
THE TRADEMARK FAIR USE REFORM ACT

BY WILLIAM MCGEVERAN*

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Sweeping assertions of exclusive trademark rights in brand names and images can impede competition and chill free expression, including fictional portrayals, commentary, political speech, parody, and comparative advertising. Some disputes lead to lawsuits. More often, speakers capitulate to litigation threats, even when the substance of the legal claims they face is very weak. As demonstrated in the author’s previous work, existing trademark “fair use” doctrines are not simple defenses that end suits quickly and cheaply, and many defendants cannot bear the resulting costs of protracted litigation.

* Associate Professor, University of Minnesota Law School. I received particularly helpful comments about versions of this Article from Margreth Barrett, Bob Bone, Dan Burk, Julie Cohen, Tom Cotter, Deven Desai, Graeme Dinwoodie, Stacey Dogan, Eric Goldman, Laura Heymann, Christine Hurt, Heidi Kitrosser, Mark Lemley, Jessica Litman, Mark McKenna, Mike Meurer, Susan Montgomery, David Olson, Ruth Okediji, Lisa Ramsey, Daniel Schwarcz, Jessica Silbey, Larry Solum, Rebecca Tushnet, and Fred Yen. Drafts of this Article were presented to faculty workshops at the University of Illinois College of Law and the University of Minnesota Law School; the 2009 Intellectual Property Scholars Conference at Cardozo Law School; the 2009 Works in Progress in Intellectual Property Colloquium at Seton Hall University School of Law; and the Northeastern Intellectual Property Workshop at Suffolk University School of Law. I am grateful for research assistance from Mikka Gee Conway, David Couillard, Jennifer Cross, Nick Rose, and the staff of the University of Minnesota Law Library.

Observers have proposed a variety of improvements to trademark fair use, but this Article focuses intensively on the decisionmaking structure of trademark law and ways to reduce its burdensome effects. The analysis draws on theoretical and doctrinal literature about administrative and error costs, rules and standards, and the design of defensive doctrines. Building on this foundation, the Article argues that reform of trademark fair use should emphasize the reduction of administrative costs and the risk of erroneous findings of liability for speech; should favor clear ex ante rules over more complex ex post standards; and should strive to separate consideration of fair use from the adjudication of the prima facie likelihood of confusion case. It then proposes categorical safe harbors for certain uses of trademarks as a central innovation, complemented by other broader presumptions against infringement for expressive uses. The Appendix contains draft language meant to start the discussion about such defenses.

Traditionally, trademark law has eschewed per se exceptions. Much of its design assumes that avoidance of consumer confusion is imperative, even if high administrative costs and unpredictability result. However, this Article shows that trademark law can reduce administrative costs and improve protection of free speech without an unacceptable increase in the likelihood of consumer confusion. While safe harbors alone cannot resolve every case involving competition or speech interests, at least they prevent the easy cases from contributing to the chilling effect. More generally, the analysis here demonstrates that categorical defenses deserve a greater role in the adjudication of trademark disputes.

INTRODUCTION

Trademarks are everywhere. That becomes truer than ever as the law steadily expands the scope of trademark rights, and as our society plasters brand names on every available surface. Meaningful communication increasingly requires the use of these legally protected words and symbols – for competition, realistic portrayals of our surroundings, commentary about companies or products, evocative expression, or simply identifying what we are talking about. Unfortunately, existing “trademark fair use” doctrines protect these valuable forms of speech inadequately. This Article proposes pragmatic reform, centered on exemptions from liability for uses of trademarks in certain categories, and presumptions favoring free speech for other expressive uses.

A Westlaw search turns up plentiful examples of litigation over the use of trademarks to express a broader message, beyond simply presenting a brand name to the consumer.¹ Most litigation about such “expressive uses” that

¹ I just used a trademark in that sentence. See WESTLAW, Registration No. 1,591,846 (registering WESTLAW for law-related computer programs and publications). They are unavoidable. There are multiple recent examples of litigation concerning expressive uses. See, e.g., *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008);

reached judgment in the last decade or so resulted in decisions that preserved the right to use trademarks for communication, even when the use was unrelated to the traditional purposes of brand identification.² But defending against such suits is difficult, time-consuming, and expensive. Despite the positive trend in ultimate *results*, significant evidence shows that *threats* of suit in these situations remain frequent and effective.³ Decided cases are a small and seemingly unrepresentative sample of overall disputes involving free speech and trademarks. For every speaker who fights back in court, countless others cautiously back away.⁴

Univ. of Ala. Bd. of Trs. v. New Life Art Inc., 677 F. Supp. 2d 1238 (N.D. Ala. 2009); Roxbury Entm't v. Penthouse Media Grp., Inc., 669 F. Supp. 2d 1170 (C.D. Cal. 2009); BidZirk, LLC v. Smith, No. 6:06-109-HMH, 2007 WL 3119445 (D.S.C. Oct. 22, 2007); Am. Family Life Ins. Co. v. Hagan, 266 F. Supp. 2d 682 (N.D. Ohio 2002).

² See William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 59-61 (2008). I define "expressive uses" as those that "convey an articulable message rather than, or in addition to, the traditional function of source identification." *Id.* at 54; accord Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 400 (1990).

³ See, e.g., James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 913 (2007) (describing how "trademark users who could mount a decent defense against an infringement claim nevertheless choose to seek a license"); Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 589-90 (2008) (discussing how "cease and desist" letters allow trademark holders "to expand their trademark rights" even when a case has no merit); Jennifer E. Rothman, *The Questionable Use of Custom in Intellectual Property*, 93 VA. L. REV. 1899, 1909-16 (2007) (making similar observations across types of intellectual property); Patricia Aufderheide & Peter Jaszi, *Untold Stories: Creative Consequences of the Rights Clearance Culture for Documentary Filmmakers*, CTR. FOR SOC. MEDIA, AM. UNIV., 9-10 (Nov. 2004), http://www.centerforsocialmedia.org/sites/default/files/UNTOLDSTORIES_Report.pdf; Marjorie Heins & Tricia Beckles, *Will Fair Use Survive?: Free Expression in the Age of Copyright Control*, BRENNAN CTR. FOR JUSTICE, N.Y. UNIV. SCH. OF LAW, 35-36 (Nov. 16, 2005), <http://www.fepproject.org/policyreports/WillFairUseSurvive.pdf>.

⁴ See, e.g., Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 416-17 (2010) (discussing Major League Baseball's practice of threatening suit against Little League teams using names of major league teams, prompting the Little League teams to change their names); Michael Cieply, *Despite Big Names, Prestige Film Falls Through*, N.Y. TIMES, July 2, 2009, at B1 (reporting how Major League Baseball purports to control content of films or television programming depicting actual teams); Sara Lipka, *PG-13? Not This College. Or That One. Or . . .*, CHRON. OF HIGHER EDUC., June 26, 2009, at A1 (describing how film and television producers seek permission from colleges and universities when using their names or logos); Shaun Spalding, *Bros Icing Bros – A Case for Copyright Bullying by Overreaching Smirnoff Lawyers*, NEW MEDIA RIGHTS (June 21, 2010, 5:26 PM), http://www.newmediarights.org/copyright/bros_icing_bros_case_copyright_bullying_overreaching_smirnoff_lawyers (discussing possibility that a threat of suit by Smirnoff resulted in the demise of a web site dedicated to a drinking game involving Smirnoff Ice flavored malt beverages). *Cf.* Trademark Technical and Conforming Amendment Act of 2010, Pub. L. No. 111-146, § 4, 124 Stat. 66, 70 (requiring the Secretary

Courts and commentators have proposed various reforms to address this conflict between free speech and trademark rights. A number of highly-regarded scholars have advocated a more rigorous “trademark use” requirement, so that defendants would be liable only if they used the plaintiff’s mark “as a mark” in some fashion.⁵ A different strategy would impose more robust “materiality” requirements, so that only uses that directly influence purchasing decisions would be viewed as causing the harm necessary for infringement.⁶ Others would refine the existing First Amendment defense⁷ or nominative use doctrine.⁸ Still others prefer a more sensitive application of the “likelihood of confusion” test to protect free speech.⁹ And many scholars want to reverse particular expansions of trademark scope that can produce conflicts with expression.¹⁰

of Commerce to study and report on “the extent to which small businesses may be harmed by litigation tactics by corporations attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner”). For more on this chilling effect, see *infra* Part I (discussing the tendency of mark users to seek licensing for marks rather than risk litigation).

⁵ See, e.g., Eric Goldman, *Online Word of Mouth and Its Implications for Trademark Law*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 404, 414-24 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008); Margreth Barrett, *Reconciling Fair Use and Trademark Use*, 28 CARDOZO ARTS & ENT. L.J. 1, 56-60 (2010); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 805-11 (2004); Uli Widmaier, *Use, Liability, and the Structure of Trademark Law*, 33 HOFSTRA L. REV. 603, 621-25 (2004).

⁶ See, e.g., Lemley & McKenna, *supra* note 4, at 441-43 (discussing risk of curtailing free expression absent a doctrinal or statutory fair use defense in trademark infringement); Rebecca Tushnet, *Running the Gamut From A to B: Federal Trademark and False Advertising Law*, 159 U. PENN. L. REV. ___ (forthcoming 2010), available at http://works.bepress.com/rebecca_tushnet/9/ (last visited Nov. 13, 2010).

⁷ See, e.g., Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887, 922-32 (2005); Elizabeth L. Rosenblatt, *Rethinking the Parameters of Trademark Use in Entertainment*, 61 FLA. L. REV. 1011, 1073-80 (2009); Aaron F. Jaroff, Note, *Big Boi, Barbie, Dr. Seuss, and the King: Expanding the Constitutional Protections for the Satirical Use of Famous Trademarks*, 57 AM. U. L. REV. 641, 672-79 (2008); see also Lisa P. Ramsey, *Increasing First Amendment Scrutiny of Trademark Law*, 61 SMU L. REV. 381, 385-86 (2008) (arguing that adherence to First Amendment doctrine would require more searching constitutional analysis and significant changes to trademark law).

⁸ See *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 222-24 (3d Cir. 2005).

⁹ See, e.g., 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:11 (4th ed. 2010); Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187, 203 (2004).

¹⁰ See, e.g., Graeme W. Austin, *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*, 50 ARIZ. L. REV. 157, 176-81 (2008); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1731-35 (1999);

These ideas all merit discussion, and they are not mutually exclusive of one another. We could adopt a stricter materiality standard and also refine the First Amendment defense, for instance. Unfortunately, many proposals also share the same problem with existing law: they focus on fine-tuning doctrine to reach ideal outcomes instead of on reducing the cost and length of litigation. In previous works, I argued that key goals for reform include increasing the predictability and clarity of trademark fair use and making adjudication faster and less expensive.¹¹ To be fully effective, changes in trademark law also must keep these goals at the forefront.

This Article pays particular attention to the decisionmaking structure of trademark litigation. Structural characteristics fuel the pre-litigation posturing and settlement that cause most of the chilling effect on speech. In response, this Article recommends categorical exemptions as a first step toward reform of trademark fair use. We should develop simpler rules, fashioned to allow fast resolution of especially common and troubling types of threats to expressive use. At least within the covered categories, such bright-line exemptions address the pre-litigation chilling effect more directly than do other suggested reforms.

The resulting safe harbors would complement, rather than displace, other existing and proposed safeguards for expressive uses of trademarks. Broader and more amorphous standards, including some of those in current law, should form a second line of defense for use in trickier cases that fall outside the exempted categories.¹² The recognition of speech-protective presumptions in fair use cases could further augment these standards. Without some clear-cut per se rules, however, empty litigation threats will maintain their power to curb competition and squelch speech, even where trademark claims should fail on the merits. A combination of approaches would repair major flaws of existing trademark fair use doctrine and reduce (although of course not eliminate) trademark law's constraint on free speech.

Part I of this Article summarizes the inadequacy of the existing doctrinal structure. In addition to recapping my analysis in earlier work, this Part elaborates on the asymmetric incentives of plaintiffs and defendants.¹³ Often, a markholder has an intense interest in maintaining control over a trademark's meaning and reputation, while other speakers will feel less strongly about using the mark.

Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1146 (2003).

¹¹ William McGeeveran, *Four Free Speech Goals for Trademark Law*, 18 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1205, 1214-23 (2008); *see also* McGeeveran, *supra* note 2, at 61-66.

¹² *See infra* Part III.C.

¹³ Although there are declaratory judgment cases and counterclaims in which the alleged infringer is the plaintiff, unless otherwise indicated this Article assumes the more typical situation involving a defendant's allegedly infringing uses of a plaintiff's mark.

In Part II, the Article turns from problems to solutions. It discusses three strategic choices about the design of speech protection under trademark law. First, this Part evaluates the current imbalances between administrative costs and error costs, and between different types of error. Compared to existing law, a reformed trademark fair use doctrine should reduce administrative costs and should tolerate a somewhat increased possibility of false negatives. Second, this Part advocates more specific rule-like features that allow *ex ante* assessments of potential liability, in place of the more general standards for fair use that courts now apply *ex post*. Finally, this Part calls for separation of fair use into an independent analysis, in place of trademark law's common practice of bundling most interests in speech and competition together with the fundamental inquiry into likelihood of confusion.

Finally, Part III offers an explanatory tour through draft legislative language implementing these changes, which can be found in an Appendix. The proposal combines categorical exemptions, existing doctrine, and rebuttable presumptions. Part III shows how these structures respond to the problems explained in Part I and how they embody the design choices made in Part II. Of course, like any legislative proposal, reasonable differences of opinion about the details are to be expected; this Article does not seek to replicate the intensive debates about drafting that one might see in a congressional subcommittee markup. As explained further in Part III, statutory text makes it easier to present and analyze the proposals here, regardless of whether reform eventually comes from Congress or from the courts. The broad goal of the discussion is to test drive an alternative structural design that works better than the broken-down jalousie of existing trademark fair use.

I. THE PROBLEM

A combination of legal, cultural, and technological changes has made conflict between trademark protection and free speech more frequent and more significant in recent years. Legally, both the legislative and judicial branches have contributed to a dramatic long-term expansion of the scope of trademark rights.¹⁴ Trademark rights now extend to a dizzying array of products and features.¹⁵ Trademarks also confer protection against a much broader array of

¹⁴ See generally, e.g., Dreyfuss, *supra* note 2; Lemley & McKenna, *supra* note 4; Litman, *supra* note 10; Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367 (1999); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007).

¹⁵ See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 (1992) (finding trademark protection in features of a restaurant's "festive eating atmosphere"); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 79-80 (3d Cir. 1982) (affirming injunction against distribution of "look-alike" Rubik's Cube puzzles); *House of Hunan, Inc. v. Hunan at Pavilion*, No. 85-1591, 1985 WL 72671, at *2-4, *6 (D.D.C. Oct. 17, 1986) (finding substantial likelihood that Chinese restaurant's use of white marble lions at its entrance had secondary meaning, and enjoining competitor's use of identical lions); *In re Clarke*, 17

unlicensed uses than the archetypal competitor deceiving purchasers by passing off its goods as the markholder's.¹⁶ This transformation of trademark law often reflects modern marketing realities, and it is justified in many cases. However, some lawyers charged with policing their clients' trademark portfolios now send threatening "cease and desist" letters (C&Ds) as a routine response to virtually any unauthorized use of a mark.¹⁷ In addition to deterring the individual recipients, these legal threats also serve a broader signaling function by warning against all unauthorized uses of a mark.¹⁸ Over time, broad claims have begun to redefine public understanding of the nature of trademark ownership, which ultimately shapes those rights through the "feedback effect" of consumer perception.¹⁹

U.S.P.Q.2d (BNA) 1238, 1238 (T.T.A.B. 1990) (holding "high impact, fresh, floral fragrance reminiscent of Plumeria blossoms" registrable as a mark for sewing thread); TM Registration No. 2,519,203 (registration for Jolly Green Giant's distinctive descending "Ho-Ho-Ho" laugh as a mark for canned and frozen vegetables); Joseph C. Daniels, Note, *The Branding of America: The Rise of Geographic Trademarks and the Need for a Strong Fair Use Defense*, 94 IOWA L. REV. 1703, 1721-28 (2009) (discussing increase in trademark protection for designations of geographic locations).

¹⁶ Lemley & McKenna, *supra* note 4, at 416-22; *see also, e.g.*, Visa Int'l Serv. Ass'n v. JSL Corp., 610 F.3d 1088, 1091-92 (9th Cir. 2010) (affirming injunction against use of mark "eVisa" for multilingual education and business services as likely to cause dilution by blurring of the mark Visa for financial services); Louis Vuitton Malletier v. Dooney & Bourke, Inc., 454 F.3d 108, 117 (2d Cir. 2006) (noting that competing marks may give rise to post-sale confusion where the differences between them are not "likely to be memorable enough to dispel confusion on serial viewing"); Australian Gold, Inc. v. Hatfield, 436 F.3d 1228, 1238-39 (10th Cir. 2006) (finding initial interest confusion, and infringement, where defendants used plaintiff's trademarks in "attempts to divert traffic to Defendant's Web sites"); Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397, 398 (8th Cir. 1987) (finding infringement where defendant's t-shirt design "so resemble[d plaintiff's] marks that it is likely to cause confusion among consumers as to whether [plaintiff had] sponsored, endorsed, or [was] otherwise affiliated with the design").

¹⁷ *See* Deven R. Desai & Sandra L. Rierson, *Confronting the Genericism Conundrum*, 28 CARDOZO L. REV. 1789, 1838-42 (2007); Port, *supra* note 3, at 589-90; Steve Stecklow, *The Scariest Monster of All Sues for Trademark Infringement*, WALL ST. J., Apr. 4, 2009, at A1 (discussing the variety of noncompeting markets in which Monster Cable Products Inc. has challenged the use of "MONSTER" as a mark).

¹⁸ *Cf.* Michael J. Meurer, *Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation*, 44 B.C. L. REV. 509, 521 (2003) (discussing how anti-competitive suits also can deter other uses of intellectual property).

¹⁹ *See* Gibson, *supra* note 3, at 907-27 (observing how the overcautious licensing of marks where no license is needed creates a consumer perception that a license is, in fact, needed, which in turn creates grounds to find likelihood of confusion where no grounds existed before); Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773, 774 & n.4 (2009) ("Consumer expectations largely define trademark rights, yet those expectations are influenced by consumers' understanding (or misunderstanding) of the law.").

Meanwhile, the growing ubiquity of branding – the very trend that has fueled this expansion of trademark law – makes third-party use of trademarks more essential to open discourse than ever before. No representation of the modern world would be accurate unless it were saturated with marketing symbols.²⁰ Discussion or critique of products or corporate behavior necessitates use of associated trademarks.²¹ Competitors, retailers, and repair services often need to refer to one another's marks as a way of explaining their goods and services to the public.²² More broadly, trademarks often provide the "most vivid metaphors" and "most compelling imagery" available, precisely because they are "selected for their effervescent qualities, and then injected into the stream of communication with the pressure of a fire hose by means of mass media campaigns."²³

Finally, the advent of the internet and other networked communication technology makes it possible for an individual to duplicate (and alter) content,

²⁰ See Dreyfuss, *supra* note 2, at 400-12 (tracing the growth of partially expressive third-party uses of trademarks); Litman, *supra* note 10, at 1725-28 (tracking an increase in the intrinsic value of branding and marketing in American commerce and culture); Daniel E. Newman, *Portraying a Branded World*, 2008 U. ILL. J.L. TECH. & POL'Y 357, 357-61 (2008) (observing the glaring absence of trademarks from movies and television shows, leading the general public to believe that such marks only appear as the result of licensing or product placement).

²¹ See *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 307 (9th Cir. 1992) ("Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark."); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987) (discussing risk that "a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct"); Gulasekaram, *supra* note 7, at 909 (discussing "the fundamental importance of free expression and its contribution to a 'vibrant cultural commons'" (citation omitted)).

