

Fordham Intellectual Property, Media and Entertainment Law Journal

Volume 13 *Volume XIII*
Number 4 *Volume XIII Book 4*

Article 2

2003

Victor's Little Secret: Supreme Court Decision Means More Protection for Trademark Parody

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Recommended Citation

Jordan M. Blanke, *Victor's Little Secret: Supreme Court Decision Means More Protection for Trademark Parody*, 13 Fordham Intell. Prop. Media & Ent. L.J. 1053 (2003).

Available at: <https://ir.lawnet.fordham.edu/iplj/vol13/iss4/2>

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Victor's Little Secret: Supreme Court Decision Means More Protection for Trademark Parody

Jordan M. Blanke*

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INTRODUCTION

In *Moseley v. V Secret Catalogue, Inc.*,¹ the Supreme Court, for the first time, decided a case involving dilution under the Federal

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¹ 123 S. Ct. 1115 (2003).

Trademark Dilution Act (FTDA).² The Court held that the language of the FTDA unambiguously required a showing of actual dilution, rather than a mere likelihood of dilution.³ This ruling will significantly impact all dilution claims under the FTDA involving trademark parodies. Part I of this Article will examine the *Moseley* decision. Part II will explore the history of trademark parodies. Part III will discuss the ramifications of *Moseley* on future trademark parody cases.

I. THE *MOSELEY* CASE

Shortly after Victor and Cathy Moseley opened Victor's Secret, a retail store selling lingerie and adult novelties, they received a request from Victoria's Secret, a well-known women's lingerie retailer, to change the name of their store.⁴ Victoria's Secret asserted that it was likely to cause confusion and dilute the distinctiveness of the Victoria's Secret trademark.⁵ The Moseleys then changed their store's name to Victor's Little Secret.⁶ Unsatisfied by the variation, Victoria's Secret sued the Moseleys for (1) federal trademark infringement, (2) federal unfair competition, (3) federal trademark dilution under the FTDA, and (4) trademark infringement and unfair competition under Kentucky law.⁷ The district court granted the Moseleys' motion for summary judgment on the federal and state infringement and unfair competition claims, finding that no likelihood of confusion

² 15 U.S.C. § 1125(c) (2000). In pertinent part, Federal Trademark Dilution Act [FTDA] provides:

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

Id. § 1125(c)(1).

³ *Moseley*, 123 S. Ct. at 1124.

⁴ *See id.* at 1119.

⁵ *See id.*

⁶ *See id.*

⁷ *See V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 465 (6th Cir. 2001), *rev'd*, 123 S. Ct. 1115 (2003).

existed between the parties' marks.⁸ It granted summary judgment in favor of Victoria's Secret, however, on the dilution claim, finding that the Moseleys' mark was sufficiently similar to cause dilution and diluted Victoria's Secret's mark by tarnishment.⁹

On appeal, the Sixth Circuit affirmed summary judgment for Victoria's Secret on the dilution claim,¹⁰ addressing two factors that had not been discussed by the district court.¹¹ The court noted that two months after the district court's decision, the Sixth Circuit had adopted the Second Circuit's standards for determining federal dilution,¹² introducing two important considerations: whether Victoria's Secret's mark was distinctive in addition to being famous,¹³ and whether the Moseleys' use of their mark had caused dilution of the distinctive quality of Victoria's Secret's mark.¹⁴ Regarding the first issue, the court concluded that the Victoria's Secret mark was distinctive and "deserving of a high level of trademark protection" because it was "arbitrary and fanciful."¹⁵ With respect to the second and more crucial issue, the court explained that there was a split among the circuits as to whether

⁸ See *id.* at 465.

⁹ *Id.*

¹⁰ *Id.* at 477.

¹¹ *Id.* at 468–71.

¹² *Id.* at 468–69 (noting that in *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 577 (6th Cir. 2000), the Sixth Circuit had adopted the test for determining dilution as set out in *Nabisco, Inc. v. PF Brands*, 191 F.3d 208, 215 (2d Cir. 1999)). The *Nabisco* test requires five elements: "(1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark." *Nabisco*, 191 F.3d at 215. Rather than relying on the *Nabisco* test for dilution, the district court applied a four-factor test for dilution established by the Ninth Circuit in *Panavision International, L.P. v. Toebben*, 141 F.3d 1316 (9th Cir. 1998). See *V Secret Catalogue*, 259 F.3d at 469. The *Panavision* test requires the plaintiff to prove that

(1) the mark is famous; (2) the defendant is making a commercial use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services.

Panavision, 141 F.3d at 1324.

¹³ *V Secret Catalogue*, 259 F.3d at 469.

¹⁴ *Id.* at 471.

¹⁵ *Id.* at 469 (quoting *Nabisco*, 191 F.3d at 216–17).

proof of actual, present injury was required to state a dilution claim under the FTDA.¹⁶

The Sixth Circuit sought to resolve the two leading and directly contradictory cases that had addressed the requirement of actual, present injury.¹⁷ In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,¹⁸ the Fourth Circuit required proof of actual harm to a trademark for a federal dilution claim.¹⁹ Ringling sought to enjoin Utah Division's use of the slogan, "The Greatest Snow on Earth,"²⁰ claiming that it diluted its famous trademark, "The Greatest Show on Earth."²¹ The court held that dilution under the FTDA requires "(1) a sufficient similarity of marks to evoke in consumers a mental association of the two that (2) causes (3) actual harm to the senior marks' economic value as a product-identifying and advertising agent."²² The court acknowledged that requiring proof of actual harm was more stringent than most state dilution laws, but held its standard to be consistent with Congress's intent.²³

In the other leading case, the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*,²⁴ explicitly rejected *Ringling Bros.* and adopted a much less stringent standard.²⁵ Pepperidge Farm brought a claim for dilution against Nabisco for marketing a goldfish-shaped cracker similar to its "orange, bite-sized, cheddar cheese-flavored, goldfish-shaped cracker."²⁶ The court held that a plaintiff could use circumstantial evidence to infer injury, without having to prove actual harm: "Plaintiffs are ordinarily free to make their case through circumstantial evidence that will justify an ultimate inference of injury. 'Contextual factors' have long been used to

¹⁶ *V Secret Catalogue*, 259 F.3d at 472.

¹⁷ *Id.*

¹⁸ 170 F.3d 449 (4th Cir. 1999).

¹⁹ *Id.* at 453.

²⁰ *Id.* at 451.

²¹ *Id.*

²² *Id.* at 453.

²³ *Id.* at 458–59. The Fourth Circuit's actual harm test was subsequently adopted by the Fifth Circuit in *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 670 (5th Cir. 2000).

²⁴ 191 F.3d 208 (2d Cir. 1999).

²⁵ *Id.* at 223–24.

²⁶ *Id.* at 212.

establish infringement. We see no reason why they should not be used to prove dilution.”²⁷ The Sixth Circuit agreed with the Second Circuit’s analysis and adopted the *Nabisco* standard, thus permitting a mere inference of likely harm, rather than proof of actual harm, to sustain a federal dilution claim.²⁸ The court then concluded that the Moseleys’ use of Victor’s Little Secret was “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).”²⁹

The Supreme Court granted certiorari to finally resolve “whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective ‘likelihood of dilution’ standard) is a requisite for relief under the FTDA.”³⁰ The Court discussed the development of trademark dilution law, from its original inception in a 1927 law review article,³¹ to its adoption by more than half of the states,³² to its incorporation in the federal law in 1996.³³ It noted that, in 1988, when major changes were being made to federal trademark law, an anti-dilution provision had been proposed, but was ultimately rejected because of concerns that “it might have applied

²⁷ *Id.* at 224. “Contextual factors” include, but are not limited to, distinctiveness of the plaintiff’s mark, similarity of the marks, proximity of the products, shared customers and geographic limitations, and sophistication of consumers. *See id.* at 217–220.

²⁸ *V Secret Catalogue*, 259 F.3d at 475 (concluding that the *Nabisco* test “both tracks the language of the statute and follows more closely Congress’s intent in enacting the FTDA”).

²⁹ *Id.* at 477. “Dilution corrodes a trademark by ‘blurring its product identification or by damaging positive associations that have attached to it.’” *Id.* at 471 (citing *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998)).

³⁰ *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1118–19 (2003).

³¹ *Id.* at 1122 (discussing Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927)). The terms “dilution” and “anti-dilution” are used synonymously throughout this Article.

³² *Moseley*, 123 S. Ct. at 1123. Massachusetts was the first state to enact an anti-dilution statute in 1947, followed by Illinois in 1953, and New York and Georgia in 1955. Keren Levy, Note, *Trademark Parody: A Conflict Between Constitutional and Intellectual Property Interests*, 69 GEO. WASH. L. REV. 425, 432 n.47 (2001). By 1996, when the FTDA was passed, twenty-eight states had enacted anti-dilution statutes. Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 811 (1997).

³³ *Moseley*, 123 S. Ct. at 1123.

to expression protected by the First Amendment.”³⁴ When the FTDA finally was passed in 1996, it included two exceptions designed to allay the First Amendment concern: “a provision allowing ‘fair use’ of a registered trademark in comparative advertising or promotion, and the provision that noncommercial use of the mark shall not constitute dilution.”³⁵

The Court compared most state anti-dilution statutes, which refer to both “‘injury to business reputation’” (tarnishment) and “‘dilution of the distinctive quality of a trade name or trademark’” (blurring) with the FTDA, which refers to only the latter.³⁶ The Court emphasized that the state statutes, as well as several other provisions of the federal trademark law, “repeatedly refer to a ‘likelihood’ of harm rather than to a completed harm.”³⁷ In contrast, the federal dilution statute provides that injunctive relief is appropriate only if a use “‘causes dilution’ of the distinctive quality’ of the famous mark.”³⁸ The Court held that this distinction was dispositive.³⁹ The Supreme Court unanimously concluded that the FTDA’s language “unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.”⁴⁰

The Court stated that proof of the consequences of dilution, such as actual loss of sales or profits, was not required.⁴¹ It discussed the *Ringling Bros.* case and disagreed to the extent the Fourth Circuit required such proof.⁴² The Court, however, endorsed one aspect of the *Ringling Bros.* conclusion:

We do agree . . . with that court’s conclusion that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution. As the facts of that case demonstrate, such mental association will not necessarily reduce the capacity of the

³⁴ *Id.* at 1122; *see also* U.S. CONST. amend. I.

