (1879). Congressional authority to pass subsequent trademark acts was based, in major part, on the Commerce Clause.

25. See *International News Service v. Associated Press*, 248 US 215 (1918). Despite Brandeis' dissent, and subsequent expansion of First Amendment protections, INS remains good law, cited recently by the Court in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, 483 US 533, 3 USPQ2d 1145 (1987); *Bonito Boats Inc. v. Thunder Craft Boats Inc.*, 489 US 141, 9 USPQ2d 1847 (1989), and *Feist Publications, Inc. v. Rural Telephone Service Co. Inc.*, 499 US 340, 18 USPQ2d 1275 (1991).

26. Compare *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F 510, 3 TMR 80 (CA 7 1912) (no infringement because goods were not directly competitive) with *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F 407, 8 TMR 163 (CA 2 1917), cert denied 245 US 672 (1918) (mark for pancake syrup held to infringe mark for pancake batter). See *L.E. Waterman Co. v. Gordon*, 72 F2d 272, 273, 22 USPQ 268, 268 (CA 2 1934) (L. Hand, J.) ("It is now well settled in this country that a trade-mark protects the owner against not only its use upon the articles to which he has applied it, but upon such other goods as might naturally be supposed to come from him.").



however, in order to protect the senior user's right to prevent second-comers from trading on its good will without granting the senior user preclusive rights in a market it might never enter.<sup>27</sup>

The confusion rationale was also broadened to encompass confusion by third parties as well as purchasers and confusion as to sponsorship as well as origin.<sup>28</sup>

In 1927, Professor Frank Schechter published an influential law review article in which he offered a rationale for the protection of well-known marks from even nonconfusing uses, reasoning that overuse of a mark would diminish its distinctiveness and thus its capacity to function as a convenient commercial shorthand that reduces consumer search costs.<sup>29</sup> In addition to the "blurring" of a mark through its overuse on a variety of unrelated products, it was argued that the power of a trademark could be damaged by use on inferior products or in unflattering ways, which came to be known as dilution by "tarnishment."<sup>30</sup>

Currently thirty-one states have adopted anti-dilution statutes that protect marks against both blurring and tarnish-

---

27. Compare *Yale Electric Corp. v. Robertson*, 26 F2d 972, 973-74, 18 TMR 321, 323 (CA 2 1928) (L. Hand, J.) ("[A merchant's] mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use . . . unless the borrower's use is so foreign to the owner's as to insure against any identification of the two. . . .") with *S.C. Johnson & Son, Inc. v. Johnson*, 116 F2d 427 (CA 2 1940) (L. Hand, J.) ("if the new goods [are not in a related market], and if the first user's interest in maintaining the significance of his name when applied to the new goods is nothing more than the desire to post the new market as a possible preserve which he may later choose to exploit, it is hard to see any basis for its protection.").

28. The 1962 Amendments to the Lanham Act eliminated the phrase "among purchasers as to source," clarifying that the Act protected confusion to third parties as well as potential purchasers and as to sponsorship as well as origin. See *Syntex Laboratories, Inc. v. Norwich Pharmaceutical Co.*, 437 F2d 566, 568, 169 USPQ 1 (CA 2 1971). See also *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F2d 464, 105 USPQ 160 (CA 2 1955), cert denied 350 US 832, 107 USPQ 362 (1955) (likelihood of confusion among visitors to purchasers' homes sufficient to state claim for infringement); *Dallas Cowboys*, supra note 8 at 205, 203 USPQ 161 (confusion as to sponsorship sufficient to prove infringement).

29. See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 *Harvard Law Review* 813, 825, 22 *TM Bull* 139, 152 (1927), reprinted 60 TMR 334, 342 (1970) (characterizing the injury flowing from the use of similar marks on noncompeting goods as "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name" and suggesting that "[t]he more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or association from the particular product in connection with which it has been used.").

30. See, eg, *Tiffany & Co. v. Boston Club, Inc.*, 231 F Supp 836, 844, 143 USPQ 2, 8 (D Mass 1964) (noting "the danger of public identification of plaintiff's trade name or mark with a product or service of a type incompatible with the quality and prestige previously attached by the public to the plaintiff's product.").

ment.<sup>31</sup> With the passage of the FTDA of 1995, the new Section 43(c) of the Lanham Act now provides an "anti-dilution" claim.<sup>32</sup>

## II. BALANCING FIRST AMENDMENT AND TRADEMARK INTERESTS

### A. *In Search of Breathing Space Under the Confusion Doctrine*

Courts were ill equipped to deal with appeals to the First Amendment when they were initially presented in Lanham Act suits. For one, the multifactorial tests designed to assess the likelihood of confusion, beginning with Judge Friendly's Polaroid test,<sup>33</sup> had been conceived in cases involving purely commercial uses of a mark, cases which thus did not present any First Amendment concerns.<sup>34</sup>

It is therefore not surprising that the initial cases in which a First Amendment defense was presented are hardly paradigms of clarity. In 1977, in the first case to address the issue, Reddy Communications, Inc. v. Environmental Action Foundation, Inc., the plaintiff, who owned the trademark in REDDY KILOWATT, a cartoon character featured in circulars distributed by the electric utility industry, sought to enjoin the defendant, a nonprofit environmental group, from using the character in literature critical of the industry.<sup>35</sup> The court held that there was insufficient state action to trigger the First Amendment and that even

---

31. See 3 McCarthy, *supra* note 13, §24.14[2] at 24-125.

32. See HR 1295. Although §43(c) would apply only to "commercial" uses of a mark, and would exclude parody, satire, and "all forms of news reporting and news commentary," it represents a definite and potentially problematic extension of trademark rights. See *infra* Part III.

33. See *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F2d 492, 128 USPQ 411 (CA 2 1961), cert denied 368 US 820, 131 USPQ 499 (1961).

34. See Cliffs Notes, *supra* note 14 at 495 fn 3, 12 USPQ2d at 1293 ("The Polaroid test had its origin in cases of purely commercial exploitation, which do not raise First Amendment concerns."). Although commercial speech now enjoys a limited form of First Amendment protection under *Virginia Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 US 748 (1976), and its progeny, commercial speech has little or no application in defending against a trademark claim. In the infringement context the commercial speech doctrine is not only unavailable, because constitutional protection does not extend to misleading speech, see *Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*, 447 US 557, 566 (1980), but unnecessary as well; that is, where there is no likelihood of confusion, an infringement claim will not lie. Although in theory commercial speech protections might be raised to defend against a dilution claim, courts that have analyzed the permissible reach of anti-dilution statutes have impliedly limited constitutional protection to noncommercial uses. See *L.L. Bean, Inc. v. Drake Publishers Inc.*, 811 F2d 26, 33, 1 USPQ2d 1753, 1758 (CA 1 1987), cert denied 483 US 1013 (1987) ("The Constitution does not, however, permit the range of the anti-dilution statute to encompass the unauthorized use of a trademark in a noncommercial setting. . ."). The boundaries between expressive and commercial uses are discussed in Part III.

35. *Supra* note 1.



if the requisite state action could be found, the plaintiff's property right in his trademark would not be forced to yield to First Amendment rights when "alternative avenues of communication" were available to the defendant.<sup>36</sup>

The decision in *Reddy* runs counter to the well-settled view that judicial enforcement of a private right that restricts free expression creates state action,<sup>37</sup> and no subsequent trademark decision has followed *Reddy* in reasoning otherwise. The "alternative avenues of communication" rationale is equally unsound, depending upon an insupportable analogy between the rights that inhere in real property and the limited grant of a right in intangible property.<sup>38</sup>

36. *Id.* at 633-34.

37. See, eg, *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 US 562, 205 USPQ 741 (1977); *New York Times v. Sullivan*, 376 US 254 (1964).

38. The alternative avenues of communication rationale was based on the decision in *Lloyd Corp. v. Tanner*, 407 US 551, 567 (1972), in which the Supreme Court upheld the right of the owners of commercial property to prevent individuals from distributing leaflets on their property. There is a significant difference between the real property at issue in *Lloyd* and the limited grant of an intellectual property right in a trademark, however. See *Lucasfilm Ltd. v. High Frontier*, 622 F Supp 931, 933, 227 USPQ 967, 968 (DC DC 1985), quoting from *Industrial Rayon Corp. v. Dutchess Underwear Corp.*, 92 F2d 33, 34 USPQ 308 (CA 2 1973) ("It is well established that the property right conferred by a trademark is very limited: 'A trademark is not property in the ordinary sense, but only a word or symbol indicating the origin of a commercial product. The owner of a mark acquires the right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading marks. There are no rights in a trademark beyond these.'"); *L.L. Bean*, *supra* note 34 at 29, 1 USPQ2d at 1755 ("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.").

