

STEAM SHOVELS AND LIPSTICK: TRADEMARKS, GREED, AND THE PUBLIC DOMAIN

Mary LaFrance*

INTRODUCTION

Although the law of trademarks and unfair competition at one time concerned itself only with false designations of origin that were likely to confuse consumers about the origin of goods or services, with the emergence of the dilution doctrine during the twentieth century individual states—and ultimately Congress—began offering the owners of particularly strong marks the opportunity to prevent others from using these marks even in ways which were unlikely to lead to consumer confusion. In so doing, the law began to treat trademarks as property in themselves—the product of a trademark owner’s investment in good will—rather than merely as signals enabling consumers to determine who was accountable for the goods or services in connection with which the trademark appeared. Dilution law protects the owner of a strong trademark against unauthorized uses, even when those uses would not be considered infringing under traditional confusion-based trademark doctrine because a dilutive use does not confuse consumers about the origin of goods or services. Thus, while “[h]istorically, the Lanham Act has attempted to balance the two competing goals of protecting consumers and protecting a trademark owner’s investment,”¹ dilution law, in contrast, is concerned only with the latter.² Although the necessity of extending trademark protection to nonconfusing uses remains doubtful, it appears that dilution laws are here to stay. The majority of states now recognize the dilution doctrine, and it was incorporated in federal trademark law in 1995, when Congress enacted the Federal Trademark Dilution Act (“FTDA”) as an amendment to the Lanham Act.

This Article explores some emerging problems in dilution law and their treatment under state and federal dilution laws, respectively. An examination of these problems reveals that their resolution under state laws is often quite different from their resolution under the FTDA. These problems are serious, and the divergence in approach between state laws and the federal statute gives rise to uncertainty and nonuniformity regarding the scope of dilution laws. In

* William S. Boyd Professor of Law, William S. Boyd School of Law, University of Nevada Las Vegas. This Article is based on the inaugural William S. Boyd Lecture, presented by the author on February 24, 2006.

¹ *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 170 (3d Cir. 2000). The Lanham Act, enacted in 1946, is the federal statutory scheme which protects both federally registered and common law trademarks against infringing uses. The Lanham Act is codified at 15 U.S.C. §§ 1051-1127 (2000).

² *Times Mirror Magazines, Inc.*, 212 F.3d at 170.

various contexts, this uncertainty and nonuniformity has a chilling effect on both competition and free expression, and threatens to erode the public domain by giving certain trademark owners the opportunity to obtain the near-equivalent of copyright or design patent protection without being subject to the limitations of those statutory regimes.

Proposed amendments to the FTDA—the federal antidilution statute—would address some of these problems at the federal level, but would leave state dilution laws untouched. While it is certainly desirable to fine-tune the federal statute in order to strike the proper balance between the rights of trademark owners and the right of the public to compete and to engage in free expression, this fine-tuning will be for naught if trademark owners can avoid the limitations of the federal antidilution statute by bringing suit under a “friendlier” state statute.

Because of the risks posed by these uncertainties, this Article suggests that it is no longer appropriate to have dual state and federal regimes of dilution law. Rather, the FTDA should preempt all state laws which protect registered or common law trademarks in the absence of a likelihood of confusion. The FTDA already bars state dilution claims against marks that have been federally registered on the Principal Register of the Patent and Trademark Office (“PTO”);³ this Article proposes extending this preemptive effect to unregistered (i.e., common law) marks as well.

Federal preemption of state antidilution laws will give trademark owners and potential defendants greater certainty as to the scope of their respective rights. Because dilution protection is designed to protect marks that are particularly renowned, such marks should enjoy uniform nationwide protection rather than strong protection in one state and weaker protection in another. In addition, because the theory behind dilution law—including the very nature of the injury which dilution law is intended to remedy—remains somewhat nebulous, it will be helpful to develop a single, consistent body of law to define the harm and the nature of the proof required to establish that harm. Without such certainty, competitors will have difficulty determining the range of activities which are proscribed.

Unlike trademark claims based on the likelihood of confusion, state antidilution laws have been applied inconsistently even though their wording tends to be similar. Particular areas of inconsistency include the types of trademarks that are protected, the nature of the proof necessary to establish a right to injunctive relief, and the scope of First Amendment protection available to defendants. These inconsistencies are of particular concern where the activities alleged to be dilutive involve expressive speech rather than purely commercial activity. While state-by-state experimentation can be useful in some areas of the law, the scope of free expression should not vary by geography. Yet courts and state legislatures have failed to imbue state antidilution statutes with the certainty of scope which the First Amendment requires. Because the FTDA does not fully preempt state antidilution laws, the enactment of this federal dilution remedy has done little to eliminate these inconsistencies. Yet national uniformity seems particularly important in dilution law, because dilution law

³ 15 U.S.C. § 1125(c)(3).

expands trademark owners' rights in a manner that often conflicts with First Amendment concerns, a conflict which should be resolved consistently in every state in order to avoid the chilling effects that arise from uncertain and inconsistent First Amendment protection.

Because the courts seem unable to give potential defendants any degree of certainty as to which activities are immune from dilution liability under state antidilution laws, the best way to resolve these problems is to clarify the scope of the FTDA, ensure that it provides sufficient protection for expressive speech, and give the FTDA broader preemptive effect over state antidilution laws.

I. ORIGINS OF DILUTION LAW

A. History

Antidilution laws developed from a perceived need to protect especially strong trademarks from unauthorized uses that attempted to "free-ride" on the reputational value of the mark, but which were not actionable under traditional infringement doctrine because they involved noncompeting goods and/or did not give rise to a likelihood of confusion. It has been said that "[t]he concept of trademark dilution originated in England when a British court protected the trademark 'Kodak' from being used on bicycles."⁴

Unlike traditional trademark and unfair competition law, the dilution doctrine is not based on common law. Rather, it is a creature of statute that owes its origin largely to an influential 1927 law review article by Frank Schechter, recommending the expansion of unfair competition doctrine beyond the common law tradition of protecting against consumer deception or confusion. Schechter argued that unfair competition law should serve the broader goal of preserving the "uniqueness of a trademark" by protecting the trademark owner against "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods."⁵

The first antidilution statute was enacted by Massachusetts in 1947.⁶ Today, however, the majority of states have enacted antidilution legislation.⁷ A few states recognize dilution claims at common law,⁸ while several have declined to recognize dilution claims at all.⁹

In 1995, Congress enacted the FTDA as an amendment to the Lanham Act.¹⁰ In creating federal antidilution legislation, Congress recognized that truly famous marks are typically limited to those used on a nationwide scale;

⁴ *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29-30 (1st Cir. 1987) (citing Walter J. Derenberg, *The Problem of Trademark Dilution and Anti-Dilution Statutes*, 44 CALIF. L. REV. 439 (1956)).

⁵ Frank Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927).

⁶ MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 2005).

⁷ These include Alabama, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, and Washington.

⁸ These include Maryland, New Jersey, and Ohio.

⁹ These include Arizona and Nevada.

¹⁰ 15 U.S.C. § 1125(c) (2000).

because only half the states had enacted antidilution legislation at that time, Congress believed that nationwide protection could be afforded only through federal legislation.¹¹ A major goal of the FTDA, therefore, was "to bring uniformity and consistency to the protection of famous marks."¹² However, because Congress chose not to give the FTDA preemptive effect, that goal has not been realized.

B. A Solution in Search of a Problem?

The perceived need for dilution protection apparently arose from the inability of trademark owners to protect their marks against noncompeting uses. However, the scope of trademark infringement doctrine has broadened considerably over the years, and no longer requires goods to be directly competing in order to find infringement. In its modern formulation, the likelihood-of-confusion doctrine—which underlies protection of both registered and common law marks against infringement—might well have protected the owner of the Kodak mark against unauthorized use of its mark on bicycles.

The scope of traditional trademark infringement doctrine is much greater today than it was at the start of the twentieth century, when scholar Frank Schechter proposed that trademark protection should be expanded to include uses on non-competing goods, on the ground "that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection."¹³ One example Schechter used was a German case finding trademark infringement where a defendant had used the plaintiff's mouthwash trademark "Odol" on steel products; the German court held that "an article designated with the name 'Odol' leads the public to assume that it is of good quality."¹⁴

At the time of Schechter's article, actionable infringement was understood to arise when the defendant's use of a mark similar to the plaintiff's was likely to confuse consumers as to the source of the defendant's goods or services, but courts were reluctant to recognize trademark infringement where dissimilar goods were involved.¹⁵

Today, however, infringement may be found even if consumers do not believe the plaintiff was the actual source of the defendant's goods or services—it is enough that consumers believe that the plaintiff endorsed, sponsored, or approved of them. Thus, confusion-based infringement can be found even if the parties' goods or services are dissimilar and even noncompeting.

Today, for example, under sections 32 and 43(a) of the Lanham Act—the two provisions which codify the traditional likelihood-of-confusion analysis, for federally registered and common law marks, respectively—if the use of the

¹¹ H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, *cited in* *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157 (3d Cir. 2000).

¹² H.R. REP. NO. 104-374, at 3.

¹³ Schechter, *supra* note 5, at 831.

¹⁴ *Id.* at 831-32.

¹⁵ *Id.* at 825; *Times Mirror Magazines, Inc.*, 212 F.3d at 170; *see, e.g., Coca-Cola Co. v. Nehi Corp.*, 25 A.2d 364 (Del. Ch. 1942) ("Any unfair conduct, the natural and probable result of which is to permit the goods of one person, of the same kind, to be passed off for those of another, is usually unfair competition, in some form, and in a proper case will be enjoined.") (emphasis added).

Odol trademark on steel products led the public to assume that the steel products were subject to the same quality standards as Odol mouthwash, this would be actionable under the likelihood of confusion standard. A separate dilution claim would be unnecessary, because a consumer who made this assumption about the quality of Odol steel products based on the quality of Odol mouthwash could have leapt to this conclusion only because the consumer believed that production of the steel products and production of the mouthwash were controlled by the same company—that is, that the steel products were sponsored, endorsed, or approved by the maker of the mouthwash.

Judge Learned Hand described this evolution in the common law likelihood-of-confusion analysis as early as 1928, in *Yale Elec. Corp. v. Robertson*:

The law of unfair trade comes down very nearly to this—as judges have repeated again and again—that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises. Therefore it was at first a debatable point whether a merchant's good will, indicated by his mark, could extend beyond such goods as he sold. How could he lose bargains which he had no means to fill? What harm did it do a chewing gum maker to have an ironmonger use his trade-mark? The law often ignores the nicer sensibilities.

However, it has of recent years been recognized that 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. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful.¹⁶

A few years later, Judge Hand confirmed that “a trade-mark protects the owner against not only its use upon the articles to which he has applied it, but upon such other goods as might naturally be supposed to come from him.”¹⁷ Following this rule, courts found viable trademark claims where the goods of the parties were as diverse as pens and pencils versus razor blades,¹⁸ magazines versus girdles,¹⁹ and radios, electric ranges, and refrigerators versus sewing machines and vacuum cleaners,²⁰ although some of these decisions met with occasional resistance from judges who did not yet embrace the concept of infringement by dissimilar goods.²¹ Judge Hand himself recognized that there were limits to this broadened view of confusion-based infringement: “It would

¹⁶ 26 F.2d 972, 973-974 (2d Cir. 1928).

¹⁷ *L. E. Waterman Co. v. Gordon*, 72 F.2d 272, 273 (2d Cir. 1934).

¹⁸ *Id.*

¹⁹ *Triangle Publ'ns, Inc. v. Rohrlisch*, 167 F.2d 969, 972 (2d Cir. 1948).

²⁰ *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517 (2d Cir. 1953), *overruled on other grounds*, *Monsanto Chem. Co. v. Perfect Fit Prods. Mfg. Co.*, 349 F.2d 389 (2d Cir. 1965).

²¹ *See, e.g., Rohrlisch*, 167 F.2d at 975-82 & n.9. (Frank, C.J., dissenting) (arguing that magazines and girdles are as different as steam shovels and lipstick, or cars and candy).

be hard, for example, for the seller of a steam shovel to find ground for complaint in the use of his trade-mark on a lipstick."²²

The Second Circuit created a formal methodology for applying traditional trademark infringement analysis to non-competing goods in 1961, in the case of *Polaroid Corp. v. Polarad Electronics Corp.*,²³ where the court listed a variety of factors that should be considered in determining whether confusion was likely to arise from a defendant's use of a similar trademark:

Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and 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.²⁴

Since then, every state and federal court has adopted some variation on the *Polaroid* factors for assessing the likelihood of confusion.

What is clear from modern trademark cases is that, depending on the strength of the senior mark, the similarities between the senior and junior marks, and the other *Polaroid* factors, even products as diverse as lipstick and steam shovels may support a traditional likelihood-of-confusion claim. Imagine—using a variation of Judge Hand's steam shovel and lipstick example—that the John Deere name and logo were to appear, unaltered, on a line of lipsticks.²⁵ Although most people would find this to be quite funny, and the lipsticks might not be terribly successful, it would not be unreasonable today for people to believe that, in fact, the tractor maker had made an ill-advised foray into the field of cosmetics. (And, of course, there is always the possibility that the juxtaposition would be viewed as so whimsical that the lipstick would succeed, at least briefly, as a novelty item).

The broadened scope of confusion-based trademark infringement is most clearly reflected in section 43(a) of the Lanham Act,²⁶ which provides a federal cause of action for infringement of an unregistered (i.e., common law) trademark, as well as infringement of a registered mark on goods for which it is not registered. As originally enacted in 1946, section 43(a) provided a remedy only for a "false designation of origin."²⁷ However, courts began to give this language a broad interpretation, extending it to situations in which consumers were likely to believe that the trademark owner approved or sponsored the defendant's goods or services, even if they did not believe that the trademark owner actually produced those goods or services.²⁸ In the infamous *Dallas*

²² *L.E. Waterman Co.*, 72 F.2d at 273.

²³ 287 F.2d 492 (2d Cir. 1961).

²⁴ *Id.* at 495 (citing RESTATEMENT OF TORTS, §§ 729, 730, 731).

²⁵ True, John Deere does not make steam shovels, but neither does anyone else these days. Agricultural equipment seems like a respectable analogue.

²⁶ 15 U.S.C. § 1125(a) (2000).

²⁷ 60 Stat. 441 (1946).

²⁸ See, e.g., *Syntex Labs., Inc. v. Norwich Pharmacal Co.*, 437 F.2d 566, 568 (2d Cir. 1971); *Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975), cert. denied, 423 U.S. 868 (1975); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972).

Cowboys Cheerleaders case, for example, the Second Circuit upheld a preliminary injunction against an adult film whose lead character wore what appeared to be the official uniform of the Dallas Cowboys Cheerleaders. The court noted that the plaintiff's section 43(a) claim could succeed if the plaintiff could establish "that the public may associate it with defendants' movie and be confused into believing that plaintiff sponsored the movie, provided some of the actors, licensed defendants to use the uniform, or was in some other way connected with the production."²⁹

This broad reading of section 43(a) mirrored the increasingly liberal approach of courts interpreting the common law of unfair competition. For example, in 1962 the Fifth Circuit applied Florida's common law in holding that the defendant's slogan, "Where there's life, there's bugs" infringed plaintiff's common law rights in its slogan "Where there's life, there's Bud."³⁰ The plaintiff's beer clearly did not compete with the defendant's insecticide-laden floor wax. Yet the district court concluded that the defendant's advertising could lead consumers to believe that the products or their producers were somehow affiliated:

The court finds from listening to the tapes, and from watching the film strips, that defendant's use of the slogan was confusingly similar to plaintiff's. This is not to say that the tunes or the words in the advertising were exactly the same, but from the rhythm, meter and the pictures which appeared at the time that the slogan was used, when taken as a whole, *created the impression that defendant's advertising had some connection with the plaintiff or plaintiff's product*. Some of defendant's film strips show drinking glasses being filled, people dancing, and a simultaneous use of the slogan 'Where there's life . . . there's Bugs'. These films follow a format which plaintiff had employed for some four years. The court finds that the advertising of defendant is deceptively similar, so as to confuse the advertising of plaintiff and defendant.