³⁵ *Moseley*, 123 S. Ct. at 1123; *see also* 15 U.S.C. § 1125(c)(4) (2000).

³⁶ *Moseley*, 123 S. Ct. at 1124.

³⁷ *Id.*

³⁸ *Id.* at 1124 (quoting 15 U.S.C. § 1125(c)(4)).

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA. For even though Utah drivers may be reminded of the circus when they see a license plate referring to the “greatest *snow* on earth,” it by no means follows that they will associate “the greatest show on earth” with skiing or snow sports, or associate it less strongly or exclusively with the circus. “Blurring” is not a necessary consequence of mental association. (Nor, for that matter, is “tarnishing.”)⁴³

Similarly, the Court noted that a consumer who saw an advertisement for Victor’s Little Secret and thereafter notified Victoria’s Secret made a “mental association” between the two retailers, but did not form a different impression of Victoria’s Secret.⁴⁴ Although the Court opined that direct evidence of dilution, such as consumer surveys, might not be necessary if actual dilution could be reliably proven through circumstantial evidence, the Court held that there was insufficient evidence in the record to support summary judgment in favor of Victoria’s Secret and thus reversed and remanded the case.⁴⁵

The *Moseley* decision will have significant ramifications for any claim made under the federal dilution statute. It will be of particular importance in trademark parody cases, where the junior mark is similar, but not identical, to the senior mark. Alleging a “likelihood” that a trademark parody will dilute the senior mark will no longer be sufficient to establish a claim under the FTDA.

II. HISTORY OF TRADEMARK PARODY CASES

Parody is a form of social commentary and criticism that dates back to ancient Greece.⁴⁶ In *Campbell v. Acuff-Rose Music, Inc.*,⁴⁷ the Court explained that the word “parody” has its root in the

⁴³ *Id.* at 1124–25.

⁴⁴ *Id.* at 1125.

⁴⁵ *Id.*

⁴⁶ *See, e.g.,* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 28 (1st Cir. 1987) (“Parody is a humorous form of social commentary and literary criticism that dates back as far as Greek antiquity”).

⁴⁷ 510 U.S. 569 (1994).

Greek *parodeia*, described as ““a song sung alongside another.””⁴⁸ The *Campbell* court quoted the *Oxford English Dictionary* definition of parody as a composition “in which the characteristic turns of thought and phrase in an author . . . are imitated in such a way as to make them appear ridiculous.”⁴⁹ “Chaucer, Shakespeare, Pope, Voltaire, Fielding, Hemingway and Faulkner are among the myriad of authors who have written parodies.”⁵⁰ Parody is a form of expression that is clearly and staunchly protected by the First Amendment.⁵¹

Trademarks are of relatively recent vintage. While they are often categorized with copyrights and patents as intellectual property, they claim a less noble and shorter heritage. Their origin lies in the Commerce Clause,⁵² rather than the Intellectual Property Clause,⁵³ and they date back to 1870, rather than to pre-Constitution days.⁵⁴ While the purpose of the copyright and patent laws is “to promote the Progress of Science and useful Arts,”⁵⁵ the purpose behind the Lanham Act⁵⁶ is to protect trademark owners and the public from unfair competition and to prevent consumer confusion.⁵⁷

One of the earliest protections afforded trademarks under the Lanham Act was from infringement—the “use in commerce . . . of

⁴⁸ *Id.* at 580 (quoting *Acuff-Rose Music, Inc. v. Campbell*, 972 F.2d 1429, 1440 (6th Cir. 1992) (Nelson, J., dissenting) (quoting 7 *ENCYCLOPEDIA BRITANNICA* 768 (15th ed. 1975)), *rev'd*, 510 U.S. at 569).

⁴⁹ *Campbell*, 510 U.S. at 580 n.13 (quoting 11 *OXFORD ENGLISH DICTIONARY* 247 (2d ed. 1989)).

⁵⁰ *L.L. Bean*, 811 F.2d at 28.

⁵¹ For an excellent discussion of the history and development of the balance between the First Amendment and copyright law, specifically as it pertains to parody as fair use, see *SunTrust Bank v. Houghton Mifflin Company*, 268 F.3d 1257, 1260–65 (11th Cir. 2001) (holding that the novel *The Wind Done Gone* was entitled to First Amendment protection as a parody of *Gone With the Wind*).

⁵² See U.S. CONST. art. I, § 8, cl. 1.

⁵³ See U.S. CONST. art. I, § 8, cl. 8.

⁵⁴ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (1995) (“Although several states had earlier enacted legislation to prevent the fraudulent use of trademarks, the first federal trademark statute was not enacted until 1870.”).

⁵⁵ U.S. CONST. art. I, § 8, cl. 8.

⁵⁶ See 15 U.S.C. §§ 1051–1127 (2000).

⁵⁷ See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 2 cmt. e (4th ed. 2003).

a registered mark . . . which . . . is likely to cause confusion.”⁵⁸ Not surprisingly, the focus of courts in trademark infringement cases is the “likelihood of confusion” caused by the allegedly infringing mark. Different tests have been formulated in various circuits to guide courts in determining whether or not there is an infringement.⁵⁹ Unlike copyright and patent laws, which are primarily federal, trademark law is a combination of both federal and state law.⁶⁰ After the passage of the Lanham Act in 1946,⁶¹

⁵⁸ 15 U.S.C. § 1114(1)(a).

⁵⁹ The Second Circuit uses the *Polaroid* factors to determine likelihood of confusion: 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.

Polaroid Corp. v. Polarad Elects. Corp., 287 F.2d 492, 495 (2d Cir. 1961); *see also* *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330, 339–41 (S.D.N.Y. 2000) (providing a recent application of this test).

The Fifth Circuit uses the “digits of confusion” test, which includes a non-exhaustive list of factors:

- (1) the type of trademark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant’s intent, and (7) any evidence of actual confusion.

Elvis Presley Enters. v. Capece, 141 F.3d 188, 194 (5th Cir. 1998). The Fifth Circuit has held that confusion resulting from a parody is not an affirmative defense to a trademark infringement claim but is instead an additional factor that should be considered. *Id.*; *see also* *Lyons Partnership v. Giannoulas*, 179 F.3d 384, 388–89 (5th Cir. 1999) (applying this test).

The Eighth Circuit uses the *SquirtCo* factors: the strength of the trademark; the similarity between the plaintiff’s and defendant’s marks; the competitive proximity of the parties’ products; the defendant’s intent to confuse the public; evidence of any actual confusion; and the degree of care exercised by the plaintiff’s potential customers. *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980); *see also* *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769 (8th Cir. 1994) (applying this test).

The Ninth Circuit uses the *Sleekcraft* factors:

1. strength of the mark; 2. proximity of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. defendant’s intent in selecting the mark; and 8. likelihood of expansion of the product lines.

AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979); *see also* *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997) (applying this test).

⁶⁰ *See* 1 MCCARTHY, *supra* note 57.

⁶¹ Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051–1127 (2000)).

states began enacting anti-dilution statutes.⁶² These state statutes generally protected a mark from blurring⁶³ and tarnishment.⁶⁴ In 1996, the FTDA was enacted⁶⁵ after several failed attempts to add anti-dilution provisions to the federal law.⁶⁶ Significantly, the purpose behind anti-dilution laws is not to avoid consumer confusion, but rather, to promote a property-like interest in the mark itself.⁶⁷ This deviation from the original purpose of trademark law is largely responsible for the confused state of law regarding trademark parodies today, as illustrated by the following discussion of cases from the past twenty-five years.

A. *The Early (Sex) Cases*

Four early trademark parody cases involved sex, which often signals defeat for the defendant parodist.⁶⁸ Three of the four did,

⁶² See *supra* note 32 and accompanying text.

⁶³ Blurring is the gradual loss of distinction of a mark caused by use of the mark by someone else. See *Nabisco, Inc. v. PF Brands, Inc.*, 50 F. Supp. 2d 188, 201 (S.D.N.Y.), *aff'd*, 191 F.3d 208 (2d Cir. 1999); *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497, 506 (2d Cir. 1996); 4 MCCARTHY, *supra* note 57, § 24:68.

⁶⁴ Tarnishment is the damaging of the reputation of a mark caused by use of the mark by someone else. See *Hormel*, 73 F.3d at 507 (“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.’” (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994))); see also 4 MCCARTHY, *supra* note 57, § 24:69.

⁶⁵ Federal Trademark Dilution Act of 1996, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. § 1125(c) (2000)).

⁶⁶ Klieger, *supra* note 32, at 833–34.

⁶⁷ The Supreme Court’s *Moseley* decision noted the unusual origin of the anti-dilution statutes:

Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers. The seminal discussion of dilution is found in Frank Schechter’s 1927 law review article concluding “that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”

Moseley v. V Secret Catalogue, Inc., 123 S. Ct. 1115, 1122 (2003) (quoting Schechter, *supra* note 31, at 831).

⁶⁸ Cf. *Tommy Hilfiger Licensing, Inc. v. Nature Labs., LLC*, 221 F. Supp. 2d 410, 423 (S.D.N.Y. 2002) (“When the association is essentially a harmless, clean pun, which merely parodies or pokes fun at the plaintiff’s mark, tarnishment is not likely.” (quoting

in fact, lose. In the first case, the Dallas Cowboy Cheerleaders (hereinafter “Cheerleaders”) sued the distributors of the film *Debbie Does Dallas* for trademark infringement and trademark dilution under New York law.⁶⁹ The Second Circuit Court of Appeals granted an injunction against the distributors, holding that the Cheerleaders’ uniform worn (partially) by an actress during the last twelve minutes of the film would likely result in confusion.⁷⁰ The court held that the film did not qualify as a parody, nor was there any First Amendment doctrine that would protect the infringement of the Cheerleaders’ trademark.⁷¹

In the second case, General Electric (GE) sued a company that was selling T-shirts and briefs containing GE’s distinctive monogram style, but with the words “Genital Electric,” for trademark infringement and trademark dilution under Massachusetts law.⁷² In a short six-paragraph opinion containing little detailed analysis, the district court found a “great probability of confusion among the general public” and granted an injunction against the T-shirt company.⁷³

In the third case, after *Screw* magazine published a cartoon depicting Pillsbury’s trade characters—“Poppin Fresh” and “Poppie Fresh”—engaged in a variety of sexual acts, Pillsbury sued for, among other things, copyright infringement, trademark infringement, and trademark dilution under Georgia law.⁷⁴ The court held that (1) there was no copyright infringement because defendant’s work was protected as a fair use,⁷⁵ (2) there was no trademark infringement because there was no showing of a likelihood of confusion,⁷⁶ but that (3) plaintiff was entitled under

Jordache Enters. v. Hogg Wyld, Ltd., 625 F. Supp. 48, 57 (D.N.M. 1985), *aff’d*, 828 F.2d 1482 (10th Cir. 1987)).

