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COMMERCIAL TRADEMARK PARODY, THE FEDERAL TRADEMARK DILUTION ACT, AND THE FIRST AMENDMENT

I. INTRODUCTION

One morning the CEO of Anheuser-Busch flips through his morning paper and sees a full page print advertisement.¹ Three frogs, clearly resembling the ones trademarked and used in Budweiser advertisements, are in a room littered with cans of "Sudmeister" beer that bear striking similarity to Budweiser cans and resemble Budweiser's trademarked symbols. One frog is sprawled on the floor, rubbing a webbed foot against his tympanic membrane and grimacing in agony. Another frog's eyes are red and bulging ridiculously. A third is doubled over in the corner of the room projectile vomiting. On the other side of the room are three other frogs. These frogs look cheery and have broad smiles. Each is holding a bottle of "Hangunder"² pain reliever. In cartoon bubbles over their heads are words attributed to the frogs. "Hang," croaks one. "Und," croaks the second. "Er," croaks the third.³ Across the bottom of the advertisement in plain black print reads: "Why let last night hangover when you can Hangunder?"

Anheuser-Busch, the well-known brewer, might understandably be offended at Hangunder's parody of their trademarked symbols to sell a hangover relief.⁴ While the advertisement does not directly disparage its product, the advertisement does imply that Budweiser causes hangovers and is less pleasurable than Budweiser advertisements would lead one to believe. Additionally, this advertisement represents another commercial entity's effort to

1. Anheuser-Busch is the producer of Budweiser beer. This hypothetical scenario is purely a fictitious creation of the author to illustrate legal principles. As such, no actual persons living or dead are intended to be portrayed in the hypothetical, the purpose of which is to explore issues of trademark dilution in a commercial trademark parody. For reasons illustrated later, this parody is somewhat repulsive. The author apologizes for any offense to the reader's sensibilities.

2. For purposes of this hypothetical, Hangunder is the name of a new, effective, and high quality pain reliever. This hangover relief medicine is marketed nationwide in major drugstores, and the advertisement was printed in numerous national newspapers daily for a period of one week and is slated for continued use.

3. One of the popular Budweiser campaigns of the 1990's involved advertisements featuring three frog characters in various humorous situations with Budweiser beer. In the advertisements, the three frogs croaked "Bud," "weis," and "er" to form the name of the beer.

4. A parody is "a literary or musical work in which the style of an author or work is closely imitated for comic effect or in ridicule." WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY 857 (1983). A parodist is "a writer of parodies." *Id.* at 857.

promote sales of its own product.⁵ Hangunder believes it has a right, in its own advertisement, to use Budweiser beer and frog trademarks to poke fun at Budweiser's marketing; however, Anheuser-Busch believes that the parody compromises its Budweiser beer and frog trademarks.⁶

This situation is not altogether unique. Many cases involving the parodic uses of trademarks litter the federal reporters.⁷ Most of these cases involve the use of another's trademark as part of an expressive noncommercial⁸ parody.⁹ However, the Hangunder hypothetical highlights a use of another's trademark in a commercial message, yet still containing an expressive element society should protect.¹⁰

5. *Bolger v. Youngs Drugs Prod. Corp.*, 463 U.S. 60, 66 (1983) (characterizing commercial speech as that which proposes a transaction).

6. Throughout this note, a "parody" of another's trademark will often be referred to as a "use" of the trademark which is the "target" of the parody.

7. See *Jordache Enters., Inc., v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987) (involving the imitation designer jeans for large women and thus played off of "Jordache" name with "Lardashe"); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987) (involving fake sex toy catalog modeled after L.L. Bean fashion catalog); *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) (involving t-shirts and accompanying products marketed with alteration of Mutual of Omaha Indian head trademark to comment on nuclear waste); *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559 (S.D. Cal. 1996) (involving humorous account of O.J. Simpson double murder trial in the style of trademarked children's books); *Eveready Battery Co. v. Adolph Coors Co.*, 765 F. Supp. 440 (N.D. Ill. 1991) (involving actor Leslie Nielsen in beer ads dressed as Eveready's trademark bunny character); *Pillsbury Co. v. Milky Way Prods.*, 215 U.S.P.Q. 124 (N.D. Ga. 1981) (portraying Pillsbury "Poppin' Fresh" trademark in sexual acts); *Reddy Communications, Inc. v. Environmental Action Found.*, 477 F. Supp. 936 (D.C. Cir. 1979) (depicting the trademark mascot of a public utility as expressing derision toward paying customers of the utility); *General Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. 1036 (D. Mass. 1979) (altering trademark to "Genital Electric"); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) (altering trademark slogan of Coca-Cola to read "Enjoy Cocaine").

8. A noncommercial parody is one that is not being used to sell a product or propose a fiscal transaction. See *infra* notes 152-209, 423 and accompanying text.

9. "Parody appropriates commonly known elements of a prior work to make humorous or critical comment on *that same work*, whereas satire [appropriates] commonly known elements of a prior work to make humorous or critical comment on *another subject*." *Dr. Seuss Enters.*, 924 F. Supp. at 1567 n.6 (referring to *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580 (1994)). This is relevant to the analysis of a First Amendment defense, chiefly in determining a fair use within copyright. The differences in terminology between "parody" and "satire" have been treated as semantic by the courts thus far. For trademark cases involving satire see, e.g., *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) (using the Mutual of Omaha trademark to comment on the dangers of the nuclear age). For a case involving a parody, see, e.g., *Anheuser-Busch, Inc. v. Balducci Pubs.*, 28 F.3d 769 (8th Cir. 1994) (involving advertisement parody equating plaintiff's beer with oil to comment on the beer and to comment on environmental concerns).

10. The more expressive speech is, the more protection it is granted under the First Amendment. To the extent that the advertisement, as commercial speech, expresses more than a proposal of a commercial transaction, it is protected. See *infra* notes 211-58 and accompanying text.

Before the Federal Trademark Dilution Act¹¹ (FTDA) was added in 1996, federal trademark law under the Lanham Act¹² gave relief to owners of registered trademarks only when another party's use of the registered trademarks constituted infringement or unfair competition.¹³ These established federal trademark infringement and unfair competition statutes required that a defendant's use of another's trademark create a likelihood that the consuming public will be confused as to the source of a good.¹⁴

Often, parodic uses of trademarks elude both infringement and unfair competition causes of action.¹⁵ This is because trademark owners who sue parodists for using their trademarks to express the parodist's ideas encounter one general problem: parodies often do not create a likelihood of confusion.¹⁶

11. 15 U.S.C. § 1125(c) (Supp. I 1996).

12. The Lanham Act is the source of federal trademark protection. 15 U.S.C. §§ 1051-1127 (1994 & Supp. I 1996).

13. This Act is known as the Trademark Act of 1946 or, more commonly, as the Lanham Act. Infringement and unfair competition are actions against another's use of the owner's trademark that would likely confuse consumers as to the source of goods to which the junior use is applied. For a more detailed discussion of infringement and unfair competition, see *infra* notes 56-78.

14. The statute reads:

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1114 (1994).

To establish trademark infringement, two requirements must be met: (1) the plaintiff must own a protectible trademark, and (2) the defendant's use must create a likelihood of consumer confusion. *Fuddrucker, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 841 (9th Cir. 1987). Likelihood of confusion measures the degree to which a purchaser is likely to be confused as to the source of the good with which the trademark is being associated. See *infra* notes 263-319 and accompanying text. Likelihood of confusion is a condition for liability. 15 U.S.C. § 1114 (1994) (the Lanham Act's infringement statute requiring a showing of a likelihood of confusion); 15 U.S.C. § 1125(a) (1994) (the Lanham Act's unfair competition statute requiring a showing of a likelihood of confusion). Furthermore, prior to 1996, the Lanham Act did not have an antidilution statute.

15. This advertisement would not be likely to confuse as found upon a weighing of the *Polaroid* factors of likelihood of confusion. For an analysis of the likelihood of confusion of the Hangunder advertisement, see *infra* section III.A.

16. The nature of a trademark parody often prevents it from infringing the senior trademark. See, e.g., *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publ'g. Group, Inc.*, 886 F.2d 490 (2d Cir. 1989) (enjoining "Spy Notes" study guide parody of Cliff's Notes study guide trademarks overturned); *Hormel Foods Corp. v. Jim Henson Prods.*, No. 95-Civ.-5473, 1995 WL 567369

Thus, trademark owners had little relief against parodies under federal trademark law prior to 1996.¹⁷

That is not to say that parodists have been totally free from liability. Many states have had their own trademark protection systems. Starting with Massachusetts in 1947, many states added antidilution¹⁸ statutes to protect the commercial value of trademarks without requiring the owner to show a likelihood of confusion.¹⁹ These statutes have allowed relief against those uses

(S.D.N.Y. Sept. 25, 1995) (holding that Spa'am muppet character did not infringe Spam trademark for lunch meat); Black Dog Tavern Co., Inc. v. Hall, 823 F. Supp. 48 (D. Mass. 1993) (holding that t-shirts with "Black Hog" and "Dead Dog" parodies did not infringe plaintiff's "Black Dog" trademark); Eveready Battery Co. v. Adolph Coors Co., 765 F. Supp. 440 (N.D. Ill. 1991) (holding that actor Leslie Nielsen in pink bunny suit with drum did not infringe Eveready rabbit trademark); American Express Co. v. Vibra Approved Lab. Corp., No. 87-Civ.-8840, 1989 WL 39679 (S.D.N.Y. Apr. 19, 1989) (holding that "condom card" did not infringe American Express credit card trademarks); Jordache Enters. v. Hogg Wyld, Ltd., 625 F. Supp. 48 (D.N.M. 1985) (holding that "Lardashe" jeans and pig embroidery on pocket did not infringe Jordache jeans trademark and trademark pocket embroidery); Tetley, Inc. v. Topps Chewing Gum, Inc., 556 F. Supp. 785 (E.D.N.Y. 1983) (holding that bubble gum cards for Petley flea bags did not infringe Tetley tea bags trademark); Pillsbury v. Milky Way Prods., 215 U.S.P.Q. 124 (N.D. Ga. 1981) (holding that depiction of Pillsbury trademark characters in sexual acts did not infringe the trademark in the characters). *But see* Dr. Seuss Enters. v. Penguin Books USA, Inc., 924 F. Supp. 1559 (S.D. Cal. 1996) (holding that book about O.J. Simpson trials done in style of Dr. Seuss book infringed Dr. Seuss trademarks); Anheuser-Busch, Inc. v. Balducci Pubs., 28 F.3d 769 (8th Cir. 1994) (holding that fake advertisement for Michelob only infringed Michelob trademarks); Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc., 776 F. Supp. 1454 (W.D. Wash. 1991) (holding that Hard Rain cafe t-shirts infringed Hard Rock cafe trademark); Tin Pan Apple, Inc. v. Miller Brewing Co., Inc., 737 F. Supp. 826 (S.D.N.Y. 1990) (holding that Joe Piscopo depiction of obese rapper infringed trademark in Fat Boys rap group); Wendy's Int'l, Inc. v. Big Bite, Inc., 576 F. Supp. 816 (S.D. Ohio 1983) (holding that depiction of red haired girl in pig tails eating hamburger and declaring "Ain't no reason to go any place but Big Bite" infringed Little Wendy and "ain't no reason to go anywhere else" trademark); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972) (holding that poster altering "Enjoy Coca-Cola" trademark to read "Enjoy Cocaine" infringed the trademark).

17. 15 U.S.C. §§ 1051-1127 (1994 & Supp. I 1996). Prior to the passing of the FTDA, the Lanham Act provided for damages or injunctions where the defendant's use of a registered trademark was likely to cause confusion. *Id.* § 1114. A cause of action also existed where a trademark incorporated a false word, term, name, symbol, or device as a false designation of origin. *Id.* § 1125(a). *See infra* notes 56-78 and accompanying text.

18. For purposes of this note, I will refer to laws providing a cause of action against dilution as antidilution laws.

19. Antidilution statutes are aimed at protecting trademarks from a gradual whittling away (or dilution) of their value by the actions of others, but do not require a showing that the action of the other is likely to confuse the purchasing public. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. b (1995). "These antidilution statutes protect the commercial value or 'selling power' of a [trade]mark by prohibiting uses that dilute the distinctiveness of the [trade]mark or tarnish the associations evoked by the [trade]mark." *Id.* § 25 cmt. a.

See, e.g., ALA. CODE § 8-12-17 (1993); ARK. CODE ANN. § 4-71-113 (Michie 1996); CAL. BUS. & PROF. CODE § 14330 (West 1987 & Supp. 1997); CONN. GEN. STAT. ANN. § 35-111(c)

of another's trademark that might dilute a trademark's valuable distinctiveness or tarnish the reputation associated with the trademark.²⁰ A trademark owner might use such an antidilution action to enjoin a use of her trademark, such as a parody, without having to establish a likelihood of confusion. Since January 16, 1996,²¹ when the FTDA was enacted, the Lanham Act has contained an antidilution cause of action.²² This statute substantially mirrors numerous state antidilution statutes.²³ In effect, the FTDA provides for uniform nationwide

(West 1987 & Supp. 1997); DEL. CODE ANN. tit. 6, § 3313 (1993); FLA. STAT. ANN. § 495.151 (West 1997); GA. CODE ANN. § 10-1-451(b) (1994); IDAHO CODE § 48-513 (Supp. 1997); 765 ILL. COMP. STAT. 1036/65 (Supp. 1997); IOWA CODE ANN. § 548.113 (West Supp. 1996); LA. REV. STAT. ANN. § 51:223.1 (West 1987); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1980); MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1990); MINN. STAT. ANN. § 325D.165 (West 1995); MO. ANN. STAT. § 417.061(1) (West 1990 & Supp. 1997); MONT. CODE ANN. § 30-13-334 (1995); NEB. REV. STAT. § 87-122 (1994); N.H. REV. STAT. ANN. § 350-A:12 (1995); N.M. STAT. ANN. § 57-38-15 (Michie 1995); N.Y. GEN. BUS. LAW § 360-l (McKinney 1996); OR. REV. STAT. § 647.107 (1988); 54 PA. CONS. STAT. ANN. § 1124 (West 1996); R.I. GEN. LAWS §6-2-12 (1992); TENN. CODE ANN. § 47-25-512 (1995); TEX. BUS. & COM. CODE ANN. § 16.29 (West Supp. 1997); WASH. REV. CODE § 19.77.160 (Supp. 1997).

While the use of the words "mark" and "trademark" may seem a bit confusing, both are necessary for a meaningful discussion of trademarks. A mark refers to a symbol used in trade to identify a good that is not necessarily registered as a trademark with the Patent and Trademark Office. See *infra* note 24. For an example of an author using these words almost interchangeably, see DONALD A. GREGORY ET AL., INTRODUCTION TO INTELLECTUAL PROPERTY LAW 82 (1994).

20. A parody constitutes a use in that a substantial part of the subject trademark is manifest in the parody. Dilution is defined by two distinct branches: (1) diminution of distinctiveness, wherein the use makes the subject trademark less capable of identifying the source of goods, and (2) tarnishment, which lowers the positive association value of the trademark by implied harm to reputation. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (1995). See *infra* notes 79-151 and accompanying text.

21. "[T]he amendments [to section 1125] made by this Act shall take effect on the date of the enactment of this Act [Jan. 16, 1996]." 15 U.S.C. § 1125(c) (Supp. I 1995).

22. *Id.* This provision states:

(c)(1) The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

Id. § 1125(c)(1).

23. *Compare*

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

Id. § 1125 (c)(1) (Supp. I 1995), *with*

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

antidilution protection for trademarks, without requiring a likelihood of confusion.²⁴

Although the American public has an interest in protecting trademarks since it increasingly relies on trademarks, the public also has an interest in the free expression of ideas through parodies of trademarks.²⁵ Only recently has the

CAL. BUS. & PROF. CODE § 14330 (West 1987 & Supp. 1996), *and*

Every person . . . using a trademark . . . may proceed by action . . . to enjoin subsequent use by another of the same or any similar trademark . . . if there exists a likelihood of injury to business reputation or of dilution of the distinctive quality of the trademark . . . notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services, except that this Code section shall not deprive any party of any vested lawful rights acquired prior to March 4, 1955.

GA. CODE ANN. § 10-1-451(b) (1994), *and*

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

N.Y. GEN. BUS. LAW § 360-1 (McKinney 1996), *and*

One may be subject to liability under the law of trademarks for the use of a designation that resembles the trademark, trade name, collective mark, or certification mark of another without proof of a likelihood of confusion only under an applicable antidilution statute. An actor is subject to liability under an antidilution statute if the actor uses such a designation in a manner that is likely to associate the other's mark with the goods, services, or business of the actor and:

(a) . . . the association of the mark . . . is likely to cause a reduction in that distinctiveness; or

(b) . . . tarnish the images associated with the other's mark.

RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1) (1995).

24. H.R. REP. NO. 104-374, at 3-4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030-31. The Act provides for protection of "famous marks" including registered marks and others that may not be registered but meet the statutory requirements. 15 U.S.C. § 1125(c)(1) (Supp. I 1995). The scope of such protection is nationwide. *See Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959) (finding that nationwide scope of injunction under 15 U.S.C. § 1072 (1994)). "[Section] 1072 affords nationwide protection to registered marks, regardless of the areas in which the registrant actually uses the mark." *Id.*

Note that the term "mark" is not just shorthand for trademark. Trademark includes any word, name, symbol, or device, or any combination thereof used by a person, or which a person intends to use, in commerce and applies to register under the Trademark act to identify or distinguish her goods. 15 U.S.C. § 1127 (1994). The term mark encompasses any sign, writing, or ticket put on manufactured goods to distinguish the goods from others. BLACK'S LAW DICTIONARY 969-70 (6th ed. 1990).

25. *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 496 (2d Cir. 1989). The court embraced the proposition that parody is a form of artistic expression protected by the First Amendment. *Id.* at 493.

law recognized the interaction between trademark law and the First Amendment.²⁶ Concerns regarding the free expression of ideas are real, especially when one considers the potency of federal trademark law as a weapon.²⁷ At the same time, commercial speech is now gaining increased protection under the United States Constitution.²⁸

Recognizing the need to balance free expression and trademark interests,²⁹ Congress incorporated exceptions³⁰ into the FTDA that give users of another's mark more freedom in comparative advertising,³¹ noncommercial uses,³² and news reporting.³³ Although Congress characterized these exceptions as

26. "Congress shall make no law . . . abridging the freedom of speech." U.S. CONST. amend. I. *National Org. of Young Women's Christian Ass'n v. Young Women's Christian Ass'n*, 335 F. Supp. 615, 617 (D. S. Car. 1971) (reviewing an argument that granting a religious organization a trademark violated the establishment clause); *Walt Disney Prods. v. Air Pirates*, 345 F. Supp. 108, 109 (N.D. Cal. 1972) (reviewing a First Amendment defense raised against charges of copyright and trademark infringement as well as unfair competition for a parody of cartoon characters).