The court also finds that the value and effectiveness of plaintiff's prior advertising is impaired to some extent by the deceptively similar phraseology and treatment employed by defendant in its advertising. Unless enjoined, there is sufficient likelihood [of] damage to plaintiff

The goods of plaintiff and the goods of defendant are not competitive, but the goods of plaintiff and defendant are sold at the same retail outlets and the association of bugs with Bud or Budweiser is sufficient to merit the apprehension that the ill repute of one type of goods is likely to be visited upon the other.³¹

In the Trademark Law Revision Act of 1988, Congress ratified these judicial interpretations by broadening the language of section 43(a) to encompass the use of any "device" which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person."³² Today, under both state and federal law, the likelihood-of-confusion analysis routinely protects against the unauthorized use of a mark "on any product or service

²⁹ *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979). This case is discussed *infra* at notes 164-69 and accompanying text.

³⁰ *Chemical Corp. of America v. Anheuser-Busch, Inc.*, 306 F.2d 433, 435 (5th Cir. 1962).

³¹ *Id.*

³² 15 U.S.C. § 1125(a).

which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner."³³

Thus, under today's approach to the likelihood of confusion analysis, the need for antidilution laws is not as great as it was perceived to be when Frank Schechter wrote his historic article. As consumers become more sophisticated about trademark law in general, and about such phenomena as product placement in motion pictures and television programming specifically, a likelihood of confusion is more likely to be found even where the products in question are noncompeting. In situations where confusion is extremely unlikely, however, dilution doctrine still has an effect on the marketplace. The question is whether that effect is good for consumers and for the public at large. As discussed below, the current cacophony of antidilution statutes, and inconsistent interpretations of those statutes, threatens to have a chilling effect on competition and free expression. Short of repealing these statutes altogether, the best solution is to enforce uniformity through federal preemption of state antidilution laws.

II. PROBLEMS IN ANTIDILUTION LEGISLATION: SOME THRESHOLD ISSUES

All dilution laws suffer from deficiencies at the most basic threshold level—defining the injury, defining how the injury is to be proven, identifying which marks are protected, and determining whether a junior user's mark is sufficiently similar to be actionable. Although the resolution of these issues is neither certain nor satisfactory under any of the myriad antidilution statutes that have been enacted, the federal statute at least offers uniformity in place of the conflicting resolutions offered by state laws.

A. *Defining and Proving the Injury*

A fundamental and continuing problem in dilution doctrine is defining the nature of the harm sought to be prevented. A corollary is the problem of proving this harm. Even eighty years after the concept of dilution was first proposed, solutions to both these problems remain surprisingly elusive. As the Second Circuit has observed, "dilution remains a somewhat nebulous concept."³⁴

1. *Defining the Harm*

There have been many attempts to define the harm arising from dilution. In the words of one scholar:

The gravamen of a dilution complaint is that the continuous use of a mark similar to plaintiff's works an inexorably adverse effect upon the distinctiveness of the Plaintiff's mark, and that, if he is powerless to prevent such use, his mark will lose its distinctiveness entirely. This injury differs materially from that arising out of the orthodox confusion * * *. Such confusion leads to immediate injury, while dilution

³³ *Anheuser-Busch, Inc. v. Balducci Pubs.*, 28 F.3d 769, 774 (8th Cir. 1994) (quoting J. THOMAS MCCARTHY, *TRADEMARKS AND UNFAIR COMPETITION* § 24.03, at 24-13 (3d ed. 1992)).

³⁴ *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983).

is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark.³⁵

Another scholar has stated:

The underlying rationale of the dilution doctrine is that the gradual diminution or whittling away of the value of a trademark, resulting from use by another, constitutes an invasion of the senior user's property right and good will in his mark and gives rise to an independent wrong.³⁶

Referring to the federal as well as the state antidilution statutes, the Second Circuit has observed:

The antidilution statutes rest on a judgment that the "stimulant effect" of a distinctive and well-known mark is a "powerful selling tool" that deserves legal protection. This power derives not only from "the merit of the goods upon which [the mark] is used, but equally [from the mark's] own uniqueness and singularity." Even when an unauthorized use of the mark does not cause consumer confusion, it can "reduce[] the public's perception that the mark signifies something unique, singular, or particular." The junior use thereby diminishes the "selling power that a distinctive mark or name with favorable associations has engendered for a product in the mind of the consuming public."³⁷

Each jurisdiction which recognizes the dilution concept faces the problem of defining the prohibited conduct. However, in most cases, state legislatures have provided no statutory definitions, leaving this task to the courts.

Antidilution statutes typically recognize two types of dilution: blurring and tarnishment. Blurring occurs when another's use of a mark creates "the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product," while tarnishment occurs "when a famous mark is improperly associated with an inferior or offensive product or service."³⁸ Hypothetical examples of blurring that were mentioned in the legislative history of the New York antidilution statute include: "DuPont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, [and] Bulova gowns."³⁹ Congress used similar examples when it enacted the federal antidilution statute.⁴⁰ In contrast, a trademark may be "tarnished" when it is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context," with the result that "the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."⁴¹ The mark may also be tarnished if it loses its ability to serve as a "wholesome identifier" of the plaintiff's product.⁴²

³⁵ RUDOLF CALLMAN, *THE LAW OF UNFAIR COMPETITION AND TRADEMARKS* 1963 (2d ed. 1950).

³⁶ MCCARTHY, *supra* note 33, § 24:13.

³⁷ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217 (2d Cir. 1999) (citations omitted).

³⁸ *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 805 (9th Cir. 2002); *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998).

³⁹ *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 506 (2d Cir.1996) (citing 1954 N.Y.Legis.Ann. 49-50).

⁴⁰ "DUPONT shoes, BUICK aspirin, and KODAK pianos." H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. at 1030.

⁴¹ *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994).

⁴² *Id.*

Although the vast majority of courts find dilution when, and only when, either blurring or tarnishment occurs, the Second Circuit found dilution in one case even though it found that *neither* blurring *nor* tarnishment were likely to occur, holding that one competitor diluted another's trademark by altering it in order to poke fun at it.⁴³

The dilution doctrine made national headlines in 2003, when the Supreme Court considered a federal dilution claim by the owner of the Victoria's Secret trademark against the proprietor of a Kentucky retail store selling lingerie, as well as adult novelties and videos, under the name "Victor's Little Secret." The defendant's original name was "Victor's Secret," but in response to the threat of litigation the defendant changed it to "Victor's Little Secret," with "Little" in much smaller lettering located above the rest of the name.⁴⁴ Despite this change, the lower courts found tarnishment, because the defendant's merchandise was perceived as tackier than the plaintiff's.⁴⁵ Although the district court did not specifically address the question of blurring, the court of appeals held that blurring had also occurred.⁴⁶ The court of appeals described the nature of the harm to Victoria's Secret as follows:

[W]e must ask whether a consumer would link a store called "Victor's Little Secret" that sold women's lingerie with the more famous Victoria's Secret. We have little doubt that the average lingerie consumer would make just such an association. . . . While no consumer is likely to go to the Moseleys' store expecting to find Victoria's Secret's famed Miracle Bra, consumers who hear the name "Victor's Little Secret" are likely automatically to think of the more famous store and link it to the Moseleys' adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing (associating the Victoria's Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment).⁴⁷

The FTDA does not separately define blurring and tarnishment, but defines dilution broadly as "the lessening of the capacity of a famous mark to identify and distinguish goods or services."⁴⁸ In fact, in contrast to the state antidilution statutes, which typically are worded in such a way that they clearly encompass both blurring and tarnishment, the FTDA is silent on tarnishment.⁴⁹ However, the proposed Trademark Dilution Revision Act⁵⁰ (hereinafter "TDRA") would replace the current federal definition of dilution with separate definitions of "dilution by blurring" and "dilution by tarnishment," defining blurring as an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark," and defining tarnishment as "association arising from the similarity between a

⁴³ *Id.* at 44-45. For a discussion of this case, see *infra* notes 107-21 and accompanying text.

⁴⁴ *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 467 (6th Cir. 2001), *rev'd*, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

⁴⁵ *Id.*

⁴⁶ *Id.*; *Moseley*, 537 U.S. at 425.

⁴⁷ *V Secret Catalogue, Inc.*, 259 F.3d at 477.

⁴⁸ 15 U.S.C. § 1127 (2000).

⁴⁹ *Moseley*, 537 U.S. at 431-32 (noting that nothing in the language of the FTDA encompasses tarnishment, although the legislative history indicates congressional intent to cover both tarnishment and blurring).

⁵⁰ H.R. 683, 109th Cong. (2005).

mark or trade name and a famous mark that harms the reputation of the famous mark.”⁵¹ The amendments would also make clear that a cause of action under the FTDA may arise either for dilution by blurring or dilution by tarnishment.

Notwithstanding these and many other attempts to define dilution, the concept is inherently murkier than the concept of a “likelihood of confusion.” Blurring, in particular, is hard to pin down. Does it refer to weakening of the senior user’s mark? Or to any unauthorized attempt to ride the coattails of that mark, regardless of whether the mark is weakened as a result?

While tarnishment may be easier to define than blurring, the need for a doctrine of dilution by tarnishment is doubtful. Where a defendant has made or implied false assertions of fact about the quality of a trademark owner’s goods or services, or about the character, affiliations, or reputation of the trademark owner, such conduct is already actionable under such well-settled doctrines as defamation and false advertising, provided that the assertions are at least remotely credible. Thus, for example, when Amway distributors started a rumor that Procter & Gamble was affiliated with satan worshippers, no tarnishment claim was needed; P&G brought claims of false advertising and defamation, among others. To the extent that the concept of dilution by tarnishment reaches conduct that is not actionable under these doctrines—for example, where the defendant implies no factual assertions or where the assertions are not credible (as in the case of parodies or irreverent humor)—the utility of the tarnishment concept may be outweighed by its chilling effect on expressive speech, which is the subject of Part III of this Article.

2. Problems in proving dilution

In addition to defining the harm caused by dilution, courts also have difficulty establishing a standard of proof—that is, what type and amount of evidence is necessary to establish that dilution has occurred, or is likely to occur.

In delineating a standard of proof for claims of blurring, some courts have used a multi-factor test that strongly resembles the likelihood-of-confusion analysis. For example, the Second Circuit has considered the following factors (known as the “Sweet factors”) to determine blurring: distinctiveness of the senior user’s mark, similarity of the marks, similarity of the products, consumer confusion, likelihood that the senior user will “bridge the gap” by entering the same field of commerce as the junior user, shared consumers and geographic limitations, sophistication of consumers, harm to the junior user, and delay by the senior user.⁵² This approach has deservedly been criticized for blurring the distinction between dilution doctrine and the traditional likelihood-of-confusion analysis.⁵³ A few courts have held that a showing of predatory intent is relevant,⁵⁴ even though no antidilution statute expressly requires such intent. Even

⁵¹ H.R., sec. 2.

⁵² *E.g.*, Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 217–27 (2d Cir. 1999).

⁵³ *See, e.g.*, Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 468–69 (7th Cir. 2000); Ringling Bros.–Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev., 170 F.3d 449, 463–64 (4th Cir. 1999); I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 49–50 (1st Cir. 1998); MCCARTHY, *supra* note 33, at § 24:94.1.

⁵⁴ *See, e.g.*, Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 626 (2d Cir. 1983); McDonald’s Corp. v. McBagel’s, Inc., 649 F. Supp. 1268 (S.D.N.Y. 1986).

within a single jurisdiction, most notably the Second Circuit, courts have applied inconsistent approaches.⁵⁵

Like the state antidilution statutes, the FTDA provides no guidance whatsoever on the nature or amount of proof necessary to establish dilution. Some district courts have even used the multi-factor confusion analysis to assess blurring under the FTDA.⁵⁶

3. *Actual Dilution versus Likelihood of Dilution*

Also problematic is the timing or certainty of the harm. Does a dilution claim arise when a plaintiff can establish that the defendant's conduct is *likely* to cause dilution? Or must the plaintiff wait until the defendant's conduct has actually caused dilution to occur? Because injunctive relief is typically the only remedy permitted under antidilution statutes, many of those statutes explicitly permit plaintiffs to obtain a remedy before dilution actually occurs. This approach is consistent with traditional confusion-based infringement, which favors injunctive relief as soon as a likelihood of confusion can be established. The rationale for this approach under confusion-based doctrine is that the law should encourage prevention of consumer confusion, since such confusion harms consumers and may also cause a trademark owner to lose sales to the infringer.

Typically, under state antidilution statutes, a trademark owner need only establish that dilution is *likely* to occur if the defendant's conduct is allowed to continue.⁵⁷ In practice, moreover, courts often grant preliminary injunctive relief if the plaintiff's mark is sufficiently distinctive and/or famous, and the defendant's mark is similar to the plaintiff's, without any further evidence that the plaintiff is likely to be injured by the similarity.⁵⁸

Unlike most state statutes, the FTDA in its current form appears to provide a remedy only after dilution has already taken place, and offers no guidance on the nature of the proof that is required to establish that such injury has occurred. This problem was identified by the Supreme Court in *Moseley v. V Secret Catalogue, Inc.*⁵⁹—the now-famous “Victoria’s Secret” case—where the Court interpreted the FTDA as requiring proof of actual dilution, rather than a mere likelihood of dilution in the future. Unfortunately, the Court was able to provide little guidance as to how actual dilution might be proved, a point which has not been lost on the lower federal courts.⁶⁰

⁵⁵ See, e.g., *Sports Auth. Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 966 (2d Cir. 1996) (applying a 6-factor test); *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 73 (2d Cir. 1994) (applying only some of the 6 factors); *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994) (declining to apply the 6-factor test altogether); *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031-32 (2d Cir. 1989) (similar).

⁵⁶ See, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 211-14 (S.D.N.Y. 1996); *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d (BNA) 1629, 1632-33 (E.D. Pa. 1996), *aff’d*, 116 F.3d 471 (3d Cir. 1997); *Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996).

⁵⁷ See, e.g., N.Y. GEN. BUS. L. § 360-1 (McKinney Supp. 2004).

⁵⁸ See *infra* notes 129-33, and note 167, with accompanying text.

⁵⁹ *Moseley v. V Secret Catalogue*, 537 U.S. 418 (2003).

⁶⁰ See, e.g., *Ty, Inc. v. Softbelly’s Inc.*, 353 F.3d 528, 535 (7th Cir. 2003) (“We are not sure what question could be put to consumers that would elicit a meaningful answer . . .”); see

Congress is now considering a proposal to overrule this part of the Victoria's Secret decision, by amending the FTDA to expressly permit claims based on the mere likelihood of dilution. However, the proposed amendments provide courts with limited guidance for assessing this likelihood. In assessing the likelihood of dilution by blurring, courts are instructed that they "may consider all relevant factors." The amendments offer the following non-exhaustive list of factors which *may* be relevant:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.⁶¹

On the question of how to assess the likelihood of dilution by tarnishment, however, the proposed amendments offer no guidance whatsoever.

B. Which trademarks are protected by dilution law?

There is no single standard for determining which trademarks enjoy protection against dilution. In some states, any distinctive mark is eligible for dilution protection.⁶² In other states, however, it is not enough for the mark merely to be distinctive enough to serve as a trademark; it must be "highly distinctive," "strong," or "famous"; in some states, this requirement is expressly imposed by the antidilution statute,⁶³ while in others it results from judicial interpretations of the statute.⁶⁴ In many jurisdictions, there is no clear standard for assessing whether a trademark possesses the requisite level of distinctiveness.

The current federal statute is among the most restrictive, limiting dilution protection to marks that are not only distinctive but famous, without clearly defining what it means to be "famous."⁶⁵ The TDRA attempts to remedy this

also Jonathan Moskin, *Victoria's Big Secret: Whither Dilution Under the Federal Dilution Act?*, 93 TRADEMARK REP. 842, 853 (2003); MCCARTHY, *supra* note 33, at § 24:94.2.

⁶¹ H.R. 683, 109th Cong., § 2. (2005).

⁶² See, e.g., OR. REV. STAT. § 647.107 (2003).

⁶³ See, e.g., WASH. REV. CODE § 19.77.010 (2006).