Moreover, in *Lloyd* the time, place, and manner restrictions did not operate as a complete proscription against employment of the most effective means of communication. See *Denicola*, *supra* note 1 at 197 ("it is one thing to require the speaker to move across the street, and another to demand she dilute the impact of her message"); see also *Rogers v. Grimaldi*, *supra* note 23 at 999, 10 USPQ2d 1825 (citing *Denicola*). *Shaughnessy*, *supra* note 1 at 1079, 77 TMR at 208 ("Because a parodist expresses ideas through the use of another's trademark, the owner's attempt to enjoin the parody goes to the content of the speech and not merely to the time, place, or manner of its delivery."). Significantly, two years after *Lloyd*, in a case implicating core First Amendment expression, the Supreme Court rejected the state's argument that alternative means of expression were available to the defendant. See *Spence v. Washington*, 418 US 405 (1974).

Although even purely commercial speech is not wholly without constitutional protection, both the constitutional analysis and level of protection afforded commercial speech are essentially the same as apply under a time, place, and manner test. That is, restrictions on nonmisleading commercial speech are upheld if they directly advance a substantial governmental interest and are no more extensive than necessary to achieve that interest. *Central Hudson*, *supra* note 34 at 566. Other than the additional requirement that the speech not be misleading, this represents the same intermediate level of scrutiny applied to time, place, and manner restrictions under *United States v. O'Brien*, 391 US 367 (1968). The Supreme Court recognized the equivalence of the constitutional scrutiny applied under the two tests in *San Francisco Arts & Athletics*, *supra* note 25 at 537 fn 16, 3 USPQ2d at 1152 ("Both [the *Central Hudson*] test and the test for a time, place, or manner restriction under *O'Brien* require a balance between the governmental interest and the magnitude of the speech restriction."). As both the analysis and the result in *San*



Ironically, however, a separate First Amendment defense to an infringement claim under the Lanham Act claim will generally not be necessary to protect such expressive speech as was at issue in Reddy so long as courts objectively analyze the likelihood of confusion issues.<sup>39</sup> This is illustrated by the result, if not the First Amendment analysis, in Reddy, for the court denied the motion for a preliminary injunction on the grounds that the plaintiff had failed to establish the “gravamen of an action for trademark infringement,” namely likelihood of confusion.<sup>40</sup>

Similarly, in a declaratory judgment action brought by a group opposed to the conversion of the Lake Placid Olympic Village into a prison, the court found no likelihood of confusion as to the source of the poster that was used in its campaign.<sup>41</sup> Although the poster consisted of the Olympic symbol of five interlocking rings, the mark was superimposed over prison bars, the top half of the poster contained the message STOP THE OLYMPIC PRISON, and the legend to the poster contained the name and address of the plaintiff.<sup>42</sup> Finding no intent on the part of the defendant to “palm off” its poster, and no evidence of actual confusion among the public, the court concluded that no one would be likely to believe that the United States Olympic Committee was in any way connected with the poster.<sup>43</sup>

By contrast, in *Planned Parenthood Federation of America v. Problem Pregnancy of Worcester Inc.*,<sup>44</sup> there was ample evidence of likelihood of confusion. The defendant, an organization that offered counseling for alternatives to abortion, had rented office

---

Francisco Arts & Athletics indicate, invoking the commercial speech protections will little avail the trademark defendant who cannot prevail under a time, place, and manner test.

39. In the trademark context, “expressive” speech is speech that communicates an idea, and as such encompasses a variety of usages of a mark. The trademark use in Reddy was political in nature and as such involved “core” First Amendment speech. See also *Stop the Olympic Prison v. United States Olympic Committee*, 489 F Supp 1112, 207 USPQ 237 (SDNY 1980) (use of Olympic symbol in poster by group opposed to conversion of former Olympic Village into a prison); *Light Hawk v. Robertson*, 812 F Supp 1095, 25 USPQ2d 2014 (WD Wash 1993) (use of “Smokey the Bear” in flier protesting policies of United States Forest Service). Expressive uses of a trademark also encompass speech on artistic matters, see, eg, *Rogers v. Grimaldi*, supra note 23, or parody. See, eg, *Cliffs Notes*, supra note 14. Some courts have sought to distinguish expressive from “commercial” usages of a trademark. See, eg, *L.L. Bean*, supra note 34. Unfortunately, however, this dichotomy is easier stated than applied. See infra notes 98–108 and accompanying text.

40. Supra note 1 at 635. Following trial, a permanent injunction was denied. See 477 F Supp 936, 203 USPQ 144 (DC DC 1979).

41. See *Stop the Olympic Prison*, supra note 39 at 1121, 207 USPQ at 246 (“[t]he touchstone of trademark infringement . . . is likelihood of confusion”). In contrast to Reddy, the court did not need to reach the First Amendment argument, for it began rather than ended its trademark analysis by considering likelihood of confusion.

42. *Id.* at 1114, 207 USPQ 237.

43. *Id.* at 1123, 207 USPQ 237.

44. 398 Mass 480, 498 NE2d 1044, 1 USPQ2d 1465 (Mass Sup Jud Ct 1986).



space on the same floor as the plaintiff and had affixed plaintiff's service mark PP to its own door, in an effort to divert women from the Planned Parenthood clinic and then attempt to dissuade them from having an abortion.<sup>45</sup> Under these circumstances, rejection of the First Amendment defense was appropriate, although the court's language was unnecessarily broad.<sup>46</sup>

The above cases illustrate that a freestanding First Amendment defense is unnecessary for infringement claims brought under the Lanham Act, provided that likelihood of confusion issues are objectively analyzed.<sup>47</sup> Too often, however, courts have allowed extraneous considerations such as distaste with the defendant's message or concern about its effect on the plaintiff's trademark to distort their analysis of the likelihood of confusion.

In *Coca-Cola Company v. Gemini Rising Inc.*, for example, the court rejected the defendant's argument that no one "of average intelligence or even below average intelligence" would believe that its poster—which, playing on the plaintiff's advertising message and using the plaintiff's distinctive script, advocated "Enjoy Cocaine"—had been produced or sponsored by The Coca-Cola Company.<sup>48</sup> Indeed, none of the evidence marshaled by the plaintiff or credited by the court<sup>49</sup> could overcome the simple fact that, in order to be confused, consumers would need to believe that one of the most successful companies in America had so completely misread the public mood as to make light of drug use at a time when drug abuse was clearly a topic of national concern. Even accepting that among a segment of the public drug use carried a certain caché at that time, it borders on the preposterous to suppose that Coca-Cola would have risked offending a substantial

---

45. *Id.* at 489, 498 NE2d at 1049, 1 USPQ2d 1465. The trial court found not only an intent to confuse but evidence of actual confusion, as the defendant had induced several women to enter its office by mistake. *Ibid.*

46. For example, the holding that the availability of alternative avenues of communication barred the use of the plaintiff's service mark, *id.* at 494, 498 NE2d at 1052, 1 USPQ2d 1465, would also seem to have application to the use of the mark in pamphlets, posters, or advertising critical of the plaintiff's policies. Because such advertising would involve speech on a matter of public concern in a fashion unlikely to cause confusion, it would be worthy of constitutional protection, notwithstanding the availability of alternative means of communication and regardless of the negative impact on the plaintiff's mark.

47. With the recent addition of §43(c), creating a federal antidilution claim, First Amendment interests may no longer be fully protected by the language of the statute. See *supra* Part III.

48. *Supra* note 8 at 1189, 175 USPQ 56.

49. See, eg, *id.* at 1188-89 and fn 9, 175 USPQ at 60 (plaintiff had received numerous complaints from around the country); *id.* at 1189 fn 7, 175 USPQ at 59 (name Coca-Cola was derived from the plant that was the source of cocaine); *id.* at 1190, 175 USPQ 56 (plaintiff had recently used pop art in its advertising).







majority of its customers and potential customers to cater to this minority.<sup>50</sup>

The court's fallback position—that trademark law protects the “ignorant, the unthinking, and the credulous, who in making purchases, do not stop to analyse, but are governed by appearances and general impressions”—is no more persuasive than its attempt to show that persons of average intelligence would have been confused.<sup>51</sup> Although the sophistication of the consumer is certainly a consideration in any likelihood of confusion test, in no circuit is it treated as the only or even a dispositive factor.<sup>52</sup> Indeed, not even the 1910 decision cited as authority by the Gemini Rising court supports a view that the law must cater to the lowest common denominator, for in that case the Second Circuit made clear that the sophistication of the purchaser is merely one of many factors to consider.<sup>53</sup>

The legal analysis in Gemini Rising was undermined by the court's umbrage over the defendant's cavalier treatment of a serious national problem and the attendant threat to plaintiff's business interests.<sup>54</sup> Similarly, the court's reaction to the defend-

---

50. Ironically, the court omits perhaps the best argument supporting confusion, namely that the consumer—seeing the defendant's poster and being unversed in the law—would believe that Coca-Cola must have consented, or “they'd never get away with it.” See, eg, *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F3d 769, 775, 31 USPQ2d 1296 (CA 8 1994), rev'd 814 F Supp 791, 26 USPQ2d 1180 (ED Mo 1993), cert denied 115 S Ct 903 (1995). This is met by the same objection, namely that given the disastrous effect on Coca-Cola's public image, it is inconceivable that the company would have voluntarily consented to such a use.