27. Remedies for trademark infringement and unfair competition under the Lanham Act include injunctions. 15 U.S.C. § 1116 (1994). Also included as remedies under the Lanham Act are actual damages, defendant's profits which may be increased in proper cases by the court, and attorney's fees and costs in exceptional cases. *Id.* § 1117 (1994). Being a federal statute, the Lanham Act has a nationwide scope of remedy. *See supra* note 24.

28. *See infra* notes 152-209 and accompanying text. *See, e.g.*, 44 *Liquormart v. Rhode Island*, 517 U.S. 484 (1996); *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n*, 447 U.S. 557 (1980); *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748 (1976).

29. The First Amendment concerns raised by an antidilution statute are legitimate. *See* 141 CONG. REC. H14,318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorehead).

30. Uses falling within the exceptions are not actionable under the FTDA. "The following shall not be actionable under this section . . ." 15 U.S.C. § 1125(C)(4) (Supp. I 1995). *See infra* notes 31-33 and accompanying text.

31. "The following shall not be actionable under this section: (A) Fair use . . . in comparative commercial advertising. . . ." 15 U.S.C. § 1125(c)(4) (Supp. I 1995). In comparative advertising, the advertiser truthfully compares its products to those of a competitor. Filippo M. Cinotti, *Fair Use of Comparative Advertising Under the 1995 Federal Dilution Act*, 37 IDEA 133, 138.

32. "The following shall not be actionable under this section: (B) Noncommercial use of a mark." 15 U.S.C. § 1125(c)(4) (Supp. I 1995). Noncommercial encompasses all speech that is not commercial. As such, it represents speech not proposing a commercial transaction. *See supra* note 8.

33. "The following shall not be actionable under this section: (C) All forms of news reporting and news commentary." 15 U.S.C. § 1125(c)(4) (Supp. I 1995). Although the legislative history is unclear as to the interpretation of a use in news reporting, guidance can be gleaned from *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977). In *Zacchini*, the Court recognized a free speech interest in showing a film of a daredevil's human cannonball act on the evening news because it was newsworthy. *Id.* at 578. Ultimately, the Court found the First Amendment newsworthy privilege was not required in the specific case. *Id.* at 578-79. This First Amendment newsworthiness privilege seems to be the kind of interest contemplated in an exception for news reporting. An example of the use of a trademark in news reporting would be the use of the Budweiser trademark in a graphic on the evening television news when discussing Anheuser-Busch filing a lawsuit against Hangunder for trademark dilution.

adequate to accommodate First Amendment concerns,³⁴ they are not. For example, while the statute has an exception for noncommercial use, which is relevant to the commercial purposes that underlie trademark law,³⁵ drawing a line between commercial and noncommercial uses is not adequate to determine which parodic expressions deserve protection. In fact, commercial speech is gaining recognition as valuable speech protected by the First Amendment.³⁶ Especially considering the importance of free expression in American jurisprudence, the law should protect expression in a commercial parody and not allow an oversimplified boundary drawn at commercial speech to jeopardize this kind of expression.³⁷

Consider again the Hangunder hypothetical. Hangunder's advertisement certainly proposes a transaction,³⁸ but the advertisement does more than merely advocate the purchase of a pain reliever, it expresses ideas. Beer drinking can have significant effects on the drinker in the dreaded "morning after," and, to the extent that the viewer sees that Hangunder can deal with these effects, she is better informed in dealing with a hangover. Additionally, the advertisement comments generally on beer advertisements which portray drinking as a pleasurable activity without indicating any significant physical consequences.³⁹

While the commercial quality of a junior use⁴⁰ may be a relevant inquiry, more salient concerns include the predominant issue of free expression⁴¹ and

34. "The proposal adequately addresses legitimate first amendment (sic) concerns. . . ." 141 CONG. REC. S19,310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

35. The purpose of trademark law is to preserve the commercial viability and value of a trademark and prevent confusion of the purchasing public. See *infra* notes 58-60 and accompanying text.

36. See *infra* notes 152-209 and accompanying text.

37. The freedom of expression has been called one of the "preeminent rights of Western democratic theory" and "the touchstone of individual liberty." *Dunagin v. City of Oxford*, 489 F. Supp. 763, 769 (N.D. Miss. 1980) (quoting JOHN E. NOWAK ET AL., HANDBOOK ON CONSTITUTIONAL LAW 712 (1978)). Also, free speech has been characterized as an "indispensable condition of nearly every other form of freedom." *Palko v. Connecticut*, 302 U.S. 319, 327 (1937).

38. Thus, the advertisement qualifies as commercial. See *supra* note 8 and accompanying text.

39. This function of the advertisement makes the Hangunder use a parody because it is commenting on the trademark it uses. See *supra* note 9. The Hangunder advertisement is criticizing Budweiser's portrayal of beer-loving frogs without indicating any detrimental effects of beer drinking on the characters.

40. A senior user is the first user of a trademark. The junior user is a subsequent user of the same trademark or an alteration thereof. ROBERT C. DORR & CHRISTOPHER H. MUNCH, PROTECTING TRADE SECRETS, PATENTS, COPYRIGHTS, AND TRADEMARKS 122 (2d ed. 1995) (applying these terms to a fact situation). For example, Budweiser is the senior user of the trademark frogs, and Hangunder is the junior user of the frog trademark.

41. This is an effort to verbally embody the notion that "the [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression." *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989). See

the possibly detrimental effects of junior uses on the trademark.⁴² While the statutory exceptions are said to adequately address the First Amendment concerns, the Hangunder hypothetical raises questions as to the effectiveness of such "bright line" exceptions as are included in the FTDA.⁴³ Thus, these exceptions should be amended in order to assist judges in properly deciding trademark parody cases under the new statute. Specifically, the amendment must allow commercial parodies that have a predominant, expressive component and which do not seriously harm the trademark.

This Note proposes specific amendments to the exceptions in the FTDA in order to ensure that the law will properly balance the First Amendment interests regarding parodic expression and the trademark owners' interests.⁴⁴ Section II briefly discusses the history and philosophy of the Lanham Act,⁴⁵ the history and character of the dilution theory and antidilution statutes,⁴⁶ and the First Amendment issues relating to commercial speech and parodies.⁴⁷ Section III analyzes the FTDA's treatment of commercial parodies such as Hangunder's advertisement. First, Section III reveals that the commercial parody is not likely to confuse, and, thus, the creator of the parody is not likely to be held liable in an infringement or unfair competition action.⁴⁸ Second, it surveys the dilution cause of action against such commercial speech, and specifically one brought under the FTDA.⁴⁹ Finally, Section III juxtaposes FTDA's lack of protection of commercial parody with the First Amendment's protection of expression.⁵⁰ In Section IV, the proposed amendments to the FTDA are presented with justifications based on case law and commentary which will illustrate how the

infra notes 251-58 and accompanying text.

42. A trademark owner has a significant interest in her mark not becoming a generic term. If a trademark becomes identified with a general product, rather than the source of the product, the term becomes generic. Such generic terms are not protectible. GREGORY ET AL., *supra* note 19, at 89. For example, the term "Popsicle" for frozen treats could lead to this trademark becoming a generic identification of frozen treats and not the source of particular treats. DORR & MUNCH, *supra* note 40, at 121-22.

43. The exceptions of 15 U.S.C. 1125(c)(4)(B) (Supp. I 1996) were to include "parody, satire, editorial and other forms of expression that are not a part of a commercial transaction." 141 CONG. REC. S19,310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch). This overlooks the expressive interest in a commercial parody, such as that of Hangunder. Few cases have been litigated under the FTDA, and the single parody case applied the law, in dicta, to a noncommercial parody. Dr. Seuss Enters. v. Penguin Books USA, Inc., 924 F. Supp. 1559 (S.D. Cal. 1996) (finding a book parodying Dr. Seuss and commenting on the O.J. Simpson double murder trial noncommercial even though sold in bookstores and by mail).

44. See *infra* section IV.

45. See *infra* notes 56-78 and accompanying text.

46. See *infra* notes 79-151 and accompanying text.

47. See *infra* notes 152-258 and accompanying text.

48. See *infra* notes 263-319 and accompanying text.

49. See *infra* notes 320-50 and accompanying text.

50. See *infra* notes 351-96 and accompanying text.

proposed amendments would apply to the Hangunder hypothetical and similar expressive, but commercial, parodies.⁵¹

II. HISTORICAL BACKGROUND

To fully appreciate the balance of issues at stake in a commercial trademark parody, it is useful to consider the developments in the various bodies of law that are implicated. While trademark use and the traditional infringement and unfair competition actions protecting these marks have long histories,⁵² dilution is a relatively new theory of trademark protection.⁵³ When a trademark is parodied in another party's advertisement, the First Amendment commercial speech doctrine is implicated.⁵⁴ Also under the First Amendment doctrine, parodies are recognized as a unique subset of expressions deserving special attention.⁵⁵

A. The Lanham Act and Trademark Law

For over 4,000 years, people have used symbols to identify the source of goods.⁵⁶ Governments became involved in trademark protection because the public has an interest in furthering the commercial goals and public benefits served by such trademarks.⁵⁷ Trademark law serves two goals: (1) it protects the public from confusion and provides the public with a solid foundation for making purchasing decisions;⁵⁸ and (2) it protects the trademark owner's property rights in her trademark.⁵⁹ These property rights derive from the trademark's ability to further the owner's business by identifying goods as being from the trademark owner.⁶⁰

51. See *infra* notes 397-437 and accompanying text.

52. See *infra* notes 56-78 and accompanying text.

53. See *infra* notes 79-151 and accompanying text.

54. See *infra* notes 152-209 and accompanying text.

55. See *infra* notes 210-58 and accompanying text.

56. S.A. Diamond, *The Historical Development of Trademarks*, 65 TRADEMARK REP. 265, 266 (1975).

57. Trademarks are valuable to the public as a means of increasing the reliability of purchases. To the extent that a customer can identify a good with a particular source, consumer confidence and satisfaction are increased, bolstering the economy generally. Trademarks are also valuable to the manufacturers for facilitating marketing efforts and creating product identification. MICHAEL A. EPSTEIN, MODERN INTELLECTUAL PROPERTY § 7.01[B] (3d ed. 1995).

58. S. REP. NO. 79-1333, at 1 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274.

59. *Id.*

60. See EPSTEIN, *supra* note 57, § 7.01[B].

In American law, these goals were originally pursued through unfair competition laws.⁶¹ The unfair competition cases emphasized the injustice that results from one manufacturer marketing her product on the reputation built by another manufacturer.⁶² These statutory protections against trademark infringement also acted to prevent trademark uses that intentionally or otherwise misled the public.⁶³ Presently, the Lanham Act,⁶⁴ which finds its constitutional basis in the Commerce Clause of the United States Constitution,⁶⁵ provides federal protection for trademarks from unfair competition and other abuses.

The law has struggled to keep up with increases in trademark use. As America has grown, the use of trademarks has become more widespread and frequent.⁶⁶ By 1946, when the Lanham Act was passed, the use and reliance on trademarks to identify goods had become notably broader than when the nation was born.⁶⁷ This use and reliance was a result of a flood of new goods into the economy requiring trademarks to help consumers identify the source of goods. Manufacturers relied more on their trademarks to identify their goods to consumers, and trademark litigation increased as trademark owners sought to protect their trademarks from uses by others.⁶⁸ Today's technological advances in mass communication, mass marketing, and transportation mean that even more goods are found in more markets, and goods may be sold at an even greater remove, spatially or otherwise, from their manufacturers. With this increased distance, consumers rely even more heavily on trademarks to identify

61. Beverly W. Pattishall, *Two Hundred Years of American Trademark Law*, in TWO HUNDRED YEARS OF ENGLISH AND AMERICAN PATENT, TRADEMARK AND COPYRIGHT LAW 51, 58 (1977).

62. This is analogous to the second goal of trademark. See *supra* notes 59-60 and accompanying text.

63. Pattishall, *supra* note 61, at 58 (citing R. COX, *MANUAL OF TRADEMARK CASES* 27-28 (2d ed. 1892)).

64. 15 U.S.C. §§ 1051-1127 (1994 & Supp. I 1996).

65. "[The Congress shall have Power] [t]o regulate Commerce . . . among the several States . . ." U.S. CONST. art. I, § 8, cl. 3. While earlier statutory protections were based in the patent and copyright clause of the U.S. Constitution, they were struck down for being an unconstitutional extension of the clause's endowment of congressional power. Pattishall, *supra* note 61, at 60. Federal Patent and Copyright laws are founded on the so-called patent and copyright clause. "[The Congress shall have Power] [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8. See also DORR & MUNCH, *supra* note 40, at 167, 251.

66. See Frank I. Schechter, *Fog and Fiction in Trademark Protection*, 36 COLUM. L. REV. 60, 69 (1936). See also Pattishall, *supra* note 61, at 61. During the second century of American trademark law, a noticeable progression occurred in the American economy from an agrarian base to a more industrial one. *Id.* Such change involved an expansion in commercial products and trade. *Id.*

67. See Pattishall, *supra* note 61, at 67.

68. *Id.* at 67-68.

the goods of a particular manufacturer so as to give the consumer some insight into the source of the goods she is considering buying.⁶⁹

To accomplish the dual goals of trademark law, the Lanham Act protected against the infringement of registered distinctive trademarks and against the use of trademarks in unfair competition.⁷⁰ Trademarks must be distinctive,⁷¹ for their distinctiveness is what makes them valuable to their owners.⁷² In both infringement and unfair competition actions, liability is imposed when the use is likely to confuse consumers as to the source of goods.⁷³ Under the provisions of the Lanham Act prior to the FTDA, the only parodic uses that were actionable were those that potentially confused the consuming public.

Courts use a multi-factored test to determine whether the public is likely to be confused. These factors are called the *Polaroid* factors, so named after their use in *Polaroid, Corp. v. Polarad, Electronics Corp.*⁷⁴ These considerations focus on the nature of the senior trademark and the nature of the junior use, as well as market factors which may reflect on whether the public would likely be confused.⁷⁵ While courts will consider evidence of actual confusion in this analysis, it is not dispositive.⁷⁶

69. Mass merchandising to national markets stemming from technological advances in radio and television increased the need for labels and packaging, thus expanding the economic significance of trademarks for commercial identification. *Id.* at 67.

70. "Any person who shall . . . use . . . a registered mark . . . in connection with . . . any goods or services . . . with which such use is likely to cause confusion . . . shall be liable." 15 U.S.C. § 1114(1) (1994 & Supp. I 1996). "Any person who . . . uses in commerce any . . . symbol . . . which—(A) is likely to cause confusion." *Id.* § 1125(a)(1).

71. *Id.* § 1052(f) (requiring distinctiveness). Distinctiveness is the ability of the trademark to identify the source of the good to which the trademark is applied. *See also* DORR & MUNCH, *supra* note 40, at 105 (stating that distinctiveness is an important factor in the legal strength of a trademark and maximizes the owner's right to stop infringing uses). For a discussion of the strength of a mark, see *infra* notes 266-71 and accompanying text.

72. GREGORY ET AL., *supra* note 19, at 81 (stating that a trademark is used to identify the owner's goods and distinguish them from the goods of others).

73. 15 U.S.C. § 1114(a)-(b) (1994 & Supp. I 1996). *See supra* note 70.

74. 287 F.2d 492, 495 (7th Cir. 1963).

75. The *Polaroid* factors are: (1) strength of plaintiff's trademark; (2) similarity of the trademarks; (3) similarity of the goods; (4) similarity of channels of trade; (5) similarity of advertising; (6) intent of the defendant; (7) actual confusion; (8) the sophistication of purchasers. *Id.* at 495. In section III, these factors will be discussed in more detail as they relate to parody. *See infra* notes 263-319 and accompanying text.

76. Hasbro, Inc. v. Lanard Toys, Ltd., 858 F.2d 70, 78 (2d Cir. 1988) (involving use of trademark "GUNG-HO" to describe action figure of plaintiff and to identify the defendant's entire line of similar action figures). *See infra* notes 296-301 and accompanying text.

In January 1996, the FTDA was added to the Lanham Act.⁷⁷ The FTDA significantly departs from prior federal trademark protection in that it does not require the traditional likelihood of confusion test.⁷⁸ To better understand the reasons for creating such a cause of action, it is useful to consider the history of antidilution laws.

B. *The Dilution Theory of Trademark Protection*

In 1742, England's Judge Hawthorne declared that no reason existed for allowing an action against uses of another's trademark that might tend to decrease the distinctiveness or dilute the trademark. However, since then, much has changed.⁷⁹ In 1947, Massachusetts became the first state to recognize such a claim as a matter of statutory right when it enacted an antidilution law.⁸⁰ This antidilution law, like others that followed, was designed to protect the trademark owner's value in the trademark's distinctiveness.⁸¹ Since 1947, many states⁸² have added an antidilution cause of action by statute, an enactment typically based on section 12 of the Model State Trademark Bill.⁸³ These state statutes generally protect only trademarks registered in the state.⁸⁴ Some of the states, however, protect any trademark found to be strong or famous.⁸⁵ Experts have suggested that antidilution laws are one of the most

77. 15 U.S.C. § 1125(c) (Supp. I 1996).

78. "The purpose of H.R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it *even in the absence of a likelihood of confusion.*" H.R. REP. NO. 104-374, at 2 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1029 (emphasis added).

79. Miles J. Alexander, *Dilution—A Blessing or a Curse? What Is It? How Do You Prove It? How Does It Fit in with Traditional Trademark Law?*, ALI-ABA COURSE OF STUDY: TRADEMARKS, UNFAIR COMPETITION, AND COPYRIGHTS: RECENT DEVELOPMENTS AND OTHER SELECTED ISSUES (1994).

80. *Id.* See also MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1990).

81. The underlying theory is that the more distinct a trademark is, the more impact it has on the public consciousness, and the more it needs to be protected. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927).

82. At the time of the drafting of the FTDA, approximately 25 states had their own antidilution statute. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030. See *supra* note 19.

