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# Speech-zilla Meets Trademark Kong?: How the Hollywood Circuit Got It Wrong in the Barbie Battle, *Mattel, Inc. v. MCA Records, Inc.*

Steven Y. Reeves\*\*

## INTRODUCTION\*\*\*

This comment will examine the implications of the Ninth Circuit's holding in *Mattel, Inc. v. MCA Records, Inc.*<sup>1</sup> that where commercial speech is "inextricably entwined" with noncommercial expression, such speech enjoys "full First Amendment protection."<sup>2</sup> The *Barbie* battle involves Mattel, Inc., a toy manufacturer and owner of the *Barbie* doll trademark and MCA Records, Inc., a music company and distributor of a song titled *Barbie Girl*.<sup>3</sup> In 1997, Mattel commenced action, seeking protection under the Federal Trademark Dilution Act of 1995<sup>4</sup> (FTDA).<sup>5</sup> MCA defended on First Amendment grounds and ultimately prevailed.<sup>6</sup>

The *Mattel* court recognized that considerable tension

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\* This comment is published online at <http://mipr.umn.edu>.

\*\* JD Candidate 2004, University of Minnesota Law School. For Kimberly my beloved – you taught me the Power of Two, and for Young-mi, my mother – you taught me everything else.

\*\*\* "With Big Chief tablet readied, thick black pencil in hand, and a devil-may-care laugh in the face of death, life on the razor's edge sense of exhilaration, the [author] begins." *Bradshaw v. Unity Marine Corp., Inc.*, 147 F. Supp. 2d 668, 670 (S.D.Tex. 2001) (Kent, District Judge, demonstrating the importance of humor in legal analysis).

1. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002), *cert denied* 2003 WL 167680 (U.S. Jan. 27, 2003).

2. *Id.* at 906. The text of the First Amendment protecting speech states, "Congress shall make no law . . . abridging the freedom of speech . . ." U.S. CONST. amend. I.

3. The *Mattel* court noted that "[i]f this were a sci-fi melodrama, it might be called Speech-Zilla meets Trademark Kong." *Mattel*, 296 F.3d at 898.

4. Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. §§ 1125(c), 1127 (2000)).

5. *See Mattel*, 296 F.3d. at 902. Congress enacted the FTDA in 1995 to amend the Lanham Act to recognize trademark dilution. *See id.* at 903.

6. *See id.* at 903.

exists between the First Amendment and the protection offered by the FTDA. The court went as far as remarking that a dilution injunction against *purely* commercial speech may “run afoul of the First Amendment.”<sup>7</sup> In essence, the court found that the First Amendment rights of junior trademark users could overcome FTDA rights held by senior markholders *regardless* of the junior user’s dilutive commercial motive. Where did this come from? Under a recent Supreme Court opinion, commercial speech may deserve almost or as much protection as noncommercial speech.<sup>8</sup> Thus, the *Mattel* court may have had a point.

If none of the *Mattel* court’s reasoning until this point is doctrinally wrong, what is the danger? At the outset, this note is not disputing the specific decision of the *Mattel* court that MCA Records was entitled to market and sell copies of the song *Barbie Girl*.<sup>9</sup> Clearly, the song itself, and other types of speech like it deserve full First Amendment protection. Rather, this comment discusses the sweeping scope of the *Mattel* court’s trademark dilution analysis. Specifically, the court found that MCA’s use of the *Barbie* mark was, in fact, dilution by blurring under the FTDA.<sup>10</sup> However, the court also found that MCA’s dilutive use was protected under the *noncommercial use* exception as provided in 15 U.S.C. § 1125(c)(4)(B).<sup>11</sup> The key issue analyzed by the court, and the issue on which this comment focuses, is the intersection between trademark dilution rights and *commercial* or *non-commercial use* of trademarks in speech, and how the FTDA’s exceptions and limitations should be applied by future courts. Because the *Mattel* court failed to fully analyze Mattel’s dilution injury, the court found that First Amendment concerns precluded Mattel’s FTDA claims by reason of the noncommercial use exception. This comment contends that the Ninth Circuit’s holding, if followed to its logical conclusion, heralds the end of the bulk of the substantive protection afforded by the FTDA. This

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7. *Id.* at 905-06 n.6.

8. See Kathleen M. Sullivan, *Cheap Spirits, Cigarettes, and Free Speech: The Implications of 44 Liquormart*, 1996 SUP. CT. REV. 123, 160; see also, *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 428 (1993) (stating that “we are unwilling to recognize Cincinnati’s bare assertion that the ‘low value’ of commercial speech is a sufficient justification for its selective and categorical ban . . .”).

9. See *Mattel*, 296 F.3d at 907.

10. See *id.* at 904 n.5.

11. See *id.* at 907.

comment argues that if the *Mattel* court's treatment of the FTDA is followed, many FTDA defendants will soon be crying out for protection of their First Amendment rights through the noncommercial use exception.

This hypothesis is best illustrated by example. Imagine American Standard (a manufacturer of plumbing products) advertises its top shelf line of products as "the Cadillac of toilets" and employs a visual mark substantially similar to the Cadillac trademark shield and wreath on its packaging and advertisements. May Cadillac obtain a direct-trademark-infringement injunction under the Lanham Act to prevent American Standard from using its similar mark?<sup>12</sup> Assume consumers would not think Cadillac is suddenly making toilets. Direct-trademark-infringement injunctions require a showing of likelihood of confusion.<sup>13</sup> As a result, American Standard (a "junior user") could successfully argue there is little to no likelihood of confusion between American Standard products and Cadillac automobiles. Thus, a trademark infringement suit would not protect Cadillac.

Unfortunately for Cadillac, American Standard's use of Cadillac's mark presents an additional problem: eventually the Cadillac mark would evoke the image of a toilet—not a luxury car—in the minds of some consumers.<sup>14</sup> Under the FTDA, there is no need to show a likelihood of confusion, mistake or deception.<sup>15</sup> Furthermore, the FTDA does not require that the products be in competition with each other.<sup>16</sup> The use of

12. Assume for the sake of argument that Cadillac can successfully defend the trademark status of its name and service mark.

13. See 15 U.S.C. § 1114(1)(a) (2000).

14. Assuming that there is no likelihood of confusion between Cadillac products and the source of American Standard's toilets, the possibility that there might be consumer fraud and deceit is irrelevant. Furthermore, assume for the purpose of argument that the Cadillac mark has achieved "Supermark"-like status sufficiently famous for purposes of the FTDA. See 2 JEROME GILSON ET. AL., *TRADEMARK PROTECTION AND PRACTICE* § 5A.01[4][a] (2002) (defining "Supermarks" as "truly well-known and distinctive . . . recognize[able] by their powerful consumer product brand name association").

15. See 15 U.S.C. § 1127 (2000) (defining dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception").

16. See *id.* The lack of any relationship between the products is particularly interesting because it is evidence of the FTDA's attempt to protect the goodwill associated with a mark, regardless of the competitive positions between the products.

Cadillac's trademark shield would be a typical example of trademark dilution,<sup>17</sup> in that a junior use could "weaken the 'commercial magnetism'"<sup>18</sup> of the senior mark. As stated by the Court in *Mattel*, "[t]he distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user alone."<sup>19</sup> Thus, a dilution injunction appears likely. Indeed this is exactly the sort of action that dilution theory envisions.

However, an admittedly tenuous First Amendment argument exists that the freedom to extol the virtues of American Standard products and the values such products espouse is within the scope of protected commercial speech. American Standard could claim that its speech has a socio-political component<sup>20</sup> and associating its toilets with Cadillac would emphasize the American origination of its products and its view that such products *should* be "made in the good ol' U.S. of A." American Standard, under *Mattel*, could argue that because there is some minimal non-commercial expressive commentary emanating from the Cadillac trademark shield, an FTDA dilution injunction is precluded on the ground that the injunction would violate American Standard's First Amendment rights. Essentially, American Standard's position would be that their message of American origination, personal luxury consumerism, or similar values it perceives in Cadillac's brand image are messages *inextricably entwined* with American Standard's commercial message to "buy our toilets." American Standard would then argue that Cadillac consumers will not be confused about the source of the toilets. Thus, there is no protectable consumer fraud – only Cadillac's desire to protect its mark is at stake. Therefore, American Standard would conclude that it *should* be allowed to use the Cadillac trademark on its packaging simply as a platform to express its eco-socio-political views. Given the fact that information regarding economic decisions is on par with information needed to make political decisions,<sup>21</sup> suppression of American

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17. See H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030 (observing that "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under...[the FTDA] legislation").

18. *Mattel*, 296 F.3d at 903. "To be dilutive, use of the mark need not bring to mind the junior user alone." *Id.* at 904.

19. *Id.* at 904.

20. There might be other precision-engineered German toilets, and cheaper but equally luxurious (if less soulful) Japanese toilets in this market.

21. Cf. Robert Post, *The Constitutional Status of Commercial Speech*, 48

Standard's views could constitute suppression of political information. This comment discusses how the FTDA should be wielded in order to protect the legitimate interests of famous mark holders. This comment is *not* about the constitutional scope of Commercial Speech doctrine. Instead, it will examine the implications of *Mattel* to owners of so called "Supermarks."<sup>22</sup> As demonstrated by the Cadillac example above, the *Mattel* court's hasty decision to confer First Amendment protection to commercial speech that is inextricably entwined with non-commercial speech led it to an *unwieldy* conclusion. Properly defining the scope of the non-commercial use exception is therefore essential to protecting owners of famous trademarks.

In Section I, this comment will examine the history of trademark dilution theory to emphasize that dilution theory protects the mark holder's investment in that mark. Section I will also discuss the FTDA and its individual structure and provisions. Section I will conclude by briefly exploring the commercial speech doctrine to show that the current status of commercial speech compared to non-commercial speech is unclear. Section II will discuss the *Mattel* decision itself. Finally, section III contends that the *Mattel* court's analysis of the FTDA's intersection with the commercial speech doctrine is

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UCLA L. REV. 1, 22 (2000). Post discusses in general the distinctions and boundaries between Commercial Speech and Public discourse. Although Post concludes that the distinction lies in the information function of public discourse, he does make the argument that an advertisement of commercial prices plays as important a role in information dissemination as a newspaper editorial:

A newspaper editorial discussing drug prices would be protected as public discourse, because it would be regarded as an effort to participate in this public communicative sphere in a manner that enacts the constitutional value of democratic self-governance. A pharmacist advertising drug prices in that same newspaper, however, would not be regarded as a participant in public discourse, because her speech would not be deemed to enact the value of democratic self-governance. Nevertheless the pharmacist's advertisement, no less than the newspaper's editorial, would disseminate information to the public at large and in this way serve the important constitutional function of sustaining the public communicative sphere. This is an essential insight of commercial speech doctrine.

*Id.* Cf. William Safire, *In Material Breach*, N.Y. TIMES, Oct. 28, 2002, at A25 (arguing that the upcoming U.N. decision to hold Iraq "in material breach" of armaments agreements is based on *economic* considerations, rather than on moral or human rights grounds).

22. See GILSON, *supra* note 14. For a non-exhaustive but informative list of potential "Supermarks," see THE WORLD ALMANAC AND BOOK OF FACTS 2003, at 718-19.

fundamentally flawed, even though the result produced is correct. Furthermore, this section will argue that the implications of the court's flawed analysis are far reaching because the First Amendment becomes an overly powerful defensive tool against trademark dilution claims. In effect, the *Mattel* decision may marginalize the "landmark upgrade"<sup>23</sup> the FTDA has given senior mark holders seeking to protect their investment.

The position of this comment is that the *Mattel* court should have fully analyzed both types of dilution injury, blurring and tarnishment, because each type of dilution may invoke different levels of First Amendment protection. Furthermore, the court should have recognized that MCA's First Amendment rights heavily outweighed *Mattel*'s *tarnishment* claims. If the court had adopted this analysis, future FTDA claimants primarily alleging blurring injuries could show that the junior user's First Amendment commercial speech concerns were not substantial enough to overcome a senior mark holder's FTDA rights. Using the Cadillac hypothetical, American Standard's argument that it is using Cadillac's mark to espouse socio-political views would fail because Cadillac's interest in its mark is substantially more significant than American Standard's interest in using the Cadillac mark to represent its views. This comment concludes, in any event, the Ninth Circuit's holding that when commercial and non-commercial speech is "inextricably entwined," should be construed narrowly. Any other reading would render FTDA rights insignificant because the First Amendment will be a slam-dunk defense for almost any FTDA defendant.

## I. BACKGROUND

### A. ORIGINS OF TRADEMARK DILUTION

The key to understanding trademark dilution lies in the reader's appreciation for the historical impetus behind dilution theory. Trademark law in the United States is a relatively recent phenomenon.<sup>24</sup> Dilution theory appeared in the United

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23. GILSON, *supra* note 14, § 5A.01[1].

24. See Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 797-98 (1997) (according to Klieger, trademarks did not become essential to commerce until the industrial revolution. Furthermore, Congress did not enact trademark legislation until 1870). Klieger argues that protecting marks from

States in 1927,<sup>25</sup> when Frank Schechter published a new theory for dilution as a cause of action.<sup>26</sup> Schechter argued that the then-current focus on preventing consumer confusion as a rationale for trademark protection<sup>27</sup> should be dropped in favor of protection based on the uniqueness of the mark.<sup>28</sup> Schechter claimed that the “real injury” to mark holders resulting from use of “similar marks on *non*-competing goods” was the “gradual whittling away or dispersion of the identity and hold upon the public mind.”<sup>29</sup> Schechter’s uniqueness theory has been characterized as a “radical business-friendly alternative to consumer confusion, . . . [that] redefined trademark rights as in gross property rights and infringement actions as misappropriation actions.”<sup>30</sup>

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dilution increases barriers to competition and that dilution laws are anticompetitive. *Id.* at 860-63. Klieger’s argument is not without merit, but is beyond the scope of this article. However, Klieger’s extensive examination of the historical origin of trademark dilution law and the economic value of trademarks is invaluable. Thus, Klieger’s article is generally cited throughout with this contradiction in mind. After the first federal trademark legislation was enacted in 1870, the United States Supreme Court declared the statute unconstitutional in the *Trade-Mark Cases*. *See id.* at 798 (citing 100 U.S. 82, 99 (1879)). In 1881, Congress tried again, permitting registration to trademarks used in commerce with foreign nations and Indian tribes, but without a provision for registration of marks used in interstate commerce. *Id.* (citing Act of March 3, 1881, ch. 138, 21 Stat. 502, 502). It was not until the Trademark Act of 1905 that a federal registration scheme affected marks used in interstate commerce. *See id.* (citing Act of Feb. 20, 1905, ch. 592, 33 Stat. 724). The 1905 Act was in effect until the Lanham Act, the modern federal trademark statute, was enacted in 1946. *See id.* (citing Lanham Trade-Mark Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1127 (1994 & Supp. 1996))).

25. *See* Klieger, *supra* note 24, at 801 (noting that “[d]ilution theory originated in Frank Schechter’s 1927 article *The Rational Basis of Trademark Protection*”). Trademark dilution theory first appeared in Germany. *See id.* at 805-06. For a more extensive discussion of the German origins of trademark dilution theory, *see generally* TONY MARTINO, TRADEMARK DILUTION, 4-6 (1996) (citing the German *Odol* case).

26. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

27. *See* Klieger, *supra* note 24, at 796. *But see* Schechter, *supra* note 26, at 814 (noting that “[i]t has been repeatedly pointed out by the very courts that insist on defining trademarks in terms of ownership or origin that . . . the source or origin of the goods bearing a well known trademark is seldom known to the consumer”).

28. *See* Schechter, *supra* note 26, at 831 (insisting that “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection”).

29. Schechter, *supra* note 26, at 825.

30. Klieger, *supra* note 24, at 805-06.

Schechter's uniqueness rationale for trademark dilution was attractive, in part, because of the pressure generated by the rapid expansion of trade at the end of the nineteenth century.<sup>31</sup> However, Schechter's new theory, based on protecting a mark's uniqueness, was premature.<sup>32</sup> Indeed, just one year after Schechter's article, the Second Circuit acknowledged that the *consumer confusion* rationale extended to dissimilar goods.<sup>33</sup> In 1946, the consumer confusion rationale for trademark protection was formally adopted by the Lanham Act,<sup>34</sup> which prohibited the use of a trademark that is "likely to cause confusion, or to cause mistake, or to deceive."<sup>35</sup> Thus, at least on the federal level, Schechter's theory was ignored.<sup>36</sup>

However, the general idea that unique "trademark[s] may be weakened or reduced by unapproved uses"<sup>37</sup> lived on through various state "anti-dilution"<sup>38</sup> statutes.<sup>39</sup> As the twentieth

31. See Klieger, *supra* note 24, at 853-54. Klieger noted that "[a]s product choices [during the Industrial Revolution] expanded and retailers became middlemen in market transactions, producers and consumers came to rely on trademarks. . . ." *Id.* at 854.

