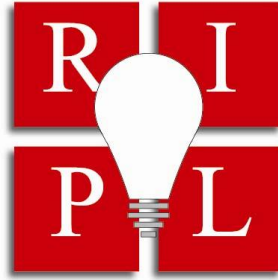


# THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



## PARODY IN TRADEMARK LAW: DUMB STARBUCKS MAKES TRADEMARK LAW LOOK DUMB

DEBORAH J. KEMP, LYNN M. FORSYTHE & IDA M. JONES

### ABSTRACT

Comedian Nathan Fielder opened a coffee shop which looked like a Starbucks, but he put the word “dumb” in front of the Starbucks name. Fielder justified his behavior based on the argument that he had created a parody of Starbucks. This article explores when a parody of a trademark may be entitled to protection under the First Amendment. If so, what are the limits of this protection, especially when a trademark holder argues that the parody is diluting his or her trademark by either blurring or tarnishment? The article analyzes federal statutes and judicial decisions. It concludes with recommendations to improve U.S. trademark law.

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LOOK DUMB

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DEBORAH J. KEMP, LYNN M. FORSYTHE & IDA M. JONES<sup>1\*</sup>

### I. INTRODUCTION

The story of DUMB STARBUCKS illustrates the law's inconsistency in addressing the intersection of parody, trademark infringement, dilution, and the First Amendment. In February, 2014, in Los Angeles County, comedian Nathan Fielder opened a coffee shop which looked just like a Starbucks, but in front of STARBUCKS and the names of all the products was the word "dumb." Fielder announced and posted an online statement that DUMB STARBUCKS was a parody of STARBUCKS.<sup>2</sup> He also objected to the Los Angeles County Health Department forcing the shop to close for lack of a food serving permit, asserting that the coffee and food were art and so there was no need for a food permit.<sup>3</sup> While humorous, the story raises legitimate questions about First Amendment free speech and parody protection against claims of trademark infringement and dilution<sup>4</sup> by either blurring or tarnishment when the parody is pretty "dumb."

The Lanham Act has provided federal protection for trademarks since 1946 when it prohibited trademark infringement, or palming off of a junior mark as that of the senior mark holder.<sup>5</sup> The law has expanded to include protection against a variety of unfair competition activities, including dilution. The law of particular interest in the DUMB STARBUCKS parody case is the Trademark Dilution Revision Act of 2006

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<sup>1\*</sup> © Deborah J. Kemp, Lynn M. Forsythe, and Ida M. Jones 2014. Deborah J. Kemp is a professor of Business Law in the Craig School of Business at the California State University, Fresno. She earned her J.D. from the University of Florida. Lynn M. Forsythe is the Verna Mae and Wayne D. Brooks Professor of Business Law in the Craig School of Business at the California State University, Fresno. She earned her J.D. from the University of Pittsburgh. Ida M. Jones is a Professor of Business Law in the Craig School of Business at the California State University, Fresno. She is also the university's Director of the Center for Scholarly Advancement of Learning and Teaching. She earned her J.D. from New York University.

<sup>2</sup> Anthony Kurzweil, *Dumb Starbucks' Shut Down as Comedian Behind it Announces NYC Plans*, KTLA (Feb. 10, 2014, 5:32 PM), <http://ktla.com/2014/02/10/starbucks-responds-to-dumb-starbucks-parody-shop-2/>.

<sup>3</sup> Tenny Tatusian, *Comedy Central's Nathan Fielder is Behind Dumb Starbucks*, L.A. TIMES (Feb. 10, 2014, 4:34 PM), <http://www.latimes.com/food/dailydish/la-dd-nathan-fielder-dumb-starbucks-story.html>.

<sup>4</sup> *Moseley v. V Secret Catalogue*, 537 U.S. 418, 433 (2003). The authors use "dilution" and "anti-dilution" interchangeably. Dilution gives one who has a famous mark a cause of action against a junior user whose use of the mark, even in the absence of likely causing consumers to be confused, blurs or tarnishes the senior mark. The concept was adopted in statutory form by about half the states, and since 1995 has been recognized in federal trademark statutory law.

<sup>5</sup> *I.P. Lund Trading ApS v. Kohler Co.*, 11 F. Supp. 2d 112, 114 n.3 (D. Mass. 1998). The authors use "senior mark" to denote the registered mark or the first use of the mark. "Junior mark" denotes the second and potentially infringing use. *Id.*

(TDRA).<sup>6</sup> It gives owners of famous trademarks a right to sue junior mark holders for blurring the distinctiveness of the senior mark or for tarnishing the reputation of the senior mark holder, similar to common law product disparagement and trade libel.<sup>7</sup> The TDRA allows non-commercial uses of a mark and allows fair use such as parody when the use is not as the junior mark holder's designation of source.<sup>8</sup> Neither exception would apply to Nathan Fielder who was using his mark both as a source designation and commercially.<sup>9</sup> The TDRA, by providing famous and wealthy senior mark holders with a cause of action to prevent junior mark holders from diluting the senior mark, likely increases the costs small junior mark holders might incur in conducting their businesses, by requiring them to defend against possibly less than meritorious claims by the famous senior mark holder, a sort of trademark bullying.<sup>10</sup> Part II tells the story of DUMB STARBUCKS. Part III contains a summary of trademark law. Part IV contains summaries of trademark parody cases. Part V contains an analysis of trademark parody law.<sup>11</sup>

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<sup>6</sup> Trademark Dilution Revision Act of 2006 (TDRA), Pub. L. No. 109–312, § 2, 120 Stat. 1730 (2006) (codified at Lanham Act 43 U.S.C. § 1125(c) (2006)). The TDRA replaced the Federal Trademark Dilution Act (FTDA) of 1995, Pub. L. No. 104–98, 109 Stat. 985 (1996) (repealed).

<sup>7</sup> See Ethan Horwitz and Benjamin Levi, *Fifty Years of the Lanham Act: A Retrospective of Section 43(a)*, 7 FORDHAM INTELL. PROP., MEDIA AND ENT L. J. 59, 59–60 (1996); Jennifer Files Beerline, *Anti-Dilution Law, New and Improved: The Trademark Dilution Revision Act of 2006*, 23 BERKELEY TECH. L. J. 511, 511 (2008) (“Federal [trademark] law provides famous trademark owners with power over and above traditional trademark protection.”).

<sup>8</sup> 15 U.S.C. § 1025(c)(3) (2012). The TDRA labels the defenses “exclusions.”

<sup>9</sup> Admittedly, the definition of “commercial use” varies within the law. Nathan Fielder was reportedly giving the coffee away for free, so one might argue that it was a non-commercial use. The authors assume a business such as a store that provides coffee and pastries to customers, even without charging for the goods, is engaging in commerce. According to reports, the beverages were being given away free. See Rachel Zarrell, *People Are Waiting for Hours to Visit a “Dumb Starbucks” Coffee Shop in California*, BUZZFEED (Feb. 9, 2014, 4:30 PM), <http://www.buzzfeed.com/rachelzarrell/a-dumb-starbucks-coffee-shop-is-the-newest-craze-in-californ>. The L.A. County Health Department treated Dumb Starbucks as a commercial enterprise and ordered it to close, even though Nathan Fielder during his press conference called it an art installation. *Id.*

<sup>10</sup> See generally, Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 641–652 (2011).

<sup>11</sup> See e.g., *Hustler Magazine v. Falwell*, 485 U.S. 46, 48, 56 (1988). While this article concentrates on trademark parody, the *Hustler Magazine* case illustrates the First Amendment privilege in defamation cases from a point of view that it is not receiving sufficient protection under the current interpretation of trademark law, that of parodic sexual speech. *Id.* at 46–47. *Hustler Magazine* published a parody “of an advertisement for Campari Liqueur that contained the name and picture of [Falwell] entitled ‘Jerry Falwell talks about his first time.’” *Id.* at 48. It was “modeled after Campari ads that included interviews with various celebrities about their ‘first times.’” *Id.* “Although it was apparent by the end of each interview that this meant the first time they sampled Campari, the ads clearly played on the double entendre of the sexual subject of ‘first times.’” *Id.* *Hustler* drafted a fictitious interview with Falwell in which he stated that his “first time” was during a drunken incestuous rendezvous with his mother in an outhouse, suggesting that he was a hypocrite. *Id.* The ad contained the disclaimer in small print, “ad parody – not to be taken seriously.” *Id.* The Court concluded that public figures and public officials must show ‘actual malice,’ i.e., “knowledge that the statement was false or with reckless disregard as to whether or not it was true.” *Id.* at 56. Famous people in the United States have no cause of action for parodic speech unless it is done maliciously. Yet First Amendment limitations might not be available to defend against famous companies who sue for dilution or trademark infringement.

The authors find:

1. Trademark law overprotects famous businesses.
2. Junior mark holders might have undue expenses in defending.
3. Terms and concepts should be clearly defined to avoid a chilling effect of unclear law.
4. Commercial and brand parody<sup>12</sup> should have broader First Amendment protection than that expressed in the TDRA.
5. The internet is a good tool to educate the public and to help protect freedom of expression.
6. Inconsistency among circuits makes the law unpredictable.
7. Congress should eliminate dilution as a cause of action in federal law.
8. Some changes based on the findings are also suggested.

## II. STORY

In February, 2014, the media and social media websites were teeming with news of the opening of an establishment in Los Angeles called DUMB STARBUCKS that was giving away free coffee. Comedian Nathan Fielder opened the store to obtain publicity for his Comedy Central show, *Nathan for You*.<sup>13</sup> He used Starbucks' famous trademark and coffee terminology and inserted DUMB in front of them.<sup>14</sup> Fielder also distributed a *Frequently Asked Questions* document where he explained his view that he can legally use STARBUCKS in his coffee shop's name because he is making a parody of Starbucks.<sup>15</sup> Starbucks has a trademark in its name and mermaid logo. Three days after DUMB STARBUCKS was opened, the Los Angeles County Health Department closed it down for lack of a health permit.<sup>16</sup> Appendix I contains online sites summarizing the story, the FAQ document, and photos from the shop.

DUMB STARBUCKS appears to be trademark infringement because it uses Starbucks' mark. However, finding trademark infringement requires finding likelihood of confusion and consumers were not confused about the source of the coffee they obtained. So there would not be trademark infringement. But DUMB STARBUCKS could dilute the value of the Starbucks mark. Dilution can occur by blurring and/or tarnishment. Generally, parody is a defense to both trademark infringement and dilution. Fielder claimed he was making a parody. Consumers stood

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<sup>12</sup> See Stacey L. Dogan and Mark A. Lemley, *Parody as Brand*, 47 U.C. DAVIS L. REV. 473, 485 (2013).

"Parody as brand differs from parody as product because the parody is being used as an indicator of source." *Id.* "Building a brand name around someone else's trademark looks, to some observers, like a classic case of 'free riding,' with the parodist taking advantage of the allure of the targeted brand." *Id.* "Trademark holders, not surprisingly, abhor the practice and sue to prevent it." *Id.*

<sup>13</sup> *TV Comedian Nathan Fielder Behind Dumb Starbucks*, CBS NEWS (Feb. 11, 2014, 9:57 AM), <http://www.cbsnews.com/news/tv-comedian-nathan-fielder-behind-dumb-starbucks/>.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* See Rachel Zarrell, *People Are Waiting for Hours to Visit a "Dumb Starbucks" Coffee Shop in California*, BUZZFEED (Feb. 9, 2014, 4:30 PM) <http://www.buzzfeed.com/rachelzarrell/a-dumb-starbucks-coffee-shop-is-the-newest-craze-in-californ>.

<sup>16</sup> Samantha Schaefer, *Joke's on L.A.: Comedy Central behind Dumb Starbucks Faux Shop*, L.A. TIMES (Feb. 11, 2014, 3:00 AM), <http://www.latimes.com/local/lanow/la-me-ln-dumb-starbucks-comedy-central-20140210,0,7187119.story>.

in line for hours, not to get a cup of Starbucks coffee, but to get what they clearly knew was a disposable cup with DUMB above the name STARBUCKS, probably for the novelty of the experience and for the possibility that the cup would become a collector's item.

The authors ask whether putting DUMB above a famous trademark is a parody. It might not be, since many courts require that the alleged parody "poke fun" at the senior mark holder or its product. Fielder denied poking fun at Starbucks or its coffee. If Felder's business is not a parody, could Starbucks prevail in a trademark dilution action? If Starbucks could prove dilution, could Fielder still claim a First Amendment right to entertain us by creating an art store that gives away coffee? Fielder was poking fun at the trademark law system more than he was poking fun at Starbucks. This article discusses the above questions, explaining the statute and case law, and examining the wisdom of current U.S. trademark law, especially as it applies to parodies.

### III. TRADEMARK, DILUTION, AND PARODY BASICS

#### *A. The Value of Trademarks*

Private property ownership, management, and rights enforcement are foundations of the social contract between business and society. This contract permits efficient societal distribution of property through rewarding property users, thereby preventing waste and underutilization of resources.<sup>17</sup> Intellectual property (IP) rights are included in the right of private property ownership and are key to promoting and encouraging innovation, invention, and brand identities through a legal system that allows creation of IP and protection of the rights holders. These systems of protection can encourage new business development, reduce inefficiencies, and induce technology acquisition and creation.

IP legal systems have two central economic objectives. The first is to encourage businesses to innovate and invest in knowledge creation. Businesses have an incentive to do so because the law creates a kind of monopoly for the business that creates technologies, information, goods and services. That monopoly, which gives creators exclusive rights to their creations, prevents competitors from taking and using those developments without compensation.<sup>18</sup> The second objective is to encourage innovators to bring those innovations to the marketplace. Information is a public good that improves society when shared/exchanged. The more knowledge creators place in the social marketplace, the better informed is society.<sup>19</sup>

There is a tradeoff between these two objectives. The law seeks to provide reasonable return on investment for the knowledge creators. In addition, the law seeks

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<sup>17</sup> Daniel R. Cahoy, *Changing the Rules in the Middle of the Game: How the Prospective Application of Judicial Decision Related to Intellectual Property Can Promote Economic Efficiency*, 41 AM. BUS. L.J. 1, 7 (2003).

<sup>18</sup> See Keith E. Maskus, *Intellectual Property Rights and Economic Development*, 32 CASE W. RES. J. INT'L L. 471, 473 (2000).

<sup>19</sup> *Id.* at 473–474.

to temper private property rights so that knowledge creation and exchange are encouraged.<sup>20</sup> The legal system needs to find a balance that is “appropriate to market conditions and conducive to growth.”<sup>21</sup> Enforcement is another important element of an IP system. “[E]nforcement entails two opposing tasks: punishing infringement by free riders and disciplining enterprises that try to extend their rights beyond intended levels by acting in an anti-competitive manner.”<sup>22</sup>

Because intellectual property is different from land and tangible property, it is more complicated to analyze and enforce.<sup>23</sup> For example, IP is not scarce, at least not in the way real and personal property are scarce resources. IP is intangible property. Yet the law assumes that IP protection is as valuable as protecting tangible property rights; if it isn’t protected, it might be under-produced or wasted, which results in market inefficiencies. Failure to protect IP may reduce availability of related resources.<sup>24</sup> Over-protection, on the other hand, may harm progress by raising the costs of creation and by permitting monopolistic behavior by IP owners, which creates inefficiencies. “The potential gains and losses depend on the competitive structure of markets and the efficiency of IP business regulation, including aspects of competition policy and technology development policy.”<sup>25</sup>

Trademarks are a different type of IP in that the law protects the trademark in order to protect the association, that is, customer goodwill, between the product and the mark. The right to create and use a trademark allows businesses to build a strong association between the brand and the product.<sup>26</sup> To promote this association, marks must be sufficiently unique to avoid confusion by consumers and to reduce their search costs.<sup>27</sup> Trademark protection systems encourage firms to invest in name recognition and product quality. These systems also induce licensees to protect asset value by selling goods of guaranteed quality.

If trademarks were not protected, rival firms could pass off their lower-quality goods as legitimate versions of those produced by recognized companies. That would discourage companies from engaging in innovation because there would be insufficient return on investment and it would permit free riders to gain the benefit of any research and development without incurring the costs. This situation would diminish incentives for maintaining quality and would raise consumer search costs.

Enforcement of IP rights is a critical component of promoting and protecting return on investment. In the United States, Congress, state legislatures, and the

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<sup>20</sup> Cahoy, *supra* note 17, at 13.

<sup>21</sup> Maskus, *supra* note 18, at 474.

<sup>22</sup> *Id.* at 476; Cahoy, *supra* note 17, at 14.

<sup>23</sup> Cahoy, *supra* note 17, at 8.

<sup>24</sup> *Id.* at 9.

<sup>25</sup> Maskus, *supra* note 18, at 471–472. *See also* Robert E. Evenson, *Intellectual Property Rights and Economic Development*, *By Keith Maskus*, 33 CASE W. RES. J. INT’L L. 187, 187 (2001) (commenting on Maskus’s article); Stephanie M. Greene, *Protecting Well-Known Marks in China: Challenges for Foreign Mark Holders*, 45 AM. BUS. L.J. 371, 390–91 (2008) (discussing the problems of protecting trademarks in China and whether China is complying with TRIPS); and Wei Shi, *Globalization and Indigenization: Legal Transplant of a Universal TRIPS Regime in a Multicultural World*, 47 AM. BUS. L.J. 455 (2010) (comparing the Intellectual Property Rights Systems (IPRS) of China, Japan, and South Korea and discussing the social and religious values under which a nation’s IPRS system must operate).

<sup>26</sup> Dogan & Lemley, *supra* note 12, at 502.

<sup>27</sup> Cahoy, *supra* note 17, at 14.



judicial system provide that protection. In an IP article Daniel Cahoy, business law professor, noted that the judicial system and its interpretations of trademarks have a significant impact on the economic value of a trademark.<sup>28</sup> Cahoy notes that the value of a trademark is especially sensitive to a court's retroactive interpretation of whether a trademark is protected or not. That arises when senior mark holders file suits for trademark infringement and trademark dilution. If the courts are inconsistent in their application of the law and unexpectedly reduce or increase protection for a particular mark, the court's decisions have a far-reaching impact on businesses and valuation of their trademarks.<sup>29</sup>

Trademarks serve an information role for consumers. Consumers' preference for a certain brand is expressive conduct that should be protected by the First Amendment. A consumer who sees another consumer with certain trademarked property receives information about that other consumer. The issue isn't whether the consumer made the choice, necessarily, but instead consumers letting other consumers know the choices they've made.<sup>30</sup>

Parodies appeal to a segment of the public also.<sup>31</sup> Brand parodies appeal to those who might ridicule or make a social commentary about the value of a trademark or brand. Those who create parodied goods are also providing information to their co-conspirators in the parody and to those who purchase the trademarked goods.<sup>32</sup>

It is against this backdrop that the authors examine U.S. trademark law and justifiable uses of senior marks.