83. DORIS E. LONG, UNFAIR COMPETITION AND THE LANHAM ACT 335 (1993). *Compare id.* ("Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be grounds for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services") (quoting section 12 of the Model State Trademark Bill), with *supra* note 23 (text of various state antidilution statutes and FTDA).

84. LONG, *supra* note 83, at 335.

85. *Id.* at 336. A trademark's strength is measured by its ability to identify its source. For a discussion of the strength of a trademark, see *infra* notes 266-71 and accompanying text. The FTDA lists factors to use in assessing whether a mark is strong or famous:

(A) the degree of inherent or acquired distinctiveness of the mark;

potent weapons trademark owners may have to protect their trademarks.⁸⁶ Due in no small part to this potency, courts were reluctant to apply these laws for many years.⁸⁷

Antidilution laws arose to provide legal protection against another's use of one's trademark on noncompeting, unrelated goods.⁸⁸ These laws were designed not to protect against consumer confusion, but to protect owners against the gradual diluting of the identity of their trademark.⁸⁹ Because trademarks must be distinctive to receive infringement protection, antidilution laws serve as a means to protect the distinctiveness so as to preserve claims against future infringers as well as to maintain the trademark's ability to identify the source of goods in an increasingly diverse commercial market.⁹⁰

However, dilution does not simply protect the distinctiveness of trademarks. Trademarks help to identify the source of goods, thereby giving consumers an association upon which to base their decisions whether to purchase goods.⁹¹ If a trademark has a strong consumer reputation, the association will probably be more positive, and the likelihood of a purchase based on the reputation will increase.⁹² Thus, dilution may also result from uses that are likely to damage

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- (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
 - (C) the duration and extent of advertising and publicity of the mark;
 - (D) the geographical extent of the trading area in which the mark is used;
 - (E) the channels of trade for the goods or services with which the mark is used;
 - (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;
 - (G) the nature and extent of use of the same or similar marks by third parties; and
 - (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(1) (Supp. I 1996).

86. Alexander, *supra* note 79, at 10.

87. *Id.* at 9.

88. *Id.* at 8. "[A] merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court." Yale Elec. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928).

89. Dilution theory envisions another's use of one's mark as a "whittling away or dispersion of the identity" of the mark. Schechter, *supra* note 81, at 825.

90. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030 (dilution of distinctiveness is equated with lessening the capacity to identify and distinguish goods).

91. S. REP. NO. 79-1333, at 1 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274 (noting that trademarks are used so that buyers favorably know that they will get the product they are asking for and want to get).

92. GREGORY ET AL., *supra* note 19, at 114-15 (noting that the public expects to see famous trademarks used in connection with a variety of products and will assume that the mark must be affiliated with the same source that produces the goods usually connected with the mark).

a trademark's association and reputation; this is tarnishment of the trademark.⁹³

It may be helpful to step back and analyze the theoretical underpinnings of antidilution laws. While dilution is primarily a recent legislative trend, its theoretical development began in 1927.⁹⁴ Dilution⁹⁵ refers to the diminishing of a trademark's marketing value,⁹⁶ which may occur in one of at least two ways.⁹⁷ The first way is through blurring,⁹⁸ and this is essentially what Frank Schechter first identified as the gradual whittling away of a trademark's identity.⁹⁹ Blurring has been characterized as a use that does not necessarily confuse the consumer, but lessens the uniqueness of the subject mark such that the strong senior trademark becomes weak.¹⁰⁰ Protection against such use is necessary because a trademark's value lies in its selling power which depends on its uniqueness which can be vitiated by disparate uses on other goods.¹⁰¹

93. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt.a. (1995). See *infra* notes 123-29 and accompanying text.

94. See Schechter, *supra* note 81.

95. Both sides of the senior and junior user battle criticize antidilution statutes. Those favoring junior users say antidilution overprotects trademarks, resulting in a monopolization of language through the prohibition of unauthorized uses of symbols. Milton W. Handler, *Are the State Antidilution Laws Compatible With the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 278 (1985). Those favoring senior users, however, relying on the perceived property characteristics of trademarks, believe that any interference with this property should be actionable and that, even with dilution, trademark owner's have insufficient protection. See, e.g., Jerry B. Swann & Theodore H. Davis, *Dilution, an Idea Whose Time Has Gone; Brand Equity As Protectable Property, the New/Old Paradigm*, 1 J. INTELL. PROP. L. 219 (1994).

96. David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 531-32 (1991).

97. Dilution may not be limited to these two distinct classes of uses. One case indicates that uses attracting attention to one's own product by poking fun at another's risk dilution although the use may not be unwholesome or blur the distinctiveness of the senior mark. *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43-4 (2d Cir. 1994).

98. The term "blurring" has been used in several cases. See, e.g., *Deere & Co.*, 41 F.3d at 43; *Ameritech, Inc. v. American Info. Techs. Corp.*, 811 F.2d 960, 964 (6th Cir. 1987); *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 746 F.2d 112, 120 (2d Cir. 1984); *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 626 (2d Cir. 1983); *Starter Corp. v. Converse, Inc.*, No. 95-Civ.-3678, 1996 WL 684165 (S.D.N.Y. Nov. 26, 1996); *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 56 (D.N.M. 1985).

99. Schechter, *supra* note 81, at 825.

100. *American Express Co. v. Vibra Approved Lab. Corp.*, No. 87-Civ.-8840, 1989 WL 39679, at *9 (S.D.N.Y. Apr. 19, 1989) (citing *Community Fed. Sav. & Loan Ass'n v. Orondorff*, 678 F.2d 1034, 1037 (11th Cir. 1982)). See *infra* notes 266-71 and accompanying text (discussing the strength of a mark).

101. These principles undergird Schechter's concepts of dilution. Schechter, *supra* note 81, at 831. The "owner of these marks should not have to stand by and watch diminution in their value as a result of unauthorized uses by others." *Pillsbury Co. v. Milky Way Prods.*, 215 U.S.P.Q. 124, 135 (N.D. Ga. 1981).

As an example, *American Express Co. v. Vibra Approved Laboratories, Corp.*¹⁰² involved dilution of a trademark by blurring.¹⁰³ In *American Express*, the defendant modeled a condom package after the plaintiff's trademark credit cards.¹⁰⁴ In addition to imitating the trademarked card design, the defendant parodied the plaintiff's trademark phrase, "Don't leave home without it," by using "Never leave home without it."¹⁰⁵ The plaintiff sought relief under New York's antidilution statute.¹⁰⁶ The court construed the statute as preventing the use of a trademark on dissimilar products or services to feed on the business reputation of an established trademark.¹⁰⁷ Because the defendant had applied the junior trademark to a product so dissimilar from the product of the senior trademark that confusion did not exist, and because the use lessened the uniqueness of the senior trademark, the court held that the antidilution statute was applicable.¹⁰⁸

The second way that dilution occurs is through loss of business reputation,¹⁰⁹ which has two prongs: inferior association¹¹⁰ and tarnishment.¹¹¹ Most trademark parodies, by nature, ridicule the subject

102. No. 87-Civ.-8840, 1989 WL 39679 (S.D.N.Y. Apr. 19, 1989) (granting an injunction against a condom package parody of credit card trademarks under the New York state antidilution statute).

103. Tarnishment may be implicated in such cases as well due to the overlapping nature of the two concepts. For a discussion of tarnishment and associated loss of reputation claims, see *infra* notes 109-129 and accompanying text.

104. *American Express*, 1989 WL 39679, at *1.

105. *Id.*

106. N.Y. GEN. BUS. LAW § 368-d (McKinney 1996).

107. *American Express*, 1989 WL 39679, at *8.

108. *American Express, Co. v. Vibra Approved Lab., Corp.*, 1989 WL 39679, at *9 (S.D.N.Y. 1989) (citing *Community Fed. Sav. and Loan Ass'n v. Orondorff*, 678 F.2d 1034, 1037 (11th Cir. 1982)). Evidence of third party imitations of the defendants' use persuaded the court that the defendants' advertising had the potential to whittle away the distinctiveness of American Express' trademarks. *Id.* at *9.

109. Arlen W. Langvardt, *Protected Marks and Protected Speech: Establishing the First Amendment Boundaries in Trademark Parody Cases*, 36 VILL. L. REV. 1, 35 (1991).

110. This involves applying the trademark to inferior goods. Such an application threatens the trademark's reputation and, thus, value by causing the public to associate plaintiff's trademark with the lesser quality of the defendant's goods. Langvardt, *supra* note 109, at 36. See *infra* notes 111-22 and accompanying text.

111. This term has been used broadly in many cases. See, e.g., *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43-44 (2d Cir. 1994); *Jordache Enters. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 57 (D.N.M. 1985); *Pillsbury v. Milky Way Prods.*, 215 U.S.P.Q. 124, 135 (N.D. Ga. 1981). The term applies to the use of the senior trademark in an unwholesome context. Langvardt, *supra* note 109, at 36. "Unwholesome" may include uses that create an undesirable, unwholesome, or unsavory mental association by the public with the plaintiff's trademark. *Jordache Enters.*, 625 F. Supp. at 57. See *infra* notes 123-36 and accompanying text.

trademark,¹¹² and ridicule, by definition, is derisive¹¹³ and likely to cause negative associations similar to tarnishment. Courts have increasingly used the doctrine of dilution to enjoin tarnishment,¹¹⁴ and, in parody cases, courts have most frequently relied on the tarnishment theory of dilution.¹¹⁵

First, consider the inferior association prong of dilution. *Sally Gee, Inc. v. Myra Hogan, Inc.*¹¹⁶ illustrates a failed attempt to apply the inferior association branch of the loss of business reputation.¹¹⁷ In *Sally Gee, Inc.*, the defendant, a clothing manufacturer, used a trademark on its own line of ladies' sweaters that was similar to the plaintiff's trademark, which it used on women's clothing.¹¹⁸ However, in this case, no dilution occurred because the junior user applied the similar trademark to superior products. Had the junior user applied the similar trademark to inferior products, the use would have resulted in a loss of business reputation. More simply, the trademark suffered no harm to its reputation by its application to clothes which were better than the clothes to which it was usually applied.

*Deere & Co. v. MTD Products, Inc.*¹¹⁹ involved another formulation of inferior association; reverse inferior association. Reverse inferior association occurs when the junior user alters the senior trademark, potentially injuring the

112. David H. Bernstein & Bruce P. Keller, *As Satiric as They Wanna Be: Parody Lawsuits Under Copyright, Trademark, Dilution and Publicity Laws*, 416 P.L.I. PATENTS, COPYRIGHTS, TRADEMARKS, AND LITERARY PROPERTY COURSE HANDBOOK SERIES 1161, 1173-74 (1995).

113. WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY 1014 (1989).

114. Welkowitz, *supra* note 96, at 551.

115. Bernstein & Keller, *supra* note 112, at 173. It should be noted that tarnishment has its limits. Many courts strictly construe the notion of placement in an unwholesome context, and many distasteful uses have been found not to tarnish. *See, e.g., Jordache Enters., Inc. v. Hogg Wyld Ltd.*, 625 F. Supp. 48 (D.N.M. 1985) (holding that a modification of the Jordache name and horse's head trademark into "Lardashe" and a pig's face for large sized women's jeans found not to tarnish); *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983) (finding the application of Johnny Carson's name to portable toilets not tarnishing to his trademark "Here's Johnny" quip); *Toho Co. v. Sears, Roebuck, & Co.*, 645 F.2d 788 (9th Cir. 1981) (finding a modification of the Godzilla trademark as applied to trash bags not tarnishing); *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969) (finding the use of the Girl Scout uniform in a teen pregnancy poster not tarnishing to the trademark uniform).

116. 699 F.2d 621 (2d Cir. 1983).

117. In other words, inferior association is one way to cause the loss of business reputation.

118. *Sally Gee, Inc.*, 699 F.2d at 622-23. The plaintiff's case failed because the defendant's goods were of a superior quality, creating no inferior association. *Id.* at 625.

119. 41 F.3d 39 (2d Cir. 1994) (finding dilution in a case involving the alteration of the plaintiff's trademark in the defendant's advertisement to make the deer trademark look timid, confused, and weak). The implication was that the lawn tractors represented by the timid looking deer trademark were inferior lawn tractors. *Id.* at 45.

reputation of the product associated with the senior trademark.¹²⁰ In *Deere & Co.*, a competitor lawn tractor company made an animated commercial wherein the competitor's tractor frightened the Deere & Co.'s trademarked deer which leapt away in fear.¹²¹ The court reasoned that the alteration of the trademark deer destroyed the reputation of the products and the positive associations between the trademark and the products and made the products appear ridiculous and weak.¹²² Thus, the court enjoined the junior user from damaging the product reputation by impugning the trademark.

Second, business reputation may also be injured by tarnishment, as illustrated in *Pillsbury Co. v. Milky Way Products, Inc.*,¹²³ the quintessential case of the tarnishment branch of the loss of business reputation prong of dilution.¹²⁴ In *Pillsbury Co.*, the defendant published, in its adult magazine, a picture of the plaintiff's trademarked "Poppin' Fresh" and "Poppie Fresh" characters,¹²⁵ who in this depiction were engaging in sexual intercourse and fellatio.¹²⁶ Pursuant to Georgia's antidilution statute,¹²⁷ the court granted Pillsbury an injunction, finding that using the trademarks in a depraved context¹²⁸ would likely injure the commercial reputation of the trademarks.¹²⁹

In a sense, these dilution theories¹³⁰ conceive of the trademark as property with traditional property rights.¹³¹ Thus, any use which would lessen the property's value is then actionable conceptually as a trespass to the property.¹³² Traditionally, the rationale for granting trademark monopoly protection¹³³ was founded in the public interest in preventing confusion,¹³⁴

120. This case has been widely criticized for expanding the scope of the dilution theory. See, e.g., Cinotti, *supra* note 31, at 155-56 (calling the decision flawed and paradoxical as well as dangerous for not complying with proper application of the First Amendment).

121. *Deere & Co.*, 41 F.3d at 41.

122. *Id.* at 45.

123. 215 U.S.P.Q. 124 (N.D. Ga. 1981).

124. Tarnishment is another branch of loss of business reputation because by tarnishing the associations of another's trademark that other's business reputation is presumably injured.

125. These characters adorned Pillsbury product labels, such as Pillsbury Cinnamon Rolls. *Pillsbury, Co.*, 215 U.S.P.Q. at 126.

126. *Id.* at 125-26.

127. GA. CODE ANN. § 106-15 (1981).

128. *Pillsbury, Co.*, 215 U.S.P.Q. at 135.

129. *Pillsbury v. Milky Way Prods.*, 215 U.S.P.Q. 124, 135 (N.D. Ga. 1981).

130. These theories are blurring and loss of business reputation by inferior association (normal or reverse) or by tarnishment. See *supra* notes 98-129 and accompanying text.

131. Welkowitz, *supra* note 96, at 531-32.

132. *Id.* at 535. See also Beverly Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 309-10 (1984).

133. In the context of patents, at least, such a monopoly of intellectual property has been characterized as an embarrassment that requires justification. *Graham v. John Deere Co.*, 383 U.S. 1, 10-11 (1966).

which is the rationale for infringement and unfair competition actions.¹³⁵ One must consider whether the only interest is the owner's property right or whether a public interest is implicated.¹³⁶

Under the dilution theory, trademarks are a sort of commercial magnet that, by their identification of their sources, draw consumers to certain goods.¹³⁷ Loss of this commercial magnetism represents injury to trademark owners, and antidilution statutes make this actionable.¹³⁸ It is significant that this implies a property value in the trademark similar to other real and personal property rights.¹³⁹ While the concept of a property value in a trademark is relatively novel, the United States Supreme Court in *San Francisco Athletic Ass'n v. United States Olympic Committee* approved of the concept, in the limited context of a statutory grant of a property right in a trademark.¹⁴⁰

Regardless of the way in which dilution occurs, antidilution laws generally provide only injunctive relief.¹⁴¹ This is consistent with the goal of antidilution laws which is to prevent uses that diminish a trademark's distinctiveness. Once the loss is incurred, no amount of money can replace the trademark's distinctiveness.

134. Welkowitz, *supra* note 96, at 531-32.

135. See *supra* note 73 and accompanying text.

136. Schechter's principle is that the value of the trademark lies in its uniqueness and is vitiated by disparate uses. Schechter, *supra* note 81, at 831. The resolution is dependent on whether one considers this principle from the standpoint of the value to the consumer or the value to the trademark owner. The trademark is valuable to the consumer as a means to identify the source of goods and valuable to the trademark owner as a marketing tool. EPSTEIN, *supra* note 57, § 7.01[B].

137. *Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge, Co.*, 316 U.S. 203, 205 (1942) (referring to the drawing power of good trademark).

138. "If another poaches upon the commercial magnetism of symbols he has created, the owner can obtain legal redress." *Id.* at 205.

139. Alexander, *supra* note 79, at 9.

140. 483 U.S. 522 (1987) (finding that the U.S. Olympic Committee could protect the term "olympic" from being used by another group to promote its athletic event). This was not a trademark dilution case but merely illustrates the amenability of the Court to the notion of property rights in a trademark.

141. Don A. Proudfoot, Jr., *Common Law Trademark Infringement, Trademark Dilution and Lanham Act--Section 43(a)*, 217 PLI/PAT 29, 49 (1986). While trademark law has its historical antecedents in the courts of law, as opposed to those of equity, and generally has been considered subject only to money damages, the merger of equity and law courts justified this introduction of injunctive remedies. Alexander, *supra* note 79, at 5.

To establish the forbidden whittling away, one need not show actual loss of distinctiveness, but a likelihood of dilution.¹⁴² This likelihood can often be shown by a simple similarity of the trademarks.¹⁴³ This standard for protection is considerably lower than the likelihood of confusion standard for an infringement action causing dilution to be characterized as a viable option where an infringement action fails.¹⁴⁴

A third party may use another's trademark in several different ways. First, one may use another's trademark as a trademark for one's own goods.¹⁴⁵ Additionally, a third party may commercially use a trademark to refer to the goods of the trademark's owner.¹⁴⁶ Also, one may use the trademark to symbolically express criticism or humor by using the trademark or an alteration of it as a parody. In a parody, the original trademark is invoked in order to make some further comment about the trademark,¹⁴⁷ its owner,¹⁴⁸ its goods,¹⁴⁹ its associations,¹⁵⁰ or even something seemingly unrelated to the trademark.¹⁵¹

142. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1)(a) (1995) (stating the cause of action to be for uses "likely to cause a reduction in that distinctiveness"). See also *id.* § 25(1)(b) (stating the cause of action for uses "likely to . . . tarnish the images associated with the other's mark"); *id.* § 25 cmt.f.