51. *Id.* at 1190, 175 USPQ at 60, quoting from *Florence Mfg. Co. v. J.C. Dowd & Co.*, 178 F 73, 75 (CA 2 1910).

52. See 3 McCarthy, *supra* note 13 at §24.06[4][A] at 24-48 (federal courts in agreement that no single factor is determinative in assessing the likelihood of confusion).

53. See *Florence Mfg.*, *supra* note 51. The decision in *Florence Mfg.* was scarcely based solely upon confusion among the ignorant, for the marks and products were similar, there was evidence the defendant intended to mislead the public, and the plaintiff might have been expected to expand into the field. *Id.* at 75. Moreover, *Florence Mfg.* is readily distinguishable from Gemini Rising on its facts. In the earlier case, the defendant sold toothbrushes under a mark confusingly similar to that of the plaintiff, a manufacturer of toilet brushes. Because the plaintiff might naturally have been expected to enter the toothbrush market, the court's injunction was designed to protect both the plaintiff from the diversion of sales and the public from being deceived as to the source of the product. In Gemini Rising, by contrast, the danger was not that people would be deceived into buying defendant's poster, believing it to have been produced by Coca-Cola, or that Coca-Cola would somehow be foreclosed or preempted from entering the poster market, but rather that the public's distaste for the defendant's message would cause them to stop purchasing the plaintiff's soft drink.

54. *Supra* note 8 at 1189, 175 USPQ at 59 (“Judicial notice may be taken that cocaine is a narcotic drug, possession of which for nonmedical purposes is a felonious criminal offense against the laws of the United States punished by substantial prison terms and fines. . . . The stringency of those laws reflects the national concern that cocaine—far from being ‘enjoyable’—is part of the tragic drug problem currently afflicting this nation, and particularly its youth. To associate such a noxious substance as cocaine with plaintiff's wholesome beverage . . . would clearly have a tendency to impugn that product and injure



ant's "gross and revolting sex film" distorted the likelihood of confusion analysis in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*<sup>56</sup> Of course, and as in *Gemini Rising*, the nature of the defendant's use militates against a finding of confusion, for it stretches credulity to suppose that reasonable people would have believed that "America's Team" had branched out into pornographic film production.<sup>56</sup>

The court responds to this argument by observing that the Lanham Act protects against confusion as to sponsorship as well as confusion as to source.<sup>57</sup> This begs the question, however, for reasonable people would be no more likely to conclude that the Dallas Cowboys had licensed the use of its uniforms or provided actors for a pornographic movie than that they had produced the film themselves. Nor does the court offer any credible evidence to support a finding of confusion as to sponsorship.<sup>58</sup> The only evidence advanced by the court—"it is hard to believe that anyone who had seen the defendant's sexually depraved film could ever thereafter disassociate it from plaintiff's cheerleaders"<sup>59</sup>—is evidence of damage rather than confusion. Indeed, the "depraved" nature of the movie actually lessens the likelihood that consumers would believe it had been produced or even sponsored by the plaintiff.

Ironically, the plaintiffs' business interests in both Dallas Cowboys and Gemini Rising were protectible even absent likelihood of confusion, under the New York anti-dilution statute, which proscribes the use of a mark in a fashion likely to tarnish or dilute

---

plaintiff's business reputation. . .").

55. *Supra* note 8 at 202, 203 USPQ 161. Judge Van Graafeiland, who wrote for the majority in *Dallas Cowboys* was also the author of a subsequent opinion in which the sexual nature of the defendant's use appeared to figure heavily in the court's finding. See *MCA, Inc. v. Wilson*, 677 F2d 180, 185, 211 USPQ 577, 581 (CA 2 1981) ("We are not prepared to hold that a commercial composer can plagiarize a competitor's copyrighted song, substitute dirty lyrics of his own, perform it for commercial gain, and then escape liability by calling the end result a parody or satire on the mores of society."). Cf *id.* at 191, 211 USPQ at 586 (Mansfield, J., dissenting) ("We cannot, under the guise of deciding a copyright issue, act as a board or censor outlawing X-rated performances."). Accord *Pillsbury*, *supra* note 14 at 131 ("The Copyright Act, however, does not expressly exclude pornographic materials from the parameters of the fair use defense, and the plaintiff offers no authority for this protection. The character of the unauthorized use is relevant, but, in the court's judgment, the fact that this use is pornographic in nature does not militate against a finding of fair use.").

56. *Dallas Cowboys*, *supra* note 8 at 202, 203 USPQ 161.

57. *Id.* at 204-05, 203 USPQ 161.

58. The court's consideration of confusion as to sponsorship is limited to a perfunctory recitation that "[p]laintiff expects to establish on trial that the public may associate it with defendants' movie and be confused into believing that plaintiff sponsored the movie, provided some of the actors, licensed defendants to use the uniform, or was in some other way connected with the production." *Id.* at 205, 203 USPQ at 165.

59. *Id.* at 204-05, 203 USPQ at 164.

the distinctive quality of a mark.<sup>60</sup> Moreover, in *Dallas Cowboys* the defendant's marketing of the film as starring a former Dallas Cowboys cheerleader was enjoined as false advertising under Section 43(a).<sup>61</sup>

An excellent counterpoint to *Gemini Rising* and *Dallas Cowboys* is the decision in *Pillsbury Company v. Milky Way Productions, Inc.*<sup>62</sup> Although the suit involved the use of the plaintiff's trademarked and copyrighted characters in a parody in a pornographic magazine, the court found neither the nature of the defendant's message<sup>63</sup> nor its likely effect on the plaintiff's mark<sup>64</sup> to be relevant in assessing the likelihood of consumer confusion. Applying the Fifth Circuit's multifactorial test for analyzing likelihood of confusion, the court held that despite the plaintiff's strong trademark and the striking similarity between the two marks, the substantial dissimilarity of the products and their channels of trade and the negligible evidence of actual confusion weighed strongly against a finding of likely confusion.<sup>65</sup>

*Dallas Cowboys* has not been overruled but has clearly been confined to its facts.<sup>66</sup> Indeed, current law in the Second Circuit is considerably more protective of First Amendment interests. In *Rogers v. Grimaldi*, for example, the court rejected the conclusion

---

60. *Dallas Cowboys*, *id.* at 205 fn 8, 203 USPQ at 165; *Coca-Cola*, *supra* note 8 at 1192 and fn 12, 175 USPQ at 61. Of course, the use of an anti-dilution statute to enjoin expressive speech raises constitutional concerns. See *infra* Part III.

61. *Id.* at 203 and fn 2, 203 USPQ at 163.

62. *Supra* note 14.

63. In the context of the copyright claim, the court rejected the plaintiff's suggestion that the "generally salacious content" of the defendant's magazine precluded a fair use defense. *Id.* at 131. Accord *Campbell*, *supra* note 15 at 1173, 29 USPQ2d at 1967 ("[w]hether . . . parody is in good taste or bad does not and should not matter to fair use") (copyright parody). See also *L.L. Bean*, *supra* note 34 at 33-34, 1 USPQ2d at 1759 ("The district court's injunction falls not only because it trammels upon a protected form of expression, but also because it depends upon an untoward judicial evaluation of the offensiveness or unwholesomeness of the appellant's materials. The Supreme Court has recognized the threat to free speech inherent in sanctioning such evaluations.") (trademark parody).

64. Significantly, the court recognized that application of the intent factor was limited to whether the defendant intended to "deceive the public in order to derive monetary benefit at the plaintiff's expense." *Pillsbury*, *id.* at 134. Thus the defendant's admission that "he intended to 'have a good time and make fun of the plaintiff's doughboy,'" though evidence of an intent to "besmirch[] the commercial reputation of [plaintiff's] doughboy," was wholly irrelevant to the likelihood of confusion analysis. *Ibid.*

65. *Id.* at 132-35 (applying seven-factor test for likelihood of confusion from *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F2d 252, 205 USPQ 969 (CA 5 1980), cert denied 449 US 899, 208 USPQ 464 (1980). While dismissing the Lanham Act claim because the plaintiff failed to demonstrate a likelihood of confusion, the court nevertheless found a violation of the Georgia anti-dilution statute and enjoined the defendant from future advertising. *Id.* at 135. See *infra* Part III.

66. See *Silverman v. CBS Inc.*, 870 F2d 40, 48 fn 5, 9 USPQ2d 1778, 1784 (CA 2 1989) (finding in *Dallas Cowboys* "in the context of a pornographic film that used blatantly false and misleading advertisements").



of Dallas Cowboys that where "alternative forms of communication" are available to the defendant, there is no First Amendment defense to an infringement claim. The court held that "the 'no alternative avenues' test does not sufficiently accommodate the public's interest in free expression" and proposed a test that balanced the public interest in avoiding consumer confusion against the public interest in free expression.<sup>67</sup>

Although Rogers involved the misleading use of a celebrity's name in a movie title, its holding that the Lanham Act must be narrowly construed when free speech values are at stake was reiterated in *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, in which the parody involved the front cover trade dress of the plaintiff's well-known study guide.<sup>68</sup> Recognizing that traditional tests for assessing confusion are "at best awkward in the context of parody," the court held that "the Polaroid factors should be applied with proper weight given to First Amendment considerations. . . ."<sup>69</sup>

The circuits have adopted a variety of approaches to balancing the public interest in free expression against the public's right to be protected against deception.<sup>70</sup> Given the dearth of self-parody in this world, however, the danger of confusing the subject of a parody with its author seems remote at best, and thus it might appear that parodies would be protected under common law principles. That this is not always the case is illustrated by two Eighth Circuit decisions, in which the court failed to consider the likelihood that the plaintiff would have been involved in any capacity with the parody in question.<sup>71</sup> Moreover, although in both instances the parodies involved core political speech, the First Amendment analysis that followed the finding of a likelihood of confusion was cramped at best and circular at worst.