⁶⁴ See, e.g., *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 874 (9th Cir. 1999) (requiring "fame" under California statute); *Scholastic, Inc. v. Stouffer*, 221 F. Supp. 2d 425, 437-38 (S.D.N.Y. 2002) (requiring mark to be "extremely strong" under New York statute), *aff'd*, *Scholastic, Inc. v. Stouffer*, 2003 U.S. App. LEXIS 24243 (2d Cir. 2003); *Glen Raven Mills, Inc. v. Ramada Int'l, Inc.*, 852 F. Supp. 1544, 1554-55 (M.D. Fla. 1994) (requiring a mark to be "highly distinctive" under Florida statute); *but see Wedgwood Homes, Inc. v. Lund*, 648 P.2d 393, 398 (Or. Ct. App. 1982) (refusing to impose such a gloss on Oregon statute), *aff'd*, 659 P.2d 377 (Or. 1983)).

⁶⁵ Section 43(c) lists eight non-exhaustive factors that a court may consider in determining whether a mark is both "distinctive and famous," without distinguishing which factors indicate fame and which indicate mere distinctiveness. Seven of the factors are measures of degree rather than either/or tests—e.g., "the duration and extent of advertising and publicity of the mark." 15 U.S.C. § 1125(c)(1)(A)-(H) (2000).

omission, providing that “a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”⁶⁶ This responds in part to confusion among the courts that have interpreted the FTDA’s fame requirement; some courts have required a mark to be famous among the general body of consumers nationwide,⁶⁷ while others have held that a mark can be famous for dilution purposes if it is extremely well known within a particular market niche.⁶⁸

It was clearly Congress’s intent to protect only a narrow class of truly famous marks under the FTDA.⁶⁹ Many scholars supported this limitation, arguing, for example, that “[w]ithout such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon,”⁷⁰ and that “[t]o save the dilution doctrine from abuse by plaintiffs whose marks are not famous and distinctive, a large neon sign should be placed adjacent wherever the doctrine resides, reading: ‘The Dilution Rule: Only Strong Marks Need Apply.’”⁷¹

Thus, compared with state antidilution statutes, the FTDA provides a somewhat clearer indication of which marks are protected, and the TDRA amendments, if enacted, will add some further clarification.

C. Degree of Similarity Required

State antidilution statutes do not specify the degree of similarity required in order to establish that one mark dilutes another. As a result, courts are required to make these important determinations on an ad hoc basis, with no legislative guidance.

The federal statute, read literally, seems to require the marks to be identical, or nearly so. It permits an injunction against a defendant’s commercial use of “a mark or trade name, if such use begins after the mark has become

⁶⁶ Trademark Dilution Revision Act of 2005, H.R. 683, 109th Cong. § 2(A) (2005). The amendments add that a court may “consider all relevant factors” in assessing fame, including a list of factors somewhat shorter than those included in the current version of section 43(c): “(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark. (iii) The extent of actual recognition of the mark.” *Id.*

⁶⁷ *E.g.*, *Savin Corp. v. Savin Group*, 391 F.3d 439, 450 n.6 (2d Cir. 2004); *TCPIP Holding Co. v. Haar Comms., Inc.*, 244 F.3d 88, 98-99 (2d Cir. 2001); *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 497 n.10 (2d Cir. 2000); *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 910 (9th Cir. 2002); *Ott v. Target Corp.*, 153 F. Supp. 2d 1055, 1075 (D.Minn. 2001).

⁶⁸ *E.g.*, *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 174 (3d Cir. 2000), *cert. denied*, 531 U.S. 1071 (2001); *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 640-41 (7th Cir. 1999).

⁶⁹ *Times Mirror Magazines, Inc.*, 212 F.3d at 170-171 (3d Cir. 2000) (Barry, J., dissenting); *Trademark Review Commission, Report & Recommendations*, 77 TRADEMARK REP. 375, 455 (1987); S. REP. NO. 100-515 (1988), *as reprinted in* 1988 U.S.C.C.A.N. 5577, 5604 (emphasis added). Examples of truly famous marks cited in a House Report on the FTDA included “Buick”, “Dupont”, and “Kodak”. *See* H.R. REP. NO. 104-374, at 4 (1995), *as reprinted in* 1995 U.S.C.C.A.N. 1029, 1031.

⁷⁰ MCCARTHY, *supra* note 33, at § 24:108.

⁷¹ *Id.* at § 24:108; *see also* 2 GILSON § 5.12[1][b] at 5-260 (referring to class of trademarks protected by FTDA as “Supermarks”).

famous.”⁷² Yet, despite this language, one court has interpreted the federal statute as requiring a relatively low degree of similarity.⁷³

A requirement of near-identity would be consistent with the legislative histories of the New York antidilution statute and the FTDA, as well as the early authorities, such as Professor Schechter, that argued in favor of antidilution laws by citing such examples as Kodak bicycles, Buick aspirin, Bulova Gowns, Schlitz varnish, and so forth.⁷⁴ None of the examples cited by these authorities involved humorous or parodic alterations of a senior user’s mark. However, in interpreting the FTDA as well as state antidilution statutes, the courts have generally not imposed a standard of near-identity.⁷⁵

The following table lists four examples of protected marks followed by the marks that were deemed similar enough to dilute them under the FTDA:

TABLE I

Protected Marks	Dilutive Marks
The New York Stock Exchange	The New York Slot Exchange
Victoria’s Secret	Victor’s Little Secret
Prozac ⁷⁶	Herbrozac
The Sporting News ⁷⁷	The Las Vegas Sporting News

In contrast, “The Greatest Snow on Earth” was not sufficiently similar to “The Greatest Show on Earth” to support an FTDA claim.⁷⁸

State antidilution statutes have been applied to equally divergent marks:

⁷² 15 U.S.C. § 1125(c)(1) (2000).

⁷³ *Am. Family Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682, 693 (N.D. Ohio 2002).

⁷⁴ *See I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998) (adopting the standard that customers must view the marks as “essentially the same”).

⁷⁵ *See, e.g., Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 218 (2d Cir. 1999) (stating that “the marks must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior,” but not requiring that marks be completely identical).

⁷⁶ *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456 (7th Cir. 2000).

⁷⁷ *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 168-169 (3d Cir. 2000).

⁷⁸ *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 461-63 (4th Cir. 1999), *cert. denied*, 528 U.S. 923 (1999).

TABLE II

Protected Marks	Dilutive Marks
The Greatest Show on Earth ⁷⁹	The Greatest Used Car Show on Earth
McDonald's ⁸⁰	McBagel's
Toys R Us ⁸¹	Kids R Us

If "The Greatest Used Car Show on Earth" was similar enough to the Ringling Bros.-Barnum & Bailey mark to cause dilution under the Illinois statute, but the "Greatest Snow on Earth" was not similar enough under the FTDA, how can a prospective parodist determine the permissible range of expression?

In the *Victoria's Secret* case, the Supreme Court did suggest that the degree of similarity between the marks could be relevant to the dilution analysis. In holding that proof of actual dilution was required, rather than a mere likelihood of dilution, the Court added:

It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence—the obvious case is one where the junior and senior marks are identical.⁸²

Although the Court appears to be saying that identical marks are always dilutive, it is not clear that the federal dilution statute requires this conclusion. Even if it does, a better approach, achievable by amendment, might be to specify that, as a matter of law, the *only* marks that are dilutive are those that are identical, or nearly so.

III. FREE EXPRESSION VERSUS COMMERCIAL SPEECH

One of the most problematic differences between state antidilution statutes and the FTDA is the extent to which they incorporate protections for free expression. In general, state antidilution statutes provide for no exceptions, even for noncommercial speech; any such claim of exemption must be affirmatively raised by a defendant under the First Amendment. Judicial responses to such First Amendment arguments, however, have been inconsistent.

In contrast, the FTDA contains an express exemption for the "noncommercial use of a mark." However, the scope of this exception is unclear. In fact, it is unclear why Congress thought it necessary to include a noncommercial use exception at all, because a dilution action under the FTDA applies only to a "commercial use in commerce."⁸³ One answer, suggested by the Second

⁷⁹ *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet*, 855 F.2d 480, 482 (7th Cir. 1988).

⁸⁰ *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1281 (S.D.N.Y. 1986).

⁸¹ *Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1208 (E.D.N.Y. 1983).

⁸² *Moseley v. V Secret Catalogue*, 537 U.S. 418, 434 (2003).

⁸³ *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904 (9th Cir. 2002), *cert. denied*, 537 U.S. 1171 (2003).

Circuit, is that “noncommercial use” in this context refers to “a use that consists entirely of noncommercial, or fully constitutionally protected, speech.”⁸⁴ If this is correct, then the noncommercial use exception applies to certain types of speech that are protected by the First Amendment but which fall outside the more specific FTDA exceptions for comparative advertising and news reporting.⁸⁵ Courts have interpreted this general noncommercial use exception to include comedy, parody, satire, consumer criticism, editorial commentaries, and other forms of expression, even when they are sold for money.⁸⁶ It would therefore appear to encompass any speech that is not purely commercial—that is, any speech that “does more than propose a commercial transaction.”⁸⁷

The success of a dilution claim should depend in part on the level of expressive content in the allegedly dilutive merchandise. This should be the case whether the expressive content is protected by an explicit exception, as in the FTDA, or by general First Amendment principles. However, in practice, the results under state and federal dilution laws are often inconsistent. Where the imitative vehicle has very little expressive content, it will generally receive no protection from otherwise-valid dilution claims, whether those claims are brought under state or federal law. However, where the merchandise has significant expressive content, the results under state and federal dilution laws are surprisingly divergent, resulting in inconsistent and unpredictable results that may inhibit free expression, a problem which could be resolved to some degree if Congress were to give preemptive effect to the FTDA’s noncommercial use exception.

A. *Nonexpressive Goods*

Where the imitative vehicle is not a traditional expressive work, the use of a famous mark almost certainly will be treated as dilutive, under both state and federal dilution laws. Even in these cases, however, the courts do not always appear to be comfortable with the broad reach of the dilution doctrine, and the differences between state and federal antidilution laws can lead to divergent results.

⁸⁴ *Id.* at 905; *accord*, *Am. Family Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682, 695-98 (N.D. Ohio 2002).

⁸⁵ Support for this interpretation can be found in the legislative history, which contains references to “noncommercial expression,” “consumer product reviews,” “artistic and expressive speech,” and “parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.” *Mattel, Inc.*, 296 F.3d at 905-06 (collecting sources); *see, e.g.*, 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch) (noting that section 43(c)(4)(B) encompasses “parody, satire, editorial and other forms of expression that are not part of a commercial transaction”).

⁸⁶ *Ford Motor Co. v. 2600 Enters.*, 177 F. Supp. 2d 661, 664-65 (E.D. Mich. 2001); *Charles Atlas, Ltd. v. D.C. Comics, Inc.*, 112 F. Supp. 2d 330, 336 (S.D.N.Y. 2000); *Northland Ins. Cos. v. Blaylock*, 115 F. Supp. 2d 1108, 1122-23 (D. Minn. 2000); *World Championship Wrestling v. Titan Sports, Inc.*, 46 F. Supp. 2d 118, 122-23 (D. Conn. 1999); *Mattel, Inc. v. MCA Records*, CV 97-6791-WMB, 1998 U.S. Dist. LEXIS 7310, at *47-50 (C.D. Cal. Feb. 18, 1998); *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1166-67 (C.D. Cal. 1998); *Dr. Seuss Enters. v. Penguin Book USA, Inc.*, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996); *Panavision Int’l L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996).

⁸⁷ *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906 (9th Cir. 2002).

For example, in *Nabisco, Inc. v. PF Brands, Inc.*,⁸⁸ a preliminary injunction was granted under both the FTDA and the New York antidilution statute, where the defendant sold crackers that closely resembled Pepperidge Farm's famous goldfish crackers, the characteristics of which were protected as trade dress. Although there was virtually no likelihood that consumers would be confused by the similarity, the similarity alone was enough, in the court's view, to undermine the distinctive quality of the plaintiff's mark.⁸⁹ Despite the authorities indicating that neither competition nor confusion is necessary to a finding of dilution, the court suggested that the similarity of the products utilizing the marks (a traditional likelihood-of-confusion factor) contributed to the likelihood of dilution:

If Pepperidge Farm were seeking to enjoin the use of a fish-shape as the logo for an automobile, a newspaper, or a line of sports clothes, much less as the mark of a fish merchant or fish restaurant, *it seems questionable whether dilution should be found*. But here the junior user's area of commerce is identical to the senior's. A second major seller of goldfish-shaped, orange-colored, cheddar-flavored, bite-sized crackers can hardly fail, in our view, to dilute the distinctiveness in the eyes of the consumers of the senior mark in a goldfish-shaped, orange-colored, cheddar-flavored, bite-sized cracker.⁹⁰

This part of the court's analysis seems completely at odds with the legislative histories of both the FTDA and the New York antidilution statute. It is typical, however, of a great deal of dilution case law (especially in the Second Circuit)⁹¹ where courts have been reluctant to acknowledge a basis for liability that completely dispenses with the likelihood of confusion analysis.

Consider, next, the tale of Tony the Tiger. In a true cat fight, Kellogg sued Exxon Mobil, alleging that Exxon's cartoon tiger infringed and diluted Kellogg's Tony the Tiger.⁹² Tony was born in Kellogg's marketing department during the 1950s. Exxon began using its own cartoon tiger in the 1960s, but put the character into hibernation during the 1980s in an effort to appear more serious about energy conservation. However, in 1989, when the Exxon Valdez oil spill created a public relations disaster for the company, Exxon woke the tiger from his nap, and treated him to a bit of a makeover. Exxon's artist explained at the time: "Today's Tiger is now cast in a more humanitarian role. He is polite to the elderly, plants trees for ecology and has an overall concern for the environment."⁹³ The reinvented tiger was a smash hit, and became a pervasive presence in Exxon's marketing of its good and services, including its "Tiger Mart" convenience stores.

This is when Tony the Tiger's claws came out. Kellogg filed suit, alleging that Exxon's use of its new tiger character to market its convenience store food items infringed and diluted the venerable Tony, the recognized symbol of Kellogg's Frosted Flakes. The dilution claims were brought under both the Tennessee antidilution statute and the FTDA. On the FTDA claim, the court

⁸⁸ 191 F.3d 208 (2d Cir. 1999).

⁸⁹ *Id.* at 218.

⁹⁰ *Id.* at 219 (emphasis added).

⁹¹ See, e.g., *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989) (interpreting New York statute).

⁹² *Kellogg Co. v. Exxon Mobil Corp.*, 192 F. Supp. 2d 790, 793-94 (W.D. Tenn. 2001).

⁹³ *Id.* at 795.

required evidence of actual consummated dilution; the court found evidence of actual blurring, but not tarnishment.⁹⁴ Under the Tennessee statute, however, only a *likelihood* of dilution was required.⁹⁵ The court found a likelihood of blurring, but reached a split decision on the state tarnishment claim; it rejected Kellogg's argument that Exxon's tiger was likely to tarnish Tony's image by linking Tony to environmental degradation, but it acknowledged the possibility that Tony would be tarnished by being linked to the alcohol and tobacco products sold in the Tiger Mart stores.⁹⁶

In the context of purely commercial goods, even an obvious parody of a famous mark has generally been treated as dilutive. For example, courts have issued injunctions in cases involving a diaper bag with green and red bands and the wording "Gucci Goo," which poked fun at the well-known Gucci name and the design mark,⁹⁷ and the use on a meat sauce of the trademark "A.2" as a "pun" on the famous "A.1" steak sauce.⁹⁸ Although it would not be accurate to say that such parodies have no expressive content, the expressive aspect of their content is relatively minor compared to their commercial aspect. Because liability for dilution can arise even in the absence of consumer confusion, however, the fact that a defendant is obviously parodying a plaintiff's mark generally does not help the defendant to avoid dilution liability, even though the obviousness of the parody can eliminate liability for traditional infringement because it eliminates the likelihood of confusion.