²² See, e.g., *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1180-82, (9th Cir. 2010) (allowing automobile broker specializing in facilitating Lexus purchases to use LEXUS mark as part of domain name); *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC*, 511 F.3d 350, 368-69 (3d Cir. 2007) ("Arguably . . . , store brands can 'get away' with a little more similarity than other defendants' products when they display prominently a well-known label, e.g., a store-specific signature, on their packages, but they cannot copy the national brands to such a degree of similarity, then merely affix a tiny differentiating label, as to become entirely immune to infringement actions."); *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 486 (5th Cir. 2004) (permitting defendant vacuum repair shop to use plaintiff vacuum manufacturer's mark in its advertisements); *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 618 (7th Cir. 1995) (truthful use of a mark in comparative labeling is "a form of competition highly beneficial to consumers").

²³ Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 973 (1993); cf. DAVID HUME, *A TREATISE OF HUMAN NATURE* 90 (Dolphin Books 1961) (1739) ("I would willingly establish it as a general maxim in the science of human nature, that when any impression becomes present to us, it not only transports the mind to such ideas as are related to it, but likewise communicates to them a share of its force and vivacity.").

including trademarks, and then broadcast those uses to the entire world.²⁴ Simultaneously, this same technology allows markholders to search for those uses, find them, and trace them back to a potential defendant.²⁵

Although these changes in law, culture, and technology probably have increased the number of disputes over expressive use of trademarks, final judicial dispositions in those disputes do not favor markholders.²⁶ To be sure, there are outlier cases where courts rule for markholders,²⁷ but ultimate judgments more often favor speech interests in the few cases to reach that point.

The main problem is not the eventual outcome, but the route to get there, which is uncertain, lengthy, and expensive. Courts choose from a grab bag of doctrines related to “fair use,” configured somewhat differently in various jurisdictions.²⁸ These doctrines often entail fact-intensive inquiries that require

²⁴ See LAWRENCE LESSIG, *FREE CULTURE: HOW BIG MEDIA USES TECHNOLOGY AND THE LAW TO LOCK DOWN CULTURE AND CONTROL CREATIVITY* 105-06 (2004).

²⁵ See, e.g., *California ULTRA Spyder Solutions*, CAL. ULTRA SPYDER, <http://www.cuspyder.com/index.php?sect=solutions> (last visited Sept. 29, 2010) (describing automated online service to help markholders track use of trademarks, including the ability to “[d]etermine which resellers, consumer associations, and unauthorized parties are using Company brands”); *MarkMonitor Brand Protection*, MARKMONITOR, <http://www.markmonitor.com/products/brand-protection.php> (last visited Sept. 29, 2010) (“Brand owners can rapidly detect abuses as they occur, then respond quickly and effectively with automated enforcement mechanisms including . . . cease & desist letters and site takedown advisories to ISPs.”).

²⁶ See McGeveran, *supra* note 2, at 59-61.

²⁷ See, e.g., *Jones Day v. Blockshopper LLC*, No. 08 CV 4572, 2008 WL 4925644, at *3-4 (N.D. Ill. Nov. 13, 2008). Some other pro-plaintiff decisions are overturned on appeal. See *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 902-06 (9th Cir. 2007), *vacating* No. CV 06-173 (D. Ariz. May 11, 2006) (order granting preliminary injunction).

²⁸ These include: “trademark use” theory, *see generally* sources cited *supra* note 5; the §33(b)(4) defense for descriptive uses, *see* 15 U.S.C. § 1115(b)(4) (2000); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117-21 (2004); the nominative fair use doctrine, *see* *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 307-08 (9th Cir. 1992); various First Amendment balancing tests, *see* *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989); Kerry L. Timbers & Julia Huston, *The “Artistic Relevance Test” Just Became Relevant: The Increasing Strength of the First Amendment as a Defense to Trademark Infringement and Dilution*, 93 TRADEMARK REP. 1278, 1291-99 (2003) (tracing the adoption and expansion of the *Rogers* test by other circuits); and safe harbors under the federal trademark dilution statute, *see* 15 U.S.C.A. § 1125(c)(3) (West 2006) (amending 15 U.S.C. § 1125(c)(4) (2000)); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905-07 (9th Cir. 2002). *See generally* McGeveran, *supra* note 2, at 77-109. There are some similar problems of inconsistency in the application of fair use to cybersquatting cases, which are beyond the scope of this Article. *See generally* Monique Bradley Lampke, *Why the Fair Use Defense of Free Speech or Parody Under the Anticybersquatting Consumer Protection Act Needs Judicial Review by the United States Supreme Court*, 11 MINN. J. L. SCI. & TECH. 267 (2010).

time and money to litigate. On close examination, most of them collapse into the same inquiry about likelihood of consumer confusion that drives all trademark litigation, robbing them of much value as shortcuts.²⁹

In response to the risk of litigation – not the risk of liability – rational actors, including large institutions such as Hollywood studios or insurance companies, adopt risk-averse policies concerning the unauthorized use of trademarks. The effort to avoid these conflicts adds significant costs to the production of artistic expression or commentary.³⁰ In addition to the monetary costs of rights clearance and licensing, this excessive caution also constrains expressive choices, stifles open competition, and reduces the quality of speech and entertainment for its consumers – that is, for all of us. But many institutions have determined that the potential cost of defending a lawsuit is too high, even when discounted for the low likelihood of getting sued and the very low likelihood of paying damages. When speakers use unlicensed marks in speech despite these dangers, they typically capitulate and withdraw the use if they receive a C&D.

It is bad enough that the structure of existing trademark fair use doctrines imposes such significant difficulties and costs on expressive uses of trademarks. Asymmetric incentives further enhance markholders' influence. For consumer-oriented companies, brands are among the most cherished possessions.³¹ *BusinessWeek's* ranking of the top 100 global brands includes thirty-six with estimated values in excess of \$10 billion, all the way up to the storied Coca-Cola brand, worth more than \$66 billion.³² Brand equity now represents a substantial portion of the valuation of many companies, formally recognized by accounting rules and capable of serving as an asset, as security, and as one of the most important components in business transactions.³³ Most

²⁹ See McGeveran, *supra* note 2, at 112-13.

³⁰ See Rosenblatt, *supra* note 7, at 1039.

³¹ See MICHAEL LEVINE, A BRANDED WORLD: ADVENTURES IN PUBLIC RELATIONS AND THE CREATION OF SUPERBRANDS 4 (2003) ("Branding brings about so many benefits it reminds me of the saying, 'You can count the number of seeds in an apple, but you can't count the number of apples in a seed.'"); Vithala R. Rao et al., *How Is Manifest Branding Strategy Related to the Intangible Value of a Corporation?*, J. MARKETING, Oct. 2004, at 126, 126 ("Highly competitive markets make powerful brands essential to accomplishing growth. . . . Brands have been widely acknowledged as having a financial value because they are able to generate future cash flows."); Kelvin King, *The Value of Intellectual Property, Intangible Assets and Goodwill*, WORLD INTELLECTUAL PROP. ORG., http://www.wipo.int/sme/en/documents/value_ip_intangible_assets.htm (last visited Aug. 11, 2010) ("Intellectual capital is recognized as the most important asset of many of the world's largest and most powerful companies; it is the foundation for the market dominance and continuing profitability of leading corporations. It is often the key objective in mergers and acquisitions . . .").

³² *100 Best Global Brands*, BUSINESSWEEK, http://www.businessweek.com/interactive_reports/best_global_brands_2009.html (last visited Aug. 11, 2010).

³³ See CELIA LURY, BRANDS: THE LOGOS OF THE GLOBAL ECONOMY 119-21 (2004);

large markholders police their portfolio systematically and become repeat players in trademark disputes – perhaps litigating over marks, but certainly issuing C&Ds. Brand managers and their trademark attorneys define their professional success by protecting and strengthening the value of these assets. They have little reason to restrain themselves from making the maximum possible claim of exclusive rights. In fact, common understanding (or misunderstanding) of trademark law encourages them to do so.³⁴

On the other hand, few defendants would consider their ability to refer to particular trademarks to be central to their life's work.³⁵ Sometimes the mark, even if helpful, is not essential to the message they want to convey. Even when it is essential, their attachment to using the mark usually is weaker than a markholder's desire to control the mark. Many would-be users of marks are not repeat players in the system.³⁶ Unlike marketers who expend huge sums to promote brands, ordinary individuals who use marks for purposes of art or consumer commentary need little or no investment to do so.³⁷ These

Intellectual Property for Business, WORLD INTELLECTUAL PROP. ORG., http://www.wipo.int/sme/en/ip_business/index.html (last visited Aug. 11, 2010) (providing resources for small and medium-sized enterprises to help them understand and manage their intellectual property); *Valuation of Intellectual Property: What, Why and How*, WIPO MAGAZINE, Sept.-Oct. 2003, at 5, available at http://www.wipo.int/sme/en/documents/wipo_magazine/09_2003.pdf.

³⁴ See, e.g., *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F. Supp. 1185, 1207 (S.D.N.Y. 1979) (“[T]rademark law not only encourages but requires one to be vigilant on pain of losing exclusive rights.”). This offhand judicial remark and others like it exaggerate the importance of monitoring and controlling unlicensed uses of a mark. See Desai & Rierson, *supra* note 17, at 1834-38. Some lawyers and consultants seem to cite such statements to stoke fear among markholders that they must aggressively police and enforce rights against any and all unauthorized uses. See, e.g., Mark J. Ingber, *Why Your Company May Need an Intellectual Property Audit*, INGBER & GELBER, LLP, <http://www.ingberiplawyer.com/WHY%20YOUR%20COMPANY%20MAY%20NEED%20AN%20INTELLECTUAL%20PROPERTY%20AUDIT.aspx> (last visited Oct. 27, 2010) (“Anyone who uses your client’s mark or a derivation of it without a license will have to be stopped from doing so. If they are not, the mark’s legal status may be in jeopardy.”).

³⁵ See, e.g., Kathy Stephenson, *Dough Girl Not Fighting the Big Boys*, SALT LAKE TRIBUNE, Aug. 4, 2010 (discussing owner who decided to change name of “My Dough Girl” bakery after receiving a cease and desist letter from the owner of Pillsbury’s DOUGH BOY mark, and who stated, “I have to stick to baking so cookies can still be a part of all our futures. . . . If the Dough Girl fights, there will be no cookies”).

³⁶ Cf. Michael L. Rustad & Thomas H. Koenig, *Rebooting Cybertort Law*, 80 WASH. L. REV. 335, 349 (2005) (discussing asymmetry in cybertort law between repeat corporate players who have “extensive financial and legal resources” and consumers as the “classic example of ‘one-shotters’” who generally lose in litigation).

³⁷ See Boris Shapiro, Note, *Trademark Arbitration: A First Rate Change for a Second Life Future*, 8 J. INTELL. PROP. 273, 288 (2009) (“[A]nyone who owns a computer with an Internet connection has the tools to infringe upon a trademark.”); Sherif Abdou, *10+ Websites That Offer Free Blog Hosting*, THE DESIGN BLOG (Jan. 26, 2009),

individuals typically lack expertise about trademark law and often lack the resources to obtain legal advice.³⁸

Some institutional defendants, such as movie studios or book publishers, do qualify as repeat players insofar as they produce works that include expressive uses of trademarks. Indeed, many of the unrepresentative cases that reach litigation involve such defendants.³⁹ This may be attributed to some combination of their deeper pockets; their desire, as repeat players themselves, not to be seen as vulnerable to rent-seeking licensing demands in the future;⁴⁰ and their greater resources and legal expertise to mount a defense. The primary goal of these defendants, however, is to distribute profitable content. Because licensing a mark or omitting it altogether often advances this goal just as effectively as an unauthorized expressive use, many of them rationally choose these alternatives in order to avoid costly conflicts with markholders.⁴¹

Because of these differences, plaintiffs typically have much stronger reasons than do defendants to push for their desired outcome. To some extent, asymmetric incentives are built in to the nature of the typical conflict over an expressive use. The law certainly cannot force speakers to persist when they choose otherwise. For that matter, many litigation threats outside of trademark law also play out against a backdrop of unequal resources and differing appetites for a lawsuit. Admittedly, no amount of amending the Lanham Act⁴² can overcome disparities inherent in the private adversarial system.⁴³

Yet improvement is possible. Reform can improve defendants' positions by making litigation shorter, less expensive, and more predictable. These are precisely the variables that discourage them from asserting fair use rights more forcefully. Simultaneously, such reform also strengthens the defendant's hand in negotiation with a plaintiff markholder – rather than a complex bundle of

<http://sherifabdou.com/2009/01/10-websites-that-offer-free-blog-hosting/> (listing multiple platforms that allow users to post blogs for free).

³⁸ Shapiro, *supra* note 37, at 287. While some insurance may cover defense costs, many business policies exclude trademark coverage and many individuals will lack relevant insurance altogether.

³⁹ See, e.g. *E.S.S. Entm't 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008); *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962 (C.D. Cal. 2007); *Wham-O, Inc v. Paramount Pictures Corp.*, 286 F. Supp. 2d. 1254 (N.D. Cal. 2003); *Fox News Network, LLC v. Penguin Group (USA), Inc.*, No. 03 Civ. 6162(RLC), 2003 WL 23281520 (S.D.N.Y. Aug 20, 2003).

⁴⁰ See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 267 (1987).

⁴¹ Cf. Randy J. Kozel & David Rosenberg, *Solving the Nuisance-Value Settlement Problem: Mandatory Summary Judgment*, 90 VA. L. REV. 1849, 1855-58 (2004) (describing the problem of civil plaintiffs filing meritless suits, and the economics and strategy behind a defendant's decision to settle such suits).

⁴² 15 U.S.C. §§ 1051-1072, 1091-1096, 1111-1129 (2006).

⁴³ Cf. DAVID LUBAN, *LAWYERS AND JUSTICE: AN ETHICAL STUDY* 67-103 (1988) (probing the various justifications for an adversary legal system).

doctrines, a defendant can cite a simple rule and assert that it decimates the plaintiff's claim. Changes in the procedural structure of trademark fair use will increase the proportion of defendants willing to push back, and reduce the frequency of meritless claims by markholders. In the aggregate, these changes can also reverse the one-way ratchet in trademark law toward consumer expectations of ever broader trademark rights.⁴⁴

II. DESIGN CHOICES

This Part explains and analyzes three theoretical considerations that should influence the design of new trademark fair use doctrine. First, the proposal ought to emphasize the reduction of administrative costs, even if simplified decisionmaking may somewhat increase error costs from false negatives. Second, fair use should favor clearly stated rules over more general standards. Finally, as much as possible, reform should be embedded in defenses and exemptions rather than in elements of the plaintiff's prima facie case demonstrating likelihood of confusion.

A. *Emphasis on Administrative Costs and False Positives*

Many legal scholars have borrowed a “decision theory” model from economists to evaluate the optimal form of legal commands.⁴⁵ While most judges⁴⁶ and other policymakers may not recognize it explicitly as the theoretical basis for their design choices, this framework offers great explanatory and normative force as an evaluative tool.⁴⁷ Decision theory suggests that in all subject areas, two types of costs are associated with the structure of legal doctrine: administrative costs (also sometimes called legal process costs or information costs) and error costs.⁴⁸

⁴⁴ See *supra* note 19 and accompanying text.

⁴⁵ See Isaac Ehrlich & Richard A. Posner, *An Economic Analysis of Legal Rulemaking*, 3 J. LEGAL STUD. 257, 272 (1974); Russell B. Korobkin, *Behavioral Analysis and Legal Form: Rules vs. Standards Revisited*, 79 OR. L. REV. 23, 43-45 (2000); Mark S. Popofsky, *Defining Exclusionary Conduct: Section 2, The Rule of Reason, and the Unifying Principle Underlying Antitrust Rules*, 73 ANTITRUST L.J. 435, 448-49 (2006).

⁴⁶ Occasionally judges do recognize this trade-off explicitly, especially in antitrust cases. See, e.g., *Jaskolski v. Daniels*, 427 F.3d 456, 461 (7th Cir. 2005) (“Rules have lower administrative costs and will be preferable unless they increase the error costs (the sum of false positives and false negatives) by more than the savings in administrative costs.”); *Stearns Airport Equip. Co. v. FMC Corp.*, 170 F.3d 518, 528 (5th Cir. 1999) (“Given the high error cost of finding companies liable for cutting prices to the consumer, the court should thus refuse to infer predation.”); *Abbott Labs. v. Teva Pharm. USA, Inc.*, 432 F. Supp. 2d 408, 421 (D. Del. 2006) (discussing error costs in the context of antitrust law).

⁴⁷ See Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2103 (2004); McGeeveran, *supra* note 2, at 113-15.

⁴⁸ See C. Frederick Beckner III & Steven C. Salop, *Decision Theory and Antitrust Rules*, 67 ANTITRUST L.J. 41, 46 (1999) (“In evaluating investment in information, the benefit of additional information is that it may reduce the likelihood of making a costly erroneous

Administrative costs are the costs of making a decision.⁴⁹ Examples of administrative costs in expressive use cases might include the cost of empanelling a jury, or the cost of commissioning a survey to determine whether a mark has secondary meaning. Error costs are the costs arising from incorrect outcomes (presumably judged incorrect by some independent normative standard⁵⁰). In general, administrative costs and error costs are inversely proportional – more elaborate decisionmaking procedures require greater effort but should yield fewer mistakes, and vice versa.⁵¹ Error costs come in two forms. False positives, or Type I errors, occur when an adjudicator imposes liability where it should not apply; false negatives, or Type II errors, occur when an adjudicator fails to impose liability that should apply.⁵² Different legal structures may increase the risk of one or the other form of error. Doctrinal design must navigate both of these tradeoffs: first between administrative and error costs, and second between different types of error. In principle, the correct balance should account for the gravity and frequency of potential errors.⁵³

Criminal law illustrates these propositions well. Because a faulty result could wrongly deprive an innocent person of liberty or allow a criminal to get away, we have established many procedures to prevent error, even though they drive up administrative costs considerably.⁵⁴ Within the category of error

decision. In this sense, the decision to consider additional information can be seen as a tradeoff between two types of costs – error costs on the one hand and information costs on the other.”); Bone, *supra* note 47, at 2123-24; Popofsky, *supra* note 45, at 448-49; Richard A. Posner, *An Economic Approach to Legal Procedure and Judicial Administration*, 2 J. LEGAL STUD. 399, 400-01 (1973).

⁴⁹ See Eugene Kontorovich, *The Constitution in Two Dimensions: A Transaction Cost Analysis of Constitutional Remedies*, 91 VA. L. REV. 1135, 1147 (2005) (listing administrative costs “such as judicial salaries, legal fees, and discovery”); Howard A. Shelanski & J. Gregory Sidak, *Antitrust Divestiture in Network Industries*, 68 U. CHI. L. REV. 1, 19 (2001) (identifying, in the antitrust context, “administrative costs, monitoring costs, and the misallocation of resources associated with rent-seeking activity”).

⁵⁰ Clearly, that normative standard is crucial. In the context of trademark fair use, the decisionmaking structure should strive to balance the public interest in free expression with the public interest in avoiding consumer confusion. As discussed at length in this Article, this balance sometimes will be easy to predict in advance and at other times may require more fine-grained analysis, but the structure should at least allow courts to confront the question honestly, unlike current doctrine. See McGeeveran, *supra* note 11, at 1207-11.

⁵¹ See Korobkin, *supra* note 45, at 42.

⁵² See Bone, *supra* note 47, at 2123-24.

⁵³ See Timothy J. Muris, *The Federal Trade Commission and the Rule of Reason: In Defense of Massachusetts Board*, 66 ANTITRUST L.J. 773, 776 (1998) (“A comparison of the two kinds of mistakes will influence the nature and structure of legal rules.”).