143. LONG, *supra* note 83, at 336. See, e.g., *Augusta Nat'l, Inc. v. Northwestern Mut. Life Ins. Co.*, 193 U.S.P.Q. 210, 222 (S.D. Ga. 1976) (using the name means there is a reasonable certainty that the value of the plaintiff's trademark will be eroded).

144. Proudfoot, *supra* note 141, at 48.

145. *Gucci Shops, Inc. v. R.H. Macy & Co.*, 446 F. Supp. 838 (S.D.N.Y. 1977) (enjoining defendant from marketing diaper bags under the trademark "Gucchi Goo" because of confusion with the "Gucci" trademark).

146. This would be comparative advertising. See *supra* note 31.

147. *General Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. 1036 (D. Mass. 1979) (enjoining defendant from depicting General Electric trademark as "Genital Electric" monogram applied to clothing).

148. *Reddy Communications, Inc. v. Environmental Action Found.*, 477 F. Supp. 936 (D.D.C. 1979) (involving defendant who published caricature of cartoon mascot of plaintiff utility to portray the utility in a negative light).

149. See *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769 (8th Cir. 1994) (enjoining humor magazine from running fake advertisement wherein plaintiff's beer is implied to be made with water from an oil polluted river).

150. *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969) (refusing to grant injunction against poster depicting pregnant girl in Girl Scouts uniform and the phrase "be prepared").

151. *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) (involving use of insurance company logo to comment on nuclear holocaust).

C. Commercial Speech and the First Amendment

In 1976, the Supreme Court¹⁵² acknowledged that the First Amendment provides at least some protection to commercial speech.¹⁵³ Prior decisions by the Supreme Court indicated that the First Amendment did not protect commercial speech.¹⁵⁴ While the Court recognized that governments may regulate commercial speech because commercial speech is particularly robust and unlikely to be chilled by appropriate regulations,¹⁵⁵ the Court also recognized that a shift had occurred in its First Amendment jurisprudence and that commercial speech should receive some level of protection.¹⁵⁶ The Court declared that determining First Amendment protection on the basis of its classification as commercial or noncommercial speech had fallen into disfavor and disuse.¹⁵⁷ In *Virginia State Board*, the Court presented a new question, because the previous cases involved speech which was not purely commercial.¹⁵⁸

In defining the constitutional interest in commercial speech, the Court remarked that expression would not lose its protected status simply because of its economic nature, that is, because money was spent to create it, because it

152. *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748 (1976).

153. "There can be no question that in past decisions the Court has given some indication that commercial speech is unprotected." *Id.* at 758. The case involved a particular Virginia regulation prohibiting licensed pharmacists from advertising prescription drug prices. *Id.* at 752. This regulation had been reviewed and upheld by courts under Fourteenth Amendment Due Process and Equal Protection challenges. *Id.* at 753. See, e.g., *Patterson Drug Co. v. Kingery*, 305 F. Supp. 821 (W.D. Va. 1969). The state regulated pharmacists pursuant to the state's public interest in health and safety implicated by practice of the profession. *Virginia State Bd.*, 425 U.S. at 750-51. Consumers of prescription drugs raised a First Amendment challenge alleging that they were entitled to receive information regarding prescription drug prices in advertisements from pharmacists. *Id.*

154. *Virginia State Bd.*, 425 U.S. at 758. See also *supra* note 153. See, e.g., *Breard v. Alexandria*, 341 U.S. 622 (1951) (upholding conviction for violation of door-to-door solicitation prohibition); *Valentine v. Chrestensen*, 316 U.S. 52 (1942) (upholding a New York statute prohibiting commercial handbill distribution in the street).

155. *Virginia State Bd.*, 425 U.S. at 772 n.24.

156. "[T]he notion of unprotected 'commercial speech' all but passed from the scene [in recent commercial speech cases]." *Id.* at 759 (citing *Bigelow v. Virginia*, 421 U.S. 809 (1975)).

157. *Id.* at 758. The distinction between commercial and noncommercial speech was avoided in *Pittsburgh Press Co. v. Human Relations Comm'n*, 413 U.S. 376 (1973), even though it involved "classic examples of commercial speech." *Pittsburgh Press*, 413 U.S. at 385.

158. The new question was whether the proposition of a commercial transaction was so far removed from the expression of ideas that it merited no protection. *Virginia State Bd.*, 425 U.S. at 762. Previous cases, unlike the advertisement in *Virginia State Board*, "did more than simply propose a commercial transaction." *Bigelow*, 421 U.S. at 822 (involving the circulation of advertisement of availability of abortions in New York).

was in a form sold for profit, or because it solicited money.¹⁵⁹ The Court reasoned that the First Amendment did not only protect political speech.¹⁶⁰ In fact, the Court noted that the public may have a greater interest in the flow of commercial information than in most political debate.¹⁶¹ Rather than assuming that advertising is inherently harmful because people may be misled or may experience difficulty in interpreting it, the Court pursued a less paternalistic approach that would encourage the dissemination of information and thus facilitate decision-making.¹⁶² Thus, the Court declared that the First Amendment interest is in the communication itself, vesting in both the source and recipient of commercial speech.¹⁶³ As a result of this Supreme Court decision, government bodies may not create a wholesale ban on true, nonmisleading advertising.

However, government bodies still have many avenues open by which they may pursue regulation of commercial speech after *Virginia State Board*. Specifically, the Court recognized the power to restrict the truthful advertising of legal activities under the traditional time, place, or manner regulations.¹⁶⁴ Similarly, state actors may prohibit false or misleading advertisements and advertisements for illegal transactions.¹⁶⁵ The Court also recognized that the regulation of advertisements in the electronic broadcast media is subject to less stringent review.¹⁶⁶

In order to allow meaningful application of these First Amendment principles, this new protection of commercial speech needed structure. In

159. *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 761 (1976). See, e.g., *Buckley v. Valeo*, 424 U.S. 1, 35-59 (1976) (involving paid advertisement); *Smith v. California*, 361 U.S. 147, 150 (1959) (involving books as speech sold for profit); *Cantwell v. Connecticut*, 310 U.S. 296, 306-07 (1940) (soliciting monetary contribution).

160. "Purely factual matter of public interest may claim protection." *Virginia State Bd.*, 425 U.S. at 762.

161. *Id.* at 763. The Court especially noted the interest of the poor in making an informed decision as to how best to allocate their meager funds. *Id.*

162. *Id.* at 770. The Court rejected the philosophy of protecting the public by keeping it ignorant of the lawful terms of commercial competitors. *Id.*

163. *Id.* at 756. "If there is a right to advertise, there is a reciprocal right to receive the advertising. . . ." *Id.* at 757. This right in the recipient is not limited to situations where other sources of information are not available, though that was the particular situation in *Virginia State Bd.* *Id.* at 757 n.15.

164. *Id.* at 771.

165. *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748, 772 (1976).

166. *Id.* at 773. See, e.g., *Red Lion Broad. Co. v. FCC*, 395 U.S. 367 (1969) (upholding access regulations for broadcasting). Broadcast media implicated the additional government interest raised by the "scarcity of broadcast frequencies, the Government's role in allocating those frequencies, and the legitimate claims of those unable without government assistance to gain access to those frequencies for expression of their views. . . ." *Red Lion*, 395 U.S. at 400.

Central Hudson Gas & Electric Corp. v. Public Service Commission,¹⁶⁷ the Court reviewed a New York Public Service Commission ban on advertisements that promote the use of electricity.¹⁶⁸ The Commission had passed the regulation during a fuel crisis when the available fuel was inadequate to meet the demands that were heightened by marketing.¹⁶⁹ Central Hudson, a public utility, sued the Commission claiming that the regulation violated the First Amendment, especially considering the fact that the fuel shortage had ceased.¹⁷⁰

In *Central Hudson*, the regulation banned only commercial expression.¹⁷¹ The Court noted that the First Amendment protects commercial speech from unwarranted government regulation in order to further the societal interest in the greatest dissemination of truthful information.¹⁷² The Court declared that the First Amendment interest is only concerned with these informational aspects of the commercial speech.¹⁷³ Thus, commercial speech may be regulated, within certain boundaries, because the commercial speaker is in a position to know the truth about the products discussed in the advertisements and limit her speech to that which is truthful and nonmisleading.¹⁷⁴ The profit motive of commercial speech makes it particularly hardy and unlikely to be chilled by appropriate regulations.¹⁷⁵

The *Central Hudson* Court articulated a four part test that would delineate the boundaries to commercial speech regulation.¹⁷⁶ This four part test may be reorganized into a two step analysis. In the first step, a court must review the regulated speech to determine whether the speech receives constitutional protection. Only speech that involves lawful activity and is not misleading will receive constitutional protection.¹⁷⁷ The remaining three parts of the *Central Hudson* test constitute the second step of analysis, and in this step, a court will

167. 447 U.S. 557 (1980).

168. *Id.* at 558.

169. *Id.* at 559. The Commission had declared all promotional advertisements for energy consumption contrary to the national policy of conserving energy. *Id.*

170. *Id.* at 559.

171. *Id.* at 561. Promotional advertisements are "related solely to the economic interests of the speaker and its audience." *Id.*

172. *Id.* at 561-62 (citing *Bates v. State Bar of Arizona*, 433 U.S. 350, 363-64 (1977)). The Court noted that this policy values some accurate information over none at all. *Central Hudson*, 447 U.S. at 562.

173. *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n*, 447 U.S. 557, 563 (1980) ("there can be no constitutional objection to the suppression of commercial messages that do not accurately inform the public of lawful activity").

174. *Id.* at 564 n.6.

175. *Id.*

176. *Id.* at 564.

177. *Id.* at 566. This is the first part of the *Central Hudson* four part test.

analyze the government's conduct in creating the regulation. The government's interest must be substantial,¹⁷⁸ and the regulation must directly advance this substantial interest¹⁷⁹ and must not be more extensive than necessary.¹⁸⁰

Recently, in *44 Liquormart v. Rhode Island*, the Supreme Court again reviewed the First Amendment protection of commercial speech.¹⁸¹ Although the Court was unanimous in its judgment, it was divided in its reasoning.¹⁸² Apart from the effect of the Twenty-First Amendment on government regulation of speech regarding alcohol sales,¹⁸³ a majority of the Court could only reach agreement on one substantive issue—the regulation violated the First Amendment.¹⁸⁴

178. *Id.* at 566. The asserted state interests of energy conservation and fair electricity rates were deemed substantial. *Id.* at 568-69. This is part two of the *Central Hudson* test.

179. *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n*, 447 U.S. 557, 566 (1980). The relation of an advertising ban to maintenance of fair electrical rates was deemed "tenuous" at best. *Id.* at 569. However, the regulation did directly advance the state interest in conservation by not allowing the active encouragement of demand. *Id.* This is the third part of the *Central Hudson* test.

180. *Id.* at 566. The advertising ban was not tailored narrowly enough to the state interest in conservation. *Id.* at 570. The regulation affected communications not tending to increase consumption. *Id.* This, more generally, indicates that the regulation affected speech not solely on the basis of the asserted interest. Additionally, a more limited restriction might have furthered the state interest. *Id.* In particular, the Court noted that a simple regulation of the format or content of advertisements, rather than a complete ban may have been as effective to achieve the state interest. *Id.* at 571. This is the fourth, and final, part of the *Central Hudson* test.

181. 116 S. Ct. 1495 (1996). In 1956, Rhode Island issued regulations prohibiting the advertisement of alcohol prices. *Id.* at 1501. The plaintiff, 44 Liquormart, challenged the regulation under the First Amendment after being fined \$400 for publishing a flier with pictures of bottles of Vodka and Rum and the word "WOW!" printed next to them, implying their low price. *Id.* at 1502-03.

182. Stevens, J., announced the judgment of the Court, and delivered the opinion of the Court with respects to Parts I, II, and VII, in which Scalia, Kennedy, Souter, Thomas, and Ginsburg, JJ., joined, the opinion of the Court with respect to Part VIII, in which Scalia, Kennedy, Souter, and Ginsburg, JJ., joined, an opinion with respect to Parts III and V, in which Kennedy, Souter, and Ginsburg, JJ., joined, an opinion with respect to Part VI, in which Kennedy, Thomas, and Ginsburg, JJ., joined, and an opinion with respect to Part IV, in which Kennedy and Ginsburg, JJ., joined. Scalia, J., and Thomas, J., filed opinions concurring in part and concurring in the judgment. O'Connor, J., filed an opinion concurring in the judgment, in which Rehnquist, C.J., and Souter and Breyer, JJ., joined. *Id.* at 1500-01.

Generally, this analysis is divided into two schools of thought. The first is represented by the parts (III, IV, V, VI) authored by Justice Stevens and joined by Justices Kennedy and Ginsburg, and occasionally by Justices Thomas and Souter. The second is represented by Justice O'Connor's concurrence, joined by the Chief Justice and Justices Breyer and Souter, and agreed to by default in Justice Scalia's concurrence. *Id.* at 1515-20.

183. See Part VII of Justice Stevens' opinion. *Id.* at 1514-15.

184. *Id.* at 1515.

The separately filed opinions in 44 *Liquormart* presented four general viewpoints on commercial speech. Justice Stevens, and those joining him, decided to apply the *Central Hudson* test with "special care."¹⁸⁵ Justice Scalia preferred to consider the law of commercial speech as of the time the First Amendment was ratified.¹⁸⁶ Lacking evidence on point, Justice Scalia favored the standard application of the *Central Hudson* test.¹⁸⁷ Justice Thomas considered the ban on the nonmisleading advertisement of a legal activity to be legislated public ignorance, and thus the ban was per se illegitimate, and no further analysis was required.¹⁸⁸ Finally, Justice O'Connor, and those joining her, favored a straight application of the *Central Hudson* test with no "special care."¹⁸⁹ Among the numerous opinions, the opinions of Justice Stevens and Justice O'Connor represent the two main analyses.

In his "special care" analysis, Justice Stevens would add another layer to the commercial speech protection recognized in *Central Hudson*. This analysis begins by recognizing that commercial speech may properly be subject to some regulation because it is hardy and more objectively verifiable than other forms of speech.¹⁹⁰ Government, though, has less regulatory authority over the substance of the information in commercial speech than in the commercial form of it.¹⁹¹ This is because of the interest in protecting commercial speech for the sake of the free flow of commercial information,¹⁹² which would be undermined if this flow were polluted with misleading messages.¹⁹³ Regulations beyond this interest in keeping consumers informed which entirely suppress commercial speech¹⁹⁴ are subject to an application of the *Central Hudson* test with "special care."¹⁹⁵ Still, commercial speech that either is misleading or regards illegal activity receives no protection.¹⁹⁶

185. See *infra* notes 190-204 and accompanying text.

186. See *infra* note 187 and accompanying text.

187. See *infra* notes 205-08 and accompanying text.

188. See *infra* note 194 and accompanying text.

189. See *infra* notes 205-08 and accompanying text.

190. 44 *Liquormart v. Rhode Island*, 116 S. Ct. 1495, 1506 (1996).

191. *Id.*

192. *Id.* at 1505.

193. *Id.*

194. Complete bans on speech, such as Rhode Island's ban on all advertising of liquor prices, "all but foreclose alternative means of disseminating certain information." *Id.* at 1507. In fact, in his concurring opinion, Justice Thomas characterized a complete ban on truthful advertising of a legal activity as legislated ignorance entitling the speech to full constitutional protection and eschewing the protection of government restrictions that is offered by the *Central Hudson* test. *Id.* at 1515-16. This legislated ignorance was "per se illegitimate." *Id.* at 1516. Justice Thomas "[did] not see a philosophical or historical basis for asserting that 'commercial' speech is of 'lower value' than 'noncommercial' speech." *Id.* at 1518.

195. *Id.* at 1508.

196. 44 *Liquormart v. Rhode Island*, 116 S. Ct. 1495, 1505 (1996).

Under this analysis, the classification of the expression, i.e., as commercial, noncommercial, or political, is not the only factor a court should consider in determining the constitutional issue.¹⁹⁷ A court must also review the regulation's purpose to determine whether it exists for the same reasons that constitutional protection is even provided to commercial speech (that is, to ensure consumers get full, but accurate information).¹⁹⁸ If so, the scrutiny of the regulation will be less strict.¹⁹⁹ However, if the regulation is not designed to preserve a fair bargaining process, then a court will subject the restrictions on speech to a strict standard under the First Amendment.²⁰⁰

According to Justice Stevens, Rhode Island's regulation failed the "special care" standard of heightened scrutiny.²⁰¹ While Rhode Island's asserted interest in temperance might be substantial,²⁰² the ban did not directly advance this interest to the extent required by the "special care" analysis.²⁰³ Additionally, the regulation was considered to be more extensive than necessary to advance the government interest because alternative forms of regulation were available that would have promoted the state's interest without so broadly restricting speech.²⁰⁴

Under Justice O'Connor's "simple" application of the *Central Hudson* test, this case would be a closer case.²⁰⁵ Under this "simple" application, Rhode Island's regulation passed the first three prongs of the *Central Hudson* test,²⁰⁶ but failed the last because the ban was not narrowly tailored, that is, the interest

197. *Id.* at 1506.

198. Commercial speech receives constitutional protection in order to increase the flow of truthful commercial information. To the extent that a regulation is aimed at the truthfulness of the speech or legality of the activity advertised, it can be said to be in this same vein. *Id.* at 1507.

199. *Id.*

200. *Id.*

201. *Id.* at 1508.

202. *44 Liquormart v. Rhode Island*, 116 S. Ct. 1495, 1509 (1996) (involving first factor of the *Central Hudson* test). See *supra* note 177 and accompanying text.

203. *44 Liquormart*, 116 S. Ct. at 1508. Specifically, it was noted that the regulation did not significantly advance temperance and that no facts indicated that it would have any effect on market-wide consumption. *Id.* This is an augmentation of the second factor of the *Central Hudson* test. See *supra* note 178 and accompanying text.

204. *44 Liquormart*, 116 S. Ct. at 1509-10. The regulation was not a "reasonable fit" as required by the *Central Hudson* test. *Id.* at 1510. Justice Stevens' opinion noted specific examples of alternative regulations including increased prices by direct regulation, increased taxation, rationing of purchases, and educational campaigns. *Id.* at 1510.

205. *Id.* at 1521.

