

## The Battle for Mindshare: *The Emerging Consensus that the First Amendment Protects Corporate Criticism and Parody on the Internet*

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### ABSTRACT

This article describes the development of trademark liability for corporate criticism or parody on the Internet and the emerging judicial consensus that imposing liability on this form of political speech violates the First Amendment rights of Internet users. The article begins by analyzing the expansion of trademark rights from a method of protecting merchants against counterfeiting into a broad-ranging tort against any invasion of consumers' good feelings towards a business or its products. Courts and Congress made this expansion possible by eroding the requirement of commercial competition as a prerequisite to trademark liability and by crafting sometimes overbroad rules against creating "initial interest confusion," establishing negative associations with a trademark, or "cybersquatting" on a domain name similar to a mark. Fortunately, the federal appellate courts are making it increasingly clear that the First Amendment shields Internet speech devoted to criticizing or making fun of corporations from censorship under trademark law. The author argues that this emerging consensus is consistent with the principal normative justifications for trademark rights as a means of preserving valuable property interests and promoting economic efficiency. Finally, he contends that trademark rights should be restricted to policing commercial competition, rather than non-commercial Internet speech. This limitation is essential if consumers are to preserve their autonomy in light of the pervasive influence of advertising and their ability to participate fully in a democratic society in light of the considerable power of the business world.

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## TABLE OF CONTENTS

I.	Introduction: Trademark and Censorship in Cyberspace.....	2
II.	How Trademark Law Became a Threat to Criticism and Parody of Corporations.....	5
A.	The Humble Origins of American Trademark Law.....	6
B.	Infringement by “Colorable Imitation”.....	7
C.	The Abandonment of “Passing Off” as a Requirement.....	8
D.	The Prohibition of Non-Competitive Uses of Trademarks.....	10
E.	The Use of Dilution Law to Police the Culture.....	15
III.	The Development of Trademark Liability for Anti-Corporate Internet Speech.....	17
A.	The Erosion of the Requirement of Commercial Activity.....	17
B.	The Loosening Standards for Consumer Confusion.....	22
C.	The Advent of “Initial Interest” Confusion.....	26
D.	The Ban on Creating “Negative Associations” with a Trademark.....	28
E.	Summary Resolution of Cybersquatting Cases.....	30
1.	Contract-Based Summary Resolution.....	30
2.	Statutory Summary Resolution.....	34
F.	The Chilling Effect of Derivative Infringement Doctrines.....	36
IV.	The Emerging Consensus that the First Amendment Shields Gripe Sites from Trademark Law.....	38
A.	Gripe Sites Are First Amendment Protected Speech, Not an Unlawful Commercial Use of a Trademark.....	38
B.	Censorship of Gripe Sites Is Not Required on the Basis that They Create an Actionable Likelihood of Confusion with Corporate Trademarks.....	42
C.	Censorship of Gripe Sites Is Not Required on the Basis that They Unlawfully Dilute Famous Trademarks.....	43
D.	Censorship of Gripe Sites Is Not Required on the Basis that They Are a Form of Cybersquatting.....	44
V.	Gripe Sites Are Consistent With the Property Theory of Trademarks, Economic Efficiency, and the First Amendment’s Role in a Democracy.....	47
A.	Trademark Rights Should Be Limited in Such a Way that Socially Useful References to Trademarks Are Not Prohibited.....	47
1.	The Influence of Property Rhetoric on Trademark Law.....	47
2.	The Analogy of Trademarks to Physical Property Does Not Justify Using Trademark Law to Prohibit Gripe Sites.....	49
B.	Trademark Rights Should Be Limited to Policing Commercial Competition, Rather than Non-Commercial Internet Speech.....	52
1.	The Economic Benefits of Core Trademark Doctrines.....	52
2.	Extending Trademark Doctrines to Non-competing and Especially Noncommercial Uses Will Result in Excessive Costs.....	54
C.	Gripe Sites Should Be Afforded the Same Protection of the First Amendment as Other Forms of Free Speech.....	62
1.	The Battle for Mindshare: Why the First Amendment Trumps Economic Analysis of Gripe Sites.....	62
2.	The Domain Name of a Gripe Site Is Integral to the Dissemination of Its Communicative Message.....	70

3. Gripe Sites Should Be Allowed to Advertise and Solicit Funds.....	72
VI. Conclusion .....	73



[W]ith the increasing complexity of society, the public interest tends to become omnipresent; and the problems presented by new demands for justice cease to be simple. Then the creation or recognition by courts of a new private right may work serious injury to the general public, unless the boundaries of the right are definitely established and wisely guarded.

-- Justice Louis D. Brandeis<sup>1</sup>

The living room is the factory....

The product being manufactured ... is you.<sup>2</sup>

-- Adbusters

## I. INTRODUCTION: TRADEMARK AND CENSORSHIP IN CYBERSPACE

¶1 Consumers, political activists, and small businesses are increasingly turning to the Internet to voice their complaints about unfair or unlawful corporate conduct. These “cybergrippers” are establishing thousands of Web sites, newsgroups, listservs, and blogs dedicated to criticizing or parodying their targets.<sup>3</sup> Commonly known as “gripe sites,” Web sites that collect and feature such complaints have generated a remarkable amount of controversy among courts, legal commentators, and the press.<sup>4</sup>

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1. *International News Serv. v. Associated Press*, 248 U.S. 215, 262-63 (1918) (Brandeis, J., dissenting).

2. Adbusters, *The Product is You* (visited Aug. 26, 2004), available at [http://www.mediacarta.org/mediacarta\\_media/spots/product\\_is\\_you\\_qtpd.html](http://www.mediacarta.org/mediacarta_media/spots/product_is_you_qtpd.html).

3. A Web site is a document stored on a computer server in order to be accessible to the general public, or some subset thereof with authorized access, which typically contains information, links to other sites, and the author’s contact information. See *Reno v. Am. Civil Liberties Union*, 521 U.S. 844, 851, 856 (1997). A newsgroup is a sort of online bulletin board, which Internet users may read and to which they may submit postings on a topic of relevance to a particular community, and a listserv is an automatic mailing list service to which e-mail users may subscribe in order to receive periodic messages on a particular topic. See *id.* at 851, 856. A blog, or weblog, is a personalized online journal and opinion platform, which may or may not be devoted to a particular topic. See *Prometheus Radio Project v. FCC*, 373 F.3d 372, 469 (3d Cir. 2004). For estimates of how much Internet content is devoted to cybergripping, see *infra* notes 478-481 and accompanying text.

4. See *infra* Parts II-III. See also Mark Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1703 (1999); Thomas E. Anderson, *Emerging Intellectual Property Issues in Cyberspace*, 78 MICH. B.J. 1260, 1263 (1999); Rebecca S. Sorgen, *Trademark Confronts Free Speech on the Information Superhighway: “Cybergrippers” Face a Constitutional Collision*, 22 LOY. L.A. ENT. L. REV. 115 (2001); Richard B. Biagi, *The Intersection of First Amendment Commercial Speech Analysis and the Federal Trademark Dilution Act: A Jurisprudential Roadmap*, 91 TRADEMARK REP. 867 (July-Aug., 2001); Mark Grossman, *The Miami Herald Technology Law Column*, MIAMI HERALD (Apr. 28, 2003), 2003 WL 19372779; Patti Waldmeir, *Our Right to Whinge on the Web*, FINANCIAL TIMES (Mar. 28, 2004), 2004 WL 73616811.

¶2 The widespread use of the Internet to gripe about bad experiences with corporations is meeting another widespread practice, the use of trademark law to clamp down on Internet speech. As the owners of the “mega-brands” resolved upon the intensive exploitation of the Internet medium, cease-and-desist letters began to be fired off against small Web site owners with increasing frequency. Playtime seemed to be over, as the Web was reported to mature from a wayward and indecent adolescence into a responsible and lucrative adulthood.

¶3 The vision of the Internet as global public sphere and free speech zone had collided with a competing vision of the Internet as an enormous shopping mall and Yellow Pages where corporations wage a postindustrial battle to seize and maintain consumer “mindshare” for their flagship brands.<sup>5</sup> Lawyers and public relations firms embarked upon a campaign to disprove the adage that the “Internet puts the masses back in mass media” and “lets anyone publish their manifesto for all the world to read.”<sup>6</sup> To public relations consultants, this was naïve rubbish because corporations “spend small fortunes to create a brand image and something called goodwill,” which critical Web sites openly attack.<sup>7</sup> If unauthorized “rogue” sites refuse to go away quietly, corporations will “bring in the lawyers.”<sup>8</sup>

¶4 Given its ever-expanding reach, trademark law has the potential to operate as perhaps the most powerful instrument, other than copyright law, of public or private censorship of the Internet.<sup>9</sup> With the exception of the controversies over unauthorized transmission of digital music and movies over the Internet,<sup>10</sup> trademark disputes may

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5. For a rich vision of the Internet as global “public sphere” in which citizens and consumers can participate on a more equal footing than in the commercial mass media, see Mark Poster, *Cyberdemocracy: The Internet and the Public Sphere*, in INTERNET CULTURE 207 (David Porter ed., Routledge 1997). For critical appraisals of the competing vision of the Internet as “big mall” and boring Yellow Pages characterized by the struggle for consumer mindshare, see Scott Rosenberg, *Playboy and Playmate Play a Game of Meta Tag*, SALON.COM (May 1, 1998), at <http://archive.salon.com/21st/rose/1998/05/01straight2.html>; Rosemary Coombe & Andrew Herman, *Culture Wars on the Net: Trademarks, Consumer Politics and Corporate Accountability on the World Wide Web*, 100 SOUTH ATLANTIC QUARTERLY 919-947 (2001). For a prescient account of why “games between persons” such as advertising wars and struggles for control over information networks are characteristic of postmodern, postindustrial societies, see Daniel Bell, *THE COMING OF POST-INDUSTRIAL SOCIETY* (New York: Basic Books, 1973). See also Fredric Jameson, *POSTMODERNISM, OR THE CULTURAL LOGIC OF LATE CAPITALISM* (Duke University Press, 1992); Jeremy Rifkin, *THE AGE OF ACCESS: THE NEW CULTURE OF HYPERCAPITALISM, WHERE ALL OF LIFE IS A PAID-FOR EXPERIENCE* (Penguin Putnam, 2001).

6. Associated Press, *PR Firm Declares War on “Rogue” Web Sites*, NANDO NET (June 10, 1996), available at <http://www.textfiles.com/internet/webwar.txt>.

7. *Id.*

8. *Id.*

9. For an analysis of the problem of censorship of Internet speech by means of overbroad copyright laws, see Hannibal Travis, *Pirates of the Information Infrastructure: Blackstonian Copyright and the First Amendment*, 15 BERKELEY TECH. L.J. 777 (2000).

10. Although the number of reported cases involving allegations of Napster-like digital infringement is small, their resolution will decisively shape the development of technologies for the distribution of digital information over the Internet. See, e.g., *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154 (9th Cir. 2004); Mark A. Lemley & R. Anthony Reese, *Reducing Digital Copyright Infringement Without Restricting Innovation*, 56 STAN. L. REV. 1345, 1345-46 (2004).

even eclipse copyright law as the dominating theme of cyberlaw.<sup>11</sup> By comparison, obscenity and indecency laws have barely touched the Internet, despite the minimal value of much obscene and indecent speech compared to speech that merely damages trademarks.<sup>12</sup>

¶ 5 Courts are construing the law of trademark infringement to prohibit more and more non-competitive and other previously non-actionable uses. Moreover, an even broader cause of action shields trademarks from any “tarnishment” or “blurring” of the good feelings consumers have in their hearts. Invoking such trademark doctrines that implicate non-competing and even non-commercial references to a mark, corporations and their lawyers have threatened their most prominent Internet critics with legal action, shutting down many Web sites.

¶ 6 Faced with objections by large corporations and their corporate counsel, small Internet speakers “typically agree to shut down their sites or remove offending material.”<sup>13</sup> In this way, Dow Chemical shut down a Web site protesting its environmental record,<sup>14</sup> the owners of a circus and a fashion magazine shut down animal rights Web sites,<sup>15</sup> a computer company shut down a former employee’s protest site, a financial firm censored a whistle-blowing former managing director’s site, and Kmart

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11. See, e.g., Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 696 (1998) (discussing a surprising “explosion of Internet-related litigation arising out of trademark disputes”). A Westlaw search of reported federal cases containing the terms “trademark” and “Internet” or “World Wide Web” reveals roughly twice as many cases than a similar search for Internet copyright cases. Surprisingly, the federal government’s most comprehensive study of intellectual property in cyberspace devoted almost 150 pages to discussion of copyright law but less than six pages to trademark law. See Infrastructure Task Force, Working Group on Intellectual Property Rights, *INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS* at i. (table of contents), available at <http://www.uspto.gov/web/offices/com/doc/ipnii>.

12. Congressional efforts to ban obscenity and indecency on the Internet have been unenforceable since the first such effort was passed almost 10 years ago, because the Supreme Court has been much more sensitive to the vagueness and overbreadth of the implementing legislation than it has been for copyright or trademark laws. In particular, the Court seems to regard indecency as essential to conveying certain First Amendment protected ideas, while dismissing the possibility that reference to copyrighted or trademarked material could be just as important to conveying an idea. Compare, e.g., *Reno*, 521 U.S. at 880 (condemning Communications Decency Act of 1996 for seeking to confer “broad powers of censorship, in the form of a ‘heckler’s veto,’ upon any opponent of indecent speech”), and *Ashcroft v. Am. Civil Liberties Union*, 124 S. Ct. 2783, 2794 (2004) (affirming injunction against Child Online Protection Act because, among other reasons, Internet speakers “may self-censor rather than risk the perils of trial”), with *Eldred v. Ashcroft*, 537 U.S. 186, 264 (2003) (Breyer, J., dissenting) (criticizing the Court’s failure, in affirming retroactive extension of copyright terms, to exercise adequate “judicial vigilance” against undue monopolies “and consequent restrictions of [protected] expression”), and *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Committee*, 483 U.S. 522, 569-70 (1987) (Brennan, J., dissenting) (objecting to the Court’s endorsement of legislation giving the United States Olympic Committee broad trademark-like rights over public use of the word “Olympic,” because “[b]y preventing the use of the word ‘Olympic,’ the statute violates the First Amendment by prohibiting dissemination of a message for which there is no adequate translation”).

13. Amy Harmon, *Web Wars: Companies Get Tough on Rogues*, L.A. TIMES, Nov. 12, 1996, at 1A.

14. See *infra* note 267 and accompanying text.

15. See *People for the Ethical Treatment of Animals, Inc. v. Doughney*, 113 F. Supp.2d 915, 921 (E.D. Va. 2000).

prevailed upon a former employee to remove any references to it from his site.<sup>16</sup> “Dead links” to once thriving sites proliferate as image-conscious corporations clamp down on “undue” Internet criticism using overbroad trademark laws.<sup>17</sup>

¶7 In the vision of large corporations and their lawyers and public relations consultants, Web users and other consumers must leave behind protest and controversy for scrupulous attention to and instinctive agreement with advertising and promotion. This article attempts to survey the legal mechanisms by which this process has taken place and to call them into question. Part II analyzes the ongoing expansion of the law of trademark from a narrow cause of action to restrain the fraudulent sale of one merchant’s goods as those of a competitor by means of the misleading use of the latter’s trademark, into a broadly applicable tort against misappropriation of the good feelings associated with a merchant. Part III explains how once untethered from its traditional moorings, trademark law came to threaten Web sites engaged in criticism and satire of corporations and commercial advertising. Part IV argues that in recent cases a consensus is emerging that the use of the Internet to decry the practices or pillory the advertising of a corporation does not constitute an actionable violation of trademark rights. Part V contends that this emerging consensus promotes the public interest in economic efficiency, personal autonomy, and a vibrant public sphere in which consumers do not participate on a lesser footing than corporations.

## II. HOW TRADEMARK LAW BECAME A THREAT TO CRITICISM AND PARODY OF CORPORATIONS

¶8 Three key trends have fueled the growth of trademark law in the United States from its traditional concern with competing businesses counterfeiting existing products into a series of doctrines that implicate a much broader universe of communication. The first trend is the courts’ extension of the law to proscribe competitive uses of a trademark bearing only some similarity to another’s mark. The second is the courts’ crafting of prohibitions against invading a competitor’s “goodwill” by means other than infringement of its trademark. And most important of all is the empowerment of trademark owners to censor speech by persons who are not even competing with the mark owner, and who may not even be in business at all.

¶9 Together, these trends combine to threaten a great deal of commentary touching on companies that sell products or services, including noncommercial speech on the Internet. Although both the law and theory of trademarks have traditionally focused on passing off, the law has increasingly moved towards conferring upon trademark owners the right to exclude the public from any and all uses of the mark, whether in the same market, a different market, or no market. As a result, courts and legislators have crafted

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16. See Harmon, *supra* note 13 at 1A.

17. “Dead links” are hypertext links in a Web page or list of search engine results that point to where a Web site that is now temporarily or permanently shut down used to be available. See Sarah H. McWane, Comment, *Hollywood vs. Silicon Valley: DeCSS Down, Napster to Go?*, 9 COMM.LAW CONSPECTUS 87, 101 n.221 (2001).



over the years what could be called a tort of “interference with rights in the public mind.”<sup>18</sup>

### A. The Humble Origins of American Trademark Law

¶ 10 Trademark law was virtually non-existent at the founding of the United States of America and the adoption of the Constitution. At the time, case law in Great Britain recognized no remedy for taking away the customers of another merchant, such as a traveler’s inn or a maker of playing cards, by appropriating its distinctive signage or stamp.<sup>19</sup> Not one reported trademark case in Britain awarded relief to the plaintiff prior to the 19th century.<sup>20</sup>

¶ 11 The earliest reported American case granting relief for violation of trademark rights was not decided until 1844, more than 50 years after the adoption of the Constitution in 1791.<sup>21</sup> In 1879, the United States Supreme Court recognized the right to “adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons,” as a settled

18. *Cf.* Della Penna v. Toyota Motor Sales U.S.A. Inc., 11 Cal. 4th 376, 392-93 (1995) (recognizing tort of “wrongful” interference with economic advantage); Jeremy D. Weinstein, *Note: Adultery, Law, and the State: A History*, 38 HASTINGS L.J. 195, 218 (1986) (describing tort of intentional interference with another’s marriage).

19. *Blanchard v. Hill*, 2 Atykins 484, 26 Eng. Rep. 692 (1742). In *Blanchard*, the Lord Chancellor held that there would be no more legally cognizable objection to using similar stamps on competing playing cards than there would be to “one innkeeper setting up the same sign with another.” *Id.* at 694. To enjoin the allegedly infringing stamp would, the Lord Chancellor believed, impede competition by setting up an intolerable “monopoly.” *Id.* See also Samuel D. Warren & Louis D. Brandeis, *The Right to Privacy*, 4 HARV. L. REV. 193, 195 n.9 (1890) (“As late as 1742, Lord Hardwicke refused to treat a trademark as property for infringement upon which an injunction could be granted.”). Two other cases decided more than one hundred years before *Blanchard v. Hill* did not definitively resolve the question of whether one merchant is entitled to judicial relief against the use of its distinctive symbols by a competing merchant. See 1 Jerome Gilson, TRADEMARK PROTECTION AND PRACTICE § 1.01[1] (1999) (citing *Southern v. How*, 79 Eng. Rep. 1243 (1618), and *Sandforth’s Case*, Entries, BL MS. Hargrave 123, fo. 168 (1584), reprinted in J.H. Baker & S.F.C. Milsom, SOURCES OF ENGLISH LEGAL HISTORY - PRIVATE LAW TO 1750, at 615-18 (1986)); see also Mark A. Thurmon, *Ending the Seventh Amendment Confusion: A Critical Analysis of the Right to a Jury Trial in Trademark Cases*, 11 TEX. INTELL. PROP. L.J. 1, 59 n.303, 61 n.315 (2002) (discussing why these cases did not establish clear precedents entitling trademarks to judicial protection).

20. *Hogg v. Kirby*, 8 Ves. 215, 32 Eng. Rep. 336 (1803), is the “earliest reported case in which equity assumed jurisdiction over a claim of trademark infringement and granted an injunction.” Thurmon, *supra* note 18 at 64. An earlier case involved a money damages award under a special statute that “prohibited the export of empty watchcases engraved with counterfeit names,” not a generally applicable law respecting trademarks. *Id.* at 62 n.319. See also 1 Gilson, *supra* note 18 at § 1.01[1] (citing *Cabrier v. Anderson*, 2 Atkyns 487 (1777)).

21. See *New Kids on the Block*, 971 F.2d 302, 305 (9th Cir. 1992) (citing *Taylor v. Carpenter*, 23 F. Cas. 742 (C.C.D. Mass. 1844) (Story, J.)). A prior action decided by a Massachusetts state court in 1837 addressed trademark interests under the rubric of “the general tort of fraud.” William W. Fisher III, *The Growth of Intellectual Property: A History of the Ownership of Ideas in the United States* n.33, in EIGENTUMSKULTUREN IM VERGLEICH (Vandenhoeck & Ruprecht, 1999), available at <http://eon.law.harvard.edu/property99/history.html> (citing *Thomson v. Winchester*, 36 Mass. (19 Pick.) 214 (Sup. Ct. 1837)).

matter under state statutes and common law.<sup>22</sup> But, the Court rejected Congress's first attempt to federalize trademark protection pursuant to the Copyright and Patent Clause of the Constitution as incompatible with that clause's focus on new inventions and expressive writings.<sup>23</sup> The Court noted that neither the common law nor the Congressional statute required any inventiveness or "genius" to trigger exclusive rights, merely prior appropriation of the trademark by longstanding use under the common law or registration under the statute.<sup>24</sup> Only after another generation would Congress pass a trademark statute that would prohibit all trademark infringement in interstate or foreign commerce.<sup>25</sup>

### B. Infringement by "Colorable Imitation"

¶ 12 As the 20th century began, trademark protection began to be applied to chill competition in situations in which different trademarks were being used, and only where "the ignorant, the unthinking and the credulous" could be confused.<sup>26</sup> In an influential 19<sup>th</sup> century treatise, Justice Joseph Story had argued, based on British precedents, that trademark protection should encompass any "colorable imitation" of the "words, names, and devices" used by the plaintiff.<sup>27</sup> By 1900, the Supreme Court had agreed, holding that a defendant may infringe by using a single word out of a longer phrase used by a competitor as its trademark<sup>28</sup> or even an entirely different word that could be described as a "colorable imitation" of a competitor's mark.<sup>29</sup>

¶ 13 As long as the careless customer would be occasionally misled, some courts believed that relief should be granted. In the 1920s, the Seventh Circuit pronounced that a defendant could be enjoined from using a trademark derived from the nature of its

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22. Trade-Mark Cases, 100 U.S. 82, 92 (1879).

23. See *id.* at 92-94.

24. See *id.* at 94-95.

25. See *United We Stand America, Inc. v. United We Stand, America New*, 128 F.3d 86, 92 (2d Cir. 1997) (citing Law of Feb. 20, 1905, ch. 592, § 16, 33 Stat. 724, 728). Congress passed a more restrictive trademark law in 1881 but, as a result of the Supreme Court's rebuke in the *Trade-Mark Cases*, it addressed only commerce with foreign nations and Indian tribes, not the far larger category of interstate commerce. See Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 737-38 (2003) (citing Act of Mar. 3, 1881, §1, 21 Stat. 502, 502 (1881)).

26. Florence Mfg. Co. v. J.C. Dowd & Co., 178 F. 73, 75 (2d Cir. 1910).

27. 2 Joseph Story, EQUITY JURISPRUDENCE, AS ADMINISTERED IN ENGLAND AND AMERICA § 951, at 254 (Melville M. Bigelow ed., Little, Brown and Co. 1988) (13th ed. 1886).

28. See *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 33 (1900) ("It is not necessary to constitute an infringement that every word of a trade-mark should be appropriated.... [Complaints] have been sustained for the infringement of one of several words of a trade-mark.").

29. See *McLean v. Fleming*, 96 U.S. 245, 255 (1878) ("Difficulty frequently arises in determining the question of infringement; but it is clear that exact similarity is not required, as that requirement would always enable the wrong-doer to evade responsibility for his wrongful acts. Colorable imitation, which requires careful inspection to distinguish the spurious trade-mark from the genuine, is sufficient to maintain the issue.").



business unless it kept “far enough away to avoid *all possible* confusion.”<sup>30</sup> As the court held, it is sufficient if two marks look or sound similar enough that a person, “with a not very definite or clear recollection as to the real trade-mark, is likely to become confused or misled.”<sup>31</sup>

### C. The Abandonment of “Passing Off” as a Requirement

¶ 14 The purpose and scope of trademark laws were traditionally limited to preventing the consuming public from being deceived by “passing off,” or a manufacturer’s use of its more familiar competitor’s trademark, in its entirety, on its own similar, but inferior, goods.<sup>32</sup> For many years, courts hesitated to recognize unfair competition claims that lacked the requisite element of fraudulent intent to pass off one’s goods as those of a more successful competitor.<sup>33</sup> Many of these cases involved trademarks that could not be protected because they merely described the nature or geographic origin of the plaintiff’s product, forcing the plaintiff to fall back on general principles of fairness.<sup>34</sup>

¶ 15 Despite the tight focus of early trademark cases on preventing passing off, state and federal courts steadily extended the exclusive property right in a trademark to implicate manifold forms of “trespassing upon the goodwill of plaintiff’s business,” or using “unfair means to obtain from a person the fruits of his own ingenuity or industry.”<sup>35</sup> As a result, the law’s censure extended to passing off by methods other than adopting the plaintiff’s trademark, such as selling products whose colors make them resemble those of a competitor,<sup>36</sup> falsely representing facts concerning a competitor’s or one’s own

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30. *Northam Warren Corp. v. Universal Cosmetic Co.*, 18 F.2d 774, 775 (7th Cir. 1927) (emphasis added) (defendant that named its cuticle cleanser CUTEX violated plaintiff’s rights in the unregistered CUTICLEAN mark).

31. *Id.*

32. *See, e.g., New Kids on the Block v. New America Pub., Inc.*, 971 F.2d 302, 305 (9th Cir. 1992). “Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003). *See also United States v. Hon*, 904 F.2d 803, 804 (2d Cir. 1990) (criminal prosecution for trafficking and attempting to traffic in watches “bearing prestige-brand counterfeit trademarks,” of which federal agents seized a total of 2,600).

33. *See, e.g., Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118, 140 (1905) (Fuller, C.J.) (“The essence of the wrong in unfair competition consists in the sale of goods of one manufacturer or vendor for those of another; and if defendant so conducts its business as not to palm off its goods as those of the complainant, the action fails.”). *See also American Wine Co. v. Kohlman*, 158 F. 830, 831-32 (5th Cir. 1907); *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 15 (5th Cir. 1974).

34. *See, e.g., Howe*, 198 U.S. at 134-35, 140 (involving an ordinary family surname); *American Wine Co.*, 158 F. at 831 (involving “words descriptive of the character, quality, or place of manufacture of an article”); *American Heritage Life Ins.*, 494 F.2d at 15.

35. *Weinstock, Lubin & Co. v. Marks*, 109 Cal. 529, 536, 540 (1895). *Accord Schechter Poultry Corp. v. United States*, 295 U.S. 495, 531 (1935).

36. *See, e.g., Putnam Nail Co. v. Bennett*, 43 F. 800 (E.D. Pa. 1890) (holding that defendant violated plaintiff’s right to sell “bronzed” horseshoe nails); *Ohio Baking Co. v. Nabisco*, 127 F. 116, 121 (6th Cir. 1904) (“courts have repeatedly held that a person may be restrained from using a particular color, in combination with other things, to mislead the public, and market his goods as those of another”).

products,<sup>37</sup> or otherwise competing unfairly.<sup>38</sup>

¶ 16 The Supreme Court, outraged at the “pirating” of uncopyrightable news about World War I, flatly rejected passing off as a requirement for making out an unfair competition case.<sup>39</sup> The Court established a vague standard for “unfair competition in business,” under which “each party is under a duty to conduct its own business so as to not unnecessarily or unfairly injure that of the other.”<sup>40</sup> This doctrine led most courts to expand trademark and unfair competition law beyond passing off to “encompass any form of competition or selling which contravenes society’s current concepts of ‘fairness.’”<sup>41</sup> Trademark and “unfair competition” law thereby came “to prohibit many commercial activities not covered by early definitions of palming off.”<sup>42</sup>

¶ 17 After the Supreme Court’s abrogation of the passing off requirement, the expansion of trademark infringement and unfair competition law accelerated. Less than 20 years later, one scholar remarked that the original theory “that the law of trade marks and trade names was an attempt to protect the consumer against the ‘passing off’ of inferior goods under misleading labels” was being abandoned as “injunctive relief is being extended today to realms where no actual danger of confusion to the consumer is present.”<sup>43</sup> By 1942, the Supreme Court declared that if the defendant so much as “poaches upon the commercial magnetism of the symbol [the plaintiff] has created, the owner can obtain legal redress.”<sup>44</sup>

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37. See, e.g., *Apollinaris Co. v. Scherer*, 27 F. 18, 22 (S.D.N.Y. 1886) (a merchant is entitled to protection “against the false representation of facts which tend to mislead the public” and divert customers).

38. See, e.g., *Weinstock*, 109 Cal. at 540 (defendant set up shop next to its competitor using similar architecture).

39. See *International News Serv.*, 248 U.S. at 241-42 (henceforth “*INS*”) (“It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. *Howe Scale Co. v. Wyckoff, Seamans, etc.*, 198 U.S. 118, 140. But we cannot concede that the right to equitable relief is confined to that class of cases.... [Defendant’s] entire system of appropriating complainant’s news and transmitting it as a commercial product to defendant’s clients and patrons amounts to a false representation to them and to their newspaper readers that the news transmitted is the result of defendant’s own investigation in the field.”). The defendant in *INS* had been prohibited by European governments from gathering news in their countries and from using the telegraph lines running from there to the United States. See *id.* at 263 (Brandeis, J., dissenting); *McKevitt v. Pallasch*, 339 F.3d 530, 534 (7th Cir. 2003).

40. *INS*, 248 U.S. at 236.

41. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:1, at 25-5 (6th ed. 2004). See, e.g., *Metropolitan Opera Ass’n v. Wagner-Nichols Recorder Corp.*, 101 N.Y.S.2d 483 (N.Y. Sup. Ct. 1950), *aff’d*, 107 N.Y.S.2d 795 (1st Dep’t 1951). Although *INS* was deprived of much of its precedential value by the elimination of general federal common law in 1938, it continued to inform the development of trademark decisional law and was adopted as part of many states’ common law of unfair competition. See *McKevitt*, 339 F.3d at 534; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38, cmt. c (1995).

42. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:2, at 5-5.

43. Felix Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 814 (1935).

44. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

### D. The Prohibition of Non-Competitive Uses of Trademarks

¶ 18 Congress, concerned by the varying standards for trademark protection under state law,<sup>45</sup> decided in 1946 to pass a law establishing a uniform federal standard so that “trademarks should receive nationally the greatest protection that can be given them.”<sup>46</sup> This legislation, commonly known as the Lanham Act, confers property rights<sup>47</sup> in trademarks very broadly defined to include “any word, name, symbol, device or any combination thereof adopted by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.”<sup>48</sup>

¶ 19 The Lanham Act recast the law of trademark by permitting a much greater variety of potential trademarks to be registered, and by defining infringement and related offenses in very broad terms. Courts historically resisted granting trademarks that “contribute to a monopoly by precluding competitors from using a common word that merely describes the item or services in question,”<sup>49</sup> or empower the “strong, choking, monopolistic hand” of a single trademark owner over an entire geographic region.<sup>50</sup> But under the Lanham Act, trademarks are increasingly being granted on phrases that are frequently necessary to describe the geographic location or principal qualities of the goods or services being sold by the mark owner, such as “American Airlines,”<sup>51</sup> “Bank of America,”<sup>52</sup> “Auto Body Specialists,”<sup>53</sup> “Chicken Tenders,”<sup>54</sup> “Half Price Books,”<sup>55</sup> “Softsoap,”<sup>56</sup> “Park ‘N Fly” airport parking,<sup>57</sup> “Windows” computer interfaces,<sup>58</sup> and

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45. The decision in *Erie R.R. Co. v. Tompkins*, 304 U.S. 64 (1938), deprived the federal general common law of any force in cases where federal jurisdiction was founded in diversity of citizenship, including trademark protection. See Doris E. Long, UNFAIR COMPETITION AND THE LANHAM ACT 6 (Bureau of National Affairs 1993).