### *B. Trademark Basics*

“A trademark is a word, phrase, symbol or design, or a combination thereof, that identifies and distinguishes the source of the goods of one party from those of others.”<sup>33</sup> Trademark law is often justified as a consumer protection law, designed to assure consumers that they are buying a reputable product or service from a reputable provider, but it is also beneficial to businesses, assisting them in establishing goodwill. “Trademarks make it easier for consumers to quickly identify the source of a given

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<sup>28</sup> *Id.* at 23.

<sup>29</sup> *Id.* This is an issue unique to IP both because IP protection is relatively recent and because there is no physical boundary to use as a clear dividing line.

<sup>30</sup> Dogan & Lemley, *supra* note 12, at 495.

<sup>31</sup> *Id.* at 496.

<sup>32</sup> *Id.*

<sup>33</sup> See *Frequently Asked Questions About Trademarks*, UNITED STATES PATENT AND TRADEMARK OFFICE, <http://www.uspto.gov/faq/trademarks.jsp> (last visited Jan. 23, 2015). The site contains little in the way of definitions and legal information. It is designed to help those wishing to obtain a trademark. See also, 15 U.S.C. § 1127 (2012):

The term “trademark” includes any word, name, symbol, or device, or any combination thereof—

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

good. ... By making goods easier to identify, trademarks also give manufacturers an incentive to invest in the quality of their goods. ... Trademark law furthers these goals by regulating the proper use of trademarks.”<sup>34</sup> Businesses rely on trademark law to give them a marketing advantage over competitors by establishing business goodwill.<sup>35</sup>

Trademark law began as part of the common law of unfair competition.<sup>36</sup> Since a trademark is a source identifier, infringement is similar to the common law tort of palming off or passing off. States have both common and statutory trademark and unfair competition laws.<sup>37</sup> The federal government chose to regulate trademarks in the Lanham Act<sup>38</sup> in 1947, yet it has consistently provided that federal trademark does not preempt state law.<sup>39</sup> Congress obtained its authority to regulate unfair competition and trademark from the constitution’s Commerce Clause<sup>40</sup> rather than from the Progress Clause.<sup>41</sup> The latter authorizes protecting patents and copyrights as embodying the federal government’s interests in promoting social and economic

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<sup>34</sup> *Overview of Trademark Law*, BERKMAN CENTER FOR INTERNET AND SOCIETY, <http://cyber.law.harvard.edu/metaschool/fisher/domain/tm.htm> (last visited Jan. 23, 2015).

<sup>35</sup> 1 J. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:20 (4th ed. 1997). “Good will and its symbol, a trademark, are inseparable. A trademark has no independent significance apart from the good will it symbolizes. If there is no business and no good will, a trademark symbolizes nothing.”

<sup>36</sup> Stephen L. Carter, *The Trouble With Trademark*, 99 YALE L. J. 759, 764 (1990); see e.g., *Estate of Presley v. Russen*, 513 F. Supp. 1339, 1372 (D.N.J. 1981) (citing *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) in stating “the common law of trademarks is but a part of the broader law of unfair competition”); Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 312 (1979).

<sup>37</sup> See generally, RESTATEMENT (THIRD) OF UNFAIR COMPETITION (2009).

<sup>38</sup> 15 U.S.C. § 1051, et seq. (2012). The Legal Information Institute introduces the Lanham Act with the following description:

The Lanham Act, 15 U.S.C. § 1051, et seq., was enacted by Congress in 1946 based on the power granted to it by the Commerce Clause. It provides for a national system of trademark registration and protects the owner of a federally registered mark against the use of similar marks if such use is likely to result in consumer confusion, or if the dilution of a famous mark is likely to occur. The scope of the Lanham Act is independent of and concurrent with state common law.

*Lanham Act*, LEGAL INFORMATION INSTITUTE, [http://www.law.cornell.edu/wex/lanham\\_act](http://www.law.cornell.edu/wex/lanham_act) (last visited Jan. 23, 2015).

<sup>39</sup> *Id.* See, Lynda J. Oswald, “Tarnishment” and “Blurring” Under the Federal Trademark Dilution Act of 1995, 36 AM. BUS. L.J. 255, 269–270, n. 85 (1999). Oswald wrote that the legislative history of the FTDA of 1995 states that the federal statute does not preempt state dilution statutes. Since federal trademark law does not preempt state trademark and unfair competition law, it is different from copyright law where federal law preempts similar state law. See 17 U.S.C. § 301 (2013):

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright ... are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

<sup>40</sup> U.S. CONST., art. I, § 8, cl. 3.

<sup>41</sup> U.S. CONST., art. I, § 8, cl. 8 (“Congress shall have power ... to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”).

progress through protection of writings and inventions. Trademarks are not a traditional type of IP.<sup>42</sup>

The mark must be distinctive and courts have classified marks into levels of distinctiveness with varying levels of protection for each category.<sup>43</sup> The nature of the classification depends on the relationship of the word or mark to the product.<sup>44</sup> The most protected are marks designated as arbitrary or fanciful. According to the Patent and Trademark office, fanciful marks are those “invented for the sole purpose of functioning as a trademark or service mark” and “arbitrary marks that are in common linguistic use” but do not describe the goods or characteristics of the goods.<sup>45</sup> Ones that are suggestive get second level protection. Descriptive marks get third level. Generic marks get fourth level protection. STARBUCKS is considered a distinctive mark, probably fanciful, so is entitled to maximum legal protection.

Assuming the mark is sufficiently distinct to be protected, the senior mark owner has the burden of showing that the junior mark holder created a likelihood of confusion by consumers.<sup>46</sup> This means confusion as to identity or source of the goods or services. In the DUMB STARBUCKS case consumers were not confused. The consumers did not believe they were buying Starbucks coffee. They stood in line for hours to get a cup that looked just like a Starbucks cup but had DUMB above the STARBUCKS name.<sup>47</sup> They did that because Nathan Fielder was making a joke and they thought it was novel or that they might be on Fielder’s *Comedy Central* television show. So Starbucks might lose if it claimed trademark infringement.

### C. Dilution Basics

Even though Starbucks would not be able to show likelihood of confusion for trademark infringement, it has a second option in federal trademark law. The senior mark holder may claim dilution. Since 1995 businesses have obtained federal statutory recognition of protection against dilution.<sup>48</sup> Following Frank Schechter’s 1927 law review article arguing that a trademark is actually a property right and

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<sup>42</sup> Yet, trademark has IP aspects and is treated as IP in business law courses. The new dilution statute goes farther in treating trademark as IP in that it provides enforcement rights in the absence of consumer confusion, treating the trademark as property protectable by the mark holder.

<sup>43</sup> *Overview of Trademark Law*, *supra* note 34.

<sup>44</sup> TMEP, § 1209.01a (9th ed. Oct. 2012), available at <http://tmep.uspto.gov/RDMS/detail/manual/TMEP/Oct2012/TMEP-1200d1e6993.xml> (last visited June 15, 2014).

<sup>45</sup> *Id.*

<sup>46</sup> 15 U.S.C. § 1114 (2012). For instance subsection (1) provides in part: “Any person who shall... use in commerce any...copy...of a registered mark in connection with the...distribution...of any goods or services on or in connection with which such use is likely to cause confusion... shall be liable in a civil action by the registrant for the remedies hereinafter provided.” The remedies are injunction and money damages if the infringement is intentional. *Id.*

<sup>47</sup> See Appendix I and the websites noted therein.

<sup>48</sup> See Scot A. Duvall, *The Trademark Dilution Revision Act of 2006: Balanced Protection for Famous Brands*, 97 THE TRADEMARK REPORTER 1252, 1253 (2007). This is the official publication of the International Trademark Association (INTA). The author helped draft the TDRA.

should be protected as such,<sup>49</sup> states began enacting dilution statutes that allow the senior mark holder to stop others from using the mark in a way that blurs or tarnishes its identity. The state statutory causes of action provided trademark owners with a protectable property right in their trademarks.<sup>50</sup>

States enacted dilution statutes before the federal government did and about half of the states have dilution statutes.<sup>51</sup> In 1995 the federal government enacted its dilution statute, the Federal Trademark Dilution Act (FTDA).<sup>52</sup> Then in 2006 it enacted the Trademark Dilution Revision Act of 2006 (TDRA), replacing the FTDA, further clarifying dilution, and overruling a Supreme Court decision interpreting the federal dilution statute to require actual dilution rather than likelihood of dilution.<sup>53</sup> Both the FTDA and the TDRA protect against dilution of a trademark by an infringer even if there is no likelihood of consumer confusion when the trademark owner proves blurring and/or tarnishment.<sup>54</sup> While the TDRA is a better drafted law than was the

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<sup>49</sup> Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 814 (1927).

<sup>50</sup> See Jordan M. Blanke, *Victor's Little Secret: Supreme Court Decision Means More Protection for Trademark Parody*, 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1053, 1061 (2003) ("Significantly, the purpose behind anti-dilution laws is not to avoid consumer confusion, but rather, to promote a property-like interest in the mark itself.") In the 1940's states began enacting anti-dilution statutes. See Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 811 (1997):

Yet in 1947, just one year after enactment of the Lanham Act, Massachusetts adopted the first state anti-dilution statute, which provided: "Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief . . . notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services." Other states followed suit and by January 1996, when President Clinton signed the Federal Trademark Dilution Act into law, twenty-eight states had adopted identical or substantially similar anti-dilution statutes, and at least one state had recognized dilution as part of its common law. (citations omitted).

See also Robert G. Bone, *Symposium Review: Schechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469, 497 (2008); Patrick Emerson, *"I'm Litigatin' It": Infringement, Dilution, and Parody Under the Lanham Act*, 9 NW. J. TECH. & INTELL. PROP. 477, 478 (2011); Mathias Strasser, *The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context*, 10 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 375, 406 (2000).

<sup>51</sup> Mark H. Anania, *Note: The Plight of Small Business Trademark Holders*, 59 RUTGERS L. REV. 565, 579, 588 (2007). States generally use one of the two model statutes included in the United States Trademark Association Model State Trademark Bill. It is unknown how the two model statutes differ from one another, which is beyond the scope of this article.

<sup>52</sup> Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at Lanham Act § 43(c), 15 U.S.C. § 1125(c) (Supp. II 1996), replaced by Pub. L. 109-312, 109th Cong., 120 Stat. 1731 (Oct. 6, 2006), codified at 15 U.S.C. § 1125(c) ("This Act may be cited as the "Trademark Dilution Revision Act of 2006"). For an excellent summary of the FTDA and the status of trademark law as of 1998, see Oswald, *supra* note 39.

<sup>53</sup> 15 U.S.C. § 1125(c)(1) (2012). "... [T]he owner of a famous mark that is distinctive... shall be entitled to an injunction against another person who...commences use of a mark or trade name in commerce that is **likely to cause dilution** by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury." (emphasis added).

<sup>54</sup> 15 U.S.C. § 1125(c)(2)(B) and (C) (2012):

FTDA, there are still areas where reasonable courts may differ. As regards the TDRA, it is disturbing that a business trade group, the International Trademark Association (INTA), which has the most to gain from strong trademark protection was the main proponent and drafter of the federal dilution legislation. It is like the fox guarding the henhouse.

The TDRA added definitions of blurring and tarnishment and clarified that the burden of proof for the senior mark holder was to show likelihood of dilution, rather than the actual dilution the Supreme Court had decided was the requirement under the FTDA.<sup>55</sup> Since one of the issues in this inquiry into DUMB STARBUCKS' legality concerns whether the TDRA changed dilution law significantly, the rest of this section compares the former FTDA with its replacement law the TDRA and explains the TDRA.

Both statutes apply only to the owner of a famous mark. But the TDRA clarifies the meaning of "famous mark" by adding that it is one "that is distinctive, inherently or through acquired distinctiveness."<sup>56</sup> Both statutes state that an injunction is the appropriate remedy. The FTDA used the terminology "dilution of the distinctive quality of the mark." The TDRA says "dilution by blurring or dilution by tarnishment." The TDRA added definitions for the two types of dilution. There is substantial overlap between the two. The TDRA's definition of blurring is more detailed than its definition of tarnishment. Either type of dilution could be subjected to a fair use defense, including parody.<sup>57</sup> This may have an impact on federal dilution law in that the courts now have factors to consider when deciding whether blurring has occurred. But the impact on the results in dilution cases may not be significant.

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(B) For purposes of paragraph (1), "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.

(C) For purposes of paragraph (1), "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

Blurring is more specifically described by the statute's list of factors the court should consider when deciding whether blurring has occurred. Since tarnishment has only the bare definition without further factors a court should consider, it is more difficult to predict.

See *e.g.*, Laura E. Little, *Regulating Funny: Humor and the Law*, 94 CORNELL L. REV. 1235, 1272 (2009):

[T]he general purpose of the tarnishment theory is to redress injuries caused by degrading a mark's positive associations and using it for "unwholesome or degrading goods or services." ... [C]ourts have found dilution by tarnishment where a defendant used a plaintiff's trademark in the context of humor based on bodily functions and drug culture as well as adult cartoons, websites, live entertainment, and movies. As in the infringement setting, tarnishment cases are unpredictable, with parodies on relatively uncontroversial subjects sometimes becoming entangled in the liability net and unsavory subject matter occasionally avoiding capture (citations omitted).

<sup>55</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

<sup>56</sup> 15 U.S.C. § 1125(c) (2012).

<sup>57</sup> *Id.* Parody is also provided for in the TDRA, which was not the case in the FTDA. The Lanham Act does not define parody, however.

The TDRA adds language to clarify that likelihood of confusion is not a requirement.<sup>58</sup> It adds that dilution may occur “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” This language was inserted to clarify that Congress was overturning the Supreme Court’s holding in *Moseley I*<sup>59</sup> that one claiming dilution would have to show actual dilution rather than a mere likelihood of dilution.<sup>60</sup> Consequently, the claimant’s burden is only to show likelihood of dilution under the TDRA.<sup>61</sup> This has resulted in lack of uniformity of federal law on dilution among the circuits.

The TDRA added a section called “Definitions.” It contains three items significant to this discussion: a restatement of the criteria for being a famous mark,<sup>62</sup> a definition

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<sup>58</sup> *Id.* The TDRA states “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”

<sup>59</sup> *Moseley*, 537 U.S. at 432–433:

The relevant text of the FTDA...provides that "the owner of a famous mark" is entitled to injunctive relief against another person's commercial use of a mark or trade name if that use "causes dilution of the distinctive quality" of the famous mark. ... This text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.

<sup>60</sup> *Id.* at 434:

It may well be...that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proven through circumstantial evidence.... Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation. The evidence in the present record is not sufficient to support the summary judgment on the dilution count.

See Julie Manning Magid, Anthony D. Cox, and Dena S. Cox, *Quantifying Brand Image: Empirical Evidence of Trademark Dilution*, 43 AM. BUS. L.J. 1, 26–27 (2006) (proposing an experimental design that could be used to measure trademark dilution under the TDRA and *Moseley I*).

<sup>61</sup> The Supreme Court in *Moseley* said the showing of actual dilution did not require proof of harm, actual loss, etc. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003):

Of course, that does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proved. To the extent that language in the Fourth Circuit's opinion in the *Ringling Bros.* case suggests otherwise ... we disagree. We do agree, however, with that court's conclusion that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution.

That qualifying statement indicated that the difference between proving dilution and proving likelihood of dilution was more semantic than substantive. The above statement regarding consumer association between the senior and junior mark should still be good law.

<sup>62</sup> 15 U.S.C. § 1125(e)(2)(A) (2012):

For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.

of blurring, and a definition of tarnishment. This probably does not have a significant impact on federal dilution law.

The first item in “Definitions” is the listing of the factors to consider in deciding whether a mark is famous. The TDRA has 4 factors while the FTDA had 8. However, the TDRA combines several factors from the FTDA into one factor, so they are still similar.<sup>63</sup> Whether a mark is sufficiently famous to qualify for protection under the TDRA is beyond the scope of this article, since Starbucks is a strong mark.

The TDRA defined blurring and tarnishment. Blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”<sup>64</sup> The statute provides guidance by suggesting factors for courts to consider when determining whether the defendant’s actions amounted to actionable dilution by blurring. They are:

1. The degree of similarity between the mark or trade name and the famous mark.
2. The degree of inherent or acquired distinctiveness of the famous mark.
3. The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
4. The degree of recognition of the famous mark.
5. Whether the user of the mark or trade name intended to create an association with the famous mark.
6. Any actual association between the mark or trade name and the famous mark.<sup>65</sup>

The factors do not clarify what is blurring, but are a non-exclusive list of considerations to help illuminate the concept. The description of blurring is reminiscent of defamation or disparagement. Blurring might be more aptly named slurring since many of the cases that find dilution involve disparaging uses of the senior mark, what many readers might call tarnishment.

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(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

<sup>63</sup> 15 U.S.C. § 1125(c)(2)(B) (2012):

For purposes of paragraph (1), “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

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

<sup>64</sup> 15 U.S.C. § 1125(c)(2)(B) (2012).

<sup>65</sup> 15 U.S.C. § 1125(c)(2)(B)(i-vi) (2012).

The LEXIS v. LEXUS<sup>66</sup> case illustrates blurring, although it was decided before enactment of the TDRA with its definition of blurring. Mead Data Central sued Toyota Motor Sales for dilution of its trademark LEXIS, the legal data base, when Toyota started its luxury brand of LEXUS cars. The district court, applying New York's dilution law, ordered Toyota to stop marketing cars under the trade name LEXUS.<sup>67</sup> The Second Circuit Court of Appeals reversed on an expedited appeal so that Toyota would not have to stop selling Lexus automobiles while awaiting results of an appeal.<sup>68</sup> Two findings supported the circuit court's reversal. First, in order to qualify for the highest protection, the mark must be fanciful or arbitrary. The term LEXIS is actually a Latin word used and found in English language dictionaries and not fanciful as is required to be a highly protected mark. So LEXIS was not given the highest protection.<sup>69</sup> The second finding related to the mark's recognition, i.e. whether it was famous enough, and Mead lost that argument. Most people have not heard of LEXIS the legal database.<sup>70</sup> Blurring through use of similar marks makes the case intriguing. It is not "slurring," because it is not disparaging, but an innocent blurring of the two marks by the second user. McCarthy in MCCARTHY ON TRADEMARK identified the "neurological and economic theory," where some scholars argue there is economic harm to consumers when the consumer must spend a fraction of a second longer to link the mark to its source once blurring has occurred.<sup>71</sup> Did the reader think about legal research for a fraction of a second when deciding whether to purchase a LEXUS?