206. *Id.* For a review of the prongs of the *Central Hudson* test, see *supra* notes 177-80 and accompanying text.

did not reasonably fit the regulation.²⁰⁷ Once again, other methods of regulation would have achieved the government's goal without being so restrictive of speech.²⁰⁸

After *44 Liquormart*, the law is a bit unclear as to the level of protection that commercial speech will receive. However, the Court appears prepared to acknowledge circumstances in which "special care" must be taken to protect commercial speech. The rationale for discriminating against commercial speech continues to narrow, and, as Justice Thomas noted, any reasons for disparate treatment of commercial speech are not so clear, even to the most cognizant scholars.²⁰⁹

D. Parody, the First Amendment, and Expressive Commercial Speech

*You can do it your own way, if it's done just how I say . . .
Freedom with their exception.*²¹⁰

Courts have recognized parodic expression as a form of protected speech.²¹¹ Such protection is due chiefly to the nature of parody—parody is more like expression than just exploitation of another's symbols.²¹² The level of First Amendment protection that parody is granted remains an open question, especially where the parody has a commercial quality. In *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*,²¹³ the Second Circuit characterized the Supreme Court's decision in *Hustler Magazine v. Falwell*²¹⁴ as granting wholesale protection to satire even when applied to a product sold commercially.²¹⁵ Parodies and satires deserve protection because their expressive element requires more protection than commercial product labels.²¹⁶ Although it may disparage its subject, some measure of freedom needs to be

207. *44 Liquormart*, 116 S. Ct. at 1521. To be a "reasonable fit," the regulation must be in proportion to the interest served. However, it does not need to be the least restrictive regulation possible. *Id.*

208. *44 Liquormart v. Rhode Island*, 116 S. Ct. 1495, 1522 (1996).

209. *Id.* at 1518. See *supra* note 194.

210. METALLICA, *Eye of the Beholder, on . . . AND JUSTICE FOR ALL* (Electra Records 1988).

211. LONG, *supra* note 83, at 273.

212. *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 495 (2d Cir. 1989) (involving parody of Cliff's Notes study guides).

213. 886 F.2d 490 (2d Cir. 1989).

214. 485 U.S. 46 (1988) (involving parody in the form of a fake advertisement ridiculing public figure Jerry Falwell).

215. *Cliff's Notes*, 886 F.2d at 493.

216. *Id.* at 495. The court here applied the same rationale given for extending protection to movie titles as granted in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), to the situation of labeling a booklet by *SPY* magazine that satirized Cliff's Notes study guides and selected popular novels.

carved out for parody because parody tends to be entertaining and critical.²¹⁷ For instance, parody of a celebrity or political figure makes a vital contribution to the "marketplace of ideas"²¹⁸ because it exposes weaknesses in ideas and values.²¹⁹ The humorous content of parodic expression should not lessen the level of protection under the First Amendment,²²⁰ indeed, parody need not even be effectively humorous to merit protection.²²¹

Parodists require First Amendment protection from many causes of action,²²² but most challenges to the parody come under intellectual property laws.²²³ Under copyright law, the fair use doctrine protects some parodies by avoiding the rigid protection of copyrighted works used by others in an expressive way.²²⁴ Similarly, trademark protection does not constitute an absolute right to prohibit another's use of one's trademark. Prior to the enactment of the FTDA, the Lanham Act only prohibited those uses that

217. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987).

218. *Abrams v. United States*, 250 U.S. 616, 630 (1919) (Holmes, J., dissenting) (discussing the value of speech as contributing to the wealth of human knowledge from which the best ideas may rise).

219. *Cartoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 972 (10th Cir. 1996) (involving an invasion of rights of publicity claim for baseball cards ridiculing certain high visibility athletes).

220. *Id.* at 969.

221. "First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed." *Yankee Publ'g, Inc. v. News America Publ'g, Inc.*, 809 F. Supp. 267, 280 (S.D.N.Y. 1992). *Cf. Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (recognizing value in circus posters sufficient to justify copyright protection). Consider the following instruction by the Supreme Court:

[I]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme, some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke.

Id.

222. One example is the intentional infliction of emotional distress. *See, e.g., Hustler Magazine v. Falwell*, 485 U.S. 46 (1988) (Rev. Jerry Falwell alleged intentional infliction of emotional distress for parody portraying him as having drunken sex with his mother in an outhouse). Another example is the right of publicity. *See, e.g., Cartoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959 (10th Cir. 1996) (unauthorized trading cards with caricatures of famous baseball players).

223. Specifically this implicates the Lanham Act. *See, e.g., 15 U.S.C. §§ 1051-1127* (1994 & Supp. I 1996). Also, copyright law protects expressive works. 17 U.S.C. 101-810; 1001-10 (1994 & Supp. I 1996). There are also numerous analogous state laws. *See, e.g., supra* note 19.

224. "The fair use doctrine thus 'permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.'" *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (quoting *Stewart v. Abend*, 495 U.S. 207, 236 (1990)). "A parody is entitled at least to conjure up the original." *Tin Pan Apple, Inc. v. Miller Brewing Co.*, 737 F. Supp. 826, 830 (S.D.N.Y. 1990) (internal quotations omitted).

constituted false representations.²²⁵ Trademark law historically has prohibited any use of a trademark that would harm the affiliated product's reputation,²²⁶ and trademark law can only remedy unauthorized commercial uses of a trademark that are injurious.²²⁷ In fact, the Second Circuit has explicitly recognized a parody defense for trademark infringement.²²⁸ The protection granted to parodies against copyright and trademark infringement actions also applies to trademark dilution actions.²²⁹

However, there are limits to the existing protection granted to parodies, and those who are the subjects of parodies are not completely without remedies. The First Amendment does not provide a license to disregard legally recognized rights in intellectual property.²³⁰ This is because free speech rights are not absolute, and other legitimate interests must also be considered.²³¹ In fact, many courts consider the protection of parody not as a special defense, but simply a special case of existing defenses.²³² For instance, in copyright

225. *Consumers Union, Inc. v. New Regina Corp.*, 664 F. Supp. 753, 764 (S.D.N.Y. 1987). This case, however, was decided prior to the addition of the antidilution statute which arguably does not require a use which is a false representation. An argument may be made that conceptually Lanham is to protect only against false representations or those tending to falsity. Therefore, diluting uses which do not tend to represent falsely should not be prohibited by Lanham. While this argument may be meritorious, it will not be addressed in this note.

226. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) (quoting *James Burrough, Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976)).

227. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987) (citing *Lucasfilm, Ltd. v. High Frontier*, 622 F. Supp. 931, 933-35 (D.D.C. 1985) (finding no property rights for owner of trademark "Star Wars" against its use by public interest groups to refer to President Reagan's Strategic Defense Initiative)).

228. *Tin Pan Apple*, 737 F. Supp. at 833 (finding a parody in an advertisement to be beyond the reach of the defense for its infringement of publicity rights).

229. "The ridicule conveyed by parody inevitably conflicts with one of the underlying purposes of the . . . anti-dilution statute, which is to protect against the tarnishment of the goodwill and reputation associated with a particular trademark." *L.L. Bean*, 811 F.2d at 28. The First Circuit found the application of an antidilution statute to a noncommercial parody to be offensive to the Constitution when regulated simply because the use was in an "offensive" or "unwholesome" context. *Id.* at 31. *But see Pillsbury v. Milky Way Prods.*, 215 U.S.P.Q. 124 (N.D. Ga. 1981) (deeming the offensive depiction of plaintiff's trademark in sexually explicit activities an actionable dilution).

230. *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184, 1188 (5th Cir. 1979) (finding trademark infringement by former Dallas Cowboys Cheerleaders who exposed their breasts in a poster while wearing uniforms very similar to those trademarked by the Dallas Cowboys Cheerleaders).

231. *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1181 (5th Cir. 1980) (Brown, J., concurring in part and dissenting in part).

232. LONG, *supra* note 83, at 274.

infringement actions, parody is considered a special case of the fair use defense.²³³ Hence, under copyright law, parodies are not automatically protected just because they are parodies.²³⁴

Similarly, one party's parodic use of another's trademark does not provide a separate defense to trademark infringement, although it factors into the likelihood of confusion equation.²³⁵ In *L.L. Bean, Inc. v. Drake Publishers, Inc.*,²³⁶ the First Circuit drew a line, thus declining to protect parodies which were commercial and not considered editorial or artistic expression.²³⁷

233. The statute reads:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. 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.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

17 U.S.C. § 107 (1994).

234. The “[s]uggestion that any parodic use is presumptively fair has no justification in law or fact” *Campbell v. Acuff-Rose*, 114 S. Ct. 1164, 1172 n.14 (1994). In fact, for purposes of legal analyses, some parodies may not be legally recognized for protection. *Tin Pan Apple, Inc. v. Miller Brewing Co.*, 737 F. Supp. 826, 831 (S.D.N.Y. 1990) (“[T]here is ample authority for the proposition that appropriation of copyrighted material solely for personal profit, unrelieved by any creative purpose, cannot constitute parody as a matter of law.”).

235. *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.*, 776 F. Supp. 1454, 1462 (W.D. Wash. 1991) (recognizing that a parody may be less likely to confuse where the subject matter concerns social commentary).

236. 811 F.2d 26 (1st Cir. 1987).

237. *Id.* at 32. Prior to *L.L. Bean*, many courts had enjoined commercial trademark parodies. *See, e.g.*, *Dallas Cowboys Cheerleaders v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (holding that use of trademark in promotion and content of pornographic film was unauthorized); *Chemical Corp. of Amer. v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962), *cert. denied*, 372 U.S. 965 (1963) (insecticide maker advertising with “Where there’s life, there’s bugs” parody of “Where there’s life, there’s Bud” trademark of Budweiser); *Original Appalachian Artworks, Inc. v. Topps Chewing Gum*, 642 F. Supp. 1031 (N.D. Ga. 1986) (holding that the marketing of “Garbage Pail Kids” stickers injured Cabbage Patch Kids trademark); *D.C. Comics, Inc. v. Unlimited Monkey Bus.*, 598 F. Supp. 110 (N.D. Ga. 1984) (holding that Superman and Wonder Woman trademarks were injured by parody characters of singing telegram franchisor); *General Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. 1036 (D. Mass. 1979) (holding that “Genital Electric” monogram on underpants and t-shirts injured plaintiff’s trademarked name); *Gucci Shops, Inc. v. R.H. Macy & Co.*, 446 F. Supp. 838 (S.D.N.Y. 1977) (enjoining marketing of diaper bags with “Gucchi Goo” trademark as parody of plaintiff’s “Gucci” trademark); *Coca-Cola Co. v. Gemini*

However, the First Circuit drew this line prior to the *44 Liquormart* case.²³⁸

The challenge is to find the fulcrum on which to balance the competing interests in free expression and intellectual property protection. The First Amendment only protects trademark parodies that are recognizable as parodies, because these are less likely to confuse the public.²³⁹ Thus, the law may ban parodies that infringe trademarks and are more likely to deceive consumers than to inform them.²⁴⁰ Because dilution actions do not require this analysis of consumer confusion, First Amendment protection cannot be premised within the dilution considerations. Therefore, parodies that are challenged in dilution actions raise a different set of considerations, and a survey of some of the various means of parody protection may be instructive.

In cases involving parodies that may be actionable under a tort liability theory, such as intentional infliction of emotional distress, courts look to the subject of the parody to draw the balance between interests, as in *Hustler Magazine v. Falwell*.²⁴¹ The Supreme Court held that the First Amendment requires a plaintiff, who is a public figure suing because of a harmful caricature, to prove actual malice before a court may allow recovery under tort law, even though the caricature may be repugnant to most viewers.²⁴² The First Amendment was designed to protect the free flow of ideas, and robust political debate tends to lead to speech that is critical of public figures.²⁴³ An offensive motive of a parodist is not a proper trigger for liability in the parody of a public figure.²⁴⁴ Similarly, where a famous trademark is the subject of an outrageous and offensive parody, this alone is not sufficient reason to suppress the expression.²⁴⁵ Famous trademarks, even more so than famous people, are major symbols of expression and often convey ideas and ideals²⁴⁶ such that

Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972) (holding that marketing poster reading "Enjoy Cocaine," as parody of "Enjoy Coca-Cola," injured senior trademark). Unlike the Eighth Circuit, the First Circuit in *L.L. Bean* did not have occasion to decide the issue of marketing the use of a trademark whose purpose was to convey a message. See *Mutual of Omaha Ins. Co. v. Novak*, 775 F.2d 247 (8th Cir. 1985) (granting an injunction against "Mutant of Omaha" t-shirts to protest nuclear weapons).

238. See *supra* notes 181-209 and accompanying text.

239. To be protected from trademark infringement actions, a parody must "allow an ordinarily prudent consumer to appreciate the point of the parody, thereby diminishing the risk of confusion." *Black Dog Tavern Co. v. Hall*, 823 F. Supp. 48, 57 (D. Mass. 1993).

240. *Consumers Union, Inc. v. New Regina Corp.*, 664 F. Supp. 753, 767 (S.D.N.Y. 1987).

241. 485 U.S. 46 (1988).

242. *Id.* at 52.

243. *Id.* at 52-53.

244. "[M]any things done with motives that are less than admirable are protected by the First Amendment." *Id.* at 53.

245. *Id.* at 55 (citing *FCC v. Pacifica Found.*, 438 U.S. 726, 745-46 (1978)).

246. See *infra* notes 392-96 and accompanying text.

parodies of these symbols deserve protection as much as those regarding public figures!²⁴⁷

The fair use defense provides a zone of safety for a valued expressive parody in copyright infringement land.²⁴⁸ Under copyright infringement's fair use analysis, a parody's commercial character does not bar protection, but is only a consideration in determining the fairness of the use.²⁴⁹ While the commercial nature of a parody militates against a fair use defense, it is not determinative.²⁵⁰

In *Rogers v. Grimaldi*,²⁵¹ the Court of Appeals for the Second Circuit struck a balance of the public interest in free expression and the public interest against confusion in a trademark infringement action. The court concluded that, the Lanham Act, as of 1989, should only prohibit artistic²⁵² uses where the likelihood of confusion outweighed the interest in expression.²⁵³ The court in *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*²⁵⁴ applied the *Rogers* holding to a parody of study guides and suggested that all parodies are artistic expressions²⁵⁵ and that, for the sake of free expression, slight risks of confusion must be tolerated.²⁵⁶ The Tenth Circuit applied this balancing test in a 1996 case where a parody implicated the right of publicity.²⁵⁷ The court there considered the competing interests of the tort of the right of publicity and the First Amendment interests in free expression.²⁵⁸

247. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987) (stating that diminishing the protection afforded parody solely because a parodist chose a famous tradename, rather than a famous personality, as its target would be an anomaly).

248. 17 U.S.C. § 107 (1994). *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (characterizing § 107 as "breathing space" within copyright).

249. *Campbell*, 510 U.S. at 584.

250. *Id.* at 585. *Compare Tin Pan Apple, Inc. v. Miller Brewing Co.*, 737 F. Supp. 826, 832 (S.D.N.Y. 1990) (stating that parody, as a protected class of speech, would be improperly expanded if made to include commercial parodies entirely for profit), *with Winters v. New York*, 333 U.S. 507, 510 (1948) ("The line between the informing and the entertaining is too elusive for the protection of that basic right").

251. 875 F.2d 994 (2d Cir. 1989).

252. Assigning a marketable title to a film and advertising the film under said title was deemed artistic. *Id.* at 997.

253. *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989) (citing *Rogers*, 875 F.2d at 998-99).

254. 886 F.2d 490 (2d Cir. 1989).

255. "Thus, we hold that the *Rogers* balancing approach is generally applicable to Lanham Act claims against works of artistic expression, a category that includes parody." *Id.* at 495.

256. *Id.*

257. *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 974-76 (10th Cir. 1996).

258. *Id.* at 976.

Thus, numerous areas of the law protect parodies, although with certain limitations. Trademark law protected the trademark against some unauthorized uses, particularly those in the commercial context. However, the law should not deny protection to expressive uses of trademarks in parodies simply because they have a commercial nature; after all, the First Amendment protects commercial speech as well as expressions which may be contained therein. Furthermore, courts have traditionally granted First Amendment protection to parodic expression where the unique expressive character outweighs competing legal interests.

III. ANALYSIS OF A COMMERCIAL TRADEMARK PARODY UNDER THE LANHAM ACT

*[T]here's too much confusion, I can't get no relief.*²⁵⁹

To properly analyze the legal treatment of a commercial trademark parody, such as the Hangunder hypothetical, under the FTDA, it is important to begin by noting that such use of the senior trademark would not likely confuse the public. As such, the use would not be actionable under federal trademark infringement and unfair competition statutes.²⁶⁰ However, the FTDA would protect the trademark against a parody that causes dilution.²⁶¹ The problem arises when the FTDA would not protect a commercial trademark parody even though the First Amendment would.²⁶²

A. Likelihood of Confusion: Infringement, Unfair Competition, and the Commercial Parody

In order to maintain an action for trademark infringement or unfair competition under the Lanham Act, the plaintiff must establish that the defendant's use of the plaintiff's trademark is likely to cause confusion in the consuming public as to the source of the good.²⁶³ Case law under the Lanham Act's infringement statute has parsed the likelihood of confusion standard into an eight part multi-factor test, as articulated in *Polaroid, Inc. v. Polarad Electronics Corp., Inc.*²⁶⁴ To better understand this concept, and how courts

259. BOB DYLAN, *All Along the Watchtower*, on JOHN WESLEY HARDING (Columbia 1967).

260. See *infra* notes 263-319 and accompanying text.

261. See *infra* notes 320-50 and accompanying text.

262. See *infra* notes 351-96 and accompanying text.

263. See *supra* notes 70-78 and accompanying text.

264. 287 F.2d 492 (2d Cir. 1961).

Where the products are different, the prior owner's chance of success is a function of many variables: [1] the strength of his trademark, [2] the degree of similarity between the two trademarks, [3] the proximity of the products, [4] the likelihood that the prior owner will bridge the gap, [5] actual confusion, and [6] the reciprocal of defendant's

decide whether a trademark parody²⁶⁵ is likely to confuse, a factor-by-factor analysis of trademark parody and the Hangunder hypothetical under the *Polaroid* factors is useful. The following analysis of the likelihood of confusion factors will show that Hangunder's use is not likely to confuse; thus, to maintain an action under federal trademark law, Anheuser-Busch would have to pursue an action under the FTDA.