32. See Klieger, *supra* note 24, at 807-08. Klieger explained that:

In the two decades immediately following Schechter's dilution proposal, courts, and eventually Congress, eliminated the direct competition requirement that had prevented trademark law from matching trade realities. By the second half of the twentieth century, few could question the degree to which the consumer confusion test protected the source and quality identification functions of trademarks and, at least indirectly, safeguarded trademarks' advertising function as well.

*Id.* at 808.

33. See Klieger, *supra* note 24, at 808 (citing *Yale Electric Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) (stating "[a]nd so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful")).

34. Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1127 (2000)).

35. 15 U.S.C. § 1114(1)(a) (2000).

36. See Natalie A. Dopson, Note, *The Federal Trademark Dilution Act and Its Effect on Parody: No Laughing Matter*, 5 J. INTEL. PROP. L. 539, 545 (1998).

37. *Id.* at 542.

38. GILSON, *supra* note 14, § 5A.01[1] n.1. Gilson notes that these laws were originally called "anti-dilution" statutes because they were against dilution, but under the FTDA the "anti" was eliminated, even though some courts continue to refer to such statutes as "anti-dilution."

39. See Dopson, *supra* note 36, at 545-46. Dopson chronicles the early state anti-dilution statutes, beginning with a Massachusetts statute, Act of May 2, 1947, ch. 307, §7(a), enacted one year after the Lanham Act. *Id.* Dopson notes that "in 1964, the United States Trademark Association

century American economy progressed from an agrarian to industrial base, the reliance on and use of trademarks became more widespread and frequent.<sup>40</sup> Manufacturers (trademark holders) increasingly sold their goods at a regional or national level.<sup>41</sup> Manufacturers relied more on their marks for source identification purposes and sought protection for their unique marks by preventing unauthorized uses.<sup>42</sup> Unfortunately, the “patch-quilt system of protection” provided by existing state anti-dilution laws led to inconsistent protection for these manufacturers.<sup>43</sup> In addition, the expanding number of state anti-dilution statutes was often “curiously misconstrued and emasculated by the courts.”<sup>44</sup> Those courts often required a showing of likelihood of confusion even though a hallmark of dilution theory is an *absence* of consumer confusion.<sup>45</sup>

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included dilution in its Model State Trademark Bill” and that by 1996 when the FTDA was enacted, “28 states had adopted anti-dilution statutes.” *Id.* at 546.

40. See Anthony Pearson, Note, *Commercial Trademark Parody, The Federal Trademark Dilution Act, and the First Amendment*, 32 VAL. U. L. REV. 973, 983 n.66 (1998); and Klieger, *supra* note 24, at 853-54.

41. See Pearson, *supra* note 40, at 983.

42. See *id.*

43. See H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030. The House Judiciary Committee noted that court decisions have been “inconsistent and some courts are reluctant to grant nationwide injunctions for violations of state law...” *Id.* at 3-4. Furthermore, the Committee disapprovingly noted that the inconsistencies “simply encourage[d] forum-shopping and increase[d] the amount of litigation.” *Id.* at 4.

44. JANE C. GINSBURG ET AL., *TRADEMARK AND UNFAIR COMPETITION LAW: CASES AND MATERIALS*, 689 (3rd ed. 2001). Ginsburg refers here to the confusion often seen between trademark infringement and trademark dilution actions. Courts often insisted that a plaintiff show a likelihood of confusion in a dilution action. See *id.* at 689-90. Ginsburg asserts that this view was incorrect and that “[n]umerous opinions since [*Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162 (N.Y. 1977)] have noted the prevalent errors of prior opinions, particularly those which required a likelihood of confusion.” *Id.* at 690.

45. See Schechter, *supra* note 26, at 821-22. Schechter argues:

No necessity or justification for the protection of marks on non-competing goods is seen except (1) where, while there is no actual diversion of trade, there is a likelihood of confusion as to the source of the infringing goods; (2) where the use of the infringing mark or name may work some discredit and financial liability or other *similar* concrete injury on the plaintiff. Thus, a recent writer states:

Where there are no circumstances that would cause the public to think the products bearing the same name were made by the same party, no wrong is done. The classic example given in *Ainsworth v. Walmsley*: “If he does not carry on a trade in iron, but carries on a trade in linen and stamps a lion on his linen,

In 1977, the New York Court of Appeals in *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*,<sup>46</sup> reversed the course of common judicial interpretation of the dilution concept.<sup>47</sup> The *Allied Maintenance* court defined dilution as “the whittling away of an established trade-mark’s selling power and value through its unauthorized use by others upon dissimilar products.”<sup>48</sup> This definition is remarkably similar to Frank Schechter’s uniqueness concept and was founded on a belief in the property-like value of unique trademarks.<sup>49</sup> More importantly, the *Allied Maintenance* court explicitly noted that a dilution injunction could be had even in the absence of a showing of “competition or confusion.”<sup>50</sup> The *Allied*

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another person may stamp a lion on iron,” is still the law.

This conclusion that “no wrong is done” is based upon an archaic notion of the function of a trademark as solely indicating “source or origin.” It assumes that “the elementary equitable principle upon which the whole law of this subject is based . . . is that one may not palm off his goods as the goods of another” and that the sole injury resulting from the use of the same “lion” mark on linen and iron might be a confusion as to the source of these two dissimilar products. It ignores the fact that the *creation and retention of custom*, rather than the designation of source, is the primary purpose of the trademark today, and that the preservation of the uniqueness or individuality of the trademark is of paramount importance to its owner.

*Id.* (emphasis in original).

46. 369 N.E.2d 1162 (N.Y. 1977).

47. See GINSBURG, *supra* note 44, at 689-90; see *Allied Maint.*, 369 N.E.2d at 1165 (noting that “[g]enerally, courts which have had the opportunity to interpret an anti-dilution statute have refused to apply its provisions literally . . . [and] have read into the statute a requirement of some showing of confusion, fraud or deception”).

48. 369 N.E.2d at 1164. Note the resemblance to Schechter’s dispersion language. See *supra* text accompanying note 29.

49. Compare 369 N.E.2d at 1165 (noting that the legislature sought to protect businesses from the “cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trademark”) with Schechter, *supra* note 26, at 823 (arguing that “this rule that a trademark must be appurtenant to a going concern should not in any way set limits to the extent of protection of such a mark when so appurtenant”). See also Pearson, *supra* note 40, at 982 (positing that “[t]rademark law . . . protects the trademark owner’s property rights . . . [which are] derive[d] from the trademark’s ability to further the owner’s business . . .”).

50. See *Allied Maint.*, at 1165. The court reasoned that:

Since an action for infringement as well as an action for unfair competition both require a showing that the public is likely to confuse the defendant’s product or service with that of the plaintiff, relief may be difficult to secure in situations in which the parties are not in competition, nor produce similar products or perform similar services. It is for this reason that [N.Y. GEN. BUS. LAW § 368-d (1968)]

*Maintenance* court's definition of dilution has been adopted, by both state and federal courts although the misconception that parties must show a likelihood of confusion "curiously and repetitively persists . . . in the jurisdictions where the dawn of anti-dilution enlightenment currently seems to shine brightest."<sup>51</sup> The *Allied Maintenance* court's rationale for preventing dilution of the mark's intrinsic value<sup>52</sup> was not widely accepted<sup>53</sup> until the FTDA incorporated a similar rationale.<sup>54</sup> In fact, by the time the FTDA was enacted, only about half of the states had any form of protection against dilution.<sup>55</sup>

## B. THE FEDERAL TRADEMARK DILUTION ACT

### 1. First, the Act.

Not until 1996, when the FTDA was enacted, did a federal

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specifically provides that an injunction may be obtained *notwithstanding the absence of competition or confusion.*

*Id.*

51. GINSBURG, *supra* note 44, at 690. Note here that the *Mattel* court did not fall into this trap. *Mattel*, 296 F.3d at 903. Instead, the *Mattel* court carefully contrasted trademark infringement from trademark dilution, and observed that with dilution "the injury . . . usually occurs when consumers *aren't* confused about the source of a product." *Id.*

52. *See supra* note 49 and accompanying text.

53. *See* GILSON, *supra* note 14, § 5A.01[1]. Gilson notes that:

Two facets of the FTDA explain why courts have been unenthusiastic about dilution law. First, the public policy underlying the Dilution Act stands in sharp contrast to that underlying the law of trademark infringement. Under the latter, the twin policy reasons behind the law are to protect the goodwill property rights of the trademark owner and the corresponding right of the public to be free from confusion, deception and mistake. The Dilution Act, on the other hand, protects only a private interest, and a narrow one at that: the distinctiveness of the owner's famous trademark. At least in cases where there is no simultaneous likelihood of confusion, there is no identifiable benefit to the public. Second, taken to its extreme, the FTDA suggests that federal law now requires or condones trademark protection in gross, a concept that is completely alien to a century of trademark jurisprudence.

*Id.* In response to the first argument, *see infra* text accompanying notes 76, 77. In response to the second argument, *see infra* text accompanying notes 61-63.

54. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030 (relying on a California court's observation that "dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark").

55. *See id.* (noting that "only approximately 25 states have laws that prohibit trademark dilution").

cause of action exist to protect mark holders from a Schechter-type concept of dilution based on a mark's protectable uniqueness.<sup>56</sup> Under the Act, unlike state anti-dilution measures, a nationwide injunction could now be issued with uniformity and consistency.<sup>57</sup> The FTDA has been described as a "landmark upgrade of a legal concept that has been around for decades and that, with some exceptions, has been largely ineffectual."<sup>58</sup>

The FTDA defines dilution as, "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."<sup>59</sup> It is important to note again that, in contrast to trademark infringement, dilution can arise even where there is *no* likelihood of confusion.<sup>60</sup> Dilution actions require that the injured mark be sufficiently famous<sup>61</sup> *and* sufficiently distinctive.<sup>62</sup> Thus, the FTDA has limited applicability.<sup>63</sup>

The FTDA provides a cause of action for a "commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark."<sup>64</sup> Typically, the Act allows only

56. See 15 U.S.C. § 1125(c)(1) (2000). The FTDA uses the phrase "distinctive quality" to incorporate the concept of uniqueness. *Id.* (stating that "[t]he owner of a famous mark shall be entitled . . . to an injunction against another person's [use of that mark] . . . if such use . . . causes dilution of the *distinctive quality* of the mark . . .").

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

58. GILSON, *supra* note 14, § 5A.01[1].

59. 15 U.S.C. § 1127 (2000).

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

61. See GILSON, *supra* note 14, § 5A.01[4][a] (discussing "Supermarks").

62. See *generally*, GILSON, *supra* note 14, § 5A.01[4][c][i][A]-[B]. Gilson explores in depth the requirement of distinctiveness beyond mere famousness. *Id.* § 5A.01[4][c][i][A]. Gilson concludes, based on explicit legislative history, that marks with acquired distinctiveness are subject to protection under the FTDA. *Id.* § 5A.01[4][c][i][B] (remarking that "the House Report states that Section 43(c)(1)(A) 'makes it clear that a mark may be *deemed famous* even if not inherently distinctive") (some internal quotes omitted) (emphasis added).

63. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 (2d Cir. 1999). The court noted that the "distinctiveness" of the mark is an "important limitation" because two thresholds limit the scope of a dilution injunction: distinctiveness and fame. *Id.* Thus, the potential for abuse of dilution injunction is lowered.

64. 15 U.S.C. § 1125(c)(1) (2000). Note here that the degree to which a

injunctive relief for plaintiffs who own famous marks.<sup>65</sup> If, however, the defendant “willfully intended to trade on the owner’s reputation or to cause dilution of a famous mark” the plaintiff may recover damages.<sup>66</sup> This is, in part, recognition of the theory that trademark rights are analogous to private property rights in that efficient use of that property depends on parcelization.<sup>67</sup> If First Amendment rights are allowed to overcome dilution theory through First Amendment protection of commercial speech, then Congress would be faced with the notion that trademarks are communal property used for commercial purposes by anyone interested in participating in the economic process. This leads to a less efficient use of resources and clearly cannot be in the best interests of the public good.<sup>68</sup> Although Congress did not explicitly adopt this line of reasoning, it is clear from the legislative history that Congress was attempting to protect trademark rights of individual entities, and that it believed that trademarks were not communal property.<sup>69</sup>

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plaintiff is required to prove that the defendant caused dilution by a showing of *actual harm* or an *inference of likely harm* was the subject of significant controversy among the circuits. See *Moseley v. V Secret Catalogue, Inc.* 123 S.Ct. 1115, 1120-22 (2003) (citing *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999), for the *actual harm* standard and *Nabisco*, 191 F.3d 208, for the competing *inference of likely harm* standard). However, a unanimous court resolved this question and found that the FTDA plainly required a showing of “actual dilution.” *Id.* at 1124. The Court qualified its holding by noting that the FTDA did not require plaintiffs to show “an actual loss of sales or profits.” *Id.*

65. See 15 U.S.C. § 1125(c)(2) (2000).

66. *Id.* Note here that damages are defined as “recover[y of] (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.” 15 U.S.C. § 1117(a) (2000). Furthermore, the “court may order that [the dilutive material] shall be delivered up and destroyed.” 15 U.S.C. § 1118 (2000).

67. See generally NEIL K. KOMESAR, LAW’S LIMITS: THE RULE OF LAW AND THE SUPPLY AND DEMAND OF RIGHTS, 126-35, 156-73 (2001). Komesar offers an explanation of the reasons why property rights are more efficient when parceled out and attempts to explain the problems that result as the number of participants and the complexity of systems increases. *Id.* at 127-33. Komesar presents tough institutional choices faced by courts and legislatures and argues that as numbers increase, there will be a shift “from informal to formal mechanisms of enforcement and a shift within formal mechanisms from common law courts to political process regulation.” *Id.* at 133. Komesar notes that this produces an increased likelihood of complicated balancing tests that attempt to accommodate flexible and uncertain inquiry. See *id.* at 158.

68. See *id.* at 128-33.

69. Cf. H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031 (characterizing the United States as “a leader setting the standards for strong worldwide protection of intellectual property”—a position

The FTDA provides four affirmative defenses: (1) ownership by the defendant of a valid federal registration;<sup>70</sup> (2) fair use of another's mark in a comparative advertisement to identify competing goods or services;<sup>71</sup> (3) noncommercial use of another's mark;<sup>72</sup> and (4) use of another's mark in news reporting and news commentary.<sup>73</sup> As explained later in this comment, the *Mattel* court's decision (and the focus of this comment) was based on its analysis of the scope of the noncommercial use exception in 15 U.S.C. § 1125(c)(4)(B).<sup>74</sup>

Although the FTDA's scope is limited, some circuits and scholars are hostile to the Act's protection for dilution because they do not see any benefit to the consumer public.<sup>75</sup> Others, however, argue that protection from dilution is needed because the consumer public is harmed when they cannot identify brands with specific products or services.<sup>76</sup> For instance, part of the purchase price of branded goods and services includes the goodwill value of the mark. If a trademark is diluted and its

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it could not adopt if Congress did not believe that trademark rights were not important personal property-like rights).

70. 15 U.S.C. § 1125(c)(3) (2000).

71. 15 U.S.C. § 1125(c)(4)(A).

72. 15 U.S.C. § 1125(c)(4)(B).

73. 15 U.S.C. § 1125(c)(4)(C).

74. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002), cert. denied 2003 WL 167680 (U.S. Jan. 27, 2003) (arguing that "[w]hereas trademark law targets 'interference with the source signaling function' of trademarks, dilution protects owners 'from an appropriation of or free riding on' the substantial investment that they have made in their marks" (quoting *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998))).

75. See GILSON, *supra* note 14, § 5A.01[4][c][i][B] (noting that "the ambiguity found by the Second Circuit in such straightforward statutory language reflects the court's hostility to the [FTDA's] broad protections"); see also GINSBURG, *supra* note 44, at 693-96 (presenting excerpts of Milton W. Hollander, *Are the State Antidilution Laws Compatible with the National Protection of Trademark?*, 75 TRADEMARK REP. 269, 273-74, 276-81, 285-87 (1985)).

76. See generally Kimberly L. Muller, *A Position of Advocacy in Support of Adoption of a Preemptive Federal Antidilution Statute*, 83 TRADEMARK REP. 175 (1993). Muller notes in particular three principal rationales (among others) for protecting trademarks owners from dilution:

(1) Trademarks are valuable tools which enable consumers to repetitively purchase goods of consistent qualities; (2) [i]nvestment in valuable trademark assets by mark holders is vital to encourage a healthy and robust economy; [and] (3) [t]he law recognizes that the trademark property of one party should not be freely taken by another party without permission.