Dilution by tarnishment is different than an innocent similarity like LEXIS and LEXUS. However, a number of courts use blurring even when the junior mark holder's use of the senior mark is unsavory, so the distinction between tarnishment and blurring is blurred. Tarnishment is "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."<sup>72</sup> Had Starbucks sued Fielder for DUMB STARBUCKS, Starbucks would probably have claimed dilution by tarnishment. This is the type of dilution that is limited by the fair use parody defense when junior users are poking fun at or criticizing the famous senior mark owner. This is similar to a cause of action for trade libel or product disparagement where the plaintiff has the burden of showing injury to the

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<sup>66</sup> Mead Data Central, Inc. v. Toyota Motor Sales, Inc., U.S.A., 875 F.2d 1026, 1030 (2d Cir. 1989) (reversing district court's finding of dilution and finding no blurring).

<sup>67</sup> Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 702 F. Supp. 1031, 1045 (S.D.N.Y. 1988).

<sup>68</sup> Mead Data Cent., Inc. v. Toyota Motor Sales U.S.A., Inc., 875 F.2d 308, 308 (2d Cir. 1989) (granting a reversal of district court's permanent injunction, opinion subsequently published as Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026 (2d Cir. 1989)). See Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1027 (2d Cir. 1989).

<sup>69</sup> Mead Data Cent., Inc., 875 F.2d at 1027.

<sup>70</sup> *Id.* at 1028. Most readers of this article, as legal professionals, however, will recognize the similarity between LEXIS and LEXUS.

<sup>71</sup> MCCARTHY, *supra* note 35, at § 24:72: "... the argument that proponents of anti-dilution law have forwarded: Blurring diffuses the meaning of a mark, increases mental search costs and delays consumer thinking of mark to source...." McCarthy cites, quotes from, and discusses Rebecca Tushnet's article on the topic. See generally, Rebecca Tushnet, *Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 508 (2008).

<sup>72</sup> 15 U.S.C. § 1125(c)(2)(C) (2012).



product or a company's reputation.<sup>73</sup> However, under the TDRA the plaintiff only has to show likelihood of dilution rather than actual harm to its reputation.

The former FTDA had listed defenses to dilution. The TDRA amended the FTDA in regards to defenses (exclusions). This might have a significant impact on federal dilution law. The TDRA added nominative and descriptive fair use;<sup>74</sup> parody, criticism, and comment; and limitation of fair use to uses of the senior mark that are not a source designation of the junior mark holder's mark. The TDRA now says:

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a **nominative or descriptive fair use**, or facilitation of such fair use, of a famous mark by another person **other than as a designation of source for the person's own goods or services**, including use in connection with—  
advertising or promotion that permits consumers to compare goods or services; or  
identifying and **parodying, criticizing, or commenting** upon the famous mark owner or the goods or services of the famous mark owner.

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

(C) Any noncommercial use of a mark.<sup>75</sup> (emphasis added by authors)

The language in bold letters, by statutorily limiting when parody and fair use are available as defenses, might have reduced courts' use of the defenses in trademark infringement and dilution cases when the junior mark holder is using the senior mark commercially and/or as its own source indicator. The TDRA provides that non-commercial parody for other than identification of a junior mark is protected. By negative implication, it is possible some courts will assume the law will not now protect brand parody of a senior mark by a junior mark holder, that is using the parody as part of his or her own mark. This would limit the fair use and parody doctrine's application in dilution law substantially. So courts who wish to use the parody defense to protect the junior mark holder must resort to general parody case law developed for both traditional trademark infringement with its likelihood of confusion and for dilution generally. Nathan Fielder with his DUMB STARBUCKS would not be able to take advantage of the TDRA's parody defense because he was designating the source of his product and service as DUMB STARBUCKS.

As long as the TDRA's defenses list is not interpreted as limiting fair use defenses, the prior parody law should continue to protect junior mark holders who use the senior mark even as a designation of source, so long as the use is parodic, called "brand

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<sup>73</sup> See RESTATEMENT (SECOND) OF TORTS § 561 (1981). See Steven B. Morgan, *The First Amendment and the Corporate Plaintiff: Applicability of the New York Times Standard to Corporate Defamation and Product Disparagement*, 19 VAL. U. L. REV. 847, 847–48 (1985), available at <http://scholar.valpo.edu/cgi/viewcontent.cgi?article=1515&context=vulr> (summarizing both W. PROSSER, LAW OF TORTS (undated) and the RESTATEMENT (SECOND) OF TORTS § 561 (1981)).

<sup>74</sup> 15 U.S.C. § 1125(c)(3)(A) (2012). Nominative fair use occurs when the senior mark is used to compare with the junior mark. Descriptive fair use occurs when the senior mark's words are used to describe the product, like a cereal that is all bran. See *Overview of Trademark Law*, *supra* note 34. That nominative and descriptive uses of a senior mark are permitted is recognized law. It is legal for Crest toothpaste owner to talk about Gleem toothpaste when comparing the products in an advertisement. Neither nominative nor descriptive fair uses are relevant for the Fielder parody defense claim. *Id.*

<sup>75</sup> 15 U.S.C. § 1125(c)(3) (2012).

parody.”<sup>76</sup> As it turns out, well-known businesses with famous trademarks had better have a pretty thick skin, since at least two circuits have held that the First Amendment allows junior mark holders to make fun of famous senior mark holders.<sup>77</sup>

#### *D. Fair Use and Parody Basics*

Parody is an ancient literary technique.<sup>78</sup> It calls to mind another’s work and alters it in a humorous or satiric way. The editors of THE OXFORD BOOK OF PARODIES traced parody back to before the 14th century, before THE CANTERBURY TALES was published.<sup>79</sup> The Oxford Dictionary definition of parody is “an imitation of the style of a particular writer, artist, or genre with deliberate exaggeration for comic effect.”<sup>80</sup> Trademark parody is a bit different in that it imitates the mark rather than the style or genre; it does tend to be humorous, however.

Parody can be considered a defense under both traditional trademark infringement and dilution causes of action. However, it is probably not a very good parody and probably will not be protected if consumers are likely confused in believing that the senior mark holder is responsible for the parodic use.<sup>81</sup> Fair use in trademark law is similar to the doctrine as used in copyright law<sup>82</sup> in that it protects the public interest in preserving the First Amendment’s guarantee of free speech. Two judicial developments through copyright fair use have benefited courts applying fair use in trademark situations. One is the realization that commercial uses of a work or senior mark can be fair use, in that commerciality is merely a factor to consider when deciding whether the second use is fair and hence not infringing. The second is the judicial recognition that parody is a form of fair use.<sup>83</sup> The Supreme Court in its *Campbell*

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<sup>76</sup> See generally, Dogan & Lemley, *supra* note 12, coining the term “brand parody” to describe humorous or biting uses of the senior mark holder for one’s own trademark. DUMB STARBUCKS, if it is a parody at all, is a brand parody.

<sup>77</sup> See e.g., Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 736 F.3d 198, 211, 212 (2d Cir. 2013) (Starbucks VI), and Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 261, 262 (4th Cir. 2007).

<sup>78</sup> ARISTOTLE, POETICS ii.5 (Richard Janko trans., 1987); RYAN BISHOP, COMEDY AND CULTURAL CRITIQUE IN AMERICAN FILM 93 (2013).

<sup>79</sup> THE OXFORD BOOK OF PARODIES, John Gross, ed., 2010. “The political cartoon is a weapon of attack, of scorn and ridicule and satire; it is least effective when it tries to pat some politician on the back. It is usually as welcome as a bee sting and is always controversial in some quarters.” *Hustler Magazine v. Falwell*, 485 U.S. 46, 54 (1988) (citing and quoting Long, *The Political Cartoon: Journalism’s Strongest Weapon*, THE QUILL, 56, 57 (Nov. 1962)).

<sup>80</sup> *Parody*, OXFORD DICTIONARY, [http://www.oxforddictionaries.com/us/definition/american\\_english/parody](http://www.oxforddictionaries.com/us/definition/american_english/parody) (last visited Jan. 24, 2015).

<sup>81</sup> See MCCARTHY, *supra* note 35, at § 31:153. Starbucks prevailed in a case where the junior mark holder’s LESSBUCKS COFFEE was denied registration on the basis of survey results showing consumers thought that LESSBUCKS was associated with STARBUCKS. *Starbucks Coffee Company v. Marshall S. Ruben*, 78 U.S.P.Q. 2d 1741 (T.T.A.V. 2006).

<sup>82</sup> See generally, WILLIAM PATRY, THE FAIR USE DEFENSE IN COPYRIGHT LAW (1985). Fair use came into copyright law from British common law, so is not based on the First Amendment. While the concept of fair use derived from copyright, the doctrine is different in trademark law.

<sup>83</sup> *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 579–80 (1994). The Supreme Court has only once before even considered whether parody may be fair use, and that time issued no opinion because of

musical copyright case affirmed that even though the copyright fair use statute<sup>84</sup> did not specifically mention parody as a form of fair use, it could still be fair use.<sup>85</sup> Parody had been considered a form of fair use prior to the 1976 Copyright Act that took fair use from the common law and incorporated it into that statute.<sup>86</sup> So in addition to non-commercial uses recognized under the copyright fair use statute is the use of another's IP for parody, to make fun of the protected mark, name, or work of art if it is copyright.<sup>87</sup> Parody of a trademark could be an infringement if there is a likelihood of consumer confusion between the senior mark and the parodic one.<sup>88</sup> Trademark parody could possibly be dilution if the parody causes a likelihood of dilution of the senior mark under the above explained language of the TDRA.

Congress has not defined parody either in the copyright or the trademark statutes. The courts have defined parody and have disallowed imitative works that do not satisfy the judicial concept of parody.<sup>89</sup> But the judicial definition leaves it to the court to effectively be a censor of expression if the court deems the parody to be either non-parodic or offensive. For instance, in *Original Appalachian Artworks v. Topps Chewing Gum*,<sup>90</sup> the court found infringement when the defendant was making fun of the senior mark holder's Cabbage Patch Dolls.<sup>91</sup> It said children, the audience for the Cabbage Patch Dolls, were likely to be confused that the parodic Topps Chewing Gum cards showed Cabbage Patch Dolls. That is unlikely, since cards with images on them do not resemble soft cuddly dolls.

In addition, some "parodic" junior marks are not very creative, such as DUMB STARBUCKS, and courts may find that they are not protected as parody. Evaluating creativity is a difficult task, though, as creativity, to some extent, is in the eye of the beholder. If the junior mark owner's use is not parodic, is it unprotected or might there

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the Court's equal division. *Benny v. Loew's Inc.*, 239 F.2d 532, 536 (9th Cir. 1956), *aff'd sub nom.* *Columbia Broadcasting System, Inc. v. Loew's Inc.*, 356 U.S. 43 (1958).

Suffice it to say now that parody has an obvious claim to transformative value, as Acuff-Rose itself does not deny. Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one. We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under § 107.

See, e. g., *Fisher v. Dees*, 794 F.2d 432, 435–40 (9th Cir. 1986) ("When Sonny Sniffs Glue," a parody of "When Sunny Gets Blue," is fair use); *Elsmere Music, Inc. v. National Broadcasting Co.*, 482 F. Supp. 741, 747 (S.D.N.Y. 1980), *aff'd*, 623 F.2d 252 (2d Cir. 1980) ("I Love Sodom," a "Saturday Night Live" television parody of "I Love New York," is fair use). Judicial decisions prior to enactment of the Copyright Act of 1976, which codified the fair use defense, had established that parody could be fair use. See generally, PATRY, *supra* note 82.

<sup>84</sup> 17 U.S.C. § 107 (2012).

<sup>85</sup> *Campbell*, 510 U.S. at 569.

<sup>86</sup> See generally, PATRY, *supra* note 81 (tracing the fair use doctrine to English cases and identifying its first recognition under U.S. law in Justice Story's opinion in *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841)).

<sup>87</sup> *Campbell*, 510 U.S. at 569.

<sup>88</sup> See MCCARTHY, *supra* note 35, at § 31:154 (providing examples of infringing parodies, illustrating how courts confuse likelihood of confusion with dilution analysis).

<sup>89</sup> *Id.*

<sup>90</sup> *Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc.* 642 F. Supp. 1031, 1032-33 (N.D. Ga. 1986) (copyright and trademark infringement claimed and proved).

<sup>91</sup> *Id.* at 1038 (likelihood of confusion standard for trademark infringement satisfied, so parody was not protected).

be further fair use considerations that would save dumb parodies from being banned? Congress and/or the courts should define parody and should recognize First Amendment rights to make fun of senior marks when the junior mark does not rise to the level of the parody concept developed for copyright law.

#### IV. PARODY CASELAW

##### *A. Generally*

This section provides a brief overview and history of parody in IP law, summarizes some classic trademark parody cases, and reviews some trademark parody cases decided since passage of the TDRA.<sup>92</sup> Parody in trademark law is a fairly heavily litigated legal area with entertaining stories. Many U.S. courts treat parody as a form of speech that is protected under the First Amendment and as a limitation on an IP owner's exclusive right to writings and trademarks.<sup>93</sup> When Congress enacts a statute that affects IP law, particularly copyright and trademark, courts might reconsider whether the prior parody case law is still effective.

This happened in 1994 for copyright's fair use doctrine when the Supreme Court considered whether parody could be fair use of a copyright even though the 1976 Act did not refer to it.<sup>94</sup> Congress, in the Copyright Act of 1976,<sup>95</sup> had codified the judicially created fair use doctrine, but the statute did not mention parody as a type of fair use.<sup>96</sup> The Supreme Court recognized fair use protection for parody in copyright law in its 1994 *Campbell*<sup>97</sup> decision. The Court confirmed that fair use in copyright law included parody, even though the 1976 Act's fair use provision<sup>98</sup> did not mention it.<sup>99</sup> Similarly, the Supreme Court confirmed the right to make parodic use of a well-known senior mark under trademark law and the FTDA in *Moseley v. V. Secret (Moseley I)*.<sup>100</sup> The Court acknowledged the fair use defense under the former FTDA as the method for

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<sup>92</sup> Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, *codified at* 15 U.S.C. § 1125(c).

<sup>93</sup> *See e.g.*, *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 579 (1994) ("This Court has only once before even considered whether parody may be fair use, and that time issued no opinion because of the Court's equal division. *Benny v. Loew's Inc.*, 239 F.2d 532, 536 (9th Cir. 1956), *aff'd sub nom.*, *Columbia Broadcasting System, Inc. v. Loew's Inc.*, 356 U.S. 43 (1958)"). *See generally*, PATRY, *supra* note 82, 6-17.

<sup>94</sup> *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 571-72 (1994).

<sup>95</sup> 17 U.S.C. §§ 101, et seq. (2012).

<sup>96</sup> 17 U.S.C. § 107 (2012).

<sup>97</sup> *Campbell*, 510 U.S. at 594.

<sup>98</sup> 17 U.S.C. § 107 (2012):

[T]he fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.

The list of uses is illustrative, so parodic use could be permitted, even though parody is not on the list of illustrative uses.

<sup>99</sup> *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 579-80 (1994) ("We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under § 107.")

<sup>100</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 431 (2003).

protecting society's and the junior user's First Amendment interests. It relied on prior case law to affirm its interpretation of the FTDA. The FTDA did not mention parody as a fair use, but prior and subsequent trademark opinions have recognized it.

The trademark dilution proof standard and the Supreme Court's interpretation of it led to Congressional enactment of the TDRA. *Moseley I* is briefly described here. Victor and Cathy Moseley opened VICTOR'S SECRET, selling lingerie and adult novelties in a small town in Kentucky. When Victoria's Secret complained, they changed the name to VICTOR'S LITTLE SECRET. Victoria's Secret was not satisfied with the modification and sued to defend its trademark. Victoria's Secret claimed the Moseley's infringed the VICTORIA'S SECRET mark and diluted its mark in violation of the FTDA. Victoria's Secret neither showed likelihood of consumer confusion nor actual dilution of its famous mark. The Supreme Court had granted certiorari to resolve the conflict among the circuits as to whether the FTDA required proof of actual dilution or whether a likelihood of dilution is sufficient to obtain an injunction. The Court ruled that the FTDA required actual proof of dilution, based on a literal reading of the statute.<sup>101</sup> The Court noted that other federal trademark laws and a number of state trademark laws refer to the likelihood of dilution, but that the FTDA did not incorporate that standard. The Court qualified its holding by saying that the senior mark owner does not have to show actual lost sales or profits, but the mere fact that consumers will associate the senior mark with the junior mark does not preclude the junior mark owner's right to parody the senior mark.<sup>102</sup>

Part of the *Moseley I* decision was invalidated by Congress when in 2006 it enacted the TDRA, specifying that the senior mark holder had the burden of showing likelihood of dilution rather than the Supreme Court's requirement of actual dilution.<sup>103</sup> The TDRA is unique in naming parody as a defense to dilution, but the statutory defense is limited to junior mark uses that do not use the parody as a source indicator. In addition, under the TDRA noncommercial uses of the senior mark are a defense to dilution. Some courts still consider parody a defense to both infringement and dilution even when the junior mark holder's use is as a source indicator or brand parody.<sup>104</sup> The next section summarizes the status of trademark parody law prior to passage of the TDRA through review of some of the pre-2006 trademark parody cases. As the post-TDRA cases show, many courts believe the prior cases are still reflective of trademark parody law, notwithstanding the TDRA's limitation of the parody defense to noncommercial uses of the senior mark by the junior mark holder.

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<sup>101</sup> *Id.* at 434 (“[D]irect evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence -- the obvious case is one where the junior and senior marks are identical.”)

<sup>102</sup> *Id.*

<sup>103</sup> *Id.* at 433 (actual dilution must be shown). The Court, however, made clear that this was not much different than the likelihood of confusion standard under traditional trademark law. “Of course, that does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proved.” *Id.* at 433–434.

<sup>104</sup> See generally, Dogan & Lemley, *supra* note 12.

