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## The Trademark Dilution Revision Act— A Consumer Perspective

Paul Alan Levy\*

The proposed Trademark Dilution Revision Act<sup>1</sup> should be considered from a litigation perspective, not only a theoretical analysis of how dilution law ought to be configured. The following analysis of the bill is based on the realities of trademark litigation as seen from the trenches while representing and advising individuals or small businesses that have been sued, or threatened with suit, for using trademarks, not for the purpose of selling competing goods, but to enhance their expression by invoking trademarks.

An early case brought against Public Citizen<sup>2</sup> provides a useful point of reference. In 1982, Public Citizen's Health Research Group published a book about the dangers posed by a class of tranquilizers, the benzodiazepines, that it felt were being widely over-prescribed and abused.<sup>3</sup> Valium was by far the most widely known and the best advertised example of that class of drugs.<sup>4</sup> The authors chose the title "Stopping Valium" because that was the most pithy way to catch public attention and tell people what the book was about. For simplicity's sake, the text referred generally to "Valium" as denoting the entire class of drugs, but used the term

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\* B.A, Reed College; J.D. University of Chicago. As attorneys at Public Citizen Litigation Group, Mr. Levy and his colleagues represented the accused infringers and diluters, or advised other attorneys who were representing the accused, in a number of the cases cited in this article.

<sup>1</sup> H.R. 683, 109th Cong. (2005).

<sup>2</sup> Public Citizen is a national non-profit public interest organization. More information is available at <http://www.citizen.org>.

<sup>3</sup> EVE BARGMAN, ET AL., STOPPING VALIUM AND ATIVAN, CENTRAX, DALMANE, LIBRIUM, PAXIPAM, RESTORIL, SERAX, TRANXENE, XANAX (Warner Books 1983).

<sup>4</sup> Ron Lacey, *Mother's Little Helper*, NEW INTERNATIONALIST, Feb. 1984, available at <http://www.newint.org/issue132/helper.htm> (last visited May 5, 2006).

“Valium®” when referring to the specific brand-named drug.<sup>5</sup> A disclaimer on the first page of the book explained the difference, and the full title included, in smaller print, the other brand names of the drugs in the benzodiazepine family.

Hoffman LaRoche, which made Valium, wanted to suppress the book. Apparently, it could not find anything untruthful about the product, which might have supported a claim for libel or product disparagement. Instead, it filed a trademark claim. The theory was that it was unfair to characterize the whole class of drugs by using the single term “Valium.” So it asked for damages and injunctive relief, including the recall of the 30,000 books that Public Citizen had managed to send into the marketplace so that they, along with all remaining stocks of the book, could be destroyed.<sup>6</sup>

Public Citizen is a substantial institution.<sup>7</sup> It can defend itself, using its in-house litigation capability, and it did defend itself in this instance. It called a press conference to denounce Hoffman-LaRoche’s planned book-burning, which attracted attention to Public Citizen’s criticisms and to the company’s bizarre claim. Hoffman-LaRoche also had bad luck in drawing a judge who was offended by its invocation of the standard emergency relief of the sort normally deployed against transient sellers of pirated handbags and watches—its request for recall all these books so that they could be destroyed. Hoffman-LaRoche’s motion for a temporary restraining order against publication of the book was denied.

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<sup>5</sup> See BARGMAN, *supra* note 3.

<sup>6</sup> Details of the litigation are based on the author’s personal recollections as well as discussion with the two Litigation Group lawyers who handled the case, John Cary Sims, who now teaches at McGeorge School of Law, and David C. Vladeck, who now teaches at Georgetown Law Center, and with Joan Levin, a Health Group employee who was one of the book’s authors. The case file was not available.

<sup>7</sup> Public Citizen, Inc., a § 501(c)(4) consumer advocacy organization, together with the associated Public Citizen Foundation, a § 501(c)(3) organization, had more than \$12 million in expenditures in 2005 according to the tax returns and annual report that appear at <http://www.citizen.org/about/index.cfm?ID=5165> (last visited Aug. 4, 2006). The history of the Litigation Group is recounted in Craig, *Courting Change: The Story of the Public Citizen Litigation Group*. See also [http://en.wikipedia.org/wiki/Public\\_Citizen](http://en.wikipedia.org/wiki/Public_Citizen) (last visited Aug. 4, 2006); [http://en.wikipedia.org/wiki/Public\\_Citizen\\_Litigation\\_Group](http://en.wikipedia.org/wiki/Public_Citizen_Litigation_Group) (last visited Aug. 4, 2006).

But the trademark specialists with whom Public Citizen's in-house counsel were consulting warned that they could not guarantee that Public Citizen would win on a motion to dismiss. Consequently, Public Citizen had to worry about the costs of discovery, which can be both expensive and time consuming. To settle the case, the organization agreed that future versions of the book would not refer to Valium alone, but would, instead, use the phrase "Valium and its chemical cousins," and that the disclaimer would be more detailed. Such a face-saving settlement let plaintiff's counsel get something for their client while letting Public Citizen out of the case.<sup>8</sup>

This result was, of course, a victory for Public Citizen; the settlement almost makes Hoffman-LaRoche look ridiculous. But the more important point is that even a substantial organization with an office full of experienced litigators had to find a way out of the case by doing something to make the bully go away. Most people who receive threats of litigation like this cannot defend themselves. If they receive a threat of a suit, or even more alarming, notice of an actual suit and a motion for a preliminary injunction—such as the two boxes of documents that Carla Virga received in Yuba City, California, warning her that she would have to come to Memphis to defend a preliminary injunction hearing over her use of the names "ServiceMaster" and "Terminix" in the meta tags for a web site attacking those companies<sup>9</sup>—they submit quickly. Trademark lawyers have become notorious for threatening litigation over the most questionable claims. Yet, threats of litigation, not to speak of receipt of an actual complaint, are highly intimidating because most individuals know nothing about trademark law and have no contact with experienced trademark counsel. And, if they consult a local lawyer, they are

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<sup>8</sup> The cover pages and first pages with disclaimers from the original, self-published edition, and the mass-market paper back edition published after the litigation, can be viewed on Public Citizen's web site, <http://www.citizen.org/litigation/briefs/HealthSafety/articles.cfm?ID=15035> (last visited May 5, 2006).

<sup>9</sup> Rick Lockridge, *Consumers Fight Corporations on Web, But Protests Costly*, CNN.COM, Mar. 17, 2000, <http://archives.cnn.com/2000/TECH/computing/03/17/online.protests/index.html> (last visited May 5, 2005). An archive of information about the suit can be found on Ms. Virga's personal web site at <http://www.syix.com/emu/html/svmvv.html>.

likely to learn how expensive and complicated the defense of trademark litigation can be. In drafting changes to the trademark laws, Congress needs to take these practical concerns into consideration.

### I. GENERAL CONCERNS ABOUT THE BILL

A reasonable consumer advocate naturally supports the trademark laws in principle.<sup>10</sup> Customers often care about the source of products or services that they are considering, and the expectations created by a mark that has secondary meaning should be respected and protected against abuse. Trademarks play a vital role in helping consumers distinguish between the goods and services that come from businesses on which they have learned to rely to supply what they want in the marketplace, from impostors who are trying to trade on some other company's hard-earned reputation.<sup>11</sup> Moreover, even though commercial speech enjoys substantial protection under the First Amendment,<sup>12</sup> a successful cause of action against a commercial competitor for trademark infringement rests on a finding that the defendant's use was likely to cause consumer confusion, thus fitting squarely within well-accepted standards for regulating commercial speech to bar "false or misleading" statements.<sup>13</sup>

Dilution law is far less defensible, because it extends protection to trademarks as an asset apart from their sole function of

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<sup>10</sup> Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717 (1999); Ralph S. Brown Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 108 YALE L.J. 1619 (1999) (reprinting article originally published at 57 YALE L.J. 1165 (1948)).

<sup>11</sup> *Anti-Monopoly v. General Mills Fun Group*, 611 F.2d 296, 301 (9th Cir. 1979) ("All of [the] legitimate trademark purposes derive ultimately from the mark's representation of a single fact: the product's source. It is the source denoting function which trademark laws protect, and nothing more"); *Smith v. Chanel*, 402 F.2d 562, 566-69 (9th Cir. 1968) (explaining how confining trademark law to this function best serves consumers' and companies' interests). *See also West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581, 590 (6th Cir. 1955).

<sup>12</sup> *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748 (1976).

<sup>13</sup> *FTC v. Brown & Williamson Tobacco Corp.*, 778 F.2d 35, 43 (D.C. Cir. 1985), *citing In re RMJ*, 455 U.S. 191, 203 (1982); *see also Castrol v. Pennzoil*, 987 F.2d 939, 949 (3d Cir. 1993).

protecting consumers against confusion, and which, indeed, is used to suppress completely truthful and non-confusing commercial speech by other merchants. Thus, wholly apart from the substantial debate in the literature about whether the expansion of trademark law beyond mere prevention of confusion about source is improperly anti-competitive,<sup>14</sup> dilution law's limits on truthful commercial speech raise serious questions of public policy as well as constitutionality.<sup>15</sup> Over the years, Public Citizen attorneys have defended both the right of businesses to engage in truthful commercial speech,<sup>16</sup> and the right of state and federal governments to regulate commercial speech to ensure that it is not misleading.<sup>17</sup> Indeed, it was Public Citizen lawyers who brought the case that established the modern doctrine of commercial speech, because they recognized that protecting the rights of businesses to talk about their wares—and their prices—encourages competition and hence serves consumers' interest in obtaining better products at lower prices.<sup>18</sup>

The current bill could, then, have been the occasion to ask whether the entire dilution enterprise has been more trouble than it is worth, as Professors Farley and Beebe do.<sup>19</sup> Along with other trademark scholars,<sup>20</sup> they have raised a variety of interesting

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<sup>14</sup> E.g., Glynn S. Lunney Jr., *Trademark Monopolies*, 48 EMORY L.J. 367 (1999).