In a case of obvious parody, the New York New York Hotel in Las Vegas was sued for trademark infringement and dilution by the New York Stock Exchange, because the hotel's casino had the temerity to call its slot machine area the "New York Slot Exchange."⁹⁹ The Stock Exchange invoked the familiar trio of theories—likelihood of confusion, dilution by blurring, and dilution by tarnishment. Two-thirds of the decision in the case favored the casino. The Second Circuit found no likelihood-of-confusion, because, in its own words, a visitor to the casino "could not miss the elaborate parody" in the name.¹⁰⁰ The trademark itself was so famous, and the parody so obvious, that it was "highly unlikely that anyone would misunderstand the Casino's attempt at a humorous theme because it actually 'depends on a lack of confusion to make its point.'"¹⁰¹

However, the Stock Exchange also raised dilution claims under New York's antidilution statute, which provides for injunctive relief against activities which are merely *likely* to cause blurring or tarnishment of the plaintiff's mark. No actual blurring or tarnishment need be demonstrated.¹⁰²

⁹⁴ *Id.* at 807-08.

⁹⁵ *Id.* at 808.

⁹⁶ *Id.* at 810-11.

⁹⁷ *Gucci Shops, Inc. v. R. H. Macy & Co.*, 446 F. Supp. 838, 840 (S.D.N.Y. 1977).

⁹⁸ *Nabisco Brands, Inc. v. Kaye*, 760 F. Supp. 25, 29 (D. Conn. 1991).

⁹⁹ *New York Stock Exchange, Inc. v. New York, New York Hotel, LLC.*, 293 F.3d 550, 552 (2d Cir. 2002).

¹⁰⁰ *Id.* at 555.

¹⁰¹ *Id.* at 556 (quoting *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503 (2d Cir. 1996)).

¹⁰² *Id.* at 558.

The court reached the same conclusion on the likelihood of blurring that it reached on the likelihood of confusion: "The humor or parody in the Casino's use of the modified NYSE marks depends upon the fact that the Casino is not claiming to be associated with NYSE, albeit the Casino seeks to emphasize that it too offers possible profits and certain risks. There is therefore no diminution of the capacity of NYSE's marks to serve as a unique identifier of its products and services."¹⁰³

However, the court reached a different conclusion on the likelihood of tarnishment, which occurs, according to the court, when a trademark is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context," with the result that "the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."¹⁰⁴ In the court's view, the plaintiff's tarnishment claim was sufficiently strong to require a trial on the merits:

[T]he Casino's use of the modified NYSE marks might well be viewed by a trier of fact at the very least as drawing an analogy, albeit humorous, between its business and that of NYSE. NYSE in turn wants to preserve a reputation for listing companies that adhere to its rules for accounting, disclosure, and management and are therefore safer investments than are companies that need not abide by such rules. NYSE would also like to preserve a reputation for integrity and transparency in the trading conducted on its floor. A reasonable trier of fact might therefore find that the Casino's humorous analogy to its activities—deemed by many to involve odds stacked heavily in favor of the house—would injure NYSE's reputation. As we have stated before, 'tarnishment is not limited to seamy conduct.'¹⁰⁵

In *Deere & Co. v. MTD Products, Inc.*,¹⁰⁶ the Second Circuit went one step further, holding that New York's antidilution statute applied to conduct that qualified as neither tarnishment nor blurring. *Deere* raised the question whether, under New York law, "the use of an altered version of a distinctive trademark to identify a competitor's product and achieve a humorous effect can constitute trademark dilution."¹⁰⁷

Ordinarily, comparative advertising does not give rise to liability for dilution, even when it involves puffery.¹⁰⁸ However, while the FTDA contains a specific exception for comparative advertising (separate from the exception for noncommercial uses),¹⁰⁹ most state antidilution statutes do not.

Under the traditional likelihood-of-confusion analysis, the use of a competitor's trademark in comparative advertising is considered non-infringing, provided that the advertising does not cause confusion about the origin of goods or services. Rather, the audience understands that one company is identifying another company's competing products by their trademark, and is

¹⁰³ *Id.*

¹⁰⁴ *Id.* (citing *Sports Auth., Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 966 (2d Cir. 1996); *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 n.8 (2d Cir. 1994)).

¹⁰⁵ *Id.* (quoting *Hormel Foods Corp.*, 73 F.3d at 507).

¹⁰⁶ 41 F.3d 39 (2d Cir. 1994).

¹⁰⁷ *Id.* at 40-41.

¹⁰⁸ See, e.g., *Diversified Mktg., Inc. v. Estee Lauder, Inc.*, 705 F. Supp. 128 (S.D.N.Y. 1988) (no dilution under New York law where defendant used name for comparison purposes with advertising slogan, "If You Like Estee Lauder . . . You'll Love Beauty USA").

¹⁰⁹ 15 U.S.C. §1125(c) (2000).

asserting that its own products are as good or better. This case differed, however, because the plaintiff alleged likelihood of dilution rather than confusion. In addition, the court found that the defendant's intent was not to disparage the quality of John Deere products—in fact, “[t]he intent was to identify Deere as the market leader and convey the message that Yard-Man was of comparable quality but less costly than a Deere lawn tractor.”¹¹⁰

The deer logo in the ad was slightly different from the genuine Deere deer, but was apparently recognizable:

[T]he deer in the Commercial Logo is animated and assumes various poses. Specifically, the MTD deer looks over its shoulder, jumps through the logo frame (which breaks into pieces and tumbles to the ground), hops to a pinging noise, and, as a two-dimensional cartoon, runs, in apparent fear, as it is pursued by the Yard-Man lawn tractor and a barking dog. Judge McKenna described the dog as ‘recognizable as a breed that is short in stature,’ and in the commercial the fleeing deer appears to be even smaller than the dog. [Defendant] Doner’s interoffice documents reflect that the animated deer in the commercial was intended to appear “more playful and/or confused than distressed.”¹¹¹

The district court rejected Deere’s claims based on likelihood-of-confusion and false advertising, but issued a preliminary injunction based on New York’s antidilution statute.¹¹²

In affirming the district court, the court of appeals held that the defendant had manifested “predatory intent” by “poking fun at a competitor’s trademark.”¹¹³ It defined “predatory intent” as “an intent to promote one’s product.”¹¹⁴ In the appellate court’s view, this intent distinguished dilutive uses of another’s trademark from “uses that seek to make a social or political commentary or an artistic expression.”¹¹⁵

The court conceded that the facts established neither blurring nor tarnishment. However, the court found it significant that the defendant had *altered* the Deere trademark in the course of making fun of it.¹¹⁶ By altering the deer, the court concluded, the defendant exceeded the bounds of lawful comparative advertising:

The commercial takes a static image of a graceful, full-size deer—symbolizing Deere’s substance and strength—and portrays, in an animated version, a deer that appears smaller than a small dog and scampers away from the dog and a lawn tractor, looking over its shoulder in apparent fear. Alterations of that sort, accomplished for the sole purpose of promoting a competing product, are properly found to be within New York’s concept of dilution because they risk the possibility that consumers will come to attribute unfavorable characteristics to a mark and ultimately associate the mark with inferior goods and services.¹¹⁷

MTD remains free to deliver its message of alleged product superiority without altering and thereby diluting Deere’s trademarks. The Court’s order imposes no restric-

¹¹⁰ *Deere & Co.*, 41 F.3d at 41.

¹¹¹ *Id.*

¹¹² *Id.* at 42.

¹¹³ *Id.*

¹¹⁴ *Id.* at 46.

¹¹⁵ *Id.*

¹¹⁶ *Id.* at 45.

¹¹⁷ *Id.*

tion on truthful advertising properly comparing specific products and their "objectively measurable attributes."¹¹⁸

If the *Deere* court really meant to restrict comparative advertising to "objectively measurable attributes," this would raise the specter of dilution claims against the kind of general puffery that has enjoyed long acceptance in the marketplace. Under traditional comparative advertising doctrine, MTD could lawfully have claimed that its Yard-Man tractors "run rings around John Deere." By using images instead of words to convey the same message, MTD became liable for dilution under the laws of New York. Such a result is simply absurd.

Deere appears to be the only case—so far—which has held a defendant liable for making good-natured (and non-confusing) fun of its competitor's logo. Perhaps future cases will pit Coca-Cola against Pepsi for Pepsi's television ads depicting Coke as the beverage of senior citizens, and perhaps Anheuser-Busch will sue the Miller Brewing Co. for Miller's ads making fun of Budweiser's Clydesdale and frog mascots, or depicting referees calling penalties on people caught drinking Budweiser.¹¹⁹ Surely dilution law was not intended to prevent tough competitors from entertaining us with over-the-top commercials and generalized claims of superiority. Perhaps someday beer commercials will be as dull as pharmaceutical ads. If Kool-Aid can survive Jonestown, and Tylenol can survive one of the worst product tampering episodes in history, then surely *Deere*'s deer can handle a little tail-pulling.

Commercial parody occasionally wins out in dilution cases, although it is difficult to predict which parodies will prevail. For example, in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*,¹²⁰ Ringling Bros. brought a tarnishment claim against the owner of "The Greatest Bar on Earth" for linking the circus' name to "an adult establishment where alcohol is served." The court rejected the tarnishment claim, because "alcohol is served at some of the venues where the circus performs, and some of Ringling's restaurant sponsors also sell alcohol." It also concluded that the two marks were insufficiently similar for dilution to occur.¹²¹ Although the court correctly observed that Congress intended the FTDA to coexist with state antidilution statutes, it inexplicably concluded that this required it to use the same legal analysis under both statutes.¹²² Although it construed the FTDA as excluding consideration of predatory intent, it applied the remaining Sweet factors (the multi-factor test applicable to the New York antidilution statute) in assessing the likelihood of dilution under the FTDA.¹²³

¹¹⁸ *Id.* (quoting *FTC Policy Statement on Comparative Advertising*, 16 C.F.R. § 14.15 n.1 (1993)).

¹¹⁹ That day may be here already. In 2004, Miller filed suit over several of Anheuser-Busch's anti-Miller ads, including a Budweiser ad proclaiming Miller Lite the "Queen of Carbs." Miller later withdrew this part of its complaint, apparently preferring to duke it out with Anheuser-Busch during half-time commercials on Monday Night Football.

¹²⁰ 937 F. Supp. 204, 211 (S.D.N.Y. 1996).

¹²¹ *Id.*

¹²² *Id.* at 209.

¹²³ *Id.* At 215. For a discussion of the Sweet factors, see *supra* text accompanying notes 52-55.

In *Toho Co., Ltd. v. Sears, Roebuck & Co.*,¹²⁴ the Ninth Circuit rejected a claim brought under California's antidilution statute by the owner of the "Godzilla" character against a defendant that sold garbage bags in packages displaying the name "Bagzilla" along with a cartoon drawing of a reptilian creature. The Ninth Circuit confessed that it "regarded the antidilution doctrine with some concern 'lest it swallow up all competition in the claim of protection against trade name infringement.'"¹²⁵ With little analysis, the court stated conclusorily that "Sears' use of 'Bagzilla' has not impaired the effectiveness of the name and image of Godzilla. Neither does Sears' use of the reptilian monster character on its garbage bag packages link Godzilla with something unsavory or degrading"¹²⁶ This explains the court's rejection of the tarnishment claim. With respect to blurring, however, because the court offered no further explanation of its reasoning, it is not clear whether its decision was based on the dissimilarity of the marks, or on the court's perception of the marks as parody, or on some other factor, such as a lack of predatory intent or the court's confessed discomfort with the overall concept of dilution.

Many courts find a likelihood of dilution merely because the senior user's mark is sufficiently strong or famous to warrant protection, and the junior user's mark is similar to that of the senior user, with no requirement of predatory intent or of any specific evidence showing that the selling power of the plaintiff's mark has been or is likely to be harmed. In effect, fame plus similarity leads to a presumption of dilution. For example, in *Toys R Us, Inc. v. Canarsie Kiddie Shop, Inc.*,¹²⁷ the court found both a likelihood of confusion and a likelihood of dilution by blurring under New York's antidilution statute, where the defendant used the slogan "Kids R Us" to market children's clothing:

In the instant case, due to the extensive advertising conducted by plaintiff and its high sales volume, the trademark Toys "R" Us evokes in the minds of consumers images of a large warehouse-like store offering for sale at economical prices a large variety of toys and other child related products. This image provoking characteristic of the Toys "R" Us trademark establishes its associational qualities which entitle it to protection from dilution. Furthermore, although the two names are distinguishable, the identity of the "R" Us suffixes and the similarity of the children's products sold by the stores compels me to conclude that the name Kids 'r' Us is likely to blur Toys "R" Us' product identification. *Clearly, the distinctiveness of plaintiff's mark is being "whittled away" by a proliferation of "R" Us names, including Kids 'r' Us, and the mark's accompanying selling power is being diluted.*¹²⁸

The emphasized language suggests that, in this court's view, dilution was established simply by showing that the senior mark was strong and the junior mark was similar. Injury was, in effect, presumed.

¹²⁴ 645 F.2d 788 (9th Cir. 1981).

¹²⁵ *Id.* at 793 (quoting *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 803 (1970)).

¹²⁶ *Id.* (distinguishing *Tiffany & Co. v. Boston Club, Inc.*, 231 F. Supp. 836, 844 (Mass. Dist. Ct. 1964); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1191-92 (E.D.N.Y. 1972); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202-03 (2d Cir. 1979)).

¹²⁷ 559 F. Supp. 1189, 1208 (E.D.N.Y. 1983).

¹²⁸ *Id.* (emphasis added). A similar presumption was used in the *Dallas Cowboys Cheerleaders* case, discussed in the text accompanying note 165, *infra*.

Similarly, *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet*,¹²⁹ affirmed a preliminary injunction under the Illinois antidilution statute against a used car dealership that used a circus motif together with the slogan "The Greatest Used Car Show on Earth." The lower court found dilution by blurring because "The Ringling Bros. mark invokes a Pavlovian response from the public, who immediately associate the mark with the circus,"¹³⁰ and the Seventh Circuit affirmed with no further analysis other than to observe that the nature of the injury was "unquantifiable, and thus irreparable," and that the Illinois statute was not preempted by the "fair use" provision of federal trademark law (pre-FTDA).¹³¹

As these examples illustrate, while the cases involving pure commercial speech are relatively uncomplicated, the courts are surprisingly inconsistent in the analysis they employ to determine whether dilution is likely to occur. In many cases, if the plaintiff's mark is famous and distinctive, and the defendant's mark is similar, the courts have required nothing further to conclude that dilution (at least by blurring) is established. They have not required any evidence that the selling power of the famous mark has been or is likely to be undermined. These courts simply do not contemplate the possibility that a junior user's use of a mark closely resembling a famous mark could do no harm at all. Thus, in effect, they treat dilution law as giving rise to an absolute property right in famous marks. Other courts, in contrast, appear reluctant to embrace this as the inevitable consequence of antidilution legislation, and attempt instead to reframe dilution claims as confusion-based claims by importing many of the likelihood-of-confusion factors into the dilution analysis. This is not the result of differences in the state statutes, because all of them are remarkably similar. Rather, it seems to reflect a profound lack of consensus on just what dilution law is all about, and whether it represents sound policy in the first place.

B. Traditional Expressive Works

Whereas purely commercial speech receives relatively little First Amendment protection, traditional forms of expression—such as literature, music, and film—typically enjoy broad First Amendment protection. However, this is not always true under dilution law.

Thus far, the cases convincingly demonstrate that traditional expression fares better under the FTDA than under state dilution laws, because the federal statute contains an explicit exception for noncommercial uses. In contrast, expressive works are more vulnerable under state antidilution statutes, which typically fail to incorporate any express exceptions, even for protected speech. The different outcomes are particularly noticeable in the context of parody and satire.

¹²⁹ 855 F.2d 480 (7th Cir. 1988).

¹³⁰ *Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. Celozzi-Ettelson Chevrolet Inc.*, 6 U.S.P.Q. (BNA) 2d 1300, 1302 (N.D. Ill. 1987) (magistrate opinion), *aff'd*, 855 F.2d 480 (7th Cir. 1988).

¹³¹ *Ringling Bros.-Barnum & Bailey Combined Shows, Inc.*, 855 F.2d at 483-84 (citing 15 U.S.C. § 1115(b)(4)).

For example, Barbie has been at the center of several dilution cases involving parody. This is hardly surprising, given Barbie's iconic status as a controversial symbol of American pop culture and idealized body images. In effect, Barbie has transcended her role as a branded product and has assumed a far loftier role in public discourse.