⁵⁴ See Richard A. Bierschbach & Alex Stein, *Mediating Rules in Criminal Law*, 93 VA. L. REV. 1197, 1212-13 (2007) (arguing that criminal procedure rules are often structured to counteract a tendency toward false positives or false negatives built into the rule’s substantive counterpart).

costs, the famous “Blackstone’s Ratio” declares it “better that ten guilty persons escape, than that one innocent suffer”⁵⁵ – or, in the less poetic language of the economist, false positives are more serious than false negatives in criminal prosecutions. As a result, requirements for criminal prosecutions, particularly the “beyond a reasonable doubt” standard for conviction, concentrate on avoiding false positives more than false negatives, and they place comparatively little emphasis on containing administrative costs.⁵⁶ Similar determinations about the proper balance between administrative and error costs, and between types of error risk, permeate many areas of law, from antitrust⁵⁷ to constitutional law⁵⁸ to, of course, intellectual property.⁵⁹

⁵⁵ 4 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 352 (Oxford, Clarendon Press 1769); see also *In re Winship*, 397 U.S. 358, 370-72 (1970) (Harlan, J., concurring) (discussing error costs in criminal litigation and the importance of the “beyond a reasonable doubt” standard); *Speiser v. Randall*, 357 U.S. 513, 525-26 (1958) (same); *United States v. Mitchell*, 365 F.3d 215, 239 & n.19 (3d Cir. 2004) (referring to Blackstone’s Ratio in distinguishing false positives from false negatives in scientific evidence); *United States v. Greer*, 538 F.2d 437, 441 (D.C. Cir. 1976) (citing “Blackstone’s immortal words” as “a cardinal principle of Anglo-American jurisprudence”). See generally Alexander Volokh, n *Guilty Men*, 146 U. PA. L. REV. 173 (1997) (charting history of Blackstone’s Ratio and similar formulations).

⁵⁶ See Ariel Katz, *Making Sense of Nonsense: Intellectual Property, Antitrust, and Market Power*, 49 ARIZ. L. REV. 837, 889 n.280 (2007) (identifying the “beyond a reasonable doubt” standard as reflecting the determination that “the cost of a false conviction outweighs the cost of false acquittals”); Muris, *supra* note 53, at 776 (same).

⁵⁷ See Beckner & Salop, *supra* note 48, at 42 (“[B]y adopting a decision theoretic approach, or at least by recognizing the decision theoretic aspects of alternative antitrust standards, regulatory commissions and courts can better understand the key role of information in determining an appropriate antitrust standard.”); Arndt Christiansen & Wolfgang Kerber, *Competition Policy with Optimally Differentiated Rules Instead of “Per Se Rules vs Rule of Reason”*, 2 J. COMP. L. & ECON. 215, 223 (2006) (“Both in antitrust law and the general law and economics literature, the problem whether more general or specific (precise) rules should be applied has been discussed from an economic point of view by applying an ‘error cost approach.’”); Frank H. Easterbrook, *The Limits of Antitrust*, 63 TEX. L. REV. 1, 16-17 (1984) (citing *Barry Wright Corp. v. ITT Grinnell Corp.*, 724 F.2d 227, 234 (1st Cir. 1983)) (“The task, then, is to create simple rules that will filter the category of probably-beneficial practices out of the legal system, leaving to assessment under the Rule of Reason only those with significant risks of competitive injury.”); Frank H. Easterbrook, *On Identifying Exclusionary Conduct*, 61 NOTRE DAME L. REV. 972, 977 (1986) (explaining that, in antitrust law, “the legal system must minimize the sum of error and process costs”); Thomas A. Lambert, *Dr. Miles is Dead. Now What?: Structuring a Rule of Reason for Evaluating Minimum Resale Price Maintenance*, 50 WM. & MARY L. REV. 1937, 1986 (2009).

⁵⁸ See Jerry L. Mashaw, *Conflict and Compromise Among Models of Administrative Justice*, 1981 DUKE L.J. 181, 207 (1981) (citing *Califano v. Yamasaki*, 442 U.S. 682 (1979) as an example of “the bureaucratic-rationality or ‘error costs’ approach to due process questions that has been dominant since *Mathews v. Eldridge*”); Kermit Roosevelt III, *Constitutional Calcification: How the Law Becomes What the Court Does*, 91 VA. L. REV.

A unanimous Supreme Court explicitly considered this balance of costs in a major trademark case, *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, where it declared a per se rule that product design could not be inherently distinctive.⁶⁰ Admittedly, the Court may have failed to establish as bright a line as it wanted, because it underestimated the difficulty of reliably distinguishing a product's design from its packaging (which still may be inherently distinctive).⁶¹ Despite its arguably flawed solution, however, the Court's assessment of the problem was clear-eyed:

Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness. How easy it is to mount a plausible suit depends, of course, upon the clarity of the test for inherent distinctiveness Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle.⁶²

In other words, the Court believed the real-world probability of a false negative (a finding of no liability for product design that was, in fact, inherently distinctive) was low. This low error cost cannot justify the overdeterrence of high administrative costs or the risk of anticompetitive false positives. Even if a rare false negative might exist in theory, Justice Scalia wrote in the opinion, the "game" of finding it was "not worth the candle."⁶³

1649, 1665 (2005) (discussing how, in situations where the necessary fact-finding would be unduly cumbersome, the Supreme Court "substitute[s] a decision rule that turns on objective and easily ascertainable factors").

⁵⁹ See Bone, *supra* note 47, at 2123-25; Thomas F. Cotter, *The Procompetitive Interest in Intellectual Property Law*, 48 WM. & MARY L. REV. 483, 489 (2006) (identifying "adjudication cost" as one of "[t]wo possible justifications for IP law's comparatively loose conceptualization of 'markets' and 'competition'").

⁶⁰ *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 212 (2000).

⁶¹ See *In re Slokevage*, 441 F.3d 957, 961 (Fed. Cir. 2006) (stressing that while the *Wal-Mart* Court provided guidance for close cases, it "did not recite the factors that distinguish between product packaging and product design trade dress"); *Luv N' Care, Ltd. v. Walgreen Co.*, 695 F. Supp. 2d 125, 134 (S.D.N.Y. 2010); *McKernan v. Burek*, 118 F. Supp. 2d 119, 123 (D. Mass. 2000) ("It is particularly difficult to try to distinguish between the packaging and the product when discussing an ornamental bumper sticker. The packaging and the product are so intertwined that distinguishing between them may be regarded as a scholastic endeavor.").

⁶² *Wal-Mart*, 529 U.S. at 213-14.

⁶³ *Id.* at 214. The phrase derives from the premise that a medieval gambler's expected winnings must exceed the costs of a candle needed to provide light for the game. See CONCISE OXFORD ENGLISH DICTIONARY 230 (Catherine Soanes & Angus Stevenson eds., 11th ed. 2008) ("(the game's) not worth the candle: the potential advantages to be gained

Scholars have explained other aspects of trademark doctrine as tradeoffs between administrative and error costs as well. The famed *Abercrombie*⁶⁴ spectrum protects “inherently distinctive” marks without any showing of secondary meaning, but demands such proof when marks are “merely descriptive.”⁶⁵ Robert Bone suggests that a rough calculus about the low probability of error for inherently distinctive marks (those labeled suggestive, fanciful, or arbitrary), along with the significant administrative difficulty of more careful evaluation, motivate the *Abercrombie* shortcut.⁶⁶ Thomas Cotter notes that an enforcement cost analysis can also explain why courts simply presume that product design is functional, without seriously considering whether any market harm results.⁶⁷

In trademark fair use, current doctrine strikes these balances – both between administrative and error costs and between different types of potential error – poorly. As demonstrated in Part I, cases involving expressive uses now involve very high administrative costs in the form of fact-intensive and lengthy adjudication.⁶⁸

As expected under decision theory, these high administrative costs keep error costs of both kinds low at present. Reducing those administrative costs might present a risk of increased error. But, as in criminal law, false positives and false negatives would not be equally acceptable in trademark law. Current doctrine guards most vigorously against the wrong type of error, Type II. The high administrative costs in the current system arise from extreme doctrinal dread of even minimal consumer confusion.⁶⁹

False positives occur when a court incorrectly holds that a legitimate expressive use infringed a trademark. Because courts rule against expressive uses infrequently, there are now few false positives.⁷⁰ If these Type I errors became more common, however, they would impose very high costs. All the odious results of speech limitations arise here: precluding competition, chilling

from doing something do not justify the cost or trouble involved”); THE OXFORD DICTIONARY OF IDIOMS 45 (Judith Siefring ed., 2d ed. 2004) (“The idea behind this idiom is that expenditure on a candle to provide light for an activity would not be recouped by the profits from that activity. The expression comes from the French phrase *le jeu ne vaut pas la chandelle*, ‘the game is not worth the candle.’”).

⁶⁴ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

⁶⁵ *Id.* at 9.

⁶⁶ Bone, *supra* note 47, at 2130 (“The rule that protects inherently distinctive marks on first use in trade in effect conclusively presumes secondary meaning, and a conclusive presumption is justified in these cases because it minimizes the sum of error and administrative costs.”).

⁶⁷ Cotter, *supra* note 59, at 556.

⁶⁸ See *supra* notes 28-29 and accompanying text; see also McGeveran, *supra* note 2, at 113-15 (“A desire to strike the ideal balance between confusion and speech in every case has driven the administrative costs of trademark fair use very high.”).

⁶⁹ See McGeveran, *supra* note 2, at 74-76.

⁷⁰ See *supra* notes 26-27 and accompanying text.

artistic expression or commentary, and increasing markholders' monopoly over the public understanding of marks.⁷¹ Reasonable minds differ on the exact whereabouts of the normative line beyond which restriction of speech becomes unacceptable, but not on the more fundamental proposition that crossing this line represents an especially undesirable false positive.⁷²

As to false negatives, courts today integrate consideration of consumer confusion directly into their analysis of trademark fair use in an effort to prevent any and all potentially misleading uses of trademarks. I have argued at length elsewhere that this "gravitational pull" toward prevention of confusion distorts all the fair use doctrines in trademark law because courts drive up administrative costs in order to eradicate any potential Type II error.⁷³ For example, the third and most important prong of the nominative use defense requires that the defendant "do nothing that would . . . suggest sponsorship or endorsement by the trademark holder."⁷⁴ As applied in real-world litigation, this element can demand exactly the sort of fact-laden inquiry that leads to high administrative costs and lengthy adjudication, all motivated by the desire to eliminate any potential for a false negative.⁷⁵ Even under § 33(b)(4) of the

⁷¹ For discussion and examples of disputes where these values were at stake, see, for example, Lemley & McKenna, *supra* note 4, at 416-21; McGeeveran, *supra* note 2, at 52-53; Rosenblatt, *supra* note 7, at 1040-51.

⁷² See *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 461 (4th Cir. 2000) ("The Supreme Court has recognized the risks of overbroad injunctions, especially when First Amendment considerations are at stake." (citing *Madsen v. Women's Health Ctr., Inc.*, 512 U.S. 753, 765 (1994))); *id.* at 462 ("It is important that trademarks not be 'transformed from rights against unfair competition to rights to control language.'" (quoting Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1710-11 (1999))); see also *supra* note 50 and accompanying text (discussing independent normative standard for judging false positives); *infra* note 107 and accompanying text (discussing void for vagueness doctrine in free speech jurisprudence).

⁷³ See McGeeveran, *supra* note 2, at 112-13.

⁷⁴ *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

⁷⁵ See, e.g., *Standard Process, Inc. v. Total Health Disc., Inc.*, 559 F. Supp. 2d 932, 938-39 (E.D. Wis. 2008) (denying summary judgment on a nominative use argument because questions of fact remained on third factor); *State Farm Mut. Auto. Ins. Co. v. Sharon Woods Collision Ctr., Inc.*, No. 1:07cv457, 2007 WL 4207158, at *8 (S.D. Ohio Nov. 26, 2007) (same); *Buying for the Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310, 330 (D.N.J. 2006) (denying summary judgment on defendant's counterclaim because fact issue existed as to nominative use defense); see also *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1029-31 (9th Cir. 2004) (reversing summary judgment for defendants in part because a nominative use argument failed on the first factor). See generally McGeeveran, *supra* note 2, at 95-97. Earlier this year Judge Kozinski, the originator of the nominative use doctrine in *New Kids*, made an effort to simplify its administration in *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1180-82, (9th Cir. 2010), but a concurring judge strongly objected that this very portion of Judge Kozinski's majority opinion inappropriately assumed facts. See *id.* at 1185-86 (Fernandez, J., concurring).

Lanham Act,⁷⁶ where a unanimous Supreme Court has explicitly held that permissible uses might cause modest confusion in the marketplace⁷⁷ – that is, that trademark law has some tolerance for Type II error – some courts are reluctant to relax their vigilance against false negatives.⁷⁸ More generally, this same imperative to stamp out all vestiges of any sort of confusion fueled the overall expansion in the scope of trademark rights, and led Mark Lemley and Mark McKenna to question whether some uses now found infringing cause any material harm at all.⁷⁹ They note that the actual damage from minimal confusion rarely justifies the imposition of liability,⁸⁰ based on the same calculus I would argue that undue administrative costs to avoid false negatives are, as in *Wal-Mart*, not worth the candle.

A better approach would reduce administrative costs, even if doing so might allow some small quantity of consumer confusion in a few cases (that is, some false negatives). It also would recognize that the social costs of false positives are much more significant than the costs of false negatives. Trademark fair use should incorporate these priorities in its balance. To be sure, we must not overcorrect. A rule that allowed tenuous free speech claims to undermine fundamental trademark protection, divert customers, or increase consumer search costs needlessly would go much too far.⁸¹ The reform proposed in Part III stops well short of such excesses. More commonly, most expressive uses – and especially those in certain identifiable categories – are unlikely to cause anything more than minimal harm to markholders’ legitimate interests in maintaining consumer understanding about the source of goods and services.

The foregoing discussion gives theoretical heft to two fairly straightforward intuitions. First, because the prospect of complex and cumbersome litigation can deter desirable behavior and waste resources, adjudication should only be

⁷⁶ 15 U.S.C. § 1115(b)(4) (2006).

⁷⁷ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 123 (2004); *see also* *Rogers v. Grimaldi*, 875 F.2d 994, 1001 (2d Cir. 1989) (making same point about tolerating possible confusion when applying First Amendment considerations to the use of a trademark in titles).

⁷⁸ *See, e.g.*, *Audi AG v. D’Amato*, 469 F.3d 534, 547 (6th Cir. 2006) (rejecting a fair use defense because “[e]ven when we construe the facts in a light most favorable to D’Amato, Audi has shown that there is a clear likelihood of confusion based on D’Amato’s use of the Audi Trademarks”); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 607-09 (9th Cir. 2005) (on remand from the Supreme Court, expressing concern that the challenged use might be confusing – in other words, that a finding of no liability might be a false negative); *see also* *Austin*, *supra* note 10, at 186 (“[T]he danger of substantial regulation of noncommercial speech is diminished by denying enforcement of a trademark against uses of words that are not likely ‘to cause confusion, to cause mistake, or to deceive.’” (citing *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 564 (1987))).

⁷⁹ *Lemley & McKenna*, *supra* note 4, at 422-26.

⁸⁰ *See id.* at 429-32 (analyzing materiality of trademark harms).

⁸¹ *See* *McGeveran*, *supra* note 11, at 1207-11.

as costly as necessary to achieve acceptable levels of accuracy. Trademark fair use doctrine in many cases can be simplified without increasing error unduly. Second, doctrinal design should focus more intently on avoiding those undesirable results that are more serious and more probable. False positives in expressive use cases can impinge significantly on free speech; false negatives in certain important categories cause only minimal harm, or are unlikely to occur, or both. Especially within those categories where the chance of serious Type II error is remote, trademark fair use should lean toward protecting open communication.

B. *Articulation of Specific Simple Rules Rather Than Broad Standards*

The second design choice helps bring the first to fruition. Where possible, promulgation of relatively simple and unambiguous terms for trademark fair use in advance will reduce those runaway administrative costs. Courts could then dispose of cases at earlier stages such as the motion to dismiss or summary judgment.⁸² Those reformed rules also can focus on protecting against the more dangerous type of error, false positives. At least within categories where false negatives are less likely, less serious, or both, simple rules should displace the broad general standards that characterize almost all trademark fair use determinations.

This aspect of the proposal draws on the extensive literature comparing “rules” to “standards.” Of course, there is no clean binary split between rules and standards. Rather, laws inhabit a spectrum between these two poles.⁸³ In addition, we need not reach a “one size fits all” decision between more rule-like or standard-like designs for all expressive uses. Law in a subject area frequently combines rules and standards as appropriate.⁸⁴ Trademark law is, and should be, no different.⁸⁵

There are two separate ways to understand the distinction between rules and standards. Under one widely accepted account, rules already contain their principal substance before the occurrence of whatever activity they regulate, while adjudicators supply content to standards only after the fact.⁸⁶ For

⁸² See Meurer, *supra* note 18, at 530-31.

⁸³ See Ehrlich & Posner, *supra* note 45, at 258; Korobkin, *supra* note 45, at 26.

⁸⁴ See also Popofsky, *supra* note 45, at 457-59 (discussing when rules are more appropriate and when standards are more appropriate).

⁸⁵ See Graeme B. Dinwoodie, *Lewis & Clark Law School Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law*, 13 LEWIS & CLARK L. REV. 99, 144-52 & n.202 (2009) (identifying the content of the prima facie case, balancing tests, and trumping defenses as three distinct means of accommodating competing values in trademark law); Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1657-60 (2007) (warning against development of a single “wonder theory” to cure a wide range of problems in trademark law).

⁸⁶ See Louis Kaplow, *Rules Versus Standards: An Economic Analysis*, 42 DUKE L.J. 557, 568-70 (1992); Eric Posner, *Standards, Rules, and Social Norms*, 21 HARV. J.L. & PUB.

example, a speed limit of fifty-five miles per hour is a rule, while a requirement that motorists maintain “reasonable speeds under the circumstances” would be a standard.⁸⁷

Most existing trademark fair use doctrines are standards under this definition, because courts evaluate expressive uses *ex post*. Nominative use doctrine, for instance, requires a court to determine whether the defendant used “only so much of the mark . . . as is reasonably necessary to identify the product or service.”⁸⁸ The factors relevant to assessing the necessary amount of use will differ from case to case, and a would-be user cannot evaluate them in advance.⁸⁹ *Ad hoc* First Amendment balancing requires similar retrospective determinations by courts.⁹⁰ More generally, all flavors of trademark fair use analysis typically collapse into the baseline test of likelihood of confusion.⁹¹ That ultimate liability standard in trademark law certainly operates *ex post* – as an empirical examination of the way consumers actually perceived the mark when the defendant used it.⁹² Even when courts alter multifactor tests to fit certain factual patterns more neatly, they remain *ex post* assessments.⁹³ Overall, while various multifactor tests for trademark fair

POL’Y 101, 101-03 (1997); Cass R. Sunstein, *Problems With Rules*, 83 CALIF. L. REV. 953, 961-62 (1995).

⁸⁷ Ehrlich & Posner, *supra* note 45, at 257; Kaplow, *supra* note 86, at 560.

⁸⁸ *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992); *see also Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 228 (3d Cir. 2005).

⁸⁹ *See Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1154 (9th Cir. 2002).

⁹⁰ *See ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 924-38 (6th Cir. 2003); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900-02 (9th Cir. 2002) (“[W]here an artistic work targets the original and does not merely borrow another’s property to get attention, First Amendment interests weigh more heavily in the balance.”); *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993).

⁹¹ *See McGeeveran*, *supra* note 2, at 112-13; McKenna, *supra* note 19, at 821-24 (describing the expansion of source confusion as a rationale throughout trademark law, leading to the “fundamental inadequacy of modern trademark theory”).

⁹² *See McKenna*, *supra* note 19, at 815-16 (“[I]n the absence of direct evidence courts have in the past engaged the question of source indication by focusing on circumstantial evidence such as the nature and prominence of the use at issue [But] these circumstantial clues are only proxies for consumer understanding.”).