In the first decision, *Mutual of Omaha Insurance Company v. Novak*, a divided Eighth Circuit panel found a likelihood of confusion as to the source or sponsorship of various articles

---

67. See *Rogers v. Grimaldi*, supra note 23 at 999, 10 USPQ2d at 1828.

68. See supra note 14 at 494, 12 USPQ2d 1289. See also *Twin Peaks Productions, Inc. v. Publications International, Ltd.*, 996 F2d 1366, 1379, 27 USPQ2d 1001, 1010 (CA 2 1993) ("the finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*.").

69. *Cliffs Notes*, id at 495 fn 3, 12 USPQ2d at 1293.

70. See, eg, *Nike Inc. v. "Just Did It" Enterprises*, 6 F3d 1225, 1228, 28 USPQ2d 1385 (CA 7 1993) (treating First Amendment as additional factor in assessing likelihood of confusion); *Anheuser-Busch*, supra note 50 at 774, 31 USPQ2d 1296 (endorsing a two-step approach, in which likelihood of confusion is assessed using the traditional factors, after which the scope of First Amendment protection is considered).

71. See *Mutual of Omaha Insurance Company v. Novak*, 836 F2d 397, 5 USPQ2d 1314 (CA 8 1987); *Anheuser-Busch*, supra note 50.

marketed by an antinuclear activist.<sup>72</sup> In what would seem to have been an obvious parody of the plaintiff's "Indian head" and "Mutual of Omaha" trademarks, the plaintiff affixed a feather-bonneted, emaciated human head and the words "Mutant of Omaha" to tee shirts bearing the caption "Nuclear Holocaust Insurance."

Insofar as the insurance industry is hardly known for taking public stands on controversial issues wholly unrelated to its business interests, there might appear to have been little danger that consumers would believe Mutual of Omaha had embarked on a mission to alert the world to the dangers of nuclear war. However, relying upon the results of a survey in which the critical query was "suggestive" at worst and "ambiguous" at best, the majority upheld the district court's finding of a likelihood of confusion.<sup>73</sup>

The majority's opening response to the First Amendment defense was the familiar mantra that "alternative means of communication" remained open to the defendant.<sup>74</sup> The court acknowledged the argument that prohibiting the use of a trademark as the subject of a parody operated as a restriction on the content of speech, and thus was a far greater restraint on speech than content-neutral time, place, and manner restrictions.<sup>75</sup> In response, the majority pointed to the limited nature of the restraint that it had entered, observing that the defendant was free to use the trademark on pamphlets or in other "editorial" forms.<sup>76</sup>

In terms of the analysis of both the likelihood of confusion and the First Amendment defense, it is difficult to discern any principled difference between the use of the plaintiff's trademarks

---

72. *Ibid.*

73. The decision at both the district court and Eighth Circuit level rested in large measure upon a survey in which ten percent of the sample population had answered the following question in the affirmative: "Would you say that Mutual of Omaha goes along with or does not go along with these tee shirts in order to make people aware [of] the nuclear war problem?" Although district court acknowledged "that there may be some ambiguity in the 'goes along' question," it found that "the survey as whole [was] 'credible evidence of a likelihood of confusion as to source or sponsorship.'" *Id.* at 400, 5 USPQ2d 1319. The majority held that the district court had not erred "in giving the survey significant weight." *Ibid.* As the dissent argued, however, the survey gave no firm data on the percentage of people who would have made this connection absent the suggestive question. *Id.* at 404, 5 USPQ2d 1320-22 (Heaney, J., dissenting).

74. *Id.* at 402, 5 USPQ2d 1314.

75. *Id.* at 402 fn 8, 5 USPQ2d at 1319 (noting that "this argument may have merit"). See *supra* note 38 for a fuller discussion of these arguments.

76. *Id.* at 402-03 and fn 8, 5 USPQ2d at 1319.



on a leaflet as opposed to a tee shirt.<sup>77</sup> Moreover, if the decision in *Anheuser-Busch, Inc. v. Balducci Publications* is any indication, the Eighth Circuit's tolerance for political parody appears extremely limited, regardless of the chosen medium.<sup>78</sup>

The parody in *Balducci* was presented in the form of a mock advertisement on the back cover of the defendant's magazine, in which a can of Michelob Dry was depicted pouring oil over a fish and an oil-soaked rendition of plaintiff's trademarked eagle design, with the design exclaiming "Yuck," and a caption reading, "At the rate it's being dumped into our oceans, lakes and rivers, you'll drink it oily sooner or later, anyway."<sup>79</sup> The defendant claimed that the parody was designed to comment on the effects of environmental pollution and the proliferation of Anheuser-Busch beer brands and advertisements.<sup>80</sup>

What it viewed as an unnecessary and unjustified slur upon the plaintiff's product may well have been the basis of another questionable analysis of likelihood of confusion that again relied heavily on a dubious survey.<sup>81</sup> Moreover, after criticizing the trial

---

77. It is true that the majority pointed to the fact that Mutual also used its marks on tee shirts as evidence of potential confusion. *Id.* at 399, 5 USPQ2d 1314. Yet it is equally probable that Mutual also would use its name and logo on correspondence, so to the extent that the use on a tee shirt would be confusing, so too would the use on a leaflet. Of course, given the alternative means of distribution it is probable that neither would be likely to result in confusion. Moreover, to the extent that the Eighth Circuit believed that in a constitutional sense, there was any difference between the sale of tee shirts with a message and the free distribution of fliers with the same message, it is well settled that commercial sales in no manner weakens one's claim to engaging in expressive activity that is constitutionally protected. See *Harte-Hanks Communications, Inc. v. Connaughton*, 109 S Ct 2678, 2685 (1989) ("If a profit motive could somehow strip communications of the otherwise available constitutional protection, our cases . . . would be little more than empty vessels."); *Joseph Burstyn, Inc. v. Wilson*, 343 US 495, 501-02 (1952) ("[that] books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to see why operation for profit should have any different effect in the case of motion pictures.").

78. *Supra* note 50.

79. *Id.* at 772, 31 USPQ2d 1298.

80. *Ibid.*

81. As in *Mutual of Omaha*, the absence of competitive proximity and the defendant's lack of an intent to confuse favored the defendant, although the Eighth Circuit sought to minimize the effects of both by claiming that "confusion . . . may exist in the absence of direct competition" and pointing out that even if the defendant had no intent to confuse, he was indifferent "to the possibility that some consumers might be misled." *Anheuser-Busch*, *id.* at 774, 31 USPQ2d at 1300. The fact that confusion may be found despite the absence of direct competition is merely a recognition that an absence of competitive proximity may be outweighed by other of the likelihood of confusion factors, however; to suggest that an absence of direct competition is ever not to be weighed in favor of the defendant seems disingenuous at best. Moreover, under the multifactorial test applied by the Eighth Circuit, the intent prong involves an inquiry into the defendant's intent to pass off his goods as those of the plaintiff, not the mere possibility that some consumers will be confused. See *Squirt Co. v. Seven-Up Company*, 628 F2d 1086, 1091, 207 USPQ 897 (CA 8 1980). Indeed, if the latter were the appropriate inquiry, the intent factor would always

court's decision to show "special sensitivity" to the First Amendment in conducting the confusion analysis, the circuit court adopted a two-step approach that essentially eviscerated the constitutional defense.<sup>82</sup> That is, in the first part of the inquiry, the court wholly excludes First Amendment issues from the confusion analysis, thus greatly increasing the probability of a finding of likely confusion. Having found a likelihood of confusion, the court's consideration of the "scope of the First Amendment protection" is limited to the perfunctory and circular conclusion that the First Amendment does not protect parodies that are confusing.<sup>83</sup>

---

count in favor of the plaintiff.