46. *Park N’ Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985) (quoting S. Rep. No. 1333, at 6, 19th Cong., 2d Sess. (1946)).

47. See *New Kids on the Block*, 971 F.2d at 306.

48. *Trademark Timeline*, 82 TRADEMARK REP. 1022 (1992).

49. *Chum Ltd. v. Lisowski*, 2001-1 Trade Cas. (CCH) ¶ 73, 275, 98 Civ. 5060 (KMW), 2001 U.S. Dist. LEXIS 2462 (S.D.N.Y. 2001). See also *ICON Solutions v. IKON Office Solutions*, Civil Action No. 97-4178, 1998 U.S. Dist. LEXIS 8705, \*11 (E.D. Pa. 1998) (noting that a trademark may grant a “monopoly in calling a product or service by its own name.”).

50. *General Motors Corp. v. Cadillac Marine & Boat Co.*, 226 F. Supp. 716, 741 (W.D. Mich. 1964).

51. See *American Airlines, Inc. v. 1-800-A-M-E-R-I-C-A-N Corp.*, 622 F. Supp. 673 (N.D. Ill. 1985).

52. See *In re BankAmerica Corp.*, 231 U.S.P.Q. 873 (T.T.A.B. 1986).

53. See *Auto Body Specialists v. Vallee*, 500 A.2d 372 (N.H. 1985) (applying New Hampshire state law).

54. See *Burger King v. Pilgrim’s Pride*, 705 F. Supp. 1522 (S.D. Fla. 1988), *aff’d*, 894 F.2d 412 (11th Cir. 1990).

55. See *Half Price Books, Records, Magazines, Inc. v. Barnesandnoble.com, LLC*, Civil Action No. 3:02-CV-2518-G, 2004 U.S. Dist. LEXIS 23691 (N.D. Tex. Nov. 22, 2004)

56. See *In re Minnetonka Inc.*, 3 U.S.P.Q.2d (BNA) 1711 (S.D.N.Y. 1984), *available at* 1987 TTAB Lexis 72.

57. See *Park ‘N Fly, Inc. v. Dollar Park and Fly*, 718 F.2d 327, 330 (1984), *rev’d on other grounds*, 469 U.S. 189 (1985).

58. See U.S. Trademark No. 1,872,264 (registered Jan. 10, 1995) (WINDOWS mark registered by Microsoft, covering “graphical operating environment programs for microcomputers”). See also Microsoft

“Fair & Balanced” news reporting.<sup>59</sup>

¶ 20 Section 32(1) of the Lanham Act protects owners of federally registered trademarks by prohibiting any use in commerce of counterfeit or colorable imitations of their marks that are “likely to cause confusion, or to cause mistake, or to deceive.”<sup>60</sup> Section 43(a) of the Lanham Act provides even broader protection, encompassing infringement of unregistered marks, unfair competition, false designation of origin, and false advertising.<sup>61</sup>

¶ 21 Under the Lanham Act, references to prominent trademarks have been enjoined in cases of non-competitive uses where none but the most grossly uninformed, imperceptive, or indifferent could be confused. Courts began to shift the focus from whether consumers would be confused as to the source of the products they buy to whether consumer enthusiasm for a manufacturer could be somehow dampened.<sup>62</sup> In one leading case, a parody poster exhorting viewers to “Enjoy Cocaine” in the stylized script of the Coca-Cola logo, was enjoined as likely to confuse consumers and damage Coca-Cola’s goodwill.<sup>63</sup> Despite the defendant’s argument that he was not selling soft drinks and that no rational person would think that the Coca-Cola Company would sell or sponsor such a poster, the court noted that customers might be “turned off” by the spoof.<sup>64</sup> A string of subsequent cases in the 1970s enjoined, along the same logic as the *Coca-Cola* case, corporate parodies such as “Christ charge” cards,<sup>65</sup> “Gucchi Goo” diaper bags,<sup>66</sup> a song entitled “I’m the Pop Rock King,”<sup>67</sup> and “Genital Electric” T-shirts.<sup>68</sup>

¶ 22 In 1979, the Second Circuit stretched trademark infringement into a vague tort

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Corp. v. Lindows.com, Inc., 319 F. Supp. 2d 1219, 1220 (W.D. Wash. 2004) (citing a Dutch decision granting Microsoft a preliminary injunction against Lindows.com to protect Microsoft’s foreign-registered trademarks).

59. See U.S. Service Mark No. 2,213,427 (registered Dec. 22, 1998) (“Fair & Balanced” mark registered by Fox News Network, covering “entertainment services in the nature of production and distribution of television news programs”). See also Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1097 (2003) (citing Fox News Network’s registration of the phrase “Fair & Balanced” as a distinctive mark).

60. 15 U.S.C. § 1114(1)(a).

61. A defendant may be liable under 43(a) for use of the plaintiff’s mark “in commerce” if the use “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1) and (a)(1)(A).

62. See, e.g., *Chemical Corp. of America v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962) (upholding a trial court’s finding that use of the slogan, “where there’s life . . . there’s bugs” on non-competitive products infringed upon Anheuser-Busch’s “where there’s life . . . there’s Bud” trademarked slogan).

63. *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972).

64. *Id.* at 1190.

65. *Interbank Card Ass’n v. Simms*, 431 F. Supp. 131 (M.D.N.C. 1977).

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

67. *General Foods Corp. v. Mellis*, 203 U.S.P.Q. (BNA) 261 (S.D.N.Y. 1979), available at 1979 U.S. Dist. Lexis 13091.

68. *Gen. Elec. Co. v. Alumpa Coal Co., Inc.*, 205 U.S.P.Q. (BNA) 1036 (D. Mass. 1979), available at 1979 U.S. Dist. Lexis 9197.

against invasion of consumers' good feelings towards a business. Specifically, the court in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*<sup>69</sup> held that outfitting the infamous Debbie who "did" Dallas in "a uniform strikingly similar to that worn by the Dallas Cowboys Cheerleaders" infringed the Cheerleaders' trademark.<sup>70</sup> The court rejected the defendant's contention that "no reasonable person would believe that the film originated with plaintiff," as an overly narrow view of the confusion requirement.<sup>71</sup> Because it was "hard to believe that anyone who had seen defendants' sexually depraved film could ever thereafter disassociate it from plaintiff's cheerleaders," the court found it sufficient that the film had "a tendency to impugn (plaintiff's services) and injure plaintiff's business reputation,"<sup>72</sup> therefore interfering with the "right of a trademark owner to control his product's reputation."<sup>73</sup> With this decision, the origin of trademark infringement in confusion as to the source of goods recedes further into antiquity, granting trademark owners the right to an exclusive "hold upon the public mind" and further constraining the ability of the public to refer to prominent trademarks in disapproved ways.

¶ 23 The 1980s saw a number of courts seize upon the *Dallas Cowboys Cheerleaders* decision and others like it to steer trademark infringement further away from its historic contours.<sup>74</sup> Infringement could be based merely on uses "which would reasonably be thought by the buying public to . . . be affiliated with, connected with, or sponsored by, the trademark owner."<sup>75</sup> Given the proliferation of corporate sponsorships, this doctrine has virtually eliminated the need for confusion between products that actually compete for consumers' attention.<sup>76</sup>

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69. 604 F.2d 200 (2d Cir. 1979).

70. *Id.* at 203.

71. *Id.* at 204.

72. *Id.* at 205 (quoting *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y.1972)).

73. *Id.* (quoting *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976)).

74. District courts enjoined as likely to confuse: an image of a scantily clad unmarried couple with an illegitimate child entitled "Monkeying around with Tarzan and Jane;" a series of "Garbage Pail Kids" stickers that "derisively depict dolls with features similar to Cabbage Patch Kids dolls in rude, violent and frequently noxious settings;" and a condom credit card bearing the humorous slogan, "Never Leave Home Without It." *Edgar Rice Burroughs, Inc. v. High Soc'y Magazine, Inc.*, 7 Media L. Rep. (BNA) 1862 (S.D.N.Y. 1981); *Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc.*, 642 F. Supp. 1031, 1032 (N.D. Ga. 1986); *American Express Co. v. Vibra Approved Labs. Corp.*, 10 U.S.P.Q. 2d (BNA) 2006 (S.D.N.Y. 1989), available at 1989 U.S. Lexis 4377.

75. *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 774 (8th Cir. 1994) (quoting J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24.03, at 24-13 (3d ed. 1992)). For more cases where courts protect companies against unauthorized association with their trademarks, see *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987); *Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225, 1228 (7th Cir. 1993); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979); *Jordache Enters., Inc. v. Levi Strauss*, 841 F. Supp. 506 (S.D.N.Y. 1994).

76. Corporate sponsorship spending exceeded \$15 billion in the 1990s, with tobacco companies alone spending hundreds of millions of dollars on sponsorships. See, e.g., KENT WERTIME, BUILDING BRANDS AND BELIEVERS: HOW TO CONNECT WITH CONSUMERS USING ARCHETYPES 7 (2002); Betsy Spethmann, When the Smoke Clears, PROMO MAGAZINE July 1, 1998, available at

¶ 24 By the early 1990s, the courts had expanded trademark infringement beyond for-profit vendors of humorous shirts, stickers, and magazines to reach non-profit protestors and political activists. Courts enjoined union members and neighborhood activists from protesting the closure of a large factory by referencing the name of the company in their materials;<sup>77</sup> restrained the formation of an association of former airline employees called the “Delta Retiree Association;”<sup>78</sup> and found that the “Pink Panther Patrol,” a group formed to fight anti-gay violence whose name derives from combining Black Panthers with the color pink sometimes used to connote homosexuality, was likely to cause confusion with the cartoon character the Pink Panther.<sup>79</sup>

¶ 25 Federal appellate courts increasingly found actionable confusion in cases featuring core political speech that parodied corporate trademarks. In *Mutual of Omaha Ins. Co. v. Novak*,<sup>80</sup> the Eighth Circuit upheld an injunction over a First Amendment defense against T-shirts emblazoned “Mutant of Omaha.” The shirts bore the emaciated head of a Native American similar to Mutual of Omaha’s logo, and touted “Nuclear Holocaust Insurance” with the slogan: “When the world’s in ashes we’ll have you covered.”<sup>81</sup> Over the dissent’s objection that no reasonable person would think that Mutual of Omaha was the source of such macabre messages, the court upheld the district court’s finding that the likelihood of consumer confusion existed.<sup>82</sup> As in the “Enjoy Cocaine” matter and other cases, the court invoked the entitlement of a company to only positive mental associations with its marks, and the concomitant prohibition on tarnishing this goodwill.<sup>83</sup> Similarly, the Eighth Circuit sustained an injunction against a parody advertisement in a humor magazine for “Michelob Oily,” which claimed: “At the rate it’s being dumped into our oceans, lakes and rivers, you’ll drink it oily sooner or later, anyway.”<sup>84</sup> Despite its environmental message, the court found Balducci’s parody could lead to confusion with Anheuser-Busch’s trademarked brands, therefore justifying injunctive relief.<sup>85</sup>

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[http://www.promomagazine.com/ar/marketing\\_smoke\\_clears](http://www.promomagazine.com/ar/marketing_smoke_clears) (describing tobacco marketing efforts with retailers).

77. *Brach Van Houten Holding, Inc., v. Save Brach’s Coalition For Chicago*, 856 F. Supp. 472 (N.D. Ill. 1994). For an earlier case based on a New York state unfair competition statute, see *Anti-Defamation League of B’nai B’rith v. Arab Anti-Defamation League*, 340 N.Y.S.2d 532, 546 (enjoining Arab Anti-Defamation League’s alleged imitation and simulation of the phrase Anti-Defamation League, arguing that the “defendant league’s ethnic prefix does not save it.”).

78. *Delta Air Lines, Inc. v. Hudson*, 868 F. Supp. 1383 (N.D. Ga. 1994).

79. *MGM-Pathe Communications Co. v. Pink Panther Patrol*, 774 F. Supp. 869 (S.D.N.Y. 1991) (enjoining use of the Pink Panther name). For an interesting related case, see *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1128 (Fed. Cir. 1985) (holding color pink to be registrable trademark for fiberglass insulation).

80. 836 F.2d 397 (8th Cir. 1987).

81. *Mutual of Omaha v. Novak*, 648 F. Supp. 905, 907 (D. Neb. 1986).

82. *Mutual of Omaha*, 836 F.2d at 399.

83. See *id.* at 398 (discussing the likelihood of confusion analysis of trademark cases).

84. *Anheuser-Busch v. Balucci Publ’ns*, 28 F.3d 769, 772 (8th Cir. 1994).

85. *Id.* at 779. Although directing the district court to grant injunctive relief, the court stated “[c]ourts should tread cautiously when considering injunctive relief against future publication” and noted that the injunction sought by Anheuser-Busch “seems to encompass a great number of uses which might amount to no infringement at all.” *Id.*

¶26 The deterrence effect of overbroad trademark infringement doctrines not only dampens speech questioning brand images and consumerist ideology, but also the provision by others of print pages and broadcast time to such speakers. Many non-competitive users of trademarks in artistic, cultural, and political speech have finally prevailed in court only after incurring massive costs. Such costs, including attorney's fees, the costs of expert witnesses, lost time, and uncertainty can deter both lawful and unlawful conduct – indeed, the “specter of such expenses” is part of traditional deterrence analysis.<sup>86</sup> A large number of rather frivolous trademark infringement claims have been litigated all the way up to the federal appellate courts. The parodic, critical, and “nominal” references to trademarks that have been tied up in costly appellate litigation in this way include: parody baseball cards,<sup>87</sup> a wild boar Muppet named “Spa’am,”<sup>88</sup> T-shirts emblazoned with “Just Did It” and a swoosh symbol,<sup>89</sup> newspaper telephone polls asking, “Which one of the New Kids [on the Block] is the most popular;”<sup>90</sup> beach towels bearing the logo, “This Beach is For You;”<sup>91</sup> “Spy Notes”<sup>92</sup> parodying both the Cliffs’ Notes format and works of fiction; “Lardashe” designer jeans for large-sized consumers;<sup>93</sup> an “L.L. Bean Back-To-School Sex Catalog” magazine layout;<sup>94</sup> the “Donkey Kong” Nintendo game;<sup>95</sup> a humanizing parody of Superman in the “Greatest American Hero” television series;<sup>96</sup> “Here’s Johnny” portable toilets;<sup>97</sup> and Sears’ “Bagzilla” garbage bags.<sup>98</sup> Cases disposed of at the district court level include: the use of a company’s trademark in handbills of a trade union;<sup>99</sup> a caricature of utility companies’ advertising in publications critical of their practices;<sup>100</sup> speech in opposition to the strategic defense initiative that used the phrase “Star Wars;”<sup>101</sup> and parody T-shirts picturing “Miami Mice.”<sup>102</sup>

¶27 By the mid-1990s, scholars began to sharpen their critique of the “unnatural”

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86. *Time, Inc. v. Firestone*, 424 U.S. 448, 475 n.3 (1976) (Brennan, J., dissenting). See also *New York Times Co. v. Sullivan*, 376 U.S. 254, 279 (1964); Isaac Erlich, *The Deterrent Effect of Criminal Law Enforcement*, 1 J. LEGAL STUD. 259, 261 (1972) (“It is a basic theorem of economics that an increase in the cost of a subjectively desirable activity relative to other competing activities, individual preferences and real opportunities held constant results in a general shift away from that activity.”).

87. *Cardtoons v. Major League Baseball Players Ass’n*, 95 F.3d 959 (10th Cir. 1996).

88. *Hormel Foods Corp. v. Jim Henson Prods. Inc.*, 73 F.3d 497 (2d Cir.1995).

89. *Nike v. “Just Did It” Enters.*, 6 F.3d 1225 (7th Cir. 1993).

90. *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302 (9th Cir. 1992).

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

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

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

94. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir.), cert. denied, 483 U.S. 1013 (1987).

95. *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 746 F.2d 112 (2d Cir. 1984).

96. *Warner Bros., Inc. v. American Broad. Cos.*, 720 F.2d 231 (2d Cir. 1983).

97. *Carson v. Here’s Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983).

98. *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788 (9th Cir. 1981).

99. *Senco Prods., Inc. v. Int’l Union of Elec., Radio and Machine Workers, AFL-CIO-CLC*, 311 F. Supp. 590 (S.D. Ohio 1970).

100. *Reddy Communs., Inc. v. Environmental. Action Found.*, 477 F. Supp. 936 (D.D.C. 1979).

101. *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985).

102. *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468 (S.D.N.Y. 1986).



expansion of trademark law to prohibit non-competitive and purely cultural uses.<sup>103</sup> They noted that the explosion of trademark prohibitions and regulations had even eclipsed other areas of untamed growth, such as copyright, patent, and trade secret.<sup>104</sup> They decried how trademark owners could “prevent uses of their marks as obvious parodies or for entirely uncommercial purposes, and [were] well on their way to owning the exclusive right to pun.”<sup>105</sup> The aptness of their critique was underlined when the Ninth Circuit Court of Appeals affirmed a preliminary injunction against a book that parodied the style of Dr. Seuss books using the cast of characters associated with the O.J. Simpson trial.<sup>106</sup> Despite having the word “Parody” in its title, the court found the work to be likely to confuse consumers and enjoined its further publication.<sup>107</sup>

### E. The Use of Dilution Law to Police the Culture

¶ 28 Given the reach of the law of trademark infringement proper, the existence of an additional and even more expansive cause of action for violation of trademark rights might seem gratuitous. But just after the passage of the Lanham Act, state legislatures began passing statutes prohibiting the mere “dilution” of famous trademarks.<sup>108</sup> By 1995, about 25 states proscribed dilution of trademarks.<sup>109</sup> Under most such laws, dilution can consist in “blurring” a trademark’s singular association with its owner by using it on non-competitive goods or services,<sup>110</sup> or engaging in unlawful “tarnishment,” which anti-dilution law prohibits in order “to protect a senior user’s quality connotations and goodwill against negative connotations or dissonant associations generated by a junior user’s use of the same or similar mark.”<sup>111</sup>

¶ 29 In 1996, Congress added protection against dilution of famous trademarks to the express language of the Lanham Act, building upon an acknowledged line of both federal and state case law. The Federal Trademark Dilution Act (FTDA) of 1996 added section 43(c) to the Lanham Act.<sup>112</sup> Section 43(c) aims to control consumers’ minds by

103. Kenneth Port, *The “Unnatural” Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J. 433 (1994).

104. See Fisher, *supra* note 20 (“It is in the area of trademark law that the explosion of intellectual property has been most striking.”).

105. Mark Lemley, *Romantic Authorship and the Rhetoric of Property*, 75 TEXAS L. REV. 873, at 900 (1997).

106. See *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997).

107. See *id.*

108. See Trademark Timeline, *supra* note 47 at 1032.

109. See H.R. Rep. No. 374, at 4, 104th Cong., 1st Sess. (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031.

110. See, e.g., *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989) (LEXIS data services and LEXUS automobiles); *Tiffany & Co. v. Boston Club, Inc.*, 231 F. Supp. 836, 844 (D. Mass. 1964) (TIFFANY jewelry and restaurant); *Eastman Photographic Materials Co. v. Kodak Cycle Co.*, 15 [British] R.P.C. 105 (1898) (KODAK cameras and bicycles). The legislative history of section 43(c) mentions in this regard “DUPONT shoes, BUICK aspirin, and KODAK pianos.” H.R. Rep. No. 104-374, at 3, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

111. ROBERT MERGES, PETER MENELL, & MARK LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 656 (1st ed. 1997).

112. See Lanham Act 43(c), 15 U.S.C. § 1125(c) (1996).

prohibiting references to famous trademarks that do not cause consumer confusion, but merely tend to “reduce[] the public’s perception” that the mark has “potency” and “advertising value.”<sup>113</sup> An injunction under section 43(c) may be available to stop “commercial use in commerce of a mark or trade name” if that use causes dilution of a famous mark.<sup>114</sup> Despite these requirements, judicial interpretation expanded dilution protection to marks lacking real fame, to mere parts of a mark, to product design and packaging, and to general phrases used to describe precisely what is being sold.<sup>115</sup>

¶ 30 Of course, injunctions of uses that tarnished or blurred a mark’s associations in the minds of consumers were legion even before the FTDA was passed. Many of the infringement cases discussed in the previous subsection involved either explicit or implicit dilution liability.<sup>116</sup> Many other cases have enjoined uses that dilute trademarks without presenting a likelihood of confusion.<sup>117</sup> Protracted yet ultimately unsuccessful suits have been even more numerous, as they were prior to the FTDA.<sup>118</sup>

¶ 31 Courts soon applied the FTDA to censor non-commercial cultural messages that could reflect negatively, albeit slightly, on famous trademarks. For example, in *Anheuser-Busch, Inc. v. Andy’s Sportswear, Inc.*,<sup>119</sup> the court enjoined the use of the word “Buttwiser” to parody Anheuser-Busch’s BUDWEISER trademark. The court

113. H.R. Rep. No. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

114. 15 U.S.C. § 1125(c).

115. *See* Lemley, *supra* note 4 at 1695-1700.

116. In this category I would include the cases involving Anheuser-Busch (“Michelob Oily”), American Express (“Never Leave Home Without It” condom cards), Mutual of Omaha (“Mutant of Omaha”), the Dallas Cowboys (“Debbie Does Dallas”), the Cabbage Patch Kids (“Garbage Pail Kids”), the Tarzan novels (“Monkeying around with Tarzan and Jane”), General Electric (“Genital Electric”), and Coca-Cola (“Enjoy Cocaine”).

117. *See, e.g.*, *Ringling Bros.-Barnum and Bailey, Combined Shows v. Utah Div. of Travel Dev.*, 935 F. Supp. 763, 765-66 (E.D. Va. 1996) (holding that use of “The Greatest Snow on Earth” as state slogan by Utah diluted Ringling Brothers’ “The Greatest Show on Earth” mark).

118. *See, e.g.*, *Cardtoons v. Major League Baseball Players Ass’n*, 95 F.3d 959 (10th Cir. 1996); *Hormel Foods Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497 (2d Cir. 1995); *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26 (1st Cir. 1987), *cert. denied*, 483 U.S. 1013 (1987); *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468 (S.D.N.Y. 1986); *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985); *Carson v Here’s Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983); *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788 (9th Cir. 1981); *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468. 23 (S.D.N.Y. 1986); *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985); *Tetley, Inc. v. Topps Chewing Gum, Inc.*, 556 F. Supp. 785, 794 (E.D.N.Y. 1983) (parody of Tetley tea-related trademarks held not likely to dilute by tarnishment where defendant’s “Petley Flea Bags” stickers poked fun at them); *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788 (9th Cir. 1981); *Pillsbury Co. v. Milky Way Prods., Inc.*, No. C78-679A, 1981 U.S. Dist. LEXIS 17722, at \*39 (N.D. Ga. Dec. 24, 1981) (parody of Pillsbury characters in pornographic magazine not likely to confuse, but caused trademark to become distasteful or repulsive). *Cf. Films of Distinction, Inc. v. Allegro Film Prods., Inc.*, 12 F. Supp. 2d 1068 (C.D. Cal. 1998) (denying motion to dismiss claim for dilution of TV network using “Crime Channel” trademark, regarding film in which child watches “Crime Channel” and commits several murders); *Gateway 2000, Inc. v. Gateway.com, Inc.*, No. 5:96-CV-1021-BR(3), 1997 U.S. Dist. LEXIS 2144 (E.D.N.C. 1997) (denying motion for preliminary injunction based on doubts about fame of plaintiff’s mark at time of defendant’s domain name registration).

119. No. C-96-2783 TEH, 1996 U.S. Dist. LEXIS 15583 (N.D. Cal. Aug. 28, 1996).

found that an injunction may issue under the FTDA if: (1) the trademark at issue is famous; and (2) the defendant's use dilutes it.<sup>120</sup> Another court enjoined the release of a film entitled "Dairy Queens," about beauty contests in Minnesota "dairy country," holding that the film's "offensive" and "unwholesome content" might create the kind of "negative associations" with a trademark that the FTDA prohibits.<sup>121</sup> A construction equipment company nearly caused an animated film that portrayed bulldozers emblazoned with trademarks of the company harming an animal habitat to be pulled from theaters.<sup>122</sup> So applied, the broad provisions of the FTDA "act to chill meaningful criticism of corporations," "present significant financial and legal hurdles to those individuals who would speak against a corporation," and "made it even easier for corporations to procure preliminary injunctions against parodies of their trademarks, even where the corporation likely would lose on the merits of a trademark infringement claim based on the defendant's parody defense."<sup>123</sup>

### III. THE DEVELOPMENT OF TRADEMARK LIABILITY FOR ANTI-CORPORATE INTERNET SPEECH

¶ 32 By the mid-1990's, when the Internet began to be utilized by broader segments of the public, the slightest mention of a trademark could trigger actions for trademark infringement, unfair competition, trademark dilution, false designation of origin, and false advertising.<sup>124</sup> Early cases applying trademark infringement and unfair competition law to the Internet held that only a very modest level of incorporation of trademarks into an Internet communication could violate a trademark owner's exclusive rights. As a result, trademark owners came to believe that virtually any adverse reference to or use of their marks was a sufficient basis for costly litigation to enjoin their use.

#### A. The Erosion of the Requirement of Commercial Activity

¶ 33 In defending against a charge of trademark infringement, supporters of Web sites engaged in protesting corporate practices or parodying advertising campaigns may be able to argue that these sites do not sell the same goods and services as the trademark owner and that many do not earn sufficient revenue to pay for Web site maintenance expenses. In other words, reference to a trademark on such a Web site is not a use "in commerce" analogous to one manufacturer affixing another manufacturer's trademark on

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120. *See id.* at \*2. 1543.

121. *American Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 728-29, 733 (D. Minn. 1998) (citing *Anheuser-Busch*, 1996 U.S. Dist. LEXIS 15583, at \*1.).

122. *See Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003); Associated Press, *Caterpillar Sues to Block Disney Movie Release*, S.F. CHRON. (Oct. 15, 2003), available at <http://www.sfgate.com/cgi-bin/article.cgi?f=/news/archive/2003/10/15/financial1507EDT0183.DTL>.

123. Sarah Mayhew Schlosser, *Note, The High Price of (Criticizing) Coffee: The Chilling Effect of the Federal Trademark Dilution Act on Corporate Parody*, 43 ARIZ. L. REV. 931, 936, 948, 950 (2001).

124. An aggrieved trademark owner could maximize its chances of prevailing on one count or another by including many of these causes of action in a single complaint, sometimes throwing in copyright and common law claims for misappropriation. *See, e.g., Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 287 (D. N.J.), *aff'd*, 159 F.3d 1351 (3d Cir. 1998).

its packaging without permission. Unfortunately, the “cybersquatting” cases of the 1990’s resulted in judicial and scholarly consensus that all Internet speech is “in commerce.”

¶ 34 The controversy over cybersquatting began in approximately 1994 as a result of news stories about corporations registering each other’s names as Internet addresses.<sup>125</sup> Savvy individual speculators began snapping up addresses containing famous trademarks such as mcdonalds.com and mtv.com.<sup>126</sup> These tactics were possible under the “first come, first served” policy announced by Network Solutions Inc., which administered the Internet domain name registration system.<sup>127</sup> Tens of thousands of visitors accessed Web sites featuring the unauthorized use of prominent trademarks.<sup>128</sup> In one such case involving the Web address “mtv.com,” MTV filed suit and obtained mtv.com back from former MTV video jockey Adam Curry, who had initially registered it.<sup>129</sup> Most of these early disputes, however, were resolved without extensive litigation, and therefore contributed little to the development in the law.<sup>130</sup> Nevertheless, the attendant publicity from such uses seemed to reinforce the “Gold Rush” mentality surrounding the possibility of claiming prime “real estate” on the World Wide Web.<sup>131</sup>

¶ 35 Soon the claims of trademark owners began to move beyond objecting to blatant targeting of famous trademarks to encompass broader claims to exclusive rights to the commercial use of English words in cyberspace. Sun Microsystems obtained an injunction against another company using the word “Sun” on any “World Wide Web pages and links, Internet domain names, or any other company material regardless of

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125. See Joshua Quittner, *Billions Registered*, WIRED 2.10 (Oct. 1994), available at <http://www.wired.com/wired/archive/2.10/mcdonalds.html> (reporting that Sprint registered mci.com, and that the Princeton Review registered kaplan.com).

126. The “land rush” mentality resembled the opening of other American frontiers to settlement, such as Native American lands. See *Johnson v. M’Intosh*, 21 U.S. 543, 574 (1823) (“While the different nations of Europe respected the right of the natives, as occupants, they asserted the ultimate dominion to be in themselves; and claimed and exercised, as a consequence of this ultimate dominion, a power to grant the soil, while yet in possession of the natives.”); *Rosebud Sioux Tribe v. Kneip*, 521 F.2d 87, 113 n.135 (8th Cir. 1975) (describing how, upon the “opening” of Sioux country in South Dakota, about a quarter of a million people flocked to local land offices and filed more than one hundred thousand applications for thousands of homesteads of about 160 acres each).

127. See Neal Greenfield, *The InterNic Dispute Resolution Policy and Domain Name Issues: Problems and Possible Solutions*, MULTIMEDIA STRATEGIST 1 (Apr. 1996). Network Solutions controlled the domain name system under a contract with the National Science Foundation, an agency of the federal government established by the National Science Foundation Act of 1950, as amended, and related legislation. See *id.*; 42 U.S.C. 1861 *et seq.*

128. See, e.g., Peter H. Lewis, *He Ventured Into Cyberspace -- Then Got MTV to Follow*, N.Y. TIMES, Dec. 19, 1993, at 3-10 (30,000 visitors per day to mtv.com).

129. See *MTV Networks v. Curry*, 867 F. Supp. 202 (S.D.N.Y. 1994)). See generally *Green Prods. Co. v. Independence Corn By-Products Co.*, 992 F. Supp. 1070, 1081 n.13 (N.D. Iowa 1997); Amy Stevens & Junda Woo, *MTV Internet 'Handle' Suit*, WALL ST. J., May 9, 1994, at B8.

130. See Richard Zaitlen & David Victor, *The New Internet Domain Name Guidelines: Still Winner-Take-All*, COMPUTER LAWYER 12 (May 1996).