⁹³ Some circuits have developed pared-down versions of their multifactor tests in response to recurring fact patterns. For example, the Ninth Circuit, which generally applies the *Sleekcraft* factors to the issue of confusion, applies the “Internet Trinity” or “Internet Trilogy” (a brew of three internet-specific factors) to initial interest confusion cases involving the internet – although its evolution has been uneven. *See Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118, 1130 (D. Ariz. 2008). Other types of recurring fact patterns in trademark and unfair competition law also spawn similarly targeted tests. *See A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.*, 237 F.3d 198, 229-34 (3d Cir. 2000) (applying a modified multifactor test to a “reverse confusion” fact-pattern); *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1181-82 (8th Cir. 1998) (“We

use may provide somewhat more guidance *ex ante* than an even more open-ended standard such as “reasonableness,” they still make it difficult to ascertain in advance whether a particular use of a mark will be found lawful.⁹⁴

Over the years, as precedents accumulate, *ex post* standards can begin to stabilize and start to resemble predictable *ex ante* rules.⁹⁵ For example, courts might consistently interpret a “reasonable speeds” standard to forbid driving more than eighty miles an hour. During the long wait for enough case law to develop, however, standards can make outcomes unpredictable.⁹⁶ The small number of litigated cases concerning expressive uses, and their widespread distribution among various circuits applying multiple doctrines, means that the standards in areas such as nominative use or First Amendment balancing would not solidify into rules for a very long time.⁹⁷ The torturous history of nominative use doctrine, for example, does not encourage optimism that a multifactor standard will evolve through precedent to more rule-like stability.⁹⁸

Many lawyers use a second definition of the rules-standards dichotomy to suggest, not quite a division between *ex ante* and *ex post* determinations, but the notion that “rules” stipulate brighter lines while “standards” offer more

have recently distinguished between two types of comparative advertising claims brought under the Lanham Act: (1) ‘my product is better than yours’ and (2) ‘tests prove that my product is better than yours.’” (quoting *Rhone-Poulenc Rorer Pharm., Inc. v. Marion Merrell Dow, Inc.*, 93 F.3d 511, 514 (8th Cir. 1996))). *But cf.* *Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 1363 (7th Cir. 1995) (Posner, C.J.) (urging against mechanical application of the multifactor test to recurring fact patterns: “[A] finding of likely confusion can no more be based on pure conjecture or a fetching narrative alone than any other finding on an issue on which the proponent bears the burden of proof.”). Continued expansion of trademark law from classic source confusion toward variants such as initial interest confusion, post-sale confusion, reverse confusion, and “bridging the gap” may explain the proliferation of variant multifactor tests targeted at those specific fact patterns.

⁹⁴ See Korobkin, *supra* note 45, at 28 (explaining that, while multifactor tests give guidance to the adjudicator, such tests “still fall on the ‘standard’ side of the spectrum, however, because they do not specify how adjudicators should weigh the relevant factors”).

⁹⁵ Kaplow, *supra* note 86, at 611.

⁹⁶ See Sunstein, *supra* note 86, at 973 (stating that when the Supreme Court issues “ruleless decisions,” then “the absence of rules will force litigants and lower courts to guess, possibly for a generation or more, about what will turn out to be the real content of the law”).

⁹⁷ See *infra* note 162 and accompanying text.

⁹⁸ See *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182 (9th Cir. 2010); *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 222 (3d Cir. 2005) (establishing a “bifurcated approach” that places the initial burden on the plaintiff to prove likely confusion and then shifts the burden to the defendant to show fair use); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1154 (9th Cir. 2002); *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992); *McGeveran*, *supra* note 2, at 91-95 (describing chaotic and sometimes inconclusive development of doctrine to distinguish nominative use from the § 33(b)(4) defense and from the *prima facie* case for likelihood of confusion).

general criteria.⁹⁹ A legal command's degree of complexity presents a design choice distinct from the timing of the decisions that provide its content.¹⁰⁰ An ex ante legal command may be simple like a speed limit, but it also might contain extreme detail, like some portions of the tax code.¹⁰¹ Similarly, a "reasonable person" tort standard is simple enough to articulate in a few words even though it must be applied ex post, while rococo multifactor tests are also ex post determinations. Again, the degree of complexity falls along a continuum, not into a neat split between two categories.¹⁰²

Existing trademark fair use mechanisms also qualify as standards under this "simple vs. complex" definition. Three multifactor tests often used to resolve expressive use cases – the likelihood of confusion test, the § 33(b)(4) statutory defense, and nominative use – cannot even be stated without resort to long lists and verbal gymnastics. They demand complex and variable analysis. First Amendment balancing sometimes presents more straightforward requirements, particularly when courts lean heavily on speech-friendly presumptions.¹⁰³ More often, however, courts considering First Amendment defenses in trademark cases tend to rely on open-ended judgment calls about the strength of a speech interest. Furthermore, many courts integrate fact-specific considerations from the likelihood of confusion analysis into this balancing, yielding an especially unwieldy and complicated standard.¹⁰⁴

⁹⁹ See, e.g., Larry Alexander, *Incomplete Theorizing: A Review Essay of Cass R. Sunstein's Legal Reasoning and Political Conflict*, 72 NOTRE DAME L. REV. 531, 541 (1997) (book review); David Franklin, *The Roberts Court, the 2008 Election & the Future of the Judiciary*, 6 DEPAUL BUS. & COM. L.J. 513, 515 (2008). Usually this may boil down to the same distinction, or nearly so: typically, one expects that clear rules get their content ex ante and broad standards get it ex post. Much of the literature in this area differentiates the concepts, however, so I follow course here.

¹⁰⁰ See Ehrlich & Posner, *supra* note 45, at 257-58; Louis Kaplow, *General Characteristics of Rules*, in 5 ENCYCLOPEDIA L. & ECON. 502, 502 (Bouckaert & De Geest eds., 2000) ("The most commonly noted characteristic of rules concerns the degree of precision, detail, or complexity they embody: how finely are different sorts of behavior to be distinguished?").

¹⁰¹ See Kaplow, *supra* note 86, at 588-90.

¹⁰² See Ehrlich & Posner, *supra* note 45, at 258.

¹⁰³ See Rosenblatt, *supra* note 7, at 1074-75 (discussing the Ninth Circuit's "more than zero percent relevant" test, which "implies . . . a presumption that a use is artistically relevant"); Timbers & Huston, *supra* note 28, at 1287 (indicating that the *Rogers* test "supplant[ed] the usual multi-factor likelihood of confusion analysis with a simpler . . . test" that "does more than merely tip the balance in favor of the First Amendment").

¹⁰⁴ See, e.g., *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1378-80 (2d Cir. 1993); *Lemme v. Nat'l Broad. Co.*, 472 F. Supp. 2d 433, 447-52 (E.D.N.Y. 2007). See generally David M. Kelly & Lynn M. Jordan, *Twenty Years of Rogers v. Grimaldi: Balancing the Lanham Act with the First Amendment Rights of Creators of Artistic Works*, 99 TRADEMARK REP. 1360 (2009) (reviewing different circuits' applications – and adaptations – of the *Rogers v. Grimaldi* test).

A more rule-like design – in both the sense of *ex ante* substance and of simply stated bright lines – would offer several advantages for trademark fair use. First, specificity and predictability are especially critical where a vague legal prohibition might discourage expression of ideas.¹⁰⁵ Clear, simple rules spelled out in advance tell those contemplating expressive uses of trademarks where they stand, allowing them to adjust their speech if necessary to avoid liability, and otherwise to proceed with confidence.¹⁰⁶ This is one major reason why courts so often strike down vague speech restrictions in criminal law.¹⁰⁷ A clear rule also increases the prospect that a plaintiff could face various sanctions for pursuing a demonstrably weak claim.¹⁰⁸

A preference for rules over standards would reduce compliance costs.¹⁰⁹ This shift, in turn, can help correct for the asymmetric incentives of markholders and would-be expressive users.¹¹⁰ Recipients of C&Ds about expressive uses may capitulate less often if they can respond relatively cheaply and easily by citing a simple and clear rule. Risk-averse intermediaries should be more willing to permit an expressive use when they can rely on an unambiguous legal argument in its favor.

Finally, law and economics scholarship finds that rules should be favored in situations where a particular fact pattern arises frequently.¹¹¹ Developing a rule in advance for repeat fact patterns prevents the waste of adjudicators reevaluating each situation anew.¹¹² Conversely, standards may be more efficient in unusual situations.¹¹³ As Part III demonstrates, certain categories of expressive uses cause similar disputes over trademark rights on a regular

¹⁰⁵ See Ehrlich & Posner, *supra* note 45, at 263.

¹⁰⁶ See McGeeveran, *supra* note 2, at 111-12 (“[A]n attorney trying to draft a strong response to a C&D would rather cite one clear rule instead of attaching a complex memo filled with what-ifs.”).

¹⁰⁷ See *Hill v. Colorado*, 530 U.S. 703, 773 (2000) (Kennedy, J., dissenting) (arguing that criminal statute’s “substantial imprecisions will chill speech, so the statute violates the First Amendment”); *Scull v. Virginia ex rel. Comm. on Law Reform & Racial Activities*, 359 U.S. 344, 353 (1959) (“Certainty is all the more essential when vagueness might induce individuals to forego their rights of speech, press, and association for fear of violating an unclear law.”).

¹⁰⁸ These sanctions could include penalties under Rule 11, FED. R. CIV. P. 11, or anti-SLAPP (Strategic Litigation Against Public Participation) statutes such as that in California, CAL. CODE CIV. PROC. § 425.16(b)(1). See Ramsey, *supra* note 7, at 456 & n.438.

¹⁰⁹ See Rosenblatt, *supra* note 7, at 1039; Jennifer E. Rothman, *The Questionable Use of Custom in Intellectual Property*, 93 VA. L. REV. 1899, 1909-11 (2007).

¹¹⁰ See *supra* notes 31-43 and accompanying text.

¹¹¹ See Kaplow, *supra* note 84, at 621 (“[W]hen behavior subject to the relevant law is frequent, standards tend to be more costly and result in behavior that conforms less well to underlying norms.”).

¹¹² Ehrlich & Posner, *supra* note 45, at 266; Kaplow, *supra* note 86, at 621; Posner, *supra* note 86, at 112.

¹¹³ Kaplow, *supra* note 86, at 621; Posner, *supra* note 86, at 112.

basis (both in courtrooms and in pre-litigation skirmishes over C&Ds), such as uses within fictional works. This cost-benefit reasoning supports investment in the development of simpler and more specific rules for those predictable categories.

On the other hand, the most typical arguments in favor of standards are comparatively weak in the context of many trademark fair use scenarios. Standards allow adjudicators to consider individual facts and value judgments in context. This flexibility is most valuable where false positives are especially undesirable and where the nature of disputes is unpredictable. As already noted, however, in many typical circumstances false positives cause minimal harm in the form of slight consumer confusion.¹¹⁴ Moreover, as further described in Part III, we can predict some defined categories that come up repeatedly and present little risk of false positives.

In sum, whether judged by the timing of the determination or the degree of specificity, existing trademark fair use doctrines usually constitute standards. But the typical arguments for favoring standards over rules do not apply to many situations involving expressive uses of trademarks.

C. *Separation From Prima Facie Elements*

The theoretical argument thus far supports a recalibration of trademark law to reduce administrative costs, tolerate some degree of Type II error in expressive use cases, and develop clear rules for fair use. However, this analysis of decisionmaking structure has not yet engaged with the particular structure most relevant to a defendant in an expressive use case: the lawsuit. When implementing the changes already discussed, courts also should disentangle decisions about speech protection from those about prevention of consumer confusion. Courts now process most trademark questions, either formally or de facto, through analysis of consumer perception concerning the nebulous concept of “source.”¹¹⁵ This assessment generally requires the simultaneous evaluation of both the plaintiff’s rights and the defendant’s use. Trademark law in general, and fair use cases in particular, need more robust defensive doctrines that are distinct from this unwieldy balancing exercise. To the extent possible, defendants should be able to raise trademark fair use as an affirmative defense or as a completely independent argument for a motion to dismiss or a motion for summary judgment, rather than as a component of the rebuttal to the plaintiff’s prima facie liability case.

In just a few situations, a defendant can avoid trademark liability without a court considering both the validity of the mark and the nature of its use.

¹¹⁴ *Supra* notes 69-80 and accompanying text; *see* KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 121-22 (2004); Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 214 (2000).

¹¹⁵ *See* McKenna, *supra* note 19, at 821-24 (“[S]ource’ in modern trademark law is an extraordinarily broad concept capable of encompassing virtually any relationship between entities.”).

Traditional functionality considerations arise as part of the prima facie case, insofar as the plaintiff must prove the absence of utilitarian functionality.¹¹⁶ If the plaintiff fails to do so, the functional design receives no trade dress protection, however much its use might confuse consumers.¹¹⁷ Even here, evaluation of *aesthetic* functionality turns on a defendant's competitive need and as a result may require a court to consider the nature of the defendant's use as well as the plaintiff's mark.¹¹⁸ Courts sometimes can reach determinations about distinctiveness, including the inquiry into whether a mark is generic, without examining the defendant's use of the mark or consumer confusion about it.¹¹⁹ These few exceptions prove the broader rule that trademark law offers very few opportunities to adjudicate a case without delving into a complex inquiry about consumer confusion.

The whole range of fair use doctrines exemplifies the dominant tendency to merge defensive mechanisms with the prima facie confusion case. Some courts and commentators rely on the likelihood of confusion test itself to protect speech interests, apparently assuming that fair use must also be non-confusing use.¹²⁰ These arguments hinge on public perception of the *relationship between* the defendant's use and the plaintiff's mark. The defendant probably escapes liability if consumers perceive the use as a designation of a completely independent producer,¹²¹ or as a part of

¹¹⁶ See 15 U.S.C. § 1125(a)(3) (2006); *Antioch Co. v. W. Trimming Corp.*, 347 F.3d 150, 154 (6th Cir. 2003); *Al-Site Corp. v. VSI Int'l, Inc.*, 174 F.3d 1308, 1326 (Fed. Cir. 1999) ("To prove trade dress infringement, the plaintiff must show . . . the essential nonfunctionality of its trade dress.").

¹¹⁷ See Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611, 728-38 (1999); McKenna, *supra* note 19, at 824 & n.239 (explaining that functionality is "outcome determinative without regard to consumer understanding").

¹¹⁸ See *Dippin' Dots, Inc. v. Frosty Bites Distrib., LLC*, 369 F.3d 1197, 1203-06 (11th Cir. 2004); see also Brief of Amici Curiae Intellectual Property Law Professors in Support of Appellant/Cross-Appellee New Life Art, Inc. and Daniel A. Moore and Affirmance in Part at 16-24, *Bd. of Trs. of the Univ. of Ala. v. New Life Art, Inc.*, Nos. 09-16412-AA, 10-10092-A, (11th Cir. Aug. 5, 2010) (discussing aesthetic functionality doctrine and competitive necessity) (the author signed this amicus brief).

¹¹⁹ See *Murphy Door Bed Co. v. Interior Sleep Systems, Inc.*, 874 F.2d 95, 100-01 (2d Cir. 1989); *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577, 579 (2d Cir. 1963); *Dixi-Cola Labs., Inc. v. Coca-Cola Co.*, 117 F.2d 352, 355 (4th Cir. 1941); see also *Premier Nutrition, Inc. v. Organic Food Bar, Inc.*, No. SACV 06-0827 AG (RNBx), 2008 WL 1913163, at *5-8 (C.D. Cal. Mar. 27, 2008) (granting summary judgment on genericness).

¹²⁰ See, e.g., Chad J. Doellinger, *Nominative Fair Use: Jardine and the Demise of a Doctrine*, 1 NW. J. TECH. & INTELL. PROP. 5, ¶ 9 (2003), available at <http://www.law.northwestern.edu/journals/njtip/v1/n1/5> ("[N]ominative fair use should be nothing more than a term used to describe a peculiar fact pattern that, given the specific facts of the case, does not lead to a likelihood of confusion."); Leval, *supra* note 9, at 203.

¹²¹ See, e.g., *Murray v. Cable Nat'l Broad. Co.*, 86 F.3d 858, 861 (9th Cir. 1996).

comparative advertising,¹²² or as a parody,¹²³ to name a few examples. But these avenues really just pose the empirical consumer perception question in different ways. Even the special doctrines that supposedly aim to isolate and immunize permissible uses – fair use under § 33(b)(4), nominative use, “trademark use” theory, and special First Amendment defenses – instead become entangled in the ultimate issues of trademark liability.¹²⁴

At first glance, bundling the validity of protection and the impact of the alleged infringement together in one evaluation might appear to favor expressive uses by placing a greater burden of proof on the plaintiff.¹²⁵ Formally speaking, of course, plaintiffs bear the burden of persuasion to prove likelihood of confusion.¹²⁶ However, formal burdens usually matter only in the hard cases close to equipoise, where they can serve as tiebreakers.¹²⁷ Otherwise, a doctrinal structure that requires litigants and courts to wade into issues of consumer perception imposes significant costs of both time and money.¹²⁸ Intertwined questions of fact often prevent a court from granting a motion to dismiss or summary judgment until litigants have completed discovery and briefing for the entire case.¹²⁹ The actual burdens defendants face when refuting the plaintiff’s evidence of confusion dwarf any benefit they receive from the placement of a formal burden on the plaintiff.¹³⁰

¹²² See, e.g., *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 617-20 (7th Cir. 1995); *Smith v. Chanel, Inc.*, 402 F.2d 562, 563 (9th Cir. 1968).

¹²³ See, e.g., *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 267-68 (4th Cir. 2007); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Grp., Inc.*, 886 F.2d 490, 494-95 (2d Cir. 1989).

¹²⁴ For a catalogue of the ways that each fair use doctrine collapses into the likelihood of confusion inquiry, see McGeeveran, *supra* note 2, at 77-109. See also *supra* note 73 and accompanying text (discussing “gravitational pull” of confusion analysis and courts’ excessive caution about false negatives).

¹²⁵ See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117-18 (2004); *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 221 (3d Cir. 2005).

¹²⁶ See *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010) (“[A]s the Supreme Court has unambiguously instructed, the Lanham Act always places the ‘burden of proving likelihood of confusion . . . on the party charging infringement.’”) (quoting *KP Permanent*, 543 U.S. at 118); *Century 21*, 425 F.3d at 222.

¹²⁷ See William McGeeveran, *Comment, Life in the Fast Lane: Of Presumptions, Defenses, and Burdens*, 1 IP THEORY 26, 32 (2010), <http://scholarworks.iu.edu/journals/index.php/ipt/article/view/882>.

¹²⁸ See, e.g., *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 807 (9th Cir. 2003); *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1316-17 (N.D. Ga. 2008).

¹²⁹ See *Parks v. LaFace Records*, 329 F.3d 437, 447-59 (6th Cir. 2003); *Health Grades, Inc. v. Robert Wood Johnson Univ. Hosp., Inc.*, 634 F. Supp. 2d 1226, 1242-43 (D. Colo. 2009); *Smith*, 537 F. Supp. 2d at 1317-35.

¹³⁰ McGeeveran, *supra* note 127, at 32-33 (“The plaintiff carries all the formal burdens to demonstrate likelihood of confusion, but no sensible defendant sits idly on the sidelines

More importantly, by combining the interests in avoiding confusion and protecting expression together into one mega-inquiry, trademark law submerges important normative choices. The costs of false positives and false negatives blend together. Occasionally, in situations where some consumer confusion exists, the impairment of free expression would be even worse.¹³¹ Current fair use doctrine conceals these situations. On the other hand, if a court examines the statutory text and finds a clear separation between confusion and fair use, as the Supreme Court did in its consideration of the “statutory” or “classic” fair use defense under § 33(b)(4),¹³² this distinction forces these submerged choices to the surface.¹³³ Doctrinal structure thus sends important signals about whether “some possibility of consumer confusion must be compatible with fair use”¹³⁴

In light of the problems with the combined confusion-and-use analysis, a number of scholars have proposed mechanisms for separating them. In a recent lecture, Graeme Dinwoodie made the case for more reliance on independent defenses, which he defined as “rules permitting unauthorized uses of marks *even* where such uses implicate the affirmative concerns of trademark law”¹³⁵ Supporters of a “trademark use” defense also seek screening tests that avoid entanglement with the *prima facie* case.¹³⁶ Others have criticized the expansion of confusion rationales more generally and suggested responses that would remove certain cases from their ambit.¹³⁷

Although this separation would represent a departure for trademark law, it is common in other areas of intellectual property. In patent law, many cases turn on the existence of the plaintiff’s rights alone. Defendants frequently respond

hoping to win by the weakness of the plaintiff’s evidence. Defendants naturally must hire their own experts, commission their own surveys, and brief their own interpretation of the convoluted multifactor test.”)