⁶⁹ Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 202–03 (2d Cir. 1979).

⁷⁰ *Id.* at 204–05.

⁷¹ *Id.* at 205–06.

⁷² Gen. Elec. Co. v. Alumpa Coal Co., 205 U.S.P.Q. (BNA) 1036, 1036 & n.1 (D. Mass. 1979).

⁷³ *Id.* at 1037.

⁷⁴ Pillsbury Co. v. Milky Way Prods., 215 U.S.P.Q. (BNA) 124, 125–26 (N.D. Ga. 1981).

⁷⁵ *Id.* at 128–32.

⁷⁶ *Id.* at 132–34.

Georgia law to an injunction because there was a likelihood that the defendant's work would dilute the distinctive quality of the plaintiff's trademarks.⁷⁷

In the last case, after *High Society* magazine published a two-page parody entitled *L.L. Bean's Back-to-School-Sex-Catalog* that included pictures of nude models in sexually explicit positions, L.L. Bean sued for, among other things, trademark infringement and trademark dilution under Maine law.⁷⁸ The district court denied summary judgment to both parties on the trademark infringement claim, finding that there were factual questions pertaining to the likelihood of confusion.⁷⁹ It granted summary judgment, however, to L.L. Bean on the dilution claim, finding that the parody had tarnished its trademark by undermining the goodwill and reputation associated with its mark.⁸⁰ Citing the *Dallas Cowboy Cheerleaders* decision, the court also held that enjoining the publication of the parody on dilution grounds did not offend the principle of free expression under the First Amendment.⁸¹

The First Circuit, in a ruling that was quite different than the three earlier cases, reversed the district court's finding of dilution and lifted the injunction against *High Society*.⁸² Tracing the history of parody from ancient Greece to modern day, the court noted the pervasive influence of trademarks on modern culture and observed that trademarks have become a natural target of satirists.⁸³ The court noted that the "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."⁸⁴ The court stated, however, that a trademark is not property in the ordinary sense, and cannot be used

⁷⁷ *Id.* at 135.

⁷⁸ *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 27 (1st Cir. 1987).

⁷⁹ *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 625 F. Supp. 1531, 1533-35 (D. Me. 1986), *rev'd*, 811 F.2d 26 (1st Cir. 1987).

⁸⁰ *Id.* at 1536-38.

⁸¹ *Id.* at 1537-38.

⁸² *L.L. Bean*, 811 F.2d at 34.

⁸³ *Id.* at 28.

⁸⁴ *Id.*

to quash an unauthorized use of a mark that communicates ideas or expresses views.⁸⁵

The court then addressed whether enjoining publication of defendant's parody would violate the First Amendment guarantee of freedom of expression.⁸⁶ It discussed a number of previous cases finding trademark dilution, including *Dallas Cowboy Cheerleaders* and *General Electric*,⁸⁷ but found them distinguishable for two reasons:

First, they all involved unauthorized commercial uses of another's trademark. Second, none of those cases involved a defendant using a plaintiff's trademark as a vehicle for an editorial or artistic parody. In contrast to the cases cited, the instant defendant used plaintiff's mark solely for noncommercial purposes. Appellant's parody constitutes an editorial or artistic, rather than a commercial, use of plaintiff's mark. The article was labelled [sic] as "humor" and "parody" in the magazine's table of contents.⁸⁸

The court stated that it offended the Constitution to invoke an anti-dilution statute as a basis for enjoining the noncommercial use of a trademark by a defendant engaged in a protected form of expression.⁸⁹ The First Circuit noted that parody is often offensive, but nevertheless "deserving of substantial freedom—both as entertainment and as a form of social and literary criticism."⁹⁰

In an interesting footnote, the court distinguished the *Pillsbury* decision by noting that *Pillsbury* does not stand for the proposition that a parody may be enjoined under an anti-dilution statute.⁹¹ Because the defendant did not assert parody as a defense to the

⁸⁵ See *id.* at 29.

⁸⁶ See *id.* at 30–33.

⁸⁷ See *id.* at 31–32.

⁸⁸ *Id.* at 32.

⁸⁹ *Id.*

⁹⁰ *Id.* at 33 (quoting *Berlin v. E.C. Publ'ns, Inc.*, 329 F.2d 541, 545 (2d Cir. 1964) (protecting the right of *Mad* magazine to publish parody lyrics to songs)).

⁹¹ *L.L. Bean*, 811 F.2d at 33 n.5.

dilution claim (but only to the copyright infringement claim), the *Pillsbury* court did not consider the issue.⁹²

Lastly, the court stated that trademark parodies, even when offensive, did convey a message.⁹³ It concluded that “[d]enying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression.”⁹⁴

The *L.L. Bean* case is important for a number of reasons. First, one could argue that any of the parodic expressions already discussed and any that will follow would have been permitted as protected expression under the court’s analysis. Second, the court recognized the problems associated with treating a trademark as a traditional property interest. Third, the court acknowledged that parody was often offensive and unpopular, but nonetheless entitled to constitutional protection. Fourth, the court characterized the defendant’s parodic work as “noncommercial.”⁹⁵ This will become extremely important for cases decided under the FTDA because the FTDA specifically exempts the “[n]oncommercial use” of a mark.⁹⁶

B. Other Pre-FTDA Cases

In the years before the FTDA’s enactment, the Second Circuit handed down several important decisions. In a case that did not involve trademark parody, but involved freedom of expression, Ginger Rogers sued the distributor of a film entitled *Ginger and Fred*, alleging, among other things, that the use of her name violated the Lanham Act.⁹⁷ The court established a balancing test: the Lanham Act “should be construed to apply to artistic works only where the public interest in avoiding consumer confusion

⁹² *Id.*

⁹³ *See id.* at 34.

⁹⁴ *Id.* That message, the court added, “may simply be that business and product images need not always be taken too seriously” *Id.*

⁹⁵ *See id.* at 32.

⁹⁶ 15 U.S.C. § 1125(c)(4)(B) (2000).

⁹⁷ *Rogers v. Grimaldi*, 875 F.2d 994, 996 (2d Cir. 1989).

outweighs the public interest in free expression.”⁹⁸ The court held that the film title contained no explicit indication that Rogers had any involvement with the film and did not mislead consumers into thinking that the film was about her and Fred Astaire.⁹⁹

Later the same year, the Second Circuit applied the *Rogers* balancing test to works of artistic expression, including parody.¹⁰⁰ The defendant, a well-known publishing company, partnered with *Spy* magazine to publish a parody of *Cliffs Notes* called *Spy Notes*.¹⁰¹ The cover of *Spy Notes* used the same distinctive yellow color as *Cliffs Notes*’ cover, with black diagonal stripes and black lettering.¹⁰² The front and back covers of the book, however, contained the phrase “A Satire” nine times, as well as other indications that *Cliffs Notes* was not the publisher.¹⁰³

The court began its analysis with the proposition that parody was a form of artistic expression, protected by the First Amendment.¹⁰⁴ It recognized the conflict between free speech and trademark protection:

A parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is *not* the original and is instead a parody. To the extent that it does only the former but not the latter, it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused.¹⁰⁵

Thus, the court concluded that the issue is how to balance the “competing considerations of allowing artistic expression and

⁹⁸ *Id.* at 999.

⁹⁹ *Id.* at 1001–02.

¹⁰⁰ *See Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.*, 886 F.2d 490, 494–95 (2d Cir. 1989).

¹⁰¹ *Id.* at 491–92.

¹⁰² *Id.* at 492.

¹⁰³ *Id.* Among the other indications of the product’s satirical nature: “[T]he cover of *Spy Notes* states prominently in red that it ‘Includes The Spy Novel-O-Matic Fiction-Writing Device!’ This tool, which a prospective purchaser can inspect simply by opening *Spy Notes*, allows the ‘young, world-weary urban author’ to create ‘16,765,056 different plot possibilities’ by manipulating a card.” *Id.*

¹⁰⁴ *Id.* at 493.

¹⁰⁵ *Id.* at 494.

preventing consumer confusion.”¹⁰⁶ The court extended the *Rogers* balancing test to parodies¹⁰⁷ and concluded that while the parody cover of *Spy Notes* looked very similar to the cover design of *Cliffs Notes*, there was only a slight risk of consumer confusion.¹⁰⁸ This risk of confusion, the court added, was outweighed by the public interest in free expression, especially in a form of expression that, in order to be effective, had to resemble the original.¹⁰⁹

In another case, *New York* magazine published a Christmas issue that parodied the *Farmer's Almanac* (hereinafter “*Almanac*”).¹¹⁰ *New York*'s cover was a takeoff on the *Almanac*, and its content parodied the homespun, rustic nature of that in the *Almanac*.¹¹¹ The publisher of the *Almanac* sued the magazine for trademark infringement and trademark dilution under New York law.¹¹² The District Court for the Southern District of New York applied the eight-factor *Polaroid* test¹¹³ and concluded that the parody cover was clearly recognizable as a joke and did not cause a significant likelihood of confusion as to its source.¹¹⁴ The court stated that even if there had been some confusion, it still would not have found a trademark violation because of the First Amendment protection of expression.¹¹⁵ In reaching this conclusion, the court applied the Second Circuit's test under *Rogers* to balance the dual interests of artistic expression and avoiding consumer confusion: “[T]he [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression”¹¹⁶

¹⁰⁶ *Id.*

¹⁰⁷ *Id.* at 494–95.

¹⁰⁸ *Id.* at 495–97.

¹⁰⁹ *Id.* at 497.

¹¹⁰ *Yankee Publ'g Inc. v. News Am. Publ'g Inc.*, 809 F. Supp. 267, 271 (S.D.N.Y. 1992).