*B. Trademark and Parody Tradition*

Jordan Blanke, professor of Computer Information Systems and Law, in his 2004 article on *Moseley I* provided an insightful review of trademark parody cases.<sup>105</sup> Some cases are referenced herein in order to show the judicial treatment in place prior to the FTDA and the TDRA, both of which created the federal cause of action for dilution. Under traditional trademark infringement, the plaintiff has to show there is a likelihood of consumer confusion in order to prevail. With good parody there is little or no consumer confusion, so parody was protected as a factor in considering likelihood of confusion, but not as a defense in itself. As already explained, parody in a limited application is acknowledged as a defense to dilution under the TDRA.

Blanke treated “sex related” parody cases separately, which is a distinction also in at least one post-TDRA case.<sup>106</sup> First, in *Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*,<sup>107</sup> the Second Circuit found that the use of the cheerleader costume in an X-rated film was not a parody and was infringing. Second, in the GENITAL ELECTRIC case<sup>108</sup> the court found trademark infringement for a t-shirt bearing the above words written to look like GENERAL ELECTRIC.<sup>109</sup> Third, in the POPPIN FRESH case *Screw* magazine showed Pillsbury’s Poppin’ Fresh and Poppie Fresh dough characters in sex acts. The court banned the parody on the grounds of dilution under state law: it did not use trademark infringement due to there being no likelihood of confusion.<sup>110</sup> Last was *High Society Magazine’s* parody of L.L. Bean entitled *L.L. Bean’s Back-to-School-Sex-Catalog*, which the court found not to be an infringement and not to be dilution. The court distinguished *Dallas Cowboy Cheerleaders* and *General Electric*, both of which had found dilution:

First, they all involved unauthorized commercial uses of another’s trademark. Second, none of those cases involved a defendant using a plaintiff’s trademark as a vehicle for an editorial or artistic parody. In contrast to the cases cited, the instant defendant used plaintiff’s mark solely for noncommercial purposes. Appellant’s parody constitutes an editorial or

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<sup>105</sup> Blanke, *supra* note 50, at 1059–73.

<sup>106</sup> In *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382 (6th Cir. 2010) [*Moseley II*], the court held that Congress intended to treat sex-related parodic marks as unprotected. The dissent argued that the statute did no such thing. Sex is not mentioned in the TDRA, so the dissent is correct.

<sup>107</sup> *Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202–203 (2d Cir. 1979).

<sup>108</sup> *Gen. Elec. Co. v. Alumpa Coal Co.*, No. 79-1815, 1979 U.S. Dist. LEXIS 9197, at \*2, 4–5 (D. Mass. Oct. 12, 1979).

<sup>109</sup> The court decided the case under a straight infringement theory. In the words of the court, “I find that General Electric’s distinctive and widely-recognized trademark is valid and worthy of protection. I find that there is great probability of confusion among the general public of plaintiff’s trademarks and defendant’s imitation. Accordingly, issuance of a preliminary injunction is warranted ...” *Id.* at 4. In the brief opinion, the court did not analyze blurring, tarnishment, or parody. The court did not even mention the First Amendment, however, it did mention that the defendant contended that he was lampooning the General Electric mark. Emerson concludes that it was because the message primarily had a commercial purpose, “i.e., to *sell* the joke, rather than to *make* the joke.” See Emerson, *supra* note 50, at 488.

<sup>110</sup> *Pillsbury Co. v. Milky Way Prods.*, 215 U.S.P.Q. (BNA) 124, 125–26 (N.D. Ga. 1981).

artistic, rather than a commercial, use of plaintiff's mark. The article was labelled as "humor" and "parody" in the magazine's table of contents.<sup>111</sup>

It offends the Constitution to use a dilution statute to prevent the defendant's parodic use of a trademark when the defendant is engaged in a protected form of expression.<sup>112</sup> Even though parody is often offensive, it still deserves substantial freedom.<sup>113</sup> "Denying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression."<sup>114</sup> The *L.L. Bean* decision signals that some courts have more respect for First Amendment freedoms even when they involve sexual material. It does not, however, directly help junior mark holders who engage in brand parody, which is commercial and is a source indicator.

Finally, *Kraft Foods Holdings, Inc. v. Helm*<sup>115</sup> combined sex, drugs, and violence. Defendant used VELVEEDA for websites that contained graphic sexuality and illustrations of drug use and drug paraphernalia.<sup>116</sup> The court held that VELVEEDA, being similar to VELVEETA, probably tarnished VELVEETA.<sup>117</sup> Sometimes litigants hurt their own cases, and Helm did so because many of his statements contradicted his First Amendment claim.<sup>118</sup>

In several brand parody type cases, courts reached differing results. First, Jim Henson created a Muppet character called SPA'AM, and Hormel, the maker of SPAM, sued and lost on both its infringement and dilution claims.<sup>119</sup> The court felt that customers of SPAM and SPA'AM would not be confused. Both the Muppets and SPAM are well known marks. As to dilution based on blurring, the court held that the parody would strengthen rather than weaken the link between the name and the senior mark holder. Jim Henson did not plan to market the word SPA'AM by itself, but only to use it in conjunction with the Muppet character. Tarnishment, on the other hand, occurs when a mark is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context," with the result that "the public will associate the

<sup>111</sup> *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32 (1st Cir. 1987).

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

<sup>113</sup> *Id.* at 33 (citing *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 545 (2d Cir. 1964), a music copyright parody case).

<sup>114</sup> *Id.* at 34.

<sup>115</sup> *Kraft Foods Holdings, Inc. v. Helm*, 205 F. Supp. 2d 942, 943 (N.D. Ill. 2002).

<sup>116</sup> *Id.* The websites are [www.cheesygraphics.com](http://www.cheesygraphics.com) and [www.courtofporn.com](http://www.courtofporn.com). As of June 24, 2014, the second site is no longer available.

<sup>117</sup> *Id.* at 949.

<sup>118</sup> *Id.* at 948. Stuart Helm appeared both *pro se* and through a law firm. In the words of the court:

Mr. Helm's claim that his use of "VelVeeda" is a parody of Kraft ... contradicts his statements in both his deposition and in his in-court testimony that his use of "VelVeeda" is not meant to be an opinion, commentary or parody of Kraft or Velveeta. ... [P]erhaps most fatal to Mr. Helm's claim that he is parodying Velveeta(R) and should be protected, are his admissions to the contrary. He stated twice that he never parodied Kraft or Velveeta(R) and that his use of the name "VelVeeda" is not a parody of the Kraft cheese products.

*Id.* at 952–53. Additionally Helm testified that his nickname is not important for conducting any of the transactions that occur on his website. *Id.* at 955.

<sup>119</sup> *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 508 (2d Cir. 1996). On appeal, the only issue remaining between the parties was the marketing of merchandise.

lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."<sup>120</sup> The Muppet character SPA'AM was not unsavory, but was likeable and would not create any negative associations. Additionally, Jim Henson's products would not be in direct competition with those of Hormel.

Second, the maker of LARDASHE jeans was sued by Jordache and the Tenth Circuit permitted the parody, again considering both infringement and dilution.<sup>121</sup> Third, Blanke noted that the Eighth Circuit is more protective of senior mark holders<sup>122</sup> and that it banned MUTANT OF OMAHA t-shirts as both infringing and dilutive.<sup>123</sup> Fourth, Lucasfilm, the maker of STAR WARS movies, sued the maker of the pornographic film STARBALLZ in the Ninth Circuit<sup>124</sup> and lost, the public interest in free or artistic speech trumping trademark infringement and dilution. Fifth, Mattel's BARBIE has also been parodied and Mattel lost its trademark infringement and dilution suit when she was parodied in a song.<sup>125</sup>

Finally, the case where the judicial analysis was most disturbing was the CONSUMER WHORE parody of Starbucks' mermaid where the court banned sale of parodic memorabilia.<sup>126</sup> Cartoonist Kieron Dwyer created a parody of Starbucks' ubiquitous mermaid logo and posted it to his Web site. His logo changed the name encircling the mermaid from "Starbucks Coffee" to "Consumer Whore." He also changed the stars to dollar signs, opened the mermaid's eyes, placed a cup of coffee in one hand and a cell phone in the other, and gave her nipples and a navel ring. On his Web site, he advertised T-shirts, bumper stickers, and a comic book, all carrying the logo. He sold about 200 of the T-shirts. Starbucks sued Dwyer for, among other things, copyright infringement, trademark infringement, and trademark dilution by tarnishment. The District Court for the Northern District of California issued a preliminary injunction prohibiting Dwyer from posting the logo to his Web site and selling any items containing the logo.<sup>127</sup> The ruling is consistent with sex-referring cases as receiving the least protection, but is disturbing in that a clear parody received no First Amendment protection.

Variation in result occurs among circuits and among subjects, with sexual parody being the least protected topic. Generally, it appears that the sex-related parody cases are given less leeway than politically satiric cases. In general, likelihood of consumer confusion is irrelevant for a dilution claim. So in dilution cases it is not as clear how parody should be considered. Many courts perform both a likelihood of confusion and a dilution analysis in infringement claims, an analysis that McCarthy identifies as unnecessary;<sup>128</sup> if there is likelihood of consumer confusion, there is no need to also

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<sup>120</sup> *Id.* at 507 (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)).

<sup>121</sup> *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1483 (10th Cir. 1987).

<sup>122</sup> Blanke, *supra* note 50, at 1074 ("Clearly, one cannot reconcile the decisions of the Second, Fourth, Eighth, and Tenth Circuits. If the cases from the Eighth Circuit had been brought before the Second, Fourth, or Tenth Circuits (or vice versa), the results would have been the reverse.").

<sup>123</sup> *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397, 403 (8th Cir. 1987).

<sup>124</sup> *Lucasfilm Ltd. v. Media Mkt. Group, Ltd.*, 182 F. Supp. 2d 897, 899–900 (N.D. Cal. 2001).

<sup>125</sup> *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 899 (9th Cir. 2002).

<sup>126</sup> See *Order Dismissing Case Without Prejudice Due To Settlement at 1*, Starbucks Corp. v. Dwyer, No. 3:00-CV-1499 MMC (N.D. Cal., filed Apr. 24, 2000). See Kieron Dwyer, *Greed Sucks!*, KIERONDWYER.COM, <http://kierondwyer.com/LCD/GREED.htm> (last visited Jan. 24, 2015) (voicing his viewpoint on Starbucks).

<sup>127</sup> Blanke, *supra* note 50, at 1085–86.

<sup>128</sup> MCCARTHY, *supra* note 35, at § 24:72.



consider dilution. Each circuit has a system for determining likelihood of confusion in a trademark infringement case.<sup>129</sup>

It appears that parody continued to be protected in trademark law even after passage of the FTDA in 1995, but clearly courts vary according to their own reactions to the parody. It is also important that this review of pre-2006 parody cases end on a Starbucks case, since that company is Fielder's target. Fielder's case may involve parody, but it is nothing more than adding the word DUMB above STARBUCKS. That is not very edgy, biting, or satiric, and it seems to make little social comment on Starbucks as a senior mark holder. In fact, if anything it is making fun of trademark law and the parody exception. So the answer to whether "dumb" parody is protected is unknown.

### *C. Trademark and Parody after the TDRA of 2006<sup>130</sup>*

This section reviews some trademark infringement and/or dilution cases decided by federal courts since enactment of the TDRA in 2006. Some of the cases involve trademark infringement, but not dilution, so they do not consider parody under the TDRA. The first three cases were decided by appellate courts, while the rest were decided by district courts.

#### *1. Moseley II*

The dispute between the Moseleys and Victoria's Secret continued after the TDRA overturned the Supreme Court's decision in *Moseley I*.<sup>131</sup> The District Court granted an injunction prohibiting Victor Moseley from naming his store VICTOR'S LITTLE SECRET and the Sixth Circuit affirmed the decision.<sup>132</sup> Under the new standard dictated by the TDRA, the senior mark holder did not have the burden of showing actual dilution, but only likelihood of dilution. The Sixth Circuit agreed with Victoria's Secret that the Moseleys diluted its mark by tarnishment in violation of the TDRA.<sup>133</sup> The Sixth Circuit created a presumption that if the junior mark is used to "sell sex

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<sup>129</sup> See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1581 (2006) (thirteen circuits and thirteen multifactor tests).

<sup>130</sup> See generally Pub. L. 109-312, 120 Stat. 1730, 109th Cong. (2006), (codified at Lanham Act § 43(c), 15 U.S.C. § 1125(c) (2012)). See *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 392 n. 3 (6th Cir. 2010) (Moore, J., dissenting) (alteration in original) (emphasized added) (dissenting opinion reviewing H.R. Rep. No. 109-23, at 5):

Witnesses at the [legislative] hearings focused on the *standard of harm threshold* articulated in *Mosely* [sic]. For example, a representative of the International Trademark Association observed that '[b]y the time measurable, provable damage to the mark has occurred much time has passed, the damage has been done, and the remedy, which is injunctive relief, is far less effective.' The Committee endorses this position. The *Mosely* [sic] standard creates an undue burden for trademark holders who contest diluting uses and should be revised.

<sup>131</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 435–36 (2003).

<sup>132</sup> *V Secret Catalogue, Inc.*, 605 F.3d at 389–390 ("The Moseleys do not have a right to use the word "secret" in their mark.")

<sup>133</sup> 15 U.S.C.S. § 1125(c) (2012). The TDRA recognizes dilution by both blurring and tarnishment.

related products, [it] is likely to tarnish a famous mark if there is a clear semantic association between the two.”<sup>134</sup>

The *Moseley II* decision was not unanimous. Judge Moore’s dissenting opinion argued that Victoria’s Secret did not provide sufficient evidence that Victor’s Little Secret would tarnish its mark. She agreed that there is a clear association between the marks. She felt the significant question is whether that association is likely to harm Victoria’s Secret’s reputation. She felt that Victoria’s Secret failed to show that it would be harmed.<sup>135</sup>

Judge Moore’s dissent shows respect for the Supreme Court’s reasoning in *Moseley I* and recognizes the exact change that the TDRA made to the Supreme Court’s holding without making inferences and/or presumptions that may affect First Amendment law. The majority opinion created a new speech censorship law by misinterpreting tarnishment and the TDRA. Both the senior and junior mark holders are effectively “selling sex,” which perhaps should have been explained in the opinion. The Sixth Circuit cited eight cases from various circuits that found tarnishment when the similar sounding junior mark was “used to sell sex-related products.”<sup>136</sup> But the dissent answered that none of those eight cases involved both senior and junior mark holders being in the business of selling sex, which is the situation here.<sup>137</sup> Besides, the TDRA

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<sup>134</sup> V Secret Catalogue, Inc., 605 F.3d at 385. The court also embraced a puritanical tarnishment standard for the TDRA, even though the TDRA does not mention sex. *Id.* at 387.

There appears to be a clearly emerging consensus in the case law . . . that the creation of an "association" between a famous mark and lewd or bawdy sexual activity disparages and defiles the famous mark and reduces the commercial value of its selling power. This consensus stems from an economic prediction about consumer taste and how the predicted reaction of conventional consumers in our culture will affect the economic value of the famous mark.

V Secret Catalogue, Inc., 605 F.3d at 387–88.

<sup>135</sup> *Id.* at 391–95 (Moore, J., dissenting).

Victoria’s Secret’s evidence of tarnishment includes . . . an affidavit from Army Colonel John E. Baker stating that he ‘was...offended by [the] defendants’ use of [Victoria’s Secret’s] trademark to promote...unwholesome, tawdry merchandise,’ such as ‘adult’ novelties and gifts,’ and that since his ‘wife...and ...daughter ...shop at Victoria’s Secret, [he] was further dismayed by [the] defendants’ effort to associate itself with . . . a store frequented by members of [his] family.’

*Id.* at 391 (Moore, J., dissenting). The dissent further stated that there was no evidence that Moseley’s use would taint their image.

Yet evidence that the junior mark is likely to undermine or alter the positive associations of the senior mark--i.e., evidence that the junior mark is likely to harm the reputation of the senior mark--is precisely the showing required under the plain language of 15 U.S.C. § 1125(c)(2)(C) to prove dilution by tarnishment.

*Id.* At 392 (Moore, J., dissenting).

[I]n fact, when reviewing the exact same evidentiary record, the Supreme Court explicitly noted that Victoria’s Secret’s offer of proof included no evidence that “Victor’s Little Secret” affected Baker’s positive impressions of Victoria’s Secret . . . In short, Victoria’s Secret has presented *no* probative evidence that anyone is likely to think less of Victoria’s Secret as a result of “Victor’s Little Secret” and cannot therefore prevail on its claim of dilution by tarnishment.

*Id.* at 392–93 (Moore, J., dissenting).

<sup>136</sup> V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382, 388 (6th Cir. 2010).

<sup>137</sup> *Id.* at 395–96.

The burden-of-proof problem, the developing case law, and the Restatement (Third) of Trademarks in § 25 (particularly subsection g) should now be interpreted,

says nothing about sex related products, so there would be no reason for the majority to create a presumption of tarnishment if the subject involves sex. The *Moseley II* decision goes beyond the language of the TDRA and limits First Amendment sexual content speech. It does not appear that Congress intended that result when it enacted the TDRA.

## 2. Charbucks

In *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*,<sup>138</sup> a New Hampshire coffee company Black Bear Micro Roastery marketed dark roasted coffee it called CHARBUCKS.<sup>139</sup> Black Bear's trade dress was dissimilar to Starbucks', so there was little likelihood of confusion. Starbucks requested that Black Bear cease marketing CHARBUCKS, Black Bear declined, and Starbucks filed suit claiming trademark infringement, federal dilution, state dilution, and state unfair competition.<sup>140</sup>

The litigation resulted in seven judicial decisions, six of which are briefly summarized hereafter. During the twelve years of this litigation, the statutory law changed; the 1995 FTDA was replaced by the 2006 TDRA. In 2005, Judge Swain ruled in favor of Black Bear on the following claims: federal trademark infringement, federal unfair competition, federal trademark dilution, state trademark dilution, and unfair

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we think, to create a kind of rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two.

*Id.* at 395–96.