131. See, e.g., Quittner, *supra* note 125.

media.”<sup>132</sup> Another company obtained the exclusive right to use the term “juris” as a domain name, on the ground that use by another law-related entity would be likely to confuse consumers as to sponsorship by Juris, Inc.<sup>133</sup>

¶ 36 Federal anti-dilution law became the most important tool for companies interested in seizing desired domain names from prior registrants. In enacting anti-dilution protection in 1996, some members of Congress expressed the hope that it would “help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.”<sup>134</sup> Invoking federal and state anti-dilution law, Hasbro and Toys ‘R’ Us shut down adult-oriented commercial Web sites operating at domain names incorporating their trademarks or aspects thereof.<sup>135</sup>

¶ 37 The principal obstacle to using the federal dilution law to reach all unauthorized uses of trademarks in domain names, however, was its requirement that to be actionable, a use must be “commercial” and take place “in commerce,” as opposed to in a news article, work of fiction, or other First Amendment-protected speech.<sup>136</sup> The dilution law was not intended to “threaten noncommercial expression, such as parody, satire, editorial, and other forms of expression that are not a part of a commercial transaction.”<sup>137</sup> But courts found the registration of a domain name incorporating a famous trademark, and subsequent attempt to sell the name back to the trademark owner at a multiple of the cost of registration, to be sufficiently “commercial” to constitute trademark dilution.<sup>138</sup> The egregious conduct of these defendants resulted in questionable law,<sup>139</sup> as one court, confronting a defendant who registered hundreds of domain names incorporating famous trademarks with the intention of profiting by their resale to the trademark owners or other interested parties, gutted the requirement of commercial use.<sup>140</sup> The court held that “[b]ecause Internet communications transmit instantaneously on a worldwide basis there is little question that the “in commerce” requirement would be met in a typical Internet message, be it trademark infringement or false advertising.”<sup>141</sup> Because the defendant

132. *Sun Microsystems v. Sunriver Corp.*, No. C-95-20155 RPA, 1995 U.S. Dist. LEXIS 19008 (N.D. Cal. June 27, 1995).

133. *See Comp Examiner Agency v. Juris, Inc.*, No. 96-0213-WMB (CTx), 1996 U.S. Dist. LEXIS 20259 (C.D. Cal. Apr. 26, 1996).

134. *See, e.g., Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996) (quoting Remarks of Senator Leahy in the United States Senate, December 29, 1995, Cong. Rec. S. 19312 (104th Cong. 1995)).

135. *Hasbro Inc. v. Internet Entmt. Group*, No. C96-130WD, 1996 U.S. Dist. LEXIS 11626 (W.D. Wash. 1996) (candyland.com); *Toys ‘R’ Us v. Akkaoui*, No. C 96-3381 CW, 1996 U.S. Dist. LEXIS 17090 (N.D. Cal. 1996) (adultsrus.com).

136. *See Intermatic*, 947 F. Supp. at 1239-40.

137. *Panavision Int’l v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996) (quoting Sen. Orrin G. Hatch (R-Utah), the Chairman of the Senate Judiciary Committee, 141 Cong. Rec. S19306-10 (Daily ed. December 29, 1995)).

138. *See id.* at 1296; *Intermatic*, 947 F. Supp. 1227; *Avery Dennison Corporation v. Sumpton*, 999 F. Supp. 1337 (C.D. Cal. 1998).

139. *See Lemley*, *supra* note 4 at 1701-03.

140. *See Intermatic*, 947 F. Supp. at 1230.

141. *Id.* at 1239 (quoting 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 5.11[2], p. 5-234 (1996)).

actually intended to sell the domain name back to the owner of the trademark it incorporated, his use was arguably part of a “commercial transaction” under the anti-dilution law.<sup>142</sup> The court’s broad-brush approach would be applied to defendants who were not engaged in commercial activity.

¶ 38 Subsequent cases would extend the rule that the “typical Internet message” was necessarily commercial to cases not involving cybersquatting and in which little, if any, business or competitive element would be present. Thus, the campaign against cybersquatting began to claim victims who were engaged in precisely the sort of “noncommercial expression” that Congress intended to shield from censorship. Courts did so in three primary ways: by equating the Internet as a whole with “commerce;” by focusing on the commercial nature of the plaintiff’s business, rather than the defendant’s noncommercial use of the trademark; and by examining for commercial activity not only the defendant’s Web site, but any other sites to which it referred.

¶ 39 The first and easiest method of evading the “commercial use” requirements of the Lanham Act is to characterize the Internet as a medium of global commerce in informational services. As the Internet gained popularity, courts started to conclude that the “national, and even international, nature of the Internet itself makes defendants’ use of plaintiffs’ trademark as a domain name a ‘use in commerce’ for purposes of the Lanham Act.”<sup>143</sup> On this basis the Second Circuit, in *Planned Parenthood v. Bucci*,<sup>144</sup> upheld an injunction against an anti-abortion activist who used the domain name “plannedparenthood.com” to publicize his views.<sup>145</sup> The district court held that the “nature of the Internet indicates that establishing a typical home page on the Internet, for access to all users, would satisfy the Lanham Act’s ‘in commerce’ requirement.”<sup>146</sup> Although the Lanham Act defines “commerce” as the “sale or advertising of services ... rendered in commerce,” and the defendant engaged in neither the advertising nor the sale of any services, the court held his use of the Internet in connection with the plaintiff’s trademark occurred in commerce because Internet users may access his web site “everywhere.”<sup>147</sup> Addressing the Lanham Act’s anti-dilution provision, the court held that the defendant’s Web site, which praised an anti-abortion book authored by someone other than the defendant,<sup>148</sup> was engaging in commercial competition with Planned Parenthood in the market for “informational services,” specifically “the distribution of those services over the Internet.”<sup>149</sup> The court dismissed the defendant’s argument that he did not receive any money from his Web site and was simply voicing his opinion on a

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142. *See id.*

143. *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp. 2d 176, 186 (N.D.N.Y. 2000).

144. *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998).

145. *See Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d (BNA) 1430, 1432-33 (S.D.N.Y. 1997).

146. *Id.* at 1434 (citing *Intermatic*, 947 F. Supp. at 1239, (quoting 1 GILSON, TRADEMARK PROTECTION AND PRACTICE § 5.11[2], p.5-234)).

147. *Id.* at 1434 n.7 (quoting 15 U.S.C. § 1127).

148. *Id.*

149. *Id.* at 1435 (citing *MGM-Pathe Communs.Communications v. Pink Panther Patrol*, 774 F. Supp. 869 (S.D.N.Y. 1991)).

matter of intense public concern in a way that the First Amendment protects.<sup>150</sup> The defendant's use of a trademark in his domain name and on his Web site was, the court said, more akin to "labeling or advertising products in a manner that conflicts with the trademark rights of others."<sup>151</sup>

¶ 40 The second way of making nearly all uses of a trademark "commercial" in nature is to focus on the way most such uses can be said to distract the attention of consumers away from the efforts of the trademark owner to sell its products or services. Thus, the injunction in the *Planned Parenthood* case was based in part on a finding that "even assuming" that the defendant's Web site was not "in commerce" for Lanham Act purposes, its effect on "plaintiff's interstate commerce activities" triggered the Lanham Act.<sup>152</sup> Specifically, those who found the defendant's Web site while searching for the plaintiff's might give up on looking because they were "thrown off track."<sup>153</sup> In *Jews for Jesus v. Brodsky*, the Third Circuit affirmed a similar injunction against a site critical of the "Jews for Jesus" movement, located at "jewsforjesus.org."<sup>154</sup> The lower court concluded that using a trademark to criticize its owner is necessarily commercial "because it is designed to harm the Plaintiff Organization commercially by disparaging it."<sup>155</sup>

¶ 41 The third route to equating most Web sites with "commerce" is to scour for commercial activity any Web site to which they are connected by hyperlinks. In the *Jews for Jesus* case, the district court found that a single hyperlink on the defendant's site to an organization that sold some books and audiotapes from its own Web site satisfied the "commercial use" requirement, without reference to whether the defendant ever earned any revenue from the link.<sup>156</sup> These links make the Internet a network of interlocking pages, more like an encyclopedia than a library of separate books.<sup>157</sup> So an anti-corporate

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150. See *id.* at 1435-36, 1440. The court stated that the defendant solicited charitable contributions on a radio show on which he discussed his Web site, but could not identify any revenue that he earned from the site itself, or any link from the site to the radio show. It concluded that the "tie[]" between the Web site and the radio show was sufficient to invoke the rule that prohibits non-profit organizations from using trademarks relevant to their work. See *id.* at 1436 (citing, *inter alia*, *Brach van Van Houten Holding v. Save Brach's Coalition*, 856 F. Supp. 472 (N.D. Ill. 1994)).

151. *Id.* at 1440 (quoting *Yankee Publishing, Inc. v. News Am. Publishing, Inc.*, 809 F. Supp. 267, 276 (S.D.N.Y. 1992)).

152. *Id.* at 1434.

153. *Id.* at 1435 (quoting a witness).

154. See *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 291 n.13 (D. N.J. 1998), *aff'd*, 159 F.3d 1351 (3d Cir. 1998).

155. *Id.* at 308. *Accord* *OBH*, 86 F. Supp. 2d at 192-93 ("Prospective users of plaintiffs' news services who mistakenly access defendants' web site may fail to continue to search for plaintiffs' web site due to confusion or frustration. Such users, who are presumably looking for the news services provided by the plaintiffs on their web site, may instead, instead of continuing to look of plaintiffs' web site, opt to select one of the several news-related hyperlinks contained in defendants' web site. These news-related hyperlinks will directly link the user to other news-related web sites that are in direct competition with plaintiffs in providing news-related services over the Internet.").

156. See *Jews for Jesus*, 993 F. Supp. at 291 n.13, 308.

157. See Alain Strowel and Nicolas Ide, *Liability with Regard to Hyperlinks*, 24 COLUM.-VLA J.L. & ARTS 403, 410-11 (2001) ("Imposing constraints on linking can be perceived as restricting the thesaurus of the ever-expanding encyclopedia formed by the Web."). Cf. *Mainstream Loudoun v. Bd. of Trs. of the*



gripe site containing a single hyperlink to another Web site with commercial elements, under this reasoning, would make commercial use of any trademarks to which it refers.<sup>158</sup>

¶42 Courts even began specifically to enjoin the “dissemination of . . . purely ideological information” over the Internet when the trademarks of prominent corporations or other organizations were implicated.<sup>159</sup> For example, in *People for the Ethical Treatment of Animals, Inc. v. Doughney*,<sup>160</sup> the Fourth Circuit sustained such an injunction, concluding that the defendant engaged in a commercial use of the PETA mark in connection with the sale of goods or services by using the domain name “peta.org” to set up a Web site called “People Eating Tasty Animals” as a parody of the non-profit corporation, People for the Ethical Treatment of Animals.<sup>161</sup> Even though the defendant did not sell or advertise any products on his Web site, the court found the requisite connection to commercial activity in the bare possibility that the site would attract some Internet users who were initially searching for PETA’s own site, coupled with the site’s hyperlinks to thirty “meat, fur, leather, hunting, animal research, and other organizations, all of which held views generally antithetical to PETA’s views.”<sup>162</sup>

¶43 Soon courts began to force publishers of small Web sites to cease engaging in purely non-commercial speech critical of for-profit corporations. They continued the conflation of “Internet” and “commercial” first established by cases involving commercial cybersquatters and elaborated upon in cases brought by non-profits such as Planned Parenthood and PETA. For example, a court enjoined a small business engaged in a dispute with telecommunications giant BellSouth from using the domain name “bellsouthstinks.com” to criticize its practices.<sup>163</sup> Similarly, another court enjoined a small businessman from criticizing a litigious local property developer using the domain name “taubmansucks.com.”<sup>164</sup> The remainder of this Part explores other such cases.

## B. The Loosening Standards for Consumer Confusion

¶44 The “in commerce” requirement having been whittled away, the focus of

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Loudoun County Library, 2 F. Supp. 2d 783, 793-94 (E.D. Va. 1998) (Internet “more closely resembles” encyclopedias than series of individual books); *ACLU v. Reno*, 929 F. Supp. 824, 836-37 (E.D. Pa. 1996) (viewing Internet as “a single body of knowledge”), *aff’d sub nom.*, *Reno v. ACLU*, 521 U.S. 844 (1997).

158. *See* *Jews for Jesus*, 993 F. Supp. at 308.

159. *People for the Ethical Treatment of Animals, Inc. v. Doughney*, 113 F. Supp. 2d 915, 919 (E.D. Va. 2000), *aff’d*, 263 F.3d 359 (4th Cir. 2001) (enjoining use of *peta.com* to mock environmentalists using phrases such as “People Eat Tasty Animals”). *See also* 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 25:57 (3d ed. 1996) (“It is difficult to conceive of an act of infringement which is not ‘in commerce’ in the sense of the modern decisions.”).

160. 263 F.3d 359 (4th Cir. 2001).

161. *Id.* at 362-63, 365.

162. *Id.* at 363, 365.

163. *See* *Bell South v. Internet Classifieds of Ohio*, 96-CV-769, 1997 WL 33107251 (N.D. Ga. 1998); Lemley, *supra* note 4 at 1703 n.86.

164. *See* *Taubman Co. v. Webfeats*, No. 01-CV-72987 (E.D. Mich. motion to amend preliminary injunction granted Dec. 7, 2001) (citing *Planned Parenthood*, 42 U.S.P.Q.2d 1430, *aff’d mem.*, 152 F.3d 920).

trademark infringement in Internet cases became likelihood of confusion. Courts apply a multi-factor test to determine whether a likelihood of confusion exists, although the number and content of the factors vary somewhat among the federal circuits. Of these “Polaroid factors,” so-called in reference to an early case applying them, at least six or seven recur in most trademark infringement decisions.<sup>165</sup> These include: the strength of the plaintiff’s trademark, the degree of similarity between the plaintiff’s and defendant’s marks, the “competitive proximity” of the parties’ products or services, the defendant’s intent to copy the mark, evidence of any actual confusion, and the sophistication reasonably to be expected of plaintiff’s customers.<sup>166</sup> These factors exempt a great deal of trademark poaching and interference from liability, even between actual or potential competitors for the attention of the same consumers.<sup>167</sup> But they were initially not so applied in the Internet context.

¶45 In Internet disputes in particular, actionable “confusion” came to be interpreted almost as broadly as “commercial” use. Courts achieved this questionable result by virtue of the malleability of the “factor balancing” test and a frequent insensitivity to First Amendment concerns. Cases decided prior to the widespread use of the Internet established “an expansive interpretation of likelihood of confusion, extending ‘protection against use of [plaintiff’s] mark on any product or service which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.’”<sup>168</sup> Although the requirement that a use “*reasonably* be ... thought to be affiliated with” the mark owner should have posed a significant obstacle for trademark infringement plaintiffs to overcome in suing gripe sites, it was disregarded in the early years of the Internet.

¶46 Courts initially regarded as “reasonable” even momentary confusion between a trademark owner and a Web site using its trademark to criticize it that would be quickly dispelled once the Web site was actually read. For example, in the *Planned Parenthood* case, the court found that the defendant created a likelihood of consumer confusion as to the source of his information by using the “Planned Parenthood” mark in his domain name and prominently in the text of his Web site.<sup>169</sup> The court acknowledged that a

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

166. See, e.g., *Anheuser-Busch*, 28 F.3d at 774; *Polaroid*, 287 F.2d at 495.

167. See, e.g., *Checkpoint Sys., Inc. v. Check Point Software Technologies, Inc.*, 269 F.3d 270, 282 (3rd Cir. 2001) (no likelihood of confusion between CHECKPOINT electronic physical security products and CHECKPOINT computer network security products); *Lang v. Retirement Living Pub. Co.*, 949 F.2d 576 (2d Cir. 1991) (no likelihood of confusion between NEW CHOICES PRESS publications and NEW CHOICES FOR THE BEST YEARS magazine); *Sun Banks of Fla., Inc. v. Sun Fed. Sav. & Loan Ass'n*, 651 F.2d 311, 316 (5th Cir. Jul. 1981) (no likelihood of confusion between SUN BANKS and SUN FEDERAL savings and loan); *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 261 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980) (no likelihood of confusion between DOMINO'S pizza and DOMINO sugar); *Holiday Inns, Inc. v. Holiday Out in America*, 481 F.2d 445, 448, 449 (5th Cir. 1973) (no likelihood of confusion between HOLIDAY INN hotels and HOLIDAY OUT IN AMERICA campgrounds).

168. *Anheuser-Busch*, 28 F.3d at 774 (modification in original) (quoting 4 McCarthy, TRADEMARKS AND UNFAIR COMPETITION § 24.03, at 24-13 (3d ed. 1992)); see also *Mutual of Omaha*, 836 F.2d at 398; *Nike*, 6 F.3d at 1228-1229; *Dallas Cowboys Cheerleaders*, 604 F.2d at 204-05; *Jordache Enters., Inc. v. Levi Strauss*, 841 F. Supp. 506 (S.D.N.Y. 1994).

169. 42 U.S.P.Q.2d at 1437-38.

reasonable Internet user would eventually “grasp that [Planned Parenthood] is not the true provider of the home page,” but believed the modest “delay” before they could do so after arriving at the site was a sufficient basis for finding of likelihood of confusion.<sup>170</sup> Such a delay would be common whenever an Internet speaker, or for that matter a nonfiction book or motion picture, uses a famous mark in the title of a work intended to criticize or make fun of the mark owner.<sup>171</sup>

¶ 47 The Fourth Circuit likewise allowed a momentary delay between the time when Internet users see the domain name of a Web site, and actually read its critical or parodic content, to trigger liability for trademark infringement. The court held that in order to escape liability, the communication of the parody must be “simultaneous” with the reference to the name of the trademark owner being parodied.<sup>172</sup> This “wrongly assumes that Internet users could be confused by a [domain name] alone,” when in reality they “would never be confused once the content on the site is actually accessed, which happens nearly simultaneously with the entry of the [domain name] into a browser. Cases more consistent with traditional trademark theories have imposed liability only where both the [domain name] and the content on the site is confusing.”<sup>173</sup>

¶ 48 Once established, injunctive relief against gripe sites quickly swept far beyond domain names to reach virtually any reference to a trademark in cyberspace. The *Planned Parenthood* court prohibited the defendant “from using . . . in any other materials available on the Internet or elsewhere the Planned Parenthood® mark, any colorable imitation of the Planned Parenthood® mark, and any thing or mark confusingly similar thereto.”<sup>174</sup> The breadth of these injunctions could theoretically be justified by the “Safe Distance Rule,” under which a defendant may be restrained “from using trademarks whose use by non-infringers would not necessarily be actionable,” except that

170. *Taubman Co. v. Webfeats*, 319 F.3d 770, 779-80 (6th Cir. 2003) (finding there was no confusion where the defendant’s Web site included a disclaimer that was immediately apparent upon loading the page, indicating that it was not affiliated with the plaintiff’s company; the disclaimer also included a link to the plaintiff’s Web site).

171. For example, the nonfiction book “IBM and the Holocaust” and the documentary films “Store Wars: When Wal-Mart Comes to Town” and “Super Size Me” include in their titles phrases in which corporations could arguably claim trademark rights, as did the title of *plannedparenthood.com*. See EDWIN BLACK, *IBM AND THE HOLOCAUST* (Three Rivers Press 2002); Shari Kizirian, *Copyright, Trademark, Digital Rights Management, and Info-commons: Intellectual Property Issues for the Social-Issue Documentary Filmmaker* (Mar. 2003), at [http://www.centerforsocialmedia.org/documents/Intelprop\\_kizirian.pdf](http://www.centerforsocialmedia.org/documents/Intelprop_kizirian.pdf); Michael C. Donaldson, *Is Super Size Me Just an Invitation to a Super-Sized Lawsuit?*, *FILMMAKER MAG.* (July 2004), available at [http://www.filmmakermagazine.com/spring2004/features/super-sized\\_lawsuit.php](http://www.filmmakermagazine.com/spring2004/features/super-sized_lawsuit.php). See also Phil Hirschhorn, *Fox News Loses Attempt to Block Satirist’s Book*, *CNN.COM* (Aug. 22, 2003), available at <http://www.cnn.com/2003/LAW/08/22/fox.franken>. (describing how a U.S. District Court found there was no confusion in a book cover that was a parody of Fox News trademarks).

172. See *PETA*, 263 F.3d at 366.

173. Brief Amicus Curiae of the American Civil Liberties Union in Support of Appellants at 8, *Taubman Co. v. Webfeats*, 319 F.3d 770 (6th Cir. 2003) (No. 01-2648/2725), available at [http://archive.aclu.org/court/taubman\\_amicus.pdf](http://archive.aclu.org/court/taubman_amicus.pdf).

174. 42 U.S.P.Q.2d at 1441. Similarly, in the *Jews for Jesus* case, the injunction issued extended beyond the domain name issue to reach arguably less confusing uses. See *Jews for Jesus*, 993 F. Supp. at 287.

this doctrine was never intended to be applied to non-commercial uses.<sup>175</sup>

¶ 49 Further reflection on the trend of these cases may illustrate the extent to which the “Polaroid factors” will often be stacked against Internet speakers, due to the expansion of likelihood of confusion in trademark law. First, an aggrieved trademark owner can, under expansionist interpretations, readily describe its mark as a “strong” or even a “famous” one, whether or not most people are actually familiar with the owner.<sup>176</sup> Second, referring to a linguistic or pictorial mark on the Internet typically involves substantial and often literal similarity to it, for otherwise no one would recognize the reference. Third, the intent to refer to a corporate trademark is easily cast as an intent to confuse Internet users, just as the *Planned Parenthood* court cited the defendant’s “full knowledge and intent that some Internet users seeking to find plaintiff’s home page would instead encounter his,” even though he believed in good faith that the First Amendment shielded his conduct.<sup>177</sup> Other authority indicates that mere “indifference to the possibility that some consumers might be misled” may suffice to render a defendant liable.<sup>178</sup> Fourth, the sophistication or degree of care expected of the average consumer of mass-marketed products and Web content is usually presumed to be very low.<sup>179</sup> This perversely privileges trademark imitation by competing manufacturers of complex and expensive products over criticism or parody of well-known products or ad campaigns by public-interested speakers.<sup>180</sup>

¶ 50 Although the “products” and “services” involved are almost laughably dissimilar in most of cases involving criticism, parody, or satire of the trademark owner, the question of “competitive proximity” may be analyzed at a higher level of abstraction.<sup>181</sup> For this reason, a critical Web site competed with Planned Parenthood

175. See Taubman, 319 F.3d at 779.

176. See, e.g., Ralph S. Brown Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1185-87 (1948), cited in Lemley, *supra* note 4.

177. *Planned Parenthood*, 42 U.S.P.Q.2d at 1439.

178. *Anheuser-Busch*, 28 F.3d at 774.

179. See *id.* at 775 (the “superficial observer might believe that the ad parody was approved by Anheuser-Busch,” since the advertisement in its context and placement “cannot be expected to command the thoughtful deliberation of all or even most of the viewing public.”); *Mutual of Omaha*, 836 F.2d at 401 (buyers of inexpensive t-shirts will likely use little care to determine their manufacturer’s identity); *Coca-Cola*, 346 F. Supp. at 1190-91; and Arlen W. Langvardt, *Protected Marks and Protected Speech: Establishing the First Amendment Boundaries in Trademark Parody Cases*, 36 VILL. L. REV. 1, at n.55 (1991) (“In applying this factor, some courts have been more than willing to assume that much of the buying public is gullible and easily duped.”).

180. Compare cases cited *supra* note 177 with *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 353 (9th Cir. 1979) (“Both parties produce high quality, expensive goods . . . [W]hen the goods are expensive, the buyer can be expected to exercise greater care in his purchases.”).

181. Some comparisons include: reproductive services and an anti-abortion screed (*Planned Parenthood*), a carbonated sugary beverage and a satirical poster (*Coca-Cola*), credit cards and Christian proselytizing (*Mastercharge*), designer fashion and diaper bags (*Gucci*), hard candy and a song (*General Mills*), nuclear weapons components and T-shirts (*General Electric*), cute dolls and gross trading cards (*Cabbage Patch Kids*), credit cards and safe sex education (*American Express*), Inspector Clouseau and gay liberation activism (*MGM-Pathe Communications*), anti-nuclear T-shirts and insurance (*Mutual of Omaha*), and humorous anti-pollution speech and beer (*Anheuser-Busch*).

not in the market for reproductive services, but for “Internet users;”<sup>182</sup> a “Michelob Oily” parody competed with Anheuser-Busch not in the market for beer, but for “consumers accustomed to seeing advertisements on the back cover of magazines;”<sup>183</sup> and the “Mutant of Omaha” T-shirt competed with Mutual of Omaha not in the market for insurance, but for advertising space on “T-shirts and coffee mugs, the same types of items on which Mutual puts its marks.”<sup>184</sup> Under these authorities and others, many individuals and small businesses have been denied the right to use their own names as the Internet addresses of their home pages, regardless of whether they actually compete with the trademark owner.<sup>185</sup> Such decisions constitute an abandonment of trademark’s roots in counterfeiting in favor of a broad-ranging tort against misappropriation of mindshare by any means and in any medium.

¶ 51 Likewise, the factor of “actual confusion” can be so applied as to deny the rights of Internet corporate critics and parodists to speak their piece. As anyone who’s ever seen Jay Leno’s “man on the street” comedy routine knows, nothing is more likely than that someone will be confused if even the slightest possibility exists.<sup>186</sup> In one case, 35% of those polled thought that Bell South had actually sponsored a web site called “bellsouthstinks.com.”<sup>187</sup> Nor are Internet users uniquely gullible. Six percent of the consumers surveyed thought that Anheuser-Busch had abruptly decided to portray its product as having the consistency of crude oil in order to make an environmental point.<sup>188</sup> Similarly, 10 percent of consumers surveyed thought that an insurance company endorsed a T-shirt that departed from traditional associations of insurance with security and a bucolic home life in favor of a “Nuclear Holocaust.”<sup>189</sup> Courts have regarded the confusion of such a fringe element of 5-15% of consumers to be an important factor in favor of a “likelihood of confusion” determination.<sup>190</sup> Under such an approach, the “actual confusion” factor typically weighs against the online satirist or critic.

### C. The Advent of “Initial Interest” Confusion

¶ 52 Confronted by instances in which commercial firms seek judicial relief against unauthorized users of their marks who in no way compete with or clearly distinguish themselves from the mark owner, courts have crafted a doctrine of “initial interest” confusion. This doctrine arose as an elastic way for courts to restrain one company from

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182. Planned Parenthood, 42 U.S.P.Q.2d at 1435-36.

183. Anheuser-Busch, 28 F.3d at 774.

184. Mutual of Omaha, 836 F.2d at 399.

185. See Rajiv Chandrasekaran, *First Come, First Surfed? Firms Spar Over Net Domain Names*, WASH. POST, July 15, 1997, at C1 (reporting threats to Mark Newton over newton.com and Chevy Chase Computers, Inc. over chevychase.com).

186. See, e.g., NBC, *Jaywalking* (visited Sept. 20, 2004), at [http://www.nbc.com/nbc/The\\_Tonight\\_Show\\_with\\_Jay\\_Leno/jaywalking](http://www.nbc.com/nbc/The_Tonight_Show_with_Jay_Leno/jaywalking).

187. Lecture by Professor Mark Lemley at Boalt Hall School of Law, University of California, Berkeley, Fall 1998.

188. See Anheuser-Busch, 28 F.3d at 775.

189. Mutual of Omaha, 836 F.2d at 400.

190. See *National Football League Props., Inc. v. New Jersey Giants, Inc.*, 637 F. Supp. 507, 517 (D.N.J. 1986) (collecting cases).

any use of its competitor's trademark to attract the attention of consumers to its business, even in cases where the plaintiff would have no claim under traditional trademark law because consumers were not likely to be actually misled as to whose products they were buying.<sup>191</sup> In a leading case, the Ninth Circuit held that when two competitors established Web sites incorporating the general phrase "movie buff," to which both claimed trademark rights in connection with video rentals, the company that first used the phrase for its Internet services could prohibit the other from using it in its domain name or "<META> tags," which described the contents of its Web site.<sup>192</sup> The court analogized the presence of "Movie Buff" in the description of the Web site operated by the more recent user of the phrase to the posting of a billboard containing a competitor's trademark alongside the road leading to the company's place of business, in an effort to divert customers looking for the competitor to the company posting the billboard.<sup>193</sup>

¶ 53 Courts soon applied this "initial interest" confusion beyond the context of direct competitors in which it has its origin, to prohibit using a trademark to call attention to a Web site that criticizes the trademark owner or its conduct. For example, in *OBH, Inc. v. Spotlight Magazine, Inc.*,<sup>194</sup> a small businessman in competition with the Buffalo News set up a Web site to complain about its allegedly unfair business practices.<sup>195</sup> Although it was located at thebuffalonews.com, the site featured a prominent disclaimer of any relationship with the Buffalo News, and announced that it was designed to air "gripe[s]" and "parody" of the Buffalo News, and act as a "forum for discussion" of the Buffalo News by those desiring to exercise their "first amendment rights."<sup>196</sup> The court held that even though these disclaimers removed all possible confusion as to whether the defendant's gripe site was affiliated with or endorsed by The Buffalo News, the "momentar[y]" initial confusion of Internet users typing in the thebuffalonews.com

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191. See, e.g., *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 257-58 (2d Cir. 1987) (petroleum company infringed direct competitor's trademark even though no consumers would be confused at the time of purchase because mark was used in such a way that "potential purchasers would be misled into an initial interest" into patronizing the defendant's business); *Green Prods. Co. v. Independence Corn By-Products Co.*, 992 F. Supp. 1070, 1074, 1078, 1081 (N.D. Iowa 1997) ("direct competitor" that did not intend to sell its products "by passing them off as having been made by" the plaintiff nevertheless infringed its trademark by using it to "lure" consumers to its Web site "under the guise of comparative advertising."). Until surprisingly recently, some courts have hesitated to proscribe references to a competitor's trademark that are not likely to confuse consumers as to whose product they are buying. See *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1206-08 (1st Cir. 1983) (trademark infringement requires confusion be created as to "the ultimate decision of a purchaser whether to buy a particular product"); *Teletech Customer Care Mgmt. (Cal.), Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407, 1410, 1414 (C.D. Cal. 1997) ("brief confusion" resolved by the point of purchase "is not cognizable under the trademark laws").

192. See *Brookfield Communs., Inc. v. West Coast Entmt. Corp.*, 174 F.3d 1036 (9th Cir. 1999). Internet search engines use <META> tags, or the HTML code describing and containing keywords relevant to the content of Web sites, to determine how responsive the sites are to searches by Internet users. See *id.* at 1045. If a term or phrase appears many times in the <META> tags and in the text of a Web site, it will generally be featured more prominently by the search engine as more responsive to a search for that term or phrase. See *id.* (citing *Niton Corp. v. Radiation Monitoring Devices, Inc.*, 27 F. Supp. 2d 102, 104 (D. Mass. 1998)).

193. See *id.* at 1064.

194. 86 F. Supp. 2d 176 (N.D.N.Y. 2000).

195. See *id.* at 181-83.

196. *Id.* at 182.

domain name in an effort to arrive at The Buffalo News' Web site constituted an infringement of the plaintiff's trademark.<sup>197</sup> In other words, "even if users will easily realize, upon reaching defendants' web site, that it is only a parody, the use of plaintiff's mark as the site's domain name . . . creates initial interest confusion."<sup>198</sup> As authority, the court cited the conclusion of the *Planned Parenthood* court that the possibility that Internet users will "expend time and energy" visiting the wrong Web site is enough to create a trademark infringement.<sup>199</sup>

¶ 54 The doctrine of "initial interest" confusion is being used, as a result of these decisions, to ban gripe sites from operating even when no reasonable person could be confused about what they are or whether the trademark owner created them. Even Web sites clearly signifying in their domain names that they are devoted to complaints or discussion of the trademark owner's practices are being enjoined under these authorities. As one court held, such complaint sites can reasonably be viewed as so confusing as to infringe because a corporation might establish such a site on its own as an "electronic means to facilitate the communication of comments and complaints that it desires to solicit regarding its business operations. The use of a company's trademark with words such as 'complaints,' 'shareholders,' or other words that are not unmistakably critical cannot be said to lessen the initial-interest confusion against which the law protects."<sup>200</sup> Having banned unmistakably critical content at insufficiently critical domain names, the next step may be to ban those sites that have "unmistakably critical" domain names, on the theory that corporations might want to provide a controlled forum for criticism.<sup>201</sup>

#### D. The Ban on Creating "Negative Associations" with a Trademark

¶ 55 As described above, federal anti-dilution law has been so applied as to proscribe a variety of critical and parodic uses of corporate trademarks. The justification is that such uses tend to associate the mark with unwholesome ideas and images that might undermine unthinking consumer fealty to the mark owner.<sup>202</sup> Dilution may occur whenever a trademark "is associated with sexually explicit, obscene, or profane materials,

197. *Id.* at 190.