¹¹¹ *See id.* at 271–72.

¹¹² *See id.* at 272.

¹¹³ *Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

¹¹⁴ *See Yankee Publ'g*, 809 F. Supp. at 273–75.

¹¹⁵ *See id.* at 275.

¹¹⁶ *Id.* at 276 (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989)).

In yet another case, when Hormel Foods, the maker of SPAM luncheon meat, learned that a character in an upcoming “Muppet” film was named Spa’am, it sued Jim Henson Productions for trademark infringement and trademark dilution, seeking to enjoin the release of the film and related merchandise.¹¹⁷ The Second Circuit applied the *Polaroid* test, and found that “the clarity of Henson’s parodic intent, the widespread familiarity with Henson’s Muppet parodies, and the strength of Hormel’s mark, all weigh[ed] strongly against the likelihood of confusion as to source or sponsorship between Hormel’s mark and the name ‘Spa’am.’”¹¹⁸ The court further held that because of the strength of the mark, the lack of negative association, and the clear parodic intent, there was neither dilution by blurring nor dilution by tarnishment.¹¹⁹

In addition to the Second Circuit, two other circuits also have decided cases giving great deference to parodies of trademarks. In one case, the maker of Jordache Jeans sued the maker of a line of jeans that targeted larger women and carried names such as “Lardashe,” “Vidal Sowsoon,” and “Calvin Swine” for trademark infringement and trademark dilution.¹²⁰ The Tenth Circuit affirmed the district court’s finding that there was no likelihood of confusion regarding the infringement claim.¹²¹ The court held that intent to parody a trademark does not imply intent to confuse the public: “[W]here a party chooses a mark as a parody of an existing mark, the intent is not necessarily to confuse the public but rather to amuse.”¹²² With respect to the dilution claim, the court, citing the *L.L. Bean* decision, discussed the three grounds upon which a trademark owner can obtain injunctive relief:

Relief may be granted if: “ There is a likelihood of dilution due to (1) injury to the value of the mark caused by actual or potential confusion, (2) diminution in the uniqueness and individuality of the mark, or (3) injury resulting from use of

¹¹⁷ See *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 500–02 (2d Cir. 1996). On appeal to the Second Circuit, Hormel limited its challenge to the merchandising use. *Id.* at 500.

¹¹⁸ *Id.* at 503.

¹¹⁹ See *id.* at 506–08.

¹²⁰ See *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1483 (10th Cir. 1987).

¹²¹ See *id.*

¹²² *Id.* at 1486.

the mark in a manner that tarnishes or appropriates the goodwill and reputation associated with plaintiff's mark."¹²³

Regarding the first ground, the court repeated that there was no likelihood of confusion between the Jordache and Lardashe trademarks, as was found with respect to the infringement claim.¹²⁴ Concerning the second ground, the court upheld the district court's ruling that since Lardashe was clearly a parody, the Jordache mark would not lose its distinctiveness, and that "indeed, parody tends to increase public identification of a plaintiff's mark with the plaintiff."¹²⁵ With respect to the third ground, the tarnishment aspect of dilution, the court noted that the "tension between the first amendment and trademark rights is most acute when a noncommercial parody is alleged to have caused tarnishment, a situation in which first amendment protection is greatest."¹²⁶ It agreed with the district court that while some people might find the Lardashe mark in poor taste, "it is not likely to create in the mind of consumers a particularly unwholesome, unsavory, or degrading association with plaintiff's name and marks."¹²⁷ The court concluded that there can be no likelihood of injury of business reputation or of dilution of the distinctive quality of a trademark "if the public does not associate a product bearing one trademark with the manufacturer of a product bearing a different trademark."¹²⁸

The Fourth Circuit addressed this issue when Anheuser-Busch sued a distributor of T-shirts that bore parodies of some of its trademarks.¹²⁹ The T-shirt at issue displayed a logo that read "King of Beaches" instead of "King of Beers."¹³⁰ It also replaced "This Bud's for You" with "This Beach is for You,"¹³¹ as well as

¹²³ *Id.* at 1489 (quoting *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 30 (1st Cir. 1987)).

¹²⁴ *See id.*

¹²⁵ *Id.* at 1490 (quoting *Jordache Enters. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 57 (D.N.M. 1985), *aff'd*, 828 F.2d 1482 (10th Cir. 1987)).

¹²⁶ *Id.* at 1490 n.7.

¹²⁷ *Id.* at 1490 (quoting *Jordache*, 625 F. Supp. at 57).

¹²⁸ *Id.* at 1491.

¹²⁹ *See Anheuser-Busch, Inc. v. L&L Wings, Inc.*, 962 F.2d 316, 317 (4th Cir. 1992).

¹³⁰ *Id.* at 319.

¹³¹ *Id.*

substituting “Brewed by our original process from the Choicest Hops, Rice and Best Barley Malt” with “Myrtle Beach contains the Choicest Surf, Sun and Sand.”¹³² The trial court jury returned a verdict in favor of the defendant, finding no likelihood of confusion, but the judge entered a judgment notwithstanding the verdict.¹³³ The Fourth Circuit reversed, finding sufficient evidence to support the jury verdict:

The statutory standard for infringement does not depend on how closely a fragment of a given use duplicates the trademark, but on whether the use in its entirety creates a likelihood of confusion. In making that determination, we must examine the allegedly infringing use in the context in which it is seen by the ordinary consumer; we must look not only at the portion of the T-shirt that duplicates the Budweiser label design, but at the T-shirt as a whole as sold in the marketplace.¹³⁴

The court stated that a reasonable jury could have determined that the T-shirts were readily recognizable as parody, and that such a finding would have provided additional support for the jury’s verdict.¹³⁵ The court noted that because it had already decided to reinstate the jury’s verdict, it was unnecessary to address defendant’s contention that the First Amendment provided an additional basis for ruling in its favor.¹³⁶

The results in the Eighth Circuit differ from those in the Second, Fourth, and Tenth Circuits. In one Eighth Circuit case, graphic artist Franklyn Novak produced a design for a T-shirt that resembled the Mutual of Omaha “Indian head” logo.¹³⁷ The T-shirt design at issue contained a side view of a feather-bonneted, emaciated human head with the words “Mutant of Omaha” and “Nuclear Holocaust Insurance.”¹³⁸ Mutual of Omaha brought suit

¹³² *Id.*

¹³³ *See id.* at 318.

¹³⁴ *Id.* at 319.

¹³⁵ *See id.* at 320–21.

¹³⁶ *See id.* at 321 n.2.

¹³⁷ *See Mut. of Omaha Ins. Co. v. Novak*, 648 F. Supp. 905, 907–08 (D. Neb. 1986), *aff’d*, 836 F.2d 397 (8th Cir. 1987).

¹³⁸ *Id.*

to enjoin the sale of the shirts.¹³⁹ The district court applied the *SquirtCo* factors¹⁴⁰ and found that viewers of the design might falsely assume that Mutual of Omaha actually had endorsed the T-shirts.¹⁴¹ The Eighth Circuit upheld the ruling of the district court.¹⁴² It feebly attempted to distinguish the case from *L.L. Bean*, stating that *L.L. Bean* had involved “‘editorial or artistic’ use of a mark ‘solely for noncommercial purposes,’” and that *L.L. Bean* had not addressed the likelihood of confusion standard.¹⁴³

A few years later, the Eighth Circuit again found in favor of the trademark holder in a dilution claim involving a parody.¹⁴⁴ *Snicker*, a humor magazine, published a mock advertisement of the fictitious product “Michelob Oily” on its back cover.¹⁴⁵ The advertisement featured a number of Anheuser-Busch logos and trademarks amidst an oily mess in a river.¹⁴⁶ The publisher claimed that the parody reflected a recent oil spill in the Gasconade River, a source of Anheuser-Busch’s supply water, and Anheuser-Busch’s subsequent decision to temporarily shut down its St. Louis plant.¹⁴⁷ The district court found for the defendants, finding no likelihood of confusion on the trademark infringement claim,¹⁴⁸ and no “threat of tarnishment through association” because defendant’s use of plaintiff’s marks occurred in an editorial context.¹⁴⁹ The district court discussed the *L.L. Bean* and *Cliff Notes* decisions extensively and favorably.¹⁵⁰ The Eighth Circuit reversed on both counts. With respect to infringement, the court reviewed the *SquirtCo* factors,¹⁵¹ and found that there was a

¹³⁹ *Id.* at 906–07.

¹⁴⁰ *See SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

¹⁴¹ *See Mut. of Omaha*, 648 F. Supp. at 911.

¹⁴² *See Mut. of Omaha*, 836 F.2d at 397.

¹⁴³ *Id.* at 403 n.9 (quoting *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32 (1st Cir. 1987)).

¹⁴⁴ *See Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 773 (8th Cir. 1994).

¹⁴⁵ *Id.* at 771–72.

¹⁴⁶ *Id.* at 772.

¹⁴⁷ *Id.*

¹⁴⁸ *See Anheuser-Busch, Inc. v. Balducci Publ’ns*, 814 F. Supp. 791, 797 (E.D. Mo. 1993), *rev’d*, 28 F.3d 769 (8th Cir. 1994).

¹⁴⁹ *Id.* at 799.

¹⁵⁰ *Id.* at 794–96.

¹⁵¹ *See SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

likelihood of confusion because there was a “distinct possibility . . . ‘that a superficial observer might believe that the ad parody was approved by Anheuser-Busch.’”¹⁵² It held that the First Amendment did not bar the application of the Lanham Act in this case because the defendant’s ad “was likely to confuse consumers as to its origin, sponsorship or approval.”¹⁵³

On the dilution claim, the court distinguished the case from *L.L. Bean*.¹⁵⁴ It noted that the parody in *L.L. Bean* did not make derogatory comments about L.L. Bean’s product even though it contained nude models using fictitious products in sexually explicit manners.¹⁵⁵ In comparison, the *Snicker* parody attacked the quality of Anheuser-Busch’s products.¹⁵⁶ Furthermore, the court noted that the parody in *L.L. Bean* was contained inside the magazine, rather than on the back cover, where “the casual viewer might fail to appreciate its editorial purpose.”¹⁵⁷

Clearly, one cannot reconcile the decisions of the Second, Fourth, Eighth, and Tenth Circuits. If the cases from the Eighth Circuit had been brought before the Second, Fourth, or Tenth Circuits (or vice versa), the results would have been the reverse. This is best illustrated by the strong dissent in the *Mutual of Omaha* case:

[T]he majority’s holding sanctions a violation of Novak’s first amendment rights. The T-shirts simply expressed a political message which irritated the officers of Mutual, who decided to swat this pesky fly buzzing around in their backyard with a sledge hammer (a federal court injunction). We should not be a party to this effort.¹⁵⁸

¹⁵² See *Balducci*, 28 F.3d at 775 (quoting *Balducci*, 814 F. Supp. at 797).