<sup>15</sup> In *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 905–06 n.7 (9th Cir. 2002), Judge Kozinski raised, but did not answer, the issue of whether a dilution injunction in the commercial speech context might violate the First Amendment.

<sup>16</sup> E.g., *Edenfield v. Fane*, 507 U.S. 761 (1993) (right of accountant to advertise services); *Zauderer v. Office of Disciplinary Counsel of the Sup. Ct. of Ohio*, 471 U.S. 626 (1985) (attorney right to advertise using illustration of intra-uterine device).

<sup>17</sup> E.g., *Nike v. Kasky*, 539 U.S. 654 (2003).

<sup>18</sup> *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748 (1976). Cf. *Goldfarb v. Va. State Bar*, 421 U.S. 773 (1975) (a Public Citizen case which established that the practice of law was subject to the antitrust law, and hence Bar schedules for lawyers' fees constituted price-fixing).

<sup>19</sup> See Barton Beebe, *Search and Persuasion in Trademark Law*, 103 MICH. L. REV. 2020, 2027 (2005). Christine Haight Farley, *Why We Are Confused About the Trademark Dilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1175 (2006).

<sup>20</sup> E.g., Robert N. Klieger, *Trademark Dilution: The Whittling away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 795 (1997); Malla Pollack, *Time To Dilute the Dilution Statute and What Not To Do When Opposing Legislation*, 78 J. PAT. & TRADEMARK OFF. SOC'Y 519 (1996); Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J. 433, 447–49 (1994). See also David J. Franklyn, *Debunking Dilution*

issues about dilution.<sup>21</sup> These concerns are of a piece with the larger points that dilution can be such a fuzzy concept that over-enforcement is likely,<sup>22</sup> and that the undue expansion of intellectual property rights can impose a severe cost on the public domain that needlessly limits expression and innovation.<sup>23</sup>

Regrettably, however, the various scholars who entertain private doubts about the enterprise, and publish their doubts in the law reviews, never stepped forward to raise those doubts in Congress, allowing the “luminaries of the trademark bar” to present the impression that the profession was unified in support for dilution law.<sup>24</sup> Moreover, Congress decided in 1996 to include some protections against dilution in the Lanham Act,<sup>25</sup> and Public Citizen has opted not to ask Congress to revisit that decision.

Still, to the extent that some trademark interests want to amend the 1996 statute, the burden is on them to make the case that the changes are needed. The main objection to HR 683, the Trademark Dilution Revision Act, is that it has serious anti-speech implications for consumers.<sup>26</sup> Along with other members of its coalition to fix the bill,<sup>27</sup> Public Citizen confined its advocacy

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*Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117 (2004) (arguing that dilution statute should be replaced by rules protecting truly famous and distinctive marks against free riding).

<sup>21</sup> *Id.*

<sup>22</sup> REPORT OF THE FEDERAL LEGISLATION COMMITTEE OF THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK: PROPOSED AMENDMENT TO FEDERAL DILUTION STATUTE 4-7 (April 11, 2005), available at <http://www.abcny.org/pdf/report/nyc1-560488-6.pdf> (last visited July 23, 2006) [hereinafter ABCNY REPORT].

<sup>23</sup> See generally James Boyle, *The Public Domain: Foreword: The Opposite of Property?*, 66 L. & CONTEMP. PROBS. 1 (2003). See also WILLIAM M. LANDES & RICHARD A. POSNER, *THE POLITICAL ECONOMY OF INTELLECTUAL PROPERTY LAW* 23-24 (AEI-Brookings Joint Center for Regulatory Studies 2004) (“Skeptics of government should hesitate to extend a presumption of efficiency to a process by which government grants rights to exclude competition with the holders of the rights.”).

<sup>24</sup> Testimony in favor of dilution reform was presented by representatives of the American Intellectual Property Law Association (“AIPLA”), International Trademark Association (“INTA”), and the Intellectual Property Section of the American Bar Association.

<sup>25</sup> Lanham Trademark Act, 15 U.S.C.A. §§ 1051-1072, 1091-1096, 1111-1127, 1141, 1141(a)-(n) (2005).

<sup>26</sup> H.R. 683, 109th Cong. (2005).

<sup>27</sup> Public Citizen has been joined by groups ranging from frequent critics of expansive intellectual property legislation, such as Public Knowledge and the Electronic Frontier

efforts on Capitol Hill to those issues, even if some of the other changes seem to be unjustified.

First, the proposal to amend the definition of famousness to resolve the split in the circuits about whether dilution claims can be brought over marks that are well-known only in niche markets,<sup>28</sup> by requiring that the marks be “widely recognized by the general consuming public of the United States,”<sup>29</sup> seems to be a worthwhile one. Given the significant power that dilution gives to suppress truthful commercial speech, it is just as well that the range of marks that are given such protection be as narrow as possible. Professor Beebe, in his remarks at the symposium, objected to the creation of a category of supermarks that are given superpowers, arguing instead that a general principle against free riding ought to be extended to all marks or given to none.<sup>30</sup> Perhaps as a strategy for arguing against dilution law in general this approach has merit, but in the absence of any serious effort to repeal the dilution cause of action, it seems better to limit the range of marks that enjoy the illegitimate protection that dilution law affords.

Similarly, the American Civil Liberties Union objected even to overruling the Supreme Court’s decision in *Moseley v. V Secret*

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Foundation, and organizations concerned with the civil liberties implications of the legislation, such as the American Civil Liberties Union and the American Library Association, to organizations of artists and writers who worried primarily about the pragmatic impact of the elimination of the non-commercial use defense and the limitation of the scope of the fair use defense on their ability to use trademarks as reference points or in the incidental background of their works, such as the Society of Children’s Book Writers and Illustrators, the Authors Guild, Volunteer Lawyers for the Arts, Professional Photographers of America, Advertising Photographers of America, and American Society of Media Photographers. The abundance of photographers’ organizations in the coalition was a specific result of the symposium that spawned this issue of the Law Journal, because Edward Greenberg, a New York lawyer who represents creative small business people, attended the symposium, took note of the implications of the legislation for his creative clients, and helped spread the word in the arts community about the dangerous implications of the parts of the legislation on which Public Citizen has concentrated.

<sup>28</sup> *Compare Advantage Rent-a-Car v. Enterprise Rent-a-Car*, 238 F.3d 378, 381 (5th Cir. 2001) (allowing niche market claims) *with* *TCPIP Holding Co. v. Harr Commc’ns.*, 244 F.3d 88, 99 (2d Cir. 2001) (refusing to allow niche market claims).

<sup>29</sup> H.R. 683, 109th Cong. § 43(c)(2)(A) (2005).

<sup>30</sup> Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 1143 (2006).



*Catalogue*,<sup>31</sup> on the ground that any change that makes it easier to enforce dilution law necessarily threatens protected speech.<sup>32</sup> Tempting though it may be to hamper the enforcement of a bad provision of the law by creating a very high burden of proof for liability, if one accepts the basic decision to protect against dilution, then at least one of the policy objections to *Moseley* on the issue that it decided—that as written the dilution law bars only “actual dilution” of a famous mark—is sound.<sup>33</sup> Insofar as the standard of “actual dilution” threatens to bar a claim until the mark has already become diluted, that limitation seems inappropriate for a statute whose focus is on injunctive relief rather than damages.<sup>34</sup> As the proponents argue, if actual dilution is the prerequisite for relief, the owner of a famous mark cannot obtain forward-looking relief until the injury that the statute is intended to prevent has not only been suffered, but has been suffered long enough for the lawsuit to be filed, litigated, and resolved.<sup>35</sup> The amendment of section 43(c)(1) to authorize injunctive relief when the owner of the famous mark has shown that dilution is “likely” seems sound.<sup>36</sup>

The other main argument for the “likely dilution” standard, however—that it has been too hard to enforce the dilution subsection under the “actual dilution” standard<sup>37</sup>—is less than compelling. Because dilution law bars truthful speech, the cause of action *should* be hard to prove.<sup>38</sup> Indeed, the data suggest that

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<sup>31</sup> *Moseley v. V Secret Catalogue*, 537 U.S. 418 (2003).

<sup>32</sup> *American Civil Liberties Union Testimony at a Hearing on H.R. 638, “The Trademark Dilution Revision Act of 2005,”* February 17, 2005, at 4–7, available at <http://judiciary.house.gov/media/pdfs/johnson021705.pdf>. (last visited Apr. 11, 2005) [hereinafter *ACLU Testimony*].

<sup>33</sup> *Moseley*, 537 U.S. at 1125.

<sup>34</sup> See *supra* note 29 and accompanying text.

<sup>35</sup> *Testimony of Anne Gundelfinger, President, International Trademark Association, H.R. 683, Trademark Dilution Revision Act of 2005*, Feb. 17, 2005, at 3, 9, available at <http://judiciary.house.gov/media/pdfs/gundelfinger021705.pdf>. (last visited Apr. 11, 2005).

<sup>36</sup> *Id.* at 15.

<sup>37</sup> *Statement of William G. Barber on Behalf of the American Intellectual Property Law Association on the Trademark Dilution Revision Act of 2005 (H.R. 683)*, Feb. 17, 2005, at 3, available at <http://judiciary.house.gov/media/pdfs/barber021705.pdf>. (last visited Apr. 11, 2005).

<sup>38</sup> J. Thomas McCarthy, *Symposium: Trademark in Transition: Institute For Intellectual Property & Information Law Symposium: Proving a Trademark Has Been*

even under state statutes, which as the Supreme Court noted expressly extend to likely dilution,<sup>39</sup> there were hardly any cases in which the dilution cause of action made any difference in the outcome.<sup>40</sup> Indeed, this history of practical inability to enforce the rules against dilution, first under the state laws and for nearly ten years under the FTDA,<sup>41</sup> might occasion wonder whether dilution law might represent a solution in search of a problem.