In one of the Barbie cases, Mattel sought to use the FTDA to enjoin the distribution of a series of seventy-eight photographs entitled "Food Chain Barbie," which depicted Barbie dolls under threat of imminent bodily harm from vintage kitchen appliances.¹³² Sample titles included "Malted Barbie," "Fondue a la Barbie," and "Barbie Enchiladas."¹³³ The Ninth Circuit wasted no time rejecting the claim, holding that "a dilution action applies only to *purely commercial* speech," and that "[p]arody is a form of noncommercial expression if it does more than propose a commercial transaction."¹³⁴

In another Barbie case, Mattel filed an FTDA claim against MCA Records, alleging that the Top-40 pop song "Barbie Girl" diluted the Barbie trademark.¹³⁵ Specifically, Mattel advanced both blurring and tarnishment theories, arguing that the song "diminishes the mark's capacity to identify and distinguish Mattel products, and tarnishes the mark because the song is inappropriate for young girls."¹³⁶ The Ninth Circuit held that this use of the Barbie mark was unquestionably dilutive under a blurring theory:

MCA's use of the mark is dilutive. MCA does not dispute that, while a reference to Barbie would previously have brought to mind only Mattel's doll, after the song's popular success, some consumers hearing Barbie's name will think of both the doll and the song, or perhaps of the song only. This is a classic blurring injury and is in no way diminished by the fact that the song itself refers back to Barbie the doll. To be dilutive, use of the mark need not bring to mind the junior user alone. The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user alone.¹³⁷

Although the Ninth Circuit found dilution by blurring (and thus found it unnecessary to reach the tarnishment claim), the court also applied the FTDA's noncommercial use exception, which the court interpreted as applicable to any speech which does more than propose a commercial transaction.¹³⁸

¹³² Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792 (9th Cir. 2003).

¹³³ *Id.* at 796.

¹³⁴ *Id.* at 812 (emphasis added).

¹³⁵ Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894 (9th Cir. 2002).

¹³⁶ *Id.* at 902-03.

¹³⁷ *Id.* at 903-04 (footnotes omitted).

¹³⁸ *Id.* at 906. The legislative history of the FTDA indicates congressional intent that the law would "not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction." 141 CONG. REC. S19306-10 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch); 141 CONG. REC. H14317-01, H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead); H.R. Rep. No. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031 ("The bill will not prohibit or threaten 'noncommercial' expression, as that term has been defined by the courts."); H.R. Rep. No. 104-374, at 8, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1035 (the exemption "expressly incorporates the concept of 'commercial' speech from the 'commercial speech' doctrine, and proscribes dilution actions that seek to enjoin use of famous marks in 'non-commercial' uses (such as consumer product reviews)"); 141 CONG. REC. S19306-10, S19311 (daily ed. Dec. 29, 1995) (the exemption "is consistent with existing case law[

The Ninth Circuit held that "Barbie Girl" fit squarely within this exception.¹³⁹

A federal district court reached a similar conclusion in *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*,¹⁴⁰ where it applied the FTDA's non-commercial use exception to a book entitled "The Cat Not in the Hat," which was a rhyming satire of the O.J. Simpson murder trial.¹⁴¹ The book contained numerous trademarks owned by the plaintiff—including the cat character, the Cat in the Hat title, and the cat's characteristic stovepipe hat.

The district court denied the plaintiff's motion for a preliminary injunction on the grounds of dilution, because it held that the defendant's book was an expressive use rather than commercial use.¹⁴²

Unlike the FTDA, state dilution statutes typically do not include any specific exceptions for noncommercial speech, forcing defendants to rely on general First Amendment arguments. One might expect that traditional expressive works would fare well under this approach. The reality is quite the contrary.

One such case, *Anheuser-Busch, Inc. v. Balducci Publications*,¹⁴³ involved a humor magazine called "Snicker," which published on its back cover a fictitious ad for a beer called "Michelob Oily." Besides the Michelob name, the ad included other references to Anheuser-Busch trademarks, but in a context that was clearly intended as a parody. The accompanying graphics included a partially-obscured can of Michelob Dry pouring oil onto a fish, an oil-soaked rendition of the plaintiff's "A & Eagle" design (with the eagle exclaiming "Yuck!") below a Shell Oil symbol, and various "Michelob Oily" products "bearing a striking resemblance to appellants' Michelob family. Several other Anheuser-Busch trademarks were visible. In smaller text the ad warned, "At the rate it's being dumped into our oceans, lakes and rivers, you'll drink it oily sooner or later, anyway." In even smaller text, running vertically along the side of the page, there appeared a disclaimer: "Snicker Magazine Editorial by Rich Balducci. Art by Eugene Ruble. Thank goodness someone still cares about quality (of life)."¹⁴⁴

One would think that anyone reading a magazine called "Snicker," which was filled with humorous content, would understand that the ad for "Michelob Oily" was a joke. However, Anheuser-Busch was not amused. The maker of Michelob beer sued the magazine for trademark infringement under the Lanham Act, and for dilution under the Missouri antidilution statute, arguing that the fictitious ad implied that Michelob beer was tainted with oil.¹⁴⁵

The defendants argued that their fake ad was intended as an editorial commentary on: (1) the effects of environmental pollution, including a specific reference to the then-recent Shell oil spill in the Gasconade River—a source of

which] recognize[s] that the use of marks in certain forms of artistic and expressive speech is protected by the First Amendment").

¹³⁹ *Mattel, Inc.*, 296 F. 3d at 907.

¹⁴⁰ 924 F. Supp. 1559, 1574 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997).

¹⁴¹ Sample verse: "A man this famous/Never hires/Lawyers like/Jacoby-Meyers."

¹⁴² 924 F. Supp. at 1574. However, the district court granted a preliminary injunction on the trademark infringement claim, and the Ninth Circuit affirmed.

¹⁴³ 28 F.3d 769 (8th Cir. 1994).

¹⁴⁴ *Id.* at 772.

¹⁴⁵ *Anheuser-Busch, Inc.*, 28 F.3d at 772.

Anheuser-Busch's water supply; (2) Anheuser-Busch's subsequent decision to temporarily close its St. Louis brewery; and (3) the proliferation of Anheuser-Busch beer brands and advertisements.¹⁴⁶

The court of appeal found a likelihood of confusion that was not outweighed by First Amendment considerations, holding that even an editorial parody could give rise to infringement liability if readers were likely to be confused into thinking that the trademark owner endorsed or approved of the editorial content.¹⁴⁷ Balancing the public interest in free expression against the public interest in avoiding consumer confusion, in this case the court found that the risk of confusion was great enough to override free expression.¹⁴⁸ The court's holding strongly implies, however, that a more prominent disclaimer, and less literal copying of the plaintiff's marks, would have been sufficient to tilt the balance the other way.¹⁴⁹

Of greater concern, then, is the court's resolution of the plaintiff's dilution claim under the Missouri statute. The appellate court held that the district court had erred in dismissing the dilution claim, because survey evidence indicated that many of the consumers surveyed understood the ad to suggest that Michelob beer contained oil.¹⁵⁰

In this case, the majority of those surveyed construed the ad parody as suggesting that Michelob beer contains oil. This relationship obviously tarnishes the marks' carefully-developed images. Moreover, the tarnishment results from a negative, although vague, statement about the quality of the product represented by the trademark.¹⁵¹

Note, however, that the survey showed only that these consumers understood the ad parody to *suggest* that the beer contained oil. It would be astonishing, of course, if they had perceived it any other way. Of *course* it suggested that the beer contained oil; that was the point of the joke. What the plaintiff's survey did not show was whether these consumers actually believed that this allegation was *true*. In all likelihood, they simply recognized it as a funny but ridiculous accusation.

In effect, *Balducci* held that making a joke about a product violates Missouri's antidilution statute. Liability arose even without proof that anyone would take the joke seriously, and even if the joke was made in the context of pure expression rather than commercial speech. *Balducci* represents dilution law run amok.

If the *Balducci* approach were to become widespread, it could lead to dilution liability even in situations where courts have been willing to tolerate some degree of consumer confusion in order to uphold First Amendment protections for parodies. For example, in *Cliff's Notes, Inc. v. Bantam Doubleday Dell*

¹⁴⁶ *Id.* at 772.

¹⁴⁷ *Id.* at 776.

¹⁴⁸ *Id.*

¹⁴⁹ *Id.* at 777.

¹⁵⁰ *Id.*

¹⁵¹ *Id.* Arguably, this constitutes common law trade libel rather than dilution, since it involves making false statements about a product which readers would believe to be true. Under this theory, liability would arise even if this were not a parody but a straight-forward news story or editorial commentary, and regardless of whether the plaintiff's marks were famous or even highly distinctive.

Publishing Group, Inc.,¹⁵² the publisher of the Cliff's Notes study guides sued the publisher of the "Spy Notes" parodies on a likelihood of confusion theory. The "Spy Notes" parodies did copy much of the distinctive plaintiff's trade dress, but they were clearly labeled as parodies. The court ruled in defendant's favor. Because the parodies fell into the realm of traditional artistic expression, the court applied a balancing approach under which, "in deciding the reach of the Lanham Act in any case where an expressive work is alleged to infringe a trademark, it is appropriate to weigh the public interest in free expression against the public interest in avoiding consumer confusion."¹⁵³ Because, in the court's view, "somewhat more risk of confusion is to be tolerated when a trademark holder seeks to enjoin artistic expression such as a parody," the possibility of some consumer confusion in this case did not outweigh the public interest in allowing expression in the form of parody. The court also added: "[W]e do not believe that there is a likelihood that an ordinarily prudent purchaser would think that Spy Notes is actually a study guide produced by appellee, as opposed to a parody of Cliffs Notes."

There was no dilution claim in the *Cliff's Notes* case. One can imagine, however, a claim based on tarnishment, because each edition of Spy Notes ridiculed not only contemporary literature, but also the Cliff's Notes approach to summarizing literary works, presumably for those too lazy to read the original. One could argue, then, that even if a reader were not confused into thinking that Cliff's Notes actually published or endorsed Spy Notes, the parody could be understood to suggest that Cliff's Notes are unworthy publications. Under the dilution rationale in the "Michelob Oily" case, this could, unfortunately, be sufficient to support a tarnishment claim.

In *Pillsbury Co. v. Milky Way Products, Inc.*,¹⁵⁴ the publisher of Screw Magazine published a sexually explicit cartoon featuring the "Poppin' Fresh" character¹⁵⁵ and other Pillsbury trademarks. Pillsbury sued for trademark infringement and copyright infringement, and also brought blurring and tarnish-

¹⁵² 886 F.2d 490 (2d Cir. 1989).

¹⁵³ *Id.* at 494.

¹⁵⁴ 215 U.S.P.Q. (BNA) 124, 135 (N.D. Ga. 1981).

¹⁵⁵ Poppin' Fresh is also commonly known as the Pillsbury Dough Boy. Pillsbury gradually introduced other characters to fill out the Poppin' Fresh family, including Mrs. Poppin' Fresh (a.k.a. "Poppy"), their son and daughter Popper and Poppie Fresh, a baby named Bun Bun, a dog named Flapjack, a cat named Biscuit, and grandparents Granmommer and Granpopper. Long associated with the slogan, "Nothin' says lovin' like something from the oven"; the Dough Boy became something of a cultural icon, and an object of irreverent humor. In a 1998 monologue, Jay Leno reported that "'75% of people surveyed say they believe that the Pillsbury Dough Boy is a virgin. Apparently, not everybody loves Sara Lee.'" See http://www.tvacres.com/admascots_poppinfresh.htm. An obituary for Poppin' Fresh has also made the rounds of the internet:

Veteran Pillsbury spokesman Pop N. Fresh died yesterday of a severe yeast infection. He was 71. Fresh was buried in one of the largest funeral ceremonies in recent years. Dozens of celebrities turned out including Mrs. Butterworth, the California Raisins, Hungry Jack, Betty Crocker, and the Hostess Twinkies. The graveside was piled high with flours as longtime friend Aunt Jemima delivered the eulogy, describing Fresh as a man who "never knew how much he was kneaded."

Fresh rose quickly in show business, but his later life was filled with many turnovers. He was not considered a very smart cookie, wasting much of his dough on half-baked schemes. Still, even as a crusty old man, he was a roll model for millions. Dough boy is survived by his wife,

ment claims under the Georgia antidilution statute. Although the court rejected the copyright claim on fair use grounds, and found insufficient likelihood of confusion to support the trademark infringement claim, the court granted a preliminary injunction on the blurring and tarnishment claims. With no analysis, and no discussion of the First Amendment, the court simply concluded that “despite the lack of actual damages, there is a likelihood that the defendants’ presentation could injure the business reputation of the plaintiff or dilute the distinctive quality of its trademarks.”¹⁵⁶

In one of the few decisions to recognize a robust First Amendment defense to dilution, the First Circuit in *L.L. Bean, Inc. v. Drake Publishers, Inc.*¹⁵⁷ applied general First Amendment principles to a state antidilution statute which contained no explicit exception for expressive works. Retailer L.L. Bean brought suit under Maine’s antidilution statute when *High Society*, an adult-oriented magazine, published a prurient parody of the L.L. Bean catalog as a two-page article. As described by the district court, “[t]he article displayed a facsimile of Bean’s trademark and featured pictures of nude models in sexually explicit positions using ‘products’ that were described in a crudely humorous fashion.”¹⁵⁸ The district court granted summary judgment to the plaintiff on the dilution claim, citing tarnishment of L.L. Bean’s goodwill and reputation, and issued an injunction, but the First Circuit reversed.

Because the statute contained no exception for noncommercial speech, both courts relied on general First Amendment principles. However, they disagreed on the particular test that should apply. The district court adopted a very strict standard, holding that “[p]laintiff’s trademark is in the nature of a property right, . . . and as such it need not ‘yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.’”¹⁵⁹

The appellate court disagreed, holding that “[t]he limits imposed on a trademark owner’s property rights demonstrate that the constitutional issue raised here cannot be dispensed with by simply asserting that Bean’s property right need not yield to the exercise of first amendment rights.”¹⁶⁰ The court pointed out that the magazine’s table of contents clearly labeled the article as “humor” and “parody.” In vacating the injunction, the court noted that “[t]he ridicule conveyed by parody inevitably conflicts with one of the underlying purposes of the Maine anti-dilution statute, which is to protect against the tarnishment of the goodwill and reputation associated with a particular trademark.”¹⁶¹

Play Dough, two children, John Dough and Jane Dough, and his elderly father, Pop Tart. The funeral was held at 3:50 for about twenty minutes.

Id. More recently, Pillsbury’s own advertising explored the libidinous side of Poppin’ Fresh, in a television ad which featured the blobby character gyrating suggestively to the throbbing bass of a Barry White song, while a couple gazed deeply into one another’s eyes and fed each other hot biscuits. Internet bloggers went wild, expressing both shock and delight.

¹⁵⁶ *Pillsbury Co.*, 215 U.S.P.Q. at 135.

¹⁵⁷ 811 F.2d 26 (1st Cir. 1987), *cert. denied*, 483 U.S. 1013 (1987).

¹⁵⁸ *Id.* at 27.

¹⁵⁹ *Id.* at 29 (quoting *Lloyd Corp. v. Tanner*, 407 U.S. 551 (1972)).

¹⁶⁰ *Id.*

¹⁶¹ *Id.* at 28.

Unlike other courts that have addressed dilution claims under state statutes, the First Circuit recognized that, despite the absence of statutory exceptions for expressive works, state antidilution legislation must not be permitted to encroach on protected speech. Unfortunately, as the cases demonstrate, courts display widely varying sensitivities to the First Amendment considerations that arise in dilution cases, and have not reached a consensus on the appropriate legal test for balancing the private interest in protecting a trademark against the public interest in free expression. The sophistication of the First Circuit's approach to these issues in the *L.L. Bean* case should have served as a model for other courts analyzing state law dilution claims in the context of parody. Thus far, however, it has had surprisingly little impact.