*Id.* at 175. But see generally Paul C. Van Slyke, *State Laws Against Trademark Dilution: Why They Should Not Be Preempted by the Lanham Act*, 83 TRADEMARK REP. 197 (1993).

goodwill diminished, then it is possible that the consumer would not have paid the original purchase price—instead the purchaser would have paid a lower price commensurate with the good's lack of attached brand distinction.<sup>77</sup> In a sense, this is an issue of consumer protection. There is no doubt that the mark holder will receive the major benefit of FTDA protection, but ultimately, protecting the mark from dilution fosters investment in the development of such marks and this increases their total value to society. But what exactly is dilution and how does it protect trademarks?

## 2. Then, Dilution explained.

Dilution under the FTDA can occur through blurring or tarnishment.<sup>78</sup> Blurring occurs when a junior user relies on the senior user's mark to identify the junior user's goods or services, thus "raising the possibility that the mark will lose its ability to serve as a unique identifier of the [senior user's] products."<sup>79</sup> Currently, blurring analysis under the FTDA is best illustrated by the *Nabisco* test.<sup>80</sup> The *Nabisco* court upheld a dilution injunction because "Pepperidge Farm is likely to succeed in establishing that Nabisco's use of its goldfish shape

77. See Klieger, *supra* note 24, at 862 (arguing that "[d]ilution protection thus encourages companies to invest more than they otherwise might in the creation of intangible associations").

78. See GILSON, *supra* note 14, § 5A.01[6] at n.220 (quoting Ringling Bros.-Barnum & Baily Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 452 (4th Cir. 1999) ("finding that the FTDA's legislative history 'indicates that Congress understood that dilution might result either from uses that blur the distinctiveness of [a famous] mark or [that] tarnish or disparage it")); see also, Pearson, *supra* note 40, at 986-90 (explaining the historical and practical application of the theories behind blurring (as a loss of distinctiveness) and tarnishment (as a species of loss of business reputation)).

79. GILSON, *supra* note 14, § 5A.01[5][a].

80. *Id.*, § 5A.01[5][d]. The *Nabisco* factors used to determine likelihood of dilution are: (1) "the distinctiveness of the senior mark;" (2) "the similarity of the marks;" (3) "the proximity of the products and the likelihood of bridging the gap;" (4) "the interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products;" (5) "shared consumers and geographical limitations;" (6) "sophistication of consumers;" (7) "actual confusion;" (8) "adjectival or referential quality of the junior use;" (9) "harm to the junior user and delay by the senior user;" and (10) "effect of the senior user's prior laxity in protecting the mark." *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217-22 (2d Cir. 1999). The *Nabisco* Court noted that its list of factors was non-exclusive and should be refined over time. *Id.* at 227-28. However, Gilson notes that some of these factors have been criticized as being largely relevant to a likelihood of confusion analysis, for instance, the third factor, proximity of the products. GILSON, *supra* note 14, § 5A.01[5][d][xi].

in an orange, cheddar-cheese-flavored, bite-sized cracker dilutes the distinctive quality of Pepperidge Farm's previously famous mark, consisting of a goldfish-shaped orange, cheddar-cheese-flavored, bite-sized cracker."<sup>81</sup> *Nabisco* is particularly interesting because it demonstrates how powerful the FTDA can be: Pepperidge Farm prevailed solely on an FTDA dilution claim<sup>82</sup> and halted Nabisco's entry into Pepperidge Farm's coveted goldfish cracker market, estimated to be worth more than \$200 million.<sup>83</sup>

Tarnishment traditionally occurs when a mark is associated with a "shoddy or poor quality product" or "portrayed in an unflattering or unsavory way."<sup>84</sup> Under the FTDA, tarnishment is explicitly included as a distinct injury not requiring likelihood of confusion.<sup>85</sup> The boundaries of tarnishment actions have not yet been defined under the FTDA, but generally where the mark is "associated with obscenity, sexual activity or criminal activity, a court is far more likely to find that [the mark] has been tarnished."<sup>86</sup> However, "tarnishment is not limited to seamy conduct."<sup>87</sup>

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81. *Nabisco*, 191 F.3d at 217.

82. *Id.* at 213 (noting that "[t]he district court found for Pepperidge and granted the preliminary injunction on the federal and state dilution claims, but *not* on the federal trademark infringement or state unfair competition claims") (emphasis added).

83. *Id.* Interestingly, Pepperidge Farms apparently spent (between 1995 and 1998) \$120 million *marketing* goldfish crackers in order to double net sales of Goldfish crackers to \$200 million in 1998. *Id.* at 212-13. This further emphasizes a trademark's intrinsic value as a marketing tool.

84. GILSON, *supra* note 14, § 5A.01[6][a]; *cf.* *Moseley v. V Secret Catalogue, Inc.*, 123 S.Ct. 1115, 1125 (2003) (noting that "[tarnishing] is not a necessary consequence of mental association").

85. *See* GILSON, *supra* note 14, § 5A.01[6][b].

86. *Id.* Gilson notes a statement from the Trademark Review Commission that proposed what ultimately became the FTDA. *Id.* (stating "[i]n general, those which tend to amuse or parody, and are not likely to confuse, are not actionable. Those which are disgusting, vulgar and no laughing matter often are").

87. *Id.* at § 5A.01[6][b] (quoting *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996)); *cf.* *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir.1979) (holding film distributor liable for using Dallas Cowboys cheerleader uniform in pornographic film; the record showed that the actress wearing the trademarked uniform had never been a Dallas Cowboys cheerleader). Some commentators have argued that *Dallas Cowboys Cheerleaders* was wrongly decided because the film's expression was never found to be obscene under the First Amendment. *See* Robert N. Kravitz, *Trademarks, Speech, and the Gay Olympics Case*, 79 TRADEMARK REP. 604, 621-26 (1989) (this article was originally published under the same title in 69 B.U. L. REV. 131 (1989)).

In, *American Dairy Queen Corp. v. New Line Productions, Inc.*,<sup>88</sup> the Minnesota District Court found tarnishment of American Dairy Queen's (ADQ) wholesome trademark by a film "mockumentary" that New Line Productions planned to title "Dairy Queens."<sup>89</sup> New Line's film satirized a Mid-western beauty pageant in a potentially offensive light.<sup>90</sup> The court granted a dilution injunction notwithstanding New Line's argument that an injunction would infringe on its expressive First Amendment right to choose whatever title it wanted.<sup>91</sup> The court was swayed by ADQ's argument that it did not seek to alter any of the film's dialogue or expressive content; instead, ADQ "simply want[ed] to keep the public from developing the sense that it [was] a sponsor or endorser of New Line's film."<sup>92</sup>

As is evident from the above discussion, the FTDA implicates First Amendment concerns. The expressive content of the junior user's use raised First Amendment concerns in *Am. Dairy Queen*, but not in *Nabisco*. Is there a difference? If so, where does the FTDA intersect the First Amendment?

### 3. Diluting Dilution: One Part Blurring and One Part Tarnishment.

It appears that dilution actions resting on tarnishment claims potentially implicate the First Amendment more directly than blurring claims.<sup>93</sup> As one court noted, "[u]se of

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According to those commentators, the film distributor should have won because "mere tarnishment arising from free trade in ideas outside the realm of commercial advertising should be considered an unrecognizable harm." *Id.* at 624 n.94.

88. 35 F. Supp. 2d 727 (D. Minn. 1998).

89. *Id.* at 728, 733.

90. *See id.* at 728-29 (remarking that "the movie portrays [local beauty] contests as filled with backbiting and jealousy, and suggests the participants tend to suffer from eating disorders . . . and contain[s] off-color humor . . . which may offend many . . . viewers").

91. *See id.* at 733.

92. *Id.* Indeed, the court contended that ADQ's argument was strengthened by New Line's denial that "its use of the 'Dairy Queens' name [was] designed to evoke or even suggest any relationship at all to ADQ[.]" *Id.* at 734. The court noted that if New Line has chosen the title specifically to comment on ADQ, then its First Amendment argument might have carried more weight because no alternative avenues of expression would exist. *Id.* at 734-35.

93. *Cf. GILSON, supra* note 14, § 5A.01[5][a]. Gilson implies that dilutive blurring in ordinary business competition does not raise First Amendment concerns because blurring is confined to "when the defendant uses or modifies the plaintiff's famous trademark to identify the defendant's goods or services."

another's trademark is entitled to First Amendment protection *only* when the use of that mark is part of a communicative message, not when it is used merely to identify the source of a product."<sup>94</sup> Thus, when courts construe the intersection between FTDA rights and the First Amendment, careful consideration of the type and context of the alleged dilution is particularly important.<sup>95</sup>

Blurring claims generally involve business competition motives. The junior user is, in a sense, trading on the goodwill of the senior user's mark to sell its goods. For example, Nabisco was clearly attempting to trade on the distinctiveness

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*Id.* (emphasis added). Thus the "harm is to the famous mark" and not consumers. *Id.* § 5A.01[5][b]. In contrast, Gilson observes "[p]ast [tarnishment] decisions preventing the use of a mark in *puns, satire and parody* have raised genuine issues of free speech." *Id.* § 5A.01[6][b] (emphasis added). Gilson concludes that the FTDA's noncommercial use exemption specifically relieves this tension. *Id.*

94. *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 197-98 (W.D.N.Y. 2000) (emphasis added). In *OBH*, a newspaper (The Buffalo News) sought a dilution injunction against a website operator using the domain name "www.thebuffalonews.com" to lead consumers to a website disparaging the newspaper. *Id.* at 181-183. The court, using the Second Circuit's *Nabisco* factors, determined that the plaintiff was injured by a blurring effect, where the consumer is momentarily led to associate the domain name (hence plaintiff's mark) with the defendant's own website. *See id.* at 193-96. This "initial interest confusion" is dilutive, even though there was no actual confusion, and notwithstanding the explicit disclaimer posted on the defendant's website. *See id.* at 195. The court analyzed the plaintiff's injury in a "particularistic, context sensitive" manner and held that the defendant's First Amendment defense was without merit because the plaintiffs "[did] not seek . . . to restrain defendants from speech that criticizes The Buffalo News." *Id.* at 197.

95. *See e.g., id.* The court found that the blurring injury was strong and the remedy limited in a manner sufficient to outweigh any First Amendment rights of the defendant to name his website using the plaintiff's mark. Similarly, in *Am. Dairy Queen*, 35 F. Supp. 2d at 733-35, the defendant's crucial assertion that the title itself did not contain any expressive content referring to ADQ allowed the court to enjoin the defendant's tarnishing use of ADQ's mark. *Am. Dairy Queen* is particularly interesting because a tarnishment injury implicates stronger First Amendment rights—generally tarnishment includes some expression *about* the mark, whereas blurring is simply *use of* the mark. The court noted that if there had been expressive content in the title, the injury suffered by ADQ might not have outweighed New Line's First Amendment interests. Thus, even though the alleged injury was tarnishment, the *Am. Dairy Queen* court correctly found that the plaintiff's mark was impermissibly diluted given the contextual use of ADQ's mark. *Cf. Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1167 (C.D. Cal. 1998) (finding that defendant's use of "ballysucks" as part of his domain name was protected by First Amendment in trademark action brought by "Bally" trademark holder).

of Pepperidge Farm's trademarked "[goldfish-shaped] orange, cheddar-cheese-flavored, bite-sized cracker"<sup>96</sup> in *Nabisco*.<sup>97</sup> By comparison, the *Am. Dairy Queen* court, examining a tarnishment injury, could not conclusively state that New Line was attempting to trade on ADQ's goodwill because New Line offered to append disclaimers to its marketing materials.<sup>98</sup> Instead, the court examined ADQ's tarnishment claim and weighed it against New Line's First Amendment rights.<sup>99</sup> Although ADQ prevailed, the court considered it a crucial distinction that New Line argued: "the [f]ilm's title is not intended to in any way suggest [or] refer to" ADQ's image.<sup>100</sup> New Line's complete lack of expressive intent was fatal.<sup>101</sup> If New Line had alleged some artistic relevance to its title choice, it is likely that the *Am. Dairy Queen* court would have found in favor of New Line.<sup>102</sup>

These cases suggest that dilution depends on the relative interests and rights of the junior and senior user. A junior user trading on a senior mark's goodwill for its competitive business interests infringes on the senior user's FTDA rights. The use by the junior user is generally limited to commercial speech—in other words, "expression related solely to the economic interests of the speaker."<sup>103</sup> In contrast, a junior user relying on the senior mark's goodwill to comment on that mark (through parody, satire, association with seamy conduct, or portrayal in an unflattering manner), implicates non-commercial First Amendment rights.<sup>104</sup> Thus, any FTDA rights can potentially be *outweighed* by the public's interest in expressive freedom depending on whether the tarnishment is expressive or non-

96. *Nabisco*, 191 F.3d at 217.

97. *Id.* at 218 (contending that "[n]otwithstanding slight differences in shape, size and marking . . . [the differences] would not be easily noticed, except on a close inspection of a sort that is not likely to be performed by one who is intent on popping the crackers into his mouth").

98. *See Am. Dairy Queen*, 35 F. Supp. 2d at 732.

99. *See id.* at 732-35.

100. *Id.* at 734 (quoting Mem. in Opp'n to Pl's Mot. for Prelim. Inj. at 5).

101. *See id.* at 734-35 (stating that "[t]he idea expressed is not a reference to [ADQ's] mark. Absent such relevance, the Court concludes that alternative avenues for expressing the idea exist").

102. *See id.*

103. *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n*, 447 U.S. 557, 561 (1980) (defining commercial speech).

104. *Cf. GILSON*, *supra* note 14, § 5A.01[6][b] (observing that "past decisions preventing the use of a mark in puns, satire and parody have raised genuine issues of free speech").

expressive.<sup>105</sup> This is a distinctly different view from the *Mattel* court's view that *any* expressive content absolutely precludes an FTDA injunction.<sup>106</sup>

What makes the distinction between non-expressive tarnishment and expressive tarnishment important is that the non-expressive use can occur within the context of protected First Amendment speech. The Fifth Circuit, in *Westchester Media v. PRL USA Holdings, Inc.*,<sup>107</sup> found that the title of the magazine was "expressive to an appreciable degree . . . [requiring] more protection than the labeling of ordinary commercial products."<sup>108</sup> The *Westchester Media* court determined that the senior user had not shown proof of actual dilution<sup>109</sup> and found that there was no legitimate FTDA claim, but nevertheless the court clearly recognized that the magazine's non-expressive use was limited notwithstanding the magazine's otherwise unfettered *expressive use* right to use the mark.<sup>110</sup> The court suggested that the appropriate remedy may be "not less speech, but more" and ordered consideration of disclaimer relief.<sup>111</sup> The court noted that the disclaimer relief was particularly effective in this case because the "markets for both PRL's products and Westchester's magazine consist of relatively sophisticated buyers."<sup>112</sup> Thus, the Fifth Circuit's complete analysis resulted in adequate recognition of PRL's mark while at the same time protecting Westchester Media's First Amendment rights.

Before analyzing the *Mattel* court's opinion in light of the distinction between blurring and tarnishment, the First Amendment must be addressed. What is the current status of the commercial speech doctrine? Does commercial speech

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105. *Cf. Am. Dairy Queen*, 35 F. Supp. 2d at 734 (explaining that "the argument that there is no other way to express the idea of the film's title carries much less weight").

106. *See Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906-07 (9th Cir. 2002); *cf. infra* note 199 and accompanying text.

107. 214 F.3d 658 (5th Cir. 2000) (designer Ralph Lauren and owner of "Polo" trademark sued publisher of magazine titled "Polo").

108. *Id.* at 672.

109. *See id.* at 671. The "proof of actual dilution" issue has since been resolved. *See supra* note 64 and discussion relating to *Moseley v. V Secret Catalogue, Inc.* 123 S.Ct. 1115, (2003).

110. *See Westchester Media*, 214 F.3d at 673-74 (requiring disclaimer relief to be considered). The Fifth Circuit noted that PRL claimed dilution by blurring and tarnishment. *Id.* at 670 n.12.

111. *Id.* at 675 (supporting its suggestion for disclaimer relief).

112. *Id.* at 674.

deserve different treatment than non-commercial expression?

#### 4. Now, the First Amendment.

Life began<sup>113</sup> for the commercial speech doctrine in 1942<sup>114</sup> when the United States Supreme Court ruled that commercial speech fell outside the scope of First Amendment protection.<sup>115</sup> In 1976, the Supreme Court reversed *Chrestensen* in *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*<sup>116</sup> *Virginia Pharmacy* spawned the modern

113. Just like the early days of Schecter's dilution theory, the emerging importance of advertising appears at the genesis of the commercial speech doctrine. Compare Klieger *supra* note 24, at 807 with *infra* note 115 and accompanying text.

114. See DENISE M. TRAUTH & JOHN L. HUFFMAN, *The Commercial Speech Doctrine: Posadas Revisionism*, in ADVERTISING AND COMMERCIAL SPEECH 99, 99 (Honorable Theodore R. Kupferman, ed., 1990).