¹⁵³ *Balducci*, 28 F.3d at 776.

¹⁵⁴ *Id.* at 778.

¹⁵⁵ *Id.*

¹⁵⁶ *Id.*

¹⁵⁷ *Id.*

¹⁵⁸ *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 403 (8th Cir. 1987) (Heaney, J., dissenting).

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C. Post-FTDA Cases Finding No Dilution

When the FTDA was introduced in the Senate, Senator Orrin Hatch voiced his concerns about the First Amendment and parody and the proposed dilution bill:

The proposal adequately addresses legitimate first amendment concerns espoused by the broadcasting industry and the media. The bill will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.¹⁵⁹

On the House floor, Representative Carlos J. Moorhead made an identical statement.¹⁶⁰

The FTDA permits the owner of a famous mark to seek injunctive relief against a use that *causes dilution* of the distinctive quality of the mark.¹⁶¹ The owner first must prove that the mark is famous.¹⁶² The statute lists eight factors that a court may consider in making this determination.¹⁶³ Certain uses of a famous mark are specifically exempted:

¹⁵⁹ 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

¹⁶⁰ See 141 CONG. REC. H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead).

¹⁶¹ See 15 U.S.C. § 1125(c)(1) (2000).

¹⁶² See *id.* § 1125(c)(1)(A)–(H).

¹⁶³ See *id.* The eight factors are:

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

Id.

- (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
- (B) *Noncommercial use of a mark.*
- (C) All forms of news reporting and news commentary.¹⁶⁴

A number of cases that have been decided under the FTDA align with the statements of Senator Hatch and Representative Moorhead.¹⁶⁵ In one of several cases from the Ninth Circuit, Dr. Seuss sued Penguin Books to enjoin publication of a parody of the O.J. Simpson murder trial that adopted Dr. Seuss's writing style and emulated the plot of his book, *The Cat in the Hat*.¹⁶⁶ The district court issued an injunction on both the copyright and trademark infringement claims.¹⁶⁷ With respect to the federal dilution claim, the district court noted that Senator Hatch defined the "noncommercial use" exemption¹⁶⁸ to include "parody, satire, editorial and other forms of expression that are not part of a commercial transaction."¹⁶⁹ The court went on to hold that "the First Amendment would apply to this use of the trademarks at issue, and that as an expressive use, this use is exempt from the reach of the Federal Trademark Dilution Act."¹⁷⁰

The Ninth Circuit affirmed the district court's injunction on the copyright and trademark infringement claims, but did not address the dilution claim.¹⁷¹ With respect to the trademark infringement

¹⁶⁴ *Id.* § 1125(c)(4)(A)–(C) (emphasis added).

¹⁶⁵ *See* *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1406 (9th Cir. 1997); *Lucasfilm Ltd. v. Media Mkt. Group, Ltd.*, 182 F. Supp. 2d 897 (N.D. Cal. 2002).

¹⁶⁶ *See* *Dr. Seuss*, 924 F. Supp. 1559, 1561–62 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997).

¹⁶⁷ *Id.* at 1562 ("The finding of a strong likelihood of success on the copyright claim raises a presumption of irreparable harm. This alone entitles Dr. Seuss to an injunction. The finding that the trademark claims present serious questions for litigation, coupled with the finding that the balance of hardships tips markedly in Dr. Seuss's favor presents an independent ground for granting an injunction.").

¹⁶⁸ *See* 15 U.S.C. § 1125(c)(4)(B).

¹⁶⁹ *Dr. Seuss*, 924 F. Supp. at 1574.

¹⁷⁰ *Id.*

¹⁷¹ *Dr. Seuss*, 109 F.3d at 1406.

claim, the court held that the Ninth Circuit uses the eight-factor *Sleekcraft* test¹⁷² to analyze the likelihood of confusion.¹⁷³ It held further that in a traditional trademark infringement case, a claim of parody is not a separate defense, but rather a consideration in the confusion analysis:

Some parodies will constitute an infringement, some will not. But the cry of “parody!” does not magically fend off otherwise legitimate claims of trademark infringement or dilution. There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use of someone else’s trademark. A non-infringing parody is merely amusing, not confusing.¹⁷⁴

In a recent case, Lucasfilm sued to enjoin the sale and distribution of an animated pornographic movie entitled *Starballz*, a takeoff on the *Star Wars* films and properties.¹⁷⁵ Lucasfilm alleged copyright infringement, trademark infringement, and trademark dilution.¹⁷⁶ The District Court for the Northern District of California denied the motion for injunction on all three counts.¹⁷⁷ With respect to copyright infringement, it held that *Starballz* likely would be protected as a parody under copyright fair use.¹⁷⁸ With respect to trademark infringement, the court noted that parody was not a defense, but instead was relevant to show that there is little likelihood of confusion.¹⁷⁹ Because “the *Star Wars* films are so famous[,] . . . it is extremely unlikely that consumers would believe that *Starballz* is associated with *Star Wars* or Lucasfilm.”¹⁸⁰ On the trademark dilution claim, the court quoted Senator Hatch’s statement and held that trademark dilution does not apply to the noncommercial use of the mark: “Parody is a

¹⁷² See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979).

¹⁷³ See *Dr. Seuss*, 109 F.3d at 1404.

¹⁷⁴ *Id.* at 1405 (citation omitted).

¹⁷⁵ See *Lucasfilm Ltd. v. Media Mkt. Group, Ltd.*, 182 F. Supp. 2d 897, 899 (N.D. Cal. 2002).

¹⁷⁶ See *id.*

¹⁷⁷ See *id.* at 902.

¹⁷⁸ See *id.* at 901.

¹⁷⁹ See *id.*

¹⁸⁰ *Id.*

form of non-commercial, protected speech which is not affected by the Federal Trademark Dilution Act.”¹⁸¹

After *Lucasfilm*, the Ninth Circuit addressed these issues again in a case alleging that the Danish singing group Aqua had committed trademark infringement and dilution by referring to Mattel’s Barbie trademark in the song *Barbie Girl*.¹⁸² With respect to trademark infringement, the court held that the *Sleekcraft* test “generally strikes a comfortable balance between the trademark owner’s property rights and the public’s expressive interests.”¹⁸³ The court recognized that a trademark sometimes becomes an integral part of our cultural vocabulary and takes on more than a mere source-identifying function.¹⁸⁴ In such a situation, the trademark owner would not have the right to control every public use of the term.¹⁸⁵ The only way to parody Barbie is by reference to the trademark itself.¹⁸⁶ Significantly, Barbie was indeed the target of the parody,¹⁸⁷ and such speech was entitled to protection for its expressive value.

¹⁸¹ *Id.* at 900.

¹⁸² See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 899 (9th Cir. 2002), *cert. denied*, 123 S. Ct. 993 (2003).

¹⁸³ *Id.* at 900.

¹⁸⁴ See *id.*

¹⁸⁵ See *id.*

¹⁸⁶ See *id.* at 901.

¹⁸⁷ See *id.* In *Campbell v. Acuff-Rose Music Inc.*, 510 U.S. 569 (1994), the Supreme Court addressed parody and fair use in the copyright context:

For the purposes of copyright law, the nub of the definitions, and the heart of any parodist’s claim to quote from existing material, is the use of some elements of a prior author’s composition to create a new one that, at least in part, comments on that author’s works. If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another’s work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger. Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim’s (or collective victims’) imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.

Id. at 580–81 (citations and footnotes omitted).

Relying on *Campbell*, the 9th Circuit distinguished the Barbie case from *Dr. Seuss*:

This case is therefore distinguishable from *Dr. Seuss*, where we held that the book *The Cat NOT in the Hat!* borrowed Dr. Seuss’s trademarks and lyrics to get attention rather than to mock *The Cat in the Hat!* The defendant’s use of

The court adopted the *Rogers* test and acknowledged that literary titles do not violate the Lanham Act “unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.”¹⁸⁸ The court affirmed summary judgment for the defendant, holding that its use of the Barbie trademark did not infringe the plaintiff’s mark.¹⁸⁹ First, the use of the trademark was clearly relevant to the expression, and second, there was nothing misleading as to the source of the work, nor any suggestion that Mattel had sponsored it.¹⁹⁰

With respect to trademark dilution, the court found that the defendant’s use of the mark was dilutive: “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.”¹⁹¹ The court, however, carefully examined the three statutory exemptions in the FTDA.¹⁹² It discussed that the noncommercial use exemption might, at first glance, seem to be at odds with the statutory requirement that the allegedly dilutive mark be a “commercial use in commerce.”¹⁹³ The court referred to the legislative history of the FTDA and to the

the Dr. Seuss trademarks and copyrighted works had “no critical bearing on the substance or style of” *The Cat in the Hat!*, and therefore could not claim First Amendment protection. *Dr. Seuss* recognized that, where an artistic work targets the original and does not merely borrow another’s property to get attention, First Amendment interests weigh more heavily in the balance.

Mattel, 296 F.3d at 901 (citations omitted).

Also, in *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806 (2d Cir. 1999), the Second Circuit relied extensively on *Campbell* in deciding a trademark parody dispute:

The Supreme Court’s parody explication as to copyrights, set forth in the context of an expressive work, is relevant to trademarks, . . . especially a trademark parody that endeavors to promote primarily non-expressive products such as a competing motorcycle repair service. Grottanelli’s mark makes no comment on Harley’s mark; it simply uses it somewhat humorously to promote his own products and services, which is not a permitted trademark parody use.

Id. at 813 (citations omitted).

¹⁸⁸ *Mattel*, 296 F.3d at 902 (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989) (footnote omitted)).

¹⁸⁹ *Id.* at 813.