<sup>138</sup> There are seven published opinions in this case, which began in 2001. The authors did not count the first one because it was a denial of motions to dismiss. They are listed here from earliest to most recent. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 2004 U.S. Dist. LEXIS 19239, \*9 (S.D.N.Y. 2004) (denying cross motions for summary judgment on trademark infringement, state and federal dilution, and state unfair competition claims); 2005 U.S. Dist. LEXIS 35578, \*30 (S.D.N.Y. 2005) (*Starbucks I*) (judgment for defendant on all state and federal claims); 477 F.3d 765, 766 (2d Cir. 2007) (*Starbucks II*) (vacating and remanding to apply the TDRA); 559 F. Supp. 2d 472, 481 (S.D.N.Y. 2008) (*Starbucks III*) (reinstating district court decision and judgment from *Starbucks I*); 588 F.3d 97, 119 (2d Cir. 2009) (*Starbucks IV*) (affirming, vacating, and remanding: "we a fortiori agree with the District Court's ultimate conclusion that there is no likelihood of confusion "as to source, sponsorship, or association of [Charbucks] with the Starbucks mark"); 2011 U.S. Dist. LEXIS 148081, \*15 (S.D.N.Y. 2011) (*Starbucks V*) (denying relief under the TDRA); 736 F.3d 198, 213 (2d Cir. 2013) (*Starbucks VI*) (affirming district court's finding for defendant).

<sup>139</sup> *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 2005 U.S. Dist. LEXIS 35578, at \*6–7 (S.D.N.Y. 2005) ("Indeed, one of Black Bear's inspirations for using the term "Charbucks" was the public perception that Starbucks tended to roast its product more darkly than any of the other major roasters.") See *What's It All About?*, BLACK BEAR COFFEE, [http://www.blackbearcoffee.com/Starbucks/What%27s\\_it\\_all\\_about.htm](http://www.blackbearcoffee.com/Starbucks/What%27s_it_all_about.htm) (last visited Jan. 24, 2015). This is Black Bear Coffee's website. The statement reviews the history of the term CHARBUCKS to designate dark roasted coffee. The owner of Boston's Coffee Connection shops sold to Starbucks, which changed the coffee to darker roasted beans. So people pejoratively called dark roasted coffee CHARBUCKS. Black Bear adopted the term for its dark roasted coffee. *Id.*

<sup>140</sup> *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 2004 U.S. Dist. LEXIS 19239, \*9 (S.D.N.Y. 2004). Many of the parody trademark cases involve the same claims: federal trademark infringement, state unfair competition law violations, state and federal dilution. The claims tend to overlap and possibly create judicial waste. *Id.*

competition under the common law.<sup>141</sup> (Starbucks I) The Second Circuit remanded for Judge Swain to apply the TDRA (Starbucks II).<sup>142</sup> Judge Swain applied the TDRA and found for Black Bear on all counts (Starbucks III).<sup>143</sup> Starbucks again appealed and the Second Circuit, while seemingly agreeing with Judge Swain's application of the law, affirmed in part, vacated in part, and remanded once again (Starbucks IV).<sup>144</sup> The Second Circuit did determine that the TDRA changed the law and it clarified how the TDRA limited use of the parody defense in dilution claims.<sup>145</sup> In Starbucks V, Judge Swain corrected the law, as directed by the Second Circuit, but continued to hold for Black Bear.<sup>146</sup> Starbucks appealed yet again. In Starbucks VI, the Second Circuit affirmed Judge Swain's prior opinion, not even mentioning parody, and finding that Starbucks had the burden of showing likelihood of dilution and it had not done so.<sup>147</sup> The Starbucks VI opinion reviewed the prior five opinions and explained the Second Circuit federal dilution law under the TDRA's blurring factors.<sup>148</sup> The reasoning by both the district court and the Second Circuit were reflective of prior case law and provided courts with a clear interpretation of how the TDRA and its limited recognition

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<sup>141</sup> *Id.*

<sup>142</sup> Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 477 F.3d 765, 765 (2d Cir. 2007) (Starbucks II).

<sup>143</sup> Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 559 F. Supp. 2d 472, 481 (S.D.N.Y. 2008) (Starbucks III) ("[J]udgment will be entered in Defendant's favor on all counts.").

<sup>144</sup> Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 107 (2d Cir. 2009), *affirming in part and vacating in part* (Starbucks IV) (Judge Miner).

Upon its finding that the marks were not substantially similar, however, the District Court concluded that '[t]his dissimilarity alone is sufficient to defeat [Starbucks'] blurring claim, and in any event, this factor at a minimum weighs strongly against [Starbucks] in the dilution analysis.' We conclude that the District Court erred to the extent it required "substantial" similarity between the marks, and, in this connection, we note that the court may also have placed undue significance on the similarity factor in determining the likelihood of dilution in its alternative analysis.

*Id.*

<sup>145</sup> *Id.*

<sup>146</sup> 2011 U.S. Dist. LEXIS 148081, 15 (S.D.N.Y. 2011).

<sup>147</sup> Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 736 F.3d 198, 200 (2d Cir. 2013) (Starbucks VI).

<sup>148</sup> *Id.* at 201–03. The court said:

[I]n 2001 Starbucks started this action claiming, among other things, trademark dilution in violation of 15 U.S.C. §§ 1125(c), 1127. . . . The District Court determined that there was neither actual dilution, which would establish a violation of federal trademark law, nor a likelihood of dilution, which would establish a violation of New York trademark law. Starbucks appealed. While the appeal was pending, Congress passed the Trademark Dilution Revision Act of 2006 ("TDRA"), which amended the FTDA to clarify that the owner of a famous mark seeking an injunction need prove only that the defendant's mark "is likely to cause dilution . . . of the famous mark.

*Id.* at 201–02. The court held:

[T]he District Court held that Starbucks had failed to meet its burden of showing that it was entitled to injunctive relief: [T]he Starbucks marks are...not likely to impair the distinctiveness of the famous Starbucks marks. In other words, [Starbucks] has failed to carry its burden of proving that [Black Bear's] use of its marks...is likely to cause dilution by blurring.

*Id.* at 205 (quoting Starbucks V, *supra* note 138).

of parody should fit into future judicial analyses. It also explored what the senior mark holder must show to make a case for “likelihood of dilution.”

### 3. Chewy Vuitton

A 2007 Fourth Circuit decision *Louis Vuitton Malletier (LVM) v. Haute Diggity Dogg*,<sup>149</sup> was similar to the Charbucks opinion in its broad strokes, but different in specifics. LVM added copyright infringement to its state and federal trademark, dilution, and unfair competition claims.<sup>150</sup> Haute Diggity Dogg sold dog toys and other pet supplies. The toys parodied famous designers and people, like Vincent van Gogh.<sup>151</sup> The toy that bothered LVM was CHEWY VUITON, a parody of a Vuitton purse, but clearly a toy. The court interpreted and applied the TDRA. It agreed with the district court’s findings of no trademark infringement and no dilution, but used different reasoning than the trial court.<sup>152</sup>

The court recited the judicial definition of parody, which is not defined in statutory law. For trademark purposes, “[a] ‘parody’ is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner. ... A parody must convey two simultaneous--and contradictory--messages: that it is the original, but also that it is *not* the original and is instead a parody.”<sup>153</sup> This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or amusement. Thus, “[a] parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect.”<sup>154</sup>

The Fourth Circuit found CHEWY VUITON was a parody.<sup>155</sup> There was not a likelihood of confusion for trademark infringement.<sup>156</sup> On the dilution claim, the court wisely explained that even if the parody is used commercially and is not protected by the TDRA’s non-commercial parody defense, courts may still consider the junior mark

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<sup>149</sup> *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 252 (4th Cir. 2007).

<sup>150</sup> *Id.* at 256. There were nine claims arising from the same facts. The list of state and federal claims reveals the problem with overlapping legal protection between state and federal law and between trademark and copyright law. *See generally*, Lee B. Burgunder, *The Scoop on Betty Boop: A Proposal to Limit Overreaching Trademarks*, 32 LOY. L. A. ENT. L. REV. 257 (2012) (use of trademark which lasts in perpetuity to replace copyright protection when the latter has expired).

<sup>151</sup> Products are sold by Designer Doggy and can be viewed at <http://www.designerdoggy.com/brands/Haute-Diggity-Dog.html>. DESIGNER DOGGY, <http://www.designerdoggy.com/brands/Haute-Diggity-Dog.html> (last visited Jan. 24, 2015).

<sup>152</sup> *Louis Vuitton Malletier S.A.*, 507 F.3d at 256–57 (4th Cir. 2007).

<sup>153</sup> *Radiance Found., Inc. v. NAACP*, No. 2:13-CV-53, 2014 U.S. Dist. LEXIS 57431, at \*56–57 (E.D. Va. Apr. 24, 2014) (quoting *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 34 (1st Cir. 1987); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503 (2d Cir. 1996) (quoting *Cliff Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989)).

<sup>154</sup> *Louis Vuitton Malletier S.A.*, 507 F.3d at 260 (quoting *Jordache Enterprise, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1486 (10th Cir. 1987)).

<sup>155</sup> *Id.* at 261. “We conclude that the PETA criteria are amply satisfied in this case and that the ‘Chewy Vuiton’ dog toys convey ‘just enough of the original design to allow the consumer to appreciate the point of parody,’ but stop well short of appropriating the entire marks that LVM claims.” *Id.* (quoting *People for the Ethical Treatment of Animals v. Doughney*, 263 F.2d 359, 266 (4th Cir. 2001)).

<sup>156</sup> *Id.* at 263.

holder's general right to parody the senior mark.<sup>157</sup> The drafting of the TDRA to include a very limited parody fair use defense in only non-commercial uses by the junior mark holder could have been interpreted as Congress' intent to expand dilution to commercial parodies. This opinion demonstrates how courts will preserve First Amendment speech rights even when a statute does not so provide. This opinion paves the way for continued protection of the junior mark holder's right to associate its mark with the senior mark holder as a form of social commentary or even mere entertainment.

The rest of the post-TDRA cases are from district courts.

#### 4. NAACP

In *Radiance Foundation, Inc. v. National Association for the Advancement of Colored People (NAACP)*,<sup>158</sup> plaintiff Radiance, an anti-abortion group, was denied declaratory judgment and found to be liable for trademark infringement and dilution of the NAACP's trademark when it published on its website articles using the name "National Association for the Abortion of Colored People."<sup>159</sup> The court found likelihood of confusion over use of the imitative name.<sup>160</sup> Successful parody should not confuse the public, so the court decided this was not a parody, hence not entitled to protection as such.<sup>161</sup> It also found dilution by tarnishment because the use of the name "insinuates a stance of abortion that the NAACP has deliberately avoided."<sup>162</sup> Radiance claimed a First Amendment right to say what it thinks about abortion. The court agreed, but said it could not lie or mislead about what the NAACP says about abortion.<sup>163</sup> So it was tarnishment by misleading the public that the NAACP takes any stand on abortion, which it does not.<sup>164</sup> The court used the TDRA's limitation on

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<sup>157</sup> *Id.* at 266–67.

Under the statute's plain language, parodying a famous mark is protected by the fair use defense only if the parody is not 'a designation of source for the person's own goods or services.' The TDRA, however, does not require a court to ignore the existence of a parody that is used as a trademark, and it does not preclude a court from considering parody as part of the circumstances to be considered for determining whether the plaintiff has made out a claim for dilution by blurring . . . Thus, it would appear that a defendant's use of a mark as a parody is relevant to the overall question of whether the defendant's use is likely to impair the famous mark's distinctiveness . . . Indeed, by making the famous mark an object of the parody, a successful parody might actually enhance the famous mark's distinctiveness by making it an icon . . . In sum, while a defendant's use of a parody as a mark does not support a "fair use" defense, it may be considered in determining whether the plaintiff-owner of a famous mark has proved its claim that the defendant's use of a parody mark is likely to impair the distinctiveness of the famous mark.

<sup>158</sup> *Radiance Found., Inc.*, 2014 U.S. Dist. LEXIS 57431, at \*4.

<sup>159</sup> *Radiance Found., Inc. v. NAACP*, No. 2:13-CV-53, 2014 U.S. Dist. LEXIS 57431, at \*3 (E.D. Va. Apr. 24, 2014).

<sup>160</sup> *Id.* at \*23.

<sup>161</sup> *Id.* at \*57.

<sup>162</sup> *Id.* at \*25–26.

<sup>163</sup> *Id.* at \*65.

<sup>164</sup> *Id.* at \*66.

parody to non-commercial uses of a senior mark to find for the NAACP; it said Radiance was making a commercial use of the mark, so the TDRA's parody defense would not work here.<sup>165</sup> That holding could be interpreted as the Tenth Circuit banning trademark parody that is commercial. Hopefully the case will not be used in this manner, but only to explain that commercial uses of a senior mark can be made by non-profit groups.<sup>166</sup> A further problem with the court's reasoning is that it found both infringement and dilution, when others realize that the senior mark holder should not have a cause of action for dilution if it already has shown infringement through likelihood of confusion.

##### 5. *THE SITUATION* v. *THE FITCHUATION*

In *MPS Entertainment, LLC v. Abercrombie & Fitch Stores, Inc.*,<sup>167</sup> Abercrombie & Fitch (A&F) had requested that Michael "The Situation" Sorrentino, a character in MTV's *Jersey Shore*, cease wearing A&F clothes on the TV show. At the same time A&F had been marketing a parody t-shirt that it called the FITCHUATION, making fun of the actor's self-styled name THE SITUATION. A&F alleged the show depicted the characters "in an unwholesome view"<sup>168</sup> that reflected poorly on the A&F reputation. A&F had even offered to pay the actors not to wear A&F clothes.<sup>169</sup> Sorrentino sued A&F for trademark infringement and dilution under federal and state law. The court entered summary judgment in favor of A&F's parodic t-shirt. This would be a weak case for dilution since THE SITUATION may not be sufficiently famous to obtain federal dilution protection.

##### 6. *Louis Vuitton* v. *Hyundai*

In *Louis Vuitton Malletier (LVM) v. Hyundai Motor America*,<sup>170</sup> Hyundai aired a TV commercial that "poked fun at these symbols of 'old' luxury to distinguish them from [Hyundai] in an effort to challenge consumers to rethink what it means for a product to be luxurious."<sup>171</sup> One of the symbols of old luxury was a "basketball decorated with a distinctive pattern resembling the famous trademarks of plaintiff...."<sup>172</sup> LVM sued for dilution under state and federal law, infringement under federal law, and unfair competition under state law, claiming a right to money damages for "willful dilution."<sup>173</sup> The Hyundai designers claimed they were not parodying LVM, but were "challeng[ing] consumers to rethink what it means for a

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<sup>165</sup> *Radiance Found., Inc. v. NAACP*, No. 2:13-CV-53, 2014 U.S. Dist. LEXIS 57431, at \*78–79 (E.D. Va. Apr. 24, 2014).

<sup>166</sup> *Id.* at \*79.

<sup>167</sup> *MPS Entm't, LLC v. Abercrombie & Fitch Stores, Inc.*, No. 11–24110–CIV–O'SULLIVAN, 2013 U.S. Dist. LEXIS 91193, at \*1 (S.D. Fla. 2014).

<sup>168</sup> *Id.* at \*3.

<sup>169</sup> *Id.* at \*7–8.

<sup>170</sup> *Malletier v. Hyundai Motor Am.*, 2012 U.S. Dist. LEXIS 42795, \*1 (S.D.N.Y. Mar. 22, 2012).

<sup>171</sup> *Id.* at \*5.

<sup>172</sup> *Id.* at \*2.

<sup>173</sup> *Id.* at \*11–12.

product to be luxurious."<sup>174</sup> That made the purpose satire rather than parody, which the court assumed is not protected by the First Amendment in a trademark dilution claim. One interpretation of the court's decision is that making a social comment on old wealth and luxury as compared to the trendy new auto being advertised was not a fair use.<sup>175</sup>

This case is disturbing. An entertaining commercial was banned because Hyundai used references to famous marks to make a comment to consumers on Hyundai's Sonata being luxurious in a different way than traditional luxury. The case is similar to the hypothetical DUMB STARBUCKS in that Fielder was not parodying Starbucks, but was at most making a satiric comment on trademark parody law. The value system espoused by this Second Circuit court comes dangerously close to being censorship; people watching the commercial may make a subtle association between Hyundai and LVM, but they certainly would not be confused by seeing a basketball decorated like a LVM purse. The use of the basketball image would not likely dilute LVM's trademark, even though consumers might associate LVM with Hyundai.

### 7. *Elf on the Shelf v. Elf off the Shelf*

In *CCA and B, LLC v. F + W Media Inc.*,<sup>176</sup> defendant made an adult parody of plaintiff's children's book. Plaintiff claimed trademark infringement and dilution, plus six other state and federal related claims.<sup>177</sup> The court determined the issue was merely whether "it is likely that the average consumer of Plaintiff's book...will be confused by the similarity of the book covers of THE ELF ON THE SHELF and Defendant's purported parody, THE ELF OFF THE SHELF."<sup>178</sup> It is unclear whether the court recognized that dilution does not need a showing of likelihood of confusion by consumers. It did deny the plaintiff's motion for preliminary injunction.<sup>179</sup> And it did comment on plaintiff's dilution claims. "Plaintiff cited an article in *Publisher's Weekly* that reported that *Elf Off* is intended to 'knock a holiday favorite off its perch.' ... Defendant agrees that is precisely their goal, but says there is nothing naughty about it."<sup>180</sup> Notably, the opinion combined a fair use in copyright claim and analysis in its opinion.<sup>181</sup> Without delving into whether the TDRA has altered parody considerations in trademark dilution claims, the court chose to protect parody under First Amendment free speech values. "With regard to the public interest, both trademark and copyright law offer protection for parodic use of IP, consistent with the strong public interest in protecting free speech and expression. Thus, in a case presenting a

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<sup>174</sup> *Id.* at \*49.

<sup>175</sup> *Id.* at 75 "Based on this record...no reasonable trier of fact could conclude that the Louis Vuitton-style marks shown in the 'Luxury' ad could constitute 'use in connection with...identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.'" *Id.* at \*55 (quoting 15 U.S.C. § 1125(c)(3)(A)(ii)).

<sup>176</sup> *CCA & B, LLC v. F + W Media Inc.*, 819 F. Supp. 2d 1310, 1315 (N.D. Ga. 2011).

<sup>177</sup> *Id.*

<sup>178</sup> *Id.*

<sup>179</sup> *Id.*

<sup>180</sup> *Id.* at 1317.

<sup>181</sup> *Id.* at 1322-1324.



parody that criticizes an original work, the public interest in protecting that expression is of the highest level.”<sup>182</sup>

### 8. *Protect Marriage*

In *ProtectMarriage.com v. Courage Campaign*,<sup>183</sup> plaintiff political group promoting marriage as only unions between heterosexual couples had a logo depicting a four person heterosexual family. Defendant political group promoting legalization of same sex marriage had a similar logo that showed a four person family with same sex parents.<sup>184</sup> The court protected defendant’s use of plaintiff’s logo as a parody.<sup>185</sup> The case did not use the TDRA, perhaps because the mark is not sufficiently famous to support a dilution claim.