115. See *Valentine v. Chrestensen*, 316 U.S. 52 (1942). The *Chrestensen* Court dealt with § 318 of the New York Sanitary Code, "which forbids distribution of commercial and business advertising matter," but does not forbid distribution of material devoted solely to "information or a public protest." *Id.* at 53. *Chrestensen* distributed a double-sided handbill: one side was devoted solely to commercial advertising, while the other was devoted to "protest against the action of the City Dock Department . . . but no commercial advertising." *Id.* In a remarkably short opinion, the Supreme Court ruled that the city ordinance did not violate the Constitution and apparently left no room for argument:

This court has *unequivocally* held that the streets are proper places for the exercise of the freedom of communicating information and disseminating opinion and that, though the states and municipalities may appropriately regulate the privilege in the public interest, they may not unduly burden or proscribe its employment in these public thoroughfares. We are *equally clear* that the Constitution imposes no such restraint on government as respects purely commercial advertising.

*Id.* at 54 (emphasis added).

However, the commercial speech doctrine was comprehensively re-examined in *Bigelow v. Virginia*, 421 U.S. 809 (1975). The issue faced by the *Bigelow* Court was a newspaper's right to carry paid advertising that encouraged or prompted procuring an abortion. *Id.* at 809. The defendant was convicted of violating a Virginia statute that read: "If any person, by publication, lecture, advertisement, or by the sale or circulation of any publication, . . . or in any other manner, encourage or promote the processing of abortion or miscarriage, . . . he shall be guilty of a misdemeanor." *Id.* at 813 n.3 (citing VA. CODE ANN. § 18.1-63 (1972)). The Supreme Court established that "speech is not stripped of First Amendment protection merely because it appears in [the form of a paid commercial advertisement]." *Id.* at 818. *Bigelow* was particularly important because, in addition to granting constitutional protection for some forms of commercial speech, it established that protection was justified because the public had a need for the information contained in the advertisement. TRAUTH & HUFFMAN, *supra* note 114, at 100.

116. See 425 U.S. 748 (1976). The Virginia statute at issue, section 54-

commercial speech doctrine<sup>117</sup> and essentially stands for the proposition that “speech which does ‘no more than propose a commercial transaction’” is entitled to *some* First Amendment protection.<sup>118</sup> However, the Court’s application of *Virginia Pharmacy* has been inconsistent<sup>119</sup> and the doctrine has been labeled “a notoriously unstable and contentious domain of First Amendment jurisprudence.”<sup>120</sup>

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524.35 Va. Code Ann. (1974), stated that “a pharmacist licensed in Virginia is guilty of unprofessional conduct if he ‘(3) publishes, advertises or promotes, . . . any amount, price, fee, premium, discount, rebate or credit terms . . . for any drugs which may be dispensed only by prescription.’” *Id.* at 749-50. The *Virginia Pharmacy* Court held that “speech which does ‘no more than propose a commercial transaction’” may be of general public interest. *Id.* at 762, 764. The court noted that the “particular consumer’s interest in the free flow of commercial information . . . may be as keen, if not keener by far, than his interest in the day’s most urgent political debate.” *Id.* at 763. As a result, “the free flow of commercial information is indispensable” to a free enterprise economy because that information is used to make intelligent, well-informed decisions. *Id.* at 765. This reasoning parallels the traditional concept of First Amendment protection for expression: participants in a democratic self-governing political process must have guaranteed freedom of public discussion in order to make well-informed political decisions. Alexander Meiklejohn, *POLITICAL FREEDOM: THE CONSTITUTIONAL POWERS OF THE PEOPLE* 26-28 (1960).

117. See Post, *supra* note 21, at 2 (citing *Virginia Pharmacy*).

118. See *Virginia Pharmacy*, 425 U.S. at 762 (remarking that commercial speech does not lack *all* First Amendment protection); see generally TRAUTH & HUFFMAN, *supra* note 114, at 101-03.

119. See David F. McGowan, Comment, *A Critical Analysis of Commercial Speech*, 78 CAL. L. REV. 359, 383 (1990) (arguing that the court has treated very loosely the language defining commercial speech and contrasting *Virginia Pharmacy* with *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n*, 447 U.S. 557 (1980)).

120. Post, *supra* note 21, at 2. One reason for this inconsistency might be that the lack of full First Amendment protection is based on “commonsense” differences between commercial speech and other varieties.” *Bates v. State Bar*, 433 U.S. 350, 381 (1977). These common sense differences, “unarticulated almost by definition, subsequently have supported a great many restrictions of commercial speech”. McGowan, *supra* note 119, at 369 (quoting *Bates*, 433 U.S. at 380-81). The *Bates* Court relied on *Virginia Pharmacy* to find that commercial speech, although protected, was not given absolute protection. McGowan, *supra* note 119, at 369; cf. TRAUTH & HUFFMAN, *supra* note 114, at 104 (observing that “when advertising fulfills the informational needs of consumers it serves an ‘indispensable’ role” and thus implying the existence of circumstances where advertising *does not* fulfill the informational needs of consumers).

In *Ohralik v. Ohio State Bar*, 436 U.S. 447, 456 (1978), the court articulated a First Amendment value hierarchy explaining that commercial speech was less deserving of protection than non-commercial speech. *Ohralik*, a lawyer, was described as an “ambulance chase[r].” *Id.* at 469 (Marshall, J., concurring). The Court upheld Ohio’s regulation against in-person solicitation by lawyers

The inconsistent Supreme Court decisions prompted<sup>121</sup> an extensive re-examination of the commercial speech doctrine in *Central Hudson Gas & Electric Corp. v. Public Service Commission*.<sup>122</sup> The Court re-examined the First Amendment

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by adopting a “leveling rationale.” McGowan, *supra* note 119, at 370. The Court reasoned as follows:

To require a parity of constitutional protection for commercial and noncommercial speech alike could invite dilution, simply by a leveling process, of the force of the Amendment’s guarantee with respect to the latter kind of speech. Rather than subject the First Amendment to such a devitalization, we instead have afforded commercial speech a limited measure of protection, commensurate with its subordinate position in the scale of First Amendment value. . . .

*Ohralik* at 456. This theory has garnered sympathy from other commentators. McGowan, *supra* note 119, at 370 n.67 (citing Frederick Schauer, *Commercial Speech and the Architecture of the First Amendment*, 56 U. CIN. L. REV. 1181, 1182 n.8 (1988)). McGowan contends that the leveling rationale was used to “justify extending a lesser degree of first amendment protection for commercial speech than the court gave speech it believed was at the core of the first amendment.” McGowan, *supra* note 119, at 370. McGowan concludes: “the Court’s indiscriminate use of the leveling rationale allowed it to avoid the more difficult problem of justifying its treatment of commercial speech by reference to first amendment theory.” *Id.* at 371.

121. See e.g., McGowan, *supra* note 119, at 371. McGowan correctly contends that the *Ohralik* Court “failed to incorporate into its analysis the distinction between speech and conduct that entails speech.” *Id.* This is based on McGowan’s analysis of the economic due process argument. See *id.*, at 439-441 (critiquing Jackson & Jeffries, *Commercial Speech: Economic Due Process and the First Amendment*, 65 VA. L. REV. 1 (1979)). Essentially, the hypothesis is that commercial speech is not speech for First Amendment purposes; rather it is merely another form of economic activity. *Id.* This argument works “only if advertisements constituting verbal acts are conflated with the balance of commercial speech.” *Id.* at 440. But a court, striking down economic regulations with which it disagrees, would be “using the first amendment as a pretext for implementing its economic policies.” *Id.* McGowan properly concludes that the economic due process argument fails because it would be valid *only* for “advertisements that actually constitute offers—using language that in and of itself creates a commercial obligation.” *Id.* at 440-41. Thus, that the *Ohralik* Court’s failure to distinguish between speech and conduct that entails speech allowed it to “avoid the more difficult problem of justifying its treatment of commercial speech by reference to first amendment theory.” *Id.* at 371.

122. 447 U.S. 557 (1980). In *Central Hudson*, the Public Service Commission of New York responded to a fuel shortage with a ban of all advertising that promoted electricity use. *Id.* at 558-59. After the shortage was over the Commission extended the ban, reasoning that “all promotional advertising [was] contrary to the national policy of conserving energy.” *Id.* at 559. However, the Commission’s order explicitly permitted “informational” advertising designed to encourage “‘shifts of consumption’ from peak demand times to periods of low electricity demand.” *Id.* at 560. The trial court upheld the Commission’s order, and the New York Court of Appeals affirmed, finding that “the governmental interest in the prohibition outweighed the limited constitutional value of the commercial speech at issue.” *Id.* at 560-61. The

basis for protecting commercial speech and concluded that protection must “turn[] on the nature both of the expression and of the governmental interests served by its regulation.”<sup>123</sup>

The Court further stated that, in certain circumstances, the government may proscribe some forms of communication.<sup>124</sup> In doing so, the Court articulated a four-part test to determine whether commercial speech is protected by the First Amendment.<sup>125</sup> Finally, the Court defined commercial speech as “expression related solely to the economic interests of the speaker”<sup>126</sup> and alternately characterized commercial speech as that which “propose[s] a commercial transaction.”<sup>127</sup> Thus, the Supreme Court had finally provided a workable method for determining what commercial speech was and how to tell

Supreme Court reversed the lower courts and struck down the provision as overbroad in relation to the asserted state interests. *Id.* at 570-72.

123. *Id.* at 563.

124. The *Central Hudson* Court outlined its reasoning:

The First Amendment’s concern for commercial speech is based on the informational function of advertising. Consequently, there can be no constitutional objection to the suppression of commercial messages that do not accurately inform the public about lawful activity. The government *may ban forms of communication more likely to deceive the public* than to inform it or commercial speech related to illegal activity.

*Id.* at 563-64 (citations omitted, emphasis added).

125. *Id.* at 566. The test was stated follows:

At the outset, we must determine whether the expression is protected by the First Amendment. For commercial speech to come within that provision, it at least must concern lawful activity and not be misleading. Next, we ask whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine whether the regulation directly advances the governmental interest asserted, and whether it is not more extensive than is necessary to serve that interest.

*Id.* McGowan explains that this test was significant because “the test [implied an admission by the Court] that states could regulate even some truthful commercial speech.” McGowan, *supra* note 119, at 372. Also, note here that the *Central Hudson* test remains valid today. *See, e.g.,* *Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 367-68 (2002) (stating “[a]lthough several Members of the Court have expressed doubts about the *Central Hudson* analysis and whether it should apply in particular cases . . . there is no need in this case to break new ground”) (internal citations omitted).

126. *Central Hudson*, 447 U.S. at 561 (stating “[t]he Commission’s order restricts only commercial speech, that is, expression related solely to the economic interests of the speaker and its audience”).

127. *Id.* at 561-62 (quoting *Ohralik*, 436 U.S. at 455-56); *Contra* McGowan, *supra* note 119, at 371. McGowan contends that the *Central Hudson* Court “failed to define what it meant by commercial speech, referring to such speech alternatively as” expression of the speaker’s economic interests and speech proposing a commercial transaction. *Id.*

whether it was protected or not.<sup>128</sup> *Central Hudson* stands as the authoritative commercial speech case and the Court's pronouncement that "the First Amendment's concern for commercial speech is based on the informational function of advertising" is still cited as settled law.<sup>129</sup>

Unfortunately, commentators have long argued that the *Central Hudson* commercial speech doctrine is incoherent.<sup>130</sup> This argument has been renewed by recent opinions handed down within ten years of each other.<sup>131</sup> In 1996<sup>132</sup> a "fragmented" and highly "libertarian" Supreme Court in *44 Liquormart, Inc. v. Rhode Island*<sup>133</sup> debated the continuation of *Central Hudson's* validity and struck down a state prohibition against advertising the retail price of alcoholic beverages.<sup>134</sup> The Court based its decision on a "strong skepticism toward state regulation of advertising as a device for preventing consumers from knowing about a product in order to induce them not to buy it – the very rationale that had easily sustained the regulation in [*Posadas de Puerto Rico Assoc. v. Tourism Co.*]" ten years earlier.<sup>135</sup> However, the *44 Liquormart* decision was arguably inconsistent with past commercial speech cases.<sup>136</sup> In fact, "before the [1996] Term, advocates and

128. See TRAUTH & HUFFMAN, *supra* note 114, at 107.

129. Post, *supra* note 21, at 14 (quoting *Central Hudson*, 447 U.S. at 563); see e.g., *United States v. United Foods, Inc.*, 533 U.S. 405, 426 (2001).

130. See, e.g., McGowan, *supra* note 119, at 360.

131. See Post, *supra* note 21 at 3. Post argues that the Court's opinion in *Posadas de Puerto Rico Assoc. v. Tourism Co.*, 478 U.S. 328 (1986), "was so solicitous of government restrictions as to suggest . . . that commercial speech doctrine was 'left for dead.'" *Id.* at 3. Post contrasts *Posadas* with the Court's opinion in *44 Liquormart, Inc. v. Rhode Island*, 517 U.S. 484 (1996). Post contends that the *44 Liquormart* opinion was "so protective [of all speech] as to render it unclear why commercial speech should continue to be treated as a separate category of speech." *Id.* at 3 (internal quotations omitted) (quoting Sullivan, *supra* note 8).

132. Note here that the FTDA was passed in both houses by December 1995, before the *44 Liquormart* decision was handed down on May 13, 1996. Compare H.R. REP. NO. 104-374, at 1 (1995), reprinted in 1995 U.S.C.C.A.N. 1029 with *44 Liquormart*, 517 U.S. 484.

133. *44 Liquormart*, 517 U.S. at 484.

134. See *id.*

135. See Sullivan, *supra* note 8, at 126. Sullivan noted that "[the Supreme Court] likewise found the state's goal (less bibulous Rhode Islanders) inadequately met by means that should have seemed sensible, not silly, by the lights of previous decisions." *Id.* Sullivan concluded that "[44] *Liquormart* is thus the Court's most libertarian decision on commercial speech since *Virginia [Pharmacy]*." *Id.*

136. See Sullivan, *supra* note 8, at 140 (contending that "by the logic of

opponents of robust protection for commercial speech each could claim some measure of victory.”<sup>137</sup> The most important aspect of *44 Liquormart* was the Court’s argument about the appropriate standard of scrutiny commercial speech deserved – if it deserved its own standard at all.<sup>138</sup> It is quite clear from the divergent opinions that the Court had no clear explanation why commercial speech should or should not “continue to be treated as a separate category of speech isolated from general First Amendment principles.”<sup>139</sup>

A doctrinal middle position between these two extremes exists: the Supreme Court in *Bolger v. Youngs Drug Products Corp.*<sup>140</sup> found that 39 U.S.C. § 3001(e)(2)<sup>141</sup> violated the First Amendment rights of the advertiser and manufacturer of Trojan brand condoms.<sup>142</sup> The *Bolger* Court explained that, “the First Amendment means that [the] government has no power to restrict expression because of its message, its ideas, its subject matter, or its content.”<sup>143</sup> The Court qualified this sweeping statement by observing that “[b]y contrast, regulation of *commercial speech based on content* is less problematic”

*Central Hudson, Posadas*, and [United States v. Edge Broadcasting Co., 509 U.S. 418 (1993)], *44 Liquormart* should have been an easy case the other way”).

137. Sullivan, *supra* note 8, at 125. In part, the Court’s reversal of *Posadas* and re-alignment with *Virginia Pharmacy* has been attributed to the 1994 retirement of Justice Blackmun. Sullivan, *supra* note 8, at 146 & n.84.

138. See generally Sullivan, *supra* note 8, Section III. Sullivan argues that it is “unclear whether [Justices Stevens, Kennedy, Thomas and Ginsburg] would apply strict scrutiny to *all* laws aimed at the content of a commercial advertisement, or only to those that are paternalistic.” *Id.* at 146. Yet even Justices Stevens, Kennedy and Ginsburg would “withhold strict scrutiny ‘when a State regulates commercial messages to protect consumers from misleading, deceptive, or aggressive sales practices’ . . . – in which case they would apply ‘less than strict review’ even though such regulations would ordinarily be considered content-based.” *Id.* (citing *44 Liquormart*). Sullivan observes that “this little-noticed dictum” departed from conventional commercial speech doctrine in that it advocated “less than strict review” for fraudulent or misleading commercial speech. *Id.* Sullivan astutely contends that under these circumstances, “[a]ny review, even if ‘less than strict review,’ is thus a novelty.” *Id.* In sum, the court’s position on the protection afforded to commercial speech was aggressively expansive compared to the *Posadas* Court. See *supra* note 131.

139. Sullivan, *supra* note 8, at 126.

140. 463 U.S. 60 (1983).

141. *Id.* at 61 (“[p]rohibit[ing] the mailing of unsolicited advertisements for contraceptives”).