One might expect that motion pictures, which are generally viewed as expressive speech rather than commercial advertising, would enjoy a high degree of First Amendment protection against dilution claims. However, that is not always the case, and in this context as well it appears that the FTDA's noncommercial use exception provides greater protection for expressive speech than courts have been willing to recognize under the general First Amendment principles which should apply to state law dilution claims.

In *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*,¹⁶² the Cheerleaders organization objected to the use of its distinctive costumes in the adult-oriented film *Debbie Does Dallas*, raising claims under the traditional likelihood-of-confusion doctrine as well as New York's antidilution statute. The defendants advertised the movie with marquee posters and newspaper ads depicting the main character, Debbie, played by actress Bambi Woods, wearing the allegedly infringing uniform and containing such captions as "Starring Ex Dallas Cowgirl Cheerleader Bambi Woods" and "You'll do more than cheer for this X Dallas Cheerleader." Actress Bambi Woods, in fact, had never been a Dallas Cowboys Cheerleader.¹⁶³ The court found that there was a likelihood that consumers would believe that the Cheerleaders organization had sponsored or approved the use of its uniforms in the film, or was in some other way connected to the film.¹⁶⁴

In the *Cheerleaders* case, the potential for confusion was substantial enough to warrant a preliminary injunction. However, the Second Circuit also ruled that the plaintiff was entitled to a preliminary injunction on dilution grounds. As is typical of many dilution cases, the court simply tacked dilution onto its confusion analysis, almost as an afterthought, in a footnote which offered no analysis other than the statement that dilution law allows a trademark owner to enjoin copying "despite the absence of confusion as to source or sponsorship."¹⁶⁵ The court treated the plaintiff's allegations of dilution as sufficient in themselves to support preliminary injunctive relief, and made no

¹⁶² 467 F. Supp. 366 (S.D.N.Y. 1979), *aff'd*, 604 F.2d 200 (2d Cir. 1979).

¹⁶³ 604 F.2d at 203 & n.2.

¹⁶⁴ *Id.* at 205. In some situations, that might be a reasonable conclusion, as the public is increasingly familiar with the concept of product placement, and is likely to believe that any appearance of a recognizable trademark in a film was "bought and paid for." But situations that are likely to be perceived as product placements are typically very different from situations in which a defendant is clearly poking fun at or criticizing the plaintiff or its mark.

¹⁶⁵ *Id.* at 205 n.8.

attempt to determine whether blurring or tarnishment had in fact occurred, or were likely to occur.

As to the First Amendment, the court held that the movie did not qualify as parody, and that, to the extent the movie was intended as a commentary on "sexuality in athletics," its expressive content did not justify the unauthorized use of the plaintiff's trademark. In reaching this conclusion, the court adopted the "adequate alternative avenues" approach to First Amendment protection:

Plaintiff's trademark is in the nature of a property right, and as such it need not "yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist." Because there are numerous ways in which defendants may comment on "sexuality in athletics" without infringing plaintiff's trademark, the district court did not encroach upon their first amendment rights in granting a preliminary injunction.¹⁶⁶

This was the same approach that was rejected in the *L.L. Bean* case.¹⁶⁷

In 1995, Hormel, the maker of Spam, sought an injunction under New York's antidilution statute in order to prevent the release of a Muppets film and related merchandise which included a new Muppet character named "Spa'am."¹⁶⁸ In the film, Spa'am was the high priest of a tribe of wild boars that worshipped Miss Piggy as its Queen Boom Sha Ka La Ka La. In the Second Circuit's words, the purpose of the Spa'am character was "to poke a little fun at Hormel's famous luncheon meat by associating its processed, gelatinous block with a humorously wild beast."¹⁶⁹ Hormel's complaint objected to the character, on the ground that sales of Spam might diminish if it were linked with "evil in porcine form."¹⁷⁰

In an obvious parody such as this, courts are extremely unlikely to find dilution by blurring. The success of the parody depends on the existence of a strong association between the trademark and the goods or services for which it has become famous, and the fact that the parody is ridiculing the mark is unlikely to weaken that association. Thus, there was no serious question of blurring in this case.¹⁷¹

However, tarnishment is a different matter. The object of parody is to ridicule its target. Thus, tarnishment is the natural and intended result of a successful parody. As the Second Circuit noted, "The sine qua non of tarnish-

¹⁶⁶ *Id.* at 206 (citations omitted).

¹⁶⁷ The adequate alternative avenues approach was also followed in *Reddy Comm., Inc. v. Envtl. Action Found., Inc.*, 199 U.S.P.Q. (BNA) 630 (D.D.C. 1977), *supp. decision* at 477 F. Supp. 936 (D.C. 1979), where the plaintiff sought to enjoin the defendant from using negative caricatures of Reddy Kilowatt in books and newspaper columns critical of the electrical utilities. There, however, the court denied preliminary injunctive relief, finding that no likelihood of confusion had been established. No dilution claim was raised. The adequate alternative avenues approach was applied to dilution claims in *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 398 (8th Cir. 1987), which involved parodic T-shirts and other novelty items. See *infra* note 211 and accompanying text.

¹⁶⁸ *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497 (2d Cir. 1996).

¹⁶⁹ *Id.* at 501.

¹⁷⁰ *Id.*

¹⁷¹ *Hormel Foods v. Jim Henson Prods., Inc.*, No. 95 Civ. 5473 (KMW), 1995 WL 567369, *11 (S.D.N.Y. Sept. 25, 1995), *aff'd*, 73 F.3d 497 (2d Cir. 1996).

ment is a finding that plaintiff's mark will suffer negative associations through defendant's use."¹⁷²

In the context of a motion picture, or other expressive works, one might think that the expressive context of the parody would warrant such a high degree of First Amendment protection that a tarnishment claim should be rejected as a matter of course. In *Hormel*, however, that was not the case. Instead, the district court engaged in a detailed analysis of whether the Spa'am character was, in the court's words, "unsavory" or "unhygienic." Happily for the Muppets, the Spa'am character was neither of these, although the same could not be said of the porcine characters surrounding him.¹⁷³ Also helpful, in the court's view, was the fact that Hormel's product was already a frequent target of negative humor.¹⁷⁴ In addition, the court noted that the Muppets film was itself a "high-quality, good-humored, family-oriented motion picture."¹⁷⁵ This implies that, if the film had been X-rated, the court would have been more inclined to find dilution by tarnishment. Finally, the court suggested that a finding of dilution on these facts would be inappropriate for yet another reason—the absence of predatory intent, which the court defined as "the intent 'of either appropriating for itself the goodwill associated with the plaintiff's name and/or mark, or of capitalizing on consumer confusion between the two products.'"¹⁷⁶

What would qualify as predatory intent? Suppose that the filmmaker had depicted the Spa'am character as unsavory and unhygienic, and had done so in order to tarnish the image of Hormel's meat product? Or suppose a different filmmaker were to imitate the trademark or trade dress of Wal-Mart or McDonald's in a parody that was designed to criticize those companies? Such a parody would not be actionable as false advertising or defamation if it were clearly labeled as fiction or a mere expression of opinion. Would dilution law offer the plaintiff an end-run around these doctrines?

In *Edgar Rice Burroughs, Inc. v. Manns Theaters*,¹⁷⁷ a district court held that the plaintiff's "Tarzan" trademark was diluted by the use of "Tarz" in the title of an X-rated film and as the name of a character in the film. Although no specific antidilution statute was mentioned, the case predated the FTDA and appears to have involved California's dilution law. The court did not consider whether, or to what extent, the use of the plaintiff's mark should be treated as protected expression.

In contrast to their treatment under state antidilution statutes, the early indications suggest that films will fare well under the FTDA. Although thus far very few federal dilution claims have been brought against films, because the FTDA was not enacted until 1995, the one case that has been decided under the FTDA squarely held that films fall under the statute's "noncommercial use"

¹⁷² *Hormel Foods*, 73 F.3d at 507.

¹⁷³ *Hormel Foods*, 1995 WL 567369, at *11-*12.

¹⁷⁴ *Id.* at *12.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.* at *13 (citing *Giorgio Beverly Hills, Inc. v. Revlon Consumer Prods. Corp.*, 869 F. Supp. 176, 185 (S.D.N.Y. 1994)).

¹⁷⁷ No. 76-3612, 1976 WL 20994, at *162 (C.D. Cal. Dec. 20, 1976).

exception. In *Lucasfilm Ltd. v. Media Market Group, Ltd.*,¹⁷⁸ the plaintiff brought a federal dilution claim when its “Star Wars” trademark was used in an animated adult film. The court labeled the defendant’s film a “pornographic parody,” and agreed that it tarnished the “Star Wars” trademark. However, citing *Mattel, Inc. v. MCA Records, Inc.*,¹⁷⁹—the “Barbie Girl” case—the court ruled in favor of the defendant, on the ground that “[p]arody is a form of non-commercial, protected speech” which is exempt from liability under the non-commercial use exception of the FTDA.¹⁸⁰

MasterCard Intern. Inc. v. Nader 2000 Primary Committee, Inc.,¹⁸¹ offers an enlightening example of how differently a single expressive use can be analyzed by the same court under federal and state antidilution statutes. In that case, MasterCard brought dilution claims under the FTDA and the New York antidilution statute against a television ad for presidential candidate Ralph Nader which spoofed MasterCard’s well-known “priceless” ads. Like the MasterCard ads, the Nader ad recited a list of costly items, followed by a priceless intangible:

Grilled tenderloin for fund-raiser: \$1,000 a plate.
 Campaign ads filled with half-truths: \$10 million.
 Promises to special interest groups: over \$100 billion.
 Finding out the truth: priceless.
 There are some things that money can’t buy.

The district court rejected the federal dilution claim because the ad constituted political speech, and was therefore exempt under the FTDA’s “noncommercial use” exception.¹⁸² On the New York dilution claim, therefore, one might have expected the court to hold that the First Amendment offered the defendant similar protection. On the contrary, the court did not even mention the First Amendment. Instead, it held, with almost no analysis, that there was simply insufficient proof that the Nader ads were likely to cause dilution either by blurring or tarnishment.¹⁸³ This stands in striking contrast to other cases which have found a likelihood of dilution simply because a senior user’s mark was strong and the junior user’s mark was similar.¹⁸⁴ In all likelihood, the district court was simply looking for *something* within the New York statute that would exempt Nader’s political speech. Either the court, or Nader’s legal team, was unwilling to test the New York dilution claim against the First Amendment.

A case which provides a useful contrast to *Mastercard* is *American Family Life Ins. Co. v. Hagan*,¹⁸⁵ where a gubernatorial candidate’s internet ads mimicked the well-known AFLAC duck in making fun of the incumbent Robert Taft. The ads featured a crudely animated character made up of Taft’s head

¹⁷⁸ 182 F. Supp. 2d 897, 179 A.L.R. Fed. 659 (N.D. Cal. 2002).

¹⁷⁹ 28 F. Supp. 2d 1120, 1155 (C.D. Cal.1998).

¹⁸⁰ *Lucasfilm Ltd. v. Media Market Group, Ltd.*, 182 F. Supp. 2d 897, 900-01 (N.D. Cal. 2002).

¹⁸¹ No. 00 Civ.6068(GBD), 2004 WL 434404 (S.D.N.Y. Mar. 8, 2004).

¹⁸² *Id.* at *7-*9 (also holding, in the alternative, that MasterCard had failed to prove actual dilution, as required by the FTDA).

¹⁸³ *Id.* at *9.

¹⁸⁴ See *supra* notes 127-31 and accompanying text.

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

sitting on the body of a white cartoon duck, with a yellow duck's bill where the governor's mouth should be. The duck would quack "Taftquack" at various times during the ads, in a nasal tone highly reminiscent of the "AFLAC" sound made by the AFLAC duck.¹⁸⁶ The ads could be viewed at the defendant's website www.taftquack.com.

At an early stage of the proceeding, AFLAC brought its dilution claim solely under the FTDA. When the district court denied relief, it did so based solely on the "noncommercial use" exception of the FTDA, stating that in all other respects the plaintiff had made a good case for dilution.¹⁸⁷ Waddling quickly, the plaintiff promptly refiled under Ohio's common law of dilution, which contained no commercial use exception.¹⁸⁸ Waddling even faster, the district court denied the common law claim as well, declaring the ad to be political speech protected by the First Amendment.¹⁸⁹

Like the *L.L. Bean* case, *American Family Life* shows that the federal courts are capable of imposing First Amendment limits on state antidilution laws; *MasterCard* shows that they cannot always be relied upon to do so.

The case law thus demonstrates that, in practice, even the most traditional expressive works have generally received greater protection against dilution claims under the noncommercial use exception of the FTDA than they have under general First Amendment principles. The inconsistent treatment of such works under the FTDA and state antidilution statutes creates an unacceptable level of uncertainty for potential defendants, resulting in a potentially chilling effect on free expression.

The future of the noncommercial use exception is currently in doubt. The first version of the TDRA amendments to the FTDA would have eliminated the language of the current noncommercial use exception—which protected the defendants in the *Barbie* and *Dr. Seuss* cases—and replaced it with an exception for:

Fair use of a famous mark by another person, other than as a designation of source for the person's goods or services, including for purposes of identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.¹⁹⁰

Unfortunately, the proposed amendment did not explain the meaning of the term "fair use" in this context. In general, "fair use" for purposes of federal trademark law involves the use of a term not as an origin identifier for any goods or services offered by a defendant, but as a description of the defendant's goods or services, or as a means to identify a competitor's goods or services for comparative purposes.¹⁹¹ Since this definition makes no sense in the context of the noncommercial use exception, introducing the term "fair use" will add unnecessary ambiguity to the noncommercial use exception of the FTDA. In addition, the proposed language would not appear to protect uses of the mark

¹⁸⁶ To quote AFLAC's counsel, the Taftquack character "obviously attempted to parrot" the sound of the AFLAC duck. *Id.* at 686 n.5.

¹⁸⁷ *Id.* at 692-93.

¹⁸⁸ *Id.* at 692.

¹⁸⁹ *Id.* at 701.

¹⁹⁰ H.R. 683, 106th Cong., § 2 (1999).

¹⁹¹ See, e.g., 15 U.S.C. §§ 1115(b)(4), 1125(c)(4)(A) (2000).

which involve commentary on political or social issues, as opposed to commentary aimed specifically at the mark or at the owner's goods or services. This could significantly narrow the scope of this exception.

As this Article goes to press, the Senate has just passed a revised version of the TDRA which reinstates the noncommercial use exception. In addition, the Senate version includes a somewhat broadened version of the "fair use" exception which, while still not free of ambiguity, has the potential to provide even more robust protection for commercial parodies such as Yard-Man's tweaking of the John Deere deer. The broadened fair use exception would exempt from FTDA claims:

Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

- (i) advertising or promotion that permits consumers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

If this latest version of the TDRA is enacted, it will further highlight the difference between state and federal dilution laws in their sensitivity to First Amendment values, thus strengthening the case for federal preemption.

C. *Expressive Merchandise*

Somewhere between the extremes of traditional expressive speech and purely commercial speech is a category that might be described as expressive merchandise. This category includes T-shirts, posters, cards, stickers, and other novelty items that are designed to communicate, if not sophisticated thought, at least some aspect of the attitudes, opinions, or sense of humor of the person using, displaying, or wearing the merchandise. The expression displayed on the merchandise may include brand names or logos, but in this context they serve a function other than a trademark function—that is, a function other than indicating the origin or affiliation of the merchandise. Expressive merchandise of this type has received virtually no First Amendment protection from antidilution statutes. This is so despite that fact that many types of expressive merchandise appear to qualify as noncommercial speech under the standard repeatedly invoked by the Supreme Court, because they do more than simply propose a commercial transaction.¹⁹²

In general, parodies that take the form of T-shirts, posters, cards, or stickers have not fared well under either the traditional likelihood of confusion analysis or dilution law. Courts simply do not accord them the same degree of First Amendment protection enjoyed by more traditionally expressive works, such as books and movies.

For example, in *Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc.*,¹⁹³ the maker of Cabbage Patch Dolls sued the maker of the Garbage Pail Kids cards and stickers for trademark infringement and for violation of the Georgia antidilution statute. The evidence indicated that "[t]he Garbage Pail

¹⁹² *Bolger v. Youngs Drug Prod. Corp.*, 463 U.S. 60, 66 (1983).