198. *Id.* at 191.

199. *Id.* at 190 (citing *Brookfield*, 174 F.3d at 1062-63, and *Planned Parenthood*, 1997 WL 133313, at \*12).

200. *Bear Stearns Cos. v. Lavalley*, No. 3:00-CV-1900-D, 2002 U.S. Dist. LEXIS 23117, at \*16 (N.D. Tex. 2002).

201. This prospect may not be as farfetched as it sounds. A corporation might believe that giving voice to complaints might constitute a sufficiently curative public disclosure to avoid liability for fraud. For example, a Web site operated by a tobacco company contains numerous admissions that "smoking is addictive and causes disease, designed to deal with US litigation and public relations needs." R. Daynard, *Why Tobacco Litigation?*, 12:1-2 TOBACCO CONTROL (March 1, 2003).

202. See *American Dairy Queen*, 35 F. Supp. 2d at 733; *Anheuser-Busch*, 40 U.S.P.Q.2d 1542; *Coca-Cola Co. v. Alma-Leo U.S.A., Inc.*, 719 F. Supp. 725, 728 (N.D. Ill. 1989); *Minn. Mining & Mfg. Co v. Rauh Rubber, Inc.*, 943 F. Supp. 1117, 1131-32 (D. Minn. 1996) ("tarnishment results from unauthorized use which tarnishes, degrades or dilutes the mark's distinctive quality."), *aff'd*, 130 F.3d 1305 (8th Cir. 1997); J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24.68-69 (4th ed. 1997) (dilution prohibits references to a trademark in an "unwholesome or degrading context.").



[or] other negative associations.”<sup>203</sup>

¶ 56 In cyberspace, the same rationale has been applied to censor Web sites that criticize and poke fun at the branding and advertising campaigns of large corporations. Thus, in *Starbucks Corp. v. Dwyer*,<sup>204</sup> a court enjoined a Web site that disparaged the Starbucks Coffee trademark and mermaid logo as a symbol of excessive consumerism.<sup>205</sup> Although the court considered the site to be a protected parody under copyright and trademark infringement law, it held that the defendant had diluted Starbucks’ trademarks merely by creating “in the minds of consumers negative associations that clash with those generated by Starbucks’ use of the mermaid logo.”<sup>206</sup>

¶ 57 In defending their corporate criticism and parody sites from even frivolous trademark dilution suits, Internet speakers face severe challenges. Contrary to the text of the federal dilution law, courts have been willing to extend dilution protection to marks whose fame is questionable, which are used in ways protected by the First Amendment, and where the defendant’s use is non-commercial. Although the FTDA only applies to famous marks,<sup>207</sup> many courts simply assume that the plaintiff’s trademark is famous, even when to do so defies common sense.<sup>208</sup> At the same time, criticism or parody of a trademark in a manner that would be protected by the First Amendment against a trademark infringement lawsuit can nevertheless trigger dilution liability.<sup>209</sup> And the court may deem the lack of economic harm to the defendant posed by an injunction against a noncommercial Web site parody to support, rather than undermine, the propriety of issuing an injunction to shut down the site, perversely privileging dilution for purposes of private profit over dilution for purposes of social criticism in the public interest.<sup>210</sup>

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203. Mayhew Schlosser, *supra* note 123 at 935.

204. No. 3:00-CV-1499 MMC (N.D. Cal. preliminary injunction granted June 13, 2000).

205. See Mayhew Schlosser, *supra* note 123 at 931.

206. *Id.* at 940 (internal quotations omitted) (quoting Starbucks, No 3:00-CV-1499 MMC, slip op. at 3).

207. 15 U.S.C. § 1125(c)(1) (2004).

208. See, e.g., Lemley, *supra* note 4 at 1698-99 (“[M]arks such as Intermatic, Gazette, Dennison, Nailtiques, TeleTech, Wedgewood (for new homes, not china), Papal Visit 1999, and Wawa have been declared famous. Worse, many courts seem willing to find dilution without even inquiring into the fame of the mark.”) (footnote omitted); Mayhew Schlosser, *supra* note 123 at 959.

209. See *Nissan Motor Co. v. Nissan Computer Corp.*, 231 F. Supp. 2d 977, 980 (C.D. Cal. 2002) (holding that FTDA prohibits making “disparaging remarks or negative commentary at nissan.com and nissan.net” as well as all “links to such content” because “[c]ritical commentary at nissan.com and nissan.net would exploit [Nissan Motor’s] goodwill in order to injure Nissan Motor.”), *rev’d*, 378 F.3d 1002 (9th Cir. 2004); Mayhew Schlosser, *supra* note 123 at 931 (noting that the Starbucks court rejected plaintiff’s trademark infringement claims on the grounds that the defendant’s parody was protected by the First Amendment, but nevertheless granted an injunction based on trademark dilution).

210. Compare, e.g., Mayhew Schlosser, *supra* note 123 at 940 (noting that the Starbucks court actually cited the lack of economic harm to small Web site owner engaging in non-commercial speech in support of issuing an injunction), with *Caterpillar, Inc. v. The Walt Disney Company*, 287 F. Supp. 2d 913, 923 (C.D. Ill. 2003) (potential harm to defendant’s likelihood of profiting from dilution of famous trademark weighed against issuance of injunction).

## E. Summary Resolution of Cybersquatting Cases

### 1. Contract-Based Summary Resolution

¶ 58 The widespread adoption of the Web as an alternative mode of communication to print publications and over-the-air broadcasting provoked a Digital Millennium land rush to register the domain names that identify the location of Web sites.<sup>211</sup> As a result, many Internet trademark disputes, and at one time the vast majority of them, have been challenges to the incorporation of a protected trademark into an Internet domain name. Nevertheless, the rules of law laid down in these cybersquatting cases are creeping into the analysis of trademark liability for Web site content itself. Thus, the focus of Internet trademark law has shifted from an overriding focus on domain names to the broader issue of protecting “business reputation and identity” in the context of electronic commerce.<sup>212</sup>

¶ 59 Although initially the select preserve of scientists and defense officials, the Internet was designed to operate as a “global public conduit for free flow of information” that would permit the interconnection of ever more computers and networks.<sup>213</sup> The federal government authorized and financed the creation and administration of the system of unique domain names corresponding to Internet addresses.<sup>214</sup> The system was “experimental” and “intentionally extensible,”<sup>215</sup> and domain name assignments were made on a “first-come-first-served basis.”<sup>216</sup>

¶ 60 The federal government allowed the contractor that controlled the domain name

211. A domain name is a unique Internet address formed by a word or other series of characters followed by “.edu” for education; “.org” for organizations; “.gov” for government entities; “.net” for networks; and “.com” as the catchall for other Internet users.” *Bally Total Fitness Holding Corp. v. Andrew S. Faber*, 29 F. Supp. 2d 1161, 1162 n.1 (C.D. Cal. 1998).

212. Burk, *supra* note 10 at 696-98.

213. Lawrence Solum & Minn Chung, *The Layers Principle: Internet Architecture and the Law*, 79 NOTRE DAME L. REV. 815, 906-07 (2004).

214. A scientist named Dr. Jon Postel, who co-developed the communications protocols that form the Internet while under contract with the United States Defense Department, oversaw this process along with an organization he established called the Internet Assigned Numbers Authority (IANA). See *Thomas v. Network Solutions*, 176 F.3d 500, 502-3 (D.C. Cir. 1998); Jon Postel, *DoD Standard Internet Protocol* (Jan. 1980), Request for Comments 760, available at <http://www.faqs.org/rfcs/rfc760.html>; Jon Postel & J. Reynolds, *Domain Requirements*, Request for Comments 920 (Oct. 1984), available at <http://www.rfc-editor.org/rfc/rfc920.txt>; Jon Postel, *Domain Name System Structure and Delegation*, Request for Comments 1591 (Mar. 1994), available at <http://www.isi.edu/in-notes/rfc1591.txt>; IANA, *IANA Press Release: Remembering Jonathan B. Postel* (Oct. 20, 1998), available at <http://www.postel.org/remembrances/iana-pr102098.html>; *ICANN: Between the Public and the Private Comments Before Congress by Jonathan Zittrain*, 14 BERKELEY TECH. L.J. 1071, 1077-78 (1999). Under the system Dr. Postel established, a domain name is unique and corresponds to an Internet Protocol address comprised of four numbers, separated by periods, which correspond to a computer’s geographic location, specific Internet Service Provider, group of computers, and specific computer within the group. See *Thomas*, 176 F.3d at 503 & n.1.

215. P. Mockapetris, *Domain Names - Concepts And Facilities* (Nov. 1987), available at <http://www.faqs.org/rfcs/rfc1034.html>.

216. M. Stahl, *Domain Administrators Guide* (Nov. 1987), available at <http://www.faqs.org/rfcs/rfc1032.html>.

system for most of the 1990s, Network Solutions, Inc. (NSI), to continue to register domain names on a first-come, first-served basis.<sup>217</sup> But after being sued for trademark infringement in 1995 by a company claiming broad trademark rights in cyberspace over the general phrase “KnowledgeNet,”<sup>218</sup> NSI announced a dispute resolution policy under which it would require any Internet user whose domain name was alleged to match a trademark to find another domain name until such time as a court ruled that the domain name did not violate any rights of the mark owner.<sup>219</sup>

¶ 61 Around the time that NSI created its dispute resolution policy, trademark holders went over its head to persuade the United States Department of Commerce that “unnecessary burdens” were being imposed by “expensive and cumbersome” judicial procedures for divesting domain name registrants of their property.<sup>220</sup> The Commerce Department agreed in 1998, and resolved that domain name owners should be forced, as a condition of registration, to agree to (1) “submit to and be bound by alternative dispute resolution systems” promulgated by a new corporation whose leadership would include trademark owners, systems that would apply only in “cases involving cyberpiracy or cybersquatting” and not to conflicts between trademark owners,<sup>221</sup> and (2) surrender their right to invoke traditional principles of due process that protect litigants from being haled into court in far-away states where litigating can be that much more expensive.<sup>222</sup>

¶ 62 In 1998, the federal government initiated the creation of separate and unequal systems for resolution of domain name disputes. One, for corporate and other trademark owners, envisioned the thorough adjudication, in accordance with the generous rules governing discovery and trial in federal and state courts, of the full panoply of constitutional, statutory, and procedural defenses to allegations of trademark abuse. The other, for small Web site owners and Internet speakers, permitted the divestment of their

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217. In 1992, the National Science Foundation, an agency of the federal government that obtained statutory authority to develop commercial activity on the Internet, awarded a seven-year-plus contract to Network Solutions, Inc. (NSI) making it the exclusive registrar of domain names ending in “.com,” “.org,” “.net,” and “.edu.” Thomas, 176 F.3d at 504-5. See also Luke A. Walker, *ICANN's Uniform Domain Name Dispute Resolution Policy*, 15 BERKELEY TECH. L.J. 289, 295 (2000).

218. See *Knowledgenet, Inc. v. Boone et al.*, No. 94 C 7195 (N.D. Ill. complaint filed Dec. 2, 1994), available at <http://www.lectlaw.com/files/cas98.htm>.

219. NSI introduced regulation of domain names for resemblance to trademarks by requiring registrants to sign warranties affirming their right to use the requested domain name, that it did not infringe any third party's trademark or other rights, and that it would only be used for purposes that were fair, lawful, and not misleading. See *Panavision*, 938 F. Supp. at 619; See also *Network Solutions, Inc., Network Solutions Announces Internet Domain Name Policy* (July 28, 1995), available at <http://www.lectlaw.com/files/inp07.htm>; ELLEN RONY & PETER RONY, *THE DOMAIN NAME HANDBOOK: HIGH STAKES AND STRATEGIES IN CYBERSPACE* § 5.3 (R&D Books 1998).

220. *Management of Internet Names and Addresses*, 63 FED. REG. 31,741-42 (1998).

221. *Id.* at 31, 750.

222. See *id.* at 31,747. In making this recommendation, the Commerce Department was acting in the shadow of case law establishing that a person who registers a domain name resembling a trademark cannot be sued in a state where the trademark owner is based and the person does not engage in commercial activity. See *Bensusan Restaurant Corp. v. King*, 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd*, 126 F.3d 25 (2d Cir. 1997); *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414 (9th Cir. 1997); *Mink v. AAAA Dev.*, 190 F.3d 333 (5th Cir. 1999); *Veronica M. Sanchez, Taking a Byte out of Minimum Contacts: a Reasonable Exercise of Personal Jurisdiction in Cyberspace Trademark Disputes*, 46 UCLA L. REV. 1671, 1696-99 (1999).

rights in summary fashion under “procedures that have systematically favored intellectual property owners even in doubtful cases.”<sup>223</sup> To accomplish this, the Commerce Department handed control over the domain name system to a corporation it created called the Internet Corporation for Assigned Names and Numbers (“ICANN”).<sup>224</sup>

¶ 63 One of ICANN’s most important acts was to adopt a Uniform Domain Name Dispute Resolution Policy (UDRP) that had been drafted in 1999 by a coalition of domain name registrars working in conjunction with trademark owners and corporate counsel.<sup>225</sup> The UDRP binds virtually all domain name owners by virtue of being incorporated into the standard form contracts that they must enter into with the domain name registrars that control the domain name system and that drafted the UDRP.<sup>226</sup> The UDRP establishes a “fast-track arbitration procedure”<sup>227</sup> allowing trademark owners to obtain a decision within 45 days on whether or not a domain name resembling their marks infringes their rights and should therefore be transferred over to the mark owner, or simply cancelled.<sup>228</sup> Allegations of UDRP violations are much easier to prove because the UDRP loosened the requirement of trademark law, that the unauthorized use creates a significant “likelihood of confusion” in the marketplace, into a standard that requires only that the sight or sound of the accused domain name be identical or confusingly similar to the trademark.<sup>229</sup> Corporate trademark owners are not swept up in these summary proceedings, because the UDRP requires that the domain name owner lack any “rights or legitimate interests in respect of the domain name,”<sup>230</sup> and that the name was “registered and is being used in bad faith.”<sup>231</sup> The former test renders the UDRP inapplicable to parties who are trademark owners and were selling goods or services using a mark corresponding to their domain name.<sup>232</sup> The latter test shields, among others, parties to

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223. See A. Michael Froomkin & Mark A. Lemley, *ICANN and Antitrust*, 2003 U. ILL. L. REV. 1, 28, 68 (2003).

224. See *id.* at 1.

225. See *id.* at 67.

226. *Parisi v. Netlearning, Inc.*, 139 F. Supp. 2d 745, 747 (E.D. Va. 2001).

227. Melinda S. Giftos, *Reinventing a Sensible View of Trademark Law in the Information Age*, 2 J. INTELL. PROP. 2 n.107 & accompanying text (2000).

228. See ICANN, *Uniform Domain Name Dispute Resolution Policy* (as adopted on Aug. 26, 1999 and approved by ICANN on Oct. 24, 1999), available at <http://www.icann.org/udrp/udrp-policy-24oct99.htm>.

229. See *id.* at § 4(a)(i). The “confusingly similar” standard is different, and probably easier to satisfy, than the “likelihood of confusion” standard applied under federal trademark infringement law, principally because it requires only a visual and phonetic comparison between the domain name and the mark, rather than the multi-factor analysis bearing on marketplace realities. See *Gateway, Inc. v. Pixelera.com, Inc.*, WIPO Case No. D2000-0109 (April 6, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/d2000-0109.html>; *United Feature Syndicate, Inc. v. Zuccarini*, WIPO Case No. D2000-1449 (Dec. 29, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-1449.html>; *Arthur Guinness Son & Co. (Dublin) Limited v. Macesic*, WIPO Case No. D2000-1698 (Jan. 25, 2001), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-1698.html>.

230. UDRP at § 4(a)(ii).

231. *Id.* at § 4(a)(iii).

232. See *id.* at § 4(c). It also shields a registrant who is “commonly known by the domain name,” even if it lacks trademark rights in the name, as well as one who is “making a legitimate non-commercial or

“good faith disputes between competing right holders” from facing dispossession of their domain names under the summary procedures of the UDRP.<sup>233</sup>

¶ 64 By shaping the UDRP into the form in which it was adopted, trademark owners short-circuited the application of the meager protections for non-commercial Internet speech that are available under existing law. As a result, trademark owners have won the vast majority of UDRP disputes, many by default judgment, and have seized numerous generic, critical and satirical, and/or not actually confusing domains.<sup>234</sup> For example, in one dispute resolved under the UDRP, the domain name owner created a Web site at [www.brussels-airliner.com](http://www.brussels-airliner.com) to demand refunds for airline tickets that were paid for but that the complaining party refused to honor after the airline went into bankruptcy.<sup>235</sup> The complaining party washed its hands of the “debts or liabilities” at issue, instead asking to have its critic’s domain names taken away.<sup>236</sup> The majority of the UDRP panel agreed, and ordered that the domain names be transferred over to the complaining party.<sup>237</sup>

¶ 65 The majority panelists declined to allow the domain name owner to challenge the complaining party’s right to claim exclusive rights in “highly descriptive names” such as “Brussels Airline.”<sup>238</sup> And in response to the domain name owner’s protests that he had established a non-commercial Web site in order to criticize the airline and publicize its wrongdoing so as to warn others, the majority agreed that Internet users would no doubt grasp that they had arrived at a site designed to put pressure on an airline to refund tickets it has repudiated.<sup>239</sup> But it objected to the initial interest confusion created by the use of the term “Brussels Airline,” without using the phrase “initial interest” confusion in its decision. The majority declared that a complaint site would only be protected as a legitimate use of a domain name resembling a trademark if the domain name *itself* indicates that it is for a complaint site.<sup>240</sup> The public was entitled to be protected from hearing “a pressure group of disgruntled former passengers seeking to criticize and embarrass the airline.”<sup>241</sup> In a strong dissent, the remaining panelist said that the majority was censoring “a classic example of the exercise of free speech which Complainant may

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fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark at issue.” *Id.*

233. See World Intellectual Property Organization, *The Management of Internet Names and Addresses: Intellectual Property Issues: Final Report of the WIPO Internet Domain Name Process*, 172 (Apr. 30, 1999), available at <http://arbiter.wipo.int/processes/process1/report/finalreport.html>.

234. See Milton Mueller, *Rough Justice: An Analysis of ICANN’s Uniform Dispute Resolution Policy* (2001), at Table 11, available at <http://web.archive.org/web/20010202210500/http://dcc.syr.edu/roughjustice.htm> (visited Sept. 26, 2004); Michael Geist, *Fair.com?: An Examination of the Allegations of Systemic Unfairness in the ICANN UDRP*, 27 BROOK. J. INT’L L. 903 (2002); Michael Froomkin, *ICANN’s “Uniform Dispute Resolution Policy”-- Causes and (Partial) Cures*, 67 BROOK. L. REV. 605 (2002).

235. See *Delta Air Transport NV v. De Souza*, WIPO Case No. D2003-0372 (Aug. 5, 2003), at § 5.A., available at <http://arbiter.wipo.int/domains/decisions/html/2003/d2003-0372.html>.

236. *Id.*

237. See *id.* at §§ 6.A., 7.

238. *Id.* at § 6.A.

239. See *id.* at §§ 5.B., 6.B.

240. See *id.* at § 6.B.

241. *Id.*

not like, but which is not properly within the purview of the UDRP since it is not an abusive registration, and more specifically, . . . it is not a commercial use, but criticism and free speech.”<sup>242</sup> In the dissent’s view, the matter could properly be resolved only by “national courts of law which are the only ones legally and practically equipped to take evidence and to evaluate conflicting factual and legal issues. UDRP panels are simply not designed to handle trademark infringement cases, which are often factually intensive and which may turn on critical issues like freedom of speech.”<sup>243</sup>

¶ 66 Although the UDRP was initially drafted to apply only to the “.com,” “.org,” and “.net” top-level domains, ICANN has since required that it be adopted by the administrators of new domains such as “.aero,” “.biz,” “.coop,” “.info,” “.museum,” “.name” and “.pro.”<sup>244</sup> By adopting the UDRP in substantially identical form, ICANN and the federal contractors authorized to register domain names have effectively limited competition among themselves in the provision of fair, efficient, and consumer-friendly dispute resolution procedures.<sup>245</sup> In other words, there are few or no “free speech” domains to which Internet speakers can go to escape the heavy hand of the UDRP’s broad, and sometimes unfair, provisions.<sup>246</sup>

## 2. Statutory Summary Resolution

¶ 67 As the UDRP was being drafted, trademark owners were actively lobbying Congress to pass legislation that would go beyond NSI’s dispute resolution policy by protecting trademarks that are not federally registered, and that would reduce the cost of divesting domain names from “cyberpirates” while increasing the certainty of doing so.<sup>247</sup> The resulting legislation, called the Anti-cybersquatting Consumer Protection Act (ACPA), is similar in several respects to the UDRP. Its primary importance is to create a cause of action in favor of a trademark owner against any domain name holder who, with a “bad faith intent to profit” from a trademark,<sup>248</sup> “registers, traffics in, or uses a domain name” that is “identical or confusingly similar” to the mark.<sup>249</sup> The ACPA extends even more broadly than the UDRP in certain respects, such as by allowing a trademark owner to sue the owner of a domain name that is “dilutive” of, but not confusingly similar to, its trademark.<sup>250</sup>

¶ 68 The ACPA dramatically expands the federal rights and remedies of trademark owners as against domain name owners. Unlike trademark laws, the ACPA does not

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242. *Id.* at Dissent (citing *Bally Total Fitness*, 29 F. Supp. 2d 1161).

243. *Id.*

244. See World Intellectual Property Organization, *The Recognition of Rights and the Use of Names in the Internet Domain Name System: Report of the Second WIPO Internet Domain Name Process* (Sept. 3, 2001), 28-35, 74, available at <http://arbiter.wipo.int/processes/process2/report/html/report.html>.

245. See Froomkin & Lemley, *supra* note 221 at 67.

246. See *id.* at 67-68.

247. See H.R. Rep. NO. 106-412, at 5-7 (1999).

248. 15 U.S.C. § 1125(d)(1)(A)(i) (2004).

249. *Id.* § 1125(d)(1)(A)(ii).

250. *Id.*



have a requirement of “use in commerce within its terms.”<sup>251</sup> Thus, the mere registration of a domain name,<sup>252</sup> or “the use of a domain name for purposes of comparative advertising, comment, criticism, parody, news reporting, etc.,” accompanied by other factors such as an intent to tarnish or disparage the mark, could constitute cybersquatting.<sup>253</sup> Moreover, courts are to assess cybersquatting “without regard to the goods or services of the parties,”<sup>254</sup> so trademark owners do not need to show that their mark is famous, as courts applying anti-dilution law to domain names had required,<sup>255</sup> or that there is any a likelihood of confusion in the marketplace, in order to prove a cybersquatting claim.<sup>256</sup> In yet another perverse result, the domain name owner’s failure to use, or to formulate an intent to use, “the domain name in the bona fide offering of any goods or services” is a factor to be counted *against* the legality of the domain name.<sup>257</sup> The ACPA’s procedural reforms are equally dramatic: the law vitiates the need to sue the domain name owner in a state where jurisdiction could constitutionally be exercised as a result of its commercial activities, by providing for *in rem* jurisdiction wherever “the domain name registry, registrar, or other domain name authority that registered or assigned the domain name is located.”<sup>258</sup> Finally, the ACPA permits trademark owners to recover statutory damages of as much as \$100,000 for each domain name used in violation of its provisions.<sup>259</sup>

¶ 69 Offended corporations and individuals have sued numerous Web site owners for setting up gripe sites that take aim at questionable business practices.<sup>260</sup> For example, in

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251. Giftos, *supra* note 225 at n.152 & accompanying text. See 15 U.S.C. § 1125(d)(1) (1999).

252. See 15 U.S.C. § 1125(d)(1)(A) (2004).

253. H.R. Rep. No. 106-412, at 11-12 (1999).

254. 15 U.S.C. § 1125(d)(1)(A) (2004).

255. Trademark owners need only show that “the mark was distinctive (i.e., enjoyed trademark status) at the time the domain name was registered.” H.R. Rep. No. 106-412, at 10.

256. See, e.g., Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc., 202 F.3d 489, 497 & n.11 (2d Cir. 2000); Harrods Ltd. v. Sixty Internet Domain Names, 157 F. Supp. 2d 658, 677-78 (E.D. Va. 2001), *aff’d*, 302 F.3d 214 (4th Cir. 2002); N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 117-18 (D. Mass. 2000), *aff’d*, 236 F.3d 57 (1st Cir. 2001).

257. *Id.* § 1125(d)(1)(B)(iv).

258. *Id.* § 1125(d)(2)(C)(i). In addition, some plaintiffs have read the ACPA to provide for *in rem* jurisdiction wherever “documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.” *Id.* § 1125(d)(2)(C)(ii). The Second Circuit, however, rejected an attempt to use this provision to create nationwide *in rem* jurisdiction. See *Mattel, Inc. v. Barbie-Club.com*, 310 F.3d 293, 298-307 (2d Cir. 2002).

259. One court awarded \$500,000 in statutory damages in a case involving only five domain names, a large amount considering the fact that other federal courts have held that damages awards greater than \$300,000 to \$400,000 for the death of one’s spouse are excessive as a matter of law. Compare *Elecs. Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q.2d 1705, 1713 (E.D. Pa. 2000), with *Moore v. Angela MV*, 353 F.3d 376, 384-85 (5th Cir. 2003), and *Caldarera v. E. Airlines, Inc.*, 705 F.2d 778, 785 (5th Cir. 1983).

260. See, e.g., *TMI, Inc. v. Maxwell*, 368 F.3d 433 (5th Cir. 2004); *Lucas Nursery & Landscaping, Inc. v. Grosse*, 359 F.3d 806 (6th Cir. 2004); *Purdy v. Burlington N. Santa Fe Corp.*, 21 Fed. Appx. 518 (8th Cir. 2001); *Lewittes v. Cohen*, No. 03 Civ. 189, 2004 WL 1171261 (S.D.N.Y. May 26, 2004); *Bosley Med. Inst., Inc. v. Kremer*, No. Civ. 01-1752WQHJMA, 2004 WL 964163 (S.D. Cal. Apr. 30, 2004); *Mayflower Transit, L.L.C. v. Prince*, 314 F. Supp.2d 362 (D.N.J. 2004); *PGC Prop., L.L.C. v. Wainscott/Sagaponack Prop. Owners, Inc.*, 250 F. Supp.2d 136 (E.D.N.Y. 2003); *Toronto-Dominion Bank*

*Toronto-Dominion Bank v. Karpachev*,<sup>261</sup> a bank customer in a dispute with the bank over allegedly unauthorized account activity that resulted in a \$34,894.57 loss used several domain names that resembled the bank's trademark to create Web sites decrying the bank's supposedly criminal treatment of his case.<sup>262</sup> The court ordered the defendant to forfeit his domain names and associated Web sites, on the basis that he used them to attract consumers to his complaint site, even though he did not sell any goods or services on his site.<sup>263</sup>

¶ 70 The ACPA is another powerful weapon in the arsenal of aggrieved corporations against small Internet speakers and Web publishers. While it was intended to apply primarily to hardcore cybersquatters who, like the infamous Dennis Toeppen, registered hundreds of domain names incorporating famous trademarks so as to profit handsomely from their resale to the trademark owners or others,<sup>264</sup> lawyers and judges have stretched its vague and ambiguous wording to threaten noncommercial complaint sites.<sup>265</sup>

### F. The Chilling Effect of Derivative Infringement Doctrines

¶ 71 The inhibitive effects of trademark law on Internet criticism of prominent corporations is enhanced by the ambiguity created by expansive interpretations of the law, which foster uncertainty as to the legality of mentioning trademarks online. The doctrines of direct and contributory trademark infringement threaten Internet Service Protocols ("ISPs") with liability if they do not delete Web sites from their servers after receiving allegations of infringement, placing them in the position of profit-motivated and risk-averse application of vague trademark doctrines to Internet speech.<sup>266</sup>

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v. *Karpachev*, 188 F. Supp.2d 110 (D. Mass. 2002); *Bihari v. Gross*, 119 F. Supp.2d 309 (S.D.N.Y. 2000); *Northland Ins. Cos. v. Blaylock*, 115 F. Supp.2d 1108 (D. Minn. 2000); *People for the Ethical Treatment of Animals, Inc. v. Doughney*, 113 F. Supp.2d 915 (E.D. Va. 2000), *aff'd*, 263 F.3d 359 (4th Cir. 2001); *Lucent Techs., Inc. v. LucentSucks.Com*, 95 F. Supp.2d 528 (E.D. Va. 2000). *See also Coca-Cola Co. v. Purdy*, No. 02-1782, 2002 U.S. Dist. LEXIS 17117, at \*4 (D. Minn. Sept. 5, 2002), *aff'd*, 382 F.3d 774 (8th Cir. 2004) (case where Web site owner failed to connect his anti-abortion sites to plaintiffs' alleged support of abortion until after being sued); *Flow Control Indus. Inc. v. AMHI, Inc.*, 278 F. Supp.2d 1193, 1195-96, 1200-01 (W.D. Wash. 2003) (addressing domain name registered by defendant company to protest its competitor's "dubious use of defendants' trademark").

261. 188 F. Supp.2d 110 (D. Mass. 2002).

262. *See Toronto-Dominion Bank*, 188 F. Supp.2d at 111-12.

263. *See id.* at 114.

264. *See H.R. Rep. No. 106-412*, at 11 (1999).

265. *See Adam Silberlight, Domain Name Disputes Under the ACPA in the New Millennium: When Is Bad Faith Intent to Profit Really Bad Faith and Has Anything Changed with the ACPA's Inception?*, 13 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 269, 314-15 (2002) ("Although the stated purpose of the ACPA was to protect trademark owners confronted with cybersquatters, it appears that its interpretation has been broadened to protect marks used by those who lack the *mens rea* of the stereotypical cybersquatter. Perhaps the ACPA's reach has become too broad.") (footnotes omitted) (citing S. REP. NO. 106-140, at 4 (1999), and *Toronto-Dominion Bank*, 188 F. Supp.2d at 113-14).