One might also question whether there is a sound basis for expressly covering “tarnishment,”<sup>42</sup> eliminating doubts raised by *Moseley* about whether the language of the federal dilution statute extends beyond “blurring” to cover tarnishment.<sup>43</sup> The theory of a tarnishment cause of action is that the objectionable use creates “negative” associations with a famous mark that has otherwise enjoyed only positive ones—in the language of the proposed statute, “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”<sup>44</sup> But tarnishment cases tend to involve commentary on the trademark holder—sometimes nasty commentary, but commentary nonetheless.<sup>45</sup> Thus, if litigated

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*Diluted: Theories or Facts?*, 41 HOUS. L. REV. 713, 747 (2004) [hereinafter McCarthy, *Proving Dilution*] (“The extraordinary remedy of an antidilution law should require evidentiary rigor by the courts. . . It should be viewed as a unique legal tool to be used only in an unusual case.”).

<sup>39</sup> *Moseley v. V Secret Catalogue*, 537 U.S. 418, 432 (2003).

<sup>40</sup> McCarthy, *Proving Dilution*, *supra* note 38, at 715; ABCNY REPORT, *supra* note 22, at 11 (citing *Trademark Review Commission of the United States Trademark Association (Trademark Review Commission), Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 454–55 (1988)).

<sup>41</sup> Federal Trademark Dilution Act, 15 U.S.C.A. § 1051 (1995).

<sup>42</sup> H.R. 683, 109th Cong. § 43(c)(1) (2005); ACLU Testimony, *supra* note 32, at 6–7 (expressing particular alarm over the extension of dilution law to bar tarnishment).

<sup>43</sup> “Whether it is actually embraced by the statutory text, however, is another matter. Indeed, the contrast between the state statutes, which expressly refer to both ‘injury to business reputation’ and to ‘dilution of the distinctive quality of a trade name or trademark,’ and the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA.” *Moseley*, 537 U.S. at 432.

<sup>44</sup> H.R. 683, 109th Cong. § 43(c)(2)(C) (2005).

<sup>45</sup> *Deere & Co. v. MTD Products*, 41 F.3d 39 (2d Cir. 1994) (commercial by maker of the “Yard-Man,” a competitor of John Deere ride-on lawnmower, diluted the Deere product by portraying it as a frightened deer being chased around the yard by defendant’s product); *Anheuser Busch v. Balducci Publ’ns*, 28 F.3d 769 (8th Cir. 1994) (satirical

under the proposed amendment, the defendants would likely prevail by arguing that even if their uses were otherwise tarnishing, the tarnishment resulted from their explicit or implicit commentary on the trademark holder.<sup>46</sup> Other examples that proponents of the change have cited in their arguments for reform—such as the use of a famous mark in a domain name to direct Internet users to a pornographic web site—would seem to be examples of blurring as well as tarnishment.<sup>47</sup>

Indeed, at the symposium, the two speakers who represented INTA<sup>48</sup> and the AIPLA<sup>49</sup> were challenged to identify even a single

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“Michelob Oily” advertisement diluted beer brand by implying that it was contaminated by oil).

<sup>46</sup> In *Dallas Cowboys Cheerleaders v. Pussycat Cinema*, 604 F.2d 200 (2d Cir. 1979), for example, the film-maker would argue that the film was commenting on the intended associations created by football cheerleaders by taking their provocative on-field behavior and costumes to an imagined extreme. In *Caterpillar, Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003), the film-maker would argue that by portraying Caterpillar tractors being used to tear down the good guys’ dwellings, it was simply pointing out that tractors can be used for bad destruction as well as good destruction. The “Yard-Man” commercial litigated in the *Deere* case is an obvious example of comparative advertising, which enjoys its own separate exemption from dilution claims. *Deere*, 41 F.3d 39.

<sup>47</sup> *Amend the Fed. Trademark Dilution Act: Hearing Before the Subcomm. on Cts., the Internet, and Intell. Prop. of the H. Comm. on the Judiciary*, 108th Cong., 2nd Sess. 44–45 (Comm. Print Apr. 22, 2004) (Testimony of David Stimson, chief trademark counsel for Eastman Kodak), available at [http://commdocs.house.gov/committees/judiciary/hju93227.000/hju93227\\_0.HTM](http://commdocs.house.gov/committees/judiciary/hju93227.000/hju93227_0.HTM). Similarly, the *only* case specifically identified by INTA President Anne Gundelfinger as showing the need for a tarnishment cause of action, *Coca-Cola Co. v. Alma-Leo USA*, 719 F. Supp. 725 (N.D. Ill. 1989), cited at page 12 and n.41, involved a candy maker who sold a powdered candy called “Magic Powder” in packages that imitated the famous shape of the classic Coca-Cola bottle. Although Coca-Cola argued there that the bottle created an unwanted association with cocaine, under the proposed amendments it could just as easily have argued that defendant’s product posed a likelihood of blurring by diminishing the uniqueness of the association of the shape with its well-known soft-drink.

<sup>48</sup> The International Trademark Association is a not-for-profit membership association that works to advance the interests of trademark owners. International Trademark Association, About INTA, [http://www.inta.org/index.php?option=com\\_content&task=view&id=14&Itemid=37&getcontent=4](http://www.inta.org/index.php?option=com_content&task=view&id=14&Itemid=37&getcontent=4) (last visited July 8, 2006).

<sup>49</sup> The American Intellectual Property Law Association is a national bar association that represents individuals, companies and institutions in the areas of patent, trademark, copyright, unfair competition law, and other fields of law related to intellectual property. American Intellectual Property Law Association, The History of AIPLA, [http://www.aipla.org/Content/NavigationMenu/About\\_AIPLA/History/History.htm](http://www.aipla.org/Content/NavigationMenu/About_AIPLA/History/History.htm) (last visited July 8, 2006).

case in which a trademark owner would be likely to prevail on a claim of tarnishment, notwithstanding the fair use defense, but would *not* be likely to prevail on a blurring claim.<sup>50</sup> They were unable to do so. AIPLA President Barber cited a case, which he had mentioned in his Congressional testimony, brought by Coca-Cola against the maker of a poster that showed the words “Enjoy Cocaine” in a script mimicking Coca-Cola’s logo.<sup>51</sup> But if that case were litigated under the proposed TDRA, the defendant would surely point out that “Enjoy Cocaine” comments on Coke in at least two ways. First, the poster points to the hypocrisy of promoting a drink because of the “jolt” that its caffeine provides, while making cocaine illegal; second, it reminds viewers of the fact that Coca-Cola derived its name from the facts that extract of coca leaves was one of its active ingredients, and that early versions of the product contained trace amounts of cocaine.<sup>52</sup> Although the Coca-Cola Company no doubt would prefer to ignore this history, winning a lawsuit against such commentary would not be possible if the “fair use” exception for commentary on the trademark holder is to be enforced.<sup>53</sup> The proponents of the bill did not try to offer any further examples.<sup>54</sup>

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<sup>50</sup> This author issued this challenge in his opening remarks, and when they did not rise to the occasion, noted the omission. Sonia Katyal et al., *Panel II: Trademark Dilution Revision Act Implications*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1093 (2006) [hereinafter Trademark Panel] (Paul Alan Levy, panelist). In response to this second challenge, Mr. Barber offered the example discussed in the text. *Id.* (William Barber, panelist).

<sup>51</sup> *Coca-Cola Co. v. Gemini Rising*, 346 F. Supp. 1183 (E.D.N.Y. 1972); Trademark Panel, *supra* note 50 (William Barber, panelist).

<sup>52</sup> Snopes.com, Cocaine-Cola, <http://www.snopes.com/cokelore/cocaine.asp> (last visited July 22, 2006).

<sup>53</sup> Lanham Act § 43(a), 15 U.S.C. § 1125(a) (2000).

<sup>54</sup> A similar point could be made about the example of tarnishment offered by Professor Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1143, *citing* *New York Stock Exchange, Inc. v. New York, New York Hotel, LLC*, 293 F.3d 550 (2d Cir. 2002), albeit not in response to my challenge. In that case, the New York Stock Exchange objected to the naming of a display within a casino as the “New York \$lot Exchange” or “NYSE.” The very aspect of the sobriquet that might be tarnishing, the sly allusion to stock trading as a form of high-brow gambling in which the odds are stacked against the outsider to ensure that the house always makes a profit, represents a parodic commentary on the trademark holder that would be protected by the newly adopted fair use exception.

But if there are not a significant number of cases in which a tarnishment claim is *needed* because it could succeed when a blurring claim could not, one may well ask whether the new tarnishment language is not an invitation to generally fruitless and/or unnecessary litigation. That is not to say that the statutory language may not serve a purpose—if the owner of a famous mark has a deep pocket, and wants to overwhelm an underfunded opponent, maybe it is helpful to add causes of action to the complaint. And a cease and desist letter, which mark holders commonly send to intimidate prospective defendants into giving up their rights without the need for litigation, can certainly be made to sound more threatening if it can promise two claims instead of just one. But enabling more threatening demands and complaints, for claims that cannot otherwise succeed independently, is not a legitimate purpose for enacting new causes of action.

Moreover, the reasons offered for allowing a cause of action for “likely” dilution in the context of blurring do not apply with equal force to claims of dilution by tarnishment. The modern trend in the law of defamation is to require proof of actual damage to reputation as an element of the cause of action, even when defamation *per se* is at issue.<sup>55</sup> Similarly, a claim for trade libel or commercial defamation cannot succeed without a showing of special damages.<sup>56</sup> It is anomalous for the federal cause of action for use of trademarks that cause injury to the mark’s reputation to allow claims where the injury is only “likely” to occur, but has not yet been suffered.

A related point goes to the issue of damages. If “likelihood of dilution” is based on an injury that has not yet occurred, why should the diluter be liable for an award of damages? Should not damages be confined to cases in which actual dilution has been established? And given the fact that the bill’s proponents are confident that actual dilution is too high a standard because it *cannot* be met, why should dilution give rise to any damages claim? Is the prospect of damages awards just an invitation to

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<sup>55</sup> Walker v. Grand Cent. Sanitation, 634 A.2d. 237, 241–42 (Pa. Super. Ct. 1993).