¹⁹³ 642 F. Supp. 1031, 1039 (N.D. Ga. 1986).

Kids' stickers derisively depict dolls with features similar to Cabbage Patch Kids dolls in rude, violent and frequently noxious settings."¹⁹⁴ The defendant had also diversified its Garbage Pail Kids offerings to include other merchandise such as T-shirts, school notebooks, balloons, and so forth. The court found both a likelihood of confusion and a likelihood of tarnishment under Georgia law. On the tarnishment claim, the court held:

Defendant's position throughout these proceedings clearly indicates that "defendant is borrowing plaintiff's good will to make it the butt of a joke." There was also testimony by Mr. Robinson that any association of Garbage Pail Kids with Cabbage Patch Kids would disparage the wholesome image plaintiff attempts to present for its products. The court finds that there is more than sufficient evidence that tarnishment exists such that plaintiff is substantially likely to prevail on the merits as to its anti-dilution claim.¹⁹⁵

Although the defendant's products were not traditional expression along the lines of books or movies, they nonetheless had significant expressive content. Here, as in traditional expressive works, the parody was, to a great extent, the product itself, not just a method of promoting a product. Of the merchandise in question, only the school notebooks performed a significant non-expressive function. The other items—T-shirts, balloons, cards, and stickers—had little utility outside of their expressive content. Although T-shirts have utility as apparel, the marketplace is constantly flooded with fungible T-shirts, and the only reason to choose a Garbage Pail Kids T-shirt would be to express one's enthusiasm for the "Kids." Wearing a T-shirt, like placing a bumper sticker on a car, is the speech equivalent of carrying a sign.

Would the court have reached a different decision on the Georgia dilution claims if the defendant had given away its Garbage Pail Kids merchandise rather than sold it for a profit? The answer is elusive, because the case was decided under a state dilution statute, which contained no exception for non-commercial use. But if such an exception had existed, would these novelty items be considered a noncommercial use if they were sold? If they were given away? If they were produced in a very small limited edition and sold to art collectors?

Compare the fate of the Garbage Pail Kids with the outcome in *Girl Scouts v. Personality Posters Mfg. Co.*¹⁹⁶ Here, the Girl Scouts organization sought a preliminary injunction against the maker and distributor of a poster which featured the image of a pregnant Girl Scout together with the Girl Scout motto "Be Prepared." The Girl Scouts alleged infringement of numerous marks, including their name, their trefoil logo, their motto, and their official uniform, all of which were accurately reproduced on the poster. In addition to their traditional infringement claim based on a likelihood of confusion as to the source or sponsorship of the poster, the Girl Scouts brought a dilution claim under the New York antidilution statute.

Even though the true source of the poster was printed in "regrettably small type," the court quickly rejected the trademark infringement claims because

¹⁹⁴ *Id.* at 1032.

¹⁹⁵ *Id.* at 1039-40 (citing McCARTHY, *supra* note 33, at § 24:15 (stating that such a result is usually the "hallmark of the dilution doctrine")) (additional citations omitted).

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

there was insufficient evidence of a likelihood of confusion. Although some members of the public had called the Girl Scouts to express their indignation, the court observed that:

[I]ndignation is not confusion. To the contrary, the indignation of those who have called would appear to make it clear that they feel that the Girl Scouts are being unfairly put upon, not that the Girl Scouts are the manufacturers or distributors of the object of indignation.¹⁹⁷

The court also noted that the use of the Girl Scout trademarks on the offending poster was “unlike the situation which might exist if a pernicious defendant attempted to sell the delicious and well-known Girl Scout cookies door to door in cartons covered by a picture of the Girl Scouts.”¹⁹⁸ Thus, the court recognized that the poster constituted a type of expressive merchandise that should be treated differently from pure commercial activities.

The *Girl Scouts* court also rejected the plaintiff’s claim under the New York antidilution statute. Unfortunately, because the case law at the time required a dilution claim to be supported by evidence of confusion, this part of the court’s analysis offers little insight into modern dilution law. However, the plaintiff also raised several claims which, in the court’s view, amounted to defamation claims; in fact, these claims bear a close resemblance to modern dilution claims that are based on tarnishment. Therefore, this part of the court’s analysis offers a useful insight into how that court might have analyzed a dilution claim if the contemporaneous case law had eschewed the likelihood of confusion requirement, as the dilution doctrine does today.

The defamation claim contended that the defendant’s poster was “intended to impute unchastity and moral turpitude to members of plaintiff, to hold plaintiff up to ridicule and contempt, and to suggest that plaintiff’s motto ‘BE PREPARED’ encourages the practice of contraception.”¹⁹⁹ However, the court found no evidence that the “plaintiff’s reputation has been or is likely to be affected in any way by the wry, perhaps unmannerly, behavior of the defendant,”²⁰⁰ and, accordingly, it found no “special circumstances” that would justify enjoining or restraining “literary or spoken material.”²⁰¹

Finally, the court held that the Girl Scouts Organization had failed to establish that it would suffer irreparable harm in the absence of a preliminary injunction.²⁰² The Girl Scouts had alleged not only that such harm would occur, but that it had, in fact, already occurred:

Because, as set out above, millions of girls, their parents, relatives, neighbors and friends are familiar with the purposes of the GIRL SCOUT program and are familiar with the GIRL SCOUT uniforms, plaintiff’s reputation will be and has been irreparably damaged by defendant’s poster depicting a pregnant girl wearing the official JUNIOR GIRL SCOUT uniform and prominently featuring the GIRL SCOUT motto ‘BE PREPARED’.²⁰³

¹⁹⁷ *Id.* at 1231.

¹⁹⁸ *Id.*

¹⁹⁹ *Id.* at 1234.

²⁰⁰ *Id.*

²⁰¹ *Id.*

²⁰² *Id.* at 1235.

²⁰³ *Id.*

Rejecting this assertion as conclusory, the court found no evidence that any injury had already occurred:

No evidence is found anywhere in the record before the court that the poster has to date damaged the plaintiff in any way. No facts are presented to show that contributions to the organization have fallen off, that members have resigned, that recruits have failed to join, that sales either of plaintiff's posters or other items have decreased, or that voluntary workers have dissociated themselves or declined to support the honorable work of the organization.²⁰⁴

Finally, in a moment of clarity which has been absent from many subsequent dilution cases, the court observed:

Those who may be amused at the poster presumably never viewed the reputation of the plaintiff as being inviolable. Those who are indignant obviously continue to respect it. Perhaps it is because the reputation of the plaintiff is so secure against the wry assault of the defendant that no such damage has been demonstrated.²⁰⁵

Ironically the *Girl Scouts* decision extended greater protection to a mere poster than the "Michelob Oily" court extended to an obvious parody in a humor magazine.

Just a few years after the *Girl Scouts* decision, a federal court reached a different conclusion on similar facts in the case of *Coca-Cola Co. v. Gemini Rising, Inc.*,²⁰⁶ granting a preliminary injunction against the sale of a poster consisting of the phrase "Enjoy Cocaine" printed in Coca-Cola's distinctive stylized script, with the lettering in white against a red background, just as it appeared in Coke's own "Enjoy Coca-Cola" posters and print ads. Because Coca-Cola presented evidence that some consumers thought that Coca-Cola was behind the poster, the court concluded that a likelihood of confusion had been established.²⁰⁷ This made the case distinguishable from the *Girl Scouts* case, where no likelihood of confusion was found.²⁰⁸ Having already found a likelihood of confusion, the district court addressed Coca-Cola's claims under the New York antidilution statute almost as an afterthought. Unlike the court that decided the *Girl Scouts* case, however, this court recognized that the New York statute protected trademark owners against imitation of their marks even in the absence of a likelihood of confusion.²⁰⁹ The importance of protecting Coca-Cola against injury to its business reputation and good will was, in the court's view, sufficient to justify imposing a prior restraint and to overcome any First Amendment concerns.²¹⁰

In a 1987 case, the Eighth Circuit upheld an injunction which the insurance company Mutual of Omaha had obtained against the maker of a T-Shirt

²⁰⁴ *Id.*

²⁰⁵ *Id.* at 1235-36.

²⁰⁶ 346 F. Supp. 1183 (E.D.N.Y. 1972).

²⁰⁷ *Id.* at 1190-91.

²⁰⁸ *Id.* at 1192. The court erred, however, when it distinguished the *Girl Scouts* case on a second basis—that the *Girl Scouts* did not own a protectable trademark. *Id.*

²⁰⁹ *Id.*

²¹⁰ *Id.* In the United Kingdom, this same design is widely available on T-shirts, as are many other designs which make mischievous—and arguably offensive—use of famous marks. Although the U.K. laws pertaining to likelihood of confusion are similar to the laws of this country, the U.K. does not recognize the dilution doctrine.

that conveyed an anti-nuclear message.²¹¹ The offending T-shirt was emblazoned with the name "Mutant of Omaha" and the legend "Nuclear Holocaust Insurance." In a nod to the plaintiff's famous "Indian head" logo, the T-shirt also displayed a feather-bonneted emaciated human head. In addition to T-shirts, the defendant marketed the same design on sweatshirts, caps, buttons, and coffee mugs. The case predated the federal dilution statute, and the plaintiff's claim was based on the likelihood of confusion, rather than dilution. Nonetheless, the court's analysis of the confusion question contains strong indications that it would have found dilution as well. For example, the court acknowledged that the differences between the plaintiff's mark and the marks displayed on the defendant's merchandise were substantial, perhaps even "unmistakable."²¹² However, in the court's view, the issue was "not whether the public would confuse the marks, but whether the viewer of an [allegedly infringing] mark would be likely to associate the product or service with which it is connected with the source of products or services with which an earlier mark is connected."²¹³ Thus, the court essentially imported the dilution standard of mere "mental association" into an analysis that was supposed to focus on the likelihood of confusion. Here, moreover, it does not appear that there was any predatory intent: the defendant was not seeking to disparage the insurance company or its trademarks, but to use them as vehicles for humorous political commentary.

However, there was some evidence of actual confusion in this case. In a random survey, 400 people were asked: "Would you say that Mutual of Omaha goes along or does not go along with these T-shirts in order to make people aware of the nuclear war problem?"²¹⁴ About ten percent answered that Mutual of Omaha "goes along" with the shirts.²¹⁵ Although the survey was flawed in some respects, many courts would have accepted the ten percent figure as persuasive. Nonetheless, the court also noted that a whopping forty-two percent of those surveyed said that Mutual of Omaha "came to mind" when they viewed the T-shirts. In light of the court's prior assertion that mere "mental association" is the standard for whether two marks are confusingly similar, one has to wonder whether the court was more influenced by the ten percent who were actually confused or by the forty-two percent who merely made the mental association. (And one might wonder as well how the other fifty-eight percent could have failed to make the association; quite possibly the random sample included a substantial number of people who had simply never heard of Mutual of Omaha.)

One other factor makes it difficult to assess whether the outcome in Mutual of Omaha would have been the same under a dilution analysis. As noted earlier, one aspect of dilution doctrine which remains unsettled is the degree of similarity that must exist between two marks in order to find dilution. In this case, the court acknowledged that there were substantial differences

²¹¹ *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 398 (8th Cir. 1987).

²¹² *Id.* at 399.

²¹³ *Id.* (citing *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976)).

²¹⁴ *Id.* at 401 n.5.

²¹⁵ *Id.* at 401.

between the plaintiff's distinctive marks and the defendant's design, but concluded that nonetheless many people would associate one with the other.

The *Mutual of Omaha* case is also troubling for its adoption of the "alternative avenues" approach to First Amendment protection. The Eighth Circuit rejected the defendant's First Amendment defense, on the ground that the plaintiff's trademarks were a form of property. Analogizing to cases involving political speech on private property, the court held that the rights of the trademark owner need not "yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist."²¹⁶ The injunction barred the defendant only from using Mutual's marks "as logos" or "to market, advertise, or identify [his] services or products," and left him free to express his views in other ways—such as "an editorial parody in a book, magazine, or film."²¹⁷ In the *Dallas Cowboys Cheerleaders* case, the Second Circuit had adopted the same standard.²¹⁸

It would be unfortunate indeed if this restrictive approach were to spread to other circuits. It has deservedly been criticized by courts and commentators.²¹⁹ The First Circuit had harsh words for this approach in the *L.L. Bean* case:

The first amendment issues involved in this case cannot be disposed of by equating the rights of a trademark owner with the rights of an owner of real property: "[T]rademark is not property in the ordinary sense but only a word or symbol indicating the origin of a commercial product." . . .

Trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view. As Justice Holmes observed while sitting on the Supreme Judicial Court of Massachusetts, "When the common law developed the doctrine of trademarks and trade-names, it was not creating a property in advertisements more absolute than it would have allowed the author of *Paradise Lost*." The limits imposed on a trademark owner's property rights demonstrate that the constitutional issue raised here cannot be dispensed with by simply asserting that Bean's property right need not yield to the exercise of first amendment rights.²²⁰

²¹⁶ *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987).

²¹⁷ *Id.*

²¹⁸ *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979).

²¹⁹ See, e.g., *Am. Fam. Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682 (N.D. Ohio 2002); Robert C. Denicola, *Trademark As Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 Wis. L. Rev. 158, 206 ("the sweeping rejection of the defendant's first amendment claim in *Dallas Cowboys Cheerleaders* is dangerously simplistic").

²²⁰ *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987). Other courts have criticized this "adequate alternative avenues" approach in the context of the right of publicity—a doctrine somewhat analogous to the dilution doctrine—on the ground that it "does not sufficiently accommodate the public's interest in free expression." *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 971 (10th Cir. 1996) (applying this analysis to right of publicity claims). These courts have refused to "indulge in the facile assumption that one can forbid particular words without also running a substantial risk of suppressing ideas in the process," noting that "[r]estrictions on the words or images that may be used by a speaker . . . are quite different than restrictions on the time, place, or manner of speech." *Id.*

In *Anheuser-Busch, Inc. v. L&L Wings, Inc.*,²²¹ the Fourth Circuit reinstated a jury verdict of non-infringement in favor of a defendant that imitated the general appearance of the Budweiser beer label on a novelty T-shirt that promoted Myrtle Beach as the "King of Beaches." The plaintiff did not raise a dilution claim, and the court found insufficient evidence of a likelihood of confusion to support an infringement claim. The dissenting judge (retired Associate Justice Powell, sitting by designation) argued that confusion was likely, and that the trademark owner's rights were not outweighed by the expressive content of the shirt, because there was insufficient parodic content to counteract the likelihood of confusion:

In this instance, the "parody" does little to prevent consumer confusion as to the sponsor of defendants' T-shirt. It does not ridicule Budweiser or offer social commentary on the evils of alcohol. Nor could it be deemed "so obvious and heavy handed that a clear distinction was preserved in the viewer's mind between the source of the actual product and the source of the parody."²²²

In contrast, the dissent noted, if the shirt bore a message that was a true parody in the "editorial or artistic" sense, as in the *L.L. Bean* and *Cliff's Notes* case, this would warrant a higher degree of First Amendment protection:

Such would be the case, for instance, if Mothers Against Drunk Driving marketed T-shirts bearing a caricature of the Budweiser trademark. (In that context, incidentally, consumers would purchase the T-shirts precisely because they were not affiliated with Anheuser-Busch. That is not true here.) I would conclude that defendants' commercial speech, whose avowed aim was to convey "how great Myrtle Beach is," is not protected by the First Amendment from enforcement of the Lanham Act. All that it does is play on the words of the Budweiser label, adopting a theme (the beach) and a method (humor) that is fully consistent with Anheuser-Busch's marketing efforts. Moreover, since the attempted parody does not dissociate defendants' T-shirt from Anheuser-Busch's products, consumers will be just as likely to buy the T-shirt because of its continuing affiliation with Anheuser-Busch as because of its humor. That danger is particularly acute here since Anheuser-Busch and defendants compete in the same market. The parody here thus amounts to nothing more than a "merchandising short-cut."²²³

Ironically, if the t-shirts had in fact ridiculed Budweiser or criticized its product as unhealthy, thus avoiding (under Justice Powell's approach) any likelihood of confusion, they would have been highly vulnerable to tarnishment-based dilution claims in the majority of states, meeting the same fate as Snicker Magazine's "Michelob Oily" parody in the *Balducci* case.