266. *See Sega Enters. Ltd. v. Sabella*, No. C 93-04260 CW, 1996 U.S. Dist. LEXIS 20470, at \*24-25 (N.D. Cal. Dec. 18, 1996) (trademark infringement liability could be premised on bulletin board system (BBS) operator's mere knowledge that subscribers were using plaintiff's mark); *Sega Enters. Ltd. v. MAPHIA*, 948 F. Supp. 923, 937-38 (N.D. Cal. 1996) (trademark infringement found based on defendant's mere knowledge of use of plaintiff's trademark on its uncensored BBS); *Playboy Enters., Inc. v. Frena*, 839



¶ 72 The uncertainty in the law permits cease-and-desist letters to be used to threaten Web publishers and their ISPs with costly litigation, even in cases of overreaching by trademark owners. As it has become easier to allege a violation of trademark rights against ISPs, legislators have actually increased the penalties for such violations. Consequently, the potential cost of an ISP's erroneous decision to allow a Web site to continue operating has grown exponentially, and much more quickly than the potential costs for violations of other federal statutes. In 1996, Congress amended the Lanham Act to permit statutory damages of up to \$1 million for willful use of a counterfeit mark, irrespective of whether the mark owner was actually damaged by the alleged counterfeiting.<sup>267</sup> At that time, the caps on punitive and compensatory damages for violation of other federal statutes, such as many governing protection of consumers or employees, were much lower.<sup>268</sup>

¶ 73 The private censorship enforced by ISPs in the shadow of vague standards for trademark infringement or dilution can be pervasive. For example, Dow Chemical was able, merely by complaining of trademark violations to an ISP, to shut down a Web site critical of Dow's alleged responsibility for a gas leak at a Union Carbide plant in Bhopal, India that killed thousands of innocent Indian civilians.<sup>269</sup> As the courts prohibit speech having "a tendency to impugn (plaintiff's services) and injure plaintiff's business

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F. Supp. 1552, 1561 (M.D. Fla. 1993) (summary judgment granted in favor of plaintiff on trademark infringement notwithstanding defendant's ignorance of infringements that occurred when he allowed uncensored uploads by subscribers to his BBS). Contributory infringement occurs when a defendant either intentionally instigates infringement by another or continues to supply a product or service knowing that it is being used to infringe trademarks. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 853-55 (1982); *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 261-63 (9th Cir. 1996).

267. See 15 U.S.C. § 1117(c)(2); *Louis Vuitton Malletier v. Veit*, 211 F. Supp.2d 567, 582-85 (E.D. Pa. 2002). See also SIEGRUN D. KANE, *TRADEMARK LAW: A PRACTITIONER'S GUIDE* § 17:3.4 (4th ed. 2003).

268. See, e.g., *Means v. Shyam Corp.*, 44 F. Supp.2d 129, 130-32 (D.N.H. 1999) (punitive and compensatory damages in sexual harassment case capped at only \$50,000 for small employers since 1991 by Act of Congress); David Hilton, *Comment, As If We Had Enough to Worry About . . . Attorneys and the Federal Fair Debt Collection Practices Act: Supreme Court Rules on Former Attorney Exemption*, 18 CAMPBELL L. REV. 165, 192 (1996) (statutory damages capped at \$1,000 for violation of Federal Fair Debt Collection Practices Act); Howard S. Master, Note, *Revisiting the Takings-Based Argument for Compensating the Wrongfully Convicted*, 60 N.Y.U. ANN. SURV. AM. L. 7, 109 (2004) (noting that Congress has authorized "only \$5000 in total compensation" for wrongful conviction of a crime and resulting imprisonment regardless of how many years were wrongfully spent in prison); Jeanne E. Varner, Note, *Picking Produce and Employees: Recent Developments in Farmworker Injustice*, 38 ARIZ. L. REV. 433, 439-40 (1996) (statutory damages are capped at only \$500 per plaintiff for an intentional violation of minimum wage and other protections of the Migrant and Seasonal Agricultural Worker Protection Act). Congress is also considering legislation, similar to laws already existing in many states, to limit damages for catastrophic pain and suffering arising out of medical malpractice at only \$250,000. See Adam D. Glassman, *The Imposition of Federal Caps in Medical Malpractice Liability Actions: Will They Cure the Current Crisis in Health Care?*, 37 AKRON L. REV. 417, 418, 423 (2004).

269. See, e.g., C. Carr, *Dow v. Thing: A Free-Speech Infringement That's Worse Than Censorship*, VILLAGE VOICE, Jan. 17, 2003, at 49; Matthew Mirapaul, *Cyberspace Artists Paint Themselves Into a Corner*, N.Y. TIMES, Dec. 23, 2002, at E2.

reputation,”<sup>270</sup> the space for satire and critique grows ever smaller. Independent Web sites that reference owners of protected trademarks are in perpetual danger of losing their Web space, even when they are prepared to fight out their case in court and bear the enormous costs of frivolous litigation. This danger allows large corporations and other organizations to control the content and diversity of Internet discourse, ensuring that the medium will grow to resemble television or newspapers in tepidness.

#### IV. THE EMERGING CONSENSUS THAT THE FIRST AMENDMENT SHIELDS GRIPE SITES FROM TRADEMARK LAW

##### A. Gripe Sites Are First Amendment Protected Speech, Not an Unlawful Commercial Use of a Trademark

¶ 74 The tide began to turn in favor of the independent Web speaker, and against overreaching corporations, when courts began to question the conclusion of the *Planned Parenthood* case that the use of a trademark to provide “informational services” on a Web site is a form of commercial competition for purposes of the Lanham Act. Thus, in *Bally Total Fitness Holding Corp. v. Faber*,<sup>271</sup> where the defendant established a Web site at the address [www.compupix.com/ballysucks](http://www.compupix.com/ballysucks) on which he posted complaints about Bally’s health club business,<sup>272</sup> the court stated that although both sites “provide Internet users with the same service—information about Bally,” they had “fundamentally different purposes” in the sense that Bally’s was a “commercial advertisement” while its critic’s site was a “consumer commentary.”<sup>273</sup> The court declared that even if the defendant had used Bally’s trademark in his domain name, this would not be unlawful because “no reasonably prudent Internet user would believe that ‘Ballysucks.com’ is the official Bally site or is sponsored by Bally.”<sup>274</sup> In other words, consumer commentary cannot be silenced to protect unreasonably careless Internet users from confusion.

¶ 75 Similarly, the court held that Bally’s claim for trademark dilution lacked merit. It found that the mere possibility that the defendant would utilize the site to enhance related commercial activity, found to be controlling in *Planned Parenthood* and *Jews for Jesus*, did not rise to the level of “using Bally’s mark in commerce” for purposes of the Lanham Act.<sup>275</sup> The court added:

[T]rademark owners may not quash unauthorized use of the mark by a person expressing a point of view.... “If the anti-dilution statute were construed as permitting a trademark owner to enjoin the use of his mark in

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270. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979) (alteration in original) (quoting *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972)).

271. 29 F. Supp.2d 1161 (C.D. Cal. 1998).

272. *See id.*

273. *Id.* at 1164.

274. *Id.* at 1165 n.2.

275. *Id.* at 1167.

a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct. The legitimate aim of the anti-dilution statute is to prohibit the unauthorized use of another's trademark in order to market incompatible products or services. The Constitution does not, however, permit the range of the anti-dilution statute to encompass the unauthorized use of a trademark in a noncommercial setting such as an editorial or artistic context."<sup>276</sup>

The court also rejected Bally's argument that it should probe the links on the defendant's Web site for commercial elements, holding that it is the content of the consumer commentary site itself that controls, for examination of interlinked sites would require an inquiry into the content of the "Internet in its entirety."<sup>277</sup> This aspect of the decision repudiated, in effect, the implication of the *Jews for Jesus* court that a single hyperlink to another Web site engaging in commercial activity makes the linking site commercial.<sup>278</sup>

¶ 76 Cases decided after the "Bally Sucks" case tended to reject the proposition that establishing a Web site to gripe about or poke fun at a corporation constitutes an unlawful commercial use of a trademark. For example, when an aggrieved consumer set up a Web site at northlandinsurance.com to complain about Northland's Insurance refusal to pay a claim for over \$20,000 in insured losses, the court rejected the plaintiff's "speculative" references to the defendant's implicit commercial intentions or motivations, focusing squarely on his constitutionally protected commentary on Northland's business practices, and refusing the plaintiff's plea for an injunction against his alleged trademark infringement and dilution.<sup>279</sup> Similarly, other courts have concluded that notwithstanding some commercial aspects, the use of a trademark in a domain name or content of a Web site for purposes of parody or critical commentary is not a form of unlawful trademark infringement or dilution.<sup>280</sup> These courts emphatically reject the flawed reasoning of decisions such as the *Planned Parenthood* or *Jews for Jesus* cases "that the 'commercial use' requirement is satisfied any time unauthorized use of a protected mark hinders the mark owner's ability to establish a presence on the Internet or otherwise disparages the mark owner."<sup>281</sup>

¶ 77 The Sixth Circuit, in *Taubman Co. v. Webfeats*,<sup>282</sup> established clear binding authority that, under the First Amendment, online criticism of companies cannot be censored as a result of overbroad trademark doctrines. The Sixth Circuit in *Taubman* was addressing a case in which the defendant had established an informational Web site

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276. *Id.* (quoting *L.L. Bean v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987)).

277. *Id.* at 1168.

278. *See supra* notes 154-55 and accompanying text.

279. *See Northland Ins.*, 115 F. Supp.2d at 1120-23.

280. *See, e.g.*, *Lucent Techs., Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528, 535-56 (E.D. Va. 2000); *Ford Motor Co. v. 2600 Enter.*, 177 F. Supp. 2d 661, 664-66 (E.D. Mich. 2001); *Nissan Motor Co. v. Nissan Computer Corp.*, 231 F. Supp. 2d 977, 980 (C.D. Cal. 2002), *aff'd in part, rev'd in part*, 378 F.3d 1002 (9th Cir. Aug. 6, 2004).

281. *Nissan*, 231 F. Supp. 2d at 980 (citing *Ford Motor*, 177 F. Supp. 2d at 664).

282. 319 F.3d 770 (6th Cir. 2003).

concerning a shopping mall about to be erected near his home in Texas.<sup>283</sup> After the mall developer sued him for trademark infringement, the defendant set up a number of additional Web sites criticizing the company and its lawyers, including *taubmansucks.com*.<sup>284</sup> The district court enjoined both the informational and the complaint sites as infringing, citing the *Planned Parenthood* case for the principle that “[u]sing websites that incorporate Plaintiff’s mark to disparage Plaintiff would likely be an unfair commercial use within the scope of the Lanham Act’s protection.”<sup>285</sup>

¶ 78 The Sixth Circuit overturned the injunctions as to both the informational and the complaint sites.<sup>286</sup> The court specifically rejected the plaintiff’s reliance on *Planned Parenthood*, announcing much more speech-protective principles of Internet trademark law:

We find that [defendant’s] use of Taubman’s mark in the domain name “taubmansucks.com” is purely an exhibition of Free Speech, and the Lanham Act is not invoked. And although economic damage might be an intended effect of [defendant’s] expression, the First Amendment protects critical commentary when there is no confusion as to source, even when it involves the criticism of a business. Such use is not subject to scrutiny under the Lanham Act. In fact, Taubman concedes that [defendant] is “free to shout ‘Taubman Sucks!’ from the rooftops....” [] Essentially, this is what he has done in his domain name. The rooftops of our past have evolved into the Internet domain names of our present. We find that the domain name is a type of public expression, no different in scope than a billboard or a pulpit, and [defendant] has a First Amendment right to express his opinion about Taubman, and as long as his speech is not commercially misleading, the Lanham Act cannot be summoned to prevent it.<sup>287</sup>

The court found no indication that the defendant’s complaint site was commercially misleading, because saying that Taubman “sucks” removed any possible confusion about whether the company was the source or sponsor of the Web site.<sup>288</sup>

¶ 79 The Fifth Circuit, in *TMI, Inc. v. Maxwell*,<sup>289</sup> extended the protective principles that shield commentary and creative works from trademark liability to non-commercial Internet speech threatened by anti-dilution law simply because it mentions a trademark. The court held that by establishing a Web site to document the plaintiff homebuilder’s alleged misrepresentations to him, the defendant did not engage in commercial use of the

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283. *See id.* at 772.

284. *See id.*

285. *Taubman Co. v. Webfeats*, No. 01-CV-72987 (E.D. Mich. Dec. 7, 2001) (motion to amend preliminary injunction granted) (citing *Planned Parenthood*, 42 U.S.P.Q.2d 1430, *aff’d mem.*, 152 F.3d 920), available at <http://www.taubmansucks.com/Act44-01.html>.

286. *See Taubman*, 319 F.3d at 777-78.

287. *Id.* at 778.

288. *See id.*

289. 368 F.3d 433 (5th Cir. 2004).

plaintiff's trademarks.<sup>290</sup> The court, citing the Sixth Circuit's decision in *Taubman*,<sup>291</sup> concluded that the Web site no more made a commercial use of the mark than a creative work like a song or film does when it references trademark-protected cultural icons such as Barbie or Fred Astaire.<sup>292</sup> The Fifth Circuit in *TMI* also properly rejected the argument that any reference to a business other than that of the trademark owner may suffice to transform a consumer complaint site into a stealth form of commercial advertising for its competitors. Unlike the *Planned Parenthood* and *Jews for Jesus* courts, it properly found that any allegation of commercial use was belied by the fact that the defendant had not earned any revenue or manifested a "business purpose."<sup>293</sup>

¶ 80 *Nissan Motor Corp v. Nissan Computer Co.*,<sup>294</sup> in which the Ninth Circuit Court of Appeals held that the First Amendment protects disparaging commentary about a corporation even when the commentary liberally uses the corporation's trademark and is posted to an Internet domain name that incorporates its trademark, serves as the culmination of this line of authority. In *Nissan*, a businessman with the surname Nissan registered the domain names nissan.com and nissan.net for commercial purposes and after being sued by Nissan Motor for this reason, used the domain names to direct Internet users to a description of the lawsuit against him and links to news reports about it, e-mails he had received by supporters, and banner advertising.<sup>295</sup> The district court ruled that Mr. Nissan's conduct violated the FTDA, and enjoined him from posting disparaging or negative commentary about Nissan Motor on nissan.com or nissan.net, concluding that "visitors' expectations of finding Nissan Motor" rendered the disparaging commentary "'commercial' and unprotected by the First Amendment."<sup>296</sup> The Ninth Circuit reversed this finding, rejecting the argument of Nissan Motor, based on cases such as *Jews for Jesus*, that "disparaging remarks or links to websites with disparaging remarks at nissan.com is commercial because the comments have an effect on its own commerce."<sup>297</sup> The Ninth Circuit found that speech critical of a corporation, even when linked to an Internet domain name that incorporates the corporation's trademark, is "informational, not commercial speech."<sup>298</sup>

¶ 81 Under the teaching of these more recent cases, the proper test for commercial

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290. *See id.* at 434-35, 437.

291. *See id.* at 437 (citing *Taubman*, 319 F.3d at 775).

292. *See id.* ("When defining commercial use, courts have examined several different aspects of the defendant's use. The Ninth Circuit has emphasized that commercial use in commerce 'refers to a use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark's owner'" (citing *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) and that the phrase "'requires the defendant to be using the trademark as a trademark, capitalizing on its trademark status.'" (citing *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th Cir.1999) (citations omitted)). The *Mattel* case to which the Fifth Circuit looked for guidance involved a pop song that parodied the values that Barbie dolls are commonly understood to represent in our culture. 296 F.3d at 901-03.

293. *TMI*, 368 F.3d at 438.

294. *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002 (9th Cir. 2004).

295. *Id.* at 1008.

296. *Id.* at 1009.

297. *Id.* at 1017.

298. *Id.* (citing *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456 (4th Cir. 2000)).

Internet speech that may be restrained under the First Amendment is not whether the speech might have some effect on commerce, as the *Planned Parenthood* and *Jews for Jesus* courts held, but whether the speech “does no more than propose a commercial transaction.”<sup>299</sup> Disparaging remarks and negative commentary about a corporation do not merely propose a commercial transaction,<sup>300</sup> so they are non-commercial speech that are guaranteed full First Amendment protection.<sup>300</sup>

### **B. Censorship of Gripe Sites Is Not Required on the Basis that They Create an Actionable Likelihood of Confusion with Corporate Trademarks**

¶ 82 In tandem with their reinvigoration of the Lanham Act’s commercial use requirements, courts began to scrutinize allegations of consumer confusion far more carefully in cases where trademark owners sought to censor the Internet. In doing so, they rejected the view that even critical references to prominent trademarks create an actionable likelihood of confusing careless Web surfers as to the source of information.

¶ 83 Thus, in the “*Bally sucks*” case, the court acknowledged that some careless consumers may be confused when they stumble on a critical Web site while searching for Bally’s official Web site, but held that this is not controlling. What is determinative is that “no reasonably prudent Internet user would believe that ‘Ballysucks.com’ is the official Bally site or is sponsored by Bally.”<sup>301</sup> While cases such as *Planned Parenthood* seem to assume that Internet users are only concerned with finding the official site of a corporation or other entity, the “*Bally sucks*” decision stressed that many users may want to hear what the corporation’s critics have to say, and will be unable to do so unless its trademark appears somewhere on the critics’ Web sites, whether in the Internet address or elsewhere.<sup>302</sup> Prohibiting such sites from using the trademarks of their targets would require too much circumlocution and “effectively isolate [them] from all but the most savvy of Internet users.”<sup>303</sup> Likewise, the “*Bally sucks*” case rejects the assumption of the *Planned Parenthood* decision and others like it in that, regardless of what the trademark owner’s core business is, the more appropriate examination is whether it competes with its Internet critics in the provision of “Internet services.”<sup>304</sup> As the court stated, Bally’s business was “managing health clubs,” not communicating over the Internet, and the mere fact that both parties use the Internet to communicate does not make their goods or services “proximately competitive.”<sup>305</sup> As a broader matter, the design and publishing of Web pages is “far removed” from those of most trademark owners, rendering confusion unlikely.<sup>306</sup>

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299. *Id.* (quoting *Mattel*, 296 F.3d at 906 (quoting *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (9th Cir. 2001) (quotation marks omitted)).

300. *Id.*

301. *Bally Total Fitness*, 29 F. Supp. 2d at 1165, n.2.

302. *See id.* at 1165.

303. *Id.*

304. *See id.* at 1163-64.

305. *Id.* at 1163-65.

306. *Id.* at 1163.

¶ 84 The Sixth Circuit, for similar reasons, has refused to hold that a likelihood of confusion as to the source of Internet information is sufficient to violate the Lanham Act, irrespective of the dissimilarity between a gripe site and what the trademark owner sells in terms of goods or services. The court underlined that “the only important question is whether there is a likelihood of confusion between the parties’ goods or services,” for “it is irrelevant whether customers would be confused as to the origin of the websites, unless there is confusion as to the origin of the respective products.”<sup>307</sup>

¶ 85 Finally, the courts have begun to realize that permitting the doctrine of “initial interest” confusion to proscribe gripe and parody Web sites is ill-advised. The premise of the “initial interest” confusion cases is that by using the plaintiff’s trademark to divert its customers, the defendant is engaging in the old “bait and switch.”<sup>308</sup> But because gripe sites are noncommercial in nature, and Internet users who find them are not sold anything, the mark may be the “bait,” but there is simply no “switch.”<sup>309</sup> For example, in *Bihari v. Gross*,<sup>310</sup> where the defendant created several Web sites containing the plaintiff’s name and business name to complain about alleged “fraud and deceit,”<sup>311</sup> the court held that “initial interest confusion” was unlikely because no reasonable Internet user would believe that the plaintiff was posing as a disgruntled consumer to complain about her own “fraud and deceit.”<sup>312</sup> If a gripe site truly contains criticism or parody of the trademark owner, in other words, it is unlikely that visitors will erroneously think that they have arrived at a Web site created or sponsored by the trademark owner.<sup>313</sup>

### C. Censorship of Gripe Sites Is Not Required on the Basis that They Unlawfully Dilute Famous Trademarks

¶ 86 For two principal reasons, courts are increasingly rejecting allegations that gripe sites dilute the trademarks of the corporations that they target for comedy or censure.

¶ 87 First, as discussed above, courts are beginning to distinguish carefully between commercial and political or cultural uses of trademarks on the Internet. Because any references to corporate trademarks on gripe sites are political in nature, they do not constitute a form of commercial speech that may be constitutionally prohibited by Congress, because the reference is not made solely for purposes of making a sale.<sup>314</sup>

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307. Taubman, 319 F.3d at 776 (citations omitted).

308. See, e.g., *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 382 (7th Cir. 1996) (creating initial interest confusion is prohibited as an unlawful “bait and switch”).

309. *Northland Ins.*, 115 F. Supp. 2d at 1120 (“In this case, defendant does not appear to be situated to benefit financially or commercially from the existence of this web site, which appears to be solely intended to capture the attention of insurance consumers to share defendant’s commercial commentary and criticism. In other words, while defendant may arguably be trying to ‘bait’ Internet users, there is no discernable ‘switch.’”) (citing *Bally Total Fitness*, 29 F. Supp. 2d at 1168).

310. 119 F. Supp. 2d 309.

311. *Id.* at 314-15.

312. See *id.* at 320-21.

313. See *id.* at 320.

314. Cf. *MasterCard Int’l Inc. v. Nader 2000 Primary Comm., Inc.*, 2004 U.S. Dist. LEXIS 3644, \*28 (S.D.N.Y. 2004) (defendant’s use of plaintiff’s PRICELESS trademark was “political in nature” and

Even when members of the consuming public may form a mental association between an Internet parody and a corporate trademark, that does not constitute trademark dilution because the association results from the parody's "*communicative message*, in the context of expressing political speech."<sup>315</sup> For this reason, the Fourth and Ninth Circuits have held that the posting of critical and disparaging content about a corporation at a domain incorporating its trademark cannot be enjoined as a dilution of the mark.<sup>316</sup> To prohibit such a use of a famous trademark would be an unconstitutional viewpoint-based censorship of the domain name owner's free speech.<sup>317</sup>

¶ 88 Second, it is unlikely that gripe sites will result in significant actual dilution of the selling power of the targeted corporation's trademarks, *other than* as a result of their political messages, which are not and cannot constitutionally be prohibited by anti-dilution laws.<sup>318</sup> The Supreme Court has held that under the FTDA, a trademark dilution plaintiff must show "actual dilution, rather than a likelihood of dilution."<sup>319</sup> Corporations will often be unable to show that the allegedly dilutive use actually caused any significant damage to their marks' economic value or capacity to identify goods or services in advertising and promotion.<sup>320</sup> Even when gripe sites portray corporations or their products in an "unwholesome or unsavory light," that will not suffice to prove dilution unless the corporation has "actually lost sales or profits" as a result of the sites, or commissioned consumer surveys showing dilution of their mark's selling power.<sup>321</sup>

#### D. Censorship of Gripe Sites Is Not Required on the Basis that They Are a Form of Cybersquatting

¶ 89 As noted above, corporations are increasingly invoking the ACPA to attempt to censor gripe or parody sites of which they disapprove. Courts, however, are arriving at a solid consensus that such attempts are unjustifiable under the law. They are properly focusing, as the Sixth Circuit has, on the "paradigmatic harm that the ACPA was enacted

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therefore "exempted from coverage" by the FTDA, because its message involved "much more than merely a commercial transaction" (quoting *American Family Life Ins. v. Hagan*, 266 F. Supp. 2d 682, 697 (N.D. Ohio 2002)).

315. *American Family Life Ins.*, 266 F. Supp. 2d at 700 (emphasis added) (holding that Internet political commercials for Governor Robert Taft that "borrow[ed]" from plaintiff's commercials by featuring a duck with the governor's head which quacked "TaftQuack" were political. The plaintiff's commercials for insurance had also used a duck to quack its trademark AFLAC).

316. *Nissan Motor*, 378 F.3d at 1017; *CPC Int'l, Inc.*, 214 F.3d at 461-63.

317. *See Nissan Motor*, 378 F.3d at 1016-1018; *CPC Int'l*, 214 F.3d at 461-63.

318. *See Mastercard*, 2004 U.S. Dist. LEXIS 3644 at \*29-31. (FTDA simply does not apply to political messages, because it exempts all non-commercial uses from liability).

319. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

320. *See Mastercard*, 2004 U.S. Dist. LEXIS at \*30-31. Although the *Mastercard* case involved a television ad, the court did not indicate that a different result would be warranted in the Internet context, and indeed followed the reasoning of the AFLAC case which dealt with an Internet ad. *See id.*

321. *Caterpillar*, 287 F. Supp. 2d at 921-22 (citing *Deere and Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)). Trademark owners may have a better chance of success against gripe sites under state anti-dilution laws, many of which permit dilution to be enjoined upon a showing of a mere "likelihood" of harm, rather than "a completed harm." *Moseley*, 537 U.S. at 432-33. *See also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, Statutory Note (1995) (lists states with anti-dilution laws).



to eradicate - the practice of cybersquatters registering several hundred domain names in an effort to sell them to the legitimate owners of the mark.”<sup>322</sup> Prohibiting anti-corporate gripe sites would inappropriately “stretch the ACPA beyond the letter of the law,” which requires a “bad faith intent to profit” off of domain name registrations.<sup>323</sup> Accordingly, the Sixth Circuit has refused to apply ACPA to shut down a defendant’s Web site that was set up “in the spirit of informing fellow consumers about the practices of a landscaping company that she believed had performed inferior work on her yard.”<sup>324</sup>

¶ 90 The ACPA was intended to “target persons who commandeer a domain name for no reason other than to profit by extortion, yet bypass persons with legitimate interests in the domain name.”<sup>325</sup> Thus, the ACPA provides that a bad faith intent to profit “shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was fair use or otherwise lawful.”<sup>326</sup> Congress explicitly distinguished criticism from cybersquatting.<sup>327</sup> To lump them together as some lawyers have is therefore contrary to the intent of the legislation.

¶ 91 Some arbitration panels hearing disputes arising under the UDRP have followed the emerging consensus of the American courts that trademark rights should not be used as a bludgeon to silence Internet speech. For example, one panel decided that the registration of *bridgestone-firestone.net* by an individual who used it to publicize disparaging news and commentary about Bridgestone Firestone, Inc. did not violate the UDRP because this is a “noncommercial fair use” protected by the First Amendment.<sup>328</sup> The panel cited the “*Bally sucks*” case for the proposition that ““using Bally’s mark in the context of a consumer commentary to say that Bally engages in business practices, which [defendant] finds distasteful or unsatisfactory, . . . is speech protected by the First Amendment.””<sup>329</sup> Another panel stated that no violation of the UDRP should be found where the domain name owner “engaged in active use that consisted of pure, noncommercial speech in the nature of parody or critical commentary.”<sup>330</sup> Many other arbitration panels have refused to revoke the registration of [corporation]sucks.com

322. *Lucas Nursery*, 359 F.3d at 810.

323. *Id.* See also H.R. Rep. 106-412, Sec. 2 (1999).

324. *Lucas Nursery*, 359 F.3d at 811.

325. *Ford Motor v. Great Domains.com, Inc.*, 177 F. Supp. 2d 635, 642.

326. 15 U.S.C. § 1225(d)(1)(B)(ii).

327. See, e.g., S. Rep. No. 106-40, at 9 (1999) (“[N]oncommercial uses of a mark, such as for comment, criticism, parody, news reporting, etc., . . . are beyond the scope of the bill’s prohibitions.”); H.R. Rep. No. 106-412, at 11 (1999) (“Under the bill, the use of a domain name for purposes of comparative advertising, comment, criticism, parody, news reporting, etc., even where done for profit, would not alone satisfy the bad-faith intent requirement.”).

328. *Bridgestone Firestone, Inc., v. Jack Myers*, Case No. D2000-0190 (WIPO July 6, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0190.html>.

329. *Id.* (quoting *Bally Total Fitness*, 29 F. Supp. 2d at 1165, 1167). *Accord Ahmanson Land Co. v. Curtis*, Case No. D2000-0859 (WIPO Dec. 4, 2000), available at <http://arbitrator.wipo.int/domains/decisions/html/2000/d2000-0859.html> (*ahmansonranch.com* and *ahmanson-ranch.com*).

330. *Diamond v. Goldberg*, Claim No. FA0402000237446 (National Arbitration Forum Apr. 5, 2004), available at <http://www.arbitration-forum.com/domains/decisions/237446.htm>.

domain names because the complainant failed to establish that the domain name was confusingly similar and registered with a bad faith intent to profit.<sup>331</sup>

¶ 92 Other panels, however, have concluded that the registration and use of domain names to set up Web sites disparaging to a trademark owner are not a fair use and violate the UDRP.<sup>332</sup> Hopefully, as the federal appellate courts or the Supreme Court bring more clarity to the First Amendment's protection of noncommercial gripe sites from liability, so will the UDRP panels make clear that they will not censor such Web sites.

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331. See, e.g., *Wal-Mart Stores, Inc. v. Walmartcanadasucks.com*, Case No. D2000-1104 (WIPO Nov. 23, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1104.html> (wallmartcanadasucks.com); *Lockheed Martin v. Parisi*, Case No. D2000-1015 (WIPO Jan. 26, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1015.html> (lockheedsucks.com and lockheedmartinsucks.com); *America Online, Inc. v. Johuathan Inv., Inc.*, No. D2001-0918 (WIPO Sept. 14, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0918.html> (fucknetscape.com); *Bloomberg L.P. v. Secaucus Group*, Case No. FA0104000097077 (National Arbitration Forum June 7, 2001), available at <http://www.arb-forum.com/domains/decisions/97077.htm> (michaelbloombersucks.com).

332. See, e.g., *Compagnie de Saint Gobain v. Com-Union Corp.*, Case No. D2000-0020 (WIPO Mar. 14, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0020.html> (saint-gobain.net); *Monty & Pat Roberts, Inc. v. Bartell*, Case No. D2000-0300 (WIPO June 13, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0300.html> (montyroberts.org); *Mission KwaSizabantu v. Rost*, Case No. D2000-0279 (WIPO June 7, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0279.html> (kwasizabantu.com, kwasizabantu.org, and kwasizabantu.net); *Geniebooks.com Corp. v. Merrit*, Case No. D2000-0266 (WIPO July 26, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0266.html> (geniebooks.com); *Hunton & Williams v. Am. Distribution Sys.*, Case No. D2000-0501 (WIPO Aug. 1, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0501.html> (huntonwilliams.com and huntonandwilliams.com); *E. & J. Gallo Winery v. Hanna Law Firm*, Case No. D2000-0615 (WIPO Aug. 3, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0615.html> (bartlesandjaymes.com, and bartlesandjaymes.net); *Estee Lauder, Inc. v. estelauder.com*, Case No. D2000-0869 (WIPO Sept. 25, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-0869.html> (estelauder.com and estelauder.net); *Louis Vuitton Malletier v. Prade*, Case No. D2000-1115 (WIPO Oct. 13, 2000), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1115.html> (louisvuitton.com); *Dixons Group Pic v. Abdullah*, Case No. D2000-1406 (WIPO Jan. 18, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2000/d2000-1406.html>; *ADT Servs. AG v. ADT Sucks.com*, Case No. D2001-0213 (WIPO Apr. 23, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0213.html> (last visited Sept. 20, 2004) (adtsucks.com); *Rolex Watch USA, Inc. v. Spider Webs, Ltd.*, Case No. D2001-0398 (WIPO July 2, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0398.html> (relojesrolex.com and erolexwatches.com); *Vivendi Universal v. Sallen*, No. D2001-1121 (WIPO Nov. 7, 2001), available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-1121.html> (vivendiuniversalsucks.com); *Nortel Networks Ltd. v. Grenier*, Claim No. FA0201000104104 (National Arbitration Forum Mar. 15, 2002), available at <http://www.arb-forum.com/domains/decisions/104104.htm> (nortelnetworks.info); *Koninklijke Philips Elecs. v. Kang*, Case No. D2001-0163 (WIPO Mar. 27, 2003), available at <http://arbiter.wipo.int/domains/decisions/html/2001/d2001-0163.html> (antiphilips.com).

## V. GRIPE SITES ARE CONSISTENT WITH THE PROPERTY THEORY OF TRADEMARKS, ECONOMIC EFFICIENCY, AND THE FIRST AMENDMENT'S ROLE IN A DEMOCRACY

¶ 93 This article has thus far focused principally on describing trends in the law of gripe sites, rather than marshaling reasons in favor or against a given trend. This Part argues that it is normatively desirable to limit the expansion of trademark rights in certain ways so as to shield Internet gripe sites from being shut down for trademark violations. In so doing, it will analyze the various normative arguments employed to justify expanded trademark rights, focusing in particular on economic efficiency, and will attempt to justify the more recent trend away from expanding trademark protections to such an extent that they could routinely be invoked to censor Web sites that pillory advertising or give voice to consumer complaints.