<sup>56</sup> KBT Corp. v. Ceridian Corp., 966 F. Supp. 369, 375 (E.D. Pa. 1997); Forum Publ’ns v. P.T. Publishers, 700 F. Supp. 236, 243 (E.D. Pa. 1988).

fruitless litigation? Or is its purpose to make it easier to send more intimidating demand letters?

The Federal Legislation Committee of the Association of the Bar of the City of New York has raised several additional concerns about the bill that seem justified. For example, its report objected to the language in proposed section 43(c)(1) that would allow dilution claims for marks that are “distinctive . . . through acquired distinctiveness.”<sup>57</sup> The stated purpose of this change is to overrule a line of Second Circuit authority that limits famousness to marks whose distinctiveness is inherent.<sup>58</sup> When a company has deliberately chosen a brand name whose original meaning is derived from common English usage, it seems fair for the company to bear the risk that others might use the same name in ways that do not give rise to any likelihood of confusion.<sup>59</sup> But even worse, in such circumstances the provision of a right of action beyond cases of confusion has the result of depriving other businesses of the right to employ words of common usage that ought to remain in the public domain.

Why, for example, should the fact that American Airlines and United Airlines are famous marks be sufficient to allow them to discourage new companies in a completely different line of business from using American or United in their names? Aren't those the kind of words that ought to be available to all to describe their products? Or, to extrapolate from the recent example provided by a dilution claim filed by Virgin Enterprises against several small companies that used the term “Virgin” in their business names,<sup>60</sup> why should the presumed famousness of Virgin Enterprises' mark be sufficient to afford a basis for suit against a new company that made statues of the Virgin Mary and called itself “Virgin Monuments”?<sup>61</sup> Of course, Virgin Enterprises didn't

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<sup>57</sup> ABCNY REPORT, *supra* note 22, at 26–27, 36–38.

<sup>58</sup> TCPIP Holding Co. v. Haar Commc'ns, 244 F.3d 88, 95 (2d Cir. 2001).

<sup>59</sup> Franklyn, *supra* note 20, at 159–63.

<sup>60</sup> Virgin Enters. v. So Collective, No. 04-08964 (JGK) (S.D.N.Y. filed Nov. 12, 2004); see *Branson Attempts to Rip “Virgin” From the Dictionary*, CHILLING EFFECTS CLEARINGHOUSE, July 10, 2005, <http://www.chillingeffects.org/weather.cgi?WeatherID=507>.

<sup>61</sup> See Amanda Cantrell, *Branson trademark suit sparks debate: ‘Rebel billionaire’ sues small companies using word ‘Virgin’—and often wins. But is it right?*,

sue any defendants for using “Virgin” in connection with religious materials. Bullies don’t pick on opponents who are likely to be supported in litigation by well-funded entities like the Catholic Church; they pick on defendants who are unlikely to be able to defend themselves. But the law shouldn’t make it easier for them to do so.<sup>62</sup>

Although the proposed statute overrules the Second Circuit’s distinction between acquired and inherent distinctiveness as a basis for dilution claims, it incorporates that distinction as part of the “factors” to be used in deciding whether the challenged use caused “blurring.”<sup>63</sup> These factors would presumably enable the owner of a new business that used a common word like “American” or “Virgin” in its name to argue that it does not cause appreciable blurring because so many others use similar terms in their names and, indeed, in common usage. But that possibility is fairly small comfort to an individual or small business that is threatened with a dilution claim. Trademark claims are notoriously expensive to litigate.<sup>64</sup> Although multi-factor tests often have the advantage of allowing courts to be flexible and to tailor their decisions to particular facts, they have the disadvantages of increasing the scope of allowable discovery and substantially increasing the expense of the litigation. A new or small business simply cannot afford to spend hundreds of thousands of dollars in legal fees to litigate the “dilution by blurring” factors in order to establish its

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CNNMONEY.COM, June 29, 2005, [http://money.cnn.com/2005/06/29/news/newsmakers/branson\\_suit/index.htm](http://money.cnn.com/2005/06/29/news/newsmakers/branson_suit/index.htm).

<sup>62</sup> Although the use of the term “Virgin” to describe the mother of Christ long precedes the famousness of Virgin Enterprises, that would not afford a defense to a new company under the rule that a dilution claim may be brought only against “a person who, at any time after the owner’s mark has become famous, commences use of” the allegedly diluting mark. § 43(c)(1). The Church itself could continue to use the term “Virgin” to describe its products, but a company founded today could not.

<sup>63</sup> These factors include “the degree of inherent or acquired distinctiveness of the famous mark,” Lanham Act § 43(c)(2)(B)(ii), 15 U.S.C. § 1125(c)(2)(B)(ii) (2000), and “the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark,” Lanham Act § 43(c)(2)(B)(iii), 15 U.S.C. § 1125(c)(2)(B)(iii) (2000).

<sup>64</sup> Ethan Horwitz, *Cost of Action vs. Damages in Trademark Infringement Actions in the United States*, FICPI 5TH OPEN FORUM, Nov. 1999, <http://www.ficpi.org/library/montecarlo99/damages.html> (last visited July 22, 2006) (noting that an AIPLA study shows that a typical trademark infringement case costs \$150,000 through discovery and \$300,000 through trial).

right to sell “American” brand widgets. Moreover, the distinction between inherent and acquired distinctiveness is not given any role in determining claims of dilution by tarnishment. Thus, the mention of “inherent distinctiveness” among the blurring factors is not an adequate replacement for the Second Circuit rule limiting famousness to inherently distinctive marks.<sup>65</sup>

## II. SPEECH-RELATED CONCERNS RAISED BY THE BILL

Still, these questions have not been Public Citizen’s main concerns. Instead, its advocacy about the bill has focused on two changes made in the bill’s revisions to the “exclusions” section, which are paragraph (4) of the existing statute, and are now paragraph (3) of the bill. Section 43(c)(1) of the Act limits the cause of action for dilution to “commercial use in commerce,” and the exclusions provision of section 43, section 43(c)(4)(B), gives express protection to “non-commercial” uses of trademarks.<sup>66</sup> In H.R. 683, however, the limiting words “commercial use in commerce” were eliminated from section 43(c)(1). Moreover, although as originally introduced in the House the bill still contained the defense of “non-commercial use” in section 43(c)(3) (the new exclusions paragraph), that exception was eliminated in the course of House Committee hearings, and replaced by a second “fair use” provision allowing “fair use . . . 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.”<sup>67</sup> Second, as introduced in the House, the bill would replace the coverage of the exclusions section, which under section 43(c)(4) stated, “the following shall not be actionable under this section,” to read instead that “the following shall not be actionable as dilution by blurring or dilution by tarnishment under this

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<sup>65</sup> TCPIP Holding Co. v. Haar Commc’ns, 244 F.3d 88, 95 (2d Cir. 2001).

<sup>66</sup> Lanham Act § 43(c)(4)(B), 15 U.S.C. § 1125(c)(4)(B) (2000).

<sup>67</sup> *Trademark Dilution Act of 2005: Hearing Before the Subcomm. on Cts., the Internet, and Intell. Prop. of the H. Comm. on the Judiciary*, 109th Cong. (2005). H.R. 683, available at [http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.128&filename=98924.pdf&directory=/diskb/wais/data/109\\_house\\_hearings](http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.128&filename=98924.pdf&directory=/diskb/wais/data/109_house_hearings) [hereinafter *Trademark Dilution Act Hearing*].



subsection.”<sup>68</sup> Both provisions raised our concerns because of their potential impact on protected speech. These concerns are both theoretical and practical.

The changes are problematic in part because they increase the likelihood that trademark claims will be threatened or pursued against constitutionally protected speech implicating concerns under the First Amendment. The First Amendment applies, of course, because, even though trademark litigation is pursued between private parties, a court is a government actor, and hence a damages award based on speech, like an injunction against speech, must be consistent with the First Amendment.<sup>69</sup> Moreover, the First Amendment limits Congress’ power to enact a “law” restricting speech.<sup>70</sup> Accordingly, to the extent that the domain of trademark law is extended beyond the use of marks to identify the source of competing commercial products, the First Amendment has the potential to raise serious concerns.

For example, in the typical trademark case, a use may be deemed infringing because it is “likely” to cause consumers to be “confused” about the source or affiliation of a product or service offered by the accused infringer.<sup>71</sup> The application of such a standard can be explained in First Amendment terms because of the lower level of protection that is afforded to commercial speech.<sup>72</sup> But the First Amendment does not authorize regulating noncommercial speech simply because it is misleading.<sup>73</sup> For example, a political flyer or a newspaper article about a public figure could not be enjoined, or made the basis for an award of damages, simply because some readers would “likely” find it “confusing.” The concept of regulating speech that has the potential to be merely misleading, even though it is not strictly speaking false, has developed over the thirty years since the

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<sup>68</sup> Lanham Act § 43(c)(4), 15 U.S.C. § 1125(c)(4) (2000).

<sup>69</sup> *Org. for a Better Austin v. Keefe*, 402 U.S. 415, 418 (1971) (injunction); *N.Y. Times Co. v. Sullivan*, 364 U.S. 254, 265 (1964) (damages).

<sup>70</sup> *See id.* at 269.

<sup>71</sup> *See Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904 (9th Cir. 2002).

<sup>72</sup> *Id.* at 905 (“[C]onsumer protection rationale [for trademark relief]—averting what is essentially a fraud on the consuming public—is wholly consistent with the theory of the First Amendment, which does not protect commercial fraud.”).

<sup>73</sup> *N.Y. Times*, 376 U.S. at 271.