Although the strength of the mark and the similarity between the defendant's and plaintiff's marks counted in the plaintiff's favor, as in *Mutual of Omaha* the case turned on a survey that was ambiguous at best. Cited by the court as evidence of actual confusion were the facts that fifty-eight percent of respondents believed the defendant "needed Anheuser-Busch's approval" to publish the parody and six percent thought that the advertisement was actually a product of the plaintiff. *Anheuser-Busch*, id at 776, 31 USPQ2d 1296. Coupled with the fact that the majority of respondents also believed that the ad suggested Michelob contains oil, id at 777, 31 USPQ2d at 1296, we have the result that the circuit court credited a survey in which a significant number of respondents indicated that they believed that Anheuser-Busch either approved or produced an ad suggesting that its beer contained oil. As the district court recognized, however, in the editorial context in which the parody occurred, these statistics were not convincing evidence of confusion in the market place insofar as half the respondents thought the "advertisement" was "editorial" in nature and thirty-seven percent thought that what they were viewing was "satire." Id 814 F Supp at 797, 26 USPQ2d 1180. At best, these statistics demonstrate a confusion as to the law, that is, a mistaken belief that the defendant was required to obtain consent. Moreover, confusion regarding the parody would not have led them to purchase a competitor's product, which after all is at the heart of the policy underlying trademark infringement law. The fact that the confusion might have made them less likely to buy the plaintiff's product is an issue to be addressed under the tarnishment prong of dilution and not under infringement law.

Although it did not fully articulate the point, the Eighth Circuit also appeared to view the defendant's advertisement as an unjustified satire rather than a parody and therefore less deserving of constitutional protection. See *Campbell*, supra note 15 at 1172, 29 USPQ2d at 1966 ("Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing."). Even allowing that the defendant's "unsupported attack was not even remotely necessary to [its] goals of commenting on the Gasconade oil spill and water pollution generally," however, *Anheuser-Busch*, id at 778, 31 USPQ2d at 1303, *Anheuser-Busch* was clearly a proper target for the defendant's parody of the profusion of its beer brands and advertisements. See *Rogers v. Koons*, 960 F2d 301, 310, 22 USPQ2d 1492, 1499 (CA 2 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").

82. *Anheuser-Busch*, id at 769, 31 USPQ2d 1296.

83. Id at 776, 31 USPQ2d 1296.



*B. State Anti-Dilution Statutes and  
Their Encroachment on Free Speech*

If the Balducci court was committed to protecting the mark at the expense of the market place of ideas, it could have done so with more analytical soundness had it confined relief to the entry of an injunction under Missouri's anti-dilution statute, which does not require proof of likelihood of confusion.<sup>84</sup> Although currently over half the states have enacted such statutes,<sup>85</sup> and a dilution claim is now available under the Lanham Act,<sup>86</sup> their potential for conflict with the First Amendment was not immediately apparent, for courts were initially resistant to the anti-dilution concept, believing it insufficiently well defined, overly protective, and unnecessarily restrictive of competition.<sup>87</sup> Many courts simply ignored the plain meaning of these statutes and engrafted onto them the requirement of likelihood of confusion.<sup>88</sup> Even when courts afforded relief under an anti-dilution statute, as in *Dallas Cowboys and Gemini Rising*, the bulk of the opinion was based on highly questionable analyses of likelihood of confusion, with discussion of the statute relegated to an afterthought.

---

84. All that the finding of confusion added to the plaintiff's recovery was nominal damages of one dollar.

85. See 3 McCarthy, *supra* note 13, §24.14[2] at 24-121. Some courts and commentators have argued that state anti-dilution statutes are federally preempted. See *United States Jaycees v. Commodities Magazine Inc.*, 661 F Supp 1360, 2 USPQ2d 1119 (ND Ia 1987); *Milton W. Handler, Are the State Antidilution Laws Compatible With the National Protection of Trademarks?*, 75 TMR 269 (1985). Most courts that have addressed this issue have rejected this argument, however. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.* 855 F2d 480, 8 USPQ2d 1072 (CA 7 1988); *Mariniello v. Shell Oil Co.*, 511 F2d 853, 185 USPQ 71 (CA 3 1975); *Mead Data Central, Inc. v. Toyota Motor Sales USA, Inc.*, 702 F Supp 1031, 9 USPQ2d 1442 (SDNY 1988), *rev'd on other grounds* 875 F2d 308, 10 USPQ2d 1961 (CA 2 1989); *Plasticolor Molded Products v. Ford Motor Co.*, 713 F Supp 1329, 11 USPQ2d 1023 (CD Calif 1989), *vactd* 767 F Supp 1036, 18 USPQ2d 1975 (CD Calif 1991). Although the federal anti-dilution statute recently enacted by Congress explicitly contemplates that state anti-dilution statutes will coexist with federal law, the argument could nevertheless be made that because Congress exempted parody from the coverage of the FTDA, state anti-dilution statutes are preempted to the extent that they apply to parody. See *supra* note 18.

86. See *supra* note 10.

87. See 3 McCarthy, *supra* note 13, §24.15[1] at 24-121ff; *Shaughnessy*, *supra* note 1 at 1087, 77 TMR 177.

88. See, eg, *Girl Scouts of the United States of America v. Personality Poster Mfg. Co., Inc.*, 304 F Supp 1228, 1233, 163 USPQ 505 (SDNY 1969) (citing cases). Ironically, there were alternative grounds for rejecting the plaintiff's claim that the defendant's poster of a smiling, pregnant girl scout alongside the motto "Be prepared" had violated the New York State anti-dilution statute, for the court found no evidence of damage to plaintiff warranting relief under the statute. *Id.* at 1235, 163 USPQ at 510 ("Those who may be amused at the poster presumably never viewed the reputation of the plaintiff as being inviolable. Those who are indignant obviously continue to respect it.")

As it became clear on the one hand that the anti-dilution statutes meant what they said,<sup>89</sup> and on the other hand that tarnishment issues are more appropriately addressed under anti-dilution statutes than in dubious confusion analyses, the potential for conflict with the First Amendment increased. The first case to reach the core issue of whether application of an anti-dilution statute might violate the First Amendment was *L.L. Bean v. Drake Publishers, Inc.*,<sup>90</sup> which held that the Maine anti-dilution statute was unconstitutional as applied to the use of a trademark "in a noncommercial setting such as an editorial or artistic context."<sup>91</sup> The suit arose from the defendant's bawdy parody of the plaintiff's well-known mail-order catalog in a pornographic magazine, *High Society*. The two-page article, featuring nude models in sexually explicit positions and entitled "L.L. Bean's Back-To-School-Sex-Catalog," was labeled as "humor" and "parody" in the magazine's table of contents.<sup>92</sup>

In considering the constitutional limitations on the Maine statute, the court distinguished between the operation of an anti-dilution statute in a commercial and a noncommercial context. When invoked to prevent the sale of inferior goods under another's mark, the resultant burden on expression is tolerable.<sup>93</sup> Because a trademark is frequently the most efficient means of conjuring up its owner, however, application of an anti-dilution statute to bar a noncommercial, expressive use of a trademark would allow trademark owners to suppress or inhibit discussion about them; this the court held would thus represent an impermissible burden on free speech.<sup>94</sup>

The court's conclusion that a different analysis is required when a trademark is used for "expressive" as opposed to "commercial" purposes represented a sharp and welcome shift from the prior case law. So too did its recognition that despite their often offensive and frequently destructive nature, parodies play a rich role in our culture and are deserving of "substantial freedom."<sup>95</sup> Nor did the court view the sexual nature of the defendant's parody

---

89. See *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 NY2d 538, 399 NYS2d 628, 369 NE2d 1162, 198 USPQ 418 (NY Ct App 1977).

90. *Supra* note 34.

91. *Id.* at 33, 1 USPQ2d at 1758.

92. *Id.* at 27, 1 USPQ2d 1753.

93. *Id.* at 31, 1 USPQ2d 1753.

94. *Id.* at 30-31, 1 USPQ2d 1753. Noncommercial uses of a trademark are not actionable under the new federal anti-dilution statute. See *infra* note 137. The statute does not preempt existing state anti-dilution statutes, however. Thus dilution claims against parodies may remain available under state anti-dilution statute. See *supra* note 18.

95. *Id.* at 33, 1 USPQ2d 1753.



as relevant, admonishing the district court that "judicial evaluations of the offensiveness or unwholesomeness" of the parody were not only inappropriate but themselves represented "a threat to free speech."<sup>96</sup>

Given the dissent's contention that the majority had overreached by considering the constitutionality of the statute before Maine courts had had the opportunity to do so,<sup>97</sup> perhaps it is not surprising that the court sought to distinguish rather than disapprove the line of cases that had previously rejected the First Amendment defense. The basis of the court's distinction—that in such cases as *Dallas Cowboys* and *Gemini Rising* the defendant had used the plaintiff's trademark for purely "commercial" purposes rather than as a "vehicle for an artistic or editorial parody"—is more easily stated than drawn, however.<sup>98</sup>

For one, it is unclear that the *Bean* parody was in any meaningful fashion a less "commercial" use than those considered in the earlier decisions. *High Society* was not distributed gratis, any more than were copies of the cocaine poster or tickets to *Debbie Does Dallas*, and in any case it is well settled that commercial sales in no manner weakens one's claim to engaging in expressive activity that is constitutionally protected.<sup>99</sup> Moreover, neither the "enjoy cocaine" poster nor the pornographic film were wholly without expressive content, a fact conceded by both courts.<sup>100</sup> Indeed, distaste for the defendants' messages not only permeated the opinions in *Gemini Rising* and *Dallas Cowboys*

96. *Id.* at 34–35, 1 USPQ2d 1753.