¹³¹ See, e.g., Austin *supra* note 10, at 175; Lunney, *supra* note 14, at 481; McGeveran, *supra* note 2, at 71-77.

¹³² *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004). The Court based this holding almost exclusively on its analysis of the Lanham Act’s text and its observation that “Congress said nothing about likelihood of confusion in setting out the elements of the fair use defense” *Id.*

¹³³ Dinwoodie, *supra* note 85, at 149 n.213.

¹³⁴ *KP Permanent*, 543 U.S. at 121 (analyzing 15 U.S.C. § 1115(b)(4)).

¹³⁵ Dinwoodie, *supra* note 85, at 100; see also Graeme B. Dinwoodie & Mark D. Janis, *Lessons from the Trademark Use Debate*, 92 IOWA L. REV. 1703, 1711 (2007) (“[W]e do not preclude the courts from developing common law defenses; indeed, our approach encourages them to do so.”).

¹³⁶ Margreth Barrett, *Domain Names, Trademarks and the First Amendment: Searching for Meaningful Boundaries*, 39 CONN. L. REV. 973, 1036-44, 1049-50 (2007); Dogan & Lemley, *supra* note 5, at 805; Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 588-96 (2005); Widmaier, *supra* note 5, at 708-09.

¹³⁷ Lemley & McKenna, *supra* note 4, at 443; McKenna, *supra* note 19, at 821-28; see also Austin, *supra* note 10, at 182-88.

to patent infringement claims by attacking the validity of the patent¹³⁸ on grounds such as inequitable conduct in the application process¹³⁹ or the existence of disqualifying prior art.¹⁴⁰ These arguments disregard the nature of a defendant's activities entirely.¹⁴¹ As in patent, copyright defendants also may challenge the existence of a plaintiff's rights, regardless of the nature of the defendant's use, based on arguments such as insufficient originality.¹⁴² Conversely, copyright law also provides for categorical defenses that immunize specified legitimate uses, from showing movie clips in classroom teaching to making back-up copies of computer programs.¹⁴³ These defenses make little or no reference to whether, in the particular case, the protected use implicates the purposes of extending copyright protection.¹⁴⁴ Finally, copyright defendants enjoy another option that combines evaluation of both the

¹³⁸ See 35 U.S.C. § 282 (2006) (establishing presumption of validity and invalidity defenses).

¹³⁹ *E.g.*, *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1378 (Fed. Cir. 2008).

¹⁴⁰ *E.g.*, *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 422 (2007) (patent invalid because similar prior art made it obvious).

¹⁴¹ A patent defendant's other option is the opposite: assuming validity but arguing that the defendant's use does not fall within the boundaries of the patent. See, e.g., *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576-77 (Fed. Cir. 1995); *Contech Stormwater Solutions v. Baysaver Techs., Inc.*, No. Civ.A. CCB-07-358, 2007 WL 2872074, at *12 (D. Md. Sept. 25, 2007). Patent law offers almost no defenses for a use that reads on a valid patent. *But cf.* Katherine J. Strandburg, *What Does the Public Get? Experimental Use and the Patent Bargain*, 2004 WIS. L. REV. 81, 82 (arguing in favor of "a well-designed experimental-use exception from infringement liability").

¹⁴² See, e.g., *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991); *Situation Mgmt. Sys., Inc. v. ASP. Consulting LLC*, 560 F.3d 53, 60-62 (1st Cir. 2009), *vacating* 535 F. Supp. 2d 231 (D. Mass. 2008); *City of New York v. GeoData Plus, LLC*, 537 F. Supp. 2d 443, 450 (E.D.N.Y. 2007) ("GeoData claims that the City's copyrights in the Bytes Files are invalid because the Bytes Files lack sufficient originality."); *SHL Imaging, Inc. v. Artisan House, Inc.*, 117 F. Supp. 2d 301, 305 (S.D.N.Y. 2000) ("[D]efendants argue that plaintiff's photographs are derivative works that must satisfy a higher standard of substantial originality." (internal quotation marks omitted)).

¹⁴³ See 17 U.S.C. § 110(1) (2006) ("Notwithstanding the provisions of section 106, the following are not infringements of copyright: (1) performance or display of a work by instructors or pupils in the course of face-to-face teaching activities of a nonprofit educational institution . . ."); § 117(a)(2) ("Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided . . . (2) that such new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that continued possession of the computer program should cease to be rightful.").

¹⁴⁴ See 17 U.S.C. §§ 107-112, 117-122 (2006) (defining scope of exclusive rights and limitations on those rights); see also Dinwoodie, *supra* note 85, at 105-07 (comparing structure of copyright law to trademark law).

plaintiff's rights and the defendant's use: the fair use doctrine.¹⁴⁵ Here, courts simultaneously consider both the nature of the copyrighted work and the nature of the unauthorized use, most notably in the crucial assessment of the effect on the market for the copyrighted work.¹⁴⁶ This feature partly explains why many observers consider the copyright fair use doctrine such a mess.¹⁴⁷ Yet such combined analysis of plaintiff's rights and defendant's use pervades trademark law.

The separation of validity from defenses – of the grant of protection from the nature of the use – need not be realized purely through the formalism of civil procedure labeling. In a loose way, proposals for independent doctrines that confer immunity on potentially confusing expressive uses could be called “defenses.” They might not act in all ways like traditional affirmative defenses such as *res judicata* or the statute of limitations,¹⁴⁸ but they are defensive doctrines for two reasons. First, they focus on the defendant's activities and foreclose liability without inquiring into confusion.¹⁴⁹ Second, they also empower the defendant to seek early termination of a case, through mechanisms such as a motion to dismiss or summary judgment, before the court turns to complex and costly analysis of public perception.¹⁵⁰

¹⁴⁵ See 17 U.S.C. § 107 (2006) (“In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include – (1) the purpose and character of the use . . . ; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.”).

¹⁴⁶ *Stewart v. Abend*, 495 U.S. 207, 236-38 (1990); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985); Lydia Pallas Loren, *Redefining the Market Failure Approach to Fair Use in an Era of Copyright Permission Systems*, 5 J. INTELL. PROP. L. 1, 38-53 (1997). Some courts also assess the “merger” doctrine of copyright law, sometimes viewed as a “defense,” as part of its evaluation of validity. See, e.g., *Kregos v. Associated Press*, 937 F.2d 700, 705 (2d Cir. 1991) (“Assessing merger in the context of alleged infringement will normally provide a more detailed and realistic basis for evaluating the claim that protection of expression would inevitably accord protection to an idea.”). *But see Morrissey v. Procter & Gamble Co.*, 379 F.2d 675, 678-79 (1st Cir. 1967).

¹⁴⁷ See, e.g., LESSIG, *supra* note 24, at 187 (“[F]air use in America simply means the right to hire a lawyer to defend your right to create.”); Thomas F. Cotter, *Fair Use and Copyright Overenforcement*, 93 IOWA L. REV. 1271, 1284 (2008) (“Fair use . . . remains fairly unpredictable and uncertain in many settings”); Michael J. Madison, *A Pattern-Oriented Approach to Fair Use*, 45 WM. & MARY L. REV. 1525, 1550-64 (2004) (cataloging the “interpretive demons” in the statutory text of the fair use defense); David A. Simon, *Teaching Without Infringement: A New Model for Educational Fair Use*, 20 FORDHAM INTEL. PROP. MEDIA & ENT. L.J. 453, 460-93 (2010) (discussing copyright fair use doctrine as stifling teachers' ability to use copyrighted material as teaching tools).

¹⁴⁸ See FED. R. CIV. P. 8(c); 5 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, *FEDERAL PRACTICE & PROCEDURE* § 1270 (3d ed. 2004).

¹⁴⁹ See *Dinwoodie*, *supra* note 85, at 100; *McGeeveran*, *supra* note 127, at 30-31.

¹⁵⁰ It is true that many systems, including the federal courts, distinguish between motions to dismiss a complaint, which can be adjudicated before the defendant files an answer, and

A couple of examples show how the formal labeling of defensive doctrines, like the formal allocation of burdens,¹⁵¹ may make little difference in expressive use cases. The first example comes from defamation. Traditionally, the common law placed no burden on a defamation plaintiff to prove the falsity of the statement at issue and did not consider falsity an element of the prima facie case.¹⁵² Over time, falsity effectively became an element in a large majority of states, either standing alone or incorporated into the requirement of “a false and defamatory statement.”¹⁵³ In practice, however, little changed. Today, courts still loosely refer to falsity as an element and to truth as a defense, sometimes in the same paragraph.¹⁵⁴ Either way, a defendant may choose to raise arguments about the truthfulness of the allegedly defamatory statement as a shield against liability as soon as the available evidence has been gathered, possibly without judicial exploration of any other issues. Similarly, the federal statute that immunizes websites and other internet providers from liability for much user-generated content is framed as an exclusion from liability, not as a formal affirmative defense.¹⁵⁵

motions for adjudication on the pleadings, which encompass both the complaint and the answer. *Compare, e.g.*, FED. R. CIV. P. 12(b)(6) (requiring defendant to move to dismiss for “failure to state a claim upon which relief can be granted” before making responsive pleading), *with* FED. R. CIV. P. 12(c) (“After the pleadings are closed but early enough not to delay trial a party may move for judgment on the pleadings.”). Arguably, an affirmative defense cannot be the basis for a motion until it is raised in the answer, so classification as an affirmative defense may require defendants to wait slightly longer to raise the argument. *But see* Smith-Haynie v. District of Columbia, 155 F.3d 575, 578 (D.C. Cir. 1998) (“[W]e now explicitly hold that an affirmative defense may be raised by pre-answer motion under Rule 12(b) when the facts that give rise to the defense are clear from the face of the complaint.”). Either way, however, the court can act before discovery, so this really represents a slight distinction – between early action and even earlier action.

¹⁵¹ *See supra* notes 125-130 and accompanying text (discussing burdens of persuasion).

¹⁵² *See* RESTATEMENT (SECOND) OF TORTS § 581A cmt. b (1977).

¹⁵³ *Id.* § 558 (stating elements of defamation cause of action).

Recent decisions of the United States Supreme Court hold that under the Constitution a plaintiff must show fault on the part of the defendant regarding the truth or falsity of the defamatory communication. Depending upon the circumstances, this fault may be negligence or greater fault or must be knowledge or reckless disregard as to the falsity. *Meeting this requirement has, as a practical matter, made it necessary for the plaintiff to allege and prove the falsity of the communication, and from a realistic standpoint, has placed the burden of proving falsity on the plaintiff.*

Id. § 613 cmt. j (emphasis added) (internal citations omitted).

¹⁵⁴ *E.g.*, Cmty. Newspaper Holdings, Inc. v. King, 682 S.E.2d 346, 348 (Ga. Ct. App. 2009) (“Because falsity is an essential element of both libel and slander, truth is a perfect defense to a defamation action.” (quoting *Lucas v. Cranshaw*, 659 S.E.2d 612, 615 (Ga. Ct. App. 2009) (internal quotation marks omitted))); *Ladd v. Uecker*, 780 N.W.2d 216, 219 (Wis. Ct. App. 2010) (listing “a false statement” as the first element of defamation but stating later in the paragraph, “Truth is a complete defense”).

¹⁵⁵ 47 U.S.C. § 230(c)(1) (2006) (“No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another

Defendants are free to raise that immunity, based solely on the character of their own operations, at various stages of litigation, including the initial motion to dismiss¹⁵⁶ and summary judgment.¹⁵⁷

The design of such defensive doctrines in trademark law can draw on the above review of decision theory and of rules and standards. By providing immunity to certain categories of expression, a revamped fair use structure can end cases before reaching the likelihood of confusion analysis – regardless of whether it does so through a formal affirmative defense. Where that neat separation is not practical, a second-best option would define situations where a court should apply speech-protective presumptions. Both mechanisms are fairly unusual for trademark law. Part III will demonstrate a model for these changes.

III. THE PROPOSAL

Building on the design choices outlined in Part II, this Part presents a reform proposal that focuses on administrative costs, favors rules over standards, and functions independently from the prima facie liability case. A draft bill in an Appendix at the end of the Article, dubbed the “Trademark Fair Use Reform Act,” expresses this proposal in legislative terminology, as an amendment to the Lanham Act.

information content provider.”); *see Barnes v. Yahoo!, Inc.*, 570 F.3d 1096, 1097, 1106-07 (9th Cir. 2009) (amending prior panel opinion to remove safe harbor from ambit of affirmative defenses and allowing a defendant to move to dismiss the complaint when protected by safe harbor); *Gibson v. Craigslist, Inc.*, No. 08 Civ. 7735(RMB), 2009 WL 1704355, at *2 (S.D.N.Y. June 15, 2009) (“[I]t is proper and appropriate to evaluate Defendant’s Section 230 immunity defense in the context of Fed. R. Civ. P. 12(b)(6) because . . . the elements necessary to make a finding regarding Section 230 immunity are apparent from the face of the Amended Complaint”); *see also supra* note 150 (explaining how affirmative defenses also may enable early dismissal).

¹⁵⁶ *See Zeran v. Am. Online, Inc.*, 129 F.3d 327, 328 (4th Cir. 1997); *Goddard v. Google, Inc.*, 640 F. Supp. 2d 1193, 1199 & n.5 (N.D. Cal. 2009); *Nemet Chevrolet, Ltd. v. ConsumerAffairs.com, Inc.*, 564 F. Supp. 2d 544, 550 (E.D. Va. 2008); *DiMeo v. Max*, 433 F. Supp. 2d 523, 531 (E.D. Pa. 2006), *aff’d* 248 Fed. Appx. 280 (3d Cir. 2007).

¹⁵⁷ *See Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102, 1118-19 (9th Cir. 2007); *Prickett v. infoUSA, Inc.*, 561 F. Supp. 2d 646, 652-53 (E.D. Tex. 2006); *Ben Ezra, Weinstein and Co. v. Am. Online, Inc.*, No. 97-485 LH/LFG, 1999 WL 727402, at *2-3 (D.N.M. Mar. 1, 1999), *aff’d* 206 F.3d 980 (10th Cir. 2000); *Blumenthal v. Drudge*, 992 F. Supp. 44, 52 (D.D.C. 1998); *see also 800-JR Cigar, Inc. v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 295 (D.N.J. 2006) (finding defendants ineligible for Section 230 safe harbor in part because they were not an “interactive computer service” within the meaning of the statute); *Carafano v. MetroSplash.com Inc.*, 207 F. Supp. 2d 1055, 1065-68 (C.D. Cal. 2002) (finding defendants ineligible for Section 230 safe harbor because they were content providers as well as an interactive computer service, but granting defendants’ motion for summary judgment on other grounds).

Under the proposal, trademark cases that raise free speech issues would move through a sequence of successively more complicated tests. One can picture these tests as a series of nets inserted in a stream – the first and most porous might catch only the largest fish, the second might have narrower holes to capture smaller ones, and then the third would stop even tiny minnows.¹⁵⁸ In combination, these nets should catch most false positives – that is, most cases where protection of speech should trump the ordinary functions of trademarks. Each test, however, imposes greater administrative costs to adjudicate. Each one moves further along the spectrum from rules to standards. Because this Article has identified administrative costs and nebulous standards as key problems confronting trademark fair use, the bulk of the proposal presented here concerns those earlier nets, with some comments at the end directed to the later ones.

To mix aquatic metaphors for a moment, the first and simplest net is a categorical exclusion, often called a safe harbor. Expressive uses that meet the conditions of an exclusion are exempt from liability, without any further inquiry into the likelihood of consumer confusion. Cases that fall outside these defined categories would remain eligible for the existing trademark fair use doctrines and presumably for standards-based reforms that other scholars have suggested. Finally, courts would evaluate the remaining cases, those captured by neither the exclusions nor existing or proposed defensive doctrines, under the likelihood of confusion test. In these cases, the bill proposes a rebuttable presumption against consumer confusion when challenged content is oriented principally toward delivering messages beyond the identification of source.

A. *Why a Statute?*

Before proceeding, it may be valuable to explain why I chose to embody this proposal in statutory language and to present a draft. It may seem a rather old-fashioned way to present ideas in a law review article.¹⁵⁹ There are both rhetorical and substantive advantages in doing so.

¹⁵⁸ See Dogan & Lemley, *supra* note 5, at 805 (“The trademark use requirement serves a gatekeeper function, limiting the reach of trademark law without regard to a factual inquiry into consumer confusion.”); Widmaier, *supra* note 5, at 621-24.

¹⁵⁹ See, e.g., George Bronz, *Conversion of Foreign Currency in Customs Administration*, 34 TEX. L. REV. 78, 96-102 (1955); Eli Goldston & James H. Scheuer, *Zoning of Planned Residential Developments*, 73 HARV. L. REV. 241, 253-62, 266-67 (1959); John C. Jacobs, *Unit Operation of Oil and Gas Fields*, 57 YALE L.J. 1207, 1224-28 (1948); Frank C. Newman, *Should Official Advice Be Reliable? – Proposals as to Estoppel and Related Doctrines in Administrative Law*, 53 COLUM. L. REV. 374 (1953). For more recent examples motivated by some of the same considerations noted in the text, see Timothy K. Armstrong, *Shrinking the Commons: Termination of Copyright Licenses and Transfers for the Benefit of the Public*, 47 HARV. J. ON LEGIS. 359, 364-65, 419-20 (2010); Cara H. Drinan, *The National Right to Counsel Act: A Congressional Solution to the Nation’s Indigent Defense Crisis*, 47 HARV. J. ON LEGIS. 487, 489, 497-99 (2010); Raymond M. Saunders & Patrick Butler, *A Timely Reform: Impose Timeliness Rules for Filing Bid Protests at the Court of*

Rhetorically, crafting the actual language of proposed legislation forces choices that are necessary for designing effective categorical exemptions. I wanted to avoid the academic temptation to assume that the necessary clarity and specificity could be achieved, somehow or other. Conversely, a predictable objection to the very idea of a clear safe harbor rests on doubt that the task is possible. I hope that plotting out the categories with more detail demonstrates to proponents and skeptics alike that it can be done. In addition, leaving safe harbors only vaguely defined might invite critics to quibble about their precise content, rather than concentrate on my larger point that per se rules would reduce the chilling effect. Arguments about the precise textual details are inevitable and important discussions about any legislative enactment.¹⁶⁰ However, they jump ahead of the more general main point of this Article.

Substantively, there are some reasons to believe that a legislative enactment would be a better mechanism for reform than judge-made common law evolution. First of all, at least some entrenched judicial reluctance, and perhaps textual obstacles, impede courts from engaging in creative interpretations of the Lanham Act.¹⁶¹ Furthermore, because disputes of this type settle very frequently, courts have limited opportunities to see enough cases to refine the tests. Trademark cases also arise in many different federal courts, each operating within their own particular precedent.¹⁶² This fragmentation of trademark law prevents uniformity and reduces certainty, exactly the attributes needed to reduce the chilling effect.¹⁶³ As each court

Federal Claims, 39 PUB. CONT. L.J. 539, 570, 580-81 (2010).

¹⁶⁰ Cf. Gideon Parchomovsky & Kevin A. Goldman, *Fair Use Harbors*, 93 VA. L. REV. 1483, 1511 (2007) (“As is the case with any legal rule, one may take issue with the specific limitations we suggest.”).

¹⁶¹ See generally Michael Grynberg, *Things Are Worse than We Think: Trademark Defenses in a “Formalist” Age*, 24 BERKELEY TECH. L.J. 897 (2009).