The application of state antidilution statutes to expressive merchandise such as posters and T-shirts is particularly troubling because merchandise of this nature often conveys expression that is subversive, unpopular, irreverent, or controversial, and thus is particularly deserving of protection against institutions with a vested interest in protecting the status quo, such as the large corporations which control some of the strongest trademarks in the world.²²⁴ Courts

²²¹ 962 F.2d 316 (4th Cir. 1992).

²²² *Id.* at 327.

²²³ *Id.* at 327 & n.8 (citations omitted).

²²⁴ Some courts have recognized posters as a form of expression which may be constitutionally protected. See *Girl Scouts of America v. Personality Posters Mfg. Co.*, 304 F. Supp.

addressing dilution claims arising from expressive merchandise have given insufficient consideration to the dual nature of this merchandise:

The classic example of commercial speech is an advertisement that "does no more than propose a commercial transaction." On the other end of the spectrum lies purely artistic speech. Between advertisement and art, there exist[] various forms of speech that combine commercial and noncommercial elements. Whether a communication combining those elements is to be treated as commercial speech depends on factors such as whether the communication is an advertisement, whether the communication makes reference to a specific product, and whether the speaker has an economic motivation for the communication.²²⁵

The application of the FTDA's noncommercial use exception to expressive merchandise has yet to be tested. However, in light of the case law which has applied the exception to speech which does more than simply propose a commercial transaction, there is reason to be optimistic that expressive merchandise will receive at least some protection under the federal statute, in contrast to the almost non-existent protection for such merchandise under state antidilution statutes. Because most courts have been unwilling to apply general First Amendment principles to dilution claims against expressive merchandise, however, even favorable treatment for such merchandise under the FTDA is likely to be ineffective as long as trademark owners have the option of proceeding under state law.

D. Conclusion on Expressive Content

Because antidilution laws allow liability to be imposed even in the absence of any likelihood of consumer confusion, they pose a much greater threat to free expression, free competition, and the public domain than do the traditional confusion-based infringement laws. As a result, courts should give significant weight to First Amendment considerations whenever a dilution claim involves an element of protected speech such as parody, criticism, or commentary. Unfortunately, in applying state antidilution laws, the courts have failed to demonstrate much sensitivity to these considerations. In contrast, the FTDA's express exemption for noncommercial uses has provided significantly better protection for First Amendment concerns, and should be given preemptive effect in order to prevent trademark owners from curtailing expressive speech by relying on more plaintiff-friendly state antidilution laws.

IV. DILUTION LAWS AS A THREAT TO THE PUBLIC DOMAIN

Without national uniformity, it will be difficult to establish and enforce clear boundaries on the scope of dilution laws. Not only will this uncertainty chill free expression, but it also threatens to erode the boundaries between trademark laws, on the one hand, and the federal patent and copyright laws, on the other. The exclusive rights conveyed by the federal copyright and patent regimes are subject to significant limitations that are designed to preserve a

1228, 1235 (S.D.N.Y. 1969); *Paulsen v. Personality Posters, Inc.*, 59 Misc.2d 444, 299 N.Y.S.2d 501, 5098 (N.Y. Sup. Ct. 1968).

²²⁵ *World Champ. Wrestling v. Titan Sports, Inc.*, 46 F. Supp. 2d 118, 122 (D. Conn. 1999) (quoting *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 66 (1993)).

robust public domain. Blurring the boundaries between these doctrines and trademark law will, in some cases, allow trademark owners an end-run around the limitations of patent and copyright law, leading to an erosion of the public domain.

A. *Blurring Trademark and Copyright Law*

In the case of copyright laws, preemption doctrine forecloses states from enforcing laws which provide protections equivalent to federal copyright law, or which upset the balance struck by federal copyright law between the rights of the copyright owner and the rights of the public. Thus, state laws providing rights equivalent to, or broader than, federal copyright law are preempted,²²⁶ as are state laws which impermissibly interfere with the operation of federal copyright law.²²⁷

Traditional trademark infringement laws ordinarily do not run afoul of these restrictions on state power, because they impose the additional requirements of distinctiveness and likelihood of confusion. Dilution doctrine, however, eliminates the latter requirement.

In certain contexts, dilution laws have the potential to impermissibly interfere with the federal copyright scheme. For example, while the fair use doctrine of federal copyright law might permit parodists, under appropriate circumstances, to copy Disney characters for purposes of criticism or commentary, state laws might impose liability for dilution in the same circumstances, because the Disney characters are protected by both trademark and copyright law. Similarly, while copyright law protects these characters only for limited term specified by statute, under trademark law the protection for those characters will endure for so long as they continue to serve as origin identifiers for Disney.

Although, as a federal statute, the Lanham Act is not preempted by federal copyright law, the Supreme Court has recently expressed concern that too-liberal application of federal trademark laws may impermissibly interfere with the balance struck by federal copyright laws. In *Dastar Corp. v. Twentieth Century Fox Film Corp.*,²²⁸ the Court overruled a series of federal court precedents which had permitted authors to assert section 43(a) claims against parties that copied their works without attribution;²²⁹ after *Dastar*, an author's sole recourse in such a case is a suit under federal copyright law. Once the copyright in such a work has expired, the Court held, section 43(a) cannot be used to achieve a de facto extension of the copyright term.

Because *Dastar* involved a section 43(a) claim, the plaintiff would have had to show a likelihood of confusion in order to prevail. Yet the Court's refusal to permit that claim to proceed implies that even a likelihood of confusion requirement is not sufficient, in its view, to prevent misattribution claims under section 43(a) from unduly interfering with the federal copyright scheme.

²²⁶ 17 U.S.C. § 301 (2000).

²²⁷ *Goldstein v. California*, 412 U.S. 546 (1973); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989).

²²⁸ 539 U.S. 23 (2003).

²²⁹ *E.g.*, *Cleary v. News Corp.*, 30 F.3d 1255 (9th Cir. 1994).

Dastar, however, involved a “reverse” application of trademark law, in which a plaintiff objects to *removal* of its distinctive trademark (in this case, the author’s name). This is the opposite of a more traditional trademark claim, in which a plaintiff objects to the unauthorized placement of its trademark on *another* party’s goods. Federal courts of appeal have recognized section 43(a) as a viable remedy for persons who are falsely identified as the authors of works which they did not create,²³⁰ and the Supreme Court has yet to rule on this line of precedents.

By eliminating the likelihood of confusion requirement, and retaining only the distinctiveness requirement (sometimes enhanced by a fame requirement), dilution doctrine eliminates one of the key differences between copyright protection and trademark protection. It is true, of course, that those differences have already been diminished by other events—such as Congress’s decision to lengthen the term of copyright protection. But other significant differences remain—such as copyright’s requirement of originality (clearly distinguished in *The Trade-Mark Cases*²³¹ from the absence of such a requirement for trademarks), and the limitation of copyright protection to “works of authorship”—a term which generally excludes words, short phrases, and names. Thus, many types of expression can be trademarked but not copyrighted.

With respect to free expression, one of the greatest differences between trademark and copyright protection is the concept of fair use in copyright law.²³² In addition to the many specific exceptions to the exclusive rights of copyright owners that are provided in federal copyright law,²³³ fair use provides a particularly flexible “rule of reason” analysis, which permits almost any unauthorized use of copyrighted materials if the use is of a type that a hypothetical “reasonable copyright owner” should permit. In addition, fair use protects certain unauthorized uses that merit protection under the First Amendment, even if those uses (such as a parody or a quotation for the purpose of scathing criticism) might offend a reasonable copyright owner.²³⁴

Although the First Amendment necessarily imposes limits on the enforcement of antidilution statutes, the scope of those limits is not clear, and has proved problematic for the courts. Unlike the fair use provisions of federal copyright law, most state antidilution statutes do not include specific standards for distinguishing dilutive uses from protected speech. The FTDA does contain such a standard—the noncommercial use exception—and while its scope merits further clarification from Congress and the courts, if it is given preemptive effect over state laws it will go a long way toward preventing copyright owners from using the dilution doctrine as an end-run around the fair use doctrine.

²³⁰ See, e.g., *Gilliam v. American Broadcasting Cos., Inc.*, 538 F.2d 14 (2d Cir. 1976); *King v. Innovation Books*, 976 F.2d 824 (2d Cir. 1992).

²³¹ 100 U.S. 82 (1879).

²³² 17 U.S.C. § 107 (2000).

²³³ 17 U.S.C. §§ 108-122 (2000).

²³⁴ *Campbell v. Acuff Rose Music, Inc.*, 510 U.S. 569 (1994). See generally JESSICA LITMAN, *DIGITAL COPYRIGHT* 84 (2001).

B. *Blurring Trademark and Patent Law*

Dilution law also threatens to blur the distinction between trademark law and the law of design patents. A design patent provides exclusive rights in ornamental designs for articles of manufacture²³⁵ if the designs are nonfunctional, novel, and nonobvious.²³⁶ Trademark law also protects nonfunctional aspects of product design or packaging (both of which constitute trade dress), regardless of originality, but only when they serve as indications of a product's origin. Thus, the same design may be protected under both trademark law and a design patent. However, design patent protection lasts for only fourteen years,²³⁷ while trade dress protection endures for as long as the trade dress continues to serve as an indication of origin.

However, the standards for obtaining and enforcing a design patent are different from the standards for obtaining trade dress protection, and one of these doctrines should not permit an end-run around the other. Thus, for example, the Supreme Court in the *Sears*²³⁸ and *Compco*²³⁹ preemption cases made clear that state laws protecting trade dress cannot be used to provide the equivalent of design patent protection. If the state law in question requires a plaintiff to establish that the trade dress is distinctive and that the defendant's copying of that trade dress gives rise to a likelihood of confusion, the state law will not be preempted because it does not provide a substitute for design patent protection. The same general principle applies when a party seeks to enforce its unregistered trade dress under section 43(a) of the Lanham Act, or sues a copyist under section 32 of the Lanham Act for infringing its federally registered trade dress—in either case, the copyist is liable only if the plaintiff's trade dress is distinctive (as well as nonfunctional) and the copying is likely to lead to consumer confusion as to source or sponsorship.²⁴⁰ In contrast, under the law of design patents, copying is actionable even if the design is not distinctive, and even if the copying is not likely to confuse consumers as to source or sponsorship.

Thus, in the absence of dilution law, state or federal laws protecting trade dress cannot substitute for design patent protection, because they offer no protection against copying that creates no likelihood of confusion as to source or sponsorship. But the dilution doctrine changes this calculus. Under state antidilution statutes as well as the FTDA, the owner of registered or unregistered trade dress can prevail against a copyist even if the copying creates no likelihood of consumer confusion. The asserted trade dress must still be distinctive, however, and in some cases famous; thus, federal and state antidilution statutes do not offer a complete end-run around the law of design patents.

²³⁵ The term "articles of manufacture" refers to virtually any manufactured goods, including such commodities as cutlery, shoes, mattresses, storage containers, lamps, and so forth. *See, e.g., In re Hruby*, 373 F.2d 997 (C.C.P.A. 1967).

²³⁶ 35 U.S.C. § 171 (2000).

²³⁷ 35 U.S.C. § 173 (2000).

²³⁸ *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

²³⁹ *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

²⁴⁰ *See, e.g., Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

Is the requirement of distinctiveness (or fame) enough of a difference to prevent dilution law from serving as an end-run around the law of design patents? Consider an ornamental design that is protected by a design patent for fourteen years. During this period, the design is unique, because any attempt to copy it would be actionable, but it may not be distinctive, because consumers may perceive it simply as an ornamentation rather than as an indication of origin. At the expiration of the patent term, however, there is a strong possibility that this period of uniqueness will have caused the design to become distinctive—that is, to be perceived by consumers as an indication of origin—and possibly even famous. Thus, the fourteen year monopoly enjoyed under design patent law could, under dilution law, be bootstrapped into protection of potentially infinite duration under the law of trade dress. In the absence of antidilution statutes, trade dress protection would be available only to the extent necessary to avoid confusing consumers. Under an antidilution statute, however, if the trade dress has become sufficiently distinctive, others will be barred from using that design—or even a similar one—long after the patent has expired, even in the absence of any likelihood of confusion.

Thus, dilution laws must be narrowly constrained in order to prevent trade dress protection from upsetting the balance struck by Congress when it enacted the laws protecting design patents. Although ad hoc litigation could eventually develop workable standards for federal patent preemption of state dilution laws as applied to trade dress, a more effective and efficient solution would be to impose a uniform federal standard for dilution protection of trade dress.

V. CONCLUSION

Although the FTDA has no general preemption provision, it does provide that federal trademark registration on the Principal Register is a complete defense to liability under state dilution laws.²⁴¹ Thus, the FTDA already contains a partial preemption provision. This Article proposes expanding the preemptive effect of the FTDA in order to provide greater certainty and nationwide uniformity regarding the scope of a trademark owner's right to protection against dilutive but non-confusing uses.

Efforts to fine-tune the FTDA in order to clarify the scope of dilution law and to protect noncommercial uses, while well-intended, will have little effect if plaintiffs that are unable to meet the more stringent federal requirements can simply turn to state dilution laws for relief. Accordingly, the only way to ensure that dilution laws do not inappropriately chill competition and free expression, or impermissibly encroach upon the public domain, is to give the FTDA preemptive effect over all state laws protecting trademarks against non-confusing uses.

Concerns similar to those raised in this Article have been voiced in the analogous context of the right of publicity, which recognizes a celebrity's right to prevent unauthorized commercial appropriation of his or her name or likeness. Like the dilution doctrine, the right of publicity does not depend on whether the unauthorized use gives rise to a likelihood of confusion.²⁴²

²⁴¹ 15 U.S.C. § 1125(c)(3) (2000).

²⁴² See, e.g., *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 960 (6th Cir. 2003).

Instead, it treats a famous person's identity as property, just as dilution law treats a famous trademark as property. In *Cardtoons v. Major League Baseball Players Ass'n*,²⁴³ a federal district court held that commercial parodies are protected by the First Amendment against claims arising under a state law right of publicity. If this were not so, the court warned:

The propagation of parody would become entirely contingent on receiving permission from the subject. Such a result would be contrary to the purposes of the right of publicity and the First Amendment. . . . Were the statute exploited to its full potential, the art of parody, in a commercial context, would cease to exist.²⁴⁴

The court endorsed the views of scholar Michael Madow, whose words seem equally pertinent to antidilution laws:

[T]he power to license is the power to suppress. When the law gives a celebrity a right of publicity, it does more than funnel additional income her way. It gives her (or her assignee) a substantial measure of power over the production and circulation of meaning and identity in our society: power, if she so chooses, to suppress readings or appropriations of her persona that depart from, challenge, or subvert the meaning she prefers; power to deny to others the use of her persona in the construction and communication of alternative or oppositional identities and social relations; power, ultimately, to limit the expressive and communicative opportunities of the rest of us.²⁴⁵

The Tenth Circuit's affirmance in *Cardtoons* noted that even though the defendant's parodies took the form of trading cards, rather than more traditional forms of expression, and were sold for profit, they were not commercial speech, because they did much more than propose a commercial transaction. As social commentary, they were protected by the First Amendment.²⁴⁶

Unfortunately, courts interpreting state antidilution statutes have not consistently displayed such sensitivity to First Amendment concerns. One of the greatest benefits of giving preemptive status to the FTDA would be to bring these concerns to the forefront of every dilution case by requiring the litigants and the courts to consider the impact of the noncommercial use exception. If the evolving case law so warrants, Congress can clarify or fine-tune the exception as needed. Like the fair use defense in copyright law, the noncommercial use exception can be the first line of defense for free expression that is threatened by dilution law.

²⁴³ 868 F. Supp. 1266 (N.D. Okla. 1994), *aff'd*, 95 F.3d 959 (10th Cir. 1996).

²⁴⁴ *Id.* at 1275.

²⁴⁵ Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 Cal. L. Rev. 125, 145-46 (1993).

²⁴⁶ 95 F.3d 959, 968-70 (citing *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 761 (1976)); *Lakewood v. Plain Dealer Publ'g Co.*, 486 U.S. 750, 756 n.5 (1988)).