Supreme Court first extended First Amendment protection to commercial speech.<sup>74</sup> Unlike noncommercial speech, commercial speech can be regulated even if it is “not provably false, or even wholly false, but only deceptive or misleading.”<sup>75</sup> Courts commonly contrast the broad scope that is afforded to the regulation of misleading speech in commercial contexts with the much narrower forms of regulation that are permitted for non-commercial speech.<sup>76</sup> Trademark injunctions and similar remedies have been upheld against First Amendment attack precisely on the ground that it is only commercial abuses that are being regulated.<sup>77</sup> And, when trademark owners have attempted to invoke the Lanham Act to prohibit allegedly “confusing” uses that were strictly non-commercial, a number of courts have been quick to insist that the trademark laws are limited to the commercial context.<sup>78</sup> The Lanham Act is commonly construed narrowly to avoid impinging on First Amendment protections that extend to

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<sup>74</sup> *Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 367 (2002); *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 554 (2001).

<sup>75</sup> *Friedman v. Rogers*, 440 U.S. 1, 9 (1979).

<sup>76</sup> *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 68 (1983) (Although “[a] company has the full panoply of protections available to its direct comments on public issues, . . . there is no reason for providing similar constitutional protection when such statements are made in the context of commercial transactions.”); *Bates v. State Bar of Ariz.*, 433 U.S. 350, 383 (1977) (“[T]he leeway for untruthful or misleading expression that has been allowed in other contexts has little force in the commercial arena.”); *Smith v. United States*, 431 U.S. 291, 318 (1977) (“Although . . . misleading statements in a political oration cannot be censored, . . . misleading representations in a securities prospectus may surely be regulated.”); *Young v. Am. Mini Theatres, Inc.*, 427 U.S. 50, 68 (1976) (“[R]egulatory commissions may prohibit businessmen from making statements which, though literally true, are potentially deceptive.”).

<sup>77</sup> *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395, 1401 (9th Cir. 1992) (rules against exploitation of personality permissible under First Amendment because of commercial speech context); *E&J Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1297 (9th Cir. 1992) (trademark injunction permissible because it limits commercial speech).

<sup>78</sup> *Taubman Co. v. Webfeats*, 319 F.3d 770, 774 (6th Cir. 2003) (In reversing a preliminary injunction against an allegedly misleading domain name for non-commercial shopping “fan site,” the court stated, that the “Lanham Act is constitutional because it only regulates commercial speech, which is entitled to reduced protection under the First Amendment.”); *CPC Int’l, Inc. v. Skippy Inc.*, 214 F.3d 456, 462 (4th Cir. 2000) (reversing injunction and enforcing order in previous trademark case that forbade Web site criticizing trademark owner because the Web site “served a primarily informational purpose, not a commercial one”).

non-commercial speech,<sup>79</sup> and when relief is sought under state trademark laws or federal statutes affording special trademark-like protection but that do not contain language limiting the statute's scope to commercial uses, courts have been forced to invoke the First Amendment directly to forbid enforcement.<sup>80</sup>

In previous years, members of Congress have been acutely sensitive to the dangers posed by the extension of trademark law to regulate non-commercial speech. Thus, in the course of adding a cause of action for false advertising to the Lanham Act,<sup>81</sup> the House Judiciary Committee emphasized that the change was intended to apply only to "commercial advertising" and not to political advertising, and hence, would not affect noncommercial speech.<sup>82</sup> Similarly, in the course of adding a dilution cause of action in 1996, Senator Hatch explained that the bill "addresses legitimate first amendment concerns" through the noncommercial use exception which exempts "parody, satire, editorial and other

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<sup>79</sup> *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989). When applying the section 43(a)(2) cause of action against deceptive advertising, courts have struggled to decide whether a particular use was non-commercial, and hence refutable only under standards permissible under *New York Times v. Sullivan*, or whether it was commercial speech and hence more easily regulated under commercial speech standards. See *Porous Media Corp. v. Pall Corp.*, 173 F.3d 1109, 1119–21 (8th Cir. 1999). See also *Semco, Inc. v. Amcast, Inc.*, 52 F.3d 108, 111–14 (6th Cir. 1995). See also *U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia*, 898 F.2d 914, 927–39 (3d Cir. 1990).

<sup>80</sup> See *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32–33 (1st Cir. 1987) (Maine anti-dilution law could not constitutionally be applied to enjoin prurient parody of L.L. Bean catalogue). See also *Lighthawk v. Robertson*, 812 F. Supp. 1095, 1097–03 (W.D. Wash. 1993) (special federal protection for Forest Service use of Smokey the Bear could not constitutionally bar environmental group's poster attacking a Forest Service proposal by showing Smokey with a chain saw). See also *Stop the Olympic Prison v. U.S. Olympic Comm.*, 489 F. Supp. 1112, 1124–25 (S.D.N.Y. 1980) (narrowly construing a special federal statute providing trademark-like protection to words associated with Olympics to avoid application to bar use of Olympic name by group attacking construction plans to convert Olympic village into a prison).

<sup>81</sup> Trademark Law Revision Act of 1988, adding what is now § 43(a)(2), 15 U.S.C. § 1051 (2000). Pub. L. No. 100-667, 102 Stat 3935 (1988).

<sup>82</sup> 135 CONG. REC. H1207, 1217 (daily ed. Apr. 13, 1989), 1989 WL 191679 ("[T]he proposed change in section 43(a) should not be read in any way to limit political speech, consumer or editorial comment, parodies, satires, or other constitutionally protected material. . . . The section is narrowly drafted to encompass only clearly false and misleading commercial speech.").

forms of expression that are not [] part of a commercial transaction.”<sup>83</sup>

The second reason for concern about the elimination of the non-commercial use defense was a much more practical one, relating to the realities of litigation. In litigation over the use of trademarks in either domain names or meta tags for web sites about trademark owners, consumer critics of trademark holders have had a fair amount of success getting out of litigation, quickly and cheaply, by raising the non-commercial use defense.<sup>84</sup> Even in cases where the critics’ victory was largely on other grounds, the non-commercial use arguments were obviously on the court’s mind in rejecting the trademark claims.<sup>85</sup> Fair use, by contrast, tends to require application of a multi-factor test that is heavily dependent on context.<sup>86</sup> The aspect of fair use that would most likely apply to a person who used a trademark to refer to the owner of the trademark or its goods is nominative use, and although courts in several circuits have indicated their acceptance of the proposition that this form of fair use exists,<sup>87</sup> they are not in agreement on exactly how such fair use can be established.<sup>88</sup> At this writing, the most recent statement of the standards for establishing nominative fair use was a Third Circuit decision that ran on for some ten pages to explain how nominative use cases should be analyzed under its three pronged test (four pages on the nominative use defense alone); the concurring opinion contains a lengthy critique of that

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<sup>83</sup> 141 CONG. REC. S19306-10 (daily ed. Dec. 29, 1995), 1995 WL 770583.

<sup>84</sup> *E.g.*, *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 677–78 (9th Cir. 2005); *Taubman Co. v. Webfeats*, 319 F.3d 770, 774–76 (6th Cir. 2003); *TMI, Inc. v. Maxwell*, 368 F.3d 433, 438 (5th Cir. 2004); *Crown Pontiac, Inc. v. Ballock*, 287 F. Supp. 2d 1256, 1259 (N.D. Ala. 2003); *ServiceMaster Co. v. Virga*, Civil Action No. 99-2866-TUV (W.D. Tenn.) (case dismissed voluntarily after motion to dismiss filed). *See also* *Ficker v. Tuohy*, 305 F. Supp. 2d 569, 572 (D. Md. 2004).

<sup>85</sup> *E.g.*, *Lamparello v. Falwell*, 420 F.3d 309, 314, 317–18 (4th Cir. 2005). The court declined to reach the issue of whether commercial use is generally a condition for trademark liability, but held instead that initial interest confusion applies only in commercial context. *Id.* at 317.

<sup>86</sup> *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 224 (3d Cir. 2005).

<sup>87</sup> *E.g.*, *id.* at 217; *Pebble Beach Co. v. Tour 18 I, Ltd.*, 155 F.3d 526, 546 (5th Cir. 1998); *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992). None of the circuits have disapproved of the defense.

<sup>88</sup> *Compare Century 21*, 425 F.3d at 224 *with* *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801–04 (9th Cir. 2002).

analysis.<sup>89</sup> A large company with a substantial litigation budget can handle this uncertainty and can afford the litigation that is required to apply the defense, even though making the defense rest on a complicated fair use analysis may make dismissal harder to obtain at the motion to dismiss or summary judgment stage. Citizen and consumer critics are at least as likely to be worn down by the expense of litigation—or deterred from defending themselves by the prospect of incurring such costs—as they are by actual losses in court—and trademark cases are notoriously expensive.<sup>90</sup>

The non-commercial use defense was originally part of the bill as introduced in the House but was deleted from the bill, as part of a change that was responsive to criticism from the ACLU that the “non-commercial use” exception did not provide enough protection to commercial speech.<sup>91</sup> The non-commercial use defense was replaced by an express fair use provision that protected “[f]air use of a famous mark by another person, other than as a designation of source for that 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.”<sup>92</sup> Although this exception was plainly written with free speech considerations in mind, and standing alone was plainly a desirable addition to the bill, as a *substitute* for the non-commercial use exception it was actually worse from the perspective of any ordinary citizen who must face the realities of litigation<sup>93</sup> for two main reasons.

First, the limitation of the specific fair use protection to uses that discuss the trademark owner itself leaves out a wide range of

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<sup>89</sup> *Century 21*, 425 F.3d at 224–28, 247–50.

<sup>90</sup> Posting of Declan McCullagh to <http://www.politechbot.com/2005/08/25/trademark-bill-threatens/> (Aug 25, 2005 18:19:31) (last visited Aug. 4, 2006) (posting e-mail from Paul Alan Levy to Declan McCullagh (Aug 25, 2005 18:19:31)).

<sup>91</sup> ACLU Testimony, *supra* note 32, at 7–9.

<sup>92</sup> Trademark Dilution Revision Act of 2005 § 2, 15 U.S.C. § 1125 (2000).