¹⁹⁰ *See id.* at 902.

¹⁹¹ *Id.* at 904.

¹⁹² *See id.*; *see also* 15 U.S.C. § 1125(c)(4)(A)–(C) (2000).

¹⁹³ *See Mattel*, 296 F.3d at 903–04; *see also* 15 U.S.C. § 1125(c)(1).

Hatch and Moorhead statements, in particular, in order to clarify the intent of the language.¹⁹⁴ It also examined language in the legislative history that suggested that the bill's sponsors had "relied on the 'noncommercial use' exemption to allay First Amendment concerns."¹⁹⁵

Thus, the key issue for the court became whether the speech was commercial or noncommercial.¹⁹⁶ The court noted that although the boundary between the two had not been clearly delineated, "the 'core notion of commercial speech' is that it 'does no more than propose a commercial transaction.'"¹⁹⁷ If the speech does more than propose a commercial transaction, it is entitled to full First Amendment protection.¹⁹⁸ The court held that the Barbie Girl song was not purely commercial speech, and was therefore fully protected.¹⁹⁹ The use of the Barbie trademark in both the song and the song title were exempted from the FTDA as noncommercial uses.²⁰⁰

The District Court for the Southern District of New York faced a similar issue and achieved the same result, but got there by a different route.²⁰¹ Charles Atlas sued DC Comics (hereinafter "DC") for, among other things, trademark infringement and trademark dilution over DC's use of Atlas's famous sand-in-the-face-weakling-turned-hero character, "MAC."²⁰² DC alleged two basic defenses: first, that its use of the trademark character was not

¹⁹⁴ See *Mattel*, 296 F.3d at 905–06.

¹⁹⁵ *Id.* at 906.

¹⁹⁶ See *id.*

¹⁹⁷ *Mattel*, 296 F.3d at 906 (quoting *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (9th Cir. 2001)). In *Hoffman*, a magazine published a digitally altered photograph of actor Dustin Hoffman in his role in the movie *Tootsie* wearing a designer gown and shoes. *Hoffman*, 255 F.3d at 1183. The article containing the photograph served a clearly commercial purpose: "to draw attention to the for-profit magazine in which it appeared" in order to sell more copies. *Id.* at 1186. The article was fully protected under the First Amendment, however, because it included protected expression: humor and comment. As long as expressive elements are intertwined with a commercial purpose, the speech is not purely commercial, and therefore fully protected. See *id.* at 1185.

¹⁹⁸ See *Mattel*, 296 F.3d at 906.

¹⁹⁹ *Id.* at 906–07.

²⁰⁰ *Id.* at 907.

²⁰¹ See *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330 (S.D.N.Y. 2000).

²⁰² See *id.* at 331–33.

“in commerce,” as defined under trademark law because of the comic’s expressive nature, and second, that its comic parody was entitled to First Amendment free speech protection.²⁰³

The court rejected the first defense, holding that the Second Circuit broadly interprets the “in commerce” provision of the Lanham Act to “reflect ‘Congress’s intent to legislate to the limits of its authority under the Commerce Clause, rather than to limit the Lanham Act.’”²⁰⁴ The court said that the appropriate standard was whether the challenged use was likely to cause confusion.²⁰⁵ With respect to the second defense, the court held that DC’s work was clearly entitled to First Amendment protection as an expressive work.²⁰⁶ The court, however, stated that this interest in free expression had to be weighed against the interest in avoiding consumer confusion.²⁰⁷ Thus, the court held that both of DC’s defenses led to the same place—the familiar *Polaroid* likelihood of confusion test.²⁰⁸ The court applied the test and held that the likelihood of confusion was slim and clearly outweighed by the public interest in parodic expression.²⁰⁹

It is interesting that the court came to essentially the same conclusion as the *Lucasfilms* and *Mattel* courts, but without using the “noncommercial use” exemption.²¹⁰ It is also interesting that the Second Circuit basically used the same test for both trademark infringement and trademark dilution, that is, the *Cliffs Notes* test²¹¹ that balances the public interest in free expression against the public interest in avoiding confusion.²¹²

The same court gave great weight to the protection afforded to parody by the First Amendment when Tommy Hilfiger sought to

²⁰³ *Id.* at 335.

²⁰⁴ *Id.* at 336 (quoting *United We Stand Am., Inc. v. United We Stand Am. N.Y., Inc.*, 128 F.3d 86, 92 (2d Cir. 1997)).

²⁰⁵ *Id.* at 337.

²⁰⁶ *Id.*

²⁰⁷ *Id.*

²⁰⁸ See *Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

²⁰⁹ *Charles Atlas*, 112 F. Supp. 2d at 337.

²¹⁰ *Id.* at 336–37.

²¹¹ See *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.*, 886 F.2d 490, 497 (2d Cir. 1989).

²¹² See *Charles Atlas*, 112 F. Supp. 2d at 336–37.

enjoin the manufacturer of pet perfumes with names like “Tommy Holedigger,” “CK-9,” “Miss Claybone,” and “White Dalmations.”²¹³ The court applied the *Cliffs Notes* balancing test and stated that it “allows greater latitude for works such as parodies, in which expression, and not commercial exploitation of another’s trademark, is the primary intent.”²¹⁴ With regard to the possibility of dilution by blurring, the court held that “[g]iven the nature of the challenged use, then, and the utter lack of evidence that the selling power of Hilfiger’s marks has been diminished, no rational trier of fact could conclude that Nature Labs’ pet perfume is likely to impair the identification of Hilfiger’s marks with its products.”²¹⁵ With respect to tarnishment, the court found no evidence that the plaintiff’s marks would suffer negative association through the defendant’s use.²¹⁶ Quoting from the *Jordache* decision, the court stated that “[w]hen the association is essentially a harmless, clean pun, which merely parodies or pokes fun at the plaintiff’s mark, tarnishment is not likely.”²¹⁷

The Fifth Circuit has decided two cases involving trademark infringement and trademark dilution against claims of parody.²¹⁸ In the first case, Elvis Presley Enterprises (EPE) sued the owner of the “Velvet Elvis” bar, alleging trademark infringement and trademark dilution.²¹⁹ The bar owner claimed that the use of the Elvis name and images were parodies.²²⁰ The district court agreed, finding no likelihood of confusion with respect to the infringement claim, and finding neither dilution by blurring nor dilution by tarnishment.²²¹ The Fifth Circuit reversed on the trademark infringement claim and remanded the case for entry of an

²¹³ *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 412 (S.D.N.Y. 2002).

²¹⁴ *Id.* at 414 (quoting *Cliffs Notes*, 886 F.2d at 495).

²¹⁵ *Tommy Hilfiger*, 221 F. Supp. 2d at 422.

²¹⁶ *Id.* at 442–43.

²¹⁷ *Id.* at 423 (quoting *Jordache Enters. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 57 (D.N.M. 1985), *aff’d*, 828 F.2d 1482 (10th Cir. 1987)).

²¹⁸ See *Lyons P’ship v. Giannoulas*, 179 F.3d 384 (5th Cir. 1999); *Elvis Presley Enters. v. Capece*, 141 F.3d 188 (5th Cir. 1998).

²¹⁹ See *Elvis Presley Enters. v. Capece*, 950 F. Supp. 783, 789 (S.D. Tex. 1996), *rev’d*, 141 F.3d 188 (5th Cir. 1998).

²²⁰ See *id.* at 789.

²²¹ *Id.* at 798–800.

injunction.²²² The court held that the appropriate standard was likelihood of confusion, and applied the “digits of confusion test.”²²³ The court further held that parody was not a defense, but rather was an additional factor that could be considered in the likelihood of confusion analysis.²²⁴

Discussing *Campbell*’s analysis of parody, the court stated that “it is clear that a parody derives its need and justification to mimic the original from its targeting of the original for comment or ridicule.”²²⁵ The court found that defendant’s parody of the faddish bars of the sixties did not require the use of Elvis’s name or marks, and that defendant conceded as much.²²⁶ The court held:

Without the necessity to use Elvis’s name, parody does not weigh against a likelihood of confusion in relation to EPE’s marks. It is simply irrelevant. As an irrelevant factor, parody does not weigh against or in favor of a likelihood of confusion, and the district court erred in relying upon parody in its determination of the likelihood of confusion.²²⁷

In the other Fifth Circuit case, the owner of the rights to “Barney” the dinosaur sued the creator of “The Famous Chicken” (hereinafter “Chicken”) for the latter’s use of Barney in its act.²²⁸ The district court granted summary judgment for the Chicken’s creator on the trademark infringement claim,²²⁹ finding no likelihood of confusion, and on the trademark dilution claim,

²²² *Elvis Presley*, 141 F.3d at 191.

²²³ *See id.* at 194. The Fifth Circuit’s “digits of confusion” test consists of seven nonexclusive factors that courts should consider in assessing whether a likelihood of confusion exists. *See id.* A court is not bound by these factors, however, and is free to consider other relevant factors in making its determination. *Id.* The seven factors are: (1) the type of trademark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant’s intent, and (7) any evidence of actual confusion. *Id.*

²²⁴ *Id.* at 198.

²²⁵ *Id.* at 199.

²²⁶ *Id.* at 200.

²²⁷ *Id.* (footnote omitted).

²²⁸ *See Lyons P’ship v. Giannoulas*, 14 F. Supp. 2d 947, 949 & n.1 (N.D. Tex. 1998), *aff’d*, 179 F.3d 384 (5th Cir. 1999).

²²⁹ *Id.* at 956.

finding no likelihood of blurring or tarnishment.²³⁰ The Fifth Circuit upheld the decision, but addressed only the trademark infringement claim in its opinion.²³¹ Not surprisingly, it reaffirmed its recent holding in *Elvis Presley*, that the “digits of confusion” factors should be considered in determining if there is a likelihood of confusion, and that parody is not an affirmative defense, but rather an additional factor to be considered.²³² The court clarified, however, that parody should be considered in conjunction with—rather than separately from—the other “digits of confusion.”²³³ The court held that the Chicken’s use of Barney was clearly parodic, and that the humor was about, and directed at, Barney.²³⁴ The parodic nature of this use was appropriately considered by the district court in its determination that there was no likelihood of confusion, the court concluded.²³⁵

D. Post-FTDA Cases Finding Dilution

Three cases have found dilution under the FTDA. In one of the first cases decided under the new statute, the District Court for the Northern District of California issued an injunction against the manufacturer and distributor of T-shirts bearing the name “Buttwiser.”²³⁶ The court, in a short six-paragraph decision, held that plaintiff had “raised serious questions with respect to whether defendant’s T-shirts will ‘dilute’ [the plaintiff’s] marks” and granted injunctive relief under the FTDA.²³⁷

In the second case, American Dairy Queen sued New Line Productions to prevent use of the proposed title *Dairy Queens* for one of defendant’s films.²³⁸ The movie had nothing to do with Dairy Queen products, but rather was a satire about beauty

²³⁰ *Id.* at 952–54.