142. *Id.*

143. *Id.* at 65 (quoting *Police Dept. of Chicago v. Mosley*, 408 U.S. 92, 95 (1972)).

because of the problems of deception, confusion, and potential consumer fraud.<sup>144</sup> Although the court eventually found that the speech at stake was protected commercial speech, it is hardly surprising given that the advertising related to contraception.<sup>145</sup> The *Bolger* Court seemed to have made a decision that the non-commercial value of the speech substantially *outweighed* any commercial value. Yet because that non-commercial speech was clearly related to standard commercial speech, it characterized the whole as a type of protected commercial speech.<sup>146</sup>

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144. 463 U.S. at 65 (emphasis added). The *Bolger* Court then analyzed the speech to determine whether it was commercial or non-commercial, stating that the degree of protection rests on correct classification as such. *Id.* The Court noted that most of *Bolger's* mailings fell within the "core notion of commercial speech – speech which does 'no more than propose a commercial transaction.'" *Id.* at 66 (quoting *Virginia Pharmacy*, 425 U.S. at 762). The *Bolger* Court stated that:

The mailings constitute commercial speech notwithstanding the fact that they contain discussions of important public issues such as venereal disease and family planning. *We have made clear that advertising which "links a product to current public debate" is not thereby entitled to the constitutional protection afforded to noncommercial speech. . . .* We conclude, therefore, that all of the mailings in this case are entitled to the qualified but nonetheless substantial protection accorded to commercial speech.

*Bolger*, 463 U.S. at 67-68 (emphasis added) (citations omitted).

What is interesting about this opinion is that the Court, in its discussion of whether to protect the speech, notes that advertising for contraceptives "implicates 'substantial individual and societal interests'" in the free flow of commercial information [and] also relates to activity which is *protected from unwarranted state interference*. *Id.* at 69 (emphasis added) (citing *Carey v. Population Serv. Int'l*, 431 U.S. 678, 700-701 (1977)). Essentially the *Bolger* Court is protecting this commercial speech because its content strongly relates to *Griswold v. Connecticut*, 381 U.S. 479 (1965). See *Bolger*, 463 U.S. at 69. This content-specific analysis assumes that the public needs protection from misleading speech because it "lacks sophistication." See Post, *supra* note 21, at 40. Post's compelling insight here is that "*Central Hudson's* use of the misleading requirement as a threshold precondition for First Amendment protection cannot, without internal contradiction, be premised upon the *content* of speech." *Id.* at 41 (emphasis added). Post suggests that "[t]he contradiction can be resolved only by . . . focus[ing] on the specific conditions that might be understood to render consumers dependent and vulnerable." *Id.*

145. See *supra* note 144 and accompanying text.

146. See *Bolger*, 463 U.S. at 68 (noting that the type of speech at issue is "entitled to the qualified but nonetheless substantial protection accorded to commercial speech"). Justice Stevens, concurring with the *Bolger* Court, disagreed on the grounds that the distinction between non-commercial and commercial speech involved compromise. Cf. *id.* at 82-83. Justice Stevens wrote that instead, "it may be more fruitful to focus on the *nature* of the challenged regulation rather than the proper label for the communication." *Id.* at 82-83 (emphasis added). Justice Stevens focused on the purpose behind the

Most recently, the Court in *Thompson v. Western States Medical Center*<sup>147</sup> reaffirmed that commercial speech enjoys a “qualified but nonetheless substantial protection.”<sup>148</sup> The *Thompson* Court emphasized that “even a communication that does no more than propose a commercial transaction is entitled to coverage of the First Amendment,”<sup>149</sup> but qualified this assertion by reaffirming the *Virginia Pharmacy* Court’s holding that “not all regulation of [commercial] speech is unconstitutional.”<sup>150</sup> The *Thompson* Court agreed that some types of commercial speech may still be regulated if it concerns unlawful or misleading activity.<sup>151</sup> This seemed to affirm a middle position between *Posadas* and *44 Liquormart*, a position that nevertheless offers some types of commercial speech *less* than full First Amendment protection. Furthermore, this position seems to be consistent with the *44 Liquormart* Court’s general lack of comfort in fully protecting misleading speech or speech that the government has a strong interest in restricting.<sup>152</sup> *Thompson* is most important for its recognition that *Central Hudson* remains a valuable part of the Commercial Speech doctrine, and that regulation of commercial speech can be constitutional.

The amount of protection afforded to commercial speech compared to noncommercial speech is unclear. However, it is clear that commercial speech may be constitutionally

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message, and argued that “[i]t matters whether a law regulates communications for their ideas or for their style.” *Id.* at 84. Justice Stevens concluded that “regulations of form and context may strike a constitutionally appropriate balance between the advocate’s right to convey a message and the recipient’s interest in the quality of his environment.” *Id.* at 84. This statement was echoed by his position in *44 Liquormart*, 517 U.S. 484 (1996), that “bars against ‘dissemination of truthful, nonmisleading commercial messages for reasons unrelated to the preservation of a fair bargaining process’ should receive strict scrutiny” while “regulations whose purpose is ‘to protect consumers from misleading, deceptive, or aggressive sales practices’ . . . should receive ‘less than strict’ scrutiny.” Sullivan, *supra* note 8, at 142.

147. 535 U.S. 357 (2002).

148. *Mattel*, 296 F.3d at 905 n.7.

149. *Thompson*, 535 U.S. at 367 (quoting *Edenfield v. Fane*, 507 U.S. 761, 767 (1993)).

150. *Thompson*, at 367. The Court found that the regulations at issue were unconstitutional because, applying *Central Hudson*, the proposed restrictions were overly broad. *Id.* at 376-77.

151. *See id.* at 367.

152. *See supra* note 138 and accompanying text (explaining the positions of Justices Stevens, Kennedy, and Ginsburg).

regulated. The ability to impose such regulation may arguably depend on the nature of the regulation, rather than just the content of the speech.

## II. THE MATTEL DECISION

The legal battle began on September 11, 1997, when Mattel, Inc. filed suit against MCA Records, Inc. in a California Federal District Court.<sup>153</sup> This case involved Mattel in its capacity as owner of the *Barbie* trademark, and MCA in its capacity as producer, marketer, and seller of *Barbie Girl*, a song by the Danish band "Aqua."<sup>154</sup> What makes this case so immediately appealing is the fact that *Barbie* is more than a blonde doll with a diverse wardrobe; she is a cultural icon.<sup>155</sup>

In March 1997, Aqua released its album, *Aquarium*, in Europe.<sup>156</sup> The eleven-song album included the song *Barbie Girl*, in which band members assume the identity of Barbie and her boyfriend Ken.<sup>157</sup> In *Barbie Girl*, the band members sing about Barbie's "[l]ife in plastic," and state that Barbie is "a blonde bimbo girl, in a fantasy world."<sup>158</sup> Clearly, the song is

153. See *Mattel, Inc. v. MCA Records, Inc.*, 46 U.S.P.Q. 2d 1407 (C.D.Cal. 1998) (order denying preliminary injunction) (hereinafter *Mattel Order*).

154. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d. 894, 898-99 (2002).

155. See *id.* at 898. Judge Kozinski delved into the history of Barbie to provide this memorable account:

Barbie was born in Germany in the 1950s as an adult collector's item. Over the years, Mattel transformed her from a doll that resembled a "German street walker," as she originally appeared, into a glamorous, long-legged blonde. Barbie has been labeled both the ideal American woman and a bimbo. She has survived attacks both psychic (from feminists critical of her fictitious figure) and physical (more than 500 professional makeovers). She remains a symbol of American girlhood, a public figure who graces the aisles of toy stores throughout the country and beyond. With Barbie, Mattel created not just a toy but a cultural icon.

*Id.* (citing M.G. LORD, *FOREVER BARBIE: THE UNAUTHORIZED BIOGRAPHY OF A REAL DOLL* 32 (1994)). Judge Kozinski is known for sensitivity to the cultural significance of parties appearing in his courtroom. See, e.g., *White v. Samsung Elec. America, Inc.*, 989 F.2d 1512, 1408 (9th Cir. 1993) (Kozinski, J., dissenting) (acknowledging that "[f]or better or worse, we are the Court of Appeals for the Hollywood Circuit").

156. See *Mattel Order*, 46 U.S.P.Q. 2d at 1408.

157. See *id.*

158. See *Mattel*, 296 F.3d at 909. The entire lyrics for *Barbie Girl* by Aqua are as follows:

-Hiya Barbie!  
 -Hi Ken!  
 -You wanna go for a ride?

commenting on a stereotyped *Barbie* life. The song was released in the United States, and by September 1997, Aqua was on its way to notoriety and fame: *Aquarium*, sold over 1.4 million copies in the United States alone.<sup>159</sup> Eventually, “to Mattel’s dismay” *Barbie Girl* made it to the Top 40.<sup>160</sup>

Mattel brought suit, alleging eleven causes of action, including federal and state trademark dilution claims.<sup>161</sup>

-Sure, Ken!

-Jump in!

-Ha ha ha ha!

(CHORUS:)

I’m a Barbie girl, in my Barbie world  
 Life in plastic, it’s fantastic  
 You can brush my hair, undress me everywhere  
 Imagination, life is your creation  
 Come on Barbie, let’s go party!

(CHORUS)

I’m a blonde bimbo girl, in a fantasy world  
 Dress me up, make it tight, I’m your dolly  
 You’re my doll, rock and roll, feel the glamour in pink  
 Kiss me here, touch me there, hanky-panky  
 You can touch, you can play  
 If you say “I’m always yours,” ooh ooh

(CHORUS)

(BRIDGE:)

Come on, Barbie, let’s go party, ah ah ah yeah  
 Come on, Barbie, let’s go party, ooh ooh, ooh ooh  
 Come on, Barbie, let’s go party, ah ah ah yeah  
 Come on, Barbie, let’s go party, ooh ooh, ooh ooh  
 Make me walk, make me talk, do whatever you please  
 I can act like a star, I can beg on my knees  
 Come jump in, be my friend, let us do it again  
 Hit the town, fool around, let’s go party  
 You can touch, you can play  
 You can say “I’m always yours”  
 You can touch, you can play  
 You can say “I’m always yours”

(BRIDGE)

(CHORUS x2)

(BRIDGE)

-Oh, I’m having so much fun!

-Well, Barbie, we’re just getting started!

-Oh, I love you Ken!

*Id.*

159. See *Mattel Order*, 46 U.S.P.Q. 2d at 1408.

160. *Mattel*, 296 F.3d. at 899.

161. See *Mattel Order*, 46 U.S.P.Q. 2d at 1408. Specifically, Mattel alleged federal dilution claims under 15 U.S.C. § 1123(c)(1) (Supp. 1997) (owner of a

Interestingly, Mattel did not sue Aqua or the band members individually, claiming that it was “not attempting to ‘censor’ the song, . . . [just] the companies that actually manufactured and distributed the CD.”<sup>162</sup> Mattel took the position that Barbie was “associated with wholesomeness” and that MCA’s song was “antisocial . . . [because] *Barbie Girl* supports ‘promiscuity, lewdness, and the stereotyping and denigration of young women.’”<sup>163</sup> Mattel claimed the *Barbie Girl* portrayal tarnished the Barbie trademark<sup>164</sup> and attempted to draw similarities between the *Barbie Girl* lyrics and other sexually explicit parodies including a pornographic Dallas Cowboy cheerleader movie and a sexually explicit Pillsbury doughpersons cartoon.<sup>165</sup>

At trial, MCA defended the federal dilution claims primarily on the grounds that its speech was protected under the “noncommercial use of a mark” exception to the FTDA.<sup>166</sup> The trial court agreed, noting: “mere association of a trademark with ‘unwholesome or negative context’ is [not] enough to make a trademark dilution claim.”<sup>167</sup> In addition, the trial court cautiously explained that, “applying the trademark dilution law to parodies . . . raises important First Amendment questions.”<sup>168</sup> The trial court claimed that it “must be wary” of applying the dilution statute, otherwise it would permit mark holders to

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famous mark entitled to injunctive relief), and state dilution claims under CAL. BUS. & PROF. CODE §14330 (1997) (likelihood of injury is grounds for injunctive relief, *not withstanding absence of competition*). *Mattel Order*, 46 U.S.P.Q. 2d at 1419 (emphasis added).

162. 46 U.S.P.Q. 2d at 1408 n.1.

163. *Id.* at 1419 (quoting Pl.’s Prelim. Inj. Mot. at 25).

164. *See* *Mattel, Inc. v. MCA Records, Inc.*, 28 F. Supp. 2d 1120, 1155 (1998) (hereinafter *Mattel Trial*). However, the trial court noted that Mattel itself had been accused of “promoting unrealistic, sexist stereotypes of what constitutes the ‘ideal woman’” and that a book copyrighted by Mattel had included several less than wholesome descriptions of Barbie along with acknowledgments of Barbie’s unrealistic body proportions. *Id.*

165. *See* *Mattel Order*, 46 U.S.P.Q. 2d at 1419 (citing *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir.1979) (holding defendant liable for using cheerleader uniform in X-rated film) and *Pillsbury Co. v. Milky Way Productions, Inc.*, 215 U.S.P.Q. 124, 136 (N.D.Ga. 1981) (holding defendant liable under State anti-dilution statute for publishing cartoon of “Poppin’ Fresh” and “Poppie Fresh” doughpersons engaging in sexual intercourse and fellatio)).

166. *Mattel Trial*, 28 F. Supp. 2d at 1155; *see* 15 U.S.C. § 1125(c)(4)(B) (2000).

167. *Mattel Trial*, 28 F. Supp. 2d at 1156 (relying in general on the court’s analysis in *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31 (1st Cir. 1987)).

168. *Mattel Trial*, 28 F. Supp. 2d at 1156.

obtain dilution injunctions “simply because they find such parodies ‘negative or offensive.’”<sup>169</sup> The trial court attempted to distinguish between *Balducci Publications*<sup>170</sup> and *L.L. Bean*.<sup>171</sup> The defendant in *Balducci Publications* attacked the plaintiff, Anheuser-Busch, in a way “not even remotely necessary to Balducci’s goals of commenting on [a specific] oil spill [in a water supply source used by the plaintiff].”<sup>172</sup> However, in *L.L. Bean* and the *Mattel* case, both defendants used plaintiffs trademark because it was “necessary for the purposes of parody.”<sup>173</sup> As a result, the trial court granted summary judgment for MCA on Mattel’s dilution claim<sup>174</sup> and rested its analysis on the noncommercial use exception simply to avoid the obvious constitutional question.<sup>175</sup>

Mattel appealed the decision, arguing that *Barbie Girl* diluted Mattel’s mark in two ways: “[i]t diminishes the mark’s capacity to identify and distinguish Mattel products, and tarnishes the mark because the song is inappropriate for young girls.”<sup>176</sup> The Ninth Circuit’s analysis of the FTDA paid homage to Schechter’s contribution<sup>177</sup> and also noted the distinction between an ordinary trademark injunction (requiring a likelihood of confusion) and a dilution injunction (requiring no such showing).<sup>178</sup> This distinction accords with the *Allied*

169. *Id.* (quoting *L.L. Bean Inc.*, 811 F.2d at 33).

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

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

172. *Mattel Trial*, 28 F. Supp. 2d at 1156 n.56 (quoting *Balducci Publ’ns*, 28 F.3d at 778) (alteration in original).

173. *Mattel Trial*, 28 F. Supp. 2d at 1156 n.56; *accord*, Pearson, *supra* note 40, at 1007 (explaining that “[a] parody must make its viewer realize what it is poking fun at” and asserting that “[f]or a parody to conjure the image of the subject mark . . . it will have to bear substantial similarity to it”). *See generally* GINSBURG, *supra* note 44, at 874-915 (presenting various parody cases).

174. *See Mattel Trial*, 28 F. Supp. 2d at 1164.

175. *See generally*, WILLIAM N. ESKRIDGE, JR., PHILIP P. FRICKEY & ELIZABETH GARRETT, *CASES AND MATERIALS ON LEGISLATION: STATUTES AND THE CREATION OF PUBLIC POLICY* 873-89 (3d. ed. 2001) (discussing *Nat’l Labor Relations Bd. v. Catholic Bishop of Chicago*, 440 U.S. 490 (1979) (interpreting the National Labor Relations Act and its definition of “employer”) and the canon that courts should interpret statutes to avoid constitutional problems). ESKRIDGE & FRICKEY examines how this canon has been abused in the commercial speech context in *Lowe v. SEC*, 472 U.S. 181 (1985). ESKRIDGE & FRICKEY at 884-85.

176. *Mattel*, 296 F.3d at 902-03.

177. *Id.* at 903.