The first factor is the strength of the plaintiff's trademark.²⁶⁶ The strength factor, as applied to trademarks, involves the tendency of the trademark to identify the goods sold under the trademark as goods issued from a particular, though possibly anonymous, source.²⁶⁷ In other words, the trademark need not indicate from which identifiable source the goods came, but that a particular source issued the goods. There are four categories of trademarks ranging, in ascending strength, from the generic,²⁶⁸ to the descriptive,²⁶⁹ the suggestive,²⁷⁰ and finally to the arbitrary or fanciful.²⁷¹ Each category speaks to the relationship between the trademark and the good. A purchaser might think that a generic or descriptive trademark simply describes the product, whereas a purchaser is more likely to readily identify the source of the good when an arbitrary trademark is used. Thus, when a "stronger" mark is parodied, the public is more likely to find the use confusing.

The strength factor weighs heavily against parodists. Trademark parodies often use strong trademarks as their targets.²⁷² Returning to the hypothetical, Hangunder has selected a very strong trademark to parody. Because of years of extensive advertising and market domination, Budweiser has gained a large

good faith in adopting its own mark, [7] the quality of defendant's product, and [8] the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account.

Id. at 495.

265. While trademark infringement and unfair competition actions are not by any means limited to parodic uses, for purposes of this note, the text will focus on this small class of uses.

266. *Polaroid Corp.*, 287 F.2d at 495.

267. *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979).

268. The trademark "soap" for a bar of soap is an example of a generic trademark. Such a term cannot be recognized legally as a trademark. PAUL GOLDSTEIN, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES—CASES AND MATERIALS ON THE LAW OF INTELLECTUAL PROPERTY 223 (3d ed. 1993).

269. The term "100% Pure Soap" is descriptive and may be legally recognized as a trademark only if it acquires secondary meaning—the ability to identify the single source of the good. *Id.*

270. "Ivory Soap" is a suggestive term in that it only suggests a character or ingredient of the good, and the public is left to its imagination to determine the nature of the goods. *Id.*

271. "Camay Soap" is an example of an arbitrary or fanciful term, because "Camay" is a term far removed from a mere description of the good it identifies. *Id.*

272. Steven M. Perez, *Confronting Biased Treatment of Trademark Parody Under the Lanham Act*, 44 EMORY L.J. 1451, 1489 (1995).

identification value and great distinctiveness. Additionally, the word "Budweiser" does not describe or suggest anything about the beer and seems arbitrary or fanciful. Thus, because Hangunder has parodied a strong trademark, this factor weighs against Hangunder.²⁷³

The second factor in the likelihood of confusion analysis is the similarity of the trademarks.²⁷⁴ While important to the analysis, close physical similarity of trademarks is not conclusive.²⁷⁵ For instance, when considering trademarks that were formed by letters and words, courts have historically considered differences in spelling.²⁷⁶ However, courts now predominately analyze the impression on the purchasing public.²⁷⁷ Thus, courts consider whether the public is likely to think that the goods of one manufacturer actually came from another source due to the similarity of the marks. If a court determines that a similar mark is likely to confuse the public, this factor will weigh in favor of the use being an infringement or unfair competition.

In a lawsuit against a trademark parody, this factor favors the defendant. A parody must make its viewer realize what it is poking fun at. For a parody to conjure the image of the subject mark in the viewer's mind, it will have to bear substantial similarity to it.²⁷⁸ A parody, however, typically differs from the original in such ridiculous ways that the consumer may not be likely to believe that the trademark owner is the source of the parody.²⁷⁹ The Sudmeister labels in Hangunder's advertisement are very similar in color and design to that of Budweiser, although a different name appears. The frogs are similar to those in the Budweiser advertisements, although they do appear in a grotesque state. Although the marks are similar in their appearance, their differences may mitigate the likelihood that the average consumer would confuse the source of the advertisement with Anheuser-Busch.²⁸⁰ However, due to the similarities of the cans, labels, and frogs, this factor, focusing merely on the physical similarity of the marks, might weigh slightly in favor of the plaintiff, Anheuser-Busch.

273. *Id.* (stating that strong marks receive more protection than weaker marks under the *Polaroid* factors).

274. *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

275. *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1133 (2d Cir. 1979).

276. *Pikle-Rite Co. v. Chicago Pickle Co.*, 171 F. Supp. 671, 675 (N.D. Ill. 1959). While Sudmeister uses seven of nine letters of Budweiser, this factor is somewhat antiquated and may not weigh so heavily.

277. *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 77 (2d Cir. 1988).

278. Robert J. Shaughnessy, Note, *Trademark Parody: A Fair Use and First Amendment Analysis*, 72 VA. L. REV. 1079, 1093 (1986).

279. *Id.*

280. *Id.* at 1092-93 (providing a similar analysis of *Girl Scouts v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969)).

The third factor is the proximity of the products,²⁸¹ which involves the similarity of the products and markets to which the senior and junior uses are applied.²⁸² Although courts will consider the geographic proximity of the product markets, mere physical distance is not decisive regarding the proximity factor.²⁸³ Rather, as a general rule, the more decisive inquiry is whether the products compete with one another.²⁸⁴

In *Tetley, Inc. v. Topps Chewing Gum, Inc.*,²⁸⁵ the Eastern District Court of New York considered the proximity of two products: stickers in a pack of gum and the label on a tea bag. The court, noting arguably insignificant differences, distinguished the parody from the original. The court noted that the teabag label was on the outside of the packages, while the parody stickers were within gum packs, even though the plaintiff's commercial packaging included a picture remarkably similar to the defendant's stickers.²⁸⁶ The court also found important the fact that the bubble gum was marketed primarily to children in candy stores rather than adults in grocery stores.²⁸⁷

Also, in considering the proximity factor, the court in *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*²⁸⁸ focused on the medium of sales of the products, the manner of sales, and the audiences to which the product was aimed. The court deemed the pamphlets mocking Cliff's Notes study guides²⁸⁹ to be sold in the same medium and manner as the targeted study guides because both were books sold in the same section of a bookstore.²⁹⁰ However, the court noted that the audiences were distinct in that the "Spy Notes" books were not likely to confuse consumers purchasing Cliff's Notes. Thus, upon closer consideration, the products were not so close in proximity.

281. *Polaroid Corp.*, 287 F.2d at 495.

282. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 874 (2d Cir. 1986).

283. *Diner, Inc. v. Dream Kitchen, Inc.*, 1995 WL 438627, at *5 (1995).

284. *Lang v. Retirement Living Publ'g Co.*, 949 F.2d 576, 582 (2d Cir. 1991).

285. 556 F. Supp. 785 (E.D.N.Y. 1983).

286. *Id.* at 790.

287. *Id.* at 790-91.

288. 718 F. Supp. 1159 (S.D.N.Y. 1989), *vacated* *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490 (2d Cir. 1989).

289. The Spy Notes parody pamphlets copied prominent features of Cliff's Notes study guides including: listing, on the cover, the novel which is discussed in the book, and the distinctive black and yellow stripes and black typeface of the Cliff's Notes covers were copied for the Spy Notes covers. *Cliff's Notes*, 718 F. Supp. at 1161. However, Spy Notes covers clearly labeled the books as a satire and used a black silhouette of a clay sculpture of New York City, rather than the black silhouette of a mountain found on Cliff's Notes covers. *Cliff's Notes*, 886 F.2d at 492. Spy Notes also had red, white, and blue on its cover, which Cliff's Notes did not. *Id.*

290. *Cliff's Notes*, 718 F. Supp. at 1165-66.

In the Hangunder hypothetical, the proximity of products factor would likely weigh in Hangunder's favor. In light of *Tetley*, a court might give substantial weight to the fact that Hangunder markets its headache relief in drug stores, whereas Budweiser is marketed with liquor. Even though both are commercially packaged as noted in *Cliff's Notes* and both are marketed to adults as noted in *Tetley, Inc.*, the distinctly different nature of the two products will likely weigh against proximity.

The fourth factor in the likelihood of confusion test is the likelihood that the senior user of the trademark will bridge the gap between the products,²⁹¹ that is, whether the senior trademark owner is likely to begin marketing products with its mark in the same market as the junior user's goods. Whether the senior user is likely to enter the same market as the junior user is significant because such an entry would make the junior use more likely to confuse.²⁹² This factor essentially looks at whether the purchaser of the junior user's good would think that the senior user might try marketing that kind of product.

*Gucci Shops, Inc. v. R. H. Macy & Co.*²⁹³ was one of the few cases in which a court found a parodic use on a good to occur within the scope of products that the senior user would likely consider marketing. *Gucci* involved a parody of the senior user's "Gucci" mark when the defendant placed a "Gucchi Goo" mark on diaper bags.²⁹⁴ The court noted that diaper bags are very similar to the many handbags and totes sold by Gucci, a producer known for its high priced fashion accessories, and that the public could conclude that the diaper bags were within an expanded line of Gucci products.²⁹⁵

In the Hangunder hypothetical, it is unlikely that Anheuser-Busch would expand into pharmaceuticals. First, marketing hangover relief would undermine beer marketing, which advertises the pleasures of alcohol. Additionally, because an alcohol distributor entering the highly competitive arena of drug manufacturing would encounter high costs and uncertainty, Anheuser-Busch would probably be inclined not to bridge the gap between products.

291. *Polaroid Corp.*, 287 F.2d at 495.

292. *Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167, 1174 (2d Cir. 1976) (enjoining defendant's use of trademark "VERA" on perfumes).

293. 446 F. Supp. 838 (S.D.N.Y. 1977) (granting injunction against use of "Gucchi Goo" mark on diaper bags infringing "Gucci" trademark for handbags).

294. *Id.* at 839.

295. *Id.* at 839-40.

The fifth *Polaroid, Inc.* factor is actual confusion to the consumer public.²⁹⁶ While the plaintiff is not required to prove actual confusion to establish a likelihood of confusion, the presence of actual confusion would help.²⁹⁷ Thus, the plaintiff may offer proof, empirical or otherwise, that purchasers were actually confused as to the source of the defendant's goods. However, the actual confusion factor is also not dispositive.²⁹⁸

In *Girl Scouts of the United States v. Personality Posters Manufacturing Co.*,²⁹⁹ the court noted that people who had seen the poster depicting a pregnant girl in full scout regalia with the words "be prepared" were not confused as to the source of the poster. Rather, viewers actually contacted the Girl Scouts to warn them of such abuse.³⁰⁰ Such a situation, where people are not confused, but actually recognize the parodic nature of the use, will be the case with most parodies because parodies tend to criticize or disparage their subject.³⁰¹ Nevertheless, this factor depends on the nature of the audience. In this Note, it is assumed that no one confuses Hangunder's use of hungover frogs with Budweiser.

Sixth, the intent of the defendant is a factor in determining the likelihood of confusion.³⁰² This factor considers the defendant's good or bad faith, and a court will look closely at the order of events in considering whether the defendant intended to exploit the plaintiff's goodwill.³⁰³ The court may consider the sequence of activities of the defendant and plaintiff. Additionally, it may consider the specific knowledge of the defendant.³⁰⁴

*Pillsbury Co. v. Milky Way Productions, Inc.*³⁰⁵ illustrates most clearly why parodies often do not show a bad faith intent by the defendant. While Milky Way intentionally singled out Pillsbury's dough-boy mark for its lewd

296. *Polaroid Corp.*, 287 F.2d at 495.

297. *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 78 (2d Cir. 1988) (finding a likelihood of confusion for use of "GUNG HO" trademark on line of action figures similar to those on which plaintiff used the trademark).

298. *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 661-62 (2d Cir. 1970) (stating that actual confusion is not necessary to show likelihood of confusion). Cf. *Hasbro, Inc.*, 858 F.2d at 78 (stating that lack of actual confusion may be used against the plaintiff).

299. 304 F. Supp. 1228 (S.D.N.Y. 1969).

300. Shaughnessy, *supra* note 278, at 1093.

301. *Id.*

302. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

303. *Bear U.S.A., Inc. v. A.J. Sheepskin & Leather Outerwear, Inc.*, 909 F. Supp. 896, 906 (S.D.N.Y. 1995).

304. *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 48 (2d Cir. 1978) (noting that actual and constructive notice of another's prior registration of the Mushroom trademark on women's shoes was relevant, though not necessary to bad faith).

305. 215 U.S.P.Q. 124 (N.D. Ga. 1981).

sexual parody, it did not have a bad faith intent.³⁰⁶ This is chiefly because this factor does not consider intent to disparage, but intent to confuse.³⁰⁷ While a good parody mimics the original, the parody is designed to differ in meaningful ways.³⁰⁸ Thus, most parodists will lack a bad faith intent to confuse.

While Hangunder has certainly tried to evoke the Budweiser image in its advertising, *Pillsbury* illustrates that this kind of intent is irrelevant. Although Hangunder knows what Budweiser is and to whom it is marketed, nothing indicates any intent to confuse the purchasing public. This factor, too, weighs in favor of Hangunder.

The seventh factor is the quality of the defendant's product.³⁰⁹ A greater likelihood of confusion may exist if the defendant's product is inferior to that of the plaintiff and if consumers are likely to think that the plaintiff issued the inferior product.³¹⁰ Thus, if a defendant applies a parody of the plaintiff's trademark to poor products, where it is usually applied to "superior" products, confusion will be more likely.

Courts have often lumped this factor in with other product considerations such as proximity of the products or similarity of the goods.³¹¹ A commercial parody may be associated with any type of product, good, or expression, and depends mostly on the parodist. It is assumed that Hangunder is a high quality pain reliever,³¹² and this factor weighs in favor of Hangunder.

The final *Polaroid* factor is the sophistication of buyers.³¹³ In measuring susceptibility to confusion under this factor, courts look directly at those who would be confused (the ordinary purchaser) under normal market conditions.³¹⁴

306. *Id.* at 134.

307. *See id.* at 133-34.

308. *See supra* notes 278-80 and accompanying text.

309. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

310. *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 95 (2d Cir. 1993).

311. *See, e.g., McGregor-Doniger, Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1134 (2d Cir. 1979) (associating quality and proximity of goods); *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 77 (2d Cir. 1988) (considering all *Polaroid* factors but strength of the mark).

312. *See supra* note 2.

313. *Polaroid Corp.*, 287 F.2d at 495.

314. *McGregor-Doniger, Inc.*, 599 F.2d at 1137.

The greater the value of a good, the more careful the typical consumer is expected to be.³¹⁵ Courts will also consider the degree of consumer reliance on the trademarks to identify the source of different goods.³¹⁶

The sophistication of buyers depends on the goods being marketed. Because strong marks that have powerful distinctiveness are often the subjects of parodies, those marks will have a strong identification quotient with the purchasing public who will be very familiar with the marks.³¹⁷ Thus, consumers will rely heavily on these marks. In the Hangunder hypothetical, the court would analyze pain relievers because they are the goods with which Hangunder has associated its parody. Consumers do not frequently purchase pain relievers, which are also, generally, not a high priced commodity. Additionally, the mark "used," or parodied is Budweiser's, and is a strong mark. Under this factor then, the likelihood of confusion is higher because purchasers are more susceptible to confusion when the goods are inexpensive and bear a strong mark. However, courts often eschew this factor of the test in their consideration.³¹⁸

Under the present state of trademark infringement and unfair competition law, Anheuser-Busch would have little or no protection against the Hangunder use, primarily because Hangunder's advertisement is not likely to confuse. While the mark's strength, the similarity of the marks, and purchaser sophistication weigh in the plaintiff's favor, the remaining factors—proximity of the markets, the plaintiff's likelihood to bridge the gap, actual confusion, the defendant's bad intent, and the quality of the defendant's products—all favor the defendant. For this reason, any federal trademark protection for Anheuser-Busch would likely have to come from the FTDA.³¹⁹

B. The Federal Trademark Dilution Act

The FTDA³²⁰ protects trademark owners against unauthorized commercial uses of their marks that may reduce the distinctiveness of their marks.³²¹ Congress proffered two purposes for the Act. First, the FTDA would provide uniform remedies to trademark owners and nationwide protection in this era of

315. *Id.*

316. *Id.* (citing *Modular Cinemas, Inc. v. Mini Cinemas Corp.*, 348 F. Supp. 578, 583 (S.D.N.Y. 1972)).

317. See *supra* notes 266-71 and accompanying text.

318. See, e.g., *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.*, 776 F. Supp. 1454, 1460-61 (W.D. Wash. 1991) (listing factors to consider in the Ninth Circuit and not including sophistication of the buyers).

319. 15 U.S.C. § 1125(c) (Supp. I 1996).

320. See *supra* note 22.

321. H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030.

widespread trademark use.³²² Second, the statute would comply with international intellectual property agreements into which the United States has entered.³²³

The statute provides for injunctions against unauthorized commercial uses of famous marks³²⁴ in commerce, if such uses cause dilution of the distinctive quality of the marks.³²⁵ While an injunction is the only relief generally available, willful dilution will give rise to further remedies that are within a court's discretion and comport with principles of equity.³²⁶ The statute explicitly provides immunity for defendants whose trademarks, which allegedly dilute the marks of plaintiffs, are registered with the Patent and Trademark Office.³²⁷ Finally, and most pertinent to this Note, the statute provides exceptions for certain uses by defendants: fair uses in comparative advertising,³²⁸ noncommercial uses,³²⁹ or uses in news reporting and news commentary.³³⁰ These exceptions are most pertinent because they purportedly

322. *Id.* The statute provides more uniformity in light of the facts that state antidilution statutes may differ from each other and that half of the states do not provide for protection against trademark dilution. *Id.* at 3-4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030-31. Congress seems to presume that the "famous marks" protected are ones tending to have nationwide use, thus, demanding nationwide protection. *See* 15 U.S.C. § 1125(c)(1) (Supp. I 1996).

323. The most notable of these agreements with which the statute most directly complies is the Agreement on Trade-Related Aspects of Intellectual Property Rights Including Trade in Counterfeit Goods ("TRIPS"). This agreement was part of the Uruguay Round of the GATT agreement and included an antidilution provision. H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031.

324. This protection beyond only registered federal trademarks is an effort by Congress to have the United States set the standard for global protection of intellectual property. *Id.* at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. The Federal Trademark Dilution Act provides considerations for determining whether a mark is famous. 15 U.S.C. § 1125(c)(1)(A)-(H) (Supp. I 1996).

325. *See* 15 U.S.C. § 1125(c)(1).

326. *See id.* § 1125(c)(2).

327. *See id.* § 1125(c)(3).

328. "Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark." *Id.* § 1125(c)(4)(A). *See supra* note 31.