²³¹ *See Lyons*, 179 F.3d at 387–90.

²³² *Id.* at 388–90.

²³³ *Id.* at 390.

²³⁴ *Id.* at 388.

²³⁵ *Id.* at 390.

²³⁶ *See Anheuser-Busch, Inc. v. Andy’s Sportswear, Inc.*, 40 U.S.P.Q.2d (BNA) 1542 (N.D. Cal. 1996).

²³⁷ *Id.* at 1543.

²³⁸ *See Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 728 (D. Minn. 1998).

pageants in the “dairy country” of rural Minnesota.²³⁹ With respect to infringement, the District Court for the District of Minnesota found for the plaintiff, holding that it was probable that consumers would be confused as to the source of the film and would conclude that defendant had received permission or endorsement from plaintiff to use the mark.²⁴⁰

Regarding dilution, the court noted that the FTDA exempts noncommercial use, but held that the proposed title was “predominantly commercial and marketing-oriented.”²⁴¹ Discussing the First Amendment, the court cited prior Eighth Circuit cases *Mutual of Omaha*²⁴² and *Balducci*²⁴³ as precedent for enjoining material that included some expressive content.²⁴⁴ The court referred to the balancing test adopted in *Balducci* (and borrowed from *Cliffs Notes*): ““[I]n any case where an expressive work is alleged to infringe a trademark, it is appropriate to weigh the public interest in the expression against the public interest in avoiding consumer confusion.””²⁴⁵

The court reviewed the *Rogers* case,²⁴⁶ which also had involved a movie title, but distinguished it on the grounds that *Fred and Ginger* evoked a reference essential to the film, whereas *Dairy Queens* bore no relationship to plaintiff’s product.²⁴⁷ As such, the court held that there were other ways for the defendant to name its film without restricting its expressive freedom. The court concluded that

the balance between the public’s interest in free expression
and its interest in avoiding consumer confusion and

²³⁹ *Id.* at 728–29.

²⁴⁰ *Id.* at 732.

²⁴¹ *Id.*

²⁴² *Mut. of Omaha Ins. Co. v. Novak*, 648 F. Supp. 905 (D. Neb. 1986).

²⁴³ *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769 (8th Cir. 1994).

²⁴⁴ *Am. Dairy Queen*, 35 F. Supp. 2d at 734.

²⁴⁵ *Id.* (quoting *Balducci*, 28 F.3d at 776 (quoting *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.*, 886 F.2d 490, 494–95 (2d Cir. 1989))).

²⁴⁶ *See Rogers v. Grimaldi*, 875 F.2d 994, 996 (2d Cir. 1989).

²⁴⁷ *Am. Dairy Queen*, 35 F. Supp. 2d at 734. The movie title in *Rogers* was selected specifically to “evoke the aura of ‘Fred and Ginger’s’ artistic expression . . . referring directly to Fred Astaire and Ginger Rogers.” *Id.* In contrast, the *Dairy Queens* title was not “designed to evoke or even suggest any relationship to [plaintiff’s] trademarked name or any of its products.” *Id.*

trademark dilution tilts in favor of avoiding confusion and dilution. An injunction here will only effect a minute restriction on expression, but will do much to avoid confusion and dilution. Defendant's First Amendment interests are fully protected.²⁴⁸

Finally, in what might be the most disturbing of the cases enjoining the use of an alleged trademark parody under the FTDA, cartoonist Kieron Dwyer created a parody of Starbucks's ubiquitous mermaid logo and posted it to his Web site.²⁴⁹ His logo changed the name encircling the mermaid from "Starbucks Coffee" to "Consumer Whore."²⁵⁰ He also changed the stars to dollar signs, opened the mermaid's eyes, placed a cup of coffee in one hand and a cell phone in the other, and gave her nipples and a navel ring.²⁵¹ On his Web site, he advertised T-shirts, bumper stickers, and a comic book, all carrying the logo.²⁵² He sold about 200 of the T-shirts.²⁵³ Starbucks sued Dwyer for, among other things, copyright infringement, trademark infringement, and trademark dilution by tarnishment. The District Court for the Northern District of California issued a preliminary injunction prohibiting Dwyer from posting the logo to his Web site and selling any items containing the logo.²⁵⁴ The court found against Starbucks on two grounds: first, on the copyright infringement claim because the logo was a permitted fair use as criticism and comment, and second, on the trademark infringement claim because the logo was sufficiently distinct to eliminate the

²⁴⁸ *Id.* at 735. The defendant's film was released in 1999 under the title *Drop Dead Gorgeous*. See *A Satirical Salute to America's Version of "Gorgeous"*, USA TODAY, Feb. 19, 1999, at 3E.

²⁴⁹ See Jennifer Reese, *Starbucks: Inside the Coffee Cult*, FORTUNE, Dec. 9, 1996, at 190.

²⁵⁰ See Sarah M. Schlosser, *The High Price of (Criticizing) Coffee: The Chilling Effect of the Federal Trademark Dilution Act on Corporate Parody*, 43 ARIZ. L. REV. 931, 937 (2001) (citing Defendant's Memorandum of Points and Authorities in Opposition to Order to Show Cause Re: Preliminary Hearing at 2, *Starbucks Corp. v. Dwyer*, No. 00-CV-1499 (N.D. Cal. filed Apr. 28, 2000) [hereinafter *Dwyer's Motion*]).

²⁵¹ See *id.* (citing *Dwyer's Motion* at 2).

²⁵² See *id.* (citing *Dwyer's Motion* at 2).

²⁵³ See *id.* at 937 n.44.

²⁵⁴ See *id.* at 939-40 (citing Order Granting Preliminary Injunction, *Starbucks*, No. 00-CV-1499, at 4 (N.D. Cal. 2000) [hereinafter *Starbucks Injunction*]).

likelihood of confusion with Starbucks's logo.²⁵⁵ Despite these findings, the injunction was granted because the court found the sale of T-shirts and bumper stickers with the logo to be a dilution of Starbucks's trademark.²⁵⁶

Dwyer was unable to fund an appeal for the decision and entered into a settlement agreement where he agreed not to post the logo on his Web site or sell any merchandise containing the logo.²⁵⁷ Given the Ninth Circuit's relatively sympathetic treatment of defendants using trademarks for parody, it is noteworthy that *Starbucks* was decided in the Northern District of California because *Mattel*²⁵⁸ was from the Ninth Circuit and *Lucasfilms*²⁵⁹ was from the Northern District itself. Because Dwyer was unable to afford an appeal, however, one can only speculate as to what the Ninth Circuit Court of Appeals might have decided. Unfortunately, this case suggests is that a large corporation like Starbucks can intimidate smaller defendants.²⁶⁰ Despite that the district court ruled against Starbucks on the copyright infringement and trademark infringement claims, Starbucks was able to force a settlement because of the trademark dilution claim.²⁶¹

III. TRADEMARK PARODY AFTER *MOSELEY*

Moseley holds that before injunctive relief can be granted for dilution under the FTDA, there must be proof of actual harm, rather than merely a "likelihood" of harm.²⁶² This change will have drastic ramifications for any trademark parody claim. Table 1 summarizes most of the cases discussed in this Article. In almost all of the cases where the allegedly infringing or dilutive use was

²⁵⁵ See *id.* at 940 (citing Starbucks Injunction at 5).

²⁵⁶ See *id.* at 940 (citing Starbucks Injunction at 3–5).

²⁵⁷ See *id.* at 940–41 (citing Order Dismissing Case Without Prejudice due to Settlement, *Starbucks*, No. 00-CV-1499).

²⁵⁸ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002).

²⁵⁹ See *Lucasfilm Ltd. v. Media Mkt. Group, Ltd.*, 182 F. Supp. 2d 897 (N.D. Cal. 2002).

²⁶⁰ See Schlosser, *supra* note 250, at 941.

²⁶¹ See *id.*

²⁶² *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1124 (2003).

not permitted by the court, the result would be different under *Moseley*.

In *Pillsbury*²⁶³ and *Starbucks*,²⁶⁴ for example, the courts found enough protected expressive content to reject copyright infringement claims on the basis of fair use. Those courts also rejected trademark infringement claims because there was no likelihood of confusion. Both courts upheld dilution claims, however, because of a “likelihood” of blurring or tarnishment. *Moseley* now requires proof of actual harm before injunctive relief can be granted under the FTDA.²⁶⁵

Similarly, the *General Electric* and *Andy’s Sportswear* courts granted injunctions based on a “great probability”²⁶⁶ of confusion and because of “serious questions”²⁶⁷ about dilution. *Moseley* requires more. The courts in *Balducci*²⁶⁸ and *Dairy Queen*²⁶⁹ also upheld dilution claims upon showings of mere “likelihood”; however, as discussed below, other issues might still support a finding of dilution in those cases.

While *Moseley* certainly raises the bar for the holder of a senior mark, it does not give carte blanche to every junior mark. Several questions must still be answered favorably for the junior mark to be a protected parody.

A. *Is the Junior Mark a Parody?*

While this first question may seem obvious, two important issues are raised. First, the junior mark must be a parody. A mark cannot simply be used without any parodic intent. For example, in *Dallas Cowboy Cheerleaders*, the use of the trademark was primarily for purposes of familiarity and notoriety, with little or no

²⁶³ See *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. (BNA) 124, 128–32 (N.D. Ga. 1981).

²⁶⁴ See *supra* notes 250–257 and accompanying text.

²⁶⁵ *Moseley*, 123 S. Ct. at 1124.

²⁶⁶ See *Gen. Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. (BNA) 1036, 1037 (D. Mass. 1979).