¹⁶² A PACER search for cases filed under the numerical identifier associated with trademark cases (840) filed between January 1, 2009 and December 31, 2009 yields a broad distribution across all states. California had the highest count (755), followed by New York (387), Florida (255), and Texas (244). Most states had between twenty and eighty cases. Results of PACER Search, run on June 18, 2010 (on file with author). Numbers available from the Federal Judicial Center support this general distribution of intellectual property cases. See Federal Judicial Caseload Statistics, *U.S. District Courts – Civil Cases Commenced, by Nature of Suit and District, During the 12 Month Period Ending March 31, 2008* (2008), <http://www.uscourts.gov/uscourts/Statistics/FederalJudicialCaseloadStatistics/2008/tables/C03Mar08.pdf>; Federal Judicial Caseload Statistics, *U.S. Courts of Appeals – Nature of Suit or Offense in Cases Arising From the U.S. District Courts, by Circuit, During the 12-Month Period Ending March 31, 2008* (2008), <http://www.uscourts.gov/uscourts/Statistics/FederalJudicialCaseloadStatistics/2008/tables/B07Mar08.pdf>.

¹⁶³ See Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 749 (2004) (“Predictably, the diverging viewpoints in this area have produced a muddled body of case law, characterized by such inconsistency among and within the circuits that it has become difficult to predict how a court will deal with a particular case.” (citation and internal quotation marks omitted)). See generally Barton Beebe, *An Empirical Study of the*

pursued its own version of fair use reform, that uniformity problem would grow worse. Finally, when courts have developed trademark tests in the past, the results have been the opposite of sharp-edged clarity. The multifactor confusion test is notoriously opaque,¹⁶⁴ and the cacophony of courts applying different versions of nominative use or First Amendment balancing got us into this mess in the first place.¹⁶⁵ For these rhetorical and substantive reasons, I include a draft bill in the Appendix, which would amend the Lanham Act to add the reforms I propose.

Political reality, of course, may well make it impossible to pass such a law in Congress. The same asymmetric incentives that influence behavior in trademark disputes¹⁶⁶ would operate, in the legislative process through public choice theory, as they already have in both copyright law¹⁶⁷ and trademark law.¹⁶⁸ Broad but diffuse support for free speech might not overcome concentrated opposition from highly motivated markholders. Overburdened legislators understandably may not see the issue as a priority.

Even if a statute might be the ideal, courts also can and should adopt the types of per se mechanisms discussed in this Article when adjudicating trademark cases. Advocates for reform of intellectual property law already turn to the judiciary to seek, through impact litigation and amicus practice, the implementation of their policy preferences.¹⁶⁹ Some scholars debate how

Multifactor Tests for Trademark Infringement, 94 CALIF. L. REV. 1581 (2006). For a recent examination of one particular circuit's trademark jurisprudence and its difference from other circuits, see Kenneth L. Port, *Eighth Circuit Trademark Opinions*, 36 WM. MITCHELL L. REV. 1657 (2010).

¹⁶⁴ See Austin, *supra* note 10, at 169; Beebe, *supra* note 163, at 1583-84.

¹⁶⁵ Compare *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175-76 (9th Cir. 2010) ("In cases where a nominative fair use defense is raised, we ask whether (1) the product was 'readily identifiable' without use of the mark; (2) defendant used more of the mark than necessary; or (3) defendant falsely suggested he was sponsored or endorsed by the trademark holder." (quoting *Playboy Enterprises, Inc. v. Welles*, 279 F.2d 796, 801 (9th Cir. 2002))), with *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 221 (3d Cir. 2005) (declining to follow Ninth Circuit's nominative use test but devising a "modified likelihood of confusion test to be employed in nominative fair uses cases that takes into account the concerns expressed by" the Ninth Circuit). Regarding the First Amendment tests, see Kelly & Jordan, *supra* note 104, at 1374-83 (cataloguing circuits' differing applications of *Rogers v. Grimaldi* to First Amendment balancing).

¹⁶⁶ See *supra* notes 31-43 and accompanying text.

¹⁶⁷ See JESSICA LITMAN, *DIGITAL COPYRIGHT* 35-63 (2001).

¹⁶⁸ See, e.g., Paul Alan Levy, *The Trademark Dilution Revision Act – A Consumer Perspective*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1189 (2006) (describing lobbying and negotiation over the recent revision of the Lanham Act's trademark dilution provisions).

¹⁶⁹ See, e.g., *Eldred v. Ashcroft*, 537 U.S. 186, 191 n.* (2003) (listing the fourteen amicus briefs filed in support of petitioner's challenge to Congress's extension of the term of existing copyrights in the Copyright Term Extension Act of 1998; petitioners were represented by noted law professor Lawrence Lessig; Thomas B. Nachbar, *Judicial Review*

much leeway the Lanham Act gives courts to create new trademark defenses.¹⁷⁰ However, the broadly worded likelihood of confusion standard itself delegates substantial authority to courts to determine the best means of judging consumer understanding, which could include per se determinations.¹⁷¹ The statute does not even specify how much confusion should engender liability, forcing courts to determine this quantum themselves and ascertain when slight confusion might be acceptable.¹⁷² Indeed, the *Abercrombie*

and the Quest to Keep Copyright Pure, 2 J. ON TELECOMM. & HIGH TECH. L. 33, 36 (2003); *About EFF*, ELECTRONIC FRONTIER FOUNDATION, <http://www.eff.org/about> (last visited Sept. 11, 2010) (“EFF fights for freedom primarily in the courts, bringing and defending lawsuits even when that means taking on the US government or large corporations.”); *Positions in Amicus Curiae Briefs*, AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION, http://www.aippla.org/Content/NavigationMenu/IP_Issues_and_Advocacy/Amicus_Briefs/Amicus_Briefs_TOC.htm (last visited Sept. 11, 2010) (listing more than 70 cases in which the American Intellectual Property Law Association filed amicus briefs); *Cyberlaw Clinic*, BERKMAN CENTER FOR INTERNET & SOCIETY AT HARVARD UNIVERSITY, <http://cyber.law.harvard.edu/teaching/clinical#> (last updated Aug. 31, 2010) (“The Cyberlaw Clinic provides high-quality, pro-bono legal services to appropriate individuals, small start-ups, non-profit groups and government entities regarding cutting-edge issues of the Internet, new technology and intellectual property.”); *Fair Use Project*, THE CENTER FOR INTERNET AND SOCIETY, STANFORD LAW SCHOOL, <http://cyberlaw.stanford.edu/taxonomy/term/374> (last visited Sept. 11, 2010) (“The Stanford Center for Internet and Society’s ‘Fair Use Project’ . . . was founded in 2006 to provide legal support to a range of projects designed to clarify, and extend, the boundaries of ‘fair use’ in order to enhance creative freedom.”); *Amicus Briefs*, INTERNATIONAL TRADEMARK ASSOCIATION, http://www.inta.org/index.php?option=com_content&task=view&id=125&Itemid=151&getcontent=3 (last visited Sept. 11, 2010) (“[International Trademark Association] gives its expertise in trademark law to national courts around the world through amicus briefs or other related filings.”).

¹⁷⁰ Compare Dinwoodie, *supra* note 85, at 137-139, 143 & n.182 (arguing that courts interpreting Lanham Act are often influenced by “a number of . . . prudential considerations” other than text and “remain willing” to refer back to common law principles), and Leval, *supra* note 9, at 198 (classifying the Lanham Act as a “delegating statute” and arguing that textual approach to interpretation of such statute is “wholly inappropriate”), with Grynberg, *supra* note 161, at 945-56 (“Barring further congressional action, section 33(b)[s list of defenses] seems a closed set, which looms as a problem for any defense innovations that cannot fit within its provisions.”).

¹⁷¹ See Grynberg, *supra* note 161, at 966-67. Grynberg suggests that the capacity to derive safe harbors from the likelihood of confusion standard may be limited to the establishment of rebuttable presumptions rather than outright categorical exclusions. *Id.* While he may be right about judges’ reluctance to develop robust per se rules, nothing in the statute or doctrine strips them of the authority to do so. Courts are free to change their multifactor tests radically, presumably including the elimination of entire factors – so they already have adopted rules that recognize some indicia of confusion and disregard others. Grynberg also points out that courts’ free reign to judge confusion allows them just as easily to find confusion in more cases rather than fewer (as indeed is the general trend), *id.* at 913, but this goes to the possible impermanence of a safe harbor, not the authority to create it.

¹⁷² See, e.g., *George & Co., v. Imagination Entm’t Ltd.*, 575 F.3d 383, 398 (4th Cir.

spectrum of distinctiveness¹⁷³ and the multifactor likelihood of confusion test¹⁷⁴ both came into being as common law creations of courts applying the general liability standards in the Lanham Act. Absent congressional action, courts could use additional and different heuristics to judge likelihood of confusion, just as the draft bill suggests.¹⁷⁵ (And, of course, even if legislation of this type came into being, courts would need to interpret and apply its terms.)

Whether they are legislators, judges, or scholars, readers of this Article should take the draft legislative language as it is intended. The proposed bill represents a starting point, embodying an overall approach to the reform of trademark fair use. Some might argue against one or more of the illustrative categorical exclusions, while others might propose additional ones. Some might object that certain important expressive uses of trademarks, such as many typical parodies, do not fall within the categories. If the ensuing argument centers on the content and formulation of safe harbors rather than the wisdom of the overall approach, then I will consider this Article to have done its job.

B. *Categorical Exceptions*

Section 2 of the draft bill amends existing exclusions now in the Lanham Act for trademark dilution claims. Section 3 adds a proposed new section to the Lanham Act which contains new categorical exemptions from both trademark dilution and trademark infringement liability (section 46(a)). When applying the rules in both sections, a court simply determines whether a party's actions satisfy the conditions for the exclusion; if so, the party is not liable. Many other areas of the law include similar per se rules. Examples range from disclaimers of warranty under the Uniform Commercial Code¹⁷⁶ to the statute shielding online intermediaries from tort liability for user-generated content.¹⁷⁷

2009); *John Allan Co. v. Craig Allen Co.*, 540 F.3d 1133, 1140 (10th Cir. 2008); *Universal Money Ctrs., Inc. v. Am. Tel. & Tel. Co.*, 22 F.3d 1527, 1535 (10th Cir. 1994).

¹⁷³ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

¹⁷⁴ *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); 4 MCCARTHY, *supra* note 9, §§ 24:30-43 (describing the multifactor tests in all circuit courts, and collecting cases).

¹⁷⁵ For that matter, groups working to develop grass roots "best practices" for fair use in the copyright realm might consider extending their efforts to trademark fair use, perhaps pushing legal decisionmakers toward adoption of similar reforms. *See* Peter Jaszi, *Copyright, Fair Use and Motion Pictures*, 2007 UTAH L. REV. 715, 732-36 (2007) (describing efforts to develop statements of "best practices" for copyright fair use within particular professional or artistic communities); Pat Aufderheide & Peter Jaszi, *Fair Use and Best Practices: Surprising Success*, INTELL. PROP. TODAY, Oct. 2007, at 26.

¹⁷⁶ *See* U.C.C. § 2-316(2) (2005) (prescribing specific contractual language to disclaim implied warranties of fitness).

¹⁷⁷ *See* 47 U.S.C. § 230(c)(1) (2006) ("No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another

The analysis of design choices in Part II guides the selection and drafting of these safe harbors. If chosen judiciously, the protected categories should be those where the social cost of curtailing valuable expression outweighs the utility of a complex inquiry into the impact on the economic functions of trademarks. Such exemptions should reduce administrative costs that fuel the prelitigation chilling effect. At the same time, while there will be cases within the safe harbors where some residual consumer confusion exists, the areas protected should be those where confusion is less likely and where the harm caused by any such false negatives will be relatively low. Finally, although not framed as affirmative defenses, these categorical exclusions would function as defensive doctrines separate from the prima facie case, allowing defendants to raise them before consideration of the likelihood of confusion and to seek early termination of the case.

To achieve these goals, the structural design of safe harbors must avoid complex threshold tests to determine whether the exemption applies, and particularly fact-specific analysis similar to the likelihood of confusion test. Thus it is imperative to remember that this is merely the first line of defense, and the least nuanced. Omitting a particular use from the protected category does not automatically result in liability, but merely moves the inquiry on to the next stage where more detailed analysis will be possible.

The proposal here includes five safe harbors. The first would apply only to trademark dilution. The other four safe harbors, which also encompass trademark infringement, would provide immunity for uses within communicative works, for titles, for news reporting and news commentary, and for certain forms of political speech. All five proposed safe harbors would protect uses of trademarks in regularly occurring fact patterns where a clear rule is more important than perfectly calibrated prevention of all consumer confusion. As noted above, there may be ways to refine these definitions further so that they provide the optimal balance between administrative and error costs, or offer even greater clarity. Similarly, there may be other categories in trademark law where a similar safe harbor approach might be worth considering.¹⁷⁸ Once the architecture was in place, adding these other types of exclusions would prove relatively easy. Whatever their precise details, the examples here should provide the template for the types of categorical exclusions that would improve trademark fair use.

information content provider.”); *supra* notes 155-157 and accompanying text.

¹⁷⁸ For example, some might propose an exemption for indexing, such as that done by online search engines and other aggregation web sites. I share the reservations of a number of critics who caution that such a move might be premature at the moment. See Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507, 521-25 (2005); Greg Lastowka, *Google’s Law*, 73 BROOK. L. REV. 1327, 1396-1398 (2008).

1. A Dilution Safe Harbor

Congress has already created one safe harbor that purports to shield certain speech-related uses from federal trademark liability, but only in the context of dilution claims, not infringement.¹⁷⁹ Dilution applies when a use of a mark “lessen[s] the capacity of a famous mark to identify and distinguish goods or services” even if the defendant’s use might not cause confusion among consumers as required for traditional infringement claims.¹⁸⁰ The defendant’s use can give rise to dilution liability if it either “tarnishes” the reputation of the mark or “blurs” its distinctiveness.¹⁸¹ When Congress first established a federal dilution claim in 1995, the statute included a safe harbor from dilution liability;¹⁸² Congress amended it significantly in 2006.¹⁸³ As I have argued

¹⁷⁹ 15 U.S.C. § 1125(c)(3) (2006).

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

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with –

- (i) advertising or promotion that permits consumers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

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

(C) Any noncommercial use of a mark.

Id.

¹⁸⁰ Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, §§ 3-4, 109 Stat. 985, 985-986 (1996) (codified at 15 U.S.C. §§ 1125(c), 1127 (2000)); see *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429-31 (2003). For more analysis on dilution law, see Barton Beebe, *The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 449 (2008) (quantitative study of dilution case law, concluding that the revised statute is ineffective); Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1033 (2006) (empirical study of how the federal antidilution statute has been applied and enforced, showing that “enforcement of dilution claims has been dropping over time”); Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731 (2003) (examining history of dilution law and proposing a “ubiquity” defense where a markholder dilutes its own mark by using it too broadly).

¹⁸¹ See 15 U.S.C. § 1125(c)(2)(B)-(C).

¹⁸² Federal Trademark Dilution Act § 3(4) (“The following shall not be actionable under this section: (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark. (B) Noncommercial use of a mark. (C) All forms of news reporting and news commentary.”).

¹⁸³ See *supra* note 179 (citing and quoting exclusions in force since 2006 amendments). See generally Deborah R. Gerhardt, *The 2006 Trademark Dilution Revision Act Rolls Out a Luxury Claim and a Parody Exemption*, 8 N.C. J.L. & TECH. 205 (2007); Levy, *supra* note 168.

elsewhere, however, this safe harbor, especially in its amended form, fails to provide the necessary clarity.¹⁸⁴ Like many other trademark fair use defenses, it imports complicated and fact-laden inquiries about consumer perception that lie at the heart of other trademark cases.

The first safe harbor in the draft bill would radically simplify the existing dilution safe harbor.¹⁸⁵ Under the proposal, as long as the use of the mark “supports communication of information, ideas, or expression beyond merely proposing a commercial transaction,” it would be exempt from dilution liability.¹⁸⁶ So, for example, claims alleging trademark dilution arising from the use of a mark in a song,¹⁸⁷ a movie title,¹⁸⁸ or commentary on a web site¹⁸⁹ would be subject to quick dismissal based on the categorical exclusion. In addition, the draft bill retains the existing categorical exclusion for comparative advertising.

The scope of the new proposed exclusion borrows from the definition of commercial speech under First Amendment doctrine.¹⁹⁰ The definition thus offers a convenient and tested mechanism to identify speech that is particularly important to defend from excessive regulation. Courts are familiar with this boundary after decades of work drawing it in constitutional cases. While constitutional doctrine of its own force may not necessarily require this distinction within trademark law, the same normative values behind the First Amendment animate concerns about overbroad trademark rights against expressive uses.¹⁹¹ Judge Alex Kozinski originally applied this exact interpretation to the earlier version of the dilution safe harbor¹⁹² and a number

¹⁸⁴ See McGeeveran, *supra* note 2, at 104-09; see also Jesse A. Hofrichter, Note, *Tool of the Trademark: Brand Criticism and Free Speech Problems with the Trademark Dilution Revision Act of 2006*, 28 CARDOZO L. REV. 1923, 1945-54 (2007).

¹⁸⁵ See *infra* Appendix, § 2 (section of the draft bill, amending § 43(c)(3) of the Lanham Act to replace existing exclusion from dilution liability with new language).

¹⁸⁶ See *id.*

¹⁸⁷ See, e.g., *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 907 (9th Cir. 2002).

¹⁸⁸ See, e.g., *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 733 (D. Minn. 1998).

¹⁸⁹ See, e.g., *BidZirk, LLC v. Smith*, No. 6:06-109-HMH, 2007 WL 3119445, at *6 (D.S.C. Oct. 22, 2007).

¹⁹⁰ See *Va. State Bd. of Pharm. v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 761-62 (1976); *MCA Records*, 296 F.3d at 906 (quoting *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (9th Cir. 2001)); see also Barrett, *supra* note 136, at 987-91 (applying constitutional commercial speech concepts to scope of trademark claims).

¹⁹¹ See Neil M. Richards, *Intellectual Privacy*, 87 TEX. L. REV. 387, 427-31(2008) (“First Amendment values are broader than doctrine; they are the goals and policies which animate it, and represent our aspirations for the kind of free society we want to live in. The answer to the problem lies in building First Amendment values . . . into other legal and social structures.”).

¹⁹² *MCA Records*, 296 F.3d at 905-07.

of later cases followed his lead.¹⁹³ The amendment of the statute in 2006 may have undermined Judge Kozinski's reading of the text, however,¹⁹⁴ even though all evidence indicates that Congress would have done so unintentionally.¹⁹⁵ This proposed safe harbor would simply codify Judge Kozinski's original rule. These broad exemptions make sense because, unlike traditional trademark infringement law, which protects the public and the market as well as the plaintiff, only the plaintiff receives the core benefits of dilution liability.¹⁹⁶ A dilution plaintiff need not prove that the complained-of use ever confused consumers about the origins of products. As a result, the error cost of a false negative is extremely low and does not include any harm to the general consuming public. When noncommercial uses of a mark or comparative advertising do cause such damaging confusion, the markholder may still bring an *infringement* claim. Those claims need more narrowly constructed safe harbors in order to protect consumers, ensure competition, and strike a balance between speech interests and the economic functions of trademarks.¹⁹⁷

2. Communicative Works

Moving from the narrower field of dilution to encompass all trademark claims, including infringement, the bill would create four categorical exemptions.¹⁹⁸ The first of these would immunize the use of a trademark

¹⁹³ See *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 812 (9th Cir. 2003); *Roxbury Entm't v. Penthouse Media Grp., Inc.*, 669 F. Supp. 2d 1170, 1175 n.8 (C.D. Cal. 2009); *Smith v. Wal-Mart Stores*, 537 F. Supp. 2d 1302, 1339-40 (N.D. Ga. 2008); *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962, 973-74 (C.D. Cal. 2007); *Am. Family Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682, 695-97 (N.D. Ohio 2002); cf. *Universal Commc'n Sys., Inc. v. Lycos, Inc.*, 478 F.3d 413, 425 (1st Cir. 2007) (citing *MCA Records* in interpreting First Amendment limitations on state dilution law).