<sup>93</sup> One oddity of the new language is that it seems to make unnecessary the pre-existing exception for “[f]air 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.” 15 U.S.C. § 1125 (2000). Any use of a famous mark in comparative advertising would necessarily be a use for purpose of “commenting” or “criticizing.”

trademark uses that ought to be permissible.<sup>94</sup> Trademarks, after all, and famous trademarks in particular, provide important cultural reference points, which speakers or artists commonly use to make their points more clearly.<sup>95</sup> To take one example that was cited in the discussions of H.R. 683: Walter Mondale's put-down of Gary Hart during the 1984 primaries, using the Wendy's slogan "Where's the Beef," would not be within the protection of proposed section 43(c)(3)(B).<sup>96</sup> It is quite likely that the slogan would be a famous trademark even under the new definition of famousness; a strong case could be made for likelihood of blurring; and although the use was non-commercial, that alone would not be a protection from the dilution cause of action. The phrase was used to comment, to be sure, but not to comment on Wendy's; Mondale just borrowed the phrase to comment on Hart. There are, indeed, a number of cases in which trademark claims have been brought against political figures who invoked trademarks in comparable ways.<sup>97</sup>

Such uses were of particular concern to the photographers, artists and writers who sought changes in the bill after they recognized how directly the proposed changes could affect them. In a leading opinion by Judge Alex Kozinski construing the "non-commercial use" exception, the Ninth Circuit had held that the exception extends to artistic expression even though the artistic work containing the expression is sold.<sup>98</sup> Moreover, in an off-mike discussion among the panelists at the symposium, it was

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<sup>94</sup> See *Trademark Dilution Act Hearing*, *supra* note 67.

<sup>95</sup> E.g., Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 972-76 (1993).

<sup>96</sup> See *id.*

<sup>97</sup> In *Am. Family Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682, 686 (N.D. Ohio 2002), a candidate for governor of Ohio placed his opponent's head on the body of a duck which said "Taft-quack," not intending to say anything about AFLAC but was using their famous duck quack to make fun of Ohio governor Bob Taft. In *MasterCard Int'l, Inc. v. Nader 2000 Primary Comm., Inc.*, 70 U.S.P.Q.2d 1046, 1048 (S.D.N.Y. 2004), MasterCard sued Ralph Nader for his television commercial listing the cost of various political fundraising affairs, and then describing "finding out the truth" as being "priceless"; the Nader campaign did not invoke the famous "Priceless" campaign theme to comment on MasterCard but to comment on other politicians. The non-commercial use exception was the key to defeating dilution claims in both of these cases.

<sup>98</sup> *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 905-07 (9th Cir. 2002).

apparent that the sponsoring organizations had Judge Kozinski's opinion squarely within their sights as a reason to eliminate the "non-commercial use" exception. But artists find it hard to portray a common scene without including references to famous trademarks, whether it be a Coke bottle sitting on a table or the Empire State Building in the background. The picture is not commenting on the mark so much as using the mark to establish the context. Yet without the non-commercial use defense, photographers saw themselves as exposed to the prospect of easy threats of litigation.

A rather timely threat of litigation against an artist for his use of a famous trademark gained particular notoriety in the weeks before the Senate Judiciary Committee considered the TDRA. Donald Stewart, a graphic artist whose drawings tended to reflect visual puns of their subject, was threatened for selling a drawing in the shape of a classic Volkswagen "bug," which portrayed the car being made out of insect parts.<sup>99</sup> Lawyers for Volkswagen of America threatened Stewart with suit for diluting and infringing their trademark,<sup>100</sup> and several supporters of the restoration of the "non-commercial use" language cited this incident as showing the need to keep that language, because even though Stewart sold his artwork, this was precisely the sort of "non-commercial speech" that the exception has been construed as protecting.<sup>101</sup>

To be sure, in the bill that passed the House, exception (B) protected fair use "including" for purposes of commentary; perhaps it could have been argued that the language allowed other kinds of fair use arguments to be made, including a more general nominative fair use argument under standards like those set forth in

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<sup>99</sup> The drawing can be seen at [http://www.dsart.com/Gallery/vw\\_bug.htm](http://www.dsart.com/Gallery/vw_bug.htm) (last visited July 23, 2006).

<sup>100</sup> Patrick Hickerson, *Bug-like Artwork is Bugging Carmaker: Volkswagen Says Drawing Infringes on Trademark*, BIRMINGHAM NEWS, Jan. 26, 2006, at 1.

<sup>101</sup> E.g., Letter on H.R. 683 from Joan Claybrook, Public Citizen, et al. to the S. Judiciary Comm. (Feb. 3, 2006), at 6 (available at <http://www.citizen.org/documents/Judiciary%20Committee%20letter%20on%20H.R.%20683.pdf> (last visited July 23, 2006)); Letter from Donald Stewart to Senator Jeff Sessions (Jan. 23, 2006) (available at <http://www.stockphotographer.info/images/stories/Legislation/don%20stewart%20letter.pdf>) (last visited July 23, 2006).

*Century 21*<sup>102</sup> or *Playboy v. Welles*.<sup>103</sup> This argument was bolstered by the Hatch-Leahy substitute that was prepared in anticipation of mark-up in the Senate Judiciary Committee, which prefaced the “comparative” and “commentary” fair use language with the words, “any fair use, including nominative and descriptive fair use, . . . including in connection with . . .” Yet another version that was circulated was even more helpful, stating that the protected fair use was “including, but not limited to, use in connection with” comparative and commentary uses. Each of these versions was helpful in at least making clear that there could or would be an opportunity to argue other forms of fair use.

But what this language could not do was provide the straightforward, easily invoked defense that “non-commercial use” provided. Letters to the Judiciary Committee from a current and former executive director of the American Society of Media Photographers<sup>104</sup> each referred to a case in which a photographer had been sued over a poster showing the Rock and Roll Hall of Fame.<sup>105</sup> They pointed out that although the defendant had won the case, he had lost the war, because the costs of litigation had put him out of business.<sup>106</sup> The benefit of the non-commercial use exception is that it provides an inexpensive way out of such litigation. Indeed, a compilation of examples of incidental uses of trademarks to illustrate points under discussion, but without any intention of commenting on the trademark holder for the purpose of criticism or parody, was circulated to Senate Judiciary Committee members on the eve of markup, and was reportedly extremely effective in showing just what was at stake.<sup>107</sup> Therefore, we were relieved when, on the eve of the Senate

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<sup>102</sup> *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211 (3d Cir. 2005).

<sup>103</sup> *Playboy Enters., Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002).

<sup>104</sup> Letter from Victor Perlman to Senator Orrin Hatch, (Feb. 7, 2006) (available at <http://www.asmp.org/news/spec2006/HR683letter.php>) (last visited July 23, 2006); Letter from Richard Weisgrau to Senator Orrin Hatch (Feb. 3, 2006) (available at [http://www.stockphotographer.info/images/stories/Richard\\_Weisgrau/letter\\_to\\_senator\\_hatch.pdf](http://www.stockphotographer.info/images/stories/Richard_Weisgrau/letter_to_senator_hatch.pdf)) (last visited July 23, 2006).

<sup>105</sup> *Rock & Roll Hall of Fame & Museum. v. Gentile Prods.*, 134 F.3d 749 (6th Cir. 1998).

<sup>106</sup> See Perlman, *supra* note 104; Weisgrau, *supra* note 104.

<sup>107</sup> A copy of the compilation is posted at <http://www.citizen.org/documents/TMDilutionExamples.pdf> (last visited July 23, 2006).



Judiciary Committee's markup, the Senators agreed to restore the non-commercial use exception to section 43(c)(3).

One major problem remains in the bill at this writing, however. Under current law, the three exceptions in section 43(c)(4) of the Lanham Act, under the language of the statute, apply to "this section." Because standard drafting parlance refers to sections of the United States Code as "sections,"<sup>108</sup> while identifying the first level of subdivisions of sections as "subsections," and because other provisions in section 43 expressly refer to "section" when Congress meant to refer to section 43 and to "subsection" when Congress meant to refer to subsection (a) or (c),<sup>109</sup> the language "this section" is properly construed to mean that claims under subsection (a) of section 43 are also subject to these provisos.<sup>110</sup> But under the bill, the exceptions would apply instead to "dilution by blurring and dilution by tarnishment under this subsection."<sup>111</sup> Thus, the protections for fair use, non-commercial use, and news reporting would no longer extend to suits for infringement under

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<sup>108</sup> See House Legislative Counsel's Manual on Drafting Style, HLC No. 104-1, p. 24 (1995) and Senate Office of the Legislative Counsel, Legislative Drafting Manual 10 (1997) (cited in *Koons Buick v. Nigh*, 543 U.S. 50, 60-61 (2004)).

<sup>109</sup> For example, § 43(b) bars the importation of goods labeled "in contravention of the provisions of this section." Subsection (b) does not specify anything that could be contravened. The provision obviously uses the term "section" to refer both to § 43(a) and § 43(c). Other paragraphs of subsection (c) refer specifically to actions brought "under this subsection." Lanham Act §§ 43(c)(1) ("to obtain such other relief as is provided in this subsection"); Lanham Act §§ 43(c)(2) ("In an action brought under this subsection"). Similarly, in describing the in rem cause of action against domain names whose owners cannot be sued in the United States, the Anti-Cybersquatting Protection Act ("ACPA") allows claims to be brought over marks that are "registered . . . , or protected under subsection (a) and (c) of this section." § 43(d)(2)(A)(i), 15 U.S.C. § 1125(d) (2000).

<sup>110</sup> The issue was been expressly decided in *Planned Parenthood v. Bucci*, 1997 WL 133313 (SDNY) at \*7, *aff'd mem.*, 152 F.3d 920 (2d Cir. 1998), *cited with approval*, *OBH, Inc. v. Spotlight Magazine*, 86 F. Supp. 2d 176, 196-97 (W.D.N.Y. 2000), and *PGC Property v. Wainscott/Sagaponack Property Owners*, 250 F. Supp. 2d 136, 141 (E.D.N.Y. 2003). *Ficker v. Tuohy* quotes the language of § 43(c)(4)(B) in holding that non-commercial use is not actionable under section 43, which is not surprising since the "this section" argument was made expressly in Tuohy's brief. 305 F. Supp. 2d 569, 572 (D. Md. 2004). *TMI v. Maxwell* observed that the non-commercial use exception extends to section 43(a) without expressly addressing the "this section" language that was addressed in the briefs. 368 F.3d 433, 436-38 and n.2 (5th Cir. 2004).