329. "Noncommercial use of a mark." *Id.* § 1125(c)(4)(B). The determination of whether a use is noncommercial is to be made according to the existing case law determinants of commercial speech. H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. For a discussion of commercial speech, *see supra* notes 152-209 and accompanying text.

330. "All forms of news reporting and news commentary." 15 U.S.C. § 1125(c)(4)(C). This provision was added in consideration of heightened First Amendment protection of the news industry. H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. *See, e.g., Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562, 574-75 (1977) (acknowledging First Amendment protection extended to the press).

address all First Amendment concerns.³³¹ Most specifically, Congress suggests that the statute does not threaten noncommercial expressions such as parody and satire *that are not a part of a commercial transaction*, ignoring those that are.³³²

As of the date of publication, only one reported case of a trademark parody has involved the exceptions under section 1125(c)(4). In *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*,³³³ the estate of children's author Dr. Seuss³³⁴ brought suit against the defendant's book about the infamous double-murder trial of O.J. Simpson, a book written as a parody of the distinct style of Dr. Seuss books.³³⁵ Because the *Dr. Seuss Enterprises* court held that marketing, selling, and advertising a literary parody is noncommercial and, thus, exempt from application of the FTDA, the case did little to analyze any First Amendment claims under the Act.³³⁶

While the FTDA explains what marks are covered by the statute and what trademark uses by a second party are exempt, it does little to inform potential litigants as to the nature of a dilution claim. Instead, litigants must seek guidance from established state antidilution statutes. The following Section analyzes the Hangunder advertisement under the FTDA.

331. "The proposal adequately addresses legitimate First Amendment concerns." H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. *See also* 141 CONG. REC. H14,318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorehead); 141 CONG. REC. S19,310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

332. H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. *See also* 141 CONG. REC. H14,318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorehead); 141 CONG. REC. S19,310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

333. 924 F. Supp. 1559 (S.D. Cal. 1996), *aff'd* 109 F.3d 1394 (9th Cir. 1997).

334. Theodore Geisel, a/k/a Dr. Seuss, has written numerous children's books. *See, e.g.*, DR. SEUSS, *HOW THE GRINCH STOLE CHRISTMAS* (1985); DR. SEUSS, *THE LORAX* (1971); DR. SEUSS, *HOP ON POP* (1963); DR. SEUSS, *GREEN EGGS AND HAM* (1960); DR. SEUSS, *HORTON HATCHES THE EGG* (1940).

335. *Dr. Seuss*, 924 F. Supp. at 1561. Trademark dilution was only one of several actions that the plaintiff brought against the book attributed to Dr. Juice (making allusion to O.J. Simpson's nickname). *Id.*

336. *Id.* at 1574. This expressive, noncommercial use, fit the FTDA exception for noncommercial uses. 15 U.S.C. § 1125(c)(4)(B) (Supp. I 1996).

C. A Dilution Cause of Action

To maintain a dilution cause of action,³³⁷ a plaintiff generally must establish two factors.³³⁸ First, the plaintiff's mark must have a distinctive quality or have acquired secondary meaning.³³⁹ Often, this factor is established by reviewing the strength of the plaintiff's trademark.³⁴⁰ In some courts, the statutes protecting "famous marks"³⁴¹ are limited to the protection of only extremely strong trademarks.³⁴²

Second, the plaintiff must present evidence of a likelihood of dilution, an admittedly ambiguous factor.³⁴³ For instance, courts presently have little guidance in assessing whether a use tarnishes a trademark.³⁴⁴ However, the other forms of dilution actions may provide some help. As an example, to establish dilution by inferior association, for instance, a court may compare the value and quality of the plaintiff's and defendant's products.³⁴⁵

337. Obviously, the *prima facie* dilution case may vary depending on its statutory basis, but a review of reported cases and statutes indicates that the following requirements predominate.

338. The *Sally Gee, Inc.* court alluded to a possible third factor of predatory intent. *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 626 (2d Cir. 1983). However, the *Deere & Co.* court, recognizing the lack of clarity as to the role of predatory intent, declared it to be merely a relevant consideration to dilution. *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 46 (2d Cir. 1994). Furthermore, predatory intent is considered with the *prima facie* element of likelihood of dilution. See *infra* notes 351-360 and accompanying text.

339. *Sally Gee, Inc.*, 699 F.2d at 625; *American Express Co. v. Vibra Approved Lab. Corp.*, 1989 WL 39679, at *8 (S.D.N.Y. 1989); *Deere & Co.*, 41 F.3d at 42. A distinctive mark is one which is arbitrary, fanciful, or suggestive enough to identify the source of the goods on which it is used. J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 11:2 (2d ed. 1984). Secondary meaning is where, by use, a mental association in buyers' minds is made between the alleged mark and the single source of the products to which it is attached. *Id.* § 15:2. See also *supra* notes 268-271.

340. For a definition and review of the concept of trademark strength, see *supra* notes 266-71 and accompanying text.

341. This nomenclature is used in the Federal Trademark Dilution Act. 15 U.S.C. § 1125(c) (Supp. I 1996).

342. The *Sally Gee, Inc.* court, applying the New York dilution statute, refers to protection of "celebrated and famous" trademarks. *Sally Gee, Inc.* 699 F.2d at 625. See N.Y. GEN. BUS. LAW § 368-d (McKinney 1996).

343. Likelihood of dilution was characterized as "a somewhat nebulous concept." *Sally Gee, Inc.*, 699 F.2d at 625.

344. Many difficult considerations arise when making a finding that the defendant's use "evoke[s] unflattering thoughts" or places the plaintiff's trademark in an "unwholesome context." *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994).

345. See, e.g., *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625-26 (2d Cir. 1983) (holding no dilution by inferior association because goods to which junior use was applied were of better quality than goods associated with senior use). See also *Deere & Co.*, 41 F.3d at 44-46 (holding a review of likelihood of dilution beyond the traditional branches of blurring and loss of reputation).

On the other hand, blurring requires evidence that the plaintiff's trademark has a product-evoking quality³⁴⁶ that would be weakened should the defendant's use of the trademark persist.³⁴⁷ A concurring opinion in a Second Circuit case, *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,³⁴⁸ formulated a test for blurring, and that court seemingly adopted that test in *Deere & Co. v. MTD Products, Inc.*³⁴⁹ Under this test, courts consider six factors to determine a finding of blurring: (1) the similarity of the plaintiff's and defendant's trademarks; (2) the similarity of the plaintiff's and defendant's products; (3) the sophistication of the consumers; (4) any predatory intent on the part of the defendant; (5) the renown of the senior trademark; and (6) the renown of the junior trademark.³⁵⁰ In the next Section, these various formulations are applied to the Hangunder hypothetical.

D. Protection Granted to a Commercial Trademark Parody Under the FTDA

While hangover frogs are in poor taste, the Hangunder advertisement does not create an unwholesome association³⁵¹ for Anheuser-Busch trademarks, and a case such as *Jordache Enterprises, Inc.* would likely serve as precedent for a ruling that Anheuser-Busch's trademarks were not tarnished.³⁵² Likewise, a claim of dilution by inferior association would likely fail because Hangunder, as this hypothetical assumes, is a high quality, effective hangover reliever.³⁵³ As in the case of *Sally Gee, Inc. v. Myra Hogan, Inc.*,³⁵⁴ association with a product will not diminish the business reputation by an inferior association when the product is not inferior to that associated with the senior trademark.³⁵⁵

346. The distinctiveness or acquired secondary meaning of the trademark would likely establish this, though case law is somewhat ambiguous on this point. See, e.g., *Sally Gee, Inc.* 699 F.2d at 625.

347. *Id.* at 625.

348. 875 F.2d 1026, 1035 (2d Cir. 1989).

349. 41 F.3d 39, 43 n.8 (2d Cir. 1994).

350. *Mead Data*, 875 F.2d at 1035.

351. *Jordache Enters. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 57 (D.N.M. 1985).

352. Using the trademark in a way that is in poor taste, but not particularly unwholesome, unsavory, or degrading, is not tarnishment. *Id.* Note, however, that a court following *Deere & Co.* might find dilution based on the alteration of Budweiser's trademarks, aside from the traditional analyses. *Deere & Co.*, 41 F.3d at 45. Hangunder is close to fitting such a definition of dilution as the *Deere & Co.* court proposed: alterations of a trademark by a competitor with incentive to diminish the favorable attributes of the trademark and ample opportunity to promote its product in ways that make no significant alteration of the plaintiff's trademark may constitute dilution. *Id.* While Hangunder is proposing a sale of its own product and is altering Anheuser-Busch's trademarks, it is not a competitor for beer, neither does it have any pecuniary incentive to diminish the favorable attributes of Budweiser's trademark. Thus, the alteration of Anheuser-Busch's trademark does not constitute dilution by tarnishment.

353. See *supra* note 2.

354. 699 F.2d 621 (2d Cir. 1983).

355. *Id.* at 625. See *supra* notes 109-22 and accompanying text.

As to blurring, a court would likely hold that, under the *Mead Data*³⁵⁶ factors, Hangunder's use dilutes Anheuser-Busch's trademarks. While the trademarks are very similar in pronunciation, design, and nature, they are not similar in the strictest sense. Beer and pain relievers do not directly compete. However, the concept of product similarity is arguably broader than the narrow construction of direct competition, as direct competition is not required for a dilution claim.³⁵⁷ Because hangover relief is certainly related to alcohol sales, a court might find some similarities. The sophistication of consumers is probably low, tending toward a finding of dilution by blurring.³⁵⁸ Without augmenting the hypothetical to establish any subjective predatory intent, some such intent could be inferred from Hangunder's specific targeting of a major advertiser in the alcohol industry. Likewise, the final two elements³⁵⁹ tend toward a finding of dilution in that Budweiser is a renowned trademark, while Hangunder is a fledgling product with a fledgling trademark. Budweiser has a *prima facie* claim for dilution, and Hangunder's advertisement fails to meet any of the exceptions provided by the federal statute.³⁶⁰ However, First Amendment principles regarding commercial speech and parodies would seem to indicate that this advertisement should be protected.

E. First Amendment Protection for a Commercial Parody

Assuming that the 44 *Liquormart* "special care" analysis represents the trend in the constitutional protection of commercial speech, its analysis would apply to any injunction enjoining the Hangunder advertisement under the FTDA. While the sale and advertising of headache relievers is presumably legal, the question whether the advertisement is false requires further analysis.

By its very nature, parody involves some degree of fiction and, thus, in and of itself, parody is designed to be an exaggerated falsity in an attempt to show the truth by criticizing its target.³⁶¹ In *Milkovich v. Lorain Journal Co.*,³⁶²

356. *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989). See *supra* notes 98-108 and accompanying text.

357. *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 42 (2d Cir. 1994); *Sally Gee, Inc.*, 699 F.2d at 624.

358. Analysis of this factor follows the analysis of the *Polaroid* trademark infringement factor bearing the same name. See *supra* notes 313-18 and accompanying text.

359. These final two elements are the renown of the senior trademark and the renown of the junior trademark. See *supra* note 350 and accompanying text.

360. Hangunder's advertisement is not a comparative advertisement because it does not identify competing goods because a hangover relief does not compete with beer in the marketplace. It also is not news reporting or news commentary, and it is commercial. See *supra* notes 152-209 and accompanying text.

361. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579-80 (1994).

362. 497 U.S. 1 (1990) (reviewing a claim for defamation regarding statements at disciplinary hearings about a wrestling coach's conduct).

the Supreme Court held that the First Amendment requires plaintiffs to bear the burden of showing falsity, where falsity is material.³⁶³ The Court specifically noted this doctrine's applicability to parody³⁶⁴ and rhetorical hyperbole.³⁶⁵ Thus, opinions-i.e., statements which do not imply an objective fact-are not false.³⁶⁶ Because Hangunder's parodic characterization of Budweiser as intoxicating frogs is probably not objectively provable (although, admittedly, tests could analyze the effects of alcohol on amphibians), the portrayal of frogs as animals that imbibe and celebrate like "party humans" would almost certainly qualify as rhetorical hyperbole.

Because Hangunder's advertisement would not be illegal or false, the government³⁶⁷ must have a substantial interest for an injunction to issue against the advertisement.³⁶⁸ The plethora of dilution statutes and the long-standing and increasingly popular recognition of intellectual property rights suggest that states have a substantial interest in protection against trademark dilution.³⁶⁹

However, under the "special care" analysis, the restriction still must advance the government interest to a material degree.³⁷⁰ Enjoining parodies does not so advance a state interest. The state interest arises when the use of a trademark diminishes its distinctiveness.³⁷¹ The Hangunder parody does not implicate this interest because parodies rarely weaken the ability of targeted

363. This standard may insulate from liability some speech which is false but unprovable. *Id.* at 16. While defamation is a tort requiring falsity, which dilution does not, the analysis should be the same because falsity is an element of the constitutional inquiry for the restriction of commercial speech. "To create liability for defamation there must be: (a) a false and defamatory statement concerning another. . . ." RESTATEMENT (SECOND) OF TORTS § 558 (1977) (emphasis added).

364. *Hustler Magazine v. Falwell*, 485 U.S. 46 (1988) (involving an alcohol advertisement parody depicting televangelist as having his first encounter with alcohol and sex with his mother in an outhouse).

365. *See, e.g., Letter Carriers v. Austin*, 418 U.S. 264 (1974) (finding that the use of the word "traitor" in literary definition of a union "scab" was merely rhetorical hyperbole and not actionable as defamation).

366. Expression of "opinion" may often imply an assertion of objective fact. *Milkovich*, 497 U.S. at 18. Only assertions of objectively provable falsity are actionable. *Id.* at 18-21.

367. *AFL v. Swing*, 312 U.S. 321 (1941) (finding state action when state court enforces a claim by an individual under the laws of the state, which resulted in the restraining of peaceful picketing).

368. Some argue that injunctions should be treated as a prior restraint of speech. *See, e.g., Vincent Blasi, Toward a Theory of Prior Restraint: The Central Linkage*, 66 MINN. L. REV. 11 (1981).

369. This is required under the 44 *Liquormart* "special care" analysis and the *Central Hudson* test. *See supra* notes 176-80, 201-04 and accompanying text.

370. 44 *Liquormart, Inc. v. Rhode Island*, 110 S. Ct. 1495, 1499 (1996). *See also supra* notes 190-204 and accompanying text.

371. *See supra* notes 79-97 and accompanying text.

marks to identify their owners.³⁷² Additionally, trademark parodies do not discourage investment in trademarks which, although a substantial state interest, would not be materially advanced by enjoining parodies.³⁷³ Central to any inquiry is the fact that the Sudmeister logo and Hangunder frogs are not applied to Hangunder pills, but to an imaginary product within the advertisement.³⁷⁴ Not only does the Hangunder advertisement merit protection as commercial speech, but the parody's expressive nature also mandates protection.

In order to determine whether the advertisement deserves protection, a balancing of expression and trademark interests is also important. The public has an interest in avoiding trademark dilution. Trademarks are valuable commodities insofar as they identify the sources of goods. To the degree this effect is hindered, the public is harmed.³⁷⁵ While Hangunder used Anheuser-Busch's trademarks in a commercial promotion of its own product, the use did not name Budweiser as the mark of Hangunder relief. The very hypothetical that was used to justify dilution statutes from their inception in 1927 and their federal counterpart in 1995—the use of the name Kodak on pianos³⁷⁶—demonstrates that the use of a mark to identify the source of a product is central to dilution actions. Because Hangunder's use does not dilute the Anheuser-Busch trademarks in this way, the dilution interest implicated is less than maximal.

Moreover, the First Amendment interests are significant. As a parody, the use of the Sudmeister symbols and the drunken frogs comments on the values expressed in Budweiser advertisements. Hangunder's commercial trademark parody is distinguishable from the t-shirt sales in *Mutual of Omaha Insurance Co. v. Novak*.³⁷⁷ In *Mutual of Omaha*, the Eighth Circuit deemed that a commercial parody of Mutual of Omaha's trademark Indian head to comment on toxic waste did not have sufficient First Amendment justification, because the

372. "Trademark parodies do little to weaken a mark's capacity to call to mind its owner's products; indeed, the parodist's very purpose in using the products is to conjure up the images ordinarily associated with it so that he may comment on them." Shaughnessy, *supra* note 278, at 1113.

373. "[U]authorized use of a [trade]mark merely to refer to the trademark owner or its products does little to discourage investment in trademarks." *Id.* at 1105.

374. The advertisement is not a comparative advertisement because the headache reliever and beer are not competing products. "Fair use . . . in comparative commercial advertising . . . to identify the *competing* goods . . ." 15 U.S.C. § 1125(c)(4)(A) (Supp. I 1996) (emphasis added). See *supra* note 31.

375. See *supra* note 136.

376. H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030; 141 CONG. REC. H14,317 (daily ed. Dec. 12, 1995) (statement of Rep. Moorehead); 141 CONG. REC. S19,310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

377. 836 F.2d 397 (8th Cir. 1987).

use was a satire, not a parody.³⁷⁸ The difference is subtle but important. Courts have recognized that intellectual property rights must be curtailed to the point that a parodist may conjure up the associations generated by the subject of the parody in order to comment on them.³⁷⁹ Additionally, courts have recognized that parodies are more expressive than the mere labels on products (i.e., the KODAK³⁸⁰ use).³⁸¹

Parody deserves freedom as entertainment and criticism,³⁸² even if its target is a trademark. Regulating expressions merely because they involve the use of trademarks empowers those with the ability to stop such uses to become monitors of the spoken and written English language.³⁸³ It is not fair to protect trademarks more than other parody targets.³⁸⁴ Restricting the use of trademarks, to comment on those trademarks, restricts the communication of ideas and it is intolerable to ban speech about trademark owners simply because it is unflattering.³⁸⁵ Additionally, the only way to comment on the associations of a product often is through the use of its trademark.³⁸⁶

378. Novak used the insurance company's trademark to comment on nuclear holocaust, not insurance. *Id.* at 398. Using the trademark to comment on something else, and not the trademark itself, is more of a satiric use than a parodic use. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580 (1994) ("the heart of any parodist's claim . . . is the use of some elements . . . to create a new [expression] that, at least in part, comments on that author's works"). In the case of trademark parodies, of course, the emphasis is on comment on the associations affiliated with the trademark, not an author's work as would be the case in a parody of a copyrighted work.