### 9. *Lettuce Entertain You*

In *Lettuce Entertain You Enterprises, Inc. v. Leila Sophia AR, LLC*,<sup>186</sup> plaintiff LEYE, a Chicago business, used LETTUCE marks to identify its restaurant and catering businesses.<sup>187</sup> Defendant named its Chicago restaurant Lettuce mix and was asked to remove the sign by LEYE. Defendant replaced the sign with a banner saying "Let us be!" and a lettuce head image, and LEYE sued. The banner was permitted to remain and the court dismissed the suit.<sup>188</sup> The defendant made an effective use of parody. It may develop in dilution and infringement cases that the courts take one more analytical step considering the junior holder’s purpose for using the mark, with highly protected speech like political, social, and artistic being more protected against a trademark infringement or dilution claim. This is similar to Fielder’s argument and he called his shop art.

### 10. *Hershey*

In *The Hershey Company v. Art Van Furniture*,<sup>189</sup> defendant, advertising for its furniture store, placed an image of a sofa being unwrapped from a candy wrapper on the side of the furniture company’s delivery truck. There was no likelihood of confusion

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<sup>182</sup> *Id.* at 1330.

<sup>183</sup> *ProtectMarriage.com – Yes on 8 v. Courage Campaign*, 680 F. Supp. 2d 1225, 1226 (E.D. Cal. 2010).

<sup>184</sup> *Id.* at 1227.

<sup>185</sup> *Id.* at 1229.

<sup>186</sup> *Lettuce Entertain You Enters. v. Leila Sophia AR, LLC*, 638 F. Supp. 2d 895, 896 (N.D. Ill. 2009).

<sup>187</sup> *Id.*

<sup>188</sup> *Id.* at 902.

<sup>189</sup> *Hershey Co. v. Art Van Furniture, Inc.*, No. 08–14463, 2008 U.S. Dist. LEXIS 87509, at \*1 (E.D. Mich. Oct. 24, 2008).

by consumers. The court found presumptively dilution by blurring and granted a preliminary injunction.<sup>190</sup> The court applied *Moseley II* to explain its reasoning.

This case is similar to *Lettuce, Hyundai* (summaries above) and other cases dealing with advertising and using consumers' mental associations to sell one's own product. These cases are problematical because they are not necessarily parodic of the senior mark holder; they merely create a mental association between the marks. They use the senior mark to entice consumers by association. But to stop junior mark holders from being able to do so by creating a cause of action for tarnishment or blurring will make the world a more boring place. It is illogical that one can use parody to protect junior marks that are mean, but not ones that create a cheerful association.<sup>191</sup> The court blurred dilution law when it justified its decision to find dilution by referencing likelihood of confusion consumer protection.<sup>192</sup> Dilution law is not established to protect consumers, but to protect the famous mark. Here the HERSHEY mark was not blurred or tarnished.

### 11. BUTTWIPER

In *Anheuser-Busch, Inc. v. VIP Products, LLC*,<sup>193</sup> the court found a dog toy named BUTTWIPER infringed the Budweiser mark, relying on survey evidence of likelihood of confusion between the toy and Budweiser beer. There have been other dog toy cases with the result that one can name its dog toy LOUIS' CHEWIES, TOMMY HOLEDIGGER, BARKBURY, and MANOLO BARKNIK, but not BUTTWIPER.<sup>194</sup> The court applied the Eighth Circuit's interpretation of trademark parody law which is more protective of the senior mark holder and less protective of the First Amendment and parody. It found trademark infringement, but not dilution.<sup>195</sup> There are definitely litigation costs and issues of lack of consistency in law when it comes to marketing parodic dog toys.

### 12. NAKED COWBOY

In *Burck v. Mars*,<sup>196</sup> the Naked Cowboy Times Square street performer sued Mars for its "animated cartoon advertisement on two oversized video billboards in Times Square, featuring a blue M&M dressed exactly like The Naked Cowboy, wearing only

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<sup>190</sup> *Id.* at \*2.

<sup>191</sup> *Id.* at \*41–42. "Defendant's 'couch bar' may be funny, but it is not biting; its resemblance to Plaintiff's famous trade dress is too muted to poke fun, yet too transparent to evoke a generic candy bar." *Id.* This opinion bodes poorly for DUMB STARBUCKS, since the latter is not particularly biting either.

<sup>192</sup> *Id.* at \*42. "Reducing the risk of customer confusion inherently serves the public interest. A free market society depends on informed consumers for its well-being, and [t]rademark infringement, by its very nature, adversely affects the public interest in the free flow of truthful commercial information." *Id.* at \*43 (quotations omitted).

<sup>193</sup> *Anheuser-Busch, Inc. v. VIP Prods., LLC*, 666 F. Supp. 2d 974, 982–83 (E.D. Mo. 2008).

<sup>194</sup> See *Louis Vuitton Mallatier (LVM) v. Haute Diggity Dogg*, 507 F.3d 252, 263 (4th Cir. 2007) and *Tommy Hilfiger Licensing v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 425 (S.D.N.Y. 2002).

<sup>195</sup> *Anheuser-Busch, Inc.*, 666 F. Supp. 2d at 987–88.

<sup>196</sup> *Burck v. Mars, Inc.*, 571 F. Supp. 2d 446, 448 (S.D.N.Y. 2008).

a white cowboy hat, cowboy boots, and underpants, and carrying a guitar.”<sup>197</sup> It was actually a right of publicity case, but NAKED COWBOY is a trade name and M&M claimed parody, so the facts are relevant. M&M was permitted to keep the billboard and the Naked Cowboy still plies his trade, all in Times Square.<sup>198</sup>

The court used copyright parody law and applied it in a trademark parody case, which might be appropriate for Fielder regarding his DUMB STARBUCKS. He claimed the shop was a work of art, so he was moving into the copyright realm, or at least not distinguishing between the two. The only difference remaining is whether DUMB is parodic; the Naked Cowboy M&M satisfied the court’s requirements to be a parody.

### 13. Wal-Mart

In *Smith v. Wal-Mart Stores, Inc.*,<sup>199</sup> Smith used terms such as WALOCAUST to criticize and make fun of Wal-Mart on web-sites he created for that purpose.<sup>200</sup> He sold t-shirts through a site managed by CafePress called WAL-QAEDA.<sup>201</sup> The court held the words were parodies<sup>202</sup> and dismissed the suit.<sup>203</sup> On his website, Smith now includes a nice notice thanking the court in northern Georgia for allowing him to continue marketing his t-shirts and making fun of Wal-Mart.<sup>204</sup>

Several of the opinions summarized had considered the law on determining the evidentiary value of survey evidence. The Wal-Mart court went into detail to review how the survey was done, what was asked, and whether the conclusions were accurate.<sup>205</sup> Surveys do not always fare well when the court applies legal logic to testing their evidentiary value. That happened here; the court found the survey was flawed in regard to proving likelihood of confusion.<sup>206</sup> Logically, people would not be confused as to source.

In *Smith v. Wal-Mart Stores*, the court also considered dilution by tarnishment. After summarizing what tarnishment is, the court wrote, "However, tarnishment caused merely by an editorial or artistic parody which satirizes [the complainant's] product or its image is not actionable under an anti-dilution statute because of the free speech protections of the First Amendment."<sup>207</sup> It could well be the same with DUMB STARBUCKS, even though it contains little redeemable social value.

It appears from the summaries of parody cases since 2006 when the TDRA became effective, some of the courts have continued to apply their prior legal understanding of parody’s permissible use in trademark usage, while at least one circuit, the Sixth Circuit that decided *Moseley*, has decided not to protect parody if it has a sexual aspect

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<sup>197</sup> *Id.* at 448.

<sup>198</sup> *Id.* at 458.

<sup>199</sup> *Smith v. Wal-Mart Stores, Inc.*, 475 F. Supp. 2d 1318, 1320 (N.D. Ga. 2007).

<sup>200</sup> *Id.* at 1309.

<sup>201</sup> *Id.* at 1311.

<sup>202</sup> *Id.* at 1313.

<sup>203</sup> *Id.* at 1340.

<sup>204</sup> *Walocaust*, CAFEPRESS, <http://www.cafepress.com/walocaust> (last visited Jan. 24, 2015).

<sup>205</sup> *Smith v. Wal-Mart Stores, Inc.*, 475 F. Supp. 2d 1318, 1321 (N.D. Ga. 2008).

<sup>206</sup> *Id.* at 1335.

<sup>207</sup> *Id.* at 1339.

to it. Appendix II summarizes the findings in the above thirteen trademark cases decided since 2006.

## V. ANALYSIS/APPLICATION

Several law journal articles, both before and since passage of the TDRA, have explored similar problems in trademark as those identified in the DUMB STARBUCKS problem. This section summarizes and builds on some of the difficulties that have been identified. Scholars and the authors have suggested making changes to the law as well as ways to cope with the law as it is currently being administered.

### *A. Trademark Law Overprotects Famous Businesses*

First, the current trademark law overprotects big businesses to the detriment of small ones. This is true of the TDRA which provides famous mark holders with a cause of action against junior mark holders for likelihood of dilution of the senior mark. Trademark law has also expanded protection in its topical protection, covering odors, colors, and more.<sup>208</sup> One legal scholar identified this increased legal power of the senior mark holder as a sort of incentivization to become a trademark bully.<sup>209</sup> The law encourages senior mark holders to police their marks vigorously. It is noticeable how diligently Starbucks polices its trademark while still presenting itself to the world as a highly ethical and socially responsible company. The legal system incentivizes Starbucks to police its trademark, or risk losing maximum protection. From Starbucks' viewpoint, it is enforcing its legal rights conscientiously. Yet to many people this behavior appears to be bullying,<sup>210</sup> which seems unethical from a consuming public perspective.

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<sup>208</sup> Michael S. Mireles, Jr., *Towards Recognizing and Reconciling the Multiplicity of Values and Interests in Trademark Law*, 44 IND. L. REV. 427, 428 (2011). In the last seventy years, trademark rights have expanded enormously. Many commentators believe this has led to an unjustified increase in the rights and remedies available to trademark owners. This expansion has been approved and led by trademark owners, Congress, and courts, including the U.S. Supreme Court.

<sup>209</sup> Grinvald, *supra* note 10, at 638–640. The author named the section “The Fame Monster.” She thinks fame and the law’s favoritist statute, the TDRA, inspires famous mark holders to bully junior mark holders. The scope of legal protection for trademarks has expanded greatly in the last century. From the recognition of new subject matter of trademarks to new causes of action, trademark owners have benefited from additional protection. Trademark owners have pursued this protection because of the increased importance of the brand in establishing and building goodwill, and expanding into new product, service, and geographic markets, particularly with the advent of globalization and use of the Internet. *See also* David Bollier, BRAND NAME BULLIES: THE QUEST TO OWN AND CONTROL CULTURE (2005) (documenting various bullying campaigns).

<sup>210</sup> Michael S. Mireles, Jr., *Aesthetic Functionality*, 21 TEX. INTELL. PROP. L.J. 155, 157–158 (2013). Diligent trademark owners – spurred by the structure and policy of trademark law and the value of the brand – are motivated to vigorously protect their trademarks through policing efforts.... Notably, many trademark owners are successful not only in the marketplace, but also in obtaining additional trademark protection through new legislation. Scholars and courts have criticized the expanding nature of trademark protection, which may harm competition and impinge on socially important values, such as free expression.

*B. Junior Mark Holders Might Have Undue Expenses in Defending.*

Second, the junior mark holder has to bear the expense of defending a claim when it may not have the financial ability to defend against the often much larger senior mark holder. Defending against a dilution claim under the Lanham Act is by definition defending against a large, well known, and probably wealthy senior mark holder. Such companies are able to spend substantial amounts of money to police their marks. If those who would push back at the expansive boundaries of the senior mark holder's right to stop a junior mark holder from parodying the senior mark are not financially able to do so, the law will become one-sided.

Law professor and intellectual property attorney Leah Grinvald suggested that one tool to push back against bullying senior mark holders is shaming.<sup>211</sup> She summarized a case where the "little guy" stood up to the "big guy" and is still using his mark. It was not a parody case, but her advice might have broad applicability. She identified the senior mark holder's behavior as bullying<sup>212</sup> and condemned it as economically damaging.<sup>213</sup>

Law professor William Gallagher traced the impact of cease-and-desist letters sent by senior mark holders.<sup>214</sup> His findings indicated that the above described impression of the system's favoritism of the large senior mark holder is negatively impacting exercise of rights in trademark law, due to the expense of defending.

[P]rivate IP enforcement practices - primarily "cease and desist" letters and threats of litigation during the course of negotiations - are strategically used to settle disputes, often resulting in a target's decision to capitulate to the asserted IP claims. ... [N]on-meritorious trademark and copyright claims are indeed enforced successfully in many cases, thus substantiating the thesis that IP rights are over-enforced in practice under the radar of the courts and the formal legal system.<sup>215</sup>

Trademark law is in need of substantial reform with statutory guarantee of free speech rights rather than a statutory incentive for large, wealthy mark holders to bully smaller businesses. Self-help against big business practices may be advisable and

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<sup>211</sup> Grinvald, *supra* note 10, at 631.

<sup>212</sup> *Id.* at 628.

<sup>213</sup> *Id.* at 629. This bullying is a serious concern, as it has implications far beyond trademark law and impacts the U.S. economy and the freedom of cultural expression. One of the harms produced by bullying is that economic competition is impaired. In particular, small businesses and individuals are more adversely affected, as these victims do not have the wherewithal to fight legal battles.

<sup>214</sup> William T. Gallagher, *Trademark and Copyright Enforcement in the Shadow of IP Law*, 28 SANTA CLARA COMPUTER & HIGH TECH. L.J. 453, 456 (2011–2012). In recent years, as Congress has created new intellectual property (IP) rights and courts have often interpreted those rights broadly, legal scholars have frequently decried the expanded scope of protection afforded IP owners in most substantive areas of IP law – including patents, copyrights, trademarks, and rights of publicity. According to this critique, the over-expansion of IP rights throughout the past two decades harms competition, chills free speech, and diminishes the public domain as increasingly broad areas of social life are brought within the scope of strong IP protection. The author interviewed trademark lawyers and created qualitative evidence of senior mark holders engaging in bullying through use of cease and desist letters.

<sup>215</sup> *Id.* at 461.

later it is suggested that junior mark holders use internet resources to help them learn more trademark law and strategies to defend against senior mark holders' claims.

*C. Terms and Concepts Should be Defined to Avoid a Chilling Effect of Unclear Law.*

Third, the law may be having a chilling effect on junior mark holders asserting their rights due to its lack of predictability. Clarification of the law could include statutory

1. definition of parody,
2. guidelines for likelihood of confusion in trademark infringement, and
3. recognition of First Amendment rights to use senior marks for proper and creative purposes.

This section advocating defining crucial terms has two branches. One calls for further legislation and/or judicial lawmaking. The other is that the purpose for doing so is to promote uniformity and predictability in the law, two qualities that are lacking in current trademark law. Improving predictability would decrease litigation and encourage parties to come to the bargaining table with a greater incentive to negotiate.<sup>216</sup> Reducing the costs of compliance would help both government and individual litigants.

*1. Definition of parody.*

Many trademark courts use the definition of parody derived from the Supreme Court's copyright fair use case *Campbell v. Acuff-Rose*,<sup>217</sup> where a musical parody was a fair use of the original owner's song *Pretty Woman*. The Court defined parody as "the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."<sup>218</sup> David Simon, Fellow, Project on Law and Mind Sciences, Harvard Law School, in his article on trademark's "confusion trap," summarized parody from *Campbell*:

Parody, the Court stated, was a form of comment or criticism that ridicules the original work by, for example, mimicking its style. It can be distinguished from satire, which does not target the original work but instead uses it as a vehicle to express some other (perhaps critical) message. The Court reasoned that parody had a greater claim to fair use than satire. Parodists require the original works to make their comment or criticism. Satirists, on the other hand, have a weaker claim because they are not commenting or criticizing directly the work they use.<sup>219</sup>

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<sup>216</sup> See *Gallagher*, *supra* note 214, *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 573 (1994) (A number of lawyers advise clients not to sue on parody claims because it is so unpredictable.).

<sup>217</sup> *Id.* at 571.

<sup>218</sup> *Id.* at 580.

<sup>219</sup> David A. Simon, *The Confusion Trap: Rethinking Parody in Trademark Law*, 88 Wash. L. Rev. 1021, 1024 (2013).

The parody/satire distinction recognized in copyright does not seem workable in trademark law and it causes defendants and courts to work hard to characterize the work as a parody.<sup>220</sup> The senior mark holder in a trademark dilution situation is famous by definition, so calling the mark to mind will represent consumerism at the very least. In trademark it makes sense to provide fair use, or noninfringement protection, to satiric works as well as to purely parodic works.<sup>221</sup> So the *Campbell* definition is not adequate for trademark.<sup>222</sup> Courts applying trademark law are not uniform in their interpretation of whether a use is parodic, satiric, and/or permissible.<sup>223</sup>

In addition, a trademark use's status as a parody should not depend on the junior mark holder's intent, since similar situations would be treated differently based on one's state of mind and the care one used in documenting it.<sup>224</sup> But the use must be more than free riding or publicity seeking. For instance, in *Dallas Cowboy Cheerleaders* the mark was used for attention, not for parody or satire, so the use was not protected.<sup>225</sup> A parody should be protected even if it (1) is biting; (2) is directed or aimed at a favorite local or national company or person; or (3) expresses a position or view that is unpopular.<sup>226</sup> DUMB STARBUCKS may have been sufficiently biting, since the term dumb is somewhat pejorative.

The TDRA has incorporated parody, albeit without definition, into the defenses section of the dilution statute.<sup>227</sup> It creates a bright line for noncommercial parodies that are not used as source identifiers, saying they are permitted.<sup>228</sup> However, most parodic uses of a senior mark are probably done by a junior mark holder for commercial purposes and as its own source identification, a brand parody.<sup>229</sup> So the statute does not expressly help most junior parodic mark holders.<sup>230</sup> It makes sense to have

<sup>220</sup> Dogan & Lemley, *supra* note 12, at 500 (Courts that make the distinction must decide what qualifies as a parody, including deciding: "is a subsidiary purpose to make fun of the plaintiff enough, or must it be the primary focus of the defendant's use? ... Does the defendant's intent to make a parody ... matter? Does it matter how the audience perceives it?").