178. *See id.*

*Maintenance* court's precipitous decision.<sup>179</sup> The *Mattel* court adopted Judge Leval's "lucid and scholarly" analysis<sup>180</sup> of the statutory terms in *Nabisco, Inc. v. PF Brands, Inc.*<sup>181</sup> The *Nabisco* court explained that the FTDA established five necessary elements for a dilution claim.<sup>182</sup> The *Mattel* court, following *Nabisco*, concluded that, "Barbie easily qualifies under the FTDA as a famous and distinctive mark."<sup>183</sup> The *Mattel* court also asserted that *Barbie Girl* constituted a "commercial use in commerce"<sup>184</sup> because MCA "created and sold to consumers in the marketplace commercial products . . . [bearing] the Barbie mark."<sup>185</sup> The court then announced, without fanfare, that MCA's use was dilutive because, when some consumers hear Barbie's name, they will think of both the doll and the song.<sup>186</sup> "To be dilutive, use of the mark need not bring to mind the junior user alone," because the mark is diluted "if [it] no longer brings to mind the senior user *alone*."<sup>187</sup>

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179. *See id.*; *see supra* note 44, and note 51 and accompanying text (distinguishing between trademark infringement and trademark dilution and their importance in the history of trademark dilution theory).

180. *Mattel*, 296 F.3d at 903.

181. 191 F.3d 208, 214-17 (2d Cir. 1999).

182. *See Nabisco*, 191 F.3d at 215. The court stated that "(1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark." *Id.* The *Nabisco* court did not examine the "commercial use in commerce" requirement, stating that "it [is not] disputed that Nabisco's sale of its goldfish cracker would involve a commercial use in commerce." *Id.* (internal quotes omitted).

183. *Mattel*, 296 F.3d at 903.

184. The court defined "commercial use in commerce" as "a use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark's owner." *Mattel*, 296 F.3d at 903 (citing *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1324-25 (9th Cir. 1998)). In *Panavision*, Toeppen registered the internet domain name "panavision.com" along with the domain names of other large corporations. *Id.* at 1319. When Panavision International, L.P. attempted to register its own name, Toeppen attempted to sell the domain name to Panavision. *Id.* The defendant argued that his use of "Panavision" was not commercial, but the court disagreed noting that "Toeppen traded on the value of Panavision's mark." *Panavision*, 141 F.3d 1318, 1325. MCA's actions were distinct from Toeppen's. The *Mattel* court *did not* find that MCA traded on the value of the Barbie mark to sell records. Instead, MCA sold records that contained songs about, among other things, Barbie's materially plastic fantasy world. Simply put, MCA's purpose behind its use of the Barbie mark was only weakly commercial.

185. *Mattel*, 296 F.3d at 903.

186. *See id.* at 904.

187. *Id.* (emphasis added).

The court noted that this was an example of a “classic blurring injury and is in no way diminished by the fact that the song itself refers back to Barbie the doll.”<sup>188</sup> The court declined to decide whether *Barbie Girl* tarnished Mattel’s mark.<sup>189</sup>

The Ninth Circuit then considered the statutory exemptions listed in the FTDA and their applicability to MCA’s actions.<sup>190</sup> As the court noted, the “comparative advertising” and “news reporting and commentary” exemptions simply did not apply to the facts here.<sup>191</sup> However, the noncommercial use exemption posed a tougher question.<sup>192</sup> The court remarked that defining the term “commercial use” to be the same whether determining a “commercial use in commerce” or a “noncommercial use” creates a constitutional problem “because it would leave the FTDA with no First Amendment protection for dilutive speech other than comparative advertising and news reporting.”<sup>193</sup>

The lack of First Amendment protection troubled the Ninth Circuit because it viewed the FTDA as lacking two significant limitations to reduce the tension between traditional trademark infringement actions and First Amendment rights. First, the court argued simplistically that dilution injunctions apply across a broader range of industries than trademark injunctions.<sup>194</sup> Second, the court argued that trademark

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188. *Id.*

189. *See id.* at 904, n.5 (remarking that “[b]ecause we find blurring, we need not consider whether the song also tarnished the Barbie mark”) (emphasis added). This is crucial because, as explained in Part III, use of the *Barbie* mark in the title results in dilutive blurring with relatively little First Amendment tension compared to an expressive use of the *Barbie* mark and its resulting dilutive tarnishment injury.

190. *See id.* at 904.

191. *Id.*

192. *See id.* According to the *Mattel* court, the statutory language is somewhat contradictory. If dilution can only occur by commercial use, how can such use also be noncommercial and earn an exemption under 15 U.S.C. 1125(c)(4)(B)? The court pointed out that “[i]f the term ‘commercial use’ had the same meaning in both provisions, this would eliminate one of the three statutory exemptions defined by this subsection, because any use found to be dilutive would, of necessity, not be noncommercial.” *Id.*

193. *Id.*

194. *See id.* The court argued that that trademark infringement provides limited relief—only where the junior use is likely to confuse. *Id.* The court contrasted this with dilution injunctions, which are not limited to competing industries, and therefore “sweep across broad vistas of the economy.” *Id.* at 905. However, the court failed to acknowledge that with the increase in broad brand label appeal, trademark infringement actions may also reach broadly into unrelated goods and services. *See e.g., Westchester Media v. PRL USA*

injunctions are premised “on the need to prevent consumer confusion,” consistent with the First Amendment protection principles.<sup>195</sup> However, the court then argued that, “dilution law protects only the distinctiveness of the mark, which is inherently less weighty than the dual interest of protecting trademark owners and avoiding harm to consumers that is at the heart of every trademark claim.”<sup>196</sup> The Ninth Circuit then suggested that in order to reconcile this tension, noncommercial speech must be defined in such a way that it can be covered by the noncommercial use exemption *and*, at the same time, constitute a commercial use in commerce.<sup>197</sup> The court cited the FTDA’s legislative history as “suggest[ing] an interpretation . . . that both solves our interpretive dilemma and diminishes some First Amendment concerns.”<sup>198</sup> The Ninth Circuit defined noncommercial use as “a use that consists

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Holdings, Inc., 214 F.3d 658, 667 (5th Cir. 2000) (upholding trademark infringement claims by clothing manufacturer against magazine of the same name). In *Westchester Media*, the Fifth Circuit, agreeing with the district court, noted that the New POLO magazine could be perceived as being within PRL’s “natural zone of expansion.” *Id.* at 666.

However, this is based on the weak concept that “[i]f consumers believe, even though falsely, that the natural tendency of producers of the type of goods marketed by the prior user is to expand into the market for the type of goods marketed by the subsequent user, confusion may be likely.” *Id.* (quoting *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 202 (5th Cir. 1998) (quoting Restatement (Third) of Unfair Competition § 21 cmt. j (1995))). But brand identities increasingly encompass a broad spectrum of lifestyle activities. For example, if Ford Motor Co. started marketing Winchester Edition Ford Explorers (the Ford Explorer is a popular midsize SUV, and Winchester markets popular sporting rifles and shotguns), complete with special edition shotgun, custom installed gun racks and bandolier style seat belts, would a consumer be reasonably justified in believing that Ford’s natural zone of expansion is gun manufacture? Yet with the broadening appeal and lifestyle image of rugged/outdoors/sporting brands such as Ford and Winchester, the “natural zone of expansion” grows ever widening. See The Int’l Owners Club for the Range Rover Marque, Range Rover Holland & Holland, at [http://www.rrr.co.uk/series\\_ii/holland.html](http://www.rrr.co.uk/series_ii/holland.html) (last visited Mar. 30, 2003) (describing a British luxury truck built and outfitted in collaboration with a British luxury gun manufacturer). Thus, a trademark infringement injunction *also* has the possibility of “sweeping across broad vistas of the economy.” *Contra Mattel*, 296 F.3d at 904-905.

195. *Mattel*, 296 F.3d at 905. The court properly noted that the First Amendment does not protect commercial fraud. *Id.* (citing *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n*, 447 U.S. 557, 566 (1980)). “Moreover, avoiding harm to consumers is an important interest that is independent of the senior user’s interest in protecting its business.” *Id.*

196. *Mattel*, 296 F.3d at 905.

197. See *id.*

198. *Id.*

*entirely* of noncommercial, or *fully* constitutionally protected, speech.”<sup>199</sup> The court’s special attention to the fact that the noncommercial use exemption applied only to *entirely* noncommercial speech is important because it was this gray area, in which noncommercial expression co-mingles with commercial speech, that the *Mattel* court interpreted.

The *Mattel* court then examined the legislative history behind the FTDA and properly determined that Congress was aware of this issue and had dealt with the First Amendment problem.<sup>200</sup> The court noted, in particular, House Judiciary Committee language stating that “[t]he bill will not prohibit or threaten ‘noncommercial’ expression, *as that term has been defined by the courts.*”<sup>201</sup> In fact, the section-by-section analysis presented to the House and Senate was printed in the Congressional Record to clarify that the noncommercial use exemption was intended to relieve tension between the FTDA

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199. *Id.* (emphasis added). The court cited an older version of Jerome Gilson’s treatise, TRADEMARK PROTECTION AND PRACTICE, and emphasized Gilson’s definition that the noncommercial use exemption applies only to *fully* constitutionally protected speech, such as parodies. See GILSON, *supra* note 14, §5A.01[8][b].

200. See *Mattel*, 296 F.3d at 905.

201. See *id.* (quoting 1995 U.S.C.C.A.N. 1029, 1031) (emphasis added). Clearly, the congressional understanding at the time the bill was debated was that judicial interpretation of commercial speech doctrine was distinct from noncommercial speech. What is also interesting is that this explanation seems to acknowledge that the judicial definition could change. This might imply that Congress assumed it was possible that in the future, even commercial speech could be fully protected by the First Amendment. If this was true, then we must accept as true that Congress believed that the Act it was signing into law may become unconstitutional sometime in the future. It is more likely that Congress was fixated on the concept that commercial transaction speech would always deserve *relatively less* First Amendment protection than “parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.” *Mattel*, 296 F.3d at 905 (citing 141 CONG. REC. S19306-10, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Orin Hatch); 141 CONG. REC. H14317-01, H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Carlos Moorhead)). This interpretation is even more likely given that the confusing *44 Liquormart* decision (in which a fragmented Supreme Court argued, but did not decide, whether commercial speech was constitutionally distinct from noncommercial speech) was handed down *after* the FTDA became law. See discussion on *44 Liquormart*, *supra* notes 133-136 and accompanying text. Most recently in *Thompson v. Western States Medical Center*, the Supreme Court unanimously agreed that commercial and noncommercial speech receive different levels of protection. 535 U.S. 357, 367 (2002) (holding 5-4 that the regulation at issue was unconstitutional but the majority acknowledged that “not all regulation of [commercial] speech is unconstitutional”).

and First Amendment concerns.<sup>202</sup>

Finally, the Ninth Circuit applied its understanding of the noncommercial use exemption to MCA Records' distribution of *Barbie Girl*, which is a form of noncommercial expression.<sup>203</sup> The problem was that this court had previously identified the act of selling the *Barbie Girl* recording for profit as a form of commercial speech.<sup>204</sup> Thus, the *Mattel* court had to find a way to treat speech that was both commercial and noncommercial at the same time.

The Ninth Circuit relied on their recent decision in *Hoffman v. Capital Cities/ABC, Inc.*<sup>205</sup> In *Hoffman*, Los Angeles Magazine (LAM) published a photo spread containing digitally altered images from famous films.<sup>206</sup> Dustin Hoffman's appearance in a *Tootsie* still was altered so that "Hoffman's body and his long-sleeved red sequined dress were replaced by the body of a male model in the same pose, wearing a [Richard Tyler] spaghetti-strapped, cream-colored, silk evening dress and [Ralph Lauren] high-heeled sandals."<sup>207</sup> Hoffman sued LAM's parent company under the Lanham Act, alleging misappropriation of his name and likeness.<sup>208</sup> The *Hoffman* court found that the magazine's use was not purely commercial, and therefore deserved full First Amendment protection.<sup>209</sup>

The *Mattel* court noted that the *Hoffman* decision relied on its interpretation of the purpose behind the magazine speech.<sup>210</sup> Since the *Hoffman* court found that there was a commercial purpose behind the magazine's message of humor and fun, it concluded that where "commercial aspects are inextricably

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202. See *Mattel*, 296 F.3d at 906.

203. See *id.* at 901 (stating "[*Barbie Girl*] pokes fun at Barbie and the values that Aqua contends she represents").

204. See *id.* at 903. See *supra* notes 184-185 and accompanying text. Interestingly, the court's reasoning was that "commercial use in commerce" refers to "use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark's owner." *Mattel*, 296 F.3d at 903 (citing *Toeppen*, 141 F.3d at 1324-25). However, as discussed *supra* in note 184, the court did not assert that MCA's purpose was to sell products with the Barbie mark.

205. 255 F.3d 1180 (9th Cir. 2001).

206. See *id.* at 1183.

207. *Id.*

208. See *id.*

209. See *id.* at 1185-86.

210. See *Mattel*, 296 F.3d at 906. LAM clearly had a commercial purpose: "to draw attention to the for-profit magazine in which it appeared and to sell more copies." *Id.* (citing *Hoffman*, 255 F.3d at 1186) (quotes omitted).

entwined with expressive elements . . . they cannot be separated out from the fully protected whole.”<sup>211</sup> The *Mattel* court adopted this reasoning and found that “*Barbie Girl* [is] not purely commercial speech, and is therefore fully protected.”<sup>212</sup>

To sum up the Ninth Circuit’s argument: the *Mattel* court found that MCA’s use of Mattel’s mark had a commercial purpose and constituted dilution under the FTDA. However, because the use was also a form of noncommercial expression, the noncommercial portion was exempt from the FTDA. This noncommercial message deserved full First Amendment protection.<sup>213</sup> Since the commercial aspect was “inextricably entwined” with the noncommercial message, the song deserved full First Amendment protection, and therefore MCA’s distribution of *Barbie Girl* was fully protected. As noted in the introduction, there is no question that the result is correct: MCA should not be enjoined from distributing *Barbie Girl*. However, the Ninth Circuit’s reasoning allows any protected expression that is “inextricably entwined” within commercial speech to claim exemption under the FTDA’s noncommercial use exemption.

### III. ANALYSIS AND IMPACT

#### A. THE *MATTEL* COURT FAILED TO COMPLETELY ANALYZE *MATTEL*’S DILUTION CLAIM.

The *Mattel* court’s failure to follow through completely in its analysis of the dilution issues caused the court to compare

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211. *Hoffman*, 255 F.3d at 1185 (internal quotes omitted). The *Hoffman* court supported its reasoning by observing that “[t]here are common sense differences between speech that does no more than propose a commercial transaction and other varieties,’ and commonsense tells us this is not a simple advertisement.” *Id.* at 1185-86 (quoting *Virginia State Bd. Of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 771 n.24 (1976)). The *Hoffman* court noted that if the altered image had appeared in a Ralph Lauren advertisement, then the speech might be purely commercial because “[s]uch use[] do[es] not implicate the First Amendment’s protection of expressions of editorial opinion.” *Hoffman*, 255 F.3d at 1185. See, e.g., *Newcombe v. Adolf Coors Co.*, 157 F.3d 686, 691-92 (9th Cir. 1998) (use of pitcher’s image in printed beer advertisement).

212. *Mattel*, 296 F.3d at 906-07.

213. This is not to say that all noncommercial messages get absolute protection. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (holding defendant liable for commenting on cheerleader uniforms in X-rated film).

the commercial aspects of Mattel's claim with noncommercial aspects of *Barbie Girl*. Although this appears sound, this section will explain that the court should have recognized that the FTDA protects different types of dilution and, consequently, should have understood that blurring and tarnishment implicate different levels of First Amendment protection. This section contends that the *Mattel* court should have considered both Mattel's FTDA rights with respect to dilutive blurring and dilutive tarnishment, against MCA's First Amendment rights. As a result, the court should have found that Mattel's dilutive *blurring* injury was insignificant due to MCA's relatively low commercial interest in the *Barbie* mark, and that MCA's expressive rights heavily outweighed Mattel's dilutive *tarnishment* injury.

### 1. FTDA protection.

The first important realization is that the FTDA protects goodwill directly associated with the commercial value of trademarks *because that value itself is worth protecting*.<sup>214</sup> The proposition that brand goodwill is economically valuable and monetarily measurable is not novel.<sup>215</sup> Dilution protection is based on a recognition that economic parcelization of rights is more efficient as the number of economic participants and system complexity increases.<sup>216</sup> Thus, trademarks have a property-like quality that is associated with the products and services marketed using that mark (i.e., the associated going concern).

This realization is the result of economic changes in the national economy and reflects the age-old importance of investment protection. The Industrial Revolution created an economic and industrial infrastructure efficient enough to allow mass production and cheap transportation of goods—goods that were distributed nationally and required trademarks to

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214. See, e.g., ROBERT P. MERGES, ET.AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 562-63 (2d ed., 2000) (defining goodwill as “the economic value of consumers’ associations with a firm and its trademark”).

215. See *id.* (noting that some estimates put the value of the Coca Cola trademark at \$24 billion, while the Marlboro brand is estimated to be worth \$65 billion); see *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217 (2d Cir. 1999) (stating that “the stimulant effect of a distinctive and well-known mark is a powerful selling tool that deserves legal protection”) (internal quotes omitted). See generally Muller, *supra* note 76, at 175.