¹⁹⁴ See McGeeveran, *supra* note 2, at 107-09.

¹⁹⁵ See, e.g., 152 CONG. REC. H6965 (daily ed. Sept. 25, 2006) (statement of Rep. Smith) (stating that amended exemptions would "more clearly protect traditional first amendment uses"); Gerhardt, *supra* note 183, at 221 (2007) (stating that amended bill "may be viewed as fuel for consumer and competitive discourse because it articulated relatively broad fair use provisions"); William Joern, Legislative Update, *Goodwill Harboring: The Trademark Dilution Revision Act of 2006 Legitimizes the Goodwill Investment in a Trademark While Safeguarding the First Amendment*, 17 DEPAUL-LCA J. ART & ENT. L. & POL'Y 267, 291 (2007) ("The defenses to a claim of dilution have been substantially buttressed . . .").

¹⁹⁶ See *MCA Records*, 296 F.3d at 904-05 (explaining why dilution poses a greater threat to First Amendment values than does traditional infringement); Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 554-55 (2008) (demonstrating flaws in arguments that consumers or markets benefit from dilution liability).

¹⁹⁷ See McGeeveran, *supra* note 11, at 1207-11.

¹⁹⁸ See *infra* Appendix, § 3 (proposing new section of the Lanham Act, labeled § 46, and including four exemptions under § 46(a)).

within “communicative works.”¹⁹⁹ These sorts of uses of trademarks give rise to a surprising number of disputes.²⁰⁰ They also have been a particular focus of scholarly attention.²⁰¹

The bill provides a definition of such a work, again based on the commercial speech doctrine: A communicative work “has as its primary purpose the communication of information, ideas, or expression, beyond proposing a

¹⁹⁹ *Id.* The language exempts:

Use of a mark within the body of a work when the work has as its primary purpose the communication of information, ideas, or expression, beyond proposing a commercial transaction. Examples of such communicative works include, but are not limited to: books, films, newspapers, magazines, online web sites, musical compositions, and video games

Id.

²⁰⁰ *See, e.g.*, *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1101 (9th Cir. 2008) (holding that the video game *Grand Theft Auto* was protected by the First Amendment when it borrowed elements of real locations to represent a fictional version of Los Angeles); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806-12 (9th Cir. 2003) (holding that use of BARBIE name and trade dress in parodic *Food Chain Barbie* photographs was not infringing or diluting); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900-02 (9th Cir. 2002) (holding that *Barbie Girl* song mocking BARBIE doll was noninfringing); *Univ. of Ala. Bd. of Trs. v. New Life Art Inc.*, 677 F. Supp. 2d 1238, 1242-43 (N.D. Ala. 2009) (examining fine art depicting University of Alabama football players in trademark crimson and gray uniforms); *Volkswagen AG v. Dorling Kindersley Publ’g, Inc.*, 614 F. Supp. 2d 793, 798-99 (E.D. Mich. 2009) (considering a children’s book with pictures of, and in the shape of, Volkswagen Beetle cars); *BidZirk, LLC v. Smith, C.A. No. 6:06-109-HMH*, 2007 WL 3119445, at *5-7 (D.S.C. Oct. 22, 2007) (rejecting trademark claims against criticism of company by blogger); *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 915-16 (C.D. Ill. 2003) (examining the appearance of CATERPILLAR bulldozers driven by anti-environmental bad guys in the movie *George of the Jungle 2*); *Wham-O, Inc. v. Paramount Pictures Corp.*, 286 F. Supp. 2d 1254, 1257-58 (N.D. Cal. 2003) (rejecting trademark claim arising from foolish use of SLIP ‘N SLIDE YELLOW by character in a movie, causing allegedly comedic injury); *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330, 341 (S.D.N.Y. 2000) (holding that imitation of famous CHARLES ATLAS advertisement involving bully kicking sand at beach as part of comic-book story was not infringement); *Ocean Bio-Chem, Inc. v. Turner Network Television, Inc.*, 741 F. Supp. 1546, 1551-52 (S.D. Fla. 1990) (considering a suit by makers of STARBRITE vehicle polishes over a TV movie where villainous corporate polluters manufactured “Starbrite Batteries”); *Emily Umbright, St. Louis-Based Appliance Maker Emerson Sues NBC*, ST. LOUIS DAILY REC., Oct. 6, 2006, http://findarticles.com/p/articles/mi_qn4185/is_20061006/ai_n16773876 (describing trademark lawsuit by maker of IN-SINK-ERATOR garbage disposal over use of product in NBC TV series *Heroes*).

²⁰¹ *See, e.g.*, *AUFDERHEIDE & JASZI, supra* note 3 (exploring the high costs of rights clearances on documentary filmmakers); *Gulasekaram, supra* note 7 (arguing that trademark owners should not prevail against artists using the marks in works protected by the First Amendment); *Rosenblatt, supra* note 7 (examining how flaws in trademark law may chill speech and entertainment).

commercial transaction.”²⁰² It also provides illustrative examples of works that qualify, stating that they “include, but are not limited to: books, films, newspapers, magazines, web sites, musical compositions, and video games”²⁰³ The exclusion would apply only to uses within the body of the work; the bill provides separate (and somewhat more limited) protection to uses in titles or in promotion of communicative works.²⁰⁴

Because of the speech values inherent in the contents of communicative works, a chilling effect is especially worrisome, making the danger of false positives especially strong. At the same time, there generally will be a low potential for seriously harmful consumer confusion from uses of trademarks *within* content that aims primarily to express ideas. Whatever confusion does occur would have limited direct materiality to purchasing decisions because it would largely concern confusion as to affiliation or sponsorship rather than to the identity of the source.²⁰⁵

A court considering this categorical exemption would occupy itself first, not with the question of whether a defendant’s use of a mark caused confusion, but whether the use was contained within a work that qualifies for this safe harbor. To be sure, as with any rule, there would be “hard cases” when applying this definition. For example, is the art on a t-shirt a communicative work by this definition? Messages on clothing sometimes represent constitutionally significant speech.²⁰⁶ Where a shirt merely reproduces a mark such as a sports logo or the NIKE “swoosh,” it is not engaging in additional communication beyond source identification and therefore it probably falls outside the exempt category.²⁰⁷ Merchandising rights in this context have been hotly debated, and there may be other sound reasons to limit or abolish those rights,²⁰⁸ but a t-shirt merely reproducing a logo does not seem to fit within the frame of “communicative works” established here. Nevertheless, the proposed definition also leaves a court space to find a particular t-shirt that engages in

²⁰² *Infra* Appendix, § 3 (proposing a new section of the Lanham Act, labeled § 46).

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ See Lemley & McKenna, *supra* note 4, at 434-38; see also *infra* notes 215-217 and accompanying text.

²⁰⁶ See *Cohen v. California*, 403 U.S. 15, 26 (1971).

²⁰⁷ See *e.g.*, *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 808-11 (Cal. 2001) (struggling with the issue in a right of publicity case).

²⁰⁸ See, *e.g.*, Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 478-95 (2005) (critiquing the legal and theoretical foundations of merchandising rights); Michael Einhorn, *Publicity Rights, Merchandising and Economic Reasoning*, ENTMT & SPORTS LAWYER, Fall 2005, at 27-28; Sheldon W. Halpern, *Trafficking in Trademarks: Setting Boundaries for the Uneasy Relationship Between “Property Rights” and Trademark and Publicity Rights*, 58 DEPAUL L. REV. 1013, 1023-25 (2009); Newman, *supra* note 20, at 379-80 (arguing that people wearing or using legitimate, branded merchandise should be free to appear in any real-world context, even a commercial one, as they wish).

substantial alteration of the mark might qualify for the exemption, especially if it does so to make a critical point about the markholder.²⁰⁹

The reality that a few borderline cases will always test the limits of any rule does not justify doing without the rule at all. Most cases would straightforwardly fall on one side of the line or the other: a television program qualifies, but the advertisements interspersed in the show do not. Just as importantly, the issue at the forefront of the analysis would be the speech value of the use, not whether there was any potential for even minimal consumer confusion. This approach puts the spotlight on the normative importance of free speech rather than submerging it in the likelihood of confusion analysis as so often occurs.²¹⁰

The categorical exemption still works better than existing defenses that might be available to the defendant who used a mark in settings such as a magazine article or documentary film. First, as noted above, it is fear of litigation, not ultimate liability, that causes most of the chilling effect.²¹¹ The prospect of defending against a suit, even if one ultimately prevails, discourages unlicensed use of trademarks in communicative works. The clarity and lower administrative costs offered by a safe harbor in most cases will reassure artists, commentators, critics – and the intermediaries involved in bringing their work to the public – that the law protects their fair use of marks within communicative works.

Second, consumer perception in this area is malleable. The public is aware of “product placement” deals where markholders arrange for their products to be featured in communicative products such as movies. Several scholars have warned that the growing practice threatens to alter consumer understanding of the legal requirement and fuel a growing impression that markholders have the power to prevent these uses.²¹² This view, in turn, would increase the likelihood that consumers would find unauthorized depictions confusing – and over time that consumer belief would turn into the law because those perceptions would convert previously safe uses into unlawfully confusing ones. A categorical exemption would break this vicious cycle once and for all by disconnecting the legal result from consumer perception.

Third, some creators themselves believe (often incorrectly) that such uses are always legally forbidden. As one documentary filmmaker put it:

[Trademarks are] everywhere. I cut a scene from a film because there was a big cup with this gas station trademark on it, but the problem is, you can't go into a store, you can't buy anything that doesn't have a logo on it. So they don't give you the option of having a cup with no logo, but

²⁰⁹ See, e.g., *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987); *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1339-40 (N.D. Ga. 2008).

²¹⁰ See *supra* notes 131-134 and accompanying text.

²¹¹ See *supra* note 30 and accompanying text.

²¹² See Gibson, *supra* note 3, at 907-08; Gulasekaram, *supra* note 7, at 940; Rosenblatt, *supra* note 7, at 1033.

I was like, ‘oh god, I didn’t realize that cup had this huge logo in the side of the frame.’²¹³

This filmmaker’s understanding of trademark law is almost certainly incorrect. But in the end it may not matter. Her understandable aversion to risking litigation that could threaten the entire project over a single incidental logo caused her to remove “a very heavy scene” about addiction from her film.²¹⁴ Efforts to educate artists and other speakers about the complexities of fair use would be much easier if they could be expressed in a crisp sentence rather than a lengthy and equivocal pamphlet.

Finally, and perhaps most fundamentally, the nature of any resulting consumer confusion further reduces the significance of false negatives. This is not passing off, the most traditional form of trademark injury, where consumers believe that the infringer sells the markholder’s product. For example, a few years ago Caterpillar Inc. sued over the depiction of its products in the straight-to-video children’s movie *George of the Jungle 2*, because anti-environmental villains drove CATERPILLAR bulldozers in their efforts to destroy the hero’s home.²¹⁵ The movie audience received no misimpressions that were material to their immediate purchasing decisions; at most, viewers might assume, erroneously, some association between the filmmakers and Caterpillar.²¹⁶ But as Mark Lemley and Mark McKenna recently argued with support from empirical marketing literature, “any harm to producers from confusion about sponsorship or affiliation is quite attenuated: producers suffer no lost sales, and they are unlikely to suffer any reputational consequences absent additional information suggesting control over the partner.”²¹⁷ Even if there is some reduction in a markholder’s control over the mark, this is far removed from the core purposes of trademark law.²¹⁸ Any error cost here is extremely weak.

Besides the confusion test, other aspects of existing law may shield communicative works from trademark liability. Doctrines such as nominative use or First Amendment defenses, however, exemplify the flaws of existing

²¹³ Heins & Beckles, *supra* note 3, at 20-21.

²¹⁴ *Id.* at 21.

²¹⁵ *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 916-17 (C.D. Ill. 2003). Fortunately, “[g]eorge and his allies manage to decommission these bulldozers in several different ways, generally involving instances of combustible ape flatulence and projectile coconuts and animal feces.” *Id.* at 917.

²¹⁶ *Id.* at 918 (“As the Court understands Caterpillar’s argument, Caterpillar is contending that the appearance of its products and trademarks is likely to confuse consumers into believing that George 2 is somehow sponsored by, associated with, or otherwise affiliated with Caterpillar.”).

²¹⁷ Lemley & McKenna, *supra* note 4, at 436-37.

²¹⁸ There might be some injury here closer to the “tarnishment” branch of trademark dilution, but as already discussed, this error cost is so weak that a blanket exemption from dilution liability is justified. *See supra* notes 196-197 and accompanying text.

trademark fair use provisions. As the first line of defense they are too vague, inconsistent, and fact-intensive. They require high administrative costs and express themselves as open standards rather than definitive rules. As noted below, these more context-sensitive doctrines can play a role in the less easy cases. But for cases that fall within the parameters of the safe harbor, a bright-line exemption is superior.

3. Titles of Communicative Works

The draft bill would extend an additional categorical exclusion to titles of communicative works.²¹⁹ This safe harbor would be narrower than the previous two because of the more complex issues in play.

Titles contain important speech.²²⁰ Copyright law generally does not protect single titles,²²¹ while trademark law limits protection to situations where a markholder proves secondary meaning, which can be a stringent requirement.²²² These limits make it relatively easy for an author to refer back to the title of a previous book or film in a new title. That author does not necessarily have the same freedom if the title alludes to another mark instead.²²³ Given the complexity required for a full analysis of likelihood of confusion and the significant speech interests at stake, titles are appropriate for a safe harbor.

Nevertheless, titles of communicative works raise more issues than do their contents because consumers more plausibly might view titles as indicators of source, and such indicators could be material to purchasing choices.²²⁴ A

²¹⁹ See *infra* Appendix, § 3 (proposing new § 46(a)(2) of the Lanham Act).

²²⁰ See *Parks v. LaFace Records*, 329 F.3d 437, 449 (6th Cir. 2003) (“The names artists bestow on their art can be part and parcel of the artistic message.”).

²²¹ See 37 C.F.R. § 202.1(a) (2009) (specifying that “[w]ords and short phrases such as names, titles, and slogans” are not copyrightable); *Comins v. Discovery Commc’ns, Inc.*, 200 F. Supp. 2d 512, 519 (D. Md. 2002) (“[T]itles are not copyrightable.”).

²²² See *Herbko Int’l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1164 (Fed. Cir. 2002) (“[T]his court’s case law prohibits proprietary rights for single book titles.”); *In re Cooper*, 254 F.2d 611, 616 (C.C.P.A. 1958) (establishing the principle that a single title is unregistrable as a trademark in the Patent and Trademark Office); *Heirs of Estate of Jenkins v. Paramount Pictures Corp.*, 90 F. Supp. 2d 706 (E.D. Va. 2000), *aff’d*, 7 Fed. Appx. 270 (4th Cir. 2001) (“[T]itles of expressive works are treated differently from other trademarks, in that titles, even if suggestive, arbitrary or fanciful, nonetheless require secondary meaning to receive trademark protection, while other suggestive, arbitrary and fanciful marks do not.”); *Tri-Star Pictures, Inc. v. Leisure Time Prods., B.V.*, 749 F. Supp. 1243, 1253 (S.D.N.Y. 1990) *aff’d*, 17 F.3d 38 (2d Cir. 1994). *But see* 2 MCCARTHY, *supra* note 9, § 10:4.10 (criticizing special treatment for titles under trademark law).

²²³ See *Rogers v. Grimaldi*, 875 F.2d 994, 997-98 (2d Cir. 1989).

²²⁴ See *Parks v. LaFace Records*, 329 F.3d 437, 447 (6th Cir. 2003) (“[T]he First Amendment cannot permit anyone who cries ‘artist’ to have carte blanche when it comes to naming and advertising his or her works, art though it may be.”); *Rogers v. Grimaldi*, 875 F.2d 994, 997-98 (2d Cir. 1989) (“The purchaser of a book, like the purchaser of a can of

reasonable jury might find that some titles represent entirely parasitic free-riding.²²⁵ Partly for these reasons, of the handful of expressive uses cases that have rejected defendants' arguments in the last fifteen years, several involve titles.²²⁶

In *Rogers v. Grimaldi*, the court skillfully danced around these competing interests by requiring that a title have some relevance to the underlying artistic message in order to qualify for special First Amendment treatment.²²⁷ Later cases muddled the *Rogers* test, often reintroducing aspects of the likelihood of confusion analysis.²²⁸ The draft bill adheres to the original and simpler *Rogers* test, which remains independent from any analysis of consumer perception. It would exclude from liability "[u]se of a mark in the title of a communicative work . . . provided that such use is relevant to the underlying work."²²⁹

Titles that are irrelevant to the work offer less communicative benefit and may cause more injury through diversion of consumer attention, creating a more realistic risk of false negatives. Thus they should be analyzed under more fact-sensitive doctrines rather than the safe harbor. So, for example, in a lawsuit by Rosa Parks against the hip-hop group OutKast over their song entitled "Rosa Parks," the defendants stipulated that "We (OutKast) never

peas, has a right not to be misled as to the source of the product."); *Masters Software, Inc. v. Discovery Commc'ns, Inc.*, No. C10-405RAJ, 2010 WL 2812947, at *11 (W.D. Wash. July 16, 2010) (holding that title of television program *CakeBoss* did not have First Amendment defense against trademark for bakery management software program of the same name).

²²⁵ See *Parks*, 329 F.3d at 452-54.

²²⁶ See, e.g., *Parks*, 329 F.3d at 442 (reversing summary judgment for songwriters who had used Rosa Parks' name as the title of a song that included the phrase "everybody move to the back of the bus" in its chorus); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 668 (5th Cir. 2000) (affirming trial court's finding that defendant's magazine title "POLO" infringed plaintiff designer Ralph Lauren's POLO marks because it tried to trade on plaintiff's "goodwill and reputation"); *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 728-29 (D. Minn. 1998) (granting preliminary injunction against use of DAIRY QUEEN trademark in title of comedy film about Minnesota dairy princess pageants).

²²⁷ *Rogers*, 875 F.2d at 999.

²²⁸ See, e.g., *Westchester Media*, 214 F.3d at 665 (asserting that in the Fifth Circuit as in the Second, "the likelihood of confusion must be particularly compelling to outweigh the First Amendment interests at stake" (quotation marks omitted)); *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993) (requiring the *Rogers* factors to be applied in the context of the likelihood of confusion analysis); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Grp., Inc.*, 886 F.2d 490, 495 (2d Cir. 1989) (commingling *Rogers*'s "explicitly misleading" test with likelihood of confusion); *Films of Distinction, Inc. v. Allegro Film Prods., Inc.*, 12 F. Supp. 2d 1068, 1077-78 (C.D. Cal. 1998) (citing *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403 n.11, 1405 (9th Cir. 1997)), (observing that the Ninth Circuit implicitly rejected the *Rogers* test by affirming a preliminary injunction where there was sufficient uncertainty regarding likelihood of confusion).

²²⁹ See *infra* Appendix, § 3.

intended for the song to be about Rosa Parks or the civil rights movement.”²³⁰ In light of this admission, the court found itself unable to conclude that the title was related to the song and it denied summary judgment under the *Rogers* standard.²³¹ On the same facts OutKast would disqualify itself from eligibility for the categorical exclusion. Ultimately a factfinder could rule for OutKast under more complex doctrines such as nominative use or the likelihood of confusion test. And, of course, if the defendants made a persuasive argument for artistic relevance rather than conceding the point, a court might find the song eligible for the safe harbor.

A relevant title conveys important expression. As noted in *Rogers*, even a relevant title might mislead some consumers.²³² Nonetheless, the error cost from these false negatives is outweighed by the greater seriousness of false positives and, especially, by the administrative costs of mixing these cases up in a full confusion analysis.