<sup>111</sup> *Trademark Dilution Revision Act of 2005*, H. Rep. 109-23, 109th Cong., 1st Sess. (2005).

section 43(a), which is the principal means of enforcing unregistered trademarks.<sup>112</sup>

This change is particularly troubling with respect to the “fair use” exception, because a close reading of section 33(b), which creates the defense of fair use, shows that it appears to be limited to defenses against claimed infringement of *registered* trademarks (which can be pursued under section 32 of the Act).<sup>113</sup> If the applicability of the fair use exclusion in section 43(c) is no longer to apply to all of “this section,” then there will be no fair use provisions which, under the literal words of the statute, will apply to unfair competition or infringement claims under section 43(a). To be sure, in cases decided after section 43(c)(4) was enacted, lower federal courts have ignored the literal fair use language of the Act in several ways, both by discussing the fair use defense in cases brought solely under section 43 of the Act without considering whether that defense stemmed from section 33(b)(4) or section 43(c)(4),<sup>114</sup> and by applying the fair use defense in section 43(a) cases brought before the enactment of section 43(c)(4).<sup>115</sup> On the other hand, the Supreme Court’s recent ventures into trademark law used analyses that were closely tailored to careful reading of the statutory language.<sup>116</sup> Thus, although the argument could certainly be made that the courts have always understood fair use to provide a defense to section 43(a) claims regardless of the language of section 33(b), enacting a statute that deliberately

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<sup>112</sup> *Id.*

<sup>113</sup> “Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32, and shall be subject to the following defenses or defects: . . . (4) That the use of the name, term or device charged to be an infringement is a use, otherwise than as a mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin . . .”

<sup>114</sup> *E.g.*, *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1009 (9th Cir. 2001).

<sup>115</sup> *E.g.*, *Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407, 412–13 (9th Cir. 1996); *A.J. Canfield Co. v. Vess Beverages*, 796 F.2d 903, 908 (7th Cir. 1986). Indeed, the doctrine of nominative fair use has arisen despite the fact that the concept cannot be found either in the express fair use language of section 33(b)(4), which allows fair use in of a trademarked word mark in its descriptive sense, or the fair use language of section 43(c)(4)(A), which pertains only to “comparative commercial advertising.”

<sup>116</sup> *E.g.*, *KP Permanent Make-Up v. Lasting Impressions I*, 543 U.S. 111, 117–21 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31–38 (2003); *Moseley v. V Secret Catalogue*, 537 U.S. 418, 432–34 (2003).

removes the “this section” language making fair use a proper defense to section 43(a) claims just lays the ground for a statutory construction argument that can be avoided, and thus risks putting fair users at risk in a way that Congress ought to avoid.

The repeal of the “this section” language similarly puts at risk the argument that the trademark laws do not apply to non-commercial uses.<sup>117</sup> There are, to be sure, other snippets of statutory language on which defendants have relied over the years, and which courts have invoked, to confine the application of the trademark laws to commercial uses. Section 43(a) provides for civil liability on the part of a person “who, on or in connection with goods or services, or any container for goods, uses in commerce any [mark].” Similar language appears in section 32, providing for liability of a person who “use[s] in commerce any [mark] in connection with the sale, offering for sale, distribution or advertising of any goods or services.”<sup>118</sup> The “in connection with goods or services” language has been understood in several cases as limiting the scope of the infringement cause of action to commercial uses,<sup>119</sup> and other courts have seized on the “use in commerce” language, coupled with the statutory definition of “use in commerce” as meaning “bona fide use of the mark in the ordinary course of trade,” to decide that even though the statute defines “commerce” as extending to the full reach of the Commerce Clause,<sup>120</sup> the statutory phrase “use in commerce” limits the scope of the infringement cause of action.<sup>121</sup> Moreover,

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<sup>117</sup> Trademark Dilution Revision Act, H.R. 683, 109th Cong. (2006).

<sup>118</sup> 15 U.S.C. § 1125 (2000).

<sup>119</sup> *Bosley Med. Inst. Inc. v. Kremer*, 403 F.3d 672, 677 (9th Cir. 2005); *Taubman Co. v. WebFeats*, 319 F.3d 770, 775 (6th Cir. 2003).

<sup>120</sup> *Steele v. Bulova Watch Co.*, 344 U.S. 280, 283 (1952).

<sup>121</sup> *Karl Storz Endoscopy-Am. v. Surgical Techs. Inc.*, 285 F.3d 848, 855 (9th Cir. 2002); *Karl Storz Endoscopy-Am. v. Fiber Tech Med.*, 4 Fed. Appx. 128, 131 (4th Cir. 2001); *Int’l Assoc. of Machinists & Aerospace Workers, AFL-CIO v. Winship Green Nursing Center*, 103 F.3d 196, 209–10 (1st Cir. 1996) (concurring opinion); *WHS Entm’t Ventures v. United Paperworkers Int’l Union*, 997 F. Supp. 946, 949 (M.D. Tenn. 1998). Several recent cases have also decided rejected trademark claims based on pop-up advertising on the ground that the defendant did not make the requisite “use in commerce.” *E.g.*, *1-800 Contacts. v. WhenU.Com, Inc.*, 414 F.3d 400, 411–12 (2d Cir. 2005). Although the Second Circuit discussed several cases as construing the phrase “use in commerce,” in the end it treated “use” as a requirement distinct from “in commerce.” *Id.*

wholly apart from the precise language of the statute, the very way in which the courts normally discuss the likelihood of confusion in deciding infringement claims,<sup>122</sup> not to speak of the characterization that many courts give to the “likelihood of confusion factors,” assumes that trademark law is addressed solely to commercial competitors.<sup>123</sup>

However, neither of these arguments is without counterweight, in the language of the statute with respect to “in connection with,”<sup>124</sup> and in a number of cases stating that “use in commerce” itself extends to the limits of the Commerce Clause.<sup>125</sup> Even more

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<sup>122</sup> *E.g.*, *Newton v. Thomason*, 22 F.3d 1455, 1463 (9th Cir. 1994) (to raise an inference of a likelihood of confusion, [plaintiff] must show that [defendant] intended to profit by confusing consumers”); *Lang v. Retirement Living Pub. Co.*, 949 F.2d 576, 582–83 (2d Cir. 1991) (“Lanham Act seeks to prevent consumer confusion that allows a seller to pass off his goods as the goods of another. . . . [T]he relevant confusion is that which affects the purchasing and selling of the goods or services in question. . . . Trademark infringement protects against mistaken purchasing decisions and not against confusion generally.”); *see also* *Prestonettes v. Coty*, 264 U.S. 359, 368 (1924) (Holmes, J.) (in pre-Lanham Act case, “trade-mark only gives the right to prohibit the use of [a word] so far as to protect the owner’s good will against the sale of another’s product as his.”). Similarly, courts have rejected attempts by consumers to sue companies under § 43(a) on the ground that “[t]he act’s purpose, as defined in Section 45, is exclusively to protect the interests of a purely commercial class against unscrupulous commercial conduct.” *Made in the USA Found. v. Phillips*, 365 F.3d 278, 280 (4th Cir. 2004); *Colligan v. Activities Club of N.Y.*, 442 F.2d 686, 692 (2d Cir. 1971).

<sup>123</sup> *See Newton*, 22 F.3d 1455; *Lang*, 949 F.2d 576. *See also* *Sunlight Saunas, Inc. v. Sundance Sauna, Inc.*, 427 F. Supp. 2d 1032, 1056–57 and n.26 (D. Kan. 2006) (trademark laws are limited to regulation of commercial speech as defined by First Amendment doctrine).

<sup>124</sup> *See* 15 U.S.C. § 1125 (2000). Section 43(a) does not contain the words “sale, offering for sale, distribution, or advertising” that appear in section 32(1). Section 43(a)(1)(A) does allow a claim when the defendant is likely to cause confusion about the origin “of his or her goods, services, or commercial activities.” It could be argued that because the statute uses commercial activities in a series with “goods [or] services,” it is implicit that goods and services need not be not commercial. Or, it could be argued that the word “other” is implicit, as in “goods, services or [other] commercial services.” Similarly, because section 43(a)(1)(B) expressly limits the cause of action for false advertising to “commercial advertising or promotion,” perhaps it is implicit that the goods and services language in the introductory language of section 43(a) is not limited to commercial goods and services.

<sup>125</sup> *Bosley Medical Inst. v. Kremer*, 403 F.3d 672, 677 (9th Cir. 2005); *Planetary Motion, Inc. v. Techplosion, Inc.*, 261 F.3d 1188, 1194 (11th Cir. 2001); *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 92–93 (2d Cir.1997). There is no question that the reason why the statutory definition was enacted was to accompany the addition of “use in commerce” language to the process for registering

worrisome is the inference about Congressional intent that might be supported by what trademark owners will certainly argue was a deliberate decision to withdraw the application of the noncommercial use exception from applicability to the entirety of “this section.” Moreover, there is not a perfect fit between the doctrine of “non-commercial speech” in the First Amendment sense and the general rule that even non-profit institutions whose main activities consist of non-commercial speech—for example, political parties, churches, and public interest organizations—are allowed both to register trademarks and to enforce them against rival institutions that adopt confusing names to siphon off contributions and memberships.<sup>126</sup>

And yet, despite the fact that the language has so clearly been changed in a way that would appear to be deliberate, there is some reason to wonder whether, until we called the issue to public attention, any members of Congress had focused on the implications of the elimination of the “this section” language. None of the witnesses who testified before the IP subcommittee of the House Judiciary Committee in both 2004 and 2005 mentioned the elimination of the “this section” language, and neither did the House Report on the bill.<sup>127</sup> The AIPLA submitted a written statement that came close to being deceptive in implying that the exclusions were being expanded along with the expansion of dilution to cover tarnishment expressly.<sup>128</sup>

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trademarks. But nothing in the language of the statute even hints that the definition is limited to that context, and § 45 expressly comprehends “the construction of this chapter,” i.e., Chapter 22 of Title 15. Other definitional provisions in the Lanham Act are limited to a particular “subchapter,” see Lanham Act § 60, 15 U.S.C. § 1141 (2000), or even a single subsection or paragraph, e.g., Lanham Act §§ 34(d)(1)(B), 32(2)(E) (2000).