216. See *supra* notes 67-69 and accompanying text.

“convey[] important information about the products.”<sup>217</sup> Schechter recognized that trademarks derived their value from their ability to make products stand out in the sea of goods.<sup>218</sup> The mark could act as a “silent salesman that reaches over the shoulder of the retailer and across the latter’s counter, straight to the consumer.”<sup>219</sup> The *Allied Maintenance*<sup>220</sup> court recognized that trademarks should be protected based on their intrinsic value.<sup>221</sup> Finally, Congress recognized that dilution directly affects the investment in the advertising value of a mark and attempted to incorporate this concept into the FTDA.<sup>222</sup>

Protecting trademarks against dilution and treating them as valuable, property-like rights associated with a going concern is significant because it interstitially protects that which the traditional direct trademark infringement theory does not.<sup>223</sup> This distinction is based on the notion, articulated by the *Allied Maintenance* court, that “relief may be difficult to secure in situations in which the parties are not in competition, nor produce similar products or perform similar services.”<sup>224</sup> The importance of this distinction relies on the recognition that the FTDA protects only *famous and distinctive* marks.<sup>225</sup> As a result, there is an incentive to create and promote trademarks because of their perceived advertising power.<sup>226</sup> At the same time, the interests of new mark holders seeking entry into the market are protected<sup>227</sup> because the FTDA applies to only a limited number of “Supermarks.”<sup>228</sup> Thus, the FTDA’s broad

217. See Klieger, *supra* note 24, at 854; see *supra* notes 31, 40 and accompanying text.

218. See *supra* notes 27-29 and accompanying text.

219. See Klieger, *supra* note 24, at 854.

220. *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162 (N.Y. 1977).

221. See *supra* note 50 and accompanying text.

222. See *supra* note 74 and accompanying text.

223. See *supra* note 53 and accompanying text.

224. 369 N.E.2d 1162 (N.Y. 1977); see *supra* note 50 and accompanying text.

225. See *supra* text accompanying note 61, and note 62 and accompanying text.

226. See *supra* notes 76-77 and accompanying text; cf. Klieger, *supra* note 24, at 862 (contending that “[d]ilution law . . . encourages overinvestment in the cultivation of brand imagery”); Muller, *supra* note 76, at 175 (contending that “[i]nvestment in valuable trademark assets by mark holders is vital to encourage a healthy and robust economy”).

227. *Contra* Klieger, *supra* note 24, at 856.

228. See *supra* note 22 and accompanying text.

protection<sup>229</sup> is tempered by its limited applicability. This is particularly important because it allows the FTDA to extend protection to marks that are commonly understood to have substantial economic value,<sup>230</sup> even across completely unrelated industries. Finally, the real and perceived constraint to society from dilution law's anticompetitive effects<sup>231</sup> is reduced, and that allows the FTDA to accommodate the valuable property-like rights that inhere in trademarks. This is not to suggest that trademarks should be protected in gross. Rather, the FTDA simply recognizes the property-like value of trademarks associated with a going concern.

## 2. Tarnishment is not Blurring.

The second important realization is that the FTDA's protection against dilution encompasses both tarnishment and blurring type injuries, and that these injuries are distinguishable in the manner in which they implicate the First Amendment. Dilutive blurring rarely implicates the First Amendment because the junior user's use occurs through his commercially motivated desire to trade on the goodwill associated with the mark.<sup>232</sup> The junior user is generally not using the mark as an expressive vehicle.<sup>233</sup> For instance, in *OBH*,<sup>234</sup> the junior user of "www.thebuffalonews.com" intended to momentarily mislead consumers into associating the "Buffalo News" mark with the defendant's apartment search website. Similarly, in *Nabisco*, the court held that Pepperidge Farm's goldfish-shaped, cheese-flavored snack cracker was a distinct, valuable and protectable mark.<sup>235</sup> Even if Nabisco's similarly shaped and flavored cracker was produced with better quality and tastier ingredients, Pepperidge Farm would still be injured through dilutive blurring because consumers would no longer immediately associate goldfish crackers with the Pepperidge Farm products; thus Pepperidge Farm's mark would not bring to mind the senior user alone, and the

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229. See *supra* note 194 and accompanying text.

230. See *supra* note 22 and accompanying text.

231. See generally Klieger, *supra* note 24, at 851-60.

232. See *supra* notes 93-105 and accompanying text.

233. *Id.*

234. *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp.2d 176 (W.D.N.Y. 2000). See *supra* text accompanying notes 94, 95.

235. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 226 (2d Cir. 1999).

associated property-like value would be decreased.<sup>236</sup> Clearly, blurring impedes a senior mark holder's ability to utilize the mark as marketing tool even in situations where the junior user may engender *positive* consumer response in the senior mark.

In contrast, dilutive tarnishment may implicate First Amendment concerns more often because the junior user's comment on the mark may simultaneously dilute by creating negative associations in the consumer's mind.<sup>237</sup> For instance, in *Am. Dairy Queen*,<sup>238</sup> the defendant's use of "Dairy Queens" was explicitly void of any commentary about ADQ itself.<sup>239</sup> The dilutive tarnishment injury resulted entirely from the negative association between a potentially offensive film and ADQ's wholesome image, and a dilution injunction would not infringe significantly on New Line's expressive rights.<sup>240</sup> However, in comparison, if New Line's use of "Dairy Queens" had been intended to poke fun at Midwestern pop culture, then clearly its tarnishing use directly implicates New Line's First Amendment rights and a dilution injunction would clearly infringe on New Line's expressive rights. Similarly, the Fifth Circuit in *Westchester Media*<sup>241</sup> recognized that the defendant magazine's use of PRL USA's "Polo" mark was both expressive and non-expressive.<sup>242</sup> The court was able to balance these competing rights because the consumers in that case were "relatively sophisticated," and magazine disclaimers would be effective in preserving the distinctiveness of PRL's mark.<sup>243</sup>

Complete analysis of the dilution injury was key to each court's decision in *Am. Dairy Queen*, *OBH*, and *Westchester Media*. In each of these cases, the junior use of the mark contained at least one instance of source identification for the junior user that was separable from expressive commentary

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236. See *supra* text accompanying note 187. Furthermore, Nabisco did not attempt to comment on the Pepperidge Farm's mark. This absolutely removes any First Amendment rights Nabisco may have had in using Pepperidge Farm's goldfish cracker mark.

237. See *supra* notes 84-87, 98-102 and accompanying text.

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

239. See *supra* text accompanying notes 98-102.

240. See *supra* text accompanying notes 98-102.

241. *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000).

242. See *supra* text accompanying notes 107, 108.

243. See *supra* text accompanying notes 111, 112.

about the mark.<sup>244</sup> Each court examined the non-expressive use and allotted sufficient protection to the mark holder in order to protect its valuable right to exclusivity.<sup>245</sup>

The *Mattel* court did not provide an extensive analysis. The court stopped looking for dilutive injury after determining that there was blurring.<sup>246</sup> In the court's view, MCA's interest in commenting on Mattel's mark was directly opposed to Mattel's interest in protecting the property-like value associated with its *Barbie* mark.<sup>247</sup> The court should have examined, analogously to the *Nabisco* court,<sup>248</sup> the dilutive blurring injury of Mattel's trademark interests as affected by MCA's purely commercial interest in profiting from the *Barbie* mark.<sup>249</sup> Similarly, the court should have examined, analogously to the *Am. Dairy Queen* court,<sup>250</sup> MCA's expressive interest in relation to Mattel's dilutive tarnishment concerns.<sup>251</sup> If the court had followed this analysis, it would

244. In *Am. Dairy Queen*, the defendant film company used "Dairy Queens" to identify its "mockumentary." See *supra* notes 88, 89 and accompanying text. In *OBH*, the defendant website operator created initial interest confusion by using "www.thebuffalonews.com" to lead consumers to its website. See *supra* note 94 and accompanying text. In *Westchester Media*, the defendant magazine used "Polo" to identify its magazine. See *supra* note 107 and accompanying text.

245. See *supra* notes 94, 95, 110 and accompanying text.

246. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 904 n.5 (stating "[b]ecause we find blurring, we need not consider whether the song also tarnished the Barbie mark").

247. See *supra* notes 210-212 and accompanying text.

248. *Nabisco Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

249. Cf. *id.* at 218 (rejecting Nabisco's argument that differences in packaging are sufficient to distinguish the products because of the court's concern over post-sale confusion leading to actionable dilution). The issue the court was grappling with here is that Nabisco's crackers could eat up Pepperidge Farm's market share even when served out of the box. Therefore, Nabisco's claim that packaging alone was sufficient to differentiate the products was ineffective. Nabisco's commercial interest was tied to the tangible reproduction of a goldfish-shaped cracker, not the marketing association with the CatDog show. *Id.* (stating "[c]onsumers] will recognize a fish reminiscent of Pepperidge Farm's fish").

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

251. Cf. *id.* at 734-35 (noting that the crucial distinction in New Line's position was that it did not claim that any expressive message was contained in its title choice, and that if it had, the "balance between the public's interest in free expression and its interest in avoiding . . . trademark dilution" could tilt in favor of free expression). The court specifically noted that the injunction would only effect a "minute restriction on expression, but will do much to avoid . . . dilution." *Id.* at 735.

have found that Mattel's dilutive blurring injury was insignificant and tempered by MCA's claimed lack of commercial intent to profit from its use of the *Barbie* mark.<sup>252</sup> Furthermore, the court would have found that Mattel's tarnishment injury was relatively small in light of *Barbie Girl's* significant expressive purpose.<sup>253</sup>

In addition, the *Mattel* court failed to recognize that *Hoffman*,<sup>254</sup> on which the *Mattel* court relied so heavily, extensively analyzed both the commercial and non-commercial aspects of Los Angeles Magazine's use of Hoffman's image.<sup>255</sup> The *Hoffman* court found that the defendant magazine's use contained an express intention to attract attention and simultaneously comment on Hoffman.<sup>256</sup> Thus, the defendant intentionally entwined its commercial and non-commercial speech. In comparison, the *Am. Dairy Queen* court easily separated the commercial and non-commercial elements of New Line's proposed title, "Dairy Queens,"<sup>257</sup> because New Line's intent was explicit.<sup>258</sup> In contrast, the *Mattel* court found MCA's use was primarily non-commercial expression, and only cursorily mentioned MCA's commercial intent.<sup>259</sup> The song was

252. Cf. *Mattel Trial*, 28 F. Supp. 2d at 1138 (discussing statements about the original songwriter's intentions). The court noted that a certain minimum level of commercial interest is present in all writing. Cf. *id.* at 1137 n.17 (quoting Samuel Johnson's observation that "[n]o man but a blockhead ever wrote, except for money").

253. See *supra* note 251 and accompanying text.

254. *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180 (9th Cir. 2001).

255. See *id.* at 1185-86 (analyzing the commercial and non-commercial aspects of the advertisement, and concluding that the magazine intentionally drew attention to itself while simultaneously commenting on Hoffman's role in Tootsie); see also *supra* note 210 and accompanying text.

256. See *Hoffman*, 255 F.3d at 1185-86.

257. See *Am. Dairy Queen Corp.*, 35 F. Supp. 2d at 735 (holding that the speech was primarily non-commercial with a small commercial component).

258. The *Am. Dairy Queen* court reasoned that "the somewhat lesser protection afforded commercial speech" allowed the court to balance the "public's interest in free expression and its interest in avoiding . . . trademark dilution." *Id.* The *Am. Dairy Queen* court concluded that "[a]n injunction here will only effect a minute restriction on expression, but will do much to avoid confusion and dilution." *Id.*

259. Cf. *Mattel*, 296 F.3d at 902 (stating "[t]he only indication that Mattel might be associated with the song is the use of Barbie in the title"). The only other mention of MCA's commercial intentions occurs in the court's holding:

*Hoffman* controls: Barbie Girl is not purely commercial speech, and is therefore fully protected. To be sure, MCA used Barbie's name to sell copies of the song. However, as we've already observed, see pp. 901-02 *supra*, the song also lampoons the Barbie image and comments humorously on the cultural values Aqua claims she represents. Use

written and conceived with its expressive purpose as the primary motivation, and its commercial intent was of only minor importance.<sup>260</sup> Thus, the *Mattel* court should not have treated MCA's commercial and non-commercial speech as being "inextricably entwined."<sup>261</sup> Instead, the *Mattel* court should have considered MCA's primary motivation – non-commercial commentary – and found that the commercial and non-commercial elements were separable, just as they were in *Am. Dairy Queen*.<sup>262</sup> Therefore, the *Mattel* court's reliance on *Hoffman* was misplaced.

Finally, if the *Mattel* court had conducted its FTDA analysis under the distinction between dilutive blurring and dilutive tarnishment, it would have had *stronger* grounds for denying *Mattel*'s demand for injunctive relief.<sup>263</sup> *Mattel*'s FTDA claim would still have failed because, as the court correctly noted, MCA's use of *Mattel*'s mark was primarily connected to the band's commentary about the values it contends *Barbie* stands for.<sup>264</sup> Further justification for the court's analysis would be that *Mattel* did not try to alter the song's lyrics, nor did *Mattel* seek injunctive relief against the band itself.<sup>265</sup> Most importantly, the FTDA's non-commercial use exemption<sup>266</sup> was included to cover dilutive tarnishment resulting from non-commercial use of another's mark.<sup>267</sup> The legislative history

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of the *Barbie* mark in the song *Barbie Girl* therefore falls within the noncommercial use exemption to the FTDA.

*Id.* at 906-07 (emphasis added).

260. See *Mattel Trial*, 28 F. Supp. 2d at 1138; see also *supra* note 252.

261. *Mattel*, 296 F.3d at 906 (quoting *Hoffman*, 255 F.3d at 1185) (emphasis added).

262. See *supra* notes 257, 258 and accompanying text.

263. See *supra* text accompanying notes 252, 253.

264. See *Mattel Trial*, 28 F. Supp.2d at 1138 (quoting Soren Rasted, *Barbie Girls* primary writer as stating that he wanted "to compose a humorous song about the *Barbie* fantasy world") (quotes and emphasis omitted). He proceeded to describe the song as a "criminally funny sonic riff on the over-endowed queen of pop culture." *Id.* at 1139 n.23.

265. See *supra* text accompanying note 162. Even *Mattel* evidently realized that the song was an expressive work and seeking a dilution injunction against the band would be useless. See *id.*

266. See *supra* text accompanying note 72.

267. The non-commercial use exemption covers non-commercial use in commerce of another's mark. See H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. The relevant passage states that:

The proposal adequately addresses legitimate First Amendment concerns espoused by the broadcasting industry and the media. The bill will not prohibit or threaten "noncommercial" expression, as that term has been defined by the courts. Nothing in this bill is intended

clearly states that “[n]othing in this bill is intended to alter existing case law on the subject of what constitutes ‘commercial’ speech.”<sup>268</sup> Even the *Mattel* court recognized that the “noncommercial use exemption does not . . . apply to commercial speech.”<sup>269</sup> This recognition is crucial because it underlies the central problem with the *Mattel* court’s reasoning. The *Mattel* court found dilution through blurring.<sup>270</sup> Blurring implicates primarily commercial motives and generally involves commercial speech.<sup>271</sup> However, the *Mattel* court denied injunctive relief on the grounds that MCA’s speech was primarily *non-commercial* and therefore *exempt under the non-commercial use exemption*.<sup>272</sup> Thus the court’s denial of injunctive relief for dilutive blurring under the non-commercial use exemption contradicts the court’s earlier recognition that the exemption applies only to non-commercial speech. If the exemption was truly limited to non-commercial speech then the *Mattel* Court should have granted injunctive relief because MCA’s speech was *both* commercial and non-commercial.

Without doubt, MCA’s use was non-commercial expression,<sup>273</sup> even though it simultaneously used *Mattel*’s mark for commercial purposes in commerce.<sup>274</sup> *Mattel*’s insignificant blurring injury, and relatively small dilutive tarnishment injury, was heavily outweighed by MCA’s strong First Amendment expressive interests.<sup>275</sup> This analysis would leave room to grant dilution injunctions when, notwithstanding

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to alter existing case law on the subject of what constitutes “commercial” speech. The bill includes specific language exempting from liability the “fair use” of a mark in the context of comparative commercial advertising or promotion as well as all forms of news reporting and news commentary. The latter provision which was added to H.R. 1295 as a result of an amendment offered by Congressman Moorhead that was adopted by the Committee, recognize[d] the heightened First Amendment protection afforded the news industry.

*Id.*

268. *Id.* (emphasis added).

269. *Mattel*, 296 F.3d at 905 n.7.

270. *See id.* at 904 n.5.

271. *See supra* Section I.B.3.

272. *Mattel*, 296 F.3d at 907 (stating “[u]se of the Barbie mark in the song Barbie Girl . . . falls within the noncommercial use exemption”); *see generally supra* notes 192-212 and accompanying text.