97. *Id.* at 34, 1 USPQ2d 1759-61 (Campbell, C.J., dissenting).

98. *Ibid.* This was unfortunate, not only because of the difficulty of establishing a bright line, but also because this somewhat arbitrary dichotomy between expressive and commercial uses has been cited in subsequent decisions that are at odds with the analysis in *Bean*. For example, in *Mutual of Omaha*, *supra* note 71 at 403 fn 9, 5 USPQ2d at 1319, quoting from *L.L. Bean*, *supra* note 34 at 32, 1 USPQ2d at 1757, the court sought to defuse the defendant's First Amendment argument by claiming that its reasoning was "not at odds" with *Bean* because the earlier case "involved 'editorial or artistic' use of a mark 'solely for noncommercial purposes.'" Since the "editorial" parody in *Bean* was not distributed free of charge, and *Novak's* antinuclear message on the tee shirt was certainly no less "expressive" than the message of the parody in *Bean*, it would seem that *Bean* and *Mutual of Omaha* share far more commonalities than differences.

99. See *Joseph Burstyn*, *supra* note 77 at 501–02 (that "books, newspapers, and magazines are published and sold for profit does not prevent them from being a form of expression whose liberty is safeguarded by the First Amendment. We fail to see why operation for profit should have any different effect in the case of motion pictures.").

100. See *Dallas Cowboys*, *supra* note 8 at 206, 203 USPQ at 165 (footnote omitted) ("That defendants' movie may convey a barely discernible message does not entitle them to appropriate plaintiff's trademark in the process of conveying that message."); *Gemini Rising*, *supra* note 8 at 1189, 175 USPQ at 59 ("The stringency of [narcotic] laws reflects the national concern that cocaine—far from being "enjoyable"—is part of the tragic drug problem currently afflicting this nation, and particularly its youth.").

but was at the heart of their insupportable findings of a likelihood of confusion.

Although there are grounds for distinguishing these cases, it is questionable whether any rise to the level of materiality, and it is certain that many are constitutionally problematic. For example, Judge Bownes noted that the defendant's parody occupied only two pages in a one-hundred-page issue and the plaintiff's mark was not featured on the magazine's cover.<sup>101</sup> By contrast, the Coca-Cola trademark occupied the bulk of the defendant's poster in *Gemini Rising* and the plaintiff's trade dress was not only featured in large portions of the defendant's film in *Dallas Cowboys* but the plaintiff's trademark was used in false advertising to promote the film. Yet in upholding the trademark claims, both courts had focused on the content and effect of the defendant's message—in *Gemini Rising* to endorse drug use and *Dallas Cowboys* to satirize sex in sports—rather than the extent of the appropriation.

It may also be argued that the use of the mark in *Bean* was more in the nature of a parody than the broader social satire attempted in *Dallas Cowboys*.<sup>102</sup> In the context of applying the fair use defense in copyright, the Supreme Court noted that there is less justification for borrowing in instances of satire than parody.<sup>103</sup> In the cases discussed above, however, the courts that have denied the defendant's claim on this basis have generally failed to consider or credit the extent to which the humorous use of plaintiff's mark was directed at the plaintiff.<sup>104</sup> So long as the

---

101. *L.L. Bean*, supra note 34 at 32, 1 USPQ2d 1753.

102. *Id.* at 34, 1 USPQ2d at 1759 (Argument that numerous alternatives were available to make "a satiric statement concerning 'sex in the outdoors' or 'sex and camping gear' without using plaintiff's name and mark' . . . fails to recognize that appellant is parodying L.L. Bean's catalog, not 'sex in the outdoors.'"). Compare *Dallas Cowboys*, supra note 8 at 206, 203 USPQ at 166 ("Because there are numerous ways in which defendants may comment on 'sexuality in athletics' without infringing plaintiff's trademark, the district court did not encroach upon their First Amendment rights in granting a preliminary injunction.").

103. See *Campbell*, supra note 15 at 1172, 29 USPQ2d at 1966 ("Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.").

104. In *Anheuser-Busch*, supra note 50, for example, the humor was directed to the plaintiff's brand proliferation as much as to make a generalized protest about pollution. Similarly, in *Gemini Rising* and *Dallas Cowboys* it seems clear that the wholesome images of Coca-Cola and the Dallas Cowboys ("America's Team"), respectively, were being targeted. Even if the parody in *Mutual of Omaha* was not directed at the plaintiff insurance company, it was necessary to use the plaintiff's mark in order to convey the folly of insurance in the face of a potential nuclear holocaust.



plaintiff is to some extent the object of the defendant's humor, there is justification for protection.<sup>105</sup>

Finally, it may be argued that messages appearing on posters or tee shirts are somehow less deserving of First Amendment protection than messages conveyed by more traditional media,<sup>106</sup> an issue the Bean court specifically declined to reach.<sup>107</sup> When the primary purpose of the item is communication, however, such a distinction seems not only immaterial but unlikely to withstand constitutional scrutiny.<sup>108</sup>

Some courts have declined to engage in this byzantine line drawing, recognizing that a commercial purpose can coexist with and need not invalidate a parody defense. In *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, for example, the Tenth Circuit conceded that a parodist's claim is weaker in a commercial context but nevertheless found that the parodic use of the plaintiff's mark on competing jeans did not violate New Mexico's anti-dilution statute.<sup>109</sup> The court found no dilution by "blurring," observing that parodies invariably sharpen rather than weaken public identification with a mark.<sup>110</sup> Nor did the court find a tarnishment of Jordache's mark, reasoning that tarnishment occurs only when the public associates a product of poor quality with a manufacturer of a high-quality product and not when the public association is limited to a recognition of the parody.<sup>111</sup>

---

105. See *Rogers v. Koons*, supra note 81 at 310, 22 USPQ2d at 1499 ("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").

106. See, eg, *Mutual of Omaha*, supra note 71 at 402, 5 USPQ2d 1314 (suggesting that defendants appeal to the First Amendment defendant would have been better received had the message been presented in a more traditional format such as a "book, magazine, or film"). The Eighth Circuit later made clear, however, that its tolerance for parody even in "editorial" form, was severely limited. See *Anheuser-Busch*, supra note 50 at 776, 31 USPQ2d at 1301 ("This 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.").

107. *L.L. Bean*, supra note 34 at 32 fn 4, 1 USPQ2d at 1758 ("We have no occasion to consider the constitutional limits which might be imposed on the application of anti-dilution statutes to unauthorized uses of trademarks on products whose principal purpose is to convey a message.") (referring to grant of preliminary injunction in *Mutual of Omaha Insurance Co. v. Novak*, 775 F2d 247, 227 USPQ 801 (CA 8 1985)).

108. In *Cohen v. California*, 403 US 15 (1971), for example, the Supreme Court treated words affixed to a jacket as "speech" and afforded them the highest level of constitutional protection. At no point did the Court even consider that the fact the words appeared on a jacket rather than, for example, a leaflet might in any way have lessened their claim to full constitutional protection.

109. Supra note 14 at 1490-91, 4 USPQ2d 1216 ("Lardashe" mark used on jeans marketed for large women as a parody of plaintiff's "designer" jeans).

110. *Id.* at 1490, 4 USPQ2d 1216.

111. *Id.* at 1491, 4 USPQ2d 1216.

In *Eveready Battery Company, Inc. v. Adolph Coors Company*, the district court found no violation of the Illinois anti-dilution statute in the defendant's unauthorized use of the plaintiff's trademarked character in a television commercial.<sup>112</sup> Distinguishing a prior decision in which the adoption of the plaintiff's mark in an advertisement had been held to violate this statute, the court pointed both to Coors' more limited appropriation of the mark and its parodic intent.<sup>113</sup>

In *Black Dog Tavern Company, Inc. v. Hall*, a Massachusetts district court ignored the commercial purpose and held that the defendant's marketing of "Dead Dog" and "Black Hog" tee shirts were protected as parodies of the plaintiff's tee shirts containing the mark "The Black Dog."<sup>114</sup> Finding no likelihood of confusion, the court rejected the plaintiff's infringement claim,<sup>115</sup> and finding insufficient evidence that the use had either blurred or tarnished the plaintiff's mark, the court dismissed the plaintiff's claim under the Massachusetts anti-dilution statute.<sup>116</sup>

Emerging as a common theme from these cases is the notion that trademarks have come to assume a significance that is out of all proportion to their societal function as commercial identifiers, and that there is some public benefit to be derived from deflating these pretensions. For example, the defendant in *Black Dog* characterized his intent in marketing the tee shirt as follows: "I thought that 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."<sup>117</sup> Similarly, in another tee shirt parody case, the Seventh Circuit opined:<sup>118</sup>

One group of purchasers might seek out the Nike name to ensure top quality and to display to others their good taste for such quality. On the other hand, 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.

---

112. 765 F Supp 440, 19 USPQ2d 1265 (ND Ill 1991).

113. *Id.* at 452 and fn 23, 19 USPQ2d at 1274.