<sup>221</sup> Simon, *supra* note 219 at 1028. This author asks whether parody under copyright and *Campbell* is followed by trademark law and he answers basically yes. He includes a proposal for how courts might handle parody in trademark situations better.

<sup>222</sup> See Dogan & Lemley, *supra* note 12, at 490. ("Lacking tools specifically designed for parody, courts treat it in an ad hoc way that reflects their own subjective assessment of the value or parody and the morality of free rides.")

<sup>223</sup> Simon, *supra* note 219, at 1024.

<sup>224</sup> Dogan & Lemley, *supra* note 12, at 504. Dogan & Lemley recommend that courts use a nominative fair use framework for analyzing trademark parodies. *Id.* at 508.

<sup>225</sup> See *Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205–06 (2d Cir. 1979).

<sup>226</sup> The federal and state governments could still use criminal law to prevent pornography by a mark holder. See *e.g.*, *Alexander v. US*, 509 U.S. 544, 555-56 (1993).

<sup>227</sup> 15 U.S.C. § 1125(c)(3)(A)(ii) (2012).

<sup>228</sup> 15 U.S.C. § 1125(c)(3)(C) (2012). The way the statute reads, it is actually two different defenses. One defense is that the use is not commercial. The other defense is that the use is a fair use AND the use is not as a source indicator, a brand identification.

<sup>229</sup> Dogan & Lemley, *supra* note 12, at 484 et seq.

<sup>230</sup> Eugene C. Lim, *Of Chew Toys and Designer Handbags: A Critical Analysis of the "Parody" Exception under the U.S. Trademark Dilution Revision Act*, 35 CAMPBELL L. REV. 83, 85 (2012).

While parodies have recently received some legislative attention...through the Trademark Dilution Revision Act (TDRA), the dividing line between a "legitimate" parody and a "dilutive" parody is not entirely clear, and the rather imprecise

legislation that clearly defines parody and then provides guidance for courts in analyzing the legality of a junior mark holder's parody under the particular circumstances of a case. This would promote uniformity and predictability in the law so that when a junior mark holder is considering making a parodic use of a senior mark, its legality will be more predictable.<sup>231</sup>

DUMB STARBUCKS is brand parody, although Nathan Fielder was not really building a brand. He was free riding in the sense that he was appealing to the Starbucks allure. But he was not really competing with Starbucks, but was making satiric comment on the use of another's trademark. An illustration of a truer brand parody was provided by Dogan & Lemley who used the pre-dilution case involving Lardashe jeans as a play on both Jordache and lard ass, a pejorative term for an overweight person who carries the excess weight in the buttocks.<sup>232</sup> Since the case was decided before either of the federal dilution statutes, it may not be decided in the same way today. If it would be, its similarity to DUMB STARBUCKS is that it makes fun of overweight people as much as it parodizes the Jordache brand. Similarly, DUMB STARBUCKS makes fun of the inanity of the law as much or more than it parodizes Starbucks. It appears from the parody cases since 2006, when the TDRA became effective, that some courts have continued to apply their prior legal understanding of parody's permissible use in trademark, but the Sixth Circuit that decided *Moseley* has decided not to protect brand parody with sexual connotations.

Dogan & Lemley's analysis would permit satiric uses of the senior mark even with the strong TDRA dilution statute. They noted that in trademark parody cases, many courts dwell less on whether the parody meets some criteria than on whether there is likelihood of confusion or dilution. If the court finds the use is neither likely to cause confusion nor dilution, then the junior user's parodic use is generally, but not always, permitted.<sup>233</sup>

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language of the TDRA has provoked an interesting debate among trademark scholars and commentators. While some commentators have applauded the TDRA as having broadened the protection of civil liberties through its "fair use" provision, others have argued that the TDRA takes freedom of expression too far by failing to provide adequate protection against tarnishment caused by artistic works that sully the reputation or good name of a famous trademark.

*Id.* Lim asserted that the TDRA's parody provision "is too lenient vis-a-vis artistic parodies that are not used as trademarks and yet too strict with respect to source-identifying parodies."

<sup>231</sup> Dogan & Lemley, *supra* note 12, at 474:

We conclude that, despite increasing attention to speech interests in recent years, the law's treatment of parody reflects too much uncertainty, leaving would-be parodists vulnerable to threats of legal action by trademark holders. In particular, given the flexibility of likelihood of confusion analysis, parodists' fate is usually determined by the subjective judgment of courts, whose treatment of parody often seems to turn on instinct rather than trademark principles.

<sup>232</sup> See *Lard-Ass*, OXFORD DICTIONARY, [http://www.oxforddictionaries.com/us/definition/american\\_english/lard-ass](http://www.oxforddictionaries.com/us/definition/american_english/lard-ass) (last visited Jan. 24, 2015). The opinion is *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1483 (10th Cir. 1987).

<sup>233</sup> Dogan & Lemley, *supra* note 12, at 476 (stating, "Other courts have reached similar results by reference to trademark law's standard likelihood of confusion test.").



## 2. Guidelines for likelihood of confusion in trademark infringement

Courts seem to use the concept of consumer confusion for infringement and dilution, even though it is not an element of dilution. The TDRA says:

the owner of a famous mark that is distinctive...shall be entitled to an injunction against another person who...commences use of a mark...that is likely to cause dilution...regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.<sup>234</sup>

The reference to “likely confusion” in the TDRA indicates that a court can find a junior mark holder liable for both trademark infringement and dilution. McCarthy, on the other hand, suggests that if a court has found trademark infringement, it has no reason to further consider dilution, since the court has already found for the senior mark holder.<sup>235</sup> Dilution is to be considered when there is no likelihood of confusion, but the senior mark holder asserts it is likely to be harmed in either the distinctiveness of the mark or in its reputation (blurring or tarnishment). Therefore, the following analysis of confusion relates primarily to when the senior mark holder alleges trademark infringement rather than dilution.

Confusion will often be irrelevant in a well-crafted parody because one of the messages that a parody conveys is “that it is *not* the original and is instead a parody.”<sup>236</sup> A senior mark holder is not likely to create a parody of its own brand and most consumers recognize this. However, a court should consider confusion and it can be a determining factor (1) where a parodist intends to confuse the public, (2) the marks are confusingly similar, or (3) confusion actually results. Courts could narrow their interpretation of confusion by first determining who the relevant audience is for the confusion test.<sup>237</sup> Two products in different markets can use similar names without unduly confusing potential purchasers, like LEXIS and LEXUS. The *Hormel* court recognized that Jim Henson’s Spa’am product was a movie and Hormel’s Spam product was canned meat.<sup>238</sup> In DUMB STARBUCKS’ case, a court might determine that Fielder’s product was a comedy show and Starbucks’ product was coffee and pastries. But courts might erroneously define the relevant market; the *Mutual of Omaha* court said that since the insurance company Mutual of Omaha also produced and sold t-shirts and Novak also sold t-shirts with his Mutant of Omaha image, that they were in the same market.<sup>239</sup> Clearly they were not selling t-shirts in competition with one

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<sup>234</sup> 15 U.S.C. § 1125(c)(1)(2012).

<sup>235</sup> See MCCARTHY, *supra* note 35, at § 24:72, at 24–213 (2014) (“Dilution: Beyond the Likelihood of Confusion”).

<sup>236</sup> See text accompanying *supra* notes 149–157. See also *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503 (2d Cir. 1996).

<sup>237</sup> Shashank Upadhye, *Trademark Surveys: Identifying the Relevant Universe of Confused Consumers*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 549, 551 (1998) (discussing who the relevant consumer is under prior law).

<sup>238</sup> See *Hormel Foods Corp.*, 73 F.3d at 503.

<sup>239</sup> *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397, 399 (8th Cir. 1987).

another. Consumers who saw Mutant of Omaha t-shirts would not believe that the shirts were produced by Mutual of Omaha.<sup>240</sup>

A tangential problem regarding proof of likelihood of confusion is judicial confusion over the probative value of surveys. The problems with determining the probative value of surveys is beyond the scope of this article, other than to suggest that legislation dictating what survey evidence is probative would put marketing specialists on notice of the legal and logical standards courts will apply to determine whether the survey will be probative in court.

### *3. Recognition of First Amendment rights to use senior marks for proper purposes.*

The next section suggests that courts should more consistently consider First Amendment rights of the junior mark holder. In addition, Congress should recognize freedom of speech in commercial settings in the trademark statute sections that recognize junior mark holder defenses, such as in the TDRA and for general trademark infringement. When it statutorily recognized the limited parody defense (exclusion) under the TDRA, this was a first step in legislative recognition of free speech rights guarded in the U.S. Congress could further recognize the public's free speech rights in trademark situations, since the legislative purpose is to provide for the common welfare, not just wealthy and famous trademark holder's rights to stop others from inappropriately referencing the senior mark. Meanwhile, as the next section indicates, the courts tend to raise First Amendment considerations when considering trademark infringement and dilution claims, as evidenced in the case summaries provided above.

### *D. Commercial and Brand Parody Should Have Broader First Amendment Protection than that Expressed in the TDRA.*

Courts should consider broader First Amendment protections for the junior mark holder to use the senior mark even when the junior mark is not a true parody. In dealing with free speech in *Hustler*, a defamation case involving free speech and parody, the Supreme Court said that refusing to protect "outrageous" speech is not an acceptable standard.

Outrageousness in the area of political and social discourse has an inherent subjectiveness about it which would allow a jury to impose liability on the basis of the jurors' tastes or views, or perhaps on the basis of their dislike of a particular expression. An "outrageousness" standard thus runs afoul of our longstanding refusal to allow damages to be awarded because the speech in question may have an adverse emotional impact on the audience.<sup>241</sup>

If outrageousness is not a suitable standard for tort law, it is equally unsuitable for trademark dilution actions. *Hustler* is particularly important to consider in light

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<sup>240</sup> The district court and the court of appeals considered the survey to be "properly conducted" even though some of the most significant questions dealt with whether Mutual of Omaha "went along" with Novak's t-shirts, questions that the courts acknowledged to be ambiguous. *Id.* at 400.

<sup>241</sup> *Hustler Magazine v. Falwell*, 485 U.S. 46, 55 (1988).

of the Sixth Circuit's holding in *Moseley II* that if the junior mark involves a sexually related association, it will be presumed to be diluting of the senior mark.<sup>242</sup>

In commercial parodies generally the parties are two commercial enterprises, although they may not be of the same size; the First Amendment protects even commercial speech, although to a lesser extent than ideological speech.<sup>243</sup> DUMB STARBUCKS involves commercial speech, even though Fielder gave away the coffee, since it was a sort of advertisement for his comedy show. But regardless of the commercial nature, the intent of the parodic use to entertain the public should be protected.

[T]he correct question is not whether speech is commercial or not, but whether it is commercial to such an extent as to overwhelm the underlying parody. ... [I]t is virtually unimaginable, particularly in dilution actions, that commercial purpose ever overwhelms the parody, *provided the parody is genuine*. Courts should begin by looking at whether the defendant has a genuine parody, not whether the parody is primarily commercial.<sup>244</sup>

Of course, as previously mentioned, the law should restrict free riding that claims to be a parody.<sup>245</sup>

In conclusion, trademark law would benefit by an explanation of what parody is in the context of trademark. It is not the same thing as it is in copyright law. What copyright law might call satire and for which it might be inclined to provide less fair use protection is not necessarily desirable in trademark law. Having a better explanation of tarnishment, how it is distinct from blurring, would be helpful as well. It may result in courts discovering that what might be thought of as tarnishment is merely parody and should still be protected as a type of brand parody. Second, while this area of law is notoriously unpredictable, the law could be made more predictable by statutory descriptions of what is fair use, parody, tarnishment, and the like. The authors also suggest removing the cause of action for dilution altogether or balancing it with a statute that literally says courts and the law must protect reasonable First Amendment rights to use others' trademarks, even when doing so might be offensive to the court, to the senior mark holder, and/or to some members of the public.

In an area of law involving ordinary business usage such as trademark, making the law more predictable and uniform is desirable. The legislature and courts should create a clear definition of parody that is practical, consistent, and easy to operationalize. The advantages of a clear definition are that it would:

1. Encourage businesses to play by the legal rules and not engage in excessive trademark policing,
2. Discourage trademark bullying,
3. Discourage socially undesirable litigation which is expensive to the individuals and the taxpayers who fund the legal system,

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<sup>242</sup> *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 389 (6th Cir. 2010) (“Thus, any new mark with a lewd or offensive—to-some sexual association raises a strong inference of tarnishment.”)

<sup>243</sup> Emerson, *supra* note 50, at 488 (“The history of the First Amendment evidences a longstanding concern to protect parody, even where there is a commercial *component* to propagating the parody.”).

<sup>244</sup> *Id.* at 488.

<sup>245</sup> *Id.* at 489. See also Corina I. Cacovean, *Is Free Riding Aided by Parody to Sneak Between the Cracks of the Trademark Dilution Revision Act?*, 31 HASTINGS COMM. & ENT. L.J. 441, 443 (2009).

4. Encourage good faith participation in settlement conferences and alternate dispute resolution,
5. Provide a disincentive for free rider behavior, and
6. Encourage free speech, because the mere threat of litigation can have a chilling effect on speech as the Supreme Court noted in *New York Times v. Sullivan*.<sup>246</sup>

*E. The Internet is a Good Tool to Educate Junior Mark Holders and the Public and to Help Protect Freedom of Expression.*

Fifth, the courts should reassess fair use and broaden its application in trademark law. In Fielder's case the parody was so dumb that courts might be inclined to deny protection. Starbucks was not injured by his prank and the public was amused. There was a net social gain by his use of DUMB STARBUCKS. Yet the law of dilution is so ill-defined that predicting what a court might do is difficult. Is there protection for dumb parody? Courts and legislature could create a new defense based on the public's right to have fun with famous marks so long as the famous mark is not severely injured, even though the senior mark holder may be offended. This area in particular is problematical under the current trademark enforcement system where the majority of enforcement is done without involving the judicial system, according to law professor William Gallagher's interviews with IP lawyers, which revealed that the majority of trademark issues are handled through cease-and-desist letters and never reach the courtroom.<sup>247</sup>

While preparing the DUMB STARBUCKS story as a teaching case where the students would use online searches to find the law, the authors discovered that a large amount of useful and correct trademark law information is easily available online. This is an area of law where the lay public has a strong interest in the development of the law and the resolution of disputes. The online sites could help lay junior mark holders make informed decisions on whether to parodize/satirize a famous mark or not and to help the junior mark holder defend itself against at least the initial stages of a claim by a famous senior mark holder. The Legal Information Institute at Cornell, the U.S. government, law firms, and the Berkman Center for Internet and Society provide the public with solid basic information and with explanations of where the law is inconsistent from circuit to circuit.

However, lay users' comments on the status of IP law are not always accurate. But overall, the internet makes it easier for individuals to perform basic trademark searches and to avoid infringement.<sup>248</sup> For instance, the parodic t-shirt industry

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<sup>246</sup> *New York Times Co. v. Sullivan*, 376 U.S. 254, 300–01 (1964). *New York Times* was a libel suit, however, the authors have noted the similarities between defamation and some trademark actions.

<sup>247</sup> Gallagher, *supra* note 214, at 457. A number of IP lawyers admitted that they sent cease-and-desist letters even in situations where they thought the law would not support the client's claim. *Id.* at 461.

<sup>248</sup> U.S. Patent and Trademark Office web site is available at [www.uspto.gov](http://www.uspto.gov) and its Trademark Electronic Search System (TESS) is available at [tmsearch.uspto.gov](http://tmsearch.uspto.gov). UNITED STATES PATENT AND TRADEMARK OFFICE, <http://www.uspto.gov> (last visited Jan. 24, 2015).; *Trademark Electronic Search System (TESS)*, UNITED STATES PATENT AND TRADEMARK OFFICE,

through online marketing is huge, and those who design parodic t-shirts can take advantage of their First Amendment free speech rights, being able to more accurately predict whether the use might cross the line into commission of trademark and/or copyright infringement. While DUMB STARBUCKS was not an internet marketing device, Nathan Fielder took advantage of the internet to publicize his actions. He used all the media forms that would acknowledge his antics to make his comedic (and sincere) digs on parody in trademark usage. He had a hard copy of a document called Frequently Asked Questions at the establishment and posted it on his website. While the law contained in it might have been erroneous, his use of the internet enhanced the social impact of his prank. In conclusion, an internet site and a junior mark holder defense fund are good modern methods to protect First Amendment freedoms in the face of legislation designed to protect interests of famous senior mark holders with no corresponding protections for junior mark holders who would fairly engage in brand parody.

Self-help through educating oneself about trademark law, is available through online sources. There are several good internet sources, including Harvard's, Stanford's, and Cornell's IP websites.<sup>249</sup> In addition, often law firms provide basic information online for free, but one would have to pay for legal services. Another possibility is to form a junior mark holder defense fund, similar to the Comic Book Legal Defense Fund created by the comics industry.<sup>250</sup>

#### *F. Inconsistency Among Circuits Makes the Law Unpredictable*

Sixth, there is a lack of consistency among the circuits. The TDRA may have been developed to eliminate the variations and to guide the courts in a uniform interpretation of dilution under federal trademark law. But it has not. It would be helpful if the courts or the legislature would clarify the standard of proof issue raised

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<http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4809:kurn5.1.1> (last visited Jan. 24, 2015). The Patent and Trademark Office also has state trademark information links at [www.uspto.gov/trademarks/process/State\\_Trademark\\_Links.jsp](http://www.uspto.gov/trademarks/process/State_Trademark_Links.jsp). *State Trademark Information, UNITED STATES PATENT AND TRADEMARK OFFICE*, [http://www.uspto.gov/trademarks/process/State\\_Trademark\\_Links.jsp](http://www.uspto.gov/trademarks/process/State_Trademark_Links.jsp) (last visited Jan. 24, 2015). See also, Gregory H. Guillot, *All About Trademarks*, GGMARK.COM, <http://www.ggmark.com> (last visited May 16, 2014) (includes information about federal, state, and international trademark law). See also, *Overview of Trademark Law*, *supra* note 34, (provides summary of trademark law) and *Trademark*, LEGAL INFORMATION INSTITUTE, <http://www.law.cornell.edu/wex/trademark> (last visited June 25, 2014) (provides summary of trademark law and access to the statutes themselves).