### A. Trademark Rights Should Be Limited in Such a Way that Socially Useful References to Trademarks Are Not Prohibited

#### 1. The Influence of Property Rhetoric on Trademark Law

¶ 94 A principal justification for expanding trademark law to prohibit potentially confusing, dilutive, or otherwise costly uses is that trademarks and brands generally are commercially valuable properties that should be protected from “poaching” by “pirates.” The natural rights rhetoric of real property harkens back to John Locke’s theory that the application of human labor to the natural world confers morally justifiable property rights in land and movable goods.<sup>333</sup> This rhetoric of landed property is “increasingly dominating the discourse and conclusions of the very different world of *intellectual* property.”<sup>334</sup> Such arguments have been the driving force behind many expansions of trademark rights in the 19th and 20th century.<sup>335</sup> The shift in the discourse of intellectual property from one of potentially dangerous “monopoly” to one of almost inevitably beneficial “property” has propelled trademark law beyond its core concern with “passing off.”<sup>336</sup>

¶ 95 Viewing the exclusive property right in a trademark as analogous to home ownership, courts extended trademark law in the 19th century to implicate manifold forms of “trespassing” on goodwill, or stealing the fruits of the trademark owner’s “own ingenuity or industry.”<sup>337</sup> The Supreme Court pronounced a trademark to be a “property right” as early as 1879, citing long-standing precedents.<sup>338</sup> In one such precedent, the first reported case granting relief to an American trademark owner, Justice Joseph Story expressed “not the slightest doubt” that “a perpetual injunction ought to be granted” to prevent the defendant from imitating the plaintiff’s labels “for the purpose of defrauding

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333. See Fisher, *supra* note 20.

334. See Lemley, *supra* note 105.

335. See Fisher, *supra* note 20.

336. *Id.*

337. *Weinstock*, 109 Cal. at 536, 540.

338. *Trade-Mark Cases*, 100 U.S. 82, 92 (1879).

the public and taking from the plaintiffs the fair earnings of their skill, labor and enterprise.”<sup>339</sup> Justice Story viewed trademark law as merely a subset of the broader universe of instances in which equity would act to prevent the invasion of the plaintiff’s property rights so as to deny the plaintiff the “fair profits” of its business, the same basis on which equity would restrain a defendant from copying passages from another’s book.<sup>340</sup>

¶ 96 Justice Story’s view of a trademark as the property right of the owner in the “fair profits” of its business increasingly prevailed in the 20th century. As trademark infringement expanded beyond its core concern with passing off, the analogy of trademark owners to owners of physical property, and of unauthorized users to trespassers, pirates, or poachers, carried the rhetorical weight. Thus, it was in order to curtail the “pirating” of uncopyrightable news copy that the Supreme Court described trademark and unfair competition law as imposing a vague general duty to do business so as not to injure a competitor “unnecessarily or unfairly.”<sup>341</sup> In 1935, the Court embraced a broad prohibition against any “misappropriation of what equitably belongs to a competitor.”<sup>342</sup> And in 1942, the Supreme Court protected the “commercial magnetism” of a company’s trademarks against all “poaching,” as if a competing businessman were a horse thief.<sup>343</sup> As a result, federal and state courts came to view trademark law “as a protection of property rights in divers economically valuable sale devices.”<sup>344</sup>

¶ 97 The rhetoric of real property and the denunciation of piracy have also frequently driven the conquest by trademark law of non-competing and non-commercial uses, including those on the Internet. The principal moral justification of anti-dilution laws, which are directly aimed at non-competitive uses,<sup>345</sup> is the need to create a tort of trespass to a trademark, in effect, to restrain any “invasion” of the “property right” in the mark.<sup>346</sup>

339. *Taylor*, 23 F. Cas. at 744 (emphasis added).

340. 2 Story, EQUITY JURISPRUDENCE § 948, at 253. See also *id.* at 253-58 (analogizing copyright, trademark, and trade secret protections). Justice Story, who was a prolific and well-paid author of numerous legal treatises and an enthusiastic advocate of broader copyright protection, seems to have carried over his belief in the desirability of expansive copyright protection over a very long period of time over into his trademark jurisprudence. See Ronald D. Rotunda & John E. Nowak, *Joseph Story: A Man For All Seasons*, SUPREME COURT HISTORICAL SOCIETY 1990 YEARBOOK, available at [http://www.supremecourthistory.org/04\\_library/subs\\_volumes/04\\_c12\\_f.html](http://www.supremecourthistory.org/04_library/subs_volumes/04_c12_f.html); Travis, *supra* note 8 at 821-22. The treatise cites a case in which the Lord Chancellor of Great Britain granted an injunction against “publishing a magazine in a party’s name who has ceased to authorize it,” on the authority of two previously decided copyright cases. 2 Story, EQUITY JURISPRUDENCE § 951, at 254 (citing Hogg v. Kirby, 8 Ves. 215, 32 Eng. Rep. 336 (1803)). See also *Thurmon*, *supra* note 18 at 64 n.332.

341. *INS*, 248 U.S. at 235-36. See also *id.* at 231, 241-42.

342. *Schechter Poultry Corp. v. United States*, 295 U.S. 495, 532 (1935) (citing *INS*, 248 U.S. at 241, 242).

343. *Mishawaka*, 316 U.S. at 205. The original meaning of the verb “to poach” is, to “trespass on another’s property in order to take fish or game.” AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE (4th ed. 2000), available at <http://www.bartleby.com/61/16/P0391600.html>.

344. Felix Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 814 (1935).

345. See *Esquire, Inc. v. Esquire Slipper Mfg. Co.*, 243 F.2d 540, 542 (1st Cir. 1957).

346. 4 McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24.70, at 24-131.

State trademark dilution law expanded trademark rights beyond the “traditional theories of fraud, deceit, or confusion” in the marketplace to make clear that “the distinctive quality of a trademark is a property right and the cause of action [for dilution] is more akin to the tort of trespass.”<sup>347</sup> Similarly, the federal dilution law “evinces an intent to provide a broad remedy for . . . dilution and recognizes that the essence of the dilution claim is a property right in the ‘potency’ of the mark.”<sup>348</sup> This concept of dilution as trespass-on-a-word permits trademark owners more frequently to threaten noncommercial speech with trademark liability, on the basis that property rights in a trademark should be protected against all invasions, whether confusing or not.<sup>349</sup>

## 2. The Analogy of Trademarks to Physical Property Does Not Justify Using Trademark Law to Prohibit Gripe Sites

¶ 98 The argument that trademarks are so commercially valuable to their owners that even the slightest invasion should be met harshly, which a number of courts have adopted,<sup>350</sup> is unpersuasive for several reasons. (Other authors have exhaustively addressed the question of whether trademarks should be considered to be property at all,

347. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 702 F. Supp. at 1041-42.

348. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 475 (6th Cir. 2001) (citing H.R. Rep. No. 104-374 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1032, defining dilution as “an injury that differs materially from that arising out of orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another’s use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.”), *rev’d*, 537 U.S. 418 (2003). See also *World Wrestling Fed’n Entm’t, Inc. v. Big Dog Holdings, Inc.*, 280 F. Supp. 2d 413, 440-41 (E.D. Pa. 2003) (“dilution doctrine is founded upon the premise that a gradual diminution of the value of a famous trademark, resulting from an unauthorized use, constitutes an invasion of the senior user’s property rights and/or goodwill in its mark and gives rise to an independent wrong”) (footnote and citations omitted).

349. See, e.g., *Nissan Motor*, 231 F. Supp. 2d at 980 (C.D. Cal. 2002) (holding that federal anti-dilution law prohibits making “disparaging remarks or negative commentary at nissan.com and nissan.net” as well as “links to such content”), *rev’d*, 378 F.3d 1002 (9th Cir. 2004); *Jews for Jesus*, 993 F. Supp. at 307 (federal anti-dilution law prevents trademark owner to prevent use of its marks by critics to disseminate “views directly contrary to those of the Plaintiff Organization”); *Planned Parenthood*, 42 U.S.P.Q.2d (BNA) 1430, 1997 U.S. Dist. LEXIS 3338, at \*20 (federal anti-dilution law used to prohibit critic of plaintiff from using its mark in providing “competing and directly opposing information”). See also *Mattel*, 296 F.3d 894 (dilution claim brought against song parody); *Cardtoons*, 95 F.3d 959 (dilution claim brought against a trading cards parody); *L.L. Bean*, 811 F.2d at 33 (dilution claim brought against a magazine parody); *MasterCard*, 70 U.S.P.Q.2d (BNA) 1046 (dilution claim brought against non-commercial political speech); *American Family Life Ins.*, 266 F. Supp. 2d 682 (dilution claim brought against Internet political speech); *Lucasfilm, Ltd. v. Media Mkt. Group, Ltd.*, 182 F. Supp. 2d 897 (N.D. Cal. 2002) (dilution claim brought against parody cartoon film); *Ford Motor*, 177 F. Supp. 2d 661 (dilution claim brought against parody domain name); *Northland Ins.*, 115 F. Supp. 2d 1108 (dilution claim brought against complaint Web site); *Lucent Techs.*, 95 F. Supp. 2d 528 (dilution claim brought against complaint Web site); *Bally Total Fitness*, 29 F. Supp. 2d 1161 (dilution claim brought against complaint Web site); *Dr. Seuss Enters., L.P. v. Penguin Book USA, Inc.*, 924 F. Supp. 1559 (S.D. Cal. 1996) (dilution claim brought against book parody).

350. See, e.g., *San Francisco Arts & Athletics*, 483 U.S. at 532 (holding that property interests outweighed First Amendment concerns triggered by censorship of non-competing use of a word); *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184, 1188 (5th Cir. 1979) (similar); *Walt Disney Co. v. Powell*, 698 F. Supp. 10, 12 n.2 (D.D.C. 1988) (similar).

and it is not necessary to rehash their arguments here.<sup>351</sup> For this reason, the following analysis does not depend on whether one believes that trademarks should be viewed as the valuable property of their owners.)

¶ 99 First, the claim that a given use of a trademark should be outlawed because a trademark is the valuable property of its owner begs the question. The decision by courts and legislators to grant exclusive rights in words and symbols must precede the assessment of their commercial value.<sup>352</sup> Because the breadth of the state-sanctioned and court-enforced monopoly to which a trademark entitles the owner<sup>353</sup> determines the commercial value of a mark in advertising and commercial promotion, it is circular to argue that a trademark as a thing of value should be considered to be exclusive property in all cases.<sup>354</sup> As Justice Oliver Wendell Holmes once pointed out, “the fact that a right would have a money value, if it existed, is not a conclusive reason for recognizing that right.”<sup>355</sup> The mere “fact that courts *do* protect private exploitation of a given word” is not a morally persuasive “reason why private exploitation of the word *should* be protected.”<sup>356</sup>

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351. Compare, e.g., Rudolf Callmann, *Unfair Competition Without Competition? The Importance of the Property Concept in the Law of Trade-Marks*, 95 U. PA. L. REV. 443 (1947) (arguing that property value of trademarks should be protected against trespassing even by non-competing users), and Simone A. Rose, *Will Atlas Shrug? Dilution Protection for "Famous" Trademarks: Anti-Competitive "Monopoly" or Earned "Property" Right?*, 47 FLA. L. REV. 653 (1995) (following Callman), with Cohen, *supra* note 42 at 814 (arguing that it is circular to claim that trademarks should be protected because they are valuable property, given that only legal protection makes them the property of one person or company), Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 108 YALE L.J. 1619, 1651-53 (1948, reprinted 1999) (similar), Lemley, *supra* note 4 at 1696-97 (arguing that treating trademarks as property imposes substantial costs on society in terms of censorship of political and cultural speech; restraint of beneficial competition in product design; incentives to monopolize words, phrases, and designs; and expensive trademark licensing, searches, and litigation), and Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 372, 422-34 (1999) (arguing that “property-based trademark appears presumptively anticompetitive [because] it generates market power and associated efficiency losses without the offsetting efficiency gains that are thought to justify deception-based trademark”).

352. Cf. 1 McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2.01[2][a], at 2-6 (“If all may take a free rise on the successful seller’s mark and reputation, there is no incentive to distinguish one’s own goods and services.”).

353. “The holders of common law trademarks, registered trademarks, see 15 U.S.C. § 1052, copyrights, patents and trade secrets receive in varying degrees a legal monopoly.” P.D. Rasspe Sohne GMBH & Co. v. National-Standard Co., File No. K86-82 CA(8), 1990 U.S. Dist. LEXIS 19646, at \*12 (W.D. Mich. Feb. 13, 1990). See also S.C. Johnson & Son, Inc. v. Johnson, 266 F.2d 129, 136 (6th Cir. 1959) (“The right granted to the owner of a registered trademark is a monopoly and should not be extended unless the owner is clearly entitled thereto.”).

354. This is because whenever a certain use of a word or symbol is not the exclusive privilege of a single firm, it does not have any value as a trademark in that instance: “[n]ot being of economic value to any particular firm, the word would be regarded by courts as ‘not property,’ and no injunction would be issued.” Cohen, *supra* note 42, at 815.

355. *Chadwick v. Covell*, 23 N.E. 1068, 1069 (Mass. 1890).

356. Cohen, *supra* note 42, at 815 (emphasis added). To argue otherwise is to beg the question of what the law should protect. See Lunney, *supra* note 348, at 465 n.311 (arguing that broader protection of trademarks on the basis of their value is circular because more protection “generates higher value which justifies even broader protection generating even higher values and so on”). See also *Chadwick*, 23 N.E. at 1069. (“When the common law developed the doctrine of trade-marks and trade-names, it was not creating

¶ 100 Second, and perhaps more importantly, the recognition that trademarks can be the valuable property of their owners does not require disregarding sensible limits on the contours of their property rights. Philosophically, there is no inconsistency between recognizing a moral right to own property and arguing that it is up to legislators and courts to determine the substance and limits of that right. Advocates of the position that the intermixing of human labor with the natural world confers moral title to the fruits of this labor recognize, nevertheless, that the details and even the existence of this title should be regulated by society in the common interest.<sup>357</sup> Courts and legislators have long considered trademarks to be a valuable form of property, while seeking to limit their use to unduly restrict competition, censor the mass media, or otherwise impose unacceptable costs on society.<sup>358</sup> As the Supreme Court has stated, the law permits only a “limited property right in the word” to be obtained as a result of the mark acquiring value from then investment of “labor, skill and money.”<sup>359</sup> Two or more companies may invest vast sums of money in advertising and promoting their marks, without either having a persuasive claim to prohibit the other’s use of the mark.<sup>360</sup>

¶ 101 Third, the argument that all invasions of another person’s valuable property interests in his trademarks should be outlawed is self-contradictory. Under this absolute standard, many trademarks would destroy each other, as some trademark owners excluded others from using overlapping marks in business or on the Internet.<sup>361</sup> To conclude that gripe sites and the like should be prohibited simply because trademarks are valuable property rights is to subject them to a double standard that trademark owners

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a property in advertisements more absolute than it would have allowed the author of *Paradise Lost*, but the meaning was to prevent one man from palming off his goods as another’s, from getting another’s business or injuring his reputation by unfair means, and, perhaps, from defrauding the public.”); *E.I. DuPont de Nemours Powder Co. v. Masland*, 244 U.S. 100, 102 (1917) (“The word ‘property’ as applied to trademarks and trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith.”).

357. See John Locke, *TWO TREATISES OF GOVERNMENT* 320 (Peter Laslett ed., Cambridge Univ. Press 1960) (1690). (arguing labor confers moral title to property, but that “the laws regulate the right of property, and the possession of land is regulated by positive constitutions”); Robert Nozick, *ANARCHY, STATE AND UTOPIA* 181 (Basic Books, Inc. 1974) (despite moral case for property rights in discoverers and producers, limitations on such rights are justified). See also *Commonwealth v. Alger*, 61 Mass. 53, 84-85 (Mass. 1851) (“Rights of property, like all other social and conventional rights, are subject to such reasonable limitations in their enjoyment, as shall prevent them from being injurious, and to such reasonable restraints and regulations established by law, as the legislature, under the governing and controlling power vested in them by the constitution, may think necessary and expedient.”).

358. See, e.g., *New Kids on the Block*, 971 F.2d at 307 (while trademarks are property, they cannot be used to prohibit any and all uses of a mark, and specifically not to censor references to trademark owners in newspapers and other media); *Lucasfilm, Ltd. v. High Frontier*, 622 F. Supp. 931, 933-34 (D.C. 1985) (stating that the “the property right conferred by a trademark is very limited,” and does not prohibit the use of a trademarked phrase in “books, newspapers, magazines, comics, news reports, editorials or public speeches”).

359. *San Francisco Arts & Athletics*, 483 U.S. at 532 (emphasis added).

360. See, e.g., *Checkpoint Sys. v. Check Point Software Techs., Inc.*, 269 F.3d 270 (3d Cir. 2001).

361. See, e.g., *id.* (allowing overlapping use of CHECKPOINT mark on Internet by two businesses that had invested substantial sums in advertising using the mark). See also *Bensusan Restaurant*, 126 F.3d at 27 (involving overlapping use of BLUE NOTE mark on the Internet by two commercial entities with legitimate interests in mark).



cannot themselves meet.

¶ 102 For these reasons, the position that valuable trademarks should be protected as the property of their owners does not require the conclusion that such marks should be protected against parodies or consumer complaints in cyberspace.<sup>362</sup> Although labor and investment increase the value of a trademark as property, this does not prove that trademark rights should be unlimited, or that it is somehow wrong to create exceptions to the property right in a mark that will serve the public interest. The question, therefore, is what limits best serve society, even assuming that trademarks may be considered to be valuable property of their owners.

## **B. Trademark Rights Should Be Limited to Policing Commercial Competition, Rather than Non-Commercial Internet Speech**

¶ 103 Assuming that the property analogy does not itself justify using trademark laws to prohibit gripe sites, and that it is necessary to analyze whether broader societal interests will be served by doing so, how should one go about this analysis? Historically, advocates of new or stronger trademark laws have principally argued that economic efficiency, and specifically product quality, will best be secured by expanding trademark protection. When Anglo-American common law refused to grant a remedy to an aggrieved trademark owner, Thomas Jefferson declared that it would “contribute to fidelity in the execution of manufacturing, to secure every manufactory, an exclusive right to some mark on its ware, proper to itself.”<sup>363</sup> More recently, advocates of expansive trademark laws have argued that uses of trademarks that may “turn off” consumers, in cyberspace or elsewhere, should be censored in order to advance economic efficiency and societal prosperity.<sup>364</sup> This raises the question of whether the socially optimal level of trademark protection should be limited to commercial infringement, or expanded to proscribe non-competing and non-commercial uses.

### **1. The Economic Benefits of Core Trademark Doctrines**

¶ 104 Typically, scholars writing in the “law and economics” mode argue that the optimal level of intellectual property has been “attained when the total social benefits

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362. See, e.g., *Taubman*, 319 F.3d at 778; *TMI*, 368 F.3d at 434-37; *Nissan Motor*, 231 F. Supp. 2d at 980; *Ford Motor*, 177 F. Supp. 2d at 664-66; *Lucent Techs.*, 95 F. Supp. 2d at 535-36; *Northland Ins.*, 115 F. Supp. 2d at 1120-23; *Bally Total Fitness*, 29 F. Supp. 2d at 1167-68.

363. Thomas Jefferson, *Report on Trade Marks*, in 3 WRITINGS OF THOMAS JEFFERSON 157 (Andrew A. Lipscomb ed., 1905).

364. See, e.g., William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471, 484-86 (2003) (anti-dilution laws); Brief Amicus Curiae of the Int’l Trademark Ass’n in Support of Respondents at 11-12, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (No. 01-1015) (anti-dilution laws are “an evolved expression of economic and common sense” because a trademark’s ability to “economize on information costs by providing a compact, memorable, and unambiguous identifier of a product” is reduced when consumer seeing the trademark “must think for a moment before recognizing it as the mark of the product”) (citing Richard A. Posner, *When Is Parody Fair Use?*, 21 J. LEGAL STUD. 67, 75 (1992)).



exceed the total social costs by the greatest possible amount.”<sup>365</sup> According to law and economics of the Chicago School variety, trademark laws confer substantial social benefits because, like all other private property rights, they are the most efficient solution to the market failure of the “tragedy of the commons.” One such account, by Professor William Landes and Judge Richard Posner, concludes that “like tort law in general,” trademark law “can best be explained on the hypothesis that the law is trying to promote economic efficiency.”<sup>366</sup> Accordingly, this account has informed the discussion of the normative desirability of trademark protection in a number of leading cases.<sup>367</sup>

¶ 105 Professor Landes and Judge Posner begin with the “well understood” economics of property rights generally, which state that the benefits of property rights are both static (preventing overuse), and dynamic (preventing free-riding on the sunk costs of investing in a resource’s development).<sup>368</sup> In other words, a resource available for unrestricted use will be depleted by overuse due to the divergence between private and social costs.<sup>369</sup> Furthermore, there is little incentive to invest in the preservation or improvement of such a resource, because the fruits of this investment will be up for grabs.<sup>370</sup> Thus, private property rights promote prosperity.<sup>371</sup> As applied to trademark law, the static benefit of exclusive rights in a word or symbol is the reduction in search costs made possible by the association of a trademark with a complex set of attributes such as source, quality, and price. Trademarks serve as indicators of the quality of goods owing to their common source with goods associated with positive past experiences by the consumer or trusted parties.<sup>372</sup> In other words, trademarks facilitate “signaling,” or the use of a word or symbol as a source of product information.<sup>373</sup> This benefit is destroyed, or at least diminished, by a competitor’s counterfeiting of a mark.<sup>374</sup> A consumer who cannot distinguish between products available in the marketplace based on their brand names will be less able to retaliate by refusing to buy a product in the future if it does not meet expectations.<sup>375</sup>

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365. Louis Kaplow, *The Patent-Antitrust Intersection: A Reappraisal*, 97 HARV. L. REV. 1813, 1827 (1984). See also William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1661, 1703 (1988) (“The task of a lawmaker who wishes to maximize efficiency, therefore, is to determine, with respect to each type of intellectual product, the combination of entitlements that would result in economic gains that exceed by the maximum amount the attendant efficiency losses.”).

366. William M. Landes and Richard Posner, *Trademark Law: An Economic Perspective*, 30 J. L. & ECON. 265, 265-66 (1987).

367. See, e.g., *Qualitex*, 514 U.S. at 164; *New Kids on the Block*, 971 F.2d at 305 n.2.

368. Landes & Posner, *supra* note 364, at 265-66 (1987).

369. *Id.*

370. *Id.*

371. See Richard Posner, *The Problematics of Moral and Legal Theory*, 111 HARV. L. REV. 1637, 1670 (1998). (“What the economists can say . . . is that if a society values prosperity, these are the various policies that will conduce to that goal, and these are the costs associated with each.”).

372. See Burk, *supra* note 10, at 699-702.

373. *Id.* at 700.

374. Landes & Posner, *supra* note 363 at 269.

375. In the absence of the static benefits of trademark protection, consumers will risk wasting time unnecessarily seeking out product information by direct inspection, which may not even be feasible for some products. The testimony of personal experience and of expert endorsements would each be rendered valueless by rampant counterfeiting. See George A. Akerlof, *The Market for Lemons: Quality Uncertainty*

¶ 106 The dynamic benefit of trademark protection is that it assures manufacturers of the monopolistic exploitation of the consumer goodwill created by investments in consistently high product quality. Trademark protection may thus “enhance the quality of goods and services available in the marketplace.”<sup>376</sup> When “free-riding” by competitors is outlawed, investments in “business reputation and goodwill” become more profitable,<sup>377</sup> including investments in mark creation, advertising using the mark, and “product-related investments such as high-quality raw materials, production equipment, and quality assurance techniques.”<sup>378</sup>

## 2. Extending Trademark Doctrines to Non-competing and Especially Noncommercial Uses Will Result in Excessive Costs

¶ 107 The foregoing account of the economic benefits of protecting trademarks from counterfeiting is, for the most part, uncontroversial.<sup>379</sup> The difficulties begin to arise, however, when this account is used to justify trademark doctrines that prohibit non-competitive and even noncommercial uses, including cultural and political speech.

¶ 108 In *Ty Inc. v. Perryman*,<sup>380</sup> Judge Posner extended the basic precepts of his theory of trademarks to provide three economic rationales for anti-dilution laws. These three rationales, while not formulated with “cybergrippers” in mind, capture several possible economic benefits of prohibiting even non-competitive uses of a mark, of which cybergripping is one type. The first two rationales stress the static benefit of economizing on search costs, whereas the third stresses the dynamic benefit of rewarding investments in advertising and product quality. First, the widespread unauthorized use of a trademark may increase search costs by requiring consumers to “think harder—incur as it were a higher imagination cost—to recognize” the mark as the name of a specific product or its maker.<sup>381</sup> Second, the use of a trademark in an unwholesome or unsavory context, even in a non-competitive way, may distract consumers and undermine their goodwill towards the mark owner “because of the inveterate tendency of the human mind to proceed by association.”<sup>382</sup> Finally, the incentive to invest in building a famous and well-regarded brand will be maximized if trademark owners can prevent all free-riding so as to recoup “the full benefits of the investment rather than sharing those benefits with others.”<sup>383</sup>

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*and the Market Mechanism*, 84 Q.J. ECON. 488 (1970) (quoted in Robert Merges ET. AL., *supra* note 109, at 530).

376. Burk, *supra* note 10, at 700.

377. *Id.* at 700.

378. Robert Merges et al., *supra* note 109, at 526.

379. See Lunney, *supra* note 348, at 434 (“[T]he marginal welfare gains that would result from rooting out the last vestiges of market power associated with a minimally-protective trademark regime are far outweighed by the welfare losses entailed in forcing producers and consumers to abandon trademarks altogether as an information source. The desirability of providing at least some trademark protection seems equally clear.”); Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 851-63 (1997) (conceding desirability of core trademark protections).

380. 306 F.3d 509 (7th Cir. 2002).

381. *Id.* at 511.

382. *Id.*

383. *Id.* at 512.

Because it covers any situation in which a person may somehow benefit by referencing a trademark, the third rationale is the “most far-reaching in its implications for the scope of the concept of dilution.”<sup>384</sup>

¶ 109 Although Judge Posner’s articulation of the economic case for dilution laws could be relied upon by advocates of protecting trademark owners against gripe sites, there are several reasons why it should not be. Generally speaking, the economic benefits of trademark protection against non-competing uses are rather dubious, while there is every reason to believe that the costs would be unacceptably large. First, the core premise that the principal role of trademarks is to disseminate reliable product information does not always reflect commercial reality. Second, even where trademarks do serve this information-bearing function, there is little evidence that protecting trademarks against non-competitive uses is necessary to preserve it. Third, prohibiting consumer commentary or satirical speech about a corporation will actually impede the dissemination of truthful information about the questionable business practices and negative consumer experiences associated with a specific product and its maker. Finally, allowing trademark owners to capture something approaching the full social value of words and symbols in which they have invested will impose substantial costs on society that are likely to exceed any benefits that may not be attained by prohibiting only competitive uses.

¶ 110 First, it is misleadingly one-sided to argue that in today’s marketplace, the function of prominent trademarks and sustained advertising expenditures is primarily, let alone exclusively, to convey useful product information cheaply, benefiting both producers and consumers in the process. In fact, an ever-decreasing percentage of brand advertising conveys anything resembling product “information,” as distinct from psychological jolts to the libido and subconscious. An exhaustive historical examination of magazine advertising from 1908 to 1984 revealed a radical shift away from dissemination of accurate product information towards image formation and the association of products with socially or culturally favorable attributes.<sup>385</sup> The informational content of much contemporary advertising is so low that it is an increasingly common experience not even to recognize the product being sold.<sup>386</sup>

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384. *Id.*

385. The historical examination found an almost century-long and ongoing decline in employment of text or copy in advertisements, and a concomitant increase in pictures and illustrations. This trend was accompanied by a shift away from communicating specific product information and towards communicating social and symbolic uses. William Leiss et al., *SOCIAL COMMUNICATIONS IN ADVERTISING: PERSONS, PRODUCTS, & IMAGES OF WELL-BEING* 202 (1988). Earlier in the century, advertising “stressed the utility and effectiveness of the product”, but recent versions, “which rely primarily on the visual image—stress the emotional experience of responding to products and being satisfied by them.” *Id.* at 202. See also James D. Norris, *ADVERTISING AND THE TRANSFORMATION OF AMERICAN SOCIETY, 1865-1920* 110, 113-14 (Greenwood Press 1990) (describing decline in informative aspirations of commercial advertising).

386. Consumers are frequently enticed by advertising for prescription drugs, without knowing what the ads are for or which trademarks they are promoting. See University of Arkansas, Fayetteville, *Curious and Confused: Prescription Drug Ads Impact Consumer Health* (Oct. 3, 2003), at <http://www.newswise.com/articles/view/501223/> (last visited Nov. 3, 2004).

Leaders in the advertising industry acknowledge that: “the connection between a given advertisement and the product it ostensibly promotes has been stretched thinner and thinner, and now seems finally to have given way entirely.”<sup>387</sup> Without much regard for relevance to the product or its manufacturer, advertisers link trademarks with general values like truth, love, and life, as well as images of cultural icons and even political activists.<sup>388</sup> When it becomes sufficiently ubiquitous, such advertising may dilute the “common value-symbols of our culture, the symbols of courage, of beauty, of domesticity, of patriotism, of happiness, and even of religion, for the purposes of selling.”<sup>389</sup>

¶ 111 Second, many or even most of the economic benefits of trademark protection may be obtained by adhering to traditional principles aimed at passing off by actual competitors. Extending protection beyond this point, to restrain non-competing and even noncommercial uses, is often economically unnecessary if not downright harmful. Specifically, the consumer protection and product quality assurance functions of trademarks are served so long as direct competitors cannot counterfeit each other’s trademarks. As long as consumers are not confused about who manufactured the products or services they are buying, companies will have the incentive to inform consumers about the availability and characteristics of their products, and to maintain higher standards of quality than they would if counterfeiting were the norm.

¶ 112 The economic premise of the cases finding trademark infringement or dilution by non-competitive and non-commercial uses is frequently that consumers’ ability to economize on product search costs by remembering trademarks may be harmed if newcomers are allowed to use the marks on products, services, or information that do not bear the original trademark owners’ assurances of quality.<sup>390</sup> This account, while plausible, lacks empirical support. As a result, it has become a commonplace that empirical evidence of dilution of the information-bearing function of trademarks by non-competitive uses is “typically difficult—indeed, some commentators would say nigh-well impossible—to obtain.”<sup>391</sup> Where consumer surveys have been done, they have often

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387. Johnathan Dee, *But Is It Advertising? Capitalist Realism at the Clio Awards*, HARPER’S MAGAZINE, Jan. 1999, at 61.

388. Much advertising eschews description or technical data in favor of “an insistent portrait of the world as a garden of consumption in which any need—no matter how antimaterial, how intimate, or how social—can be satisfied by buying the right things.” *Id.* at 63. Thus, a cigarette ad proclaims that, “You have to appreciate authenticity in all its forms,” a beer ad says to “Seek the Truth,” and a computer manufacturer used images of Einstein, Gandhi, and the Rev. Dr. Martin Luther King Jr. *Id.* at 63, 65-66.