114. 823 F Supp 48, 28 USPQ2d 1173 (D Mass 1993).

115. *Id.* at 58, 28 USPQ2d 1173.

116. *Id.* at 59, 28 USPQ2d 1173.

117. *Id.* at 57 fn 12, 28 USPQ2d at 1179.

118. See *Nike*, *supra* note 70 at 1231, 28 USPQ2d at 1389.



Moreover, there is a sense that having sought the limelight in this fashion, trademark owners have no cause for complaint when their marks are ridiculed.<sup>119</sup>

Despite the commercial context, in none of these cases was the defendant using the plaintiff's mark to advertise a directly competing product. As the Second Circuit observed recently in *Deere & Company v. MTD Products, Inc.*, "[t]he line drawing in this area becomes especially difficult when a mark is parodied for the dual purposes of making a satiric comment and selling a somewhat competing product."<sup>120</sup>

Deere involved a television commercial aired by a competitor of Deere in which the "graceful, full-size deer," symbolic of "Deere's substance and strength," was transformed into a small frightened animal, smaller than a small dog, being chased by the dog and the defendant's lawnmower.<sup>121</sup> Although the district court found that Deere had failed to show a likelihood of success on the merits of its Lanham Act claim, it granted a preliminary injunction under the New York State anti-dilution statute.<sup>122</sup> On appeal, the Second Circuit agreed that Deere was likely to prevail on its dilution claim but disagreed both with the district court's characterization of the injury as one of "blurring" and its belief that the New York statute was limited to dilution by either blurring or tarnishment.<sup>123</sup>

In interpreting the reach of the New York anti-dilution statute beyond uses that either tarnish or blur the distinctiveness of a mark, Chief Judge Newman cautioned that the statute should not be broadened "to prohibit all uses . . . that the owner prefers not be made," and identified comparative advertising, satire/parody, entertainment, and commentary as generally tolerated despite the risk of "some dilution" of the mark.<sup>124</sup> Unsure of where New York courts would ultimately draw the line, he nevertheless felt confident that MTD had crossed it by altering Deere's mark in such a way that consumers might come to

---

119. *Id.* at 1227, 28 USPQ2d at 1386 ("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."). Nor, held the *Eveready* court, do parodists have cause for complaint when they subsequently become victims of a subsequent parody. See *Eveready Battery*, *supra* note 112 at 452 fn 23, 19 USPQ2d at 1274.

120. 41 F3d 39, 45, 32 USPQ2d 1936, 1940 (CA 2 1994), *affg* 860 F Supp 113 (SDNY 1994), judgment entered 1995 US Dist LEXIS 2278 (CA 2 1994).

121. *Id.* at 45, 32 USPQ2d 1936.

122. *Id.* 860 F Supp 113.

123. *Id.* 41 F3d at 44, 32 USPQ2d 1936.

124. *Id.* at 44, 32 USPQ2d at 1940.

associate the mark with inferior goods, "for the sole purpose of promoting a competing product."<sup>125</sup>

Chief Judge Newman also intimated that even a non-competitor's use of a well-known mark might be actionable when the use was "not for worthy purposes of expression, but simply to sell their own products."<sup>126</sup> This dictum was invoked unsuccessfully by the plaintiff in *Hormel Foods Corp. v. Jim Henson Productions, Inc.*, in which the Second Circuit appears to have retreated somewhat from *Deere*.<sup>127</sup> Thus, in concluding that the defendant's marketing of merchandise with its puppet character "Spa'am" presented no likelihood of diluting the plaintiff's meat product "Spam," Judge Van Graafeiland, writing for the panel, characterized the absence of any direct competition between the parties, in contrast to the situation in *Deere*, as an "important, even if not determinative factor."<sup>128</sup> The Hormel panel also explained that rather than having created a third dilution category, *Deere* had broadened the scope of the tarnishment prong beyond the more usual "context of sexual activity, obscenity, or illegal activity."<sup>129</sup>

The Hormel panel appeared in agreement with Chief Judge Newman's dim view of parodies used for advertising purposes, however, as Judge Van Graafeiland distinguished between a parody that is part of the product itself, as in *Hormel*, and a parody that is used solely to sell a competing product.<sup>130</sup> Indeed, of all the parody cases involving a mixture of commercial and expressive uses, the defendant in *Deere* pushed the envelope the furthest.

---

125. *Id.* at 45, 32 USPQ2d at 1941.

126. *Id.* at 44-45, 32 USPQ2d at 1940. The court's justification, that the defendant's "purpose can easily be achieved in other ways," is reminiscent of the "alternative avenues of expression" rationale raised by the first courts to consider the scope of a First Amendment defense and later rejected by the Second Circuit in *Cliff Notes*, *supra* note 14. See *supra* note 34. The validity of this argument rests upon Chief Judge Newman's characterization of MTD's parody as having been undertaken solely for a commercial purpose (in contrast, for example, to the parody in *Cliff Notes*, which was clearly editorial in nature). That is, although commercial speech is also entitled to constitutional protection, the analysis under *Central Hudson*, *supra* note 34, is essentially the same as the analysis of time, place, and manner restrictions under *O'Brien*, *supra* note 38, that form the basis of the "alternative avenues of expression" rationale. See *supra* note 38.

127. 73 F2d 497, 507, 37 USPQ2d 1516, 1523 (CA 2 1996) ("Both *Hormel* and *Amicus Curiae* rely heavily on our recent decision in *Deere*, . . . for the proposition that products that 'pok[e] fun at widely recognized marks of non-competing products, risk diluting the selling power of the mark that is made fun of.' . . . Their reliance is misplaced.").

128. *Id.* at 507, 37 USPQ2d at 1523.

129. *Ibid.* ("Thus, although the court below understood *Deere* to create a new category of dilution, we find that our decision in *Deere* is better understood as a recognition of a broad view of tarnishment, where that doctrine had been sometimes narrowly confined."). *Ibid.*

130. *Id.* at 508, 37 USPQ2d 1516.



Standing alone, parodying a mark in a commercial for a competing lawnmower would not appear to work any greater injury or involve an appreciably more blameworthy act than placing the parody on a pair of competing blue jeans. In *Jordache*, however, the bulk of any aspersion conveyed by the "Lardashe" mark was directed at the defendant's products and its purchasers rather than at the plaintiff's mark. In *Deere*, by contrast, the disparagement was directed solely at the plaintiff's mark, and in the court's view, for the sole purpose of diminishing its favorable attributes so that consumers would associate the mark with inferior goods and services.<sup>131</sup>

Finally, in both *Black Dog* and *Nike*, the defendant was parodying tee shirts that were not the plaintiff's primary business but spinoff operations that while serving as separate revenue sources also operated as walking advertisements for the primary business. Indeed, both the *Black Dog* and *Nike* courts noted that the parodies were aimed at deflating pretensions.<sup>132</sup>

Whether these distinctions are material or would have persuaded the *Nike*, *Black Dog*, or *Jordache* courts to enjoin the defendant in *Deere* is difficult to predict. It seems clear, however, that Chief Judge Newman was either unmoved by *Nike*, *Black Dog*, and *Jordache*, or deemed them distinguishable, for none were even cited in *Deere*.

On the other hand, to the extent that the Second Circuit's "broad view of tarnishment" provides less "breathing space" for commercial parodists than might be available in the Seventh or Tenth Circuits or in the district court of Massachusetts, both *Deere* and *Hormel* underline that state anti-dilution statutes cannot be broadened to include "all uses" that the owner prefers not be made.<sup>133</sup> With the recent passage of the FTDA of 1995, this assumes even greater importance.

### *C. Federal Trademark Dilution Act of 1995*

By creating a dilution claim within the Lanham Act, the FTDA of 1995 removes even the theoretical constraints on the

---

131. *Deere*, supra note 120 at 45, 32 USPQ2d 1936. Compare *Black Dog Tavern*, supra note 114 at 59, 28 USPQ2d 1173 (finding no evidence that defendant's *Black Hog* and *Dead Dog* marks served to disparage the favorable connotations associated with plaintiff's *Black Dog* mark).

132. See *Nike*, supra note 70 at 1231, 28 USPQ2d 1385; *Black Dog Tavern*, supra note 114 at 57, 28 USPQ2d 1173.

133. See *Hormel Foods*, supra note 127 at 508, 37 USPQ2d at 1523-24, quoting *Deere*, supra note 120 at 44, 32 USPQ2d 1936 ("Thus, in *Deere* we did not proscribe any parody or humorous depiction of a mark. Overall, we took a cautious approach, stating that 'we must be careful not to broaden section 368-d to prohibit all uses of a distinctive mark that the owner prefers not be made.'").

reach of trademark owners that had existed when recovery under federal law required proof of likely confusion. The Act also provides plaintiffs with dilution claims in those states, amounting to slightly less than half of the country, that have not enacted anti-dilution statutes. Undoubtedly, the FTDA will result in an increase in the number of dilution claims, some of which may be motivated by an attempt to censor trademark uses that are unflattering to the trademark owner.