²⁶⁷ See *Anheuser-Busch, Inc. v. Andy’s Sportswear, Inc.*, 40 U.S.P.Q.2d (BNA) 1542, 1543 (N.D. Cal. 1996).

²⁶⁸ See *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 775 (8th Cir. 1994).

²⁶⁹ See *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 732 (D. Minn. 1998).

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attempt at parody.²⁷⁰ The result in that case would probably be the same today.

Also, the use of the trademark must be as *parody*, rather than as *satire*, as described by the Supreme Court in *Campbell*,²⁷¹ and subsequently by the courts in *Dr. Seuss*,²⁷² *Harley-Davidson*,²⁷³ and *Mattel*.²⁷⁴ For a parody to be a protected trademark, it must poke fun at, or comment on, the original. That is the main reason why *Mattel* upheld the use of the “Barbie” trademark in the title and lyrics of the song “Barbie Girl,” and why *Dairy Queen* rejected the use of the “Dairy Queen” trademark in the movie title. The former poked fun at and commented on the trademark, while the latter did not. Similarly, in *Elvis Presley*,²⁷⁵ the court held that the alleged parody was of little weight because it did not target Elvis Presley.

B. Is the Junior Mark Identical or Very Similar to the Senior Mark?

The *Cliffs Notes* court affirmed one of the basic premises of trademark parody:

A parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is *not* the original and is instead a parody. To the extent that it does only the former but not the latter, it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused.²⁷⁶

²⁷⁰ See *Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205–06 (2d Cir. 1979).

²⁷¹ For a brief description of *Cambell's* view on copyright parody and fair use, see *supra* text accompanying note 187.

²⁷² See *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394, 1406 (9th Cir. 1997).

²⁷³ See *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 813 (2d Cir. 1999); *supra* text accompanying note 187.

²⁷⁴ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 901 (9th Cir. 2002); *supra* text accompanying note 187.

²⁷⁵ See *Elvis Presley Enters. v. Capece*, 141 F.3d 188, 200 (5th Cir. 1998).

²⁷⁶ *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989).

If a junior mark is identical or very similar to a senior mark, the intent of the parody may be lost or so obscured as to render the use confusing. For example, Michael Doughney registered the domain name *peta.org* and created a Web site called “People Eating Tasty Animals.”²⁷⁷ The organization People for the Ethical Treatment of Animals (PETA) sued Doughney for, among other things, service mark infringement and dilution.²⁷⁸ Doughney claimed parody as a defense.²⁷⁹ The court rejected this defense, finding that there was no suggestion of parody because the domain name itself did not convey the second of the two simultaneous and contradictory messages required: that it has no relation to PETA and it is a parody.²⁸⁰ Only after seeing the Web site might one know that it was not associated with PETA.²⁸¹ In a situation like this, the alleged parody is really not a parody at all, and traditional trademark infringement analysis, i.e., “likelihood of confusion,” and trademark dilution analysis after *Moseley*, i.e., “actual harm,” would be appropriate.

Another example of this kind of analysis is found in *Dairy Queen*. The allegedly infringing mark, the movie title *Dairy Queens*, was very similar to the original, adding only an “s” to it.²⁸² Because there was no protected expressive content associated with the title (nor in the film itself), parody provided no weight to the public interest side of the balancing test.²⁸³ While *Moseley* will certainly affect dilution claims, a traditional “likelihood of confusion” analysis will still be appropriate for infringement claims.

²⁷⁷ See *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 362–63 (4th Cir. 2001).

²⁷⁸ *Id.* at 363.

²⁷⁹ *Id.*

²⁸⁰ See *id.* at 366–67.

²⁸¹ See *id.*

²⁸² See *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 731 (D. Minn. 1998).

²⁸³ See *id.* at 735 (demonstrating the balance between public interest and avoidance of public confusion with dilution tilted in favor of the latter).

C. Is the Use of the Mark Commercial or Noncommercial?

The *Mattel* court explored in great detail the apparent conundrum caused by the FTDA's requirement for a "commercial use in commerce," but then exempting a "noncommercial use."²⁸⁴ The court found an explanation in the legislative history.²⁸⁵ Sponsors of the FTDA in both the Senate and the House of Representatives, in response to First Amendment concerns, stated that the proposed law "will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction."²⁸⁶ The court held that as long as "speech is not 'purely commercial'—that is, if it does more than merely propose a commercial transaction—then it is entitled to full First Amendment protection."²⁸⁷ The court acknowledged that the song title containing the "Barbie" trademark was certainly used to sell copies of the song, but that since it was not "purely commercial" and, therefore, entitled to full protection, it fell within the noncommercial use exception of the FTDA.²⁸⁸ Courts in the Ninth Circuit had previously made similar findings in *Dr. Seuss*²⁸⁹ and *Lucasfilms*.²⁹⁰

In *L.L. Bean*, a pre-FTDA case, the First Circuit held that the defendant's use of the plaintiff's mark in a catalog parody was "solely for noncommercial purposes" and was "an editorial or artistic, rather than a commercial, use."²⁹¹ In *Dairy Queen*, however, the court found that the defendant's use of its trademark in a movie title had a "highly commercial aspect"²⁹² and, citing for

²⁸⁴ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904 (9th Cir. 2002).

²⁸⁵ See *id.* at 905–06.

²⁸⁶ *Id.* at 905 (quoting 141 CONG. REC. S919310 (daily ed. Dec. 19, 1995) (statement of Sen. Hatch) and 141 CONG. REC. H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead)).

²⁸⁷ *Id.* at 906.

²⁸⁸ *Id.* at 906–907.

²⁸⁹ See *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997).

²⁹⁰ See *Lucasfilm Ltd. v. Media Mkt. Group, Ltd.*, 182 F. Supp. 2d 897, 900 (N.D. Cal. 2002).

²⁹¹ *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32 (1st Cir. 1987).

²⁹² *Am. Dairy Queen Corp v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 732 (D. Minn. 1998).

support a pre-FTDA, Eighth Circuit case, *Mutual of Omaha*,²⁹³ found the title to be “predominantly commercial and marketing-oriented.”²⁹⁴ Because the *Dairy Queen* decision would probably be upheld on other grounds anyway, it will be interesting to see how an Eighth Circuit court will interpret the noncommercial exception.

In *Starbucks*, the District Court for the Northern District of California held that since defendant sold T-shirts and coffee mugs containing the trademark parody, it was a commercial use, despite the obvious editorial nature contained therein.²⁹⁵ In *Lucasfilms*, the same court examined the legislative history of the FTDA as it pertained to this exception and held that “[p]arody is a form of non-commercial, protected speech which is not affected by the [FTDA].”²⁹⁶ Thus, it appears that the *Starbucks* case would have a very different outcome today. Even in the Eighth Circuit, there appears to be enough expressive content to have fallen within the noncommercial use exception.

D. Is There a Likelihood of Confusion?

While *Moseley*'s requirement of proof of actual harm will make it much more difficult to win a dilution case involving trademark parody, an infringement case can still succeed as long as it can be shown that there is a likelihood of confusion. While most courts have found no likelihood of confusion where there is an obvious parody, a few cases warrant discussion. *General Electric* found a “great probability of confusion” as to the use of a “Genital Electric” mark on T-shirts sold by the defendant.²⁹⁷ *Mutual of Omaha* found a likelihood of confusion as to the possible source or sponsorship of a “Mutant of Omaha” logo on T-shirts and coffee mugs.²⁹⁸ *Balducci* also found a likelihood of confusion as to the

²⁹³ See *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987).

²⁹⁴ *Dairy Queen*, 35 F. Supp. 2d at 732.

²⁹⁵ See Schlosser, *supra* note 250, at 937 (citing *Starbucks Injunction*).

²⁹⁶ See *Lucasfilm*, 182 F. Supp. 2d at 900.

²⁹⁷ See *Gen. Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. (BNA) 1036, 1037 (D. Mass. 1979).

²⁹⁸ See *Mut. of Omaha*, 836 F.2d at 403.

possible source or sponsorship of a mock advertisement parodying Anheuser-Busch's products as "Michelob Oily."²⁹⁹

These cases illustrate two things. First, as a district court recently observed, tarnishment is usually found "only in cases where a distinctive mark is depicted in an obviously degrading context, often involving a sexual activity, obscenity, or illegal activity."³⁰⁰ And, as previously noted, where there is a "harmless, clean pun, . . . tarnishment is not likely."³⁰¹ So, while many trademark parody cases involving sex or negative portrayals of a product have permitted such uses, to some extent this will remain as a wild card factor.

Second, there appears to be room for a classic split in the circuits. The *General Electric* case was decided in 1979 before the First Circuit's rather broad pronouncement of protection for trademark parody in *L.L. Bean*, and it is likely that the result would be different today. Both *Mutual of Omaha* and *Balducci* come from the Eighth Circuit, however, where the court seemed to ignore the obvious humor in the parodies, and find that there was a likelihood of confusion as to the source or sponsorship of the works. It is likely that most other courts would have found no likelihood of confusion. Even after *Moseley*, there is nothing that would change the holdings in these cases. It is quite possible for a court in the Eighth Circuit, or for that matter a court in any circuit other than those handing down strong decisions in parody cases, to find a likelihood of confusion regarding the source or sponsorship of an alleged trademark parody.

CONCLUSION

Moseley dramatically changes the landscape for trademark dilution claims under the FTDA. Proof of actual harm, as opposed to mere likelihood of harm, to the senior mark is now required. This makes it much harder to enjoin the parodic uses of trademarks

²⁹⁹ See *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 771-72 (8th Cir. 1994).

³⁰⁰ *Kellogg Co. v. Exxon Mobil Corp.*, 192 F. Supp. 2d 790, 809 (W.D. Tenn. 2001).

³⁰¹ *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 423 (S.D.N.Y. 2002) (quoting *Jordache Enters. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 57 (D.N.M. 1985)), *aff'd*, 828 F.2d 1482 (10th Cir. 1987)).

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as long as there is an obvious parody. Basically, the funnier the parody, the more likely it will be protected. As long as the parody conveys the simultaneous and contradictory messages that it *is* the mark and *is not* the mark, it will be difficult to prevent its use under either dilution or infringement theories. For dilution, it will be difficult to prove actual harm if there is an obvious parody. Similarly, the more obvious the parody, the more difficult to prove a likelihood of confusion.

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