<sup>249</sup> Harvard operates the Berkman Center for Internet & Society, at <http://cyber.law.harvard.edu>. BERKMAN CENTER FOR INTERNET AND SOCIETY, <http://cyber.law.harvard.edu> (last visited July 5, 2014). Stanford operates the Stanford IP Litigation Clearinghouse at <http://www.law.stanford.edu/organizations/programs-and-centers/stanford-ip-litigation-clearinghouse>. STANFORD IP LITIGATION CLEARINGHOUSE, <http://www.law.stanford.edu/organizations/programs-and-centers/stanford-ip-litigation-clearinghouse> (last visited July 5, 2014). Cornell operates the Legal Information Institute (LII), which has IP information at [http://www.law.cornell.edu/wex/category/intellectual\\_property](http://www.law.cornell.edu/wex/category/intellectual_property). *Intellectual Property*, LEGAL INFORMATION INSTITUTE, [http://www.law.cornell.edu/wex/category/intellectual\\_property](http://www.law.cornell.edu/wex/category/intellectual_property) (last visited July 5, 2014).

<sup>250</sup> The Comic Book Defense Fund's website is available at <http://cblldf.org>. COMIC BOOK LEGAL DEFENSE FUND, <http://cblldf.org> (last visited Dec. 26, 2014).

in *Mosely II* after the TDRA was enacted. In *Starbucks VI* the court identified differences between itself, the Second Circuit, and both the Fourth Circuit and the Ninth Circuits. The *Vuitton* case was a Fourth Circuit dilution case which the Second Circuit refused to follow in its own dilution analyses. The Eighth Circuit finds dilution and infringement under factual circumstances that the other circuits most likely would not. The law should be predictable and consistent. In the case of parody in trademark law, it is not.

*G. Congress Should Eliminate Dilution in Federal Law.*

Finally, dilution is designed to protect famous marks from being diluted by folks who use the same mark to identify or name other products, for example, Buick aspirin, and Tiffany restaurant. The effect of the dilution right under trademark law is to remove the word TIFFANY from the trademark marketplace for anything other than one jewelry store. Through the reputation of the jewelry store, the word TIFFANY has come to mean elegance and expense, to have a secondary meaning to the public. While some argue that allowing a junior mark holder to capitalize on the senior mark's reputation to cause the public to associate anything named TIFFANY to be elegant and expensive, the likelihood that a poor quality restaurant named TIFFANY, assuming there is no likelihood of confusion (which there was in the actual case), will dilute the reputation of the jewelry store is not great. Hence, dilution has little use under the U.S. trademark system, which is designed to be a consumer protection law rather than a third IP system.

Besides, TIFFANY is also the name associated with Art Deco style stained glass works, especially lamps. It so happens that a father and a son named their various creative craft works after themselves.<sup>251</sup> Which TIFFANY should have a right to sue to stop a restaurant from calling itself TIFFANY? Does the son's business name dilute the father's reputation for elegance and expense? The rights to a trademark in a name, while relevant here, is a larger topic than can be dealt with in this article.

Law professor Sandra Rierson in *Myth and Reality of Dilution*<sup>252</sup> advanced three claims regarding the disadvantages of dilution:

First, dilution statutes incorrectly assume that the source-identifying function of a trademark is akin to a rivalrous good (a good that is dissipated by use). If marks are nonrivalrous and therefore function more like words than disposable goods, the economic justification for the dilution cause of action ceases to exist. Second, even if diluting but noninfringing uses of famous trademarks do impair the source identifying capacity of some marks, the social and transaction costs imposed by dilution law still

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<sup>251</sup> See *About Tiffany & Co.*, TIFFANY & CO., FOR THE PRESS, <http://press.tiffany.com/ViewBackgrounder.aspx?backgrounderId=9> (last visited July 12, 2014). As the son of Charles Lewis Tiffany, who founded Tiffany & Co. in 1837, Louis Comfort Tiffany might have followed in his father's footsteps. Instead, with an affinity for hard work and a fertile imagination, he followed his own path to success and renown. Just as Charles Tiffany created exquisite jewels for the well-to-do, building his "fancy goods" store into one of the great success stories of the age, Louis Comfort Tiffany created his own extraordinary designs that enriched the lives of all Americans.

<sup>252</sup> Sandra L. Rierson, *The Myth and Reality of Dilution*, 11 Duke L. & Tech. Rev. 212, 213–214 (2012).

outweigh the harm that it is designed to avert. Dilution claims inflict anticompetitive burdens and, as a result, may entrench dominant (often oligopolist) firms at the expense of market entrants. ... Finally, the true foundation for dilution law lies in the misplaced fiction of corporate personality, not in alleged economic harms. ... Instead, we have granted the holders of famous trademarks the equivalent of a moral right to these marks: an extension of the rights granted to a creator of an expressive work in the copyright context.

All three points dictate against continued federal protection of dilution claims. Perhaps the lack of logical justification for dilution is part of the reason that courts are not really able to distinguish between blurring and tarnishment and so are using blurring where most would first think of tarnishment.<sup>253</sup> Also, under the current business economic climate, courts and the legislature should be encouraging competition in the marketplace, not squelching it through laws that protect the status quo. Hence, the TDRA is an undesirable law because it is based on mistaken assumptions about the use of trademark in U.S. law and society. It is an attempt to incorporate personal property concepts into a legal area that under U.S. law lacks that purpose.

Appendix III is a decision tree that provides a logical approach for courts considering a purported parody by a junior mark holder and deciding whether to grant an injunction against the junior mark holder's use as an infringement or a dilution in violation of trademark law. The actual analysis is more complex than the diagram since courts can and should consider fair use, parody, and other First Amendment defenses under both trademark infringement (not specified in the diagram) and under dilution.

## VI. CONCLUSION

The law is constantly balancing competing interests. In trademark law, the interests include: (1) the property rights of the senior mark holder who created the mark and invested in it so that consumers would associate the mark with the senior mark holder's goods and services; (2) the free speech rights of the members of the public who want to use the mark to communicate to others; (3) members of the public who would receive the communication; and (4) the rights of consumers to know the authentic purveyor of the goods and services available for purchase. It is beneficial to society to encourage both commentary and public discourse and also to encourage creativity.

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<sup>253</sup> Britt N. Lovejoy, *Note: Tarnishing the Dilution by Tarnishment Cause of Action: Starbucks Corp. v. Wolfe's Borough Coffee, Inc. and V Secret Catalogue, Inc. v. Moseley, Compared*, 26 BERKELEY TECH. L.J. 623, 623–624 (2011):

Although the TDRA provides some guidance as to what factors might suggest a likelihood of dilution by blurring, it does not provide similar guidance as to what a plaintiff must show in order to prove a likelihood of tarnishment. The tarnishment provision, unlike the blurring provision, does not include a list of factors for consideration. ... Despite this ambiguity, little scholarship has touched upon dilution by tarnishment since the passage of the TDRA.

(citations omitted).

Nathan Fielder claimed that DUMB STARBUCKS was a parody, and as such was entitled to a legal defense in a trademark infringement or dilution claim by Starbucks, the owner of the STARBUCKS mark. Whether his assertion is true on either or both counts is far from clear based on examination of trademark statutory law, parody cases, and scholarly reviews of trademark regarding dilution and parody, all of which reveal that the law is not settled. Nathan Fielder's defense might win in one court and lose in another court. Minor statutory changes and additions could be made to make judicial outcomes more predictable for junior mark holders trying to parody a famous mark holder and to satirize the status of the law, so that they would know whether they might be liable for trademark infringement, dilution, or another unfair competition claim.

The question remains whether DUMB STARBUCKS would constitute a parody. Is it really a parody/satire or just a publicity stunt to gain attention for Nathan Fielder's television show? Would this be dilution by tarnishment or blurring? Could Starbucks successfully argue both? A trademark parody should be protected if the trademark is relevant to the point being made by the parodist. In many cases, this would require an analysis by the decider of fact. Somewhat more precise legislative guidelines might be helpful to courts making the decisions. The parodist should not be allowed to use a trademark just to get public attention at the expense of the trademark holder when the trademark is irrelevant to his or her point.<sup>254</sup> The legal system should not encourage that sort of free riding on the trademarked image.<sup>255</sup> Was Fielder a free-rider or an entertaining comic?

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<sup>254</sup> Eriq Gardner, *Comedy Central Lawyers Approve 'Dumb Starbucks' Stunt*, THE HOLLYWOOD REPORTER (Feb. 11, 2014), <http://www.hollywoodreporter.com/thr-esq/comedy-central-lawyers-approve-dumb-679246>. Attorney Aaron Moss said,

You can't just take a famous logo and trade dress, call it dumb and use it to sell the very same products in competition with the company you're making fun of. I question whether it's even a legitimate parody in the first place. The people behind 'Dumb Starbucks' are not making fun of 'Starbucks' so much as they're using its marks as a vehicle to sell their own commercial products.

<sup>255</sup> See Cahoy, *supra* note 17, at 14. Any parody use of a trademark involves some degree of free-riding:

By using a trademark as a source indicator, consumers are able to apply the goodwill generated from products or services back to the originating company. Without trademark protection, the goodwill created by a business based on its products or services can simply be appropriated by competitors. Capitalizing on the goodwill of another business is a disincentive to investment because it allows free riders to unfairly compete. Trademarks, thus, promote investment by ensuring that the intangible benefits received by the investor are not misappropriated by competitors ... This is the primary benefit which is gained by the property owner.

(citations omitted). Dogan & Lemley, *supra* note 12, at 483 (arguing that trademark law should not attempt to prevent all free riding by junior mark holders). The question remains as a policy what free-riding should be illegal and what free-riding should be permitted or even encouraged.



APPENDIX A

This appendix contains websites that reported the DUMB STARBUCKS story, copy of Nathan Fielder's Frequently Asked Questions, and images from the store when it was open.

The following websites contain news stories and videos on Nathan Fielder's DUMB STARBUCKS publicity stunt.

*Starbucks Responds to Dumb Starbucks in L.A.*, U.S.A. TODAY, available at <http://www.usatoday.com/story/news/nation-now/2014/02/10/dumb-starbucks-parody-free-coffee/5357597/> (last visited June 25, 2014).

*TV Comedian Nathan Fielder behind Dumb Starbucks*, CBS NEWS (February 11, 2014), available at <http://www.cbsnews.com/news/tv-comedian-nathan-fielder-behind-dumb-starbucks/> (last visited June 23, 2014).

*Dumb Starbucks Founder Nathan Fielder on Jimmy Kimmel Live*, YOUTUBE (February 12, 2014), available at <https://www.youtube.com/watch?v=4MJWz3w5ZQc> (last visited June 25, 2014).

Dumb Starbucks@dumbstarbucks, TWITTER, available at <https://twitter.com/dumbstarbucks> (last visited June 25, 2014).

*Dumb Starbucks (press release)*, YOUTUBE, available at [https://www.youtube.com/watch?v=Bo\\_deCOd1HU](https://www.youtube.com/watch?v=Bo_deCOd1HU) (last visited June 25, 2014).

David Boroff, "Dumb Starbucks," brainchild of Comedy Central star, shut down by health inspectors, NEW YORK DAILY NEWS (Tuesday, February 11, 2014), available at <http://www.nydailynews.com/entertainment/tv-movies/dumb-starbucks-shut-health-inspectors-article-1.1609947> (last visited June 25, 2014).

Nathan Fielder Tells Jimmie Kimmel He Could Get Jail Time for 'Dumb Starbucks' Joke (Video), THE HOLLYWOOD REPORTER (February 11, 2014), available at <http://www.hollywoodreporter.com/news/video-nathan-fielder-tells-jimmy-679673> (last visited June 25, 2014).

CBS News (February 11, 2014), available at <http://www.cbsnews.com/news/tv-comedian-nathan-fielder-behind-dumb-starbucks/> (last visited June 23, 2014).

Dumb Starbucks has a Twitter account accessible at <https://twitter.com/dumbstarbucks> (last visited June 23, 2014).

*Dumb Starbucks Creator Nathan Fielder's Press Conference*, HUFFINGTON POST (2/10/2014, updated 4/12/2014), available at [http://www.huffingtonpost.com/shira-lazar/dumb-starbucks-creator-na\\_b\\_4764158.html](http://www.huffingtonpost.com/shira-lazar/dumb-starbucks-creator-na_b_4764158.html) (last visited Apr. 28, 2014).



## FREQUENTLY ASKED QUESTIONS

### **Is this a Starbucks?**

No. Dumb Starbucks is not affiliated in any way with Starbucks Corporation. We are simply using their name and logo for marketing purposes.

### **How is that legal?**

Short answer - parody law.

### **Can you elaborate?**

Of course. By adding the word 'dumb', we are technically "making fun" of Starbucks, which allows us to use their trademarks under a law known as 'fair use'. Fair use is a doctrine that permits use of copyrighted material in a parodical work without permission from the rights holder. It's the same law that allows Weird Al Yankovic to use the music from Michael Jackson's "Beat It" in his parody song "Eat It".

### **So is this a real business?**

Yes it is. Although we are a fully functioning coffee shop, for legal reasons Dumb Starbucks needs to be categorized as a work of parody art. So, in the eyes of the law, our "coffee shop" is actually an art gallery and the "coffee" you're buying is considered the art. But that's for our lawyers to worry about. All you need to do is enjoy our delicious coffee!

### **Are you saying Starbucks is dumb?**

Not at all. In fact, we love Starbucks and look up to them as role models. Unfortunately, the only way to use their intellectual property under fair use is if we are making fun of them. So the "dumb" comes out of necessity, not enmity.

### **Okay, I think I understand now.**

Great. Anything else?

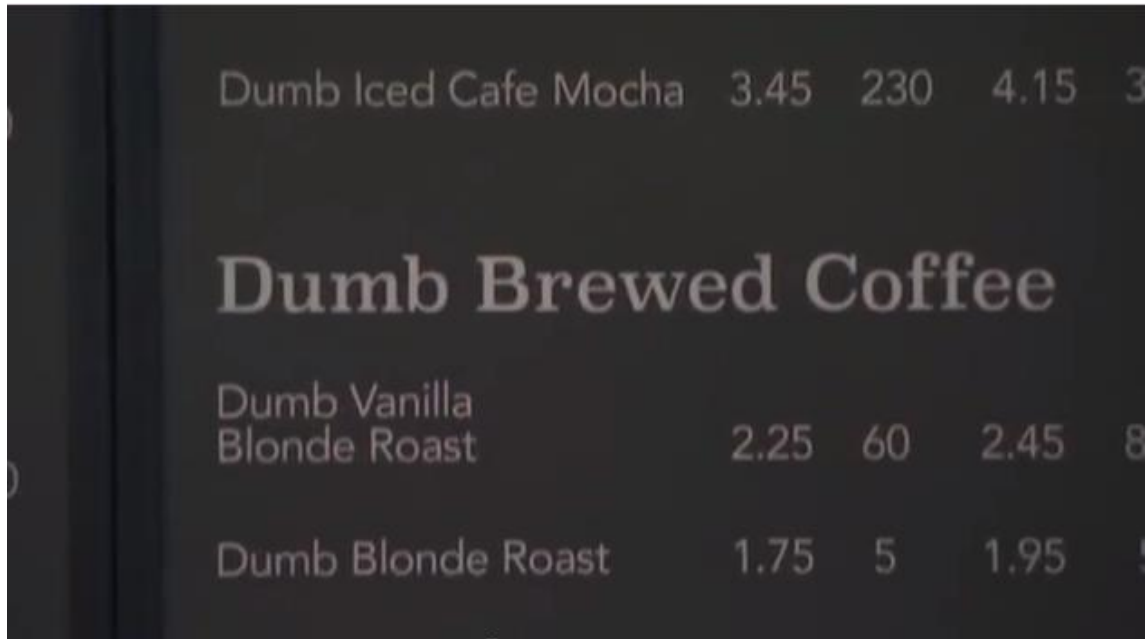
I guess not.

Okay thanks. See you later!

*For any other questions, please contact us at [DumbStarbucks@gmail.com](mailto:DumbStarbucks@gmail.com).*

Images from Dumb Starbucks, Nathan Fielder Explains the Store's Creation, available at [http://www.youtube.com/watch?v=Bo\\_deCOd1HU](http://www.youtube.com/watch?v=Bo_deCOd1HU) (last visited Feb. 28, 2014).





## APPENDIX B

**TRADEMARK PARODY CASES SINCE 2006;**

Key: N = no, Y = yes, N/A = not applicable/not ruled on.

Case	Circuit/level	LOC	Blurring	Tarnishment	Parody	Comments
<i>Moseley II</i>	6/appellate	N/A	N/A	Y	N/A	Victoria's Secret won.
CHARBUCKS	2/appellate	N/A	N	N/A	Y	Starbucks lost.
CHEWY VUITON	4/appellate	N	N	N	Y	Louis Vuitton lost. Court discussed First Amendment defense in trademark law.
NAACP	4/trial	Y	N/A	Y	N	NAACP won. Court added First Amendment as defense.
THE SITUATION	11/trial	N	N/A	N/A	Y	A&F won. Court used "trademark fair use" without mentioning dilution. State dilution claim failed because plaintiff's mark was not distinctive.
<i>Louis Vuitton v. Hyundai</i>	2/trial	N	Y	N/A	N	Louis Vuitton won. Court denied fair use even though ad commented on Louis Vuitton products as representing luxury.
ELF ON THE SHELF	11/trial	N	N/A	N/A	Y	Elf Off won. Court considered both copyright and trademark, treating parody separately under each claim. No dilution discussion.
<i>Protect Marriage</i>	9/trial	N	N/A	N/A	Y	Defendant's parody of a heterosexual family won. Court used First Amendment and parody as one and did not mention dilution.
<i>Lettuce Entertain You</i>	7/trial	N/A	N/A	N/A	Y	Defendant won. Court applied the "fair use" defense from 15 U.S.C. § 1115(b)(4), not from the TDRA.
<i>Hershey</i>	6/trial	*N, but...	N/A	Y	N	Hershey won on *trademark infringement even though there was no likelihood of confusion. The court said there was blurring and it was not a parody.
BUTTWIPER	8/trial	Y	N	N	N	Anheuser-Busch won on trademark infringement! Court relied on survey, which other courts had not used.
NAKED COWBOY	2/trial	Y	N	N	Y	Defendant Mars won on motion to dismiss, not on merits. Mars claimed parody, First Amendment, and fair use.
<i>Wal-Mart</i>	11/trial	N	N/A	N	Y	Plaintiff maker of WALOCAUST prevailed. Cause was for declaratory judgment. Majority of opinion is about viability of survey evidence.

APPENDIX C



Trademark Infringement and Dilution Under Federal Law