On the other hand, by expressly exempting "fair use" and noncommercial use of a mark, as well as "all forms of news reporting and news commentary,"<sup>134</sup> the FTDA explicitly provides free speech protections not included in either existing state anti-dilution statutes or the proposed federal anti-dilution statute that had been included in the Senate version of the 1988 Trademark Law Revision Act ("TLRA") but was eliminated from the final version of the bill.<sup>135</sup> The FTDA thus appears to address the "legitimate First Amendment concerns espoused by the broadcast industry and the media."<sup>136</sup> It also appears to exempt parody: "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."<sup>137</sup>

Yet the characterization of parody as "noncommercial" expression and a form of expression "not part of a commercial transaction" creates uncertainty with respect to parodies that combine expressive and commercial elements. Nor does the suggestion that the exemptions from the statute are "consistent with existing case law"<sup>138</sup> help to resolve this uncertainty, given the lack of coherence among the various decisions that have addressed the parody defense.

At most, Congress appears to have codified the commercial—expressive dichotomy set forth in *Bean*; and, like the First Circuit, Congress has avoided the more difficult issue of mixed uses. The difficulty in harmonizing cases such as *Deere with Jordache*, *Nike*, and *Black Dog*, in all of which a parodic element was clearly

---

134. See Lanham Act §43(c)(4)(A-C), 15 USC §1125(c)(4)(A-C).

135. The Senate version of TLRA, S.1883, did not contain the fair use, noncommercial use, and news reporting exemptions included in the FTDA. Opposed by media organizations who were concerned that it encroached on constitutionally protected activities, the earlier anti-dilution provision was subsequently rejected by the House. See 134 Cong Rec S16971-01 ("We are particularly disappointed by the House's decision to eliminate the Federal dilution cause of action.") (statement of Senator DeConcini).

136. 141 Cong Rec S19310 (December 29, 1995) (statement of Senator Hatch, introducing S. 1513).

137. *Ibid*; see also *id* at H14317, H14318 (December 12, 1995) (statement of Representative Moorhead).

138. See Section by Section Analysis of FTDA, Cong Rec, December 29, 1995, S19311.



present, points up the limitations of Bean's expression—commercial dichotomy.

### III. PROPOSED FRAMEWORK

In considering the constitutional boundaries of the trademark estate, it is helpful to return to first principles. Trademark law protects the public from confusion, safeguards the good will developed by the owner of the mark, and punishes those who seek to divert sales by engendering confusion. The First Amendment also protects societal as well as individual interests—on a personal level, it both serves as a buffer against arbitrary government action and promotes an individual's self-fulfillment, and on a societal level it both enables and secures democratic government by providing the public with the information necessary to self-government, thus reducing the likelihood that oppressive government action will lead to open rebellion.<sup>139</sup> Trademark uses that create confusion advance none of these goals, and thus should enjoy no First Amendment dispensation.

For nonconfusing uses, however, the balance shifts. The public interest in preventing "dilution" of a mark is outweighed by the public interest in being exposed to new ideas. Moreover, where the use is parodic or satiric, public identification is likely to be sharpened rather than dulled.<sup>140</sup> Although the plaintiff may be damaged in any case, such harm is outweighed by the public interest in the free exchange of ideas and may also be viewed as a concomitant to the public attention the trademark owner has sought in the first place.<sup>141</sup> Indeed, it is not only viscerally unsatisfying but analytically insupportable to provide less breathing space for the First Amendment within trademark law than within copyright or defamation law, given that the latter implicate societally more important and dearer interests.<sup>142</sup>

---

139. See *Whitney v. California*, 274 US 357 (1927) (Brandeis, J., concurring).

140. See *Jordache Enterprises*, supra note 14 at 1490, 4 USPQ2d 1216.

141. See supra note 119 and accompanying text.

142. For example, it is far easier to protect the reputation of a trademark than a human being. Individuals who have voluntarily placed themselves before the public have no action in defamation for alleged injuries to their reputation unless they can prove the falsity of the allegedly defamatory statement and, by "clear and convincing evidence," show that the defendant knew of its falsity or recklessly disregarded its probable falsity. See *New York Times*, supra note 37; *Curtis Publishing Co. v. Butts*, 388 US 130 (1967). Even private individuals must show that the publisher has been at least negligent if the allegedly defamatory statement involves a matter of public concern. See *Gertz*, supra note 7. By contrast, anti-dilution statutes allow trademark owners to enjoin trademark uses that tarnish a mark. If "good name in man and woman" is "the immediate jewel of their souls," William Shakespeare, *Othello*, Act 3, Scene 3, lines 15–56, surely it is incongruous to afford a commercial symbol a higher degree of protection than personal reputation.



Although the Bean decision advanced free speech interests by protecting "noncommercial" uses of a mark, and the federal anti-dilution statute expressly safeguards noncommercial uses of a mark, neither addresses the more common occurrence of uses in which both expressive and commercial elements are present. Indeed, in cases in which the defendant claims an expressive use only rarely can the use be classified as wholly commercial or expressive.<sup>143</sup>

Restoring a proper balance among copyright, trademark, and First Amendment interests requires that recovery under anti-dilution statutes be limited to situations in which the usage is devoid of expressive content. This would eliminate the need for courts to engage in the difficult line-drawing required in determining whether a commercial or an expressive use predominates.

Thus, the fact that a parody appeared on a tee shirt or a coffee mug or even to sell a competing product would be irrelevant provided there was some identifiable expressive element to the use. This is the approach adopted in the new Restatement (Third) of Unfair Competition, which suggests that absent a likelihood of confusion, the use of a mark to "comment on, criticize, ridicule, parody or disparage" the goods or business of the trademark owner should be actionable only under the law of defamation, invasion of privacy, or injurious falsehood,<sup>144</sup> as these bodies of law contain limitations that better protect the free speech interests at stake.<sup>145</sup> Notably the Restatement applies this exemption not only to noncommercial uses, but to all "nontrademark" uses.

Limiting the FTDA and the various state anti-dilution statutes to uses that are entirely commercial would restrict their operation but would not eliminate them entirely. Several recent suits have involved purely commercial appropriations of a mark

---

Similarly, although the policy underlying copyright law is the advancement of human knowledge while the policy underlying trademark law is the protection of a commercial symbol, the First Amendment intrudes on copyright interests to a far greater degree than it does on trademark interests. For example, in *Pillsbury*, supra note 14, a parody of plaintiff's trademarked and copyrighted characters was enjoined under state anti-dilution statute but held to be a fair use under the §107 of the Copyright Act.

143. An example of the former might be the use of a trademark to make a political statement. See, eg, *Reddy*, supra note 1 (criticizing policies of utility industry); *Stop the Olympic Prison*, supra note 39 (opposing conversion of former Olympic site into prison); *Light Hawk v. Robertson*, supra note 39 (deploring role of United States Forest Service in destruction of forest). An example of the latter might be the comedian who settled on "Kodak" as a stage name only after having tried a variety of other names in an effort to find one that "worked." See *Eastman Kodak Company v. D.B. Rakow*, 739 F Supp 116, 15 USPQ2d 1631 (WDNY 1989).

144. See Restatement (Third) of the Law of Unfair Competition §25(2) at 265 (1995).

145. *Id.* at 274, committee i ("Although in appropriate cases these alternative torts can protect the same interests now sometimes protected under the antidilution statute, their well-developed limitations can better accommodate the actor's right of free expression.").



that would be actionable under the new Section 43(c) or a state anti-dilution statute because no expressive element was identifiable.

In *Eastman Kodak Company v. D.B. Rakow*, for example, the defendant comedian settled on "Kodak" as a stage name only after having tried a variety of other names in an effort to find one that "worked."<sup>146</sup> In *Tin Pan Apple, Inc. v. Miller Brewing Co., Inc.* the district court found that the defendant had merely parroted the plaintiff's distinctive performing style in order to sell its product, neither "build[ing] upon the original" nor "contribut[ing] something new for humorous effect or commentary."<sup>147</sup> Nor was it difficult for the court to reject the defendant's argument that his alteration of the mark "Hard Rock Cafe" to "Hard Rain Cafe" was a humorous commentary on the fact that "it rains hard" and "all the time" in Seattle.<sup>148</sup>

In all these cases, however, the linchpin of the decision would be the complete absence of an expressive purpose, not the presence of some commercial use.

This approach would not only have changed the result in the recent *Deere* decision but would have obviated the "especially difficult [line drawing] when a mark is parodied for the dual purposes of making a satiric comment and selling a somewhat competing product."<sup>149</sup> Nor is this inappropriate, because in such cases the injury to the mark does not result from its placement on inferior or anomalous goods, as in the cases of tarnishment or blurring, respectively, but rather from the content of the message.

---

146. See *Eastman Kodak*, supra note 143.

147. 737 F Supp 826, 832, 15 USPQ2d 1412 (SDNY 1990).

148. See *Hard Rock Cafe Licensing Corporation v. Pacific Graphics, Inc.*, 776 F Supp 1454, 1458, 21 USPQ2d 1368 (WD Wash 1991).

149. *Deere*, supra note 120 at 45, 32 USPQ2d at 1940.