379. "When parody takes aim at a particular original work, the parody must be able to 'conjure up' at least enough of that original to make the object of its critical wit recognizable." *Campbell*, 510 U.S. at 588. See also *Fisher v. Dees*, 794 F.2d 432, 438-39 (9th Cir. 1986) ("When Sonny Sniffs Glue" found to be fair use parody of the copyrighted work "When Sunny Gets Blue"); *Elsmere Music, Inc. v. National Broad. Co.*, 623 F.2d 252, 253 n.1 (2d Cir. 1980) ("I Love Sodom" a "Saturday Night Live" parody of "I Love New York" declared a fair use of a copyrighted work).

380. See *supra* note 376 and accompanying text.

381. *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 495 (2d Cir. 1989).

382. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31 (1st Cir. 1987).

383. *Lucasfilm, Ltd. v. High Frontier*, 622 F. Supp. 931, 935 (D.D.C. 1985).

384. "It would be anomalous to diminish the protection afforded parody solely because a parodist chooses a famous tradename, rather than a famous personality, author or creative work, as its object." *L.L. Bean, Inc.*, 811 F.2d 26, 33.

385. *Id.* at 31.

386. *Shaughnessy*, *supra* note 278, at 1113.

Parallels exist between parodies of trademarks and celebrities. The First Amendment protects parodies that attack celebrities and political figures because celebrities are common points of reference.³⁸⁷ The law allows celebrities to be exposed to parodies because the parodies represent a means by which commentators may show the weaknesses of ideas and values that are inextricably associated with those celebrities.³⁸⁸ This rationale also applies to famous trademarks. These trademarks have established certain associations in consumers' minds, and for both consumer protection and sociological purposes, these associations must be open to comment.³⁸⁹ Just as forbidding the use of celebrity names in communication is intolerable because of the resulting restriction on ideas,³⁹⁰ so also intangible trademarks should be exposed to attack by parodies that comment on ideas and value, and perhaps even more so, because the individual dignity interest of a human celebrity is not involved.³⁹¹

A trademark parody's commercial nature does not lessen its expressiveness. In the modern age, advertising is a recognized avenue of expression.³⁹² Mass communication, which includes advertising, substantially contributes to the socialization of adults into new social values and the changing social norms.³⁹³ The effects of advertising can reach far beyond the target market and into the public domain,³⁹⁴ thus becoming a source from which people learn about society and culture.³⁹⁵ To deny that expression is present in advertising is to deny the role of advertising in American society.³⁹⁶

Commercial trademark parodies should not be rendered unprotected simply because they are commercial, because the First Amendment protects commercial speech. Additionally, the First Amendment should protect commercial parodies

387. See *Hustler Magazine v. Falwell*, 485 U.S. 46, 55-56 (1988); *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 972 (10th Cir. 1996) (citing JOHN B. THOMPSON, *IDEOLOGY AND MODERN CULTURE: CRITICAL SOCIAL THEORY IN THE ERA OF MASS COMMUNICATION* 163 (1990)).

388. *Cardtoons*, 95 F.3d at 972.

389. "In order to effectively criticize society, parodists need access to images that mean something to people." *Id.*

390. "Restricting the use of celebrity identities restricts the communication of ideas." *Id.*

391. "Denying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression." *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 34 (1st Cir. 1987).

392. Advertising has been recognized as "an information commodity far greater than anything that it advertises. It is no longer possible to classify it as a mere means of selling goods and services." MARSHALL MCLUHAN, *CULTURE IS OUR BUSINESS* 6 (1970).

393. CHARLES R. WRIGHT, *MASS COMMUNICATION* 20 (3d ed. 1986).

394. ANDREW WERNICK, *PROMOTIONAL CULTURE* 45 (1991).

395. WRIGHT, *supra* note 393, at 139.

396. "American ads are a . . . world of 20th century folk art." MCLUHAN, *supra* note 392, at 5.

because these parodies represent a substantial First Amendment interest and because they implicate a lesser interest in dilution. However, the FTDA does not adequately protect commercial trademark parodies.

IV. THE PROPER BALANCE OF INTERESTS: REPLACING THE FTDA EXCEPTIONS

*Don't ask me what I think of you,
I might not give the answer that you want me to.*³⁹⁷

The legislative history of the FTDA³⁹⁸ suggests that the Act adequately addresses any First Amendment concerns that could arise.³⁹⁹ While the FTDA's exceptions do protect what are arguably the uses most deserving of First Amendment protection, free speech principles extend beyond the most deserving speech to cover some speech which may even be distasteful or offensive.⁴⁰⁰ The Hangunder hypothetical illustrates how, under the FTDA, a prior restraint could be placed upon a commercial trademark parody,⁴⁰¹ a type of expression that the First Amendment should protect.⁴⁰² In intellectual property cases, the *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*⁴⁰³ approach, which would bar trademark parodies where the parodist has any adequate alternative to using the trademark in his expression,⁴⁰⁴ should generally be eschewed.⁴⁰⁵

Because commercial speech is not unprotected, courts should consider the competing interests when they encounter cases involving commercial, but expressive, parodies of protected intellectual property.⁴⁰⁶ In dilution cases, the competing interests include the prevention of dilution and the free expression of trademark parody. Obviously, bright line tests ignore the special issues inherent in any given case, and the statute would seem to provide better guidance to

397. FLEETWOOD MAC, *Oh Well, on THEN PLAY ON* (Reprise 1970).

398. 15 U.S.C. § 1125(c) (Supp. I 1996).

399. See *supra* note 331 and accompanying text.

400. See *supra* notes 241-47 and accompanying text.

401. See *supra* notes 351-60 and accompanying text.

402. See *supra* notes 361-96 and accompanying text.

403. 604 F.2d 200 (2d Cir. 1979).

404. *Id.* at 206 (citing *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 758-59 (9th Cir. 1978)).

405. Shaughnessy, *supra* note 278, at 1111 (stating that the interest in intellectual property is different than that in real property which was the precedent used to create the *Dallas Cowboys Cheerleaders* approach). *Accord* *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 971 (10th Cir. 1996). *But see* *Dr. Seuss Enters. L.P. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1573 (S.D. Cal. 1996) (determining that the Supreme Court would prefer the *Dallas Cowboys Cheerleaders* approach).

406. See *supra* notes 211-58 and accompanying text.

courts by allowing the consideration of principles, rather than simply limiting cases into the statutory exceptions.

This Note's proposed amendment would completely replace the present FTDA exceptions⁴⁰⁷ with a balancing test that is derived from First Amendment doctrines in two areas of law. First, the balancing test borrows from the treatment of trademark parodies in the realm of trademark infringement.⁴⁰⁸ Second, dilution actions represent a quasi-copyright in one's trademark, because they allow owners exclusive rights to the use of their expressive symbols.⁴⁰⁹ As such, the proposed amendment borrows from the copyright law defense of fair use.⁴¹⁰ The balancing test employs a three factored analysis. First, it considers the nature of the junior use, including any commercial element. Second, it considers what harm might be visited upon the senior mark. Third, a court would then balance these first two factors with a third factor—the expressive interest in the junior use. Finally, the proposed amendment lists some uses in which the balance of factors would favor an exception from the statute.

This Note proposes amending 15 U.S.C. § 1125(c)(4) to read:⁴¹¹

A use of a trademark may be excepted from application of this statute where the expressive value of the use exceeds the harm done to the trademark by the use. In determining whether the value of the use

407. 15 U.S.C. § 1125(c)(4) (Supp. I 1996).

408. Guidance is taken from *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). See *supra* notes 251-58 and accompanying text.

409. Shaughnessy, *supra* note 278, at 1101.

410. This provision reads:

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.

17 U.S.C. § 107 (1994).

411. The original text reads:

The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

15 U.S.C. § 1125(c)(4) (Supp. I 1996).

exceeds the harm to the trademark, the factors to be considered shall include—

(A) *the purpose and character of the defendant's use, including whether such use is of a commercial nature,*

Commentary: This first factor borrows from the first factor of the copyright exception for fair use.⁴¹² Under this factor, courts may consider the commercial nature of the use, but that commercial nature will not be dispositive. This factor would also lead courts to consider whether the use simply profits from the reputation of another's mark. This factor will weigh more heavily in the plaintiff's favor as the use becomes more commercial and the purpose becomes less expressive.⁴¹³ In copyright law, this factor disfavors expressions that blindly imitate the original as opposed to those that create new expressions.⁴¹⁴ Similarly, under this factor, courts must evaluate whether the new uses align with the purpose of trademark law and are expressive without confusing the public.⁴¹⁵

(B) *the potential for dilution of the senior mark by the use,*

Commentary: This factor borrows from the fourth factor of the copyright fair use defense.⁴¹⁶ As in the copyright analysis, this measures, in a more quantitative fashion, the potential harm to the plaintiff. While with copyright interests such harm is measured by the marketability of the expression, the dilution analysis looks to the mark's distinctiveness.⁴¹⁷

412. "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." 17 U.S.C. § 107 (1994).

413. See, e.g., Geri J. Yonover, *The "Dissing" of DaVinci: The Imaginary Case of Leonardo v. Duchamp: Moral Rights, Parody, and Fair Use*, 29 VAL. U. L. REV. 935, 984-85 (1995).

414. The purpose of copyright law is to reward and perpetuate authorship. Barbara Ringer, *Two Hundred Years of American Copyright Law, in 200 YEARS OF ENGLISH AND AMERICAN PATENT, TRADEMARK AND COPYRIGHT LAW* 117, 118 (1977).

415. See *supra* notes 58-60 and accompanying text.

416. "In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include— . . . (4) the effect of the use upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107 (1994).

417. This is the ability of the mark to identify its source. STEPHEN R. ELIAS, *INTELLECTUAL PROPERTY LAW DICTIONARY* 87 (Ralph Warner ed., 1985).

(C) *the predominance of the expressive element of the use.*

Commentary: This factor, taken from the *Rogers v. Grimaldi*⁴¹⁸ decision, leads courts to consider the interest that the public may have in the expressions contained in a commercial trademark parody. Under this factor, courts will not undertake qualitative analyses of the value of the expression (i.e., whether the expression is offensive, political, etc.). Rather, courts will determine whether the application of the statute restricts expression or whether the application simply channels the speech to a less destructive conduit.

(D) *The following is a list of examples of uses fitting the above criteria, and is not intended to be exhaustive:*

- (a) *fair use in truthful comparative advertising,*⁴¹⁹
- (b) *noncommercial uses,*⁴²⁰
- (c) *news reporting and news commentary,*⁴²¹
- (d) *commercial parody not serving as the label for a product.*⁴²²

418. 875 F.2d 994 (2d Cir. 1989).

419. A fair use in comparative advertising would be excepted under the three factor balancing test of the proposed § 1125 (c)(4). As to factor (A), this use would be predominately commercial because it is advertising. This would weigh against excepting this use of a trademark from the dilution action. *Campbell v. Acuff-Rose, Music, Inc.*, 510 U.S. 569, 585 (1994) (stating that a noncommercial use is a factor to be weighed). Yet, fair advertising is speech protected by the First Amendment, provided it is truthful and nonmisleading. *DORR & MUNCH*, *supra* note 40, § 7.2. However, as to factor (B), the potential for dilution of the subject mark by a comparative advertisement would be minimal. There would be little likelihood of blurring, because to compare the products or services the trademark would still be associated with the goods to which it was originally attached. Similarly a comparative advertisement would not likely bear a danger of inferior association. See *supra* notes 351-55 and accompanying text. As to factor (C), there is not much expression in a comparative advertisement, but valuable commercial information is transmitted by the use. See *DORR & MUNCH*, *supra* note 40, § 7.2.

420. The noncommercial nature of the use weighs in favor of excepting the use under factor (A). *GOLDSTEIN*, *supra* note 268, at 673. Such a use may or may not risk tarnishment, blurring, or harm to reputation, depending on the particular facts, leaving the situation as to factor (B) unclear. However, being noncommercial, the expressive element of the use will predominate. Thus, regardless of the outcome of factor (B), factors (A) and (C) weigh heavily in favor of excepting a noncommercial use.

421. Under factor (A), this use should be excepted because news reporting is acknowledged as protected speech. Under factor (B), news reporting should be excepted as there is little risk of blurring because the mark is not being applied to another product and the danger of harm to reputation is slight because the characterization of the mark and its associations will likely be disinterested in news reporting. Under factor (C), use in news reporting should be excepted because the use is simply to facilitate expression of newsworthy material. See *supra* note 330 and accompanying text.

422. See *infra* notes 423-37 and accompanying text.

Commentary: The original version of section 1125(c)(4) contained these examples with the exception of (d), involving commercial trademark parodies that do not simply label a product. This list illustrates that the amendment does not narrow the protections offered potential defendants, but broadens the scope of protection, especially to commercial uses that comment on ideas and values but do not unduly dilute.

Returning to the Hangunder hypothetical, Hangunder would have to justify its advertisement under the new three factored test. First, Hangunder's use is a parody designed to stimulate sales of a pain reliever and is, therefore, commercial.⁴²³ This weighs against Hangunder.⁴²⁴ However, as under copyright law, this factor is meant to assess whether the purpose of the junior use is to supersede the original or if it tends to be more transformative.⁴²⁵ As determined above, Hangunder's commercial trademark parody did not tend to confuse consumers.⁴²⁶ Actually, the advertisement's memorable parodic expression actually tends to identify Hangunder's pain reliever with Hangunder. Similar to the way in which a transformative copyright work creates a new expression,⁴²⁷ the use of the Sudmeister mark and the frog marks in the Hangunder advertisement creates a new set of marks that identify Hangunder with the pain reliever. Thus, under the first factor, while the commercial nature of the parody may weigh somewhat against Hangunder, the transformative nature of the use counterbalances.

As to the second factor, the court must consider the effect of Hangunder's parody on the market of Anheuser-Busch's trademarks.⁴²⁸ The court will not assume an adverse impact on the market simply because the parodic use is commercial.⁴²⁹ To draw another analogy from copyright law, a parody of a copyrighted work does not replace the original in the marketplace, and Hangunder's parody of Budweiser's trademarks will not affect the ability of those names to identify the source of the goods.⁴³⁰ In fact, Hangunder's

423. Proposing a commercial transaction is commercial speech. *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.* 425 U.S. 748, 760 (1976).

424. *Campbell*, 510 U.S. at 579 (involving a copyright fair use defense raised against infringement action for rap parody of pop song "Pretty Woman" and stating that factors such as commercialism weigh against fair use). The author will use this case to illustrate application of copyright fair use factors.

425. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

426. See *supra* notes 263-319 and accompanying text.

427. *Campbell*, 510 U.S. at 579.

428. *Id.* at 590. Whereas copyright would look to the effect on the marketability of the targeted expression, trademark would look to the effect on the ability of the senior mark to identify its source.

429. *Campbell*, 510 U.S. at 591.

430. *Id.*

parody, rather than weakening the ability of the Budweiser and frog trademarks to identify Anheuser-Busch as their source, may actually strengthen that ability.⁴³¹ The court should not recognize any argument by Anheuser-Busch that the parody makes beer unattractive and damages the market for beer. A trademark parody is akin to a copyright parody that criticizes a targeted copyrighted expression and may similarly contain protected expression.⁴³² The trademark parody does not affect the ability of the senior mark to identify its source; rather, it comments on the associations the audience has with the product. Therefore, under this second factor, the balance is in favor of excepting the Hangunder commercial trademark parody from a FTDA claim.

Finally, the third factor also weighs in favor of excepting the Hangunder commercial trademark parody. Under the *Rogers*⁴³³ test, a trademark use to be protected from a trademark infringement action by the First Amendment must have artistic relevance to the expression in which it is used.⁴³⁴ The court would likely conclude that the parody of the Anheuser-Busch trademarks, in commenting on Budweiser and beer consumption, has artistic relevance to the expressive commentary on Budweiser's trademark associations. Additionally, the parodic expression is relevant to its commercial use because a hangover relief is related to alcohol consumption. Where the risk of harm to the senior trademark is slight and the junior use of the trademark has artistic relevance to the expression with which it is associated, the law should not restrict expression.⁴³⁵ Additionally, like in *Rogers* where the court concluded that the use was not explicitly misleading as to its source,⁴³⁶ courts, in applying this factor, will look to whether the use explicitly dilutes. As the *Rogers* court discounted a use that would, at most, incidentally confuse consumers,⁴³⁷ courts would excuse Hangunder under this factor. Certainly the use of the Anheuser-Busch trademarks was more expressive than commercial. While the parody was located within an advertisement that proposed a commercial transaction, the parody was not integral to the transaction as if it were a label on the product to

431. Welkowitz, *supra* note 96, at 556 (noting that trademark parodies will not cause consumers to lose the connection between the senior trademark and its source).

432. A parody of a copyrighted work that criticizes its subject is not a cognizable claim. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 592 (1994).

433. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). *See supra* note 251-58 and accompanying text.

434. *Rogers*, 875 F.2d at 999.

435. *Id.* at 1000.

436. *Rogers* was a case involving a trademark infringement action so the court needed to assess whether the use of the trademark was meant to mislead and likely to confuse the audience. Because this note regards dilution and not infringement, the salient concern is the diluting, not confusing quality of the use.

437. In *Rogers*, the use of the names Fred and Ginger on the film title only incidentally indicated that those people were portrayed in the film or approved it. *Rogers*, 875 F.2d at 1000.

be sold. Both elements of the Hangunder advertisement, the expressive parody and the commercial proposition of the pain reliever, are able to stand on their own for their own purposes.

Thus, the proposed amendment guides courts to a proper balancing of the relevant issues and interests raised in a commercial trademark parody dilution suit. In doing so, the amendment correctly protects parodies under the First Amendment, without unnecessarily jeopardizing the interests of senior trademark owners. While the amendment would require greater judicial care in applying the statute and considering commercial trademark parody cases and could create some ambiguity for the parties involved, such is the nature of the delicate balance of interests in these cases.

V. CONCLUSION

With recent developments in First Amendment jurisprudence, commercial speech is receiving increasing protection from the courts. Adding to this the expressive value of a parody, court should accord First Amendment protection to some commercial trademark parodies. While the FTDA⁴³⁸ is claimed to address First Amendment concerns adequately, the Act fails properly to account for many commercial trademark parodies. Thus, Congress should amend the FTDA to incorporate the First Amendment protections granted to parodies under other intellectual property laws. Congress could accomplish this by replacing the existing bright line exceptions in the FTDA with a more flexible, sensitive test that balances the expressive and trademark protection interests at stake.

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438. 15 U.S.C. § 1125(c) (Supp. I 1996).