389. Brown, Jr., 108 YALE L.J. 1619 at 1622 n.12.

390. See, e.g., Lemley, *supra* note 4 at 1704 n.90 & 1705 n.91 (“[t]he information consumers can obtain and process is in part a function of how clear the association between mark and product remains in their minds; ‘clutter’ therefore imposes real costs on consumers.” “Properly conceived, however, I think dilution law is protecting consumers against a real harm: the loss of the informational value of a famous trademark through crowding.”).

391. Lynda J. Oswald, “Tarnishment” and “Blurring” under the Federal Trademark Dilution Act of 1995, 36 AM. BUS. L.J. 255, 283 (1999). See also *Ty Inc.*, 353 F.3d at 535 (expressing uncertainty that as to “what question could be put to consumers that would elicit a meaningful answer” to question of whether plaintiff’s trademark has been diluted by defendant’s use); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. f (1995) (stating that “[d]irect evidence of a dilution of distinctiveness is seldom

*disproved* the allegation that a non-competitive use posed a significant threat to the source-identifying function of the plaintiff's trademark.<sup>392</sup> Where such evidence has been cited by the plaintiff in dilution cases, closer examination often reveals that the parties were actually engaged in business competition<sup>393</sup> or that the survey used leading or vaguely-worded questions to generate confusion where there was none.<sup>394</sup> The principal economic justification for the extension of trademark law to proscribe non-competitive and noncommercial uses of trademarks is therefore highly speculative, at best.

¶ 113 Third, giving trademark owners the power to censor their online critics increases the chances that their marks will serve as instruments of misinformation and consumer fraud, rather than sources of reliable information.<sup>395</sup> An entire body of economic literature holds that while trademark law may benefit consumers by giving them information, it operates in a deceptive and socially wasteful manner when it is used to trick consumers into refusing to buy cheaper products of nearly equivalent quality.<sup>396</sup> The optimistic "implicit economic model of trademarks" used by Professor Landes and Judge Posner, which seems to exercise unchallenged sway over trademark law, simply does not come to grips with the growing evidence that the advertising of prominent trademarks is increasingly misleading to the extent that it portrays large differences

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available because the harm at issue is a blurring of the mental associations evoked by the mark, a phenomenon not easily sampled by consumer surveys and not normally manifested by unambiguous consumer behavior."); Alexander F. Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge "Likelihood" of Dilution*, 83 TRADEMARK REP. 149, 150 (1993) (stating that "[t]o date, dilution has been explored almost solely by reference to intuition."); Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122, 123 (1993) (stating that most findings of dilution lack "meaningful empirical proof").

392. See, e.g., *Malletier v. Burlington Coat Factory Warehouse Corp.*, 71 U.S.P.Q.2d (BNA) 1507, 1510, 1514-15 (S.D.N.Y. 2004) (describing survey that found "negligible" confusion in dilution case, even though both parties sold same product, handbags); *Ringling Bros.- Barnum & Bailey, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 617, 621-22 (E.D. Va. 1997) (holding that plaintiff's survey is "strong evidence of the absence of dilution, not the presence of it").

393. See, e.g., *Pirelli Armstrong Tire Corp. v. Titan Tire Corp.*, 4 F. Supp. 2d 794, 801 (C.D. Ill. 1998) (recognizing that both parties "are in the same industry, and they target and advertise to the same consumers"); *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d (BNA) 1629, 1630-32 (E.D. Pa. 1996) (although court found trademark dilution based in part on consumer survey, parties operated competing convenience stores selling similar products within ten miles of one another).

394. See, e.g., *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 488 (5th Cir. 2004) (discounting survey purporting to find injury to plaintiff's mark which improperly "suggested a connection between [the parties] instead of permitting participants to make their own associations"); *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 746 F.2d 112, 118 (2d Cir. 1984) (discounting a survey purporting to find injury to plaintiff's mark because it principally relied on an "obvious leading question in that it suggested its own answer"); *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 519 (M.D. Pa. 1998) (discounting survey purporting to show dilution because its presentation was confusing and "could have misled respondents").

395. See, e.g., Lemley, *supra* note 4, at 1695 (stating that "the economic case for brands and advertising is undone to the extent that trademarks are used in ways that affirmatively confuse consumers.").

396. Persuasive advertising of trademarks and brand names thus "induces the owner to spend money on creating, through advertising and promotion, a spurious image of high quality that enables monopoly rents to be obtained by deflecting consumers from lower-price substitutes of equal or even higher quality." Landes and Posner, *supra* note 363 at 274.

between nearly identical products.<sup>397</sup> For example, some cigarette companies have long charged customers much more for premium than for economy brands, even when blind taste tests showed that consumers often could not tell the difference.<sup>398</sup> Economists have also cited substantial price premiums enjoyed by name-brand items such as Bayer aspirin and Clorox bleach over generic alternatives “produced according to an identical formula” as evidence of consumer deception and harm as a result of excessive brand advertising.<sup>399</sup> Likewise, massive price differentials persist in the pharmaceutical industry between products mandated by federal law to be chemically identical in order to be marketed at all.<sup>400</sup>

¶ 114 That many prominent trademarks have been used to promote deceptive and wasteful spending, rather than to reduce costs and enhance efficiency, is plain to an attentive student of advertising. More than fifty years ago, the list of books “exposing the untruths and frauds of advertising” was already a long one.<sup>401</sup> Some of the most famous advertising campaigns, including many featuring celebrity endorsements, are not about conveying “information,” but rather about associating products with valued social positions, often at a pre-conscious level, and frequently in a misleading way. Thus, for example, the most prominent trademarks in the areas of alcohol and tobacco are associated with virility and an active sexual life as a result of massive advertising campaigns, and in stark contrast to the social and medical reality,<sup>402</sup> while fast food and sugary drinks are associated with the height of athleticism, also contrary to fact.<sup>403</sup>

¶ 115 The wielding of trademarks by corporations as a weapon to silence their Internet critics and parodists tends to deplete, rather than enrich, the ability of consumers to seek out reliable information about the commercial world. Gripe sites in particular may provide accurate or at the very least debatable information about the costs, dangers, or problems with a given product or service in the marketplace, and about the unfair, immoral, or unlawful practices of its manufacturer or provider. Even one such site may contain information equivalent to tens of thousands of printed pages about how a given company’s products or operations may be harmful to human health, deleterious to the

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397. *Id.*

398. *See* Brown, *supra* note 348 at 1626.

399. Landes & Posner, *supra* note 361 at 274.

400. A study of eighteen major drugs whose patents expired between 1984 and 1988 found that the average generic competitor won market share of only 49 percent after two years despite being sold at only 37 percent of the price of the brand name drug, meaning that many consumers paid more than three times as much for the identical substance. *See* W. Kip Viscusi et al., *ECONOMICS OF REGULATION AND ANTITRUST* 852 -53 (MIT Press, 1995).

401. *See* Brown, *supra* note 348, at 1621 n.9.

402. *See, e.g.,* American Cancer Society, *Marlboro Man’s New Image: The Marlboro Man Loses His Cool*, June 2, 1999, at [http://www.cancer.org/docroot/NWS/content/NWS\\_1\\_1x\\_Marlboro\\_Man\\_s\\_New\\_Image.asp](http://www.cancer.org/docroot/NWS/content/NWS_1_1x_Marlboro_Man_s_New_Image.asp) (last visited Nov. 3, 2004). Trademark owners were still using John Wayne’s macho image to sell alcohol and tobacco long after his death. *See* John M. Glionna, *The Late, Great (and Profitable)*, L.A. TIMES, Oct. 6, 1997, at B1, available at <http://www.albert-einstein.net/articles/latimes.html> (last visited Nov. 3, 2004).

403. *See, e.g.,* *Celebrity Junk Food Ads Attacked*, BBC NEWS.COM, Nov. 14, 2003, at <http://news.bbc.co.uk/1/hi/health/3266829.stm> (last visited Nov. 3, 2004).

natural environment, and destructive of local economies and communities.<sup>404</sup> Similarly, the prohibition of any conceivably confusing or dilutive use of a trademark tramples on the rights of authors and filmmakers to describe contemporary society, which includes the commercial sector and many prominent businesses.<sup>405</sup> This renders our captains of industry, as well as the very buildings and people that surround us and dominate our culture, immune from being portrayed or discussed in a negative or even a balanced way.<sup>406</sup> Overbroad trademark doctrines may thereby censor books, newspapers, magazines, and motion pictures containing truthful depictions of illegal conduct of business and trademark owners.

¶ 116 Finally, overbroad trademark rights, while conferring scant informational benefits, tend to increase prices, stifle competition, generate unduly costly litigation, and reduce the variety and quality of many products for sale in the marketplace. The social and economic costs of trademark protection can be large, even though they are persistently downplayed by economic analysis of intellectual property rights conducted in the Chicago School style. Property rights of any sort impose at least four distinct classes of costs on society: “the cost of protection and enforcement;” the “deadweight loss” caused by restricting competition and increasing prices above competitive levels; the transactions costs involved in transferring rights via licensing; and the expenditure of scarce social resources not to increase total output, but merely to transfer revenue from one person to another, known as “rent seeking.”<sup>407</sup> Professor Landes and Judge Posner contend that these “costs are modest” in the case of legally enforceable trademarks, at least when the mark “has no information content except to denote a specific producer or brand.”<sup>408</sup> Licensing costs are low because they come with the right to produce the product at all, rent seeking “is not much of a problem” due to the large number of potential marks, and the costs of enforcement are again “modest.”<sup>409</sup> The deadweight losses may also be small because trademarks are not a proper public good capable of non-rivalrous use.<sup>410</sup> Later writers have followed the lead of this seminal article in declining to search out and articulate the costs of trademark law with the zeal devoted to the benefits.<sup>411</sup>

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404. See, e.g., Rosemary Coombe & Andrew Herman, *Trademarks, Property, and Propriety: The Moral Economy of Consumer Politics and Corporate Accountability on the World Wide Web*, 50 DEPAUL L. REV. 597, 616-17 (2000).

405. See Lemley, *supra* note 4 at 1710-14.

406. See *id.* at 1712-13.

407. Landes & Posner, *supra* note 363, at 266-68.

408. *Id.* at 273.

409. *Id.* at 273-74.

410. See *id.* at 274-75.

411. See, e.g., Burk, *supra* note 10, at 699-702 (discussing three classes of benefits, no costs); Merges et al., *supra* note 109, at 527-29, 559-60 (discussing “The Basic Economics of Trademarks and Advertising” without reference to costs; discussion of rent-seeking restricted to choice of registration system, not desirability or optimal scope of trademark protection more generally); William T. Vuk, Note, *Protecting Baywatch and Wagamama: Why the European Union Should Revise the 1989 Trademark Directive to Mandate Dilution Protection for Trademarks*, 21 FORDHAM INT’L L.J. 861, 881-83 (1998) (considering, under “Policy Considerations,” “Protection of a Trademark Owner’s Good Will,” “Prevention of Public Confusion,” and “Protection of Interbrand Competition”; the only “costs” considered

¶ 117 There is mounting empirical evidence, however, that these costs may not be as “modest” as advocates of trademark expansion typically suppose them to be. Trademark licensing costs are in the billions of dollars, and are increasing fast.<sup>412</sup> The uncertainty created by allowing trademarks to bar non-competing uses will force individuals and companies to abstain from entering new markets, spend more money on analyzing overlapping trademarks, and negotiate ever more expensive licensing arrangements.<sup>413</sup> Deadweight losses, assumed to be small by Professor Landes and Judge Posner, may be quite significant, and may be greatly exacerbated by the extension of trademark rights to make brand loyalty nearly invulnerable to attack. As the trademark monopoly expands, the power of the trademark owner to charge supracompetitive prices does with it.<sup>414</sup> Famous trademarks can help create or preserve monopoly power in the technical sense of the antitrust laws, i.e. the power to control the quantity or price of a particular product.<sup>415</sup> By creating intense brand loyalty, trademarks may “lock-in” consumers to buying brands they know, increase switching costs, and tap into other economic effects that enable trademark owners to maintain supracompetitive prices, which is the key test for monopoly power.<sup>416</sup>

¶ 118 Costs attributable to rent-seeking may also be substantial. Since Professor Landes and Judge Posner developed their economic theory of trademarks, game theory has developed an account of how branding and advertising result in rent-seeking.<sup>417</sup> Game theory suggests that even when two companies would benefit from curtailing all advertising, but each would suffer disproportionately if it unilaterally ends advertising

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in the article are essentially “search costs”); Roger D. Blair & Thomas F. Cotter, *An Economic Analysis of Damages Rules in Intellectual Property Law*, 39 WM. & MARY L. REV. 1585, 1611-13 (1998) (similar).

412. Sales of licensed goods in the United States and Canada amounted to \$66.6 billion in 1993, and the average licensing fee in 1993 was 7.3%, for billions of dollars in licensing fees. See Malla Pollack, *Time to Dilute the Dilution Statute and What Not to Do When Opposing Legislation*, 78 J. PAT. & TRADEMARK OFF. SOC’Y 518, 523-24 (1996); see also Avi Friedman, Comment, *Protection of Sports Trademarks*, 15 LOY. L.A. ENT. L.J. 689 (1995) (asserting that licensing fees range from six to eight percent of sales of trademark licensed sports-related goods).

413. See Lemley, *supra* note 4, at 1696.

414. See Lunney, *supra* note 348, at 422-31. This results in “deadweight losses, as some consumers who would have paid a more competitive price will be unwilling to pay the higher, more monopolistic price for access to the branded good.” *Id.* at 431.

415. See, e.g., *Siegel v. Chicken Delight, Inc.*, 448 F.2d 43, 50 (9th Cir. 1971) (“Just as the patent or copyright forecloses competitors from offering the distinctive product on the market, so the registered trade-mark presents a legal barrier against competition.”).

416. See Lunney, *supra* note 348, at 425-31. Although some commentators have argued that the existence of a trademark in a particular name, image, or product “does not typically exclude rivals from the market,” this does not address their use to increase prices by means of brand loyalty. IIA PHILLIP E. AREEDA & HERBERT HOVENKAMP, *ANTITRUST LAW* ¶ 518a, at 138 (2d. ed. 2002) (emphasis in original). “Market power to a seller is the ability profitably to maintain prices above competitive levels for a significant period of time. In some circumstances, a sole seller (a ‘monopolist’) of a product with no good substitutes can maintain a selling price that is above the level that would prevail if the market were competitive.” U.S. DEP’T OF JUSTICE & FED. TRADE COMM’N, *HORIZONTAL MERGER GUIDELINES* § 0.1 (rev. ed. 1997)

417. Game theorists have identified situations in which entire industries may increase their prices and costs, and reduce their profits, as a result of a branding arms race. See DOMINICK SALVATORE, *MICROECONOMICS: THEORY AND APPLICATIONS* 405-08 (4th ed. 2003).



while its competitor continues it, they will be locked in a wasteful ad war.<sup>418</sup> Too much trademark protection may promote the wasteful diversion of money and energy to competition in creating trademarks and advertising, resources that could go to innovations in product design, manufacturing techniques, or distribution methods.<sup>419</sup> As trademarks become ever broader and more valuable, the amount of money spent on obtaining them has begun to grow much faster than the amount of money spent on making the goods and services for which they are used.<sup>420</sup>

¶ 119 Perhaps the most powerful evidence that the costs of trademark protection are not exactly “modest” deals with the enforcement and administration of trademark rights. Some cases where plaintiffs recovered attorney’s fees demonstrate that the costs of litigating trademark rights can be one million dollars per side.<sup>421</sup> As one court has noted, “Trademark litigation is a particularly difficult field of specialization . . . meriting greater than average rate of pay.”<sup>422</sup> Meanwhile, the legal system itself is “a very costly social institution.”<sup>423</sup> In deciding when to bring suit, how much to spend, and when to settle, a

418. See Lemley, *supra* note 4, at 1691 n.21.

419. See *id.* at 1696.

420. While the U.S. economy did not even double in size from 1990-2000, the Commissioner of Trademarks at the U.S. Patent and Trademark Office (USPTO) reported in 2000 that: “trademark application filings have quadrupled since 1990, and that they will double again between 2000 and 2003.” Memorandum from Christopher A. Sidoti, Chair, Trademark Office Affairs Committee, ABA Section of Intellectual Property Law, to Committee Members, *Re: Recent Meetings with Trademark Office and TTAB* (Nov. 3, 2000), available at [http://www.abanet.org/intelprop/comm203\\_report.html](http://www.abanet.org/intelprop/comm203_report.html) (last visited Oct. 30, 2004). Compare U.S. DEP’T OF TRANSP., *Figure 10: U.S. GDP and Aviation Revenue Passenger-Miles: 1990-2000*, in U.S. INTERNATIONAL TRAVEL AND TRANSPORTATION TRENDS (2002), available at [http://www.bts.gov/publications/us\\_international\\_travel\\_and\\_transportation\\_trends/html/figure10.html](http://www.bts.gov/publications/us_international_travel_and_transportation_trends/html/figure10.html) (last visited Oct. 30, 2004).

The USPTO expects the number of trademark submissions to triple again from 2003 to 2006, Captiva Software Corp., *U.S. Patent and Trademark Office to Streamline Document Processing with Captiva’s InputAccel*, BUS. WIRE (Aug. 12, 2003), available at <http://www.businesswire.com/webbox/bw.081203/232245112.htm> (last visited Oct. 30, 2004), to “over 1.2 million trademark applications per year.” Sidoti, *supra* note 417. Many of these applications seek broad monopolies over words such as “Titanic” or phrases such as “Class of 2000.” See Lemley, *supra* note 4, at 1696-97. Notably, the USPTO blames the Internet for much of this “onslaught” of trademark filings. Sidoti, *supra* note 417. As discussed above, Internet trademark disputes contributed to the domain name scramble, characterized by warehousing, arbitrage, and a litigation “explosion.” Burk, *supra* note 10, at 696.

421. Attorney’s fees in trademark cases reached about one million dollars per side many years ago. See, e.g., *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1128 n.22 (5th Cir. 1991), *aff’d*, 505 U.S. 763 (1992); *Burger King Corp. v. Pilgrim’s Pride Corp.*, 22 U.S.P.Q.2d (BNA) 1626, 1628 (S.D. Fla. 1992); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 778 F. Supp. 555, 566-67 (D.D.C. 1991); *Imagineering, Inc. v. Van Klassens, Inc.*, 851 F. Supp. 532, 538-39, 543 n.8 (S.D.N.Y. 1994), *aff’d in part and rev’d in part*, 53 F.3d 1260 (Fed. Cir. 1995), *cert. denied*, 516 U.S. 909 (1995). In one case involving the weighty economic issue of the Hard Rock Café’s use of “pig sandwich” to describe one of its concoctions, the district court awarded “attorney’s fees and costs in excess of \$400,000” but this award of attorney’s fees was reversed on appeal. *Texas Pig Stands, Inc. v. Hard Rock Cafe Int’l, Inc.*, 951 F.2d 684, 689 (5th Cir. 1992).

422. *Clairol, Inc. v. Save-Way Indus., Inc.*, 211 U.S.P.Q. (BNA) 223, 225 (S.D. Fla. 1980).

423. Steven Shavell, *The Fundamental Divergence Between the Private and the Social Motive to Use the Legal System*, 26 J. LEGAL STUD. 575 (1997).

trademark owner has an incentive to disregard the cost imposed on the defendant and the courts, thereby generating a bias toward excessive litigation.<sup>424</sup>

### **C. Gripe Sites Should Be Afforded the Same Protection of the First Amendment as Other Forms of Free Speech**

¶ 120 From the foregoing, it should be apparent that in the view of this author, using trademark doctrines to prohibit gripe sites and other non-commercial speech on the Internet is unjustifiable either as a protection of property interests in corporate trademarks, or as a means of preserving trademark's source-identification function. But what about instances in which a gripe site serves as a mask for cybersquatting or other efforts illicitly to profit from trademark "poaching?" The proper balance, in my view, is to ascertain whether the registration of a domain name and its use to raise funds is in connection with criticism, parody, or good faith preparations to criticize or parody the mark owner. In the event that the domain name owner can establish such use or preparations, the court's inquiry should be at an end, as it was in the "Bally sucks" and nissan.com cases. Broader trademark protection, which would for example permit gripe sites to operate so long as their owners used domain names dissimilar to the trademarks of their targets, or would permit them to use whatever domain name as they wanted as long as they did not raise any funds whatsoever, would insufficiently protect the First Amendment interests in such speech.

#### **1. The Battle for Mindshare: Why the First Amendment Trumps Economic Analysis of Gripe Sites**

¶ 121 The discussion in the preceding section proceeded upon a dubious assumption, namely that gripe sites might legitimately be prohibited if economic analysis revealed that doing so would maximize social "wealth." This section attempts to debunk that assumption, and argues for protection of gripe sites under the First Amendment regardless of their alleged economic impact.

¶ 122 One reason to doubt that economic analysis of trademarks should have the final word on whether the public interest is served by gripe sites is that it is a very weak branch of science. Courts and commentators addressing trademark doctrines tend to forget that Judge Posner himself has described economic analyses of the type employed to justify trademark law's source-identifying and quality-assurance functions as "fraught with subjectivity."<sup>425</sup> The conventional wisdom about the ability of trademarks to reduce search costs and increase incentives to invest in product quality, which has become almost a mantra in judicial decisions and law review articles, derives from a triply weak branch of science. As Judge Posner remarks, "economics is weak in comparison with the

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424. *See id.* at 578.

425. Richard A. Posner, *THE PROBLEMS OF JURISPRUDENCE* 371 (Harvard University Press, 1990) (noting that "few statistical tests have been performed on the positive economic theory of law and that instead analysts have been largely content to make a qualitative assessment of the wealth-maximizing properties of the legal rules, doctrines, and decisions being studied").

natural sciences,<sup>426</sup> while the economics of law “partak[es] of the general weakness of economics and of additional weaknesses specific to itself.”<sup>427</sup> The economics of trademark law is probably weaker than most law-and-economics scholarship: economic analysis of the patent system, which is considerably better developed as a branch of study, may be “one of the least productive lines of inquiry in all of economic thought.”<sup>428</sup>

¶ 123 The other principal reason to refuse to censor gripe sites on economic grounds is that such a policy would be inimical to the First Amendment’s protection of human autonomy and political democracy. In adopting wealth-maximization as the criterion for the normative acceptability of trademark expansion, courts and commentators unduly privilege the economists’ view of people as automatons with a “propensity to truck, barter, and exchange one thing for another.”<sup>429</sup> As Judge Posner puts it, the “basic assumption . . . that guides [his] version of economic analysis of law . . . is that people are rational maximizers of their satisfactions.”<sup>430</sup> Thus, for one Nobel laureate in economics, “any person’s ideal situation is . . . mastery over a world of slaves.”<sup>431</sup>

¶ 124 Both the internal discourse of advertising theory, and the advocates of near-unlimited trademark protection, advocate a system of mind control that is profoundly at odds with the exercise of human autonomy. Advertisers employ the latest psychological and cognitive science theories to manipulate consumer sentiments with unprecedented precision. Psychologically, a trademark acts as a “file folder in the mind which can be filled with name-related facts and feelings.”<sup>432</sup> Trademarks, through the neurological process of spreading activation, produce a “fan of associations” in the memories of consumers, associations that are triggered at a subconscious level.<sup>433</sup> A clear example is provided by celebrity endorsements in advertising, insofar as after a consumer sees a trademark and a celebrity paired often enough, the trademark owner enjoys a

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426. *Id.* at 366.

427. *Id.* at 367.

428. George L. Priest, *What Economists Can Tell Lawyers About Intellectual Property: Comment on Cheung*, 8 RES. L. & ECON. 19 (1986).

429. Adam Smith, AN INQUIRY INTO THE NATURE AND CAUSES OF THE WEALTH OF NATIONS 1439 (Edwin Cannan ed., Modern Library 1994) (1776).

430. Posner, *supra* note 422 at 353. See also Lynn E. Blais, *Symposium: Innovations In Environmental Policy: Beyond Cost/Benefit: The Maturation of Economic Analysis of the Law and Its Consequences for Environmental Policymaking*, 2000 U. ILL. L. REV. 237, 244 (2000) (“Under the traditional neoclassical model, microeconomic behavior—the behavior of individuals in response to market incentives—is assumed to be rational, risk-neutral, and subject to fixed (or exogenous) preferences that cannot be questioned or shaped. In other words, people in the neoclassical model are presumed to be perfectly rational automatons, operating with a set of preprogrammed preferences they are attempting to satisfy.”) (footnote omitted).

431. James M. Buchanan, THE LIMITS OF LIBERTY 92 (University of Chicago Press, 1975).

432. David A. Aaker, MANAGING BRAND EQUITY: CAPITALIZING ON THE VALUE OF A BRAND NAME 63 (The Free Press, 1991).

433. Jacob Jacoby & Maureen Morrin, “Not Manufactured or Authorized by . . .”: *Recent Federal Cases Involving Trademark Disclaimers*, 17 J. PUB. POL’Y & MKT. 97 (Apr. 1998) (quoting Allan M. Collins, & Elizabeth F. Loftus, *A Spreading Activation Theory of Semantic Processing*, 82(6) PSYCHOLOGICAL REVIEW 407, 407-28 (1975)).

neurological “link with the celebrity node . . . through spreading activation.”<sup>434</sup>

¶ 125 In language remarkably evocative of the subconscious psychological processes of spreading neural activation, courts, commentators, and Congress variously refer to a trademark’s “magic,”<sup>435</sup> “arresting uniqueness,”<sup>436</sup> and “affirmative associations.”<sup>437</sup> A seminal article on dilution declaimed “the gradual whittling away or dispersion of the identity and [the] *hold upon the public mind* of the mark or name by its use on non-competing goods.”<sup>438</sup> The author advocated shielding the “deep[] . . . impress upon the public consciousness” of famous marks against any “disassociation.”<sup>439</sup> Schechter’s views were influential in persuading Congress to pass the FTDA.<sup>440</sup> Likewise, the premise of Judge Posner’s economic theory of dilution seems to be that consumers should think about what they are buying as little and as rarely as possible.

¶ 126 Advocates of prohibiting non-competing and non-commercial references to a trademark argue that trademark owners have a property interest in these processes of fanning associations and spreading activation, and in specific “memory consequences for both the brand concepts and each of their separate links.”<sup>441</sup> To them, dilution is an artificial distraction, a detour from the “natural” neural pathway to consumption. It is a “cancer-like growth”<sup>442</sup> of unauthorized neurons and associations in the minds of consumers, an “infection” of healthy consumerist cells “which, if allowed to spread, will inevitably destroy the advertising value of the mark.”<sup>443</sup>

¶ 127 Billions of dollars are being spent every year on shaping American minds in certain ways that may not ultimately serve the best interests of the population. Each day, the average American is exposed to over 1,600 legally sanctioned, often psychologically-tested, advertisements.<sup>444</sup> The average American has seen over one million commercials

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434. Brian D. Till & Terence A. Shimp, *Endorsers in Advertising: The Case of Negative Celebrity Information*, 27 J. ADVERT. 6782 (Apr. 1998).

435. *Augusta Nat’l, Inc. v. Northwestern Mut. Life Ins. Co.*, 193 U.S.P.Q. (BNA) 210, 214 (S.D. Ga. 1976).

436. Frank Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927), as reprinted in 60 TRADEMARK REP. 334, 345 (1970).

437. *Mead Data Ctr., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989).

438. Schechter, *supra* note 433 at 825, as reprinted in 60 TRADEMARK REP. 334, 342.

439. *Id.*

440. See, e.g., *Moseley*, 537 U.S. at 431 (quoting 141 Cong. Rec. 38559-38561 (1995)); Testimony of Thomas E. Smith, Chair, Section of Intellectual Property Law, American Bar Association, to Subcommittee on Courts and Intellectual Property, Committee on the Judiciary, U.S. House Of Representatives, (July 19, 1995), at <http://www.house.gov/judiciary/484.htm> (last visited Nov. 03, 2004).

441. Jerre B. Swann, Sr., *Dilution Redefined for the Year 2002*, 92 TRADEMARK REP. 585, 613 (2002). See also Alexander F. Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge “Likelihood” of Dilution*, 83 Trademark Rep. 149, 149 (1993); Jacob Jacoby, *The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution*, 91 Trademark Rep. 1013, 1018-19 (2001).

442. *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162, 1165 (N.Y. 1977).

443. *Mortellito v. Nina of Cal., Inc.*, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972).

444. This was the figure in 1987, and is probably even higher today. See Ben Bagdikian, *THE MEDIA MONOPOLY* 185 (Beacon Press 1987).

by the age of 17, three times as many as in the 1980s.<sup>445</sup> An estimated \$263 billion will be spent on advertising in 2004.<sup>446</sup> Some of the biggest spending is on the least healthy products, with cigarette advertising at over \$11 billion,<sup>447</sup> fast-food advertising at over \$3 billion, alcohol advertising at over \$1 billion, and candy and snacks at over \$1 billion.<sup>448</sup> Surveys strongly suggest that these large expenditures may be having powerfully negative effects on consumers, and especially children and adolescents.<sup>449</sup> Of the vast majority of ads targeting children, over 70% are for fast food, candy, and sugary cereals.<sup>450</sup> Large majorities of children actually believe that fast food is healthier than home-cooked food.<sup>451</sup> Such advertising and other factors<sup>452</sup> may have led to poor eating habits, tobacco use, and lack of exercise becoming the leading causes of preventable death in the United States.<sup>453</sup>

¶ 128 This unprecedented experiment in stimulating neural firings by means of thousands of advertisements each day is having other potentially undesirable effects on human psychology and culture. Familiarity with advertising symbols and brand messages appear to be replacing familiarity with politics, religion, and current events.<sup>454</sup> When more people can recognize the primary symbol of a fast food joint establishment

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445. See Art Silverblatt ET AL., APPROACHES TO MEDIA LITERACY: A HANDBOOK 25 (M.E. Sharpe 1999). Compare Bagdikian, *supra* note 444 at 1987.

446. Kate Maddox, *B-to-b Ad Spending Is Slow to Recover*, B TO B (July 19, 2004).

447. See Federal Trade Commission, *Cigarette Report for 2001* (June 12, 2003), available at <http://www.ftc.gov/os/2003/06/2001cigreport.pdf> (last visited Nov. 3, 2004).

448. See National Cancer Institute, *5 A Day for Better Health Program Evaluation Report: Message Environment*, available at [http://www.cancercontrol.cancer.gov/5ad\\_5\\_mess.html](http://www.cancercontrol.cancer.gov/5ad_5_mess.html) (last visited Nov. 3, 2004).

449. For example, a survey of 602 junior high school students found that seeing cigarette advertising was correlated with smoking behavior, with the “number of cigarettes smoked per day” having the “highest correlation with exposure to cigarette advertising.” Gilbert J. Botvin et al., *Smoking Behavior of Adolescents Exposed to Cigarette Advertising*, 108 PUB. HEALTH REP. 217, 221 (1993).

450. See Kaiser Family Foundation, *Role of Media in Childhood Obesity* (Feb. 2004), at 5, at <http://www.kff.org/entmedia/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=32022> (last visited Nov. 3, 2004).

451. See *id.* at 5-6.

452. Empirical research has begun to establish a causal connection between advertising and consumption of unhealthy foods. See *id.* at 5.

453. See U.S. Department of Health and Human Services, *Citing "Dangerous Increase" in Deaths, HHS Launches New Strategies Against Overweight Epidemic* (Mar. 9, 2004), at <http://www.hhs.gov/news/press/2004pres/20040309.html> (last visited Nov. 3, 2004).