4. News Reporting and News Commentary

Another overlapping safe harbor in the draft bill would immunize news reporting and news commentary from liability for using trademarks.²³³ Similar exclusions already exist under the current federal dilution statute as well as the famously broad California right of publicity statute.²³⁴ Most uses of this sort likely would occur within communicative works, and so would be covered by the first main exclusion. I want to be sure, however, that courts do not focus solely on the nature of the work and ignore the nature of the speech. As unconventional media becomes more widespread, courts considering many issues from trademarks to press shield laws to freedom of information rules are struggling to fit new modes of communication into old categories.²³⁵ A

²³⁰ *Parks*, 329 F.3d at 452.

²³¹ *Id.* at 463.

²³² *Rogers*, 875 F.2d at 1001 (“[T]here is no doubt a risk that some people looking at the title ‘Ginger and Fred’ might think the film was about Rogers and Astaire in a direct, biographical sense. For those gaining that impression, the title is misleading.”).

²³³ See *infra* Appendix, § 3 (proposing new § 46(a)(3) of the Lanham Act). The language exempts “[u]se of a mark for purposes of news reporting or news commentary in any medium, whether by professional journalists or otherwise . . .” *Id.*

²³⁴ See 15 U.S.C. § 1125(c)(4)(B) (2006) (excluding “[a]ll forms of news reporting and news commentary” from liability); Cal. Civ. Code § 3344(d) (West 1997) (excluding from liability all uses “in connection with any news, public affairs, or sports broadcast or account”).

²³⁵ See, e.g., *In re Miller*, 438 F.3d 1141, 1156-57 (D.C. Cir. 2006) (“Perhaps more to the point today, does the privilege also protect the proprietor of a web log: the stereotypical ‘blogger’ sitting in his pajamas at his personal computer posting on the World Wide Web his best product to inform whoever happens to browse his way? If not, why not?”); *Jones Day v. Blockshopper LLC*, 89 U.S.P.Q.2d (BNA) 1623, 1627 (N.D. Ill. 2008) (examining the plausibility of the likelihood of confusion test in the context of the defendant website linking to pages internal to plaintiff’s website); *In re Zyprexa*, 474 F. Supp. 2d 385, 393-94

clarifying sentence added to the end of the draft bill's list of exclusions explains, "More than one exclusion may apply to a particular use of a mark."²³⁶

As with the other safe harbors, there will be tricky borderline cases. So, for example, a web site that mixes some factual information or some discussion of current events with outlandish parody might challenge a court attempting to apply the exclusion.²³⁷ As with the others, however, the inevitable hard cases do not destroy the rationale for simplifying adjudication of the easier cases.

5. Trademarks in Political Speech

Finally, the draft bill tackles the separate issue of political uses of trademarks.²³⁸ In light of the supremely important role of political speech in modern discourse – and First Amendment jurisprudence – it makes sense to create a safe harbor for this type of speech when it uses trademarked language or imagery. Some litigated cases where defendants used trademarks in political speech involved allusions to familiar marketing campaigns as a convenient and colorful shorthand. So, for example, an opponent of former Ohio Governor Bob Taft issued internet advertisements depicting a cartoon duck with the Governor's head squawking "TaftQuack!" when "ducking" questions, modeled on the well-known television commercials for the insurance company AFLAC in which a duck repeatedly "quacks the company's name in a distinctive, nasal tone."²³⁹ In another case, presidential hopeful Ralph Nader ran campaign commercials parodying the famous MasterCard PRICELESS campaign.²⁴⁰ Another recurring situation involves the nominative use of a trademarked name or logo as an adjunct to stating a political message. So, for example, protestors aiming to prevent the closing of a Brach's candy factory, or the opening of a prison in the Olympic Village

(E.D.N.Y. 2007); *BidZirk, LLC v. Smith*, C.A. No. 6:06-109-HMH, 2007 WL 3119445, at *5-7 (D.S.C. Oct. 22, 2007). *See generally* Michael Russo, Note, *Are Bloggers Representative of the News Media Under the Freedom of Information Act?*, 40 COLUM. J.L. & SOC. PROBS. 225 (2006).

²³⁶ *See infra* Appendix, § 3.

²³⁷ *See, e.g., Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1308-13 (2008) (describing Wal-Mart's trademark suit against critic selling "Walocaust" merchandise that likened the retailer to the Nazi regime).

²³⁸ *See infra* Appendix, § 3 (proposing new § 46(a)(4) of the Lanham Act). The language exempts:

Use of a mark in speech directly related to any election, ballot initiative, or political issue, except that this exclusion shall not apply to (i) the use of a mark directly in support of the solicitation or collection of financial contributions or other primarily commercial activities or (ii) the use of a mark that is the name (or a close variant thereof) of a person or entity that engages in a significant quantity of political speech.

Id.

²³⁹ *Am. Family Life Ins. Co. v. Hagan*, 266 F. Supp. 2d 682, 685 (N.D. Ohio 2002).

²⁴⁰ *See MasterCard Int'l Inc. v. Nader 2000 Primary Comm. Inc.*, 70 U.S.P.Q.2d (BNA) 1046, 1047-48 (S.D.N.Y. 2004).

from the 1980 Olympic Games, were sued to enjoin the use of the BRACH'S and OLYMPICS trademarks.²⁴¹ (The defendants lost the somewhat older BRACH'S and OLYMPICS cases.²⁴²) All of these examples led to litigation, but the potential chilling effect on political discourse influences pre-litigation behavior as well.

Political speech will, of course, need to be defined with care. In the proposed bill, the activity surrounding the use of the mark must be "directly related to any election, ballot initiative, or political issue" and the use cannot be "directly in support of the solicitation or collection of financial contributions."²⁴³ These limitations will exclude uses that some might argue should not be infringement. Organizations that, for example, sell buttons and t-shirts with messages to support their work will not enjoy immunity for uses of a third party's mark on that paraphernalia. Remember, however, that this is only a judgment about which uses of a mark should be entirely insulated from liability without regard to confusion. The defendant in such cases may be able to defeat the plaintiff's prima facie case and, as I argue below, should have a presumption in its favor for this analysis.²⁴⁴

Deceptively confusing uses of marks that are themselves political in nature could infect both the marketplace of ideas and the market for more material support such as financial contributions. Indeed, the purposes behind our special solicitude for political speech would be harmed, not helped, by immunizing these sorts of infringements. Judge Pierre Leval confronted this issue in a case where a splinter group from Ross Perot's UNITED WE STAND AMERICA movement wanted to continue using the name in competition with the national party, as "United We Stand America (New York)," or UWSANY.²⁴⁵ Rejecting an argument that the First Amendment protected this use of a mark, Judge Leval observed:

UWSANY is not using the phrase "United We Stand America" for an expressive purpose such as commentary, comedy, parody, news reporting or criticism, but instead as a means to associate itself with the political movement that sponsored the Ross Perot campaign. In other words, it is using the slogan as a mark, and using it to suggest the same source identification as plaintiffs. This is precisely the use that is reserved by the Lanham Act to the owner of the mark. Even assuming that UWSANY might communicate its political message more effectively by

²⁴¹ See *Brach Van Houten Holding, Inc. v. Save Brach's Coal.*, 856 F. Supp. 472, 474 (N.D. Ill. 1994); *Stop the Olympic Prison v. U.S. Olympic Comm.*, 489 F. Supp. 1112, 1114-16 (S.D.N.Y. 1980).

²⁴² *Brach*, 856 F. Supp. at 477; *Stop the Olympic Prison*, 489 F. Supp. at 1126.

²⁴³ See *infra* Appendix, § 3 (proposing new § 46(a)(3) of the Lanham Act).

²⁴⁴ See *infra* Part III.C.

²⁴⁵ *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 88 (2d Cir. 1997).

appropriating [the national organization's mark], such appropriation would cause significant consumer confusion.²⁴⁶

To address such situations, the draft bill would not confer a political speech exemption for using the name of a person or entity that also engages in a significant quantity of political speech. The use of the UNITED WE STAND AMERICA mark in a communicative work, or news commentary, would of course remain exempt under other safe harbors. Its use beyond those boundaries, however, would not qualify for a categorical exemption. Rather, because such a use may give rise to false negatives and implicate the core functions of trademarks, it requires a more searching review, possibly extending to the likelihood of confusion analysis.

C. *Other Changes to Decisionmaking Structure*

The safe harbors described in Part III.B represent the proposal's most significant departure from existing trademark law. The remainder of the discussion here notes a few other changes to decisionmaking structure that might also improve the handling of expressive use cases and explains how the reforms proposed in this Article interact with other free speech protections in trademark law.

First, as this Article has emphasized from the outset, a menu of categorical exemptions is just one part of reform and not a silver bullet capable of solving the problem by itself.²⁴⁷ The draft bill also would leave intact the existing doctrinal tools for addressing trademark fair use situations. The principal flaws in these doctrines arise from their complexity and sluggishness, not from their outcomes. Where a case does not qualify for a categorical exemption, it may still escape liability through mechanisms such as § 33(b)(4) fair use or various judicially-developed First Amendment defenses. Courts may find, particularly in certain easy cases, that they can apply a familiar test quickly – perhaps more quickly than a safe harbor that they never considered before. In addition, the repeal of existing provisions creates needless complexity in the reform bill itself. Courts that have adopted a special test for nominative use,²⁴⁸ for example, could continue to use it provided they reconcile it with the rebuttable presumption in the draft bill.

Maintaining existing doctrines also resists inevitable pressure to muddy the safe harbors in order to protect important forms of speech, even if they are not appropriate for categorical exemptions. While comparative advertising is highly valuable for enabling competition and informing consumers, immunizing it under a sweeping definition would create a danger of false negatives where alleged comparative advertising actually caused considerable

²⁴⁶ *Id.* at 93 (citation omitted).

²⁴⁷ *See supra* note 12 and accompanying text.

²⁴⁸ *See* Century 21 Real Estate Corp. v. LendingTree, Inc., 425 F.3d 211, 222 (3d Cir. 2005); Playboy Enters., Inc. v. Welles, 279 F.3d 796, 800-05 (9th Cir. 2002); Cairns v. Franklin Mint Co., 292 F.3d 1139, 1152-55 (9th Cir. 2002).

confusion. Similarly, depending on the circumstances, nominative references to a mark in commercial contexts could implicate the appropriate goals of trademark law. Finally, while parody might be the quintessential fair use scenario, in situations beyond communicative works it raises complex issues that cannot be resolved with a categorical rule.²⁴⁹

In a similar way, categorical exemptions can and should work in harmony with other reform proposals rather than presenting either-or choices. Perhaps in the future trademark law will presume materiality in fewer cases than it does today, *and* apply nominative use and First Amendment defenses, *and* exclude certain types of uses from liability categorically. This approach allows the pursuit of multiple reform strategies rather than requiring consensus on just one. It also helps to answer concerns that categorical exemptions might come to be seen as the only fair uses allowed, because developing the safe harbors as one part of a larger scheme reduces this danger.

Cases that do not fall within one of the safe harbors or any of the existing or proposed fair use doctrines would move to the traditional analysis of the plaintiff's burden to prove likelihood of confusion. These would be less easy cases requiring more fact-specific considerations. They might include some of the valuable speech noted above, such as comparative advertising and parody. In these cases, the elevated risk of Type II error justifies somewhat higher administrative costs and the multiplicity of possible relevant factual considerations makes it impossible to formulate a simple rule *ex ante*.

Nevertheless, an adjustment of the likelihood of confusion analysis is in order when speech is at stake. As noted above, the confusion analysis often remains blind to other normative values at stake, particularly free speech.²⁵⁰ Because the traditional multifactor test has such high sensitivity to avoiding false negatives, but none at all to false positives (and very little to administrative costs), expressive interests get lost in the analysis. Some courts turn to a special First Amendment test to address this problem, but they apply it inconsistently.²⁵¹ Furthermore, because these courts evaluate confusion in full and then weigh speech interests in full, they actually require *even more* fact-intensive analysis than the traditional multifactor test.²⁵²

²⁴⁹ See, e.g., *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007) (employing several multi-factor tests to determine whether defendant's "Chewy Vuiton" line of dog toys was parody and whether it impaired distinctiveness, caused tarnishment, or was counterfeiting).

²⁵⁰ See *supra* notes 131-134 and accompanying text.

²⁵¹ Compare, e.g., *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 807 (9th Cir. 2003) (applying the *Rogers* test and holding that "the public interest in free artistic expression greatly outweighs its interest in potential consumer confusion"), with *Tommy Hilfiger Licensing, Inc., v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 415 (S.D.N.Y. 2002) ("The First Amendment affords no protection because trademark law permissibly regulates misleading commercial speech." (citation omitted)).

²⁵² See *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993); McGeveran, *supra* note 2, at 102-03.

The draft bill instead would create a presumption that functions like a “thumb on the scale” weighing against a finding of likelihood of confusion for communicative uses.²⁵³ As with the safe harbors, the bill would define these in accordance with the Supreme Court’s commercial speech doctrine, as uses that primarily support communication of information, ideas, or expression beyond merely proposing a commercial transaction.”²⁵⁴ The bill then provides an illustrative list of such uses, which includes nominative uses of a mark, comparative advertising, parody and criticism, and use of a mark to promote a communicative work.

Specifying particular examples of uses entitled to the presumption presents some dangers, because courts might convert the illustrative open list into a closed one, as critics argue has happened in copyright fair use.²⁵⁵ However, the broad standard laid out for communicative works, the explicit instructions to the contrary (“shall include, but are not limited to”²⁵⁶), and presumably legislative history, would all underscore that courts should rely on normal principles of statutory construction to interpret these examples as setting a floor and not a ceiling.²⁵⁷ It would be improper to apply the *expressio unius* canon here, because the proposed subsection does not limit the presumption to these situations and because doing so contradicts the overall language of the subsection and the bill as a whole.²⁵⁸

A rebuttable presumption is not a guarantee of victory. Nor does it simplify the litigation as much as an exclusion would. But because the situations outside the safe harbors present greater risks from false negatives, administrative costs inevitably must increase to reduce those risks.

Finally, the draft bill includes a provision that can only be hortatory, but is important enough to state explicitly: courts should “endeavor to adjudicate speech-related exclusions, presumptions, and defenses . . . as soon as practicable after the issue has been raised by a party.”²⁵⁹ Routine judicial management decisions prolong litigation and increase costs in ways that contribute to the chilling effect on fair use.²⁶⁰ While judges and other legal actors move very quickly to resolve urgent First Amendment issues such as

²⁵³ See *infra* Appendix, § 3 (proposing new § 46(b) of the Lanham Act).

²⁵⁴ *Id.*; see *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 (1976) (internal quotations and citations omitted).

²⁵⁵ See Kenneth D. Crews, *The Law of Fair Use and the Illusion of Fair-Use Guidelines*, 62 OHIO ST. L.J. 599, 670-72 (2001) (arguing that minimum numerical guidelines often transform into maximum standards); Rothman, *supra* note 3, at 1918-21 (describing and critiquing the “Classroom Guidelines”).

²⁵⁶ *Infra* Appendix, § 3.

²⁵⁷ See Parchomovsky & Goldman, *supra* note 160, at 1524-28.

²⁵⁸ See *Christensen v. Harris County*, 529 U.S. 576, 582-83 (2000).

²⁵⁹ See *infra* Appendix, § 3 (proposing new § 46(c) of the Lanham Act).

²⁶⁰ See McGeeveran, *supra* note 11, at 1221-23.

prior restraints,²⁶¹ they do not act with the same speed in trademark-related speech cases. Efforts to speed judicial pace may prove as quixotic as attempts to make baseball games move more quickly,²⁶² but the plea still should be attempted. Courts should entertain arguments about defensive doctrines as soon as they are raised. Bundling these issues together with other facets of the case defeats the goal of separating fair use from the elements of the prima facie case.²⁶³

CONCLUSION

The purpose of this Article extends beyond advocating the particular reforms embodied in the draft bill. It aims also to reorient discussion about the proper response to conflicts between trademark law and free speech. Traditionally, trademark law has been nearly allergic to simple defenses, per se exceptions, or safe harbors. Much of its design assumes that avoidance of consumer confusion is imperative, even if high administrative costs and unpredictability result. The same tendency destroys most of the value of existing trademark fair use doctrine.

Effective reform will balance administrative costs and error costs properly and, as a result, will embrace clearer rules over ambiguous standards. It will allow defendants to raise fair use claims without becoming entangled in the likelihood of confusion analysis. It also will continue to provide robust trademark protection in situations where a false negative might cause significant harm. The proposed bill included in the Appendix is an example of such a reform effort. More important than its particulars, however, is its framework. By focusing on the decisionmaking structure and not just on results, this approach addresses the real threat that trademark law poses to free speech today: a chilling effect that never appears in the courthouse at all.

²⁶¹ See *Freedman v. Maryland*, 380 U.S. 51, 59 (1965) (imposing constitutional requirements for speedy determinations in prior restraint cases).

²⁶² See Kelsie Smith, *Ticked Off?: Baseball Is Studying Ways of Speeding Up the Pace of Its Games. Suggestions Abound.*, ST. PAUL PIONEER PRESS, May 30, 2010, at C1.

²⁶³ See *supra* Part II.C.

APPENDIX: THE DRAFT LEGISLATION

A BILL

To amend the Trademark Act of 1946 to improve protection for free speech.

Be it enacted by the Senate and House of Representatives of the United States of America assembled,

SECTION 1. SHORT TITLE

(a) **SHORT TITLE.**—This Act may be cited as the “Trademark Fair Use Reform Act.”

SECTION 2. FREE SPEECH PROTECTION IN TRADEMARK DILUTION CASES

Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by striking subsection (c)(3) and inserting the following:

“(3) Exclusions for Noncommercial Use or Comparative Advertising. In addition to any uses protected from liability by other defenses or exclusions available under this Act, including the exclusions set forth in section 46 of this Act, use of a mark shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection if such use: (i) supports communication of information, ideas, or expression beyond merely proposing a commercial transaction or (ii) facilitates advertising or promotion that permits consumers to compare goods or services.”

SECTION 3. FREE SPEECH PROTECTION

The Trademark Act of 1946 is amended by inserting the following new section after section 45:

“§ 46. Free Speech Protection**(a) Exclusions**

The following shall not be actionable under this Act:

(1) **Communicative works**—Use of a mark within the body of a work when the work has as its primary purpose the communication of information, ideas, or expression, beyond proposing a commercial transaction. Examples of such communicative works include, but are not limited to: books, films, newspapers, magazines, web sites, musical compositions, and video games;

(2) **Titles**—Use of a mark in the title of a communicative work as defined in § 46(a)(1), provided that such use is relevant to the underlying work;

(3) **News**—Use of a mark for purposes of news reporting or news commentary in any medium, whether by professional journalists or otherwise;

(4) **Political speech**—Use of a mark in speech directly related to any election, ballot initiative, or political issue, except that this exclusion shall not apply to (i) the use of a mark directly in support of the solicitation or collection of financial contributions or (ii) the use of a mark that is the name (or a close variant thereof) of a person or entity that engages in a significant quantity of political speech.

More than one exclusion may apply to a particular use of a mark.

(b) Rebuttable Presumption

Courts shall apply a presumption that uses of a mark are not likely to cause actionable confusion of consumers under this Act if they primarily support communication of information, ideas, or expression beyond merely proposing a commercial transaction. This presumption is rebuttable if the party claiming rights in the mark presents evidence that such use is likely to cause substantial actionable confusion of a significant number of consumers that persists beyond momentary confusion or initial interest confusion. Uses of a mark entitled to this presumption shall include, but are not limited to:

(1) **Nominative Uses**—Use of the mark to identify or refer to the mark (or to goods, services, or entities associated with the mark);

(2) **Comparative Advertising**—Use of the mark in advertising or promotion that compares the mark (or goods, services, or entities associated with the mark) with other products;

(3) **Use of a Mark for Commentary**—Use of the mark in connection with parody, satire, comment, criticism, or similar purposes;

(4) **Use of a Mark to Promote a Communicative Work**—The reproduction in advertising or promotion of any use of a mark that is otherwise excluded from liability under section 46(a)(1).

(c) Procedural Matters

Courts shall endeavor to adjudicate speech-related exclusions, presumptions, and defenses in this section and section 43(c) as soon as practicable after the issue has been raised by a party.”