273. *See supra* notes 203, 264 and accompanying text.

274. *See supra* text accompanying notes 184, 185.

275. *See supra* text accompanying notes 252, 253.

some minimal level of First Amendment content, the dilutive blurring injury is significant because the junior user's primary interest is commercial. This would be analogous to the *Nabisco* facts where the court found that Pepperidge Farm's dilutive blurring injury weighed in favor of an injunction because Nabisco's primary interest was commercial.<sup>276</sup> Any artistic First Amendment interest Nabisco had in marketing goldfish shaped crackers was easily outweighed by Pepperidge Farm's interest in maintaining the property-like value of its trademarked cracker.<sup>277</sup> Similarly, the *Am. Dairy Queen*<sup>278</sup> court granted an injunction against defendant New Line because they conceded that there was no expressive content in its chosen title.<sup>279</sup> Although ADQ's injury was primarily through dilutive tarnishment, *Am. Dairy Queen* illustrates that a dilutive interest can *outweigh* a First Amendment expressive interest.

Going back to the "Cadillac of toilets" hypothetical posed in this article's introduction,<sup>280</sup> a court following the *Mattel* line of reasoning would consider American Standard's expressive right to use Cadillac's mark and weigh that right directly against Cadillac's investment interest in its mark. A *Mattel* analysis would find that American Standard's use constitutes a commercial use in commerce: "Cadillac" is used to sell American Standard products. At the same time, American Standard's use is non-commercial: "Cadillac" emanates American Standard's views about American-made luxury products. Thus, a *Mattel* analysis would find that because the commercial and non-commercial speech are inextricably entwined (both messages emanate from the same mark), American Standard's use would be excepted under the FTDA's non-commercial use exemption and no injunction would issue.

In contrast, under the reasoning proposed by this

276. See *Nabisco Inc. v. PF Brands, Inc.*, 191 F.3d 208, 225 (2d Cir. 1999).

277. Cf. *Mattel*, 296 F.3d at 900 (stating "[w]hatever first amendment rights you may have in calling the brew you make in your bathtub 'Pepsi' are easily outweighed by the buyer's interest in not being fooled into buying it") (quoting Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L.REV. 960, 973 (1993)). Both assertions rely on the rationale behind the respective theory (dilution of infringement) and weigh the interest against the First Amendment.

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

279. See *supra* text accompanying notes 100, 101.

280. See *supra* Introduction.

comment, Cadillac is faced with a more sinister problem than ADQ because American Standard's use is primarily commercial, like New Line's use, but American Standard's expressive use is secondary and incorporates its own commercial motivation to associate its toilets with Cadillac.<sup>281</sup> Remember that New Line conceded that its junior use lacked expressive content.<sup>282</sup> If a court analyzes the separate types of injury as this comment proposes,<sup>283</sup> it would find that Cadillac's dilutive blurring injury is significant given the substantial commercial intent behind American Standard's use. Furthermore, American Standard's relatively minor expressive interest would be *weighed* against Cadillac's substantial investment in its trademark. Both issues are for the fact finders, but it is clear that under this analysis, Cadillac is in a relatively stronger position. It is important to note that Cadillac could not get this far under *Mattel*: the *Mattel* court would find that any non-commercial expression by American Standard precludes an FTDA dilution injunction.<sup>284</sup>

In sum, the distinction between dilutive blurring and dilutive tarnishment implicates the First Amendment in different and meaningful ways. The *Mattel* court failed to appreciate this distinction, and as a result, completely discounted *Mattel*'s property-like value in its mark.<sup>285</sup> This was in direct contravention to Congress's intent to provide protection for a trademark's property-like value through the FTDA.<sup>286</sup>

## B. TRADEMARK KONG LIVES

This section explains why the *Mattel* court's statement that "[i]f speech is not 'purely commercial' – that is, if it does more than propose a commercial transaction – then it is entitled to

281. See *supra* Introduction; see e.g., *supra* text accompanying note 20.

282. New Line's lack of expressive content meant that *both* dilution injuries fall in ADQ's favor. See text accompanying note 279. Here, American Standard has a purported expressive use argument. A court failing to examine the nature of that expressive use would fail to see that the argument incorporates American Standard's commercial intent. See *supra* Introduction.

283. See *supra* Section I.B.3.

284. See *Mattel*, 296 F.3d 906-07 (concluding that MCA's speech is "not purely commercial speech, and is therefore fully protected").

285. See *id.*

286. See *supra* note 69 and accompanying text; see also *supra* Section III.A.1.

*full* First Amendment protection<sup>287</sup> could mean the end of any substantive protection offered by the FTDA to owners of famous and distinctive marks.<sup>288</sup> The reason the court's statement is so important to trademark dilution is that most junior users *combine* both expressive commentary and expression "related solely to the economic interests of the speaker"<sup>289</sup> when diluting senior marks. Thus, the court's notion that "not purely commercial"<sup>290</sup> expression is fully protected under the First Amendment means that most senior mark holders will be unable to obtain an FTDA injunction. The key to resolving *Mattel's* First Amendment marginalization of the FTDA is to recognize that the commercial speech doctrine treats commercial speech as being *lower* on the First Amendment hierarchy.<sup>291</sup> However, as exhibited by the Supreme Court's inconsistent treatment of commercial speech, it is hard to say how much lower.<sup>292</sup>

*Central Hudson*<sup>293</sup> stands for the proposition that the government may restrict commercial speech if the restriction is justified by a substantial government interest and the regulation directly advances that interest.<sup>294</sup> Examination of the legislative history behind the FTDA reveals that Congress' was aware of the tension between the proposed Act and the First Amendment.<sup>295</sup> Congress justified the Act's restriction on

287. *Mattel*, 296 F.3d at 906 (citing *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1185-86 (9th Cir. 2001) (emphasis added).

288. See generally *supra* Introduction (explaining the Cadillac hypothetical and the absurd result from protecting American Standard's interest in espousing its views on American luxury consumerism).

289. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n.*, 447 U.S. 557, 561 (1980). See also *supra* text accompanying note 199.

290. *Mattel*, 296 F.3d at 906 (quotes omitted).

291. See *supra* notes 120, 121 and accompanying text (discussing *Ohralik* and McGowan's critique of the court's underlying rationale). Notwithstanding McGowan's excellent argument, "speech" in the dilution cases often *is* a form of economic activity and the *Mattel* court's hostile FTDA treatment could be construed as "using the First Amendment as a pretext for implementing [the court's] economic policies." See McGowan, *supra* note 119, at 440. Therefore, Jackson & Jeffries observation is relevant to the hierarchy of First Amendment values: that "commercial speech is not 'speech' for first amendment purposes, it is actually part of the economic marketplace and may be regulated as economic activity." *Id.*

292. See *supra* Section I.B.4.

293. *Central Hudson*, 447 U.S. 557 (1980).

294. See *supra* notes 122-124 and accompanying text.

295. H.R. REP. NO. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1031.

commercial speech through the recognition of “the substantial investment the owner has made in the mark and the commercial value and aura of the mark itself.”<sup>296</sup> Furthermore, the FTDA is limited in its applicability: it directly advances the government’s interest and simultaneously accommodates First Amendment concerns because it narrowly extends protection only to famous and distinctive marks.<sup>297</sup> Thus the FTDA meets the preliminary standard to validly restrict commercial speech by *Central Hudson*.

Another important inquiry into understanding the intersection between the FTDA and the First Amendment commercial speech doctrine is “how much First Amendment protection does commercial speech deserve?” The FTDA was passed before *44 Liquormart*<sup>298</sup> was handed down.<sup>299</sup> Kathleen Sullivan’s insightful analysis of the commercial speech doctrine before *44 Liquormart* points out that, commercial speech is protected, but is *not fully* protected.<sup>300</sup> *44 Liquormart* was arguably inconsistent with previous commercial speech cases and appeared to signal a retreat from the idea that commercial speech deserved less than full protection.<sup>301</sup> Nevertheless, *44 Liquormart* was doctrinally important because it supported the argument that commercial speech deserves the same protection that non-commercial speech receives.<sup>302</sup> However, after *44 Liquormart*, the Supreme Court seems to take a more moderate approach in *Thompson*,<sup>303</sup> affirming the *Bolger* Court’s holding that commercial speech enjoys “qualified but nonetheless substantial [First Amendment] protection.”<sup>304</sup> The *Bolger* Court’s “substantial First Amendment protection” language was protective of the advertisement’s content (contraceptives).<sup>305</sup> However, where the speech is related

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296. *Id.* at 1030; *see also supra* note 69 and accompanying text.

297. *See supra* text accompanying notes 61-63.

298. 517 U.S. 484 (1996).

299. *See supra* note 132 and accompanying text.

300. *See Sullivan, supra* note 8, at 127.

301. *See id.* at 126.

302. *Id.* (stating “after *Liquormart*, it is unclear why ‘commercial speech’ should continue to be treated as a separate category of speech isolated from general First Amendment principles”).

303. *See Thompson v. Western States Medical*, 535 U.S. 357, 367 (2002) (stating “although commercial speech is protected by the First Amendment, not all regulation of such speech is unconstitutional”).

304. *See Bolger*, 463 U.S. at 68.

305. *See id.* at 60.

purely to the economic desire of the advertiser in contravention to an asserted substantial governmental interest, it is clear that the Court would be less likely to protect such speech.<sup>306</sup> Similarly, where the commercial speech is dilutive, a court should be less interested in protecting such speech under the First Amendment because it is less central to people's abilities to express themselves and in direct contravention to an asserted substantial governmental interest.<sup>307</sup> However, this only tells us part of the reason why commercial speech receives less than full First Amendment protection.

As illustrated above in Section I.B.3 and III.A.2, dilutive injury can occur through blurring and tarnishment. Furthermore, dilutive speech can consist of commercial and non-commercial speech. In other words, the junior user's dilutive use of a senior mark can consist of expressive commentary about the senior mark *combined* with commercial expression "related solely to the economic interests of the speaker."<sup>308</sup> Thus, there is a hierarchy of dilutive use situations as follows:<sup>309</sup>

Dilutive use that **tarnishes**, and consists of:

1. *Only expressive commentary* – implicates full First Amendment protection.
2. *Some expressive commentary and some commercial expression* – implicates balancing between both of the following:
  - *Expressive commentary* implicates full First Amendment protection
  - *Commercial expression* implicates the *Bolger* standard of less than full First Amendment protection under the commercial speech doctrine

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306. See TRAUTH & HUFFMAN, *supra* note 114, at 109-111. The *Posadas* Court distinguished "*Carey and Bigelow* [because] the underlying conduct that was the subject of the advertising restrictions was constitutionally protected... [whereas] the Puerto Rico Legislature surely could have prohibited casino gambling." *Id.* at 110.

307. See H.R. REP. NO. 104-374, at 3-4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030-1031.

308. *Central Hudson*, 447 U.S. at 561.

309. On this scale, using the *Ohralik* concept of the First Amendment hierarchy, Situation #1 (only expressive commentary) receives the fullest First Amendment protection and Situation #4 (only commercial expression) receives the level of First Amendment protection dictated by the current understanding of the commercial speech doctrine. See *Ohralik v. Ohio State Bar*, 436 U.S. 447 (1978).

Dilutive use that **blurs**, and consists of:

3. *Some commercial expression and some expressive commentary* – implicates balancing between both of the following:
  - *Expressive commentary* implicates full First Amendment protection
  - *Commercial expression* implicates the *Bolger* standard of less than full First Amendment protection under the commercial speech doctrine
4. *Only commercial expression*<sup>310</sup> – implicates the *Bolger* standard of less than full First Amendment protection under the commercial speech doctrine.

It is clear from this hierarchy that a court must analyze the relative amounts of expressive and commercial speech occurring in the junior user's dilutive use and compare that with the type of dilution, thus determining the relative amounts of dilution. This also emphasizes the importance for future courts of examining fully the distinct dilutive injuries that arise from the different junior uses of a senior mark.<sup>311</sup>

Therefore, *Mattel* court should have first examined the types of speech, and then the types of dilution claimed. Under this method, the *Mattel* court should have found that MCA's expressive speech, combined with very little commercial speech<sup>312</sup> is very close to the Situation #1 on the above hierarchy (only expressive commentary). Furthermore, in examining the types of blurring, the *Mattel* court would have found that *Mattel's* claim for dilutive blurring in fact supports a finding for MCA because blurring implicates Situation #3, both commercial and non-commercial speech. Commercial speech is lower on *Ohralik's* First Amendment hierarchy than expressive speech and MCA's expressive speech was a significant part of its total speech. Therefore the *Mattel* court was justified in denying the dilution injunction on First

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310. If Jackson & Jeffries are correct that "commercial speech is not 'speech' for first amendment purposes" then *only commercial speech* in the hierarchy above raises no first amendment concerns. This is exactly the result shown in *Nabisco*: *Nabisco's* dilutive blurring use did not implicate any First Amendment concerns because its use could be thought of as *only commercial speech* and therefore there is no First Amendment concern. See Jackson & Jeffries, *supra* note 121.

311. See *supra* text accompanying note 100.

312. See *supra* note 264 and accompanying text.

Amendment grounds.<sup>313</sup>

In contrast, going back to the “Cadillac of toilets” hypothetical posed in this article’s introduction,<sup>314</sup> a court using the above hierarchy would be justified in giving American Standard’s “Made in the U.S.A.” argument relatively little weight because Cadillac’s injury stems primarily from dilutive blurring. Dilutive blurring involves relatively little expressive commentary<sup>315</sup> and so a court would be justified in discounting American Standard’s First Amendment defense. Thus a court would be justified in granting Cadillac’s dilution injunction notwithstanding American Standard’s First Amendment defense, represented by Situation #4.

In sum, the *Mattel* court’s statement that any speech that “is not ‘purely commercial’ . . . is entitled to *full* First Amendment protection” should be construed very narrowly and treated as an endpoint along a continuum.<sup>316</sup> First, the First Amendment should be weighed to gauge what kinds of speech are present. Then that speech should be weighed against the FTDA and only in rare cases will one absolutely preclude the other’s rights. For example, when the commercial speech does not consist of sensitive content but instead is the expressed commercial intention to trade on the goodwill of another’s mark, then relatively little, if any, commercial First Amendment concern is raised.<sup>317</sup> In contrast, when the non-commercial expression comments on the senior user’s mark and contains sensitive content, the strongest non-commercial First Amendment protections are raised.<sup>318</sup> With these distinctions in mind, the conclusion is significant that First Amendment rights, although powerful, do not apply universally to all trademark dilution situations.

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313. *See* *Ohralik v. Ohio State Bar*, 436 U.S. 447 (1978).

314. *See supra*, Introduction.

315. The junior user’s reason for using the senior mark is primarily commercial – American Standard is not selling toilets to make a statement, it is selling toilets to make money, and using Cadillac’s mark to make more money. *See supra* note 93 and accompanying text.

316. *See* *Mattel*, 296 F.3d at 906 (emphasis added).

317. *See supra* notes 80-83 and accompanying text.

318. *See supra* text accompanying note 92.

## IV. CONCLUSION\*\*\*\*

In cases like *Am. Dairy Queen*, *Nabisco*, *Mattel* and the hypothetical *Cadillac v. American Standard*, it is evident that detailed analysis of the intersection between the speech at issue and the FTDA is required because there could be instances where some non-commercial speech does not deserve protection under the First Amendment. This view is premised on (1) a theory that Congress attempted to protect the property-like interests in trademarks; (2) a theory that the tension between the FTDA and the First Amendment is reduced by the FTDA's requirements of famousness and distinctiveness; (3) that commercial speech deserves less protection than non-commercial speech; and (4) that the FTDA advances a substantial government interest and can therefore regulate some forms of speech. This involves a critical balancing of rights between the expression involved and the mark holder's property-like interest. While this comment does not dispute that expressive rights are powerful and should rarely be curtailed, there are instances where protecting valued commercial resources should be a judicial priority, as they have been a legislative priority. Without such protection, the incentive to invest in a mark's distinctiveness is diminished. Consequently, the value society attributes to that mark, and to future marks, will be reduced. This reduction in value may have adverse consequences on the consumer public because the average cost of goods and services may increase. Consumers will be forced to pay premiums in order to guarantee quality, and by definition those premiums will include the mechanism to accommodate the business's expense in finding alternate methods of reaching out to new customers. Thus, the FTDA's accommodation of limited dilution rights against defendants who genuinely have little or no non-commercial expression will respect legitimate First Amendment values, promote expansion in property wealth and generally expand the number of entities that generate some form of alternative public commentary.

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\*\*\*\* "After this remarkably long walk on a short legal pier . . . the [author] has endeavored . . . out of its own sense of morbid curiosity, to resolve what it perceived to be the legal issue presented." *Bradshaw v. Unity Marine Corp., Inc* 147 F. Supp. 2d 668, 672 (S.D.Tex. 2001) (Kent, District Judge, demonstrating again the importance of humor in legal analysis).