<sup>126</sup> E.g., *United We Stand*, 128 F.3d 86; *NAACP v. NAACP Legal Def. & Educ. Fund*, 753 F.2d 131 (DC Cir.1985); *Gideons Int’l v. Gideon 300 Ministries*, 94 F. Supp. 2d 566 (E.D. Pa. 1999) (Although it is a non-profit, “by incorporating, raising money, and distributing goods and services to the consuming public, Gideon 300 engages in commercial activity.”).

<sup>127</sup> *Trademark Dilution Revision Act of 2005*, H. Rep. 109-23, 109th Cong., 1st Sess. (2005).

<sup>128</sup> “AIPLA supports proposed section 1125(c)(3) which would *extend* the existing defenses *for dilution* to blurring and tarnishment causes of action. Currently, the FTDA provides that the following “shall not be actionable” under this statute: [listing the three]. These defenses should be *extended* to the specifically defined causes of action for blurring and tarnishment.” HEARING BEFORE THE SUBCOMM. ON CTS., THE INTERNET AND

We have heard that some trademark-owner interests are worried about the impact that the newly rewritten fair use language might have on section 43(a) claims, but since that language was not in the original draft of the bill, that could not be an explanation for the change. Nor have we been able to get any explanation of any actual problems that the new fair use language would cause when applied to section 43(a) claims. Indeed, if this were the real problem, there is no reason to eliminate the non-commercial use and news reporting defenses to section 43(a) claims. Moreover, because the “this section” language had been deleted when the bill was first introduced in the House, before there had been any change in the fair use language, that could not have been the real reason for the change.

Instead of grappling with these concerns, some of the bill’s proponents claim that this change was not deliberate.<sup>129</sup> But that is hardly an argument for keeping the new language. If it wasn’t deliberate, there would seem to be no reason not to restore the “this section” language, at least as it applies to the “non-commercial” and news reporting exceptions.

We have heard three other arguments about why the “this section” language should not be retained in the exclusions provision. The first is that non-commercial use is protected by the First Amendment, so section 43(a) to non-commercial speech and news reporting would be unconstitutional anyway. To be sure, the First Amendment issues are most pronounced in the dilution context, where speech is being suppressed despite the complete absence even of any concern about confusion. But in the context of noncommercial speech, it is troubling to speak of imposing legal sanctions for speech which is only “likely” to be “confusing,” and not actually false and not intentionally false. Even more troubling is the possible issuance of a preliminary injunction against non-commercial speech—in First Amendment terms, a prior restraint—

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INTELL. PROP. OF THE COMMITTEE ON JUDICIARY, H.R., TO AMEND THE FEDERAL TRADEMARK DILUTION ACT, 108th Cong., 2d Sess. (Comm. Print Apr. 22, 2004), at 59 (emphasis added). Note that the exclusions in existing law were misdescribed as applying only to dilution; the language “this section” was not quoted but rather characterized as applying to “this statute”; and the word “extend” was used twice.

<sup>129</sup> See generally Trademark Panel, *supra* note 50 (Barton Beebe, panelist).

based on no more than a rough assessment that success on the merits of “likely confusion” is more probable than not.

Moreover, Congress should not be in the business of passing unconstitutional laws and leaving it to the courts to sort out the problems. When Congress enacted section 43(c) back in 1996, it did the responsible thing by carving out the constitutional problems, and it did the same thing when it added section 43(a)(2) in the late 1980’s, taking note of the constitutional issues and adding language to address the issue. Second, litigators who represent consumers sued for non-commercial speech rightly worry about the chilling effect of a change in the law that strips consumers of a non-commercial speech defense claim that has been repeatedly recognized in the case law.<sup>130</sup> The noncommercial speech defense is especially important because, if a case has to be litigated on likelihood of confusion, the expense and complexity of the litigation become much greater. That difference both makes it harder to find a pro bono lawyer, and increases the burden of the litigation if the consumer has to pay a lawyer. Moreover, when consumers receive demand letters quoting the law, there will be no evident exception for non-commercial speech, and they are more likely to simply surrender their rights. And, if they try to persevere, it is going to be much harder for them to afford to defend themselves.

Additionally, in the course of any ensuing litigation, trademark owners would surely point to Congress’ deliberate elimination of the non-commercial use defense, and urge the Court not to hold the statute unconstitutional in part.<sup>131</sup> From the standpoint of defending those who use trademarks to explain how and why they are making criticisms, it is preferable to be able to point to language in a statute that avoids the need to confront a constitutional issue than to have to argue that a federal statute cannot constitutionally be applied to the particular case. Accordingly, this is a change that will have a very deleterious impact on the practicalities of litigation from the consumer standpoint.

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<sup>130</sup> See *supra* notes 26–27 and 99–106 and accompanying text.

<sup>131</sup> See *supra* note 128.

In a letter circulated to ranking members of the House Judiciary Committee in April 2006, the AIPLA argued that, if the “this section” language were left in place, it would create an unintended loophole in § 43(d), the ACPA. But that is far from the case. After all, as the AIPLA conceded, the ACPA was “enacted . . . to deal with the rampant problem of profiteers registering the trademarks of companies as domain names and trying to extract money from trademark owners wishing to own the domain names that incorporate their trademarks.”<sup>132</sup> To that end, the statute applies when the defendant acts with “a bad faith intent to profit” from the mark.<sup>133</sup> Because Congress found that many cybersquatters would register many names and just sit on them without using them and without making an explicit demand for payment, it enumerated a set of factors to help courts decide the purpose for picking the domain name<sup>134</sup> and employed, as one factor for deciding whether bad faith intent to profit exists, whether the defendant made a “bona fide noncommercial or fair use of the mark on a web site accessible under the domain name.”<sup>135</sup>

AIPLA posited that allowing noncommercial or fair use to override a bad faith intent to profit would transform that factor into a dispositive issue, thus undermining the multifactor scheme of the ACPA. But its argument does not hold water, because AIPLA loses sight of what is and is not a noncommercial or fair use *of a domain name*. If the various factors point to the conclusion that the defendant registered or used a domain name for reasons of extortion, then that defendant could not possibly be using the name either fairly or noncommercially. After all, such a person is trying to make money, so his use can scarcely be said to be noncommercial. The Ninth Circuit had no difficulty coming to such a conclusion in a pre-ACPA case, because, as the court

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<sup>132</sup> AIPLA Letter, at 1. A copy is in the files of the Fordham Intellectual Property, Media & Entertainment Law Journal. See *Virtual Works v. Volkswagen of Am.*, 238 F.3d 264, 267 (4th Cir. 2001) (“the Internet version of a land grab . . . in order to force the rightful owners of the marks to pay for the right to engage in electronic commerce under their own brand name”).

<sup>133</sup> Section 43(d)(1)(A)(i).

<sup>134</sup> Section 43(c)(1)(B)(i)(I)–(IX).

<sup>135</sup> Section 43(c)(1)(B)(i)(IV).



reasoned, a cybersquatter's business is selling domain names.<sup>136</sup> Moreover, the person has acted in bad faith, so it is hard to argue that there is fair use. Thus, there will be no cases in which a person acted with a bad faith intent to profit but can escape liability under the exclusions.

The final argument made for not restoring the "this section" language is that adoption of the that language was accidental in 1996, because the drafters of the original 1996 provisions were only thinking about providing exceptions to the dilution provisions, and it had not occurred to them that "this section," when incorporated into the United States Code, would refer to section 43 and not to the provision that they were inserting into the Lanham Act.<sup>137</sup> According to this argument, inclusion of the words "this section" was a drafting error, and the new language is desirable because it better implements the original intention of the drafters.<sup>138</sup> Because the other arguments being put forward for refusing to restore the original language of the statute are so tenuous, this is probably the best explanation for why the change has been made, although it is certainly at odds with the argument advanced by the same sponsors that the change with not deliberate.<sup>139</sup> And, on the assumption that the change is intended to fix a drafting error, it should not be taken as an expression of desire to overrule any of the court decisions finding limitations to commercial use in other provisions of the statute.

But although the "this section" language was probably an accident in 1996, it was a happy accident, because non-commercial use gives consumers an easier way out of trademark litigation than the application of multi-factor tests for "likely confusion" or "fair use" would provide. It is the proponents of change who ought to have the burden of explaining why the old language is causing problems, and the case has simply not been made that "this section" causes problems under the current statute.

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<sup>136</sup> *Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1325 (9th Cir. 1998).

<sup>137</sup> *See generally* Trademark Panel, *supra* note 50 (Barton Beebe, panelist).

<sup>138</sup> *Id.*

<sup>139</sup> *See generally id.*

It must be acknowledged that the application of the noncommercial use exception to section 43(a) claims is not the perfect solution for consumers—it does not stretch far enough in some respects, and it may even go too far in some respects. Nor is it the only language in the Lanham Act on which consumers can rely for protection when they are sued for using a trademarked name for the non-commercial purpose of criticizing a trademark holder. If the Lanham Act were being redrafted in its entirety, it would nice to be able to include changes to address the problem of applying section 32 of the Act in contexts that Congress never attended to reach, and which also raise significant First Amendment issues. But like the bill's proponents, the consumer and arts advocates and civil libertarians must also accept that this bill is not designed to resolve all the ills of the Lanham Act, but only to revise section 43(c) to resolve certain problems that have arisen in its interpretation over the past nine years. Fixing the Lanham Act in other respects can wait for a later day.