454. In 1991, more than 90% of six year olds could match Joe Camel with a picture of a cigarette, while in six other countries including the United States, 88% of people could identify the McDonalds and Shell logos, compared to only 54% who could identify the Christian cross. See *Brand Logo Recognition by Children Aged 3 to 6 Years*, 12/11/91 JAMA 3145-3148; *Poll Says Cross Is Unfamiliar Symbol*, BOSTON GLOBE, (Aug. 26, 1995), available at <http://cyber.law.harvard.edu/IPCcoop/poll.html> (last visited Nov. 4, 2004). On the other hand, less than half as many young adults report reading the newspaper regularly than in 1965. See Stephen Earl Bennett, *Young Americans' Indifference to Media Coverage of Public Affairs*, 38 PS: POL. SCI. & POL. 53 (Sept. 1998), available at [http://www.findarticles.com/p/articles/mi\\_hb3333/is\\_199809/ai\\_n8046663](http://www.findarticles.com/p/articles/mi_hb3333/is_199809/ai_n8046663). Likewise, a poll of the collegiate class of 2001 found that only 27% rated keeping abreast of politics as an important priority, as compared to 58% of the class of 1970. See Martin P. Wattenberg, *Should Election Day Be A Holiday?*, 10/1/98 ATLANTIC MONTHLY 42, 1998 WL 7877395. (1998).

than the principal icon of their self-proclaimed religion, it becomes clear that “commercial magnetism” is doing its work perhaps a bit too well.

¶ 129 Human autonomy demands that people be free to control their minds. As essentially political animals, humans are distinguished by their capacity for speech that “serves to reveal . . . the just and the unjust.”<sup>455</sup> For this reason, much of the work of politics and enlightenment lies “in purifying the individual out of the ways of immediacy and sensibility, and making him become thought.”<sup>456</sup> In this spirit, the prohibition of censorship is founded upon the inalienable right of people to decide for themselves among alternative values, ideologies, and practices. That right is inalienable because to allow the state to abridge that right would run contrary to humanity’s “inclination to and vocation for free *thinking*.”<sup>457</sup> Like other forms of censorship, a conception of trademark law that would ossify consumer goodwill into an immutable fact of life is an impermissible attempt by one generation to bind its successors into potentially what may be errors, and a “crime against human nature, whose essential destiny” lies in the enlightenment of such errors.<sup>458</sup>

¶ 130 A society in which we are “bombarded” with images, associations, and messages that are not publicly scrutinized has silenced dialogue and threatened human autonomy.<sup>459</sup> The “dialogic practice [which is] constitutive of our humanity”<sup>460</sup> is stifled when the language and imagery of advertising colonizes our conscious and unconscious minds, but may not be criticized, mocked, or subjected to public disdain.<sup>461</sup> The evolution of trademark from its ancestral home in “passing off” into new territory of “goodwill protection” enables “the most prominent indicia or symbols of corporate power . . . to impart an exclusively favorable impression,” in a sort of “pristine innocence” outside of history or political conversation.<sup>462</sup>

¶ 131 By preserving our intellectual and emotional autonomy, gripe sites and other forms of online corporate criticism advance the public interest in a vibrant democracy. Corporate malfeasance is one of the most serious threats to the “general Welfare” in American society.<sup>463</sup> By some accounts, the operations of large multi-national corporations may be responsible for hundreds of thousands, if not millions, of preventable deaths annually. Many thousands of these deaths directly result from toxic or other lethal characteristics of the very products that some corporations spend billions of

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455. Aristotle, *POLITICS* 37 (Carnes Lord trans.; University of Chicago Press 1984).

456. G.W.F. Hegel, *PHENOMENOLOGY OF SPIRIT* 19 (A.V. Miller trans.; Oxford 1977).

457. Immanuel Kant, *An Answer to the Question: What Is Enlightenment?*, in *PERPETUAL PEACE, AND OTHER ESSAYS ON POLITICS, HISTORY, AND MORALS* 46 (Ted Humphrey trans., Hackett Publ. Co. 1983) (emphasis in original).

458. *Id.* at 43-44.

459. Rosemary Coombe, *Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue*, 69 *TEX. L. REV.* 1853, 1879 (1991).

460. *Id.* at 1855.

461. *Id.* at 1861.

462. *Id.* at 1872.

463. “General Welfare” is an important objective for the American society as evident in the Preamble of the United States Constitution. U.S. CONST. pmbl.



dollars to convince the public are beneficial.<sup>464</sup> About 50,000 workers die and hundreds of thousands more are disabled every year from exposure to harmful toxins on the job.<sup>465</sup> Also, tens of thousands more fatalities result from pollution and other byproducts of the manufacturing and distribution process.<sup>466</sup> Furthermore, millions of deaths worldwide may result from the opportunity costs that consumers face when they are persuaded to buy a given product to the exclusion of healthier, cheaper, or more sensible alternatives.<sup>467</sup> Service providers are not entirely innocent either; the negligence and mistakes of hospitals and medical professionals claimed the lives of almost 600,000 Americans from 2000 to 2002, which is twice as many as those who died in combat in

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464. In the United States, defective products marketed and sold by corporations reportedly kill about 28,000 people and seriously injure 130,000 each year. See Michael Russo & Mark N. Salvo, *Book Review: Paul Hawken's Risky Romance With Economics*, J. ENVTL. L. & LITIG. 153, 161 & n.44 (1996) (citing Paul Hawken, *THE ECOLOGY OF COMMERCE: A DECLARATION OF SUSTAINABILITY* (1993)). The federal government has alleged that conspiracies among cigarette manufacturers to manipulate nicotine levels and withhold safer cigarettes from the market contributed to 400,000 smoking-related deaths every year. See, e.g., *U.S. v. Philip Morris*, 116 F. Supp. 2d 131, 136-38 (D. D.C. 2000); National Center for Chronic Disease Prevention and Health Promotion, *Cigarette Smoking-Related Mortality* (June 2001), available at [http://www.cdc.gov/tobacco/research\\_data/health\\_consequences/mortali.htm](http://www.cdc.gov/tobacco/research_data/health_consequences/mortali.htm). Similarly, the toxic and disorienting properties of alcohol may kill about 100,000 Americans every year. See Dr. Sean Kenniff, *Think Before You Light Up, Take a Puff*, MIAMI HERALD, Aug. 31, 2004, available at <http://www.miami.com/mld/miamiherald/living/health/9533643.htm>. Alcohol kills "six times more youths than all other [i.e., illegal] drugs combined." Jim Gogek, *Putting Caps on Teenage Drinking*, N.Y. TIMES, Aug. 25, 2004, available at <http://www.nytimes.com/2004/08/25/opinion/25gogek.html?pagewanted=print&position=>. Obesity among Americans, which has been linked by the U.S. Surgeon General and others to the business practices of "fast food industries," now claims an estimated 365,000 lives every year. See, e.g., Rosie Mestel, *Study Overstated Obesity Deaths, Its Authors Say*, L.A. TIMES (Jan. 19, 2005), at A17; U.S. Department of Health and Human Services, Public Health Service, Office of the Surgeon General, *The Surgeon General's Call to Action to Prevent and Decrease Overweight and Obesity* 24 (2001) (citing "messages that may encourage consumption of excess calories and inactivity generated by fast food industries and by industries that promote sedentary behaviors"). Many million doses of dangerous pharmaceuticals are illegibly prescribed or filled with the wrong medication, killing an estimated 7,000 Americans every year. See Aasheesh Sharma, *Illegibly Yours: Carry On Doctor?*, FINANCIAL TIMES/THE TIMES OF INDIA, Jan. 13, 2001; Linda S. Crawford, *Pharmacist Liability; A Bitter Pill to Swallow: Illegible Prescriptions An Ill Excuse for Misfills*, 17-7 MED. MALPRACTICE LAW & STRATEGY 1, 1 (May 2000); Jennifer Ryan, *New Bar Code Technology Could Stop Serious Prescription Mistakes*, WUSA 9 NEWS, Dec. 19, 2002, at [http://www.9wusa.com/weather/weather\\_article.aspx?storyid=12829](http://www.9wusa.com/weather/weather_article.aspx?storyid=12829).

465. See, e.g., U.S. Department of Labor, *Futurework - Trends and Challenges for Work in the 21st Century* (Sept. 1999), at <http://www.dol.gov/asp/programs/history/herman/reports/futurework/report.htm>; Linda S. Weiss-Malik, *Imposing Penal Sanctions on the Unwary Corporate Executive: The Unveiled Corporate Criminal*, 17 U. TOL. L. REV. 383, 384 (1986).

466. Air pollution from coal power plants alone may kill almost 24,000 Americans every year, and stricter rules on emissions could save about 22,000 lives. See, e.g., Juliet Eilperin, *Tougher Regulations Urged on Power Plant Emissions*, WASH. POST, June 10, 2004, at A03, available at <http://www.washingtonpost.com/wp-dyn/articles/A29666-2004Jun9.html>.

467. For example, the use of baby formula manufactured by multi-national corporations, rather than exclusive breast-feeding, may kill as many as 1.5 million children every year. See United Nations Children's Fund, *Breastfeeding: Foundation for a Healthy Future* (2000), at 1, available at [http://www.unicef.org/publications/pub\\_brochure\\_en.pdf](http://www.unicef.org/publications/pub_brochure_en.pdf); Oxfam, *The Price of Milk in Sri Lanka*, OXFAM NEWS MAGA. (May 2002), at [http://www.oxfam.org.au/oxfamnews/may\\_2002/srilank\\_milk.html](http://www.oxfam.org.au/oxfamnews/may_2002/srilank_milk.html).

World War II, or equal to the number of people held by 390 jumbo jets.<sup>468</sup>

¶ 132 The economic costs of corporate malfeasance are equally staggering. All of the robberies and other street crimes committed annually inflict no more than a small fraction of the costs of corporate crimes.<sup>469</sup> The full tally of corporate and financial crimes may be as much as half a *trillion* dollars per year.<sup>470</sup> In 2001 and 2002 alone, securities fraud and insider trading at a handful of large corporations may have cost Americans more than \$200 billion in lost retirement savings, employment income, pension investments, and tax revenues.<sup>471</sup>

¶ 133 For a variety of reasons, neither the government nor the print and broadcast media have been sufficiently active in exposing, preventing and curtailing corporate misbehavior. By pumping billions of dollars into manipulating public discourse, many corporations ensure that their illegal or otherwise harmful activities go unpunished for years, even when these activities are dangerous to health, harmful to the environment, or tend to defraud investors.<sup>472</sup> Corporate advertisers prevail upon television networks and other mass media outlets to refrain from criticizing their products as harmful.<sup>473</sup> Partially

468. See, e.g., Ralph R. Reiland, *Preventable Deaths?*, PITTSBURGH TRIBUNE-REVIEW, Aug. 9, 2004, available at [http://pittsburghlive.com/x/tribune-review/opinion/columnists/reiland/s\\_207213.html](http://pittsburghlive.com/x/tribune-review/opinion/columnists/reiland/s_207213.html); Michele Kurtz, *His Goal: Computerized Patient Records*, THE BOSTON GLOBE, Aug. 24, 2004, available at [http://www.boston.com/news/globe/health\\_science/articles/2004/08/24/his\\_goal\\_computerized\\_patient\\_records](http://www.boston.com/news/globe/health_science/articles/2004/08/24/his_goal_computerized_patient_records). See also Peter A. Clark, *Medication Errors in Family Practice, in Hospitals and After Discharge from the Hospital: An Ethical Analysis*, 32 J.L. MED. & ETHICS 349, 349 (2004) (citing older data indicating that “more Americans are killed in U.S. hospitals every 6 months than died in the entire Vietnam War, and some have compared the alleged rate to 3 fully loaded jumbo jets crashing every other day.”) (citation omitted).

469. See, e.g., Laureen Snider, *The Regulatory Dance: Understanding Reform Processes in Corporate Crime*, 19 INTL. J. SOC. L. 209 (1991). See also Emmitt H. Miller, III, *Federal Sentencing Guidelines for Organizational Defendants*, 46 VAND. L. REV. 197, 232 n.5 (1993).

470. See, e.g., David A. Anderson, *The Aggregate Burden of Crime*, 42 J.L. & ECON. 611, 637 (1999) (estimating that “corporate financial crime costs \$200-\$565 billion [per year]”).

471. Marcy Gordon, *Scandals' Price Tag: \$200B*, ASSOCIATED PRESS / CLARION- LEDGER -BUSINESS, Oct. 18, 2002, available at <http://orig.clarionledger.com/news/0210/18/b01.html>. By comparison, Department of Justice data from 1994 indicates that all violent crimes in that year inflicted about \$1.4 billion in economic losses, and that all personal and household crimes inflicted about \$18 billion in economic losses. See Patsy A. Klaus, U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics, *The Costs of Crime to Victims: Crime Data Brief* (Feb. 1994), at <http://www.ojp.usdoj.gov/bjs/pub/ascii/coctv.txt>.

472. See Russo & Salvo, *supra* note 462, at 160. For example, corporate lobbying cowed the Environmental Protection Agency into refusing to regulate 191 dangerous and/or cancer-causing toxins that the Clean Air Act of 1970 charged it with reducing. See *id.* at 161.

473. See Bagdikian, *supra* note 442 at 158-59, 170-73. For example, the systematic refusal of the corporate-supported media to adequately inform the public about the scale of the deaths and illnesses caused by smoking resulted in widespread ignorance on that subject among the public until relatively recently. *Id.* at 169-73. Likewise, Enron designed numerous sham transactions that helped rip off California energy consumers for \$20 billion and stock market investors for \$89 billion, without undergoing significant media scrutiny until almost the very end, when its own employees had admitted wrongdoings of staggering proportions. See Alexander Dyck & Luigi Zingales, *The Bubble and the Media*, in CORPORATE GOVERNANCE AND CAPITAL FLOWS IN A GLOBAL ECONOMY (Cornelius, P. & B. Kogut eds., Oxford University Press 2002), available at



as a result of the public's ignorance of what actually goes on, corporate wrongdoing frequently goes undetected and unpunished. Less than one percent of all the federal criminal sentences between 1996 and 2000 were imposed on corporations.<sup>474</sup>

¶ 134 As the print and broadcast media have frequently failed to fulfill their democratic functions, the Internet has become an increasingly important medium for political and cultural speech. The volume and diversity of material on the World Wide Web has exploded in recent years, tripling from 2000 to 2003, to approach the equivalent of hundreds of millions of books, at least 17 times the 26 million books in the print collections of the Library of Congress.<sup>475</sup> Almost three million blogs were published online as of 2003.<sup>476</sup> Over 53 million Americans, about 44% of adults with Internet access, have contributed some form of content to the online conversation, whether posting to blogs and entire Web sites, or posting photographs and other files.<sup>477</sup>

¶ 135 Gripe sites and other Internet speech on commercial issues vindicate First Amendment values by publicizing corporate wrongdoing when other media outlets do not. The Internet, at its best, operates as a vast "public sphere," in which "uncoerced conversation" prevails over manipulation and thought control.<sup>478</sup> Because it allows many people to communicate with others, rather than having their views mediated by a few publishers and broadcasters, the Internet allows for greater diversity of opinion.<sup>479</sup> Thus, a search in 2001 found over 13,000 active Web sites with the term "sucks" in their

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<http://gsbwww.uchicago.edu/fac/luigi.zingales/research/PSpapers/bubble.pdf> (quoting a Wall Street Journal reporter's description of how the media "outsourced their critical thinking skills to Wall Street analysts," who were in Enron's pay. *Id.* at 10); Bill Press, *The Enron Smoking Gun*, CNN.COM (Feb. 6, 2002), available at <http://archives.cnn.com/2002/ALLPOLITICS/02/06/column.billpress/>; Charles Rappleye, *The Enron Rip-off*, L.A. WEEKLY, (Apr. 19 - 25, 2002), available at <http://www.laweekly.com/ink/02/22/news-rappleye.shtml>.

474. See, e.g., Judge Diana E. Murphy, *The Federal Sentencing Guidelines for Organizations: A Decade of Promoting Compliance and Ethics*, 1291 PLI/CORP 97, 100 (2002). Most federal prosecutions are brought against small companies, which are least able to defend themselves. See United States Sentencing Commission Annual Report 2001, available at <http://www.ussc.gov/ANNRPT/2001/ch5-2001.PDF> (last visited Apr. 12, 2004) (cited in Vikramaditya S. Khanna, *Corporate Crime Legislation: A Political Economy Analysis*, 82 WASH. U. L.Q. 95, 105 n.41, 136 n.191 (2004)).

475. See Peter Lyman & Hal R. Varian, *How Much Information? 2003 Executive Summary* (Oct. 27, 2003), available at <http://www.sims.berkeley.edu/research/projects/how-much-info-2003/execsum.htm>.

476. *Id.*, Executive Summary. For an illuminating examination of the "blogging" phenomenon, see Daniel W. Drezner & Henry Farrell, *The Power And Politics of Blogs* (July 2004), available at <http://www.utsc.utoronto.ca/~farrell/blogpaperfinal.pdf>.

477. See Amanda Lenhart, Deborah Fallows, & John Horrigan, *Content Creation Online: 44% of U.S. Internet users have contributed their thoughts and their files to the online world.*, *Pew Internet and American Life Project* (Feb. 29, 2004), at [http://www.pewinternet.org/report\\_display.asp?r=113](http://www.pewinternet.org/report_display.asp?r=113).

478. Mark Poster, *Cyberdemocracy: The Internet and the Public Sphere*, in *INTERNET CULTURE* 207 (David Porter ed., Routledge 1997).

479. See Lawrence Lessig, *CODE AND OTHER LAWS OF CYBERSPACE* (Basic Books 1999) (describing how the Internet supplemented "the old one-to-many architectures of publishing (television, radio, newspapers, books)" by a "world where everyone could be a publisher" and promised a "freedom" publishers would never allow).

domain name, many devoted to the proposition that a trademark owner “sucks.”<sup>480</sup> Likewise, some newsgroups provide a forum for Internet users to read and submit comments about the business practices of a particular corporation.<sup>481</sup> Non-profit groups such as Essential Information administer a variety of listservs dealing with issues of corporate crime, fraud, and abuse.<sup>482</sup> One blog directory lists 81 blogs devoted to activism in the area of corporate accountability, along with hundreds of additional blogs devoted to consumer advocacy, employment issues, and environmental health activism.<sup>483</sup> These new forms of political speech and consumer activism should be encouraged, not censored by overbroad trademark doctrines that reach non-competing and non-commercial activity.

## 2. The Domain Name of a Gripe Site Is Integral to the Dissemination of Its Communicative Message

¶ 136 Courts have struggled with a number of analogies in resolving disputes concerning the use of trademarks in Internet addresses. The earliest analogy was probably between domain names and telephone numbers,<sup>484</sup> with subsequent analogies to license plates,<sup>485</sup> street signs,<sup>486</sup> and more recently rooftops.<sup>487</sup> A more appropriate analogy in cases involving domain names consisting of corporate trademarks might be to a picket line. Picket lines are designed to disseminate a communicative message as closely as possible to a corporation’s physical location. Similarly, a domain name containing a corporate trademark is a strategy employed to get as close as possible to the corporation’s Internet location. Other analogies, such as to billboards and rooftops, capture some aspects of this effort to reach people that are potentially or actually dealing with a corporation, except that they do not connote as much of an attempt to stand right outside the corporate doors shouting a message.

¶ 137 Just as setting up a picket line near a corporation targeted for criticism deserves constitutional protection, setting up a Web site with an Internet address that makes its

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480. See Peter Johnson, *Can You Quote Donald Duck?: Intellectual Property in Cyberculture*, 13 YALE J.L. & HUMAN. 451, 478 (2001) (reviewing ROSEMARY J. COOMBE, *THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES: AUTHORSHIP, APPROPRIATION, AND THE LAW* (1998)).

481. See, e.g., alt.mcdonalds, available at <http://groups.google.com/groups?hl=en&lr=&ie=UTF-8&group=alt.mcdonalds> (last visited Sept. 20, 2004).

482. See Essential Information, *lists.essential.org Mailing Lists*, at <http://lists.essential.org/mailman/listinfo> (last visited Sept. 20, 2004).

483. See Globe of Blogs, at <http://www.globeofblogs.com/?x=topic&category=14> (last visited Sept. 20, 2004).

484. See *MTV Networks v. Curry*, 867 F. Supp. 202, 203 n.2 (S.D.N.Y. 1994) (“Internet domain names are similar to telephone number mnemonics, but they are of greater importance, since there is no satisfactory Internet equivalent to a telephone company white pages or directory assistance, and domain names can often be guessed.”).

485. See *National A-1 Adver. v. Network Solutions, Inc.*, 121 F. Supp. 2d 156, 173 (D.N.H. 2000).

486. See *Shell Trademark Mgmt. BV v. Canadian AMOCO*, No. 02-01365, 2002 U.S. Dist. LEXIS 9597, at \*10 (N.D. Cal. May 21, 2002) (citing *Brookfield Communs.*, 174 F.3d at 1064).

487. See *Taubman*, 319 F.3d at 778.

target known deserves the highest level of First Amendment protection.<sup>488</sup> This means that the registration and use of such an address should not be deemed to violate trademark rights so long as its sole purpose is not to mislead consumers into buying goods or services that they erroneously believe to originate with the trademark owner.<sup>489</sup> If a gripe site contains any non-commercial information, including disparaging or negative commentary, it constitutes free speech.<sup>490</sup> Such a site is not commercial speech unless it “does no more than propose a commercial transaction.”<sup>491</sup> Because griping does more than propose a commercial transaction, it should be constitutionally protected.<sup>492</sup>

¶ 138 In the earlier years of the Internet, several district courts rejected the notion that a domain name targeting a corporation served a communicative purpose that is protected by the First Amendment. These courts concluded that domain names poach on the trademark value of a trademark, rather than constituting a communicative message that is protected by the First Amendment.<sup>493</sup> More recently, however, federal appellate courts have almost uniformly held that the use of a corporate trademark in an Internet address to refer to its owner, even by its competitors, should not be considered to be a trademark infringement unless the mark is used to mislead the public as to the seller of a product or service.<sup>494</sup> These decisions are consistent with the idea that any similarity between the domain name of a gripe site and a corporate trademark is more like the physical proximity between a picket line and a corporate headquarters, rather than resembling the relationship between a counterfeiter and its target.<sup>495</sup>

¶ 139 Using trademark or cybersquatting laws to censor gripe sites violates the First Amendment right of Internet speakers to express their views through their choice of a domain name.<sup>496</sup> Even if it has the same content, a Web site called [corporation].com or [corporation]sucks.com may convey a different message than one called

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488. See *Carey v. Brown*, 447 U.S. 455, 466-67 (1980) (declaring that “picketing . . . has always rested on the highest rung of the hierarchy of First Amendment values.”).

489. See *CPC Int'l*, 214 F.3d at 462-63; *Taubman*, 319 F.3d at 777-78; *Nissan Motor*, 378 F.3d at 1017.

490. See *Nissan Motor*, 378 F.3d at 1017.

491. *Id.* (quoting *Mattel*, 296 F.3d at 906 (quoting *Hoffman*, 255 F.3d at 1184)) (quotation marks omitted).

492. *Id.* at 1017.

493. See, e.g., *Planned Parenthood*, 42 U.S.P.Q.2D (BNA) 1430; at \*35-37, *Jews for Jesus*, 993 F. Supp. at 286-87 & n.1; *OBH.*, 86 F. Supp. 2d at 197-98.

494. See *Interactive Products Corp. v. A2Z Mobile Office Solutions, Inc.*, 326 F.3d 687, 695 (6th Cir. 2003) (“If defendants are only using [plaintiff’s] trademark in a ‘non-trademark’ way—that is, in a way that does not identify the source of a product—then trademark infringement and false designation of origin laws do not apply.”). See also *CPC Int'l*, 214 F.3d at 462-63; *Taubman*, 319 F.3d at 777-78; *Nissan Motor*, 378 F.3d at 1017.

495. A counterfeiter, unlike the owner of a gripe site or a picketer, typically lacks the intention or capacity to communicate a political, social, or cultural message that is the touchstone of First Amendment protected expressive speech. See *Name.Space, Inc. v. Network Solutions, Inc.*, 202 F.3d 573, 585 (2d Cir. 2000).

496. See *Taubman*, 319 F.3d at 778; *Name.Space, Inc.*, 202 F.3d at 585-86.

[corporation]isgreat.com or [corporation]sometimesblunders.com.<sup>497</sup> The First Amendment only allows the choice of one of the former domain names to be prohibited when it is both (1) commercial, and (2) misleading.<sup>498</sup> Like the Lanham Act, the ACPA is “constitutional because it only regulates commercial speech, which is entitled to reduced protections under the First Amendment.”<sup>499</sup> Because gripe and parody Web sites do more than simply “propose a commercial transaction,” the federal appellate courts have determined that they are “entitled to full First Amendment protection.”<sup>500</sup> As a result, courts deem the use of the ACPA, when used to police the critical content of gripe sites whose domain names resemble trademarks, to be an unconstitutional constraint on the Web site owner’s “communicative message.”<sup>501</sup> This is true whether or not the domain name itself contains the critical message, for courts have allowed the use of nissan.com to disparage Nissan and taubmansucks.com to disparage Taubman.<sup>502</sup>

### 3. Gripe Sites Should Be Allowed to Advertise and Solicit Funds

¶ 140 Courts and legislators should not conclude that a gripe site constitutes a commercial use of a trademark, even if, like a newspaper or magazine, it contains advertising. Such a Web site, even though it may incidentally compete with the mark owner in the distribution of information to Internet users, is no more commercial speech than is the typical newspaper or work of fiction. Therefore, it should be entitled to equivalent protection under both the Lanham Act and the First Amendment.

¶ 141 When the Lanham Act is used to censor communicative messages that are offered for sale to the public, and are not simply commercial advertising, it threatens “constitutionally-protected speech.”<sup>503</sup> For this reason, the Lanham Act specifically exempts noncommercial use of a trademark in newspapers and works of fiction from dilution liability, even when they are sold at a profit.<sup>504</sup> Thus, courts have refused to apply the Lanham Act to prohibit commercially advertised books, records, or films that have an appearance of being affiliated with or sponsored by a famous trademark or

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497. *Cf. Coca-Cola v. Purdy*, 382 F.3d 774, 787 (8th Cir. 2004) (“There is no dispute here about whether the First Amendment protects [defendant’s] right to use the Internet to protest abortion and criticize the plaintiffs or to use expressive domain names that are unlikely to cause confusion.”).

498. *See Virginia Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 771 (1976); *Taubman*, 319 F.3d at 774.

499. *Taubman*, 319 F.3d at 774 (citing *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm’n of New York*, 447 U.S. 557, 563 (1980)); *Semco, Inc. v. Amcast, Inc.*, 52 F.3d 108, 111-12 (6th Cir. 1995).

500. *Nissan Motor*, 378 F.3d at 1017 (internal quotations omitted) (citing *Mattel*, 296 F.3d at 906 (quoting *Hoffman*, 255 F.3d at 1184)).

501. *Id.* at 1016 (“Negative commentary about [a corporation] does more than propose a commercial transaction and is, therefore, non-commercial.”).

502. *See id.* at 1016-17. *See also Taubman*, 319 F.3d at 778 (“[A]lthough economic damage might be an intended effect of [defendant’s] expression, the First Amendment protects critical commentary when there is no confusion as to source, even when it involves the criticism of a business.”).

503. *Panavision*, 945 F. Supp. at 1303.

504. *See Intermatic*, 947 F. Supp. at 1239-40; *Panavision*, 945 F. Supp. at 1303 (quoting Sen. Orrin G. Hatch (R-Utah), the Chairman of the Senate Judiciary Committee, 141 Cong. Rec. S19306-10 (Daily ed. December 29, 1995) (“The [Dilution Act] will not prohibit or threaten non-commercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction.”)).

celebrity. Courts carefully distinguish such editorial and artistic commentary from “ordinary commercial products.”<sup>505</sup> A film or record company is allowed to use the names of unwilling artists or companies in the titles of its products, so long as it makes no “explicit indication that [the other artist or company] endorsed the film [or record] or had a role in producing it,” even when this results in consumer confusion.<sup>506</sup>

¶ 142 To prohibit owners of gripe sites to advertise or fundraise to support their operations would unjustifiably impose more onerous requirements on Web sites than on more commercially successful endeavors such as entertainment, news reporting, and comparative advertising. Unlike the many Web sites that have been shut down, the producers of books and movies are allowed to use the names of other producers as the titles of their works as long as they make no “explicit indication that [the other producer] endorsed the film or had a role in producing it,” even when the result may confuse consumers.<sup>507</sup> The registration of a domain name and the posting of a gripe site are less commercial than most so-called “non-commercial speech” in the print or broadcast media. The interpretation of trademark law to censor such Web sites suggests that more commercial speech is privileged over less commercial speech, contrary to the Lanham Act and the First Amendment.

## VI. CONCLUSION

¶ 143 A battle for consumer mindshare is raging on the Internet. Its protagonists are those who conceive of the Internet as a vast public sphere of uncensored communication, and those who want to prohibit any Internet speech that interferes with a company’s branding or marketing efforts. Several political and cultural trends are converging to raise the stakes in this battle between corporate image-makers and their much smaller and less well-financed critics. The birth of the Internet happened to coincide with the expansion of trademark law far beyond its humble anti-counterfeiting origins to encompass all but the most trivial uses of a trademark in social, political, or aesthetic discourse. Threats against Web sites engaging in political speech proliferated due to overbroad trademark doctrines, which gained increasing acceptance during the 1990s. These doctrines equate commercial use with any conceivable effect on commerce, conflate an actionable likelihood of confusion with any mistakes by the careless or ignorant, and provide for summary revocation of domain names.

¶ 144 At the same time, the creators of Web sites and other Internet content noticed that the policies and practices of large multi-national corporations are becoming an urgent matter for political debate and collective action. The scale of their operations, and the number of human beings who rely on them, can result in mass deaths and economic

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505. *Rogers v. Grimaldi*, 875 F.2d 994, 998 (2d Cir. 1989).

506. *Id.* at 1001. *See also Hoffman*, 255 F.3d at 1185 (use of famous actor’s image to “draw attention to [a] for-profit magazine” was found to be non-commercial “editorial comment”); *Mattel*, 296 F.3d 894 (use of famous trademark in title of for-profit musical composition was non-commercial attempt to reflect humorously on the cultural values represented by the mark).

507. *See* 15 U.S.C. § 1125(c)(4) (exempting news reporting and comparative advertising from federal anti-dilution law); *Rogers*, 875 F.2d at 1000; *Ford Motor*, 177 F. Supp. 2d at 664.

catastrophe when corporate ethics are disregarded. As this realization sank in, anti-corporate gripe sites sprang up all over the Web. Many of these sites would shut down after lawsuits were filed against them or because of letters that their operators or ISPs received, claiming infringement or dilution of corporate trademarks.

¶ 145 The good news is that the federal courts have started to rein in these expansive trademark doctrines and to defend strongly the First Amendment rights of cybergrippers to speak their minds. Courts are increasingly rejecting the notion that the analogy of trademarks as property is a sufficient basis for disregarding sensible limits on trademark rights. They are realizing that gripe sites cause little economic harm, and that no substantial economic benefit will be achieved by expanding trademark liability to the point where it can be used to threaten non-competitive and political speech. Even though the magnitude of the benefits associated with certain trademark doctrines aimed at non-competing and noncommercial uses is in doubt, it does not mean that trademark law is an unmitigated waste. On the contrary, preventing overreaching by trademark owners will salvage the economic utility of trademark law.

¶ 146 Courts and legislators cannot constitutionally gag citizens and consumers who want to subject trademarks and their owners to the give and take of rational thought, autonomous choice, and political action. Trademarks will typically operate as an invidious tool to control the minds of consumers, rather than helpful indicia of quality, unless we maintain a balance between the First Amendment's protection of noncommercial speech, and trademark law's protection of consumers from counterfeiting. In the battle for mindshare, consumers need not and should not be disarmed.