

Chicago-Kent College of Law

From the Selected Works of Graeme B. Dinwoodie

2009

Lewis & Clark Law School Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law

Graeme B. Dinwoodie, *Chicago-Kent College of Law*

LEWIS & CLARK LAW SCHOOL
NINTH DISTINGUISHED IP LECTURE: DEVELOPING DEFENSES
IN TRADEMARK LAW

by
Graeme B. Dinwoodie*

Trademark law contains important limits that place a range of third party conduct beyond the control of the trademark owner. However, I suggest that trademark law would be better served if several of its limits were explicitly conceptualized as defenses to an action for infringement, that is, as rules permitting unauthorized uses of marks even where such uses implicate the affirmative concerns of trademark law and thus support a prima facie cause of action by the trademark owner. To explore why this distinction between limits and defenses matters, I discuss the different nature of the proscription imposed by copyright and trademark law. And I draw lessons both from case law deriving limits from interpretation of the proscription of trademark law as well as from the development of statutory defenses to dilution. Conceiving of limits as defenses would help ensure that the (often unstated) values underlying socially desirable third party uses are not too readily disregarded if they happen to conflict with confusion-avoidance concerns that are historically powerful drivers of trademark protection. Such an approach would also ameliorate the uncertainties caused by the acceptance of extended (and increasingly amorphous) notions of actionable harm in trademark law. And it would facilitate a more transparent debate about the different forms that limits on trademark rights might take. Some defenses will operate as mechanisms by which to balance competing policy concerns on a case-by-case basis, while others (reflecting more fundamental normative commitments, or driven by more proceduralist concerns) might allow certain values categorically to trump the basic policy concerns supporting liability for trademark infringement. Full development of these defenses will involve courts adopting a conscious understanding of the different jurisprudential nature of defenses and will be made easier by acceptance of the Lanham Act as a delegating statute.

* Professor of Law, Associate Dean, and Director, Program in Intellectual Property Law, Chicago-Kent College of Law; Professor of Intellectual Property Law, Queen Mary College, University of London. Copyright 2009, Graeme B. Dinwoodie. This Lecture was delivered in April 2008, while spending time as the Distinguished IP Visitor at Lewis & Clark Law School. My thanks to the faculty and students of Lewis & Clark, as well as the Portland trademark community, who provided great feedback on the Lecture and made the entire week extremely enjoyable. I am especially grateful to Lydia Loren, Joe Miller and Tomás Gómez-Arostegui. Thanks also to Graeme Austin, Lionel Bently, Bob Bone, Stacey Dogan, Eric Goldman, Brian Havel, Mark Janis and Rebecca Tushnet for helpful critiques of the text.

100	LEWIS & CLARK LAW REVIEW	[Vol. 13:1
I.	INTRODUCTION	100
II.	THE ROLE OF THE PROSCRIPTION IN INTELLECTUAL PROPERTY LAW: COMPARING COPYRIGHT AND TRADEMARK LAW	102
III.	“DEFENSES” DEVELOPED THROUGH TRADEMARK INFRINGEMENT ANALYSIS	108
	A. <i>Comparative Advertising</i>	109
	B. <i>Nominative Fair Use</i>	110
IV.	WHY REAL DEFENSES? LESSONS FROM THE DILUTION STATUTE	112
	A. <i>The Nexus Between the Prima Facie Cause of Action and the Purposes of Protection</i>	114
	B. <i>Lessons for Defenses in Infringement Actions?</i>	117
	1. <i>The Relevance of Broader Protection</i>	119
	2. <i>Inadequate, Incomplete and Uncertain Proscriptions</i>	121
	3. <i>The Uncertain Relationship Between Defenses to Infringement and Dilution Defenses</i>	124
V.	DEVELOPING REAL DEFENSES	126
	A. <i>Inductive Development of Principles That Can Mature Into Real Defenses</i>	126
	B. <i>Statutory Defenses Prompted By Expansion of Rights: Incontestability</i>	128
	1. <i>Opportunities Afforded By Stronger Rights?</i>	128
	2. <i>The Dangers of Exhaustive Lists</i>	130
	C. <i>Judicial Methodology: Understanding the Nature of Defenses and a Theory of the Lanham Act</i>	132
	1. <i>The Nature of Trademark Defenses</i>	133
	2. <i>An Interpretive Approach to Trademark Law and the Lanham Act</i>	137
	D. <i>Developing Common Law Defenses</i>	139
	1. <i>A General Defense vs. Serially-Induced Defenses</i>	139
	2. <i>Different Forms of Defense</i>	144
VI.	CONCLUSION	152

I. INTRODUCTION

Trademark and unfair competition law pays insufficient attention to the articulation and development of defenses that immunize a defendant from liability for unauthorized use of a mark. To be sure, trademark law contains important limits that place a range of third party conduct beyond the control of the trademark owner, and legal scholars spend much time talking about what those limits should be. However, in this Lecture, I will suggest that trademark law would be better served if several of its limits were explicitly conceptualized as *defenses* to an action for infringement, that is, as rules permitting unauthorized uses of marks *even* where such uses implicate the affirmative concerns of trademark law and thus support a prima facie cause of action by the trademark owner.

This is true both for certain existing limits and for limits on trademark rights that might be developed in the future.

Conceiving of limits as *defenses* would help ensure that the (often unstated) values underlying socially desirable third party uses are given greater prominence and not too readily disregarded if they happen to conflict with confusion-avoidance concerns that are historically powerful drivers of trademark protection. Such an approach would also ameliorate the uncertainties caused by the acceptance of extended (and increasingly amorphous) notions of actionable harm in trademark law. And emphasizing the development of defenses as such would facilitate a more transparent debate about, and a refined development of, the different forms that limits on trademark rights might take.

To explore why this distinction between limits and defenses matters, I will first suggest why historically we have seen much less discussion of defenses in trademark law than in copyright law, focusing in particular on the different nature of the proscription imposed by those two bodies of law. Unlike copyright law, trademark law states its proscription purposively, tying the scope of trademark protection directly to its limited objectives and apparently offering greater analytical space for the accommodation of a range of policy values within the proscription itself.¹

Second, I will discuss cases articulating some well-accepted limits upon the scope of trademark rights that are often characterized as defenses but which are closely tied to (and largely derived from) the proscription of trademark law. The evolution of these defenses suggests that judicial exploration of the limits of the proscription of trademark law has an important role to play in identifying privileged third party uses and thus generating real defenses.

Third, I will argue that the conditions that historically explained the dearth of real trademark defenses, and which might support developing limits in large part by interpretation of the proscription of trademark law, no longer exist. In particular, the expansion of trademark law has made the definition of harm insufficiently certain to serve as the basis for defining the outer limits of trademark protection. This development is highlighted by the enactment and revision of the dilution statute, from which I draw broader lessons about the need to place greater emphasis on real defenses in trademark law generally.

Finally, I will turn to the question of how trademark law might develop defenses to infringement in a more robust fashion. This involves courts adopting a conscious understanding of the different jurisprudential nature of defenses and will be made easier by acceptance of the Lanham Act as a delegating statute. Some recent judicial decisions

¹ Unfortunately, because of a tendency to compress a number of policy concerns into a single, dominant rationale for trademark protection, the potential for rich debate provided by this analytical space remains largely unfulfilled. *See infra* notes 10, 19; *see also* Graeme B. Dinwoodie, *Trademark Law and Social Norms*, Working Paper, available at <http://www.oiprc.ox.ac.uk/documents/EJWP0207.pdf>.

suggest a useful interpretive lens through which to view defenses to trademark infringement actions. In particular, to be real, defenses must do more than immunize conduct that fails to come within the scope of the proscription of trademark law and should be informed by the social benefits of certain third party uses.

Defenses developed in this fashion may take a variety of forms, reflecting the different roles that defenses may serve. In particular, some defenses will operate as mechanisms by which to balance competing policy concerns on a case-by-case basis, while others (reflecting more fundamental normative commitments, or driven by more proceduralist concerns) might allow certain values categorically to trump the basic policy concerns supporting liability for trademark infringement.²

II. THE ROLE OF THE PROSCRIPTION IN INTELLECTUAL PROPERTY LAW: COMPARING COPYRIGHT AND TRADEMARK LAW

Intellectual property laws confer exclusive rights to exploit different intangible values: works of authorship (in the case of copyright), inventions (in the case of patents), and goodwill (in the case of trademarks).² With copyright and patents, these grants of exclusivity serve to stimulate creative and innovative activity that might not otherwise occur given problems of appropriability. According exclusive use of a trademark to a single producer preserves the integrity of the source-identifying information embodied in that mark and thus protects consumer expectations.

In any intellectual property regime, however, limits on the rights of the intellectual property owner are important to ensure that the regime effectuates the limited purposes for which exclusive rights are granted without undermining other (or even the same)³ policy objectives. Limits on intellectual property rights might come in a number of forms. Most obviously, limits may take the form of express exceptions to the exclusive rights of the intellectual property owner. For example, the copyright statute contains a long list of exceptions to the rights of the copyright owner; some are open-ended, such as fair use,⁴ while others permit very specific, delineated conduct.⁵

² Cf. Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547 (2006) (explaining the dangers of reading the phrase “goodwill” too expansively).

³ See *infra* text accompanying notes 15–17 (discussing fair use in copyright law); Stacey L. Dogan & Mark A. Lemley, *A Search-Costs Theory of Limiting Doctrines, in Trademark Law*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 65 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) (justifying limits in trademark law by reference to the same search costs rationale that supports protection).

⁴ See 17 U.S.C. § 107 (2006).

⁵ See 17 U.S.C. §§ 108–122 (2006). Some of these provisions permit third party use without compensation, while others establish compulsory license regimes. The

Limits on the exclusive rights of the intellectual property owner can also be found in the scope of the proscription imposed by the law in question, which in turn helps to establish the elements of a plaintiff's prima facie claim. For example, not all unauthorized use of a mark is prohibited by trademark law. The proscription implicitly authorizes certain third party conduct without the permission of the trademark owner.⁶ Most notably,⁷ a plaintiff's rights are limited by the need to show

latter option is not available in crafting a balanced trademark scheme because it would be inconsistent with international law. *See* Agreement on Trade-Related Aspects of Intellectual Property Rights art. 21, Apr. 15, 1994, 1869 U.N.T.S. 299 [hereinafter TRIPS] (prohibiting compulsory licensing of trademarks). International trademark law also imposes a more general limit on the type of exceptions that can be created to trademark rights. *See id.* art. 17 (providing that "Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties."). Moreover, international law does not *require* any exceptions to trademark rights. *Cf.* Paris Convention for the Protection of Industrial Property, arts. 6bis, 6ter, Mar. 20, 1883, revised July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 (requiring member states to deny trademark rights in certain claimed marks). The need for *mandatory* exceptions under international law has become a focus of recent debate in the copyright field. *See* P. BERNT HUGENHOLTZ & RUTH L. OKEDIJI, CONCEIVING AN INTERNATIONAL INSTRUMENT ON LIMITATIONS AND EXCEPTIONS TO COPYRIGHT (2008), *available at* http://www.soros.org/initiatives/information/articles_publications/publications/copyright_20080506/copyright_20080506.pdf. The same clamor for mandatory exceptions has not been seen in trademark law, although a recent bilateral agreement between the European Union and the CARIFORUM countries provides that the signatory states "*shall* provide for the fair use of descriptive terms, including geographical indications, as a limited exception to the rights conferred by a trade mark. Such limited exception shall take account of the legitimate interests of the owner of the trade mark and of third parties." Economic Partnership Agreement Between the CARIFORUM States and the European Community and its Member States, art. 144.F, Oct. 15, 2008, 2008 O.J. (L289) 3, *available at* http://trade.ec.europa.eu/doclib/docs/2008/february/tradoc_137971.pdf (emphasis added).

⁶ Limits can also be found in other elements of the prima facie claim, such as in the requirements for establishing valid rights. A trademark infringement plaintiff must show that it was the first to use the purported mark, and that the claimed mark is trademark subject matter, distinctive, and non-functional. *See* 15 U.S.C. § 1127 (2006) (definition of "trademark"); 15 U.S.C. § 1125(a)(3) (2006) (requiring plaintiff in an action for infringement of an unregistered mark to prove non-functionality). Although modern trademark law has largely jettisoned limits on the type of subject matter that can be protected, *see* *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (noting that because "human beings might use as a 'symbol' or 'device' almost anything at all that is capable of carrying meaning" the statutory definition of trademark "read literally, is not restrictive"), the requirements of use and distinctiveness are far more arduous, in the typical case, than the requirements of fixation and originality upon which a plaintiff's copyright claim rests. *See* 17 U.S.C. § 102(a) (2006).

⁷ The proscription is limited not only by reference to the effects (likely confusion) that are actionable, but also by reference to the conduct that can give rise to liability. That is to say, the infringement provisions of the Lanham Act also impose

that the defendant's activity is likely to cause consumer confusion; unauthorized use that is unlikely to cause confusion is not actionable.⁸ Because that element of the trademark infringement claim so directly comports with the core harm that the cause of action seeks to avoid—consumer confusion—the prima facie claim⁹ does a tremendous amount

limits on the nature of the use that might be actionable, requiring that the defendant's allegedly infringing use be "in commerce" and "in connection with the sale, offering for sale, distribution, or advertising of any goods or services." 15 U.S.C. § 1114(a) (2006); cf. 15 U.S.C. § 1125(a) (requiring defendant's use be "in connection with any goods or services"). The meaning of those limits has recently become a matter of intense controversy. See generally Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597 (2007). Some courts appear to suggest that a defendant must have used the plaintiff's mark "as a mark" (i.e., have made so-called "trademark use"), or perhaps that the defendant has made a "commercial use" of the plaintiff's mark, in order to come within the scope of the statutory proscription. See *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 408 (2d Cir. 2005) (holding that defendant's internal use of a website address containing plaintiff's mark for a "pure machine-linking function" was not "use in commerce" and thus not actionable under the Lanham Act); *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 677 (9th Cir. 2005) (relying on the "in connection with goods and services" language to impose a requirement of commercial use in infringement actions). The most significant aspect of decisions imposing a trademark use requirement is the assertion that a range of third party conduct falls outside the potential scope of the Lanham Act without regard to effects such as likely confusion. See *1-800 Contacts Inc.*, 414 F.3d at 412 (describing trademark use as a "threshold" requirement that cannot be overcome by showing likely confusion). However, analyses of trademark use (i.e., of actionable conduct) will often require courts to consider the effects of that use by devolving into questions of likely confusion (or antecedent questions of association that might in turn lead to confusion). See Dinwoodie & Janis, *supra*, at 1647-49; William McGeeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 79-80 (2008).

⁸ See 15 U.S.C. § 1114(a) (2006) (registered marks), § 1125(a) (unregistered marks). Cf. Council Directive 89/104 To Approximate the Laws of the Member States Relating to Trade Marks, 1988 O.J. (L40) 1 (EC), art. 5(1)(a) (creating liability for use of the identical mark on identical goods without the need to show confusion). Indeed, this is true even where the plaintiff sues based upon a trademark registration that has become incontestable. See 15 U.S.C. § 1115(b) (2006).

⁹ Some of the validity requirements (i.e., other important elements of the prima facie claim, see *supra* note 6) are also closely tied to assessing whether the putative claim engages the affirmative concerns of trademark law. As a general rule, absent use and distinctiveness, there will be no consumer association of the mark with a particular source and hence no confusion that can be created from unauthorized third party use. See Graeme B. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C. L. REV. 471, 483 (1997). Functionality is more readily explained as reflective of countervailing concerns about competition; functional marks might, in fact, implicate the affirmative purposes of trademark protection if they also identify source. See Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611, 729-34 (1999). This is why, even though functionality opinions frequently treat functionality as merely the flip-side of distinctiveness, functionality is better considered a defense to prima facie trademark infringement. See *id.* My focus in this Lecture is largely on grounds for justifying a defendant's activity rather than on narrowing the circumstances when trademark rights should be recognized, which is theoretically the focus of most validity questions.

of work for us in establishing limits on the trademark cause of action and thus making the scope of protection mesh with the limited purpose of trademark protection.¹⁰

By way of comparison, consider copyright law. A copyright owner is given the exclusive right to make copies of her work.¹¹ That is, such acts (of making a reproduction) are within the control of the copyright owner. An unauthorized act of reproduction by a third party is *prima facie* an act of infringement. But then, despite that exclusive right, the statute expressly permits certain acts of reproduction by third parties. For example, section 1008 of the Copyright Act permits the public to make copies of musical recordings for personal, non-commercial purposes.¹² Likewise, the copyright owner of a musical work has the exclusive right to make public performances of his work.¹³ But section 110 of the Copyright Act permits a number of third party public performances of the work, such as its performance in the course of services at a place of worship or other religious assembly.¹⁴ And more generally, section 107 of the Copyright Act contains the open-ended fair use defense which provides that, notwithstanding the *prima facie* rights of the copyright owner exclusively to make certain uses of her work, a wide range of third party conduct will not give rise to liability.¹⁵

Rules constraining what trademark owners can do to exploit their marks (e.g., prohibitions on naked licensing or assignments in gross) can also be described as “limits.” See Dogan & Lemley, *supra* note 3, at 66–67. Many of these rules are relevant to validity in that exceeding those constraints can lead to loss of rights. See 15 U.S.C. §§ 1064, 1127 (2006) (definition of “abandoned”). But their connection to the affirmative purposes of trademark law can be somewhat more attenuated. See Dogan & Lemley, *supra* note 3, at 83 (“[Prohibitions on naked licensing and assignments in gross] is an area in which the law has taken a long-term view, concluding that invalidating trademarks that are assigned in gross will discourage such assignments, and therefore will reduce consumer confusion on average, even though the remedy doesn’t eliminate confusion in the particular case before it.”).

¹⁰ Determining the scope of protection required by this purposive statement is deceptively simple. In fact, it conceals a wide variety of complex policy questions. See Graeme B. Dinwoodie, *What Linguistics Can Do For Trademark Law*, in TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE 140, 145–47 (Lionel Bently, Jennifer Davis & Jane C. Ginsburg, eds.) (2008); see also Dinwoodie, *supra* note 1, at 1; *infra* note 19.

¹¹ See 17 U.S.C. § 106 (2006).

¹² See 17 U.S.C. § 1008 (2006).

¹³ See 17 U.S.C. § 106(4) (2006).

¹⁴ See 17 U.S.C. § 110(3) (2006).

¹⁵ See 17 U.S.C. § 107 (2006). A superficial reading of the copyright and trademark statutes might suggest greater similarity between the structure of the two regimes. For example, section 33(a) of the Lanham Act confers on the owner of a registered trademark the “exclusive right to use the registered mark in commerce,” 15 U.S.C. § 1115(a), which might at first glance resemble section 106 of the Copyright Act. However, the provision establishing a cause of action for trademark infringement conditions this exclusivity by imposing an overlay requiring the plaintiff to prove likely confusion. See 15 U.S.C. § 1114(a); see also 15 U.S.C. § 1115(b) (same even in an action for infringement of an incontestable mark). This might not wholly

One explanation of the fair use defense in copyright law is that, by *denying* a plaintiff control over certain third party uses, fair use is intended to further the *very same purposes* as the grant of copyright protection itself.¹⁶ That is, fair uses of works by third parties are thought to optimize creation and distribution of works in the ways that are ordinarily furthered by *conferring* protection. The production and dissemination of knowledge would be inhibited if we gave the copyright owner the exclusive right to control all uses of his work. Thus, if the *prima facie* cause of action *alone* defined the limits of copyright law, it would be over-inclusive and would extend copyright protection further than justified by its basic purposes.

If instead of defining *prima facie* copyright infringement as particular conduct (for example the act of copying, preparation of derivative works, or distribution of copies of the work to the public), copyright infringement were defined purposively as, say, “appreciably reducing appropriate incentives for creation taking into account the broader goal of public access,” would we need a copyright fair use defense? Could we instead simply rely on the plaintiff failing to satisfy the *prima facie* cause of action? Could we have a copyright system that said, if the plaintiff failed to show that the defendant’s copying of a work for personal use would adversely and appreciably affect incentives to create, there would be no copyright liability?¹⁷

dispel the sense of similarity between the two statutes because, although section 106 defines the exclusive rights of the copyright owner, the judicially-imposed requirement of substantial similarity, *see generally* Alan Latman, “*Probative Similarity*” as *Proof of Copying: Toward Dispelling Some Myths in Copyright Infringement*, 90 COLUM. L. REV. 1187 (1990), might be conceptualized as akin to the confusion filter in trademark law. It excludes from liability a range of conduct otherwise actionable (e.g., reproduction) based upon an assessment of effects (insufficient similarity between the works at issue). But such arguments are relatively less determinative in copyright infringement than in trademark cases. Moreover, the test of substantial similarity in copyright law might be seen essentially as ensuring that the work that is being copied, adapted, distributed, publicly performed or displayed is indeed the work of the plaintiff and that it was in fact copied by the defendant.

¹⁶ *See* Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 549 (1985) (quoting H. BALL, LAW OF COPYRIGHT AND LITERARY PROPERTY 260 (1944)); *cf.* Dogan & Lemley, *supra* note 3 (discussing trademark law).

¹⁷ Some scholars have argued that the stated instrumental purpose of copyright law should play a more prominent role in setting appropriate levels of protection. In particular, Professor Lydia Loren argues that works not motivated by monetary incentive should receive less protection because there is little risk of underproduction of such works. *See* Lydia Loren, *The Pope’s Copyright? Aligning Incentives with Reality by Using Creative Motivation to Shape Copyright Protection*, 69 LA. L. REV. 1 (2008). However, Professor Loren recognizes that it would be difficult to reduce the entire infringement analysis to a single purposive inquiry, and thus suggests a series of specific doctrinal entry points for this proposition. *See id.*; *cf.* Shyamkrishna Balganesh, *Foreseeability and Copyright Incentives*, 122 HARV. L. REV. ____ (forthcoming 2009) (criticizing current copyright law for failure to develop doctrines that enable courts to circumscribe the scope of copyright by reference to the incentives-based justification for protection, and suggesting that limiting the copyright grant of

Probably not, because I doubt that we could come up with a single formulation that captured in less than ten pages the varied purposes and values implicated by copyright law: the language of incentives and access is an incomplete encapsulation of the values that inform the scope of copyright law. I suspect that some devotees of law and economics believe that concerns, for example, about a free press, the social value of criticism, the importance of equal educational opportunity, and the myriad other issues raised by copyright protection, can be reduced to a formula driven merely by economic incentives. But I don't. (I'll come back to this point in a moment, because I will contend that, contrary to the suggestion by some scholars and arguably the Supreme Court, the social values implicated by trademark and unfair competition law are not fully captured by the language that now dominates statements of the purposes of trademark law.)

But, despite my doubts, this *is* what trademark law purports, at least, to do. Congress, courts and scholars actually *do* define the classic proscription of trademark law in purposive terms. In order to protect consumers against confusion as to the source or origin of goods, we require that in order to make out a trademark infringement claim, the plaintiff demonstrate that the defendant's use would be likely to confuse an appreciable number of ordinarily prudent purchasers.¹⁸ If the plaintiff can show likely confusion of an appreciable number of such consumers, the concerns of trademark law are implicated, so the argument goes, and thus we should find infringement. Arguably, therefore, we do not need affirmative defenses to trademark infringement because the infringement test itself already accommodates the calculation we wish trademark law to make. The *prima facie* proscription appears to mesh well with the conduct we desire to make actionable.

exclusivity to situations where a copier's use was reasonably foreseeable to the creator at the time of creation would better align copyright law with its underlying purpose).

¹⁸ This conventional articulation of the actionable confusion standard itself contains limits—in particular, the reference to an “appreciable” number of “ordinarily prudent” purchasers. The goal of trademark law is not to prevent all confusion. This limit can be explained in part by prudential concerns. Trademark law should act to enjoin harmful conduct only where the gains of doing so outweigh the costs. “Those costs may be generated both by barriers to legitimate market activity induced by uncertainty or compliance obligations, and by the demands placed upon administrative and judicial institutions to make excessively accurate assessments of consumer understanding.” Dinwoodie & Janis, *supra* note 7, at 1636 n.169; *see also* Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2123–25 (2004); Dinwoodie, *supra* note 10. Only rarely, however, do courts engaging in analysis of actionable confusion talk openly in terms of enforcement costs. *See* Gibson Guitar Corp. v. Paul Reed Smith Guitars LP, 423 F.3d 539, 551 n.15 (6th Cir. 2005) (resisting protection of product design marks against initial interest confusion); *cf.* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 214 (2000) (“Competition is deterred . . . 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”).

Of course, this appearance is deceptive. The likely confusion standard is arguably incomplete as a judicial lodestar because trademark case law has traditionally been influenced by a number of other values. In particular, not all the values implicated by trademark and unfair competition law can be captured simply by looking at the type of supposed *harm* against which trademark law seeks to offer protection.¹⁹

But the sense that the proscription of trademark law does such totalizing work pervades judicial decisions. This might explain, in part, the difference between the discussion of defenses proper in trademark law and copyright law. For example, the fair use defense in copyright law is heavily litigated, has been the subject of three Supreme Court decisions in the last twenty-five years, and is the focus of voluminous scholarship. The same could not be said in trademark law, where finding judicial or scholarly discussion of trademark fair use was until recently a very hard task. That is, however, beginning to change.²⁰

III. "DEFENSES" DEVELOPED THROUGH TRADEMARK INFRINGEMENT ANALYSIS

Despite the apparent lack of need for defenses proper in trademark law, courts have found room to develop rules that are often characterized or treated by courts and scholars as defenses to a trademark infringement action.²¹ Some of these take the form of real defenses: they permit unauthorized third party use even where some confusion is likely to

¹⁹ This is true whether that harm is defined in terms of consumer interests, *see* Dogan & Lemley, *supra* note 3, at 66–67, or in terms of producer interests against diversion of trade. *See* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1858–59 (2007). Many of the most contested issues in contemporary trademark law arise because of increased third party use of marks for purposes more varied than identification of the source of goods. This third party use might further a range of important social objectives, requiring consideration not only of harms but also of any offsetting benefits. The limits in the *prima facie* cause of action (and, in particular, their malleability) allow courts to effectuate competing substantive values (such as free speech) that might strictly conflict with the avoidance of confusion. But courts only infrequently cast these values as *countervailing* concerns to confusion-avoidance. *See* Dinwoodie, *supra* note 1; McGeeveran, *supra* note 7, at 72–73 (noting the lack of normative discussion in opinions even if the doctrine originates in broader expressive concerns); *see also infra* text accompanying notes 72–81. This Lecture focuses on limits that emphasize the affirmative value of certain unauthorized uses of a mark by a defendant.

²⁰ *See* Rochelle Cooper Dreyfuss, *Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn How to Love Ambiguity*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 261, 269 n.39 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008) (noting wave of judicial attention to nominative fair use).

²¹ *See, e.g.*, MARY LAFRANCE, UNDERSTANDING TRADEMARK LAW 230 (2005); ROGER E. SCHECHTER & JOHN R. THOMAS, INTELLECTUAL PROPERTY: THE LAW OF COPYRIGHTS, PATENTS AND TRADEMARKS 727 (2003); ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 787 (rev 4th ed. 2007); ANNE GILSON LALONDE, GILSON ON TRADEMARKS § 11.08 (2008).

result from that use and thus support prima facie liability. But many so-called “defenses,” which immunize socially-desirable third party uses of marks, are wrapped up (at least in traditional infringement cases) in language about confusion.²² Indeed, in large part, immunity for these uses flows from nothing more than application (and failure of the defendant to fall within the scope) of the basic proscription against causing likely confusion. How should we treat these “defenses” and how does fully conceptualizing these doctrines as defenses contribute to the development of trademark law? Two related doctrines serve as good case studies: comparative advertising, and nominative fair use.²³

A. *Comparative Advertising*

Courts have long recognized that use of a rival’s mark in comparative advertising should be permitted as a matter of common law.²⁴ For example, in *Smith v. Chanel, Inc.*,²⁵ the defendant advertised a fragrance called SECOND CHANCE as a cheaper imitation of the plaintiff’s CHANEL NO. 5 perfume. The court held that the defendant’s use was permissible, recognizing what is often called a comparative advertising “defense.”²⁶ But it is worth quoting the full language of the court’s opinion on the point:

[O]ne who has copied an unpatented product sold under a trademark may use the trademark in his advertising to identify the product he has copied. . . . [S]uch advertising may not be enjoined under either [section 43(a) of the Lanham Act], or the common law of unfair competition, so long as it does not contain misrepresentations or create a reasonable likelihood that purchasers will be confused as to the source, identity, or sponsorship of the advertiser’s product.²⁷

The last part of this quote highlights that, although cast as a “defense,” the protection of comparative advertising is in fact a rather routine application of the basic premise that, so long as consumers are

²² See *infra* text accompanying notes 27–28, 32–33; cf. Dinwoodie, *supra* note 1 at 29–30.

²³ A similar dynamic to that underlying the comparative advertising or nominative fair use defense can be seen with other doctrines often characterized as defenses. See, e.g., *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947) (first sale “defense”); cf. *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1056–57 (10th Cir. 2008) (discussing relevance of the parodic nature of the defendant’s use).

²⁴ See, e.g., *Saxlehner v. Wagner*, 216 U.S. 375 (1910).

²⁵ *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

²⁶ See, e.g., *Buying For The Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310, 329 (D.N.J. 2006); LOUIS ALTMAN, 1A CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 5:59 (4th ed. 2007) (citing such usage).

²⁷ *Smith*, 402 F.2d at 563.

not confused by the defendant's use of the plaintiff's mark, the concerns of trademark and unfair competition law are not engaged by such use.²⁸

B. Nominative Fair Use

More recently, courts have extrapolated from cases such as those involving comparative advertising, and articulated a more general so-called "nominative fair use" defense. (Courts applying this defense distinguish it from the classic descriptive fair use defense, which immunizes a defendant's use of a plaintiff's mark to describe the characteristics of *its own* products or services.)²⁹ The nominative fair use defense has been applied by courts where the defendant uses the plaintiff's mark to refer accurately to the goods of the *plaintiff*.³⁰ In fact, the *Chanel* case might now be described as a nominative fair use case: the defendant was using the CHANEL mark to refer to the *plaintiff's* product, CHANEL NO. 5.

Under this label, at least, the doctrine can be traced to the decision of the Ninth Circuit in *New Kids on the Block v. News America Publishing Inc.*³¹ In *New Kids on the Block*, the defendant newspaper had used the mark NEW KIDS ON THE BLOCK to conduct a poll about which was the most popular member of the band that performed under that name. The newspaper could have conducted its poll by asking "which member of a group of pre-pubescent, musically challenged, producer-driven kids who have done well recently in the charts do you like best?" But that would not have taken advantage of the informational efficiencies that trademarks are meant to provide. Nothing communicated that the poll was about The New Kids on the Block as quickly or accurately as using "The New Kids on the Block."

The Ninth Circuit held that where a commercial user (the newspaper) uses a trademark to describe the plaintiff's product (the band), that user is entitled to a nominative fair use defense if three conditions are satisfied:

- (1) the product or service in question must be one not readily identifiable without use of the trademark;
- (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and

²⁸ See *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 546 (5th Cir. 1998).

²⁹ See 15 U.S.C. § 1115(b)(4) (2006); see *infra* text accompanying notes 129–35. Courts have drawn this distinction even though some of the inspiration for the nominative fair use defense came from older case law endorsing a descriptive fair use defense. See *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992). Moreover, this distinction is not always easy to draw, see McGeveran, *supra* note 7, at 110, and similar policy concerns underlie the two fair use defenses. See *infra* text accompanying notes 121–24, 143–44.

³⁰ See *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 903–04 (9th Cir. 2003).

³¹ *New Kids on the Block*, 971 F.2d at 302.

(3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.³²

Notice again, however, the conditions: the third part of the test looks very much a proxy for an assessment of likely confusion as to association, sponsorship or endorsement.³³

Indeed, although the *New Kids on the Block* court itself talked of a “nominative fair use defense,”³⁴ in the first cases applying the concept of nominative fair use, the Ninth Circuit described it as “replac[ing]” or “complement[ing]” the likelihood of confusion analysis that the court uses in a typical infringement case.³⁵ These courts explained that a routinized or mechanical application of the likelihood-of-confusion factors in cases involving nominative uses would tend to lead to the incorrect conclusion that “virtually all nominative uses are confusing,” because when a defendant uses a trademark nominatively the defendant can be expected to use a plaintiff’s identical mark, which doctrinally is a very important factor in assessing likely confusion.³⁶ Yet, in truth, on the ultimate question that a court is meant to be asking to determine liability, there is no likelihood of consumer confusion and thus should be no finding of infringement.

Thus, under the rubric of applying and fleshing out the elements of the basic prima facie confusion-based cause of action, the courts have been able to formulate what some scholars have characterized as defenses. Not all, however. In a recent lecture, Professor McCarthy, author of a leading trademark treatise, said he would take the Ninth Circuit at its word and treat the *New Kids on the Block* line of cases as simply applications of the likely confusion test in the context of a certain type of use.³⁷

³² *Id.* at 308.

³³ *See* Bd. of Supervisors for La. State Univ. Agric. & Mechanical Coll. v. Smack Apparel Co., 550 F.3d 465, 488–89 (5th Cir. 2008); *Pebble Beach Co.*, 155 F.3d at 526; *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 414 (S.D.N.Y. 2006); *Brother Records*, 318 F.3d at 908 n.5 (relying on evidence of actual confusion to support conclusion that the defendant failed the third leg of the *New Kids on the Block* test); *Tiffany & Co. v. eBay, Inc.*, 576 F. Supp. 2d 463, 496–97 (S.D.N.Y. 2008) (applying third leg of *New Kids on the Block* and discussing lack of confusion).

³⁴ *New Kids on the Block*, 971 F.2d at 308 (emphasis supplied).

³⁵ *See, e.g.*, *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150 (9th Cir. 2002); *see also* *Bd. of Supervisors for La. State Univ. Agric. & Mechanical Coll.*, 550 F.3d at 489.

³⁶ *See* *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002) (explaining that a likelihood-of-confusion test would tend to lead to the incorrect conclusion that “virtually all nominative uses are confusing,” because when a defendant uses a trademark nominally, a defendant can be expected to use a plaintiff’s identical mark); *see also* Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1600 (2006) (noting that similarity of marks is “by far the most influential” in the multi-factor likelihood of confusion analysis).

³⁷ J. Thomas McCarthy, *Using Other People’s Trademarks*, Third Annual Finnegan, Henderson, Farabow, Garrett & Dunner, LLP Distinguished Lecture on Intellectual Property, American University Washington College of Law (Oct. 25, 2007),

Regardless of whether Professor McCarthy is correct about what the Ninth Circuit *was* doing in *New Kids on the Block*, I suggest that it is time to treat nominative fair use as an autonomous and real defense, rather than simply a reformulation of the test for likely confusion. Indeed, trademark law would be well-served by the development of real defenses more generally.

IV. WHY REAL DEFENSES? LESSONS FROM THE DILUTION STATUTE

Why should trademark law develop real defenses to infringement, whether by reconceptualizing existing doctrines or formulating new ones? Courts have clearly been able to protect certain third party uses of marks simply through manipulation of the *prima facie* cause of action. Moreover, there may be costs or risks associated with treating limiting doctrines as defenses.³⁸ For example, as I explain below, subsuming

www.wcl.american.edu/pijip/webcast.cfm; *see also* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23.11 (2008) (taking same position). Professor McCarthy adopts a similar conceptualization of the comparative advertising “defense.” *See id.*

³⁸ In addition to the problems surrounding incontestability, *see infra* text accompanying note 39, casting a doctrine as a defense might trigger (under certain canons of interpretation) a narrow reading by courts under the theory that the doctrine is an “exceptional” provision. *Cf.* LIONEL BENTLY & BRAD SHERMAN, INTELLECTUAL PROPERTY LAW 190 n.2 (2d ed. 2004) (expressing surprise that the “defences” in the U.K. copyright statute have not been consistently interpreted narrowly against the defendant on the ground that they derogate from property rights). Such formalistic interpretation seems an absurdity, however, where the mere semantic trick of characterizing the entire intellectual property system as an exception to free competition should at least neutralize the historical canons. But caution about the vestiges of formalism might require courts to emphasize some of the methodological and jurisprudential aspects of defenses drawn below from the *KP Permanent* decision. *See infra* text accompanying notes 130–34. Other scholars fear that treatment of these doctrines as defenses might shift the burden on central issues to the defendant in ways that would unintentionally expand the chilling effect of ambiguously broad trademark rights. *See* Eric Goldman, *Online Word of Mouth and its Implications for Trademark Law*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 404, 422 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008). And, to be sure, there are strategic advantages for defendants in not having to specifically plead these doctrines. *See* Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, 527 F.3d 1045, 1057 n.9 (10th Cir. 2008) (noting pleading advantage of parody not being an affirmative defense). But subsuming immunity for privileged conduct within the *prima facie* case imposes even greater strategic burdens on defendants by requiring the defendant to litigate the (typically more fact-intensive) question of likely confusion. *See* McGeeveran, *supra* note 7, at 91–92. Instead, the cost of shifting burdens to the defendant is of greater significance if the alternative characterization of the immunity doctrine is as a discrete threshold that serves as a reliable gatekeeping tool to dismiss over-reaching causes of action without examination of consumer understanding or consumer association. Although this claim has been made for the trademark use doctrine, *see* Stacey L. Dogan & Mark A. Lemley, *Trademark and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777 (2004), that doctrine is not a good candidate for such a role. *See* Dinwoodie & Janis, *supra* note 7, at 1641–50. The fair use defense could, with modification, perform a

nominative fair use within the infringement analysis (that is, as part of the analysis of the prima facie elements of the cause of action) may avoid the problems caused by the fact that nominative fair use is not expressly listed as a defense against an allegation of infringement of an incontestable mark.³⁹

Thus, could we not simply ensure an appropriate scope of protection by continued interpretation of the proscription? What is to be gained from characterizing as “defenses” limits developed by applying the basic proscription of trademark law? Insights into this question are provided by examining the development of federal dilution protection. The dilution statute has since its inception included a number of explicit defenses.

Federal dilution protection was enacted as section 43(c) of the Lanham Act in 1995, and those dilution provisions were substantially revised in 2006.⁴⁰ The dilution cause of action provides a subset of marks—famous marks—protection against third party uses that do not cause consumer confusion.⁴¹ Instead, the harm arises from association, rather than confusion, which then results in damage to the

gatekeeping function. See Graeme W. Austin, *Tolerating Confusion About Confusion*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 368, 388–89 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008). But current fair use doctrine takes consumer confusion into account, arguably making the difference between threshold and defense less meaningful. See *infra* note 220 (discussing *KP Permanent* on remand). Moreover, conceptualizing a limiting doctrine as a defense does not mean that defendants can never summarily defeat unmeritorious claims. Regardless of whether the fair use defense is reformulated in ways that minimize confusion analysis, see *infra* text accompanying notes 137–42 (discussing *Century 21* conditions), defendants should always be free to move for summary judgment on the basis of a defense conceding for purposes of the motion that the prima facie case has been made out. Cf. *Dessert Beauty, Inc. v. Fox*, 568 F. Supp. 2d 416 (S.D.N.Y. 2008) (granting defendant summary judgment on fair use grounds without analyzing infringement claim); see also *infra* notes 145, 156, 220.

³⁹ The dearth of statutory defenses currently available in the context of incontestable marks might force courts to immunize certain unauthorized third-party uses through manipulation of the prima facie cause of action (or compel creative and expansive readings of the existing statutory defenses). See *infra* text accompanying notes 113–18. But my argument for the development of real defenses is not intended to foreclose judicial innovation in interpreting the prima facie cause of action (or congressional action to supplement statutorily preserved defenses in the incontestability context). Indeed, characterizing defendant protective-doctrines as defenses might help identify for Congress behavior that should be permitted. See *infra* text accompanying notes 83, 97 & 125.

⁴⁰ See Graeme B. Dinwoodie & Mark D. Janis, *Dilution's (Still) Uncertain Future*, 105 MICH. L. REV. FIRST IMPRESSIONS 98 (2006), available at <http://students.law.umich.edu/mlr/firstimpressions/vol105/dinwoodie.pdf>.

⁴¹ See 15 U.S.C. § 1125(c)(1) (2006) (“the owner of a famous mark . . . shall be entitled to an injunction against another person who . . . commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury”) (emphasis added).

distinctiveness (blurring) or reputation (tarnishment) of the famous mark.⁴²

The development of dilution law suggests that relying on judicial interpretation of the proscription to establish limits on protection is dependent on the elements of the prima facie claim capturing accurately, capturing coherently, and capturing all of, the social policy objectives implicated by third party uses of marks. If that premise is wrong, then even a purposive statement of the prima facie cause of action cannot ameliorate the need for affirmative defenses in trademark and unfair competition law, as is the case in copyright law.⁴³

A. *The Nexus Between the Prima Facie Cause of Action and the Purposes of Protection*

The elements of the prima facie dilution claim fail to capture either accurately or completely the policy concerns that motivate this cause of action. There is arguably a disconnect between the harm that dilution advocates purportedly want to prevent and the doctrinal elements of the prima facie dilution cause of action. For example, it is not clear that a famous mark is more amenable to dilution than any other marks; in fact, some surveys suggest that famous marks may be immune from dilution. But it is only famous marks that are protected.⁴⁴

This incoherence exists not only at the level of doctrinal implementation. The way that the dilution cause of action initially functioned in the U.S. courts was also strangely detached from the stated legislative purposes or even the statutory text. Dilution claims under the 1995 federal legislation were most successful (and valuable) in the fight

⁴² See 15 U.S.C. § 1125(c)(2)(B)–(C) (defining “blurring” and “tarnishment”).

⁴³ To some extent, the problem of working entirely within the prima facie cause of action is exacerbated not only by legal changes but also by changes in the uses of marks in contemporary society. Trademarks now do much more than they used to. An expansion in the social functions of marks has in the past fueled broader rights for trademark owners; acting exclusively on the impulse to avoid consumer confusion, trademark protection inevitably thickened as forms of consumer understanding grew. See Graeme B. Dinwoodie, *Third Annual Lecture on International Intellectual Property Law: Ensuring Consumers “Get What They Want”—The Role of Trademark Law*, Emmanuel College, University of Cambridge, May 13, 2008, at 3–6 (copy on file with author). But an evolution in the role of trademarks can also be used to support the development of new defenses. Many of these new uses are uses occurring at the instance of third parties, are socially desirable, and implicate values other than the confusion-avoidance concern centrally reflected in the prima facie cause of action. The new functions that marks serve for third parties can be highlighted to identify competing social concerns that should moderate the scope of trademark rights. See *id.* at 15–17.

⁴⁴ See Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 1143 (2006); cf. Dreyfuss, *supra* note 20, at 289 (discussing cognitive research suggesting little need for protection of category dominant marks against uses in wholly dissimilar product markets).

against cybersquatting and counterfeiting,⁴⁵ suggesting perhaps that section 43(c) really operated as a roving law against unfair competition (perhaps against “freeriding”)⁴⁶ of the type normally associated with civil law systems.⁴⁷ However, the legislative history of the 1995 Act spoke only in passing of cybersquatting or counterfeiting as targets of the dilution legislation;⁴⁸ Congress appeared more focused on the abstract harm of “blurring the distinctiveness” of a mark or “tarnishing or disparaging” it, providing leading examples unconnected to cybersquatting or counterfeiting.⁴⁹ And the U.S. dilution statute—unlike dilution laws in many other countries—contains no language in the prima facie claim reflecting such unfair competition impulses.⁵⁰

Alternatively, it may be that dilution protection is really aimed at protecting a different function of trademarks than the classical infringement cause of action (that is, the marketing function of marks rather than their source-identification function). Certainly, that suggestion has currency among courts and scholars in Europe.⁵¹ But, if that is the case, the distinction is not reflected in U.S. dilution doctrine.⁵²

⁴⁵ See, e.g., *Panavision Int'l, LP v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998); Clarisa Long, *The Political Economy of Trademark Dilution*, in *TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH* 132, 138 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008); cf. Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029 (2006).

⁴⁶ See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) (quoting *IP Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998)); David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117 (2004).

⁴⁷ Causes of action against cybersquatting are essentially grounded in unfair competition concerns. See WORLD INTELLECTUAL PROPERTY ORGANIZATION, FINAL REPORT OF THE WIPO INTERNET DOMAIN NAME PROCESS 173–74 (Apr. 30, 1999), available at <http://www.wipo.int/amc/en/processes/process1/report/finalreport.html> (noting that the proposed prohibition against cybersquatting, which eventually became the Uniform Domain Name Dispute Resolution Policy, reflected the unfair competition provisions of the Paris Convention). The cyberquatting-specific legislation eventually enacted by Congress to prohibit that behavior included bad faith intent to profit as an element of the prima facie claim. See 15 U.S.C. § 1125(d)(1)(A)(i) (2006).

⁴⁸ See 141 CONG. REC. §19312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy) (“[I]t is my hope that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.”); Long, *Dilution*, *supra* note 45, at 1058 (noting testimony regarding counterfeiting).

⁴⁹ H.R. REP. NO. 104-374, at 2–3 (1995).

⁵⁰ In contrast, the EU Trademark Directive *does* contain language that both acknowledges the free-riding impulse and should allow courts transparently to consider notions of fairness. See Council Directive 89/104 To Approximate the Laws of the Member States Relating to Trade Marks, 1988 O.J. (L40) 1 (EC), art. 5(2) (prohibiting certain uses where “use of [the plaintiff’s mark] without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”).

⁵¹ The distinction arguably is given effect in EU trademark law via different articulations of the type of use by a defendant that might give rise to liability under a traditional infringement claim as opposed to a dilution claim. Compare Case C-48/05,

At the very least, U.S. courts and scholars have had great difficulty in grasping the harm at issue in dilution claims.⁵³ Such doubts about our capacity to craft a prima facie cause of action that maps to the harm, or even to articulate the real harm against which dilution purports to protect, might suggest why statutory defenses are important in dilution law. Although it is difficult to state (either theoretically or doctrinally) the harm to trademark owners from dilution, and thus to define what conduct is prohibited, it might be easier to identify clearly permissible conduct.

Indeed, it might become imperative to do so, lest the uncertainty surrounding the reach of the prima facie cause of action effectively restrains a far wider range of conduct than might be substantively justified by the purpose of the protection.⁵⁴ Although the elements of the prima facie dilution cause of action were defined in greater detail in the 2006 statute, neither the definitions nor the (non-exhaustive) factors designed to inform judicial determinations afford much guidance.⁵⁵

Moreover, and perhaps more importantly, like copyright law, the prima facie dilution proscription is over-inclusive of the uses that we wish to enjoin. The scope of third party conduct potentially within the scope of the prima facie dilution cause of action is far greater than that encompassed by classical infringement. Even non-confusing, non-competing uses can be actionable. Thus, we need a fuller set of real

Adam Opel AG v. Autec AG, 2007 E.C.R. I-01017 (in an infringement action potential liability depends on whether, because of the defendant's use, the relevant consumer "perceive[d] the sign identical to the [plaintiff's] logo appearing on the [defendant's] scale models . . . as an indication that those products come from . . . [plaintiff] or an undertaking economically linked to it") with Case C-408/01, Adidas-Salomon AG v. Fitnessworld Trading Ltd., 2003 E.C.R. I-12537, available at <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en> (dilution under the EU Trademark Directive requires that, because of the defendant's use, the relevant public "establishes a link between the [defendant's] sign and the [plaintiff's] mark").

⁵² Of course, this European justification for dilution protection might not properly explain the basis for dilution protection in the United States. For some U.S. scholars, dilution might simply be a logical extension of the core search costs rationale for traditional protection against confusion. See Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 493-94 (2005) ("dilution is targeted at reducing consumer search costs").

⁵³ See Robert G. Bone, *Schechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469, 470 (2008) ("Dilution is one of the great mysteries of trademark law. Judges have trouble understanding it and scholars have difficulty justifying it."); Long, *Dilution*, *supra* note 45, at 1062 ("Courts have struggled, and continue to struggle, to identify the harm dilution law is trying to prevent."); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 451 (4th Cir. 1999) (describing the harm in dilution cases as "dauntingly elusive").

⁵⁴ See Graeme B. Dinwoodie, *The Trademark Jurisprudence of the Rehnquist Court*, 8 MARQ. INTELL. PROP. L. REV. 187, 207 (2004) (noting importance of certainty in recent Supreme Court trademark case law).

⁵⁵ See Dinwoodie & Janis, *supra* note 40; Austin, *supra* note 38, at 384 (describing the doctrine as "opaque").

defenses in order to preserve proper third party uses. As Professor Rebecca Tushnet has very persuasively shown in her work critiquing cognitive science literature, any use of a mark causes “associations.”⁵⁶ But we don’t wish to make every association actionable.⁵⁷ And even some associations that are created and which *do* adversely affect the mark’s distinctiveness or reputation—for example, critical uses—might be associations that we do not wish to make actionable because they serve important countervailing social purposes.

B. Lessons for Defenses in Infringement Actions?

The inadequate and over-inclusive nature of the prima facie cause of action may partially explain why both the 1995 and 2006 dilution laws contained a substantively broader list of affirmative defenses than the statute explicitly provides in the case of a classic infringement cause of action.⁵⁸ Recall the two so-called defenses discussed above: comparative advertising and nominative fair use. The Lanham Act made no reference to comparative advertising as a defense *until* the 1995 dilution law,⁵⁹ and the term “nominative fair use” only appeared in the statute upon enactment of the 2006 dilution reforms.

Indeed, one of the important features of the 2006 legislation was its enlargement of the express defenses to a dilution cause of action.⁶⁰ Now,

⁵⁶ See Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507 (2008).

⁵⁷ Of course, we don’t want to make every instance of likely confusion actionable either. The classic infringement standard reflects this fact, *see supra* note 18, though courts rarely discuss why particular levels or types of confusion are “appreciable”, and why others are not.

⁵⁸ This may also reflect the fact that because dilution is a purely statutory scheme, Congress could not be confident that courts would rely on common law defenses. Moreover, some of these defenses were not needed to prevent liability in a confusion-based cause of action. *See infra* text accompanying notes 63–64.

⁵⁹ The only complication in the interpretation of the 1995 defenses turned out to be the exclusion of what the statute called “non-commercial” uses. In that Act, “commercial use” in commerce was an element of the prima facie claim. *See* 15 U.S.C. § 1125(c)(1995); *see also* Stacey L. Dogan & Mark A. Lemley, *The Trademark Use Requirement in Dilution Cases*, 24 SANTA CLARA L. REV. 541 (2008) (explaining history of prima facie provision). Yet it was not obvious how that requirement interacted with the affirmative defense of “noncommercial use.” *See* 15 U.S.C. § 1125(c)(4)(1994). The Ninth Circuit reconciled these provisions in *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002), *cert. denied*, 537 U.S. 1171 (2003), by concluding that the noncommercial use defense immunized speech protected by the First Amendment, which includes some uses that are commercial.

⁶⁰ *See Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 1, 16 (2005) (statement of Mark Lemley, Professor of Law, Stanford University). Although the more substantial congressional consideration of the 2006 legislation might suggest that the enhanced defenses reflected greater involvement of civil liberties advocates, such as the American Civil Liberties Union, such groups had long been aware of the potential of dilution to affect speech interests. First

under the 2006 version of the Act, the following shall not be actionable as dilution:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use,⁶¹ 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

Amendment concerns had doomed a prior attempt to enact federal dilution legislation in 1988. *See* H.R. Rep. No. 100-1028 (1988). Passage of the 1995 legislation was aided by (arguably spurious) assertions that dilution protection was required by the TRIPS Agreement. *See* H.R. Rep. No. 104-374, at 4 (1995); Paul J. Heald, *Trademarks and Geographical Indications: Exploring the Contours of the TRIPS Agreement*, 29 VAND. J. TRANS'L L. 635, 654–55 (1996).

⁶¹ This clause of the defense should help to immunize search engines that facilitate fair uses of marks by advertisers. Search engines have, on the whole, managed to repel efforts to hold them liable for trademark infringement for selling trademark-based keywords. This may, in time, flow from the trademark use requirement. *See* Dinwoodie & Janis, *supra* note 7; *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393 (N.D.N.Y. 2006) (granting Google's motion to dismiss on the ground that Google did not engage in trademark use because it did not place the trademark at issue on any goods or otherwise use the trademark in a way that indicated origin). But, at present, immunity may depend in part upon trademark owners being unable to show actionable confusion resulting from the activities of the search engine. *See* *GEICO v. Google, Inc.*, 77 U.S.P.Q.2d 1841 (E.D. Va. 2005) (conducting trial and finding no likelihood of confusion stemming from Google's use of GEICO's trademark as a keyword; also finding insufficient evidence of confusion with respect to sponsored links that do not reference GEICO's marks in their headings or text, but finding likelihood of confusion regarding those sponsored links in which the trademark GEICO appears either in the heading or text of the ad). If this factual determination holds up over a series of cases, in turn conditioning consumer understanding, plaintiffs owning arguably famous marks might be expected to resort to dilution claims to challenge sales of keywords that consist of those marks. *See* Greg Lastowka, *Google's Law*, 73 BROOK. L. REV. 1327, 1369 (2008). Dilution claims in the United States can be understood as functioning to vindicate claims of unfair competition unavailable (in such terms) under U.S. law. *See supra* text accompanying notes 45–50. And keyword advertising cases could well be understood as unfair competition claims; this has been the most successful basis for claims against search engines in Europe, where broader unfair competition claims are more generally accepted. *See* *Laurent C. v. Google France*, Tribunale de grande instance [T.G.I.] [ordinary court of ordinary jurisdiction], Paris, Feb. 13, 2007 (Fr.), *available at* http://www.legalis.net/jurisprudence.php3?id_rubrique=10 (Google potentially liable under tort principles but not trademark law proper). Indeed, in France, on those occasions when unfair competition or classic trademark infringement claims have failed, dilution claims have been the next (and more successful) resort. *Cf.* *Louis Vuitton Malletier v. Google France*, Cour de Cassation [highest court of ordinary jurisdiction] Paris, May 20, 2008, No. 609 FS-D (Fr.) (separately asking whether Google's use of marks as keywords constitutes use within the meaning of the infringement and dilution provisions of the EU Trademark Directive). This provision of the 2006 legislation limits the ability of trademark owners to make a similar move in the United States.

(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.⁶²

What's the significance of this list for the development of defenses outside the context of dilution? First, it emphasizes the need to adopt more defenses as the scope of prima facie protection expands, as *has* occurred with respect to confusion-based actions. Second, as already suggested, it highlights the particular importance of defenses where the basic proscription inadequately or incompletely reflects the values or purposes of protection, as *may also* be true in the traditional infringement context. And, third, it suggests an uncertain relationship between dilution defenses and defenses to infringement.

1. *The Relevance of Broader Protection*

Each of the uses immunized against liability by the dilution statute (other than descriptive fair use) is a use that was not expressly excluded by the statute from the scope of an infringement cause of action.⁶³ But that was because they did not need to be. None of these uses, it was thought, would give rise to confusion, or at least confusion of the type sought to be prohibited by trademark law. Because of the more capacious scope of the dilution action, however, it was feared that such third-party uses were put in play.⁶⁴ So with a broader cause of action, broader defenses were required.

What does this observation mean for the confusion-based cause of action? Arguably, classical trademark rights could be described as the most limited of the rights conferred by the three principal U.S. intellectual property regimes. Patents have always conferred substantial power to exclude others from making use of a protected invention. And the exclusive rights of the copyright owner have over time expanded to grant control over a very wide range of uses of a protected work of authorship. However, at least in theory, U.S. trademark law was somewhat different.

Historically, trademark ownership operated as a relatively defensive right, a right to stop another trader from diverting sales from the mark owner by confusing consumers into believing that the goods of that other trader were in fact the goods of the mark owner. Although this narrow

⁶² 15 U.S.C. § 1125(c)(3).

⁶³ See 15 U.S.C. § 1115(b)(4). Although section 33(b)(4) does not use the composite phrase "fair use," its exclusion of liability where "the use of the . . . term . . . charged to be an infringement is a use, otherwise than as a mark, . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe the goods or services of such party" was regarded as a statutory formulation of the common law concept of descriptive fair use. See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114 (2004).

⁶⁴ Hearing on H.R. 683, *supra* note 60.

right was underpinned by broader commitments to consumer protection and avoidance of unfair competition that have made trademark law quite amenable to expansion, its core protection did not require a very broad property right. Thus, trademark protection existed only with respect to the specific goods and services on which the mark owner used the mark, and gave exclusionary rights only as against uses by other traders that would likely cause confusion among consumers as to the source or origin of goods.

However, this description of trademark law does not fully capture the scope of modern trademark law. For example, as our economic structure evolved, it became accepted that consumers could be confused by other traders using the mark on goods that were somewhat different from, but possibly related to, those of the mark owner. And trademarks came to function differently, embodying for consumers much more information than the source or origin of the goods being sold, and became tools for affirmative market exploitation themselves.

As a result, over the past forty years, the traditional infringement action has expanded—this time, unlike the development of dilution protection, largely by judicial interpretation—to encompass more forms of confusion and thus afford much broader protection for the trademark owner. The confusion cause of action has expanded in terms of what confusion is actionable,⁶⁵ whose confusion can be actionable,⁶⁶ and when actionable confusion can occur.⁶⁷ Indeed, some of these causes of action—such as confusion as to association or endorsement, upon which trademark owners base claims to exercise control over merchandizing,⁶⁸ or initial interest confusion or post-sale confusion, which now protect consumers from confusion in every stage of the thought process from contemplation to purchase—have been criticized by some courts as akin to dilution protection.⁶⁹

Thus, as was achieved legislatively in the case of dilution, the courts are now giving a much stronger property right to the trademark owner. As we expand the types of actionable confusion, even in order to

⁶⁵ See 15 U.S.C. § 1125(a) (1988) (rendering actionable confusion as to affiliation, endorsement, sponsorship or connection); *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 207–08 (3d Cir. 2000) (reverse confusion actionable).

⁶⁶ See *Esercizio v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991) (discussing 1962 statutory changes).

⁶⁷ *Id.* (post-sale confusion actionable); *Playboy Enters., Inc. v. Netscape Commc'ns. Corp.*, 354 F.3d 1020 (9th Cir. 2004) (initial interest confusion actionable).

⁶⁸ See generally *Dogan & Lemley*, *supra* note 52.

⁶⁹ See *Esercizio*, 944 F.2d at 1248–51 (Kennedy J. dissenting) (criticizing post-sale confusion as a right akin to dilution); *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936 (9th Cir. 2002) (rejecting a reading of initial interest confusion that would give a trademark owner control over any use of its mark); Lastowka, *supra* note 61, at 1392 (“At present, initial interest confusion as applied to search results is much closer to a dilution-type right of word ownership.”).

effectuate an underlying commitment to consumer protection,⁷⁰ we likewise need to exclude certain types of confusing uses from liability through defenses that are not wholly dependent upon a confusion analysis. We need real defenses in infringement proceedings.

2. *Inadequate, Incomplete and Uncertain Proscriptions*

The exceptions contained in the dilution statute reflect enhanced concerns about free speech, as well as competition concerns underlying a commitment to comparative advertising and a desire to permit new intermediaries to facilitate the supply of useful information about products to consumers. These policy objectives were imperiled by dilution claims because the prima facie dilution cause of action was over-inclusive, inadequately reflective of values that warrant vindication even where some association was engendered by a defendant's use, and bore an uncertain relationship to the harm that the cause of action purported to target.⁷¹

Do any of these concerns apply in the infringement context? For example, are there values that need to be vindicated in traditional trademark infringement cases even where some confusion might occur? Undoubtedly. These include respecting free speech,⁷² ensuring free competition,⁷³ facilitating public health policy,⁷⁴ enabling artistic creativity,⁷⁵ allowing comparative advertising,⁷⁶ nurturing a climate of certainty for innovators,⁷⁷ avoiding the chill of abuse of rights in litigation,⁷⁸ and reflecting commercial ethics.⁷⁹

One can find these values, and many more, albeit largely implicitly, in decades of trademark opinions. Of course, courts have often been able to vindicate many of these values within the prima facie cause of action.⁸⁰ For example, competition concerns clearly informed analysis of

⁷⁰ See Dinwoodie, *supra* note 43, at 4–7.

⁷¹ See *supra* text accompanying notes 44–56.

⁷² See Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887 (2005).

⁷³ See Dinwoodie, *supra* note 54, at 204, 205, 208.

⁷⁴ See *Shire US Inc. v. Barr Labs., Inc.*, 329 F.3d 348, 355 (3d Cir. 2003) (finding that the shape and color of plaintiff's drugs were functional because use of the same shape and color by manufacturers of the equivalent generic drug enhance patient safety and compliance with the prescribed dosing regimen where the drugs in question were frequently dispensed by nonmedical intermediaries such as school secretaries).

⁷⁵ See *Rogers v. Grimaldi*, 875 F.2d 994, 996 (2d Cir. 1989).

⁷⁶ See *Smith v. Chanel, Inc.*, 402 F.2d 562, 565 (9th Cir. 1968).

⁷⁷ See *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995).

⁷⁸ See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 215 (2000).

⁷⁹ See *Levitt Corp. v. Levitt*, 593 F.2d 463, 468 (2d Cir. 1979); *Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1325 (9th Cir. 1998).

⁸⁰ See *supra* text accompanying notes 21–37.

distinctiveness and non-functionality. Insistence upon proof of likely confusion was sufficient to safeguard comparative advertising. Protecting these values seemed congruent with avoiding a limited form of confusion.⁸¹

But as the scope of trademark infringement expands (often legitimately) to protect new forms of consumer understanding against new forms of confusion, will this still be true? Certainly, the enduring influence of these competing values would be surer if they were isolated as autonomous concerns, something that would be achieved by their recognition in real defenses. Indeed, one task for those concerned about expansive trademark rights might be to excavate those values from case law, so that as the confusion action expands, these values are not submerged in the onrush of an extended prima facie cause of action that no longer reflects their significance.

The value of reconceptualizing pro-defendant doctrines as real defenses can be seen by focusing on the comparative advertising defense. The congruence of comparative advertising with the traditional confusion-based cause of action barely required courts or scholars to make separate mention of the value of comparative advertising; such uses were immune simply by assessment of likely confusion.⁸² But courts and scholars having done so helped to identify comparative advertising as a discrete concern, and a concern that found expression in the dilution statute when the prima facie cause of action expanded.⁸³ The same is true of nominative fair use.

Moreover, to the extent that expansion in the types of confusion actionable under a traditional infringement action have also made the boundaries of the prima facie cause of action unduly vague, a procedural concern with certainty might support defenses in the infringement context that parallel those found in the dilution statute.⁸⁴ And such

⁸¹ On occasion, courts vindicated some of these values independently of the prima facie cause of action, and thus without regard to questions of confusion. *See infra* text accompanying notes 112–16 (discussing functionality); *cf. Wal-Mart*, 529 U.S. at 215 (suggesting that the occasional failure to protect inherently distinctive product design was not a substantial concern given the availability of alternative forms of protection).

⁸² Of course, the prevailing doctrinal means for assessing likely confusion—the multifactor test—may have been likely to produce false positives, requiring courts to justify a less mechanical application of the full multifactor test by noting the comparative advertising context. *See supra* text accompanying notes 34–36 (discussing Ninth Circuit explanation for the nominative fair use test). Indeed, it may well be that a number of the decisions that courts and scholars might examine for possible reconceptualization of existing limits as defenses are in contexts where courts have felt obliged to modify the multifactor confusion test to avoid obviously incorrect outcomes.

⁸³ *See infra* text accompanying notes 96–103 (suggesting that judicial analysis of a series of challenged third party uses through a confusion lens might facilitate the inductive development of principles that can mature into real defenses).

⁸⁴ *See supra* text accompanying notes 53–54.

uncertainties arguably now attend the traditional infringement action.⁸⁵ For example, some courts and scholars have struggled to identify the harm that justifies an action for initial interest confusion, especially in the online environment, and it is unclear whether the doctrinal elements of the prima facie confusion-based cause of action map to any such harm.⁸⁶ Others have questioned what type of confusion necessitates allowing a trademark owner to enjoin the sale to its competitor of keywords consisting of the owner's marks (such that the competitor's advertisement is triggered by a search for the mark of the trademark owner on a particular search engine).⁸⁷ The statutory language is sufficiently broad to support prima facie liability in many of these cases,⁸⁸ and the doctrinal tools employed by the courts may be insufficiently clear to confine prima facie protection to cases where (an uncertain) harm is occurring. As in the case of dilution, if we allow the scope of protection

⁸⁵ See Austin, *supra* note 38, at 368, 370–71 & 386 (noting the uncertainty about the key questions involved in the likelihood of confusion inquiry).

⁸⁶ Plaintiffs (and some courts) typically justify liability for initial interest confusion in terms that invoke the search costs rationale that supports classic trademark infringement. See *Brookfield Commc'ns v. West Coast Entm't Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999) (diversion of consumer attention to rival product). Other courts characterize the doctrine as basically an attempt to prohibit "bait and switch" tactics. See *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 382 (7th Cir. 1996); *AM Gen. Corp. v. DaimlerChrysler Corp.*, 311 F.3d 796, 828 (7th Cir. 2002). But if "switching" is part of the wrong, courts might wish to consider imposing a gloss on traditional likely confusion analysis and confining the cause of action to conduct implicating the supposed wrong. *Cf. Lamparello v. Falwell*, 420 F.3d 309, 317–18 (4th Cir. 2005) (suggesting that the bait and switch concern "simply does not exist when the alleged infringer establishes a gripe site that criticizes the markholder" because the defendant does not make "use of another firm's mark to capture the markholder's customers and profits"). That is, if courts could better define the harm at issue in initial interest confusion cases, and find a doctrinal tool that limits the prima facie cause of action to cases where that harm is at issue, the prima facie cause of action may mesh better with the purposes of protection. But courts still seem uncertain about the harm involved. Compare *Brookfield Commc'ns*, 174 F.3d 1036 with *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811, 818–20 (D. Ariz. 2008) and *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1241 (10th Cir. 2006); *cf. Gibson Guitar Corp. v. Paul Reed Smith Guitars LP*, 423 F.3d 539, 551 n.15 (6th Cir. 2005) (concluding that it was not appropriate to extend initial interest confusion protection to product shapes because, under the multifactor test for likelihood of confusion, "nearly all product-shape trademark-holders will be able to show an issue of fact as to whether a competing product creates initial-interest confusion," giving rise to "severe anti-competitive effects"). It might be easier to identify conduct by defendants that should be immunized from liability, such as particular forms of legitimate product resale that are regarded as pro-competitive in line with historical notions of first sale.

⁸⁷ See Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. __ (forthcoming 2009), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1088479 (reading the types of confusion covered by section 43(a) to encompass only certain types of confusion allegedly engendered by sales of marks as keywords); *cf. GEICO v. Google, Inc.*, 77 U.S.P.Q.2d 1841 (E.D. Va. 2005) (discussing different types of confusion).

⁸⁸ See 15 U.S.C. §§ 1114, 1125(a) (2006).

to expand to address more amorphous harms, autonomous defenses that identify permitted conduct may be required to provide commercial actors with sufficient certainty to make legitimate use of marks.

3. *The Uncertain Relationship Between Defenses to Infringement and Dilution Defenses*

Both the initial (1995) and amended (2006) federal dilution statute included some defenses the content of which had been developed in the infringement context (sometimes in the process of applying the confusion-based proscription). But the relationship between statutorily recognized defenses to dilution and their infringement-based namesakes was never fully thought through. For example, the inclusion of nominative fair use as a defense in the 2006 dilution reforms was the first statutory reference to that doctrine. If nominative fair use in a traditional infringement action is, as the Ninth Circuit suggests, merely a version of the test for likely confusion,⁸⁹ we might now have two different types of nominative fair use in trademark law. Congress did not define the term when it enacted the 2006 reforms. But, clearly, the nominative fair use test referenced by the statute as a defense in a dilution action is *not* a replacement for a court's assessment of confusion because dilution actions are not dependent upon likely confusion. Thus, at the very least, the statutory defense to dilution is not the same as that applied by the Ninth Circuit in the infringement context.⁹⁰

Alternatively, *could* Congress have intended to assimilate the defense in infringement and dilution actions? If it intended a single concept of nominative fair use to transcend all trademark claims, has Congress implicitly suggested that the nominative fair use test in infringement actions should in fact be an autonomous defense, which (as must be the case in dilution actions) is not hostage to analysis of likely confusion?⁹¹ There was no reference in the 2006 statute or legislative history suggesting an assimilation of the defenses to infringement and dilution.⁹²

⁸⁹ See *supra* text accompanying notes 34–36.

⁹⁰ Even if Congress had intended to adopt the concept from infringement actions, there was no uniform approach among courts in the infringement context (which we might have taken as the approach that Congress intended to endorse). Indeed, it was not clear that all circuits recognized the defense of nominative fair use. See *Paccar Inc. v. Telescan Techs., LLC*, 319 F.3d 243, 256 (6th Cir. 2003) (rejecting the Ninth Circuit's nominative fair use test and asserting that the standard multi-factor test for confusion should govern nominative fair use claims).

⁹¹ Some convergence between the concepts may have been achieved not through congressional assimilation of the defense in the dilution and infringement contexts, but through judicial assimilation of nominative fair use and classical fair use in ways that extended the downgrading of confusion effected by the Supreme Court in *KP Permanent* to nominative fair use analysis. See *infra* text accompanying notes 137–42 (discussing *Century 21*).

⁹² Indeed, the evolution of the legislative language suggests that Congress did *not* intend to create a unitary concept. There was some debate about whether the 2006 dilution reforms should create a defense to a cause of action under this “section” (section 43) or “subsection” (section 43(c)). See Paul A. Levy, *The Trademark Dilution*

And such an assimilation might run counter to the dynamic relationship between prima facie causes of action and defenses suggested above: different causes of action carry with them different defenses.

However, if the defenses are to be read differently, what is their relationship? Could the nominative fair use defense to dilution claims be a *narrower* concept than that immunizing third party use against classic infringement liability? This might flow from the fact that dilution is meant to expand the rights of the trademark owner beyond the rights accorded by traditional infringement actions.⁹³ The whole point of dilution is to catch defendant behavior not prohibited by the traditional infringement claim. However, because the dilution cause of action was surely not intended to target nominative uses, this was likely not the intent of Congress.

Indeed, if the defenses are thought to be different in the two different causes of action, the lesson that there is a need for *broader* exceptions in the dilution context might cut in the other direction. Under this reading, the nominative fair use defense to dilution might cover activities not considered nominative fair use in an infringement claim (though, perhaps only because a court would not need to reach the defense in the infringement context because of a failure to make out a prima facie claim).

The most that can be said with certainty is that the relationship between the defenses is unclear.⁹⁴ However, a reading that liberated

Revision Act: A Consumer Perspective, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1189, 1203–04 (2006).

⁹³ Such a conclusion might fit with the decisions in other countries on the related question of “trademark use,” a concept thought to permit, *inter alia*, nominative uses. See *Verimark Ltd. v. BMW*, 2007 SCA 53 (RSA) at 63 (S. Afr.) (finding trademark use to be a requirement of an infringement cause of action but not in a dilution claim because dilution aims “at more than safeguarding a product’s ‘badge of origin’”). *But see Dogan & Lemley*, *supra* note 3, at 81 n.60 (arguing that “[t]he trademark use doctrine is even more important in dilution than in ordinary infringement”). In the European Union, it would appear that the European Court of Justice has developed a different notion of trademark use for the purpose of dilution as opposed to classic infringement. See *supra* note 51 (discussing *Adam Opel* and *Adidas*). If one believes that trademark use is an autonomous, independent concept—based on a unitary notion of the single function of marks—it might make no sense to differentiate between two concepts of trademark use. However, if one believes that Article 5(1) and Article 5(2) protect different functions served by a mark—one protecting the identification function, and the other protecting image—then the distinction might make more sense. And if one suspects that a court’s statements on trademark use flow from, and state the conclusion reached by analyzing, other aspects of the infringement or dilution claim, respectively, see *Dinwoodie & Janis*, *supra* note 7, at 1647–49, then differentiation between two concepts of trademark use might only confirm this suspicion. Indeed, some U.S. courts appear uncertain whether trademark use in the infringement context means the same as trademark use in the dilution context. See *Tiffany v. eBay, Inc.*, 576 F. Supp. 2d 463, 523–24 (S.D.N.Y. 2008).

⁹⁴ Some scholars have speculated that the broad language of the fair use provision in the new dilution law might provide a basis for judicial expansion of the

nominative fair use from confusion analysis would be consistent with some recent judicial developments, including the Supreme Court's opinion in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.* and the Third Circuit's decision in *Century 21 Real Estate Corp. v. LendingTree, Inc.*, both of which are discussed below.⁹⁵

V. DEVELOPING REAL DEFENSES

The dilution statute thus offers some insights into why it might be important to develop defenses in trademark law. There are of course institutional and methodological choices to be made in determining *how* best to develop defenses. With dilution, despite the open questions noted above, Congress enacted a relatively comprehensive statutory scheme. The picture may be more uncertain in infringement cases.

A. *Inductive Development Of Principles That Can Mature Into Real Defenses*

Some of the features of the dilution cause of action that warranted explicit statutory articulation of defenses as such appear also to be part of modern infringement law. But does this mean there is no role for developing limits on the infringement cause of action through the historical practice of working within the proscription to immunize certain defendants' activities?

Surely not. The preceding discussion illustrates the importance of real defenses and the conditions that might heighten the need for their development. But the 1995 and 2006 dilution reforms also highlight the role of an inductive process that identifies unauthorized uses of a mark that should be permissible. It was analytical work occurring within the infringement proscription that helped to establish comparative advertising, nominative fair use, and parody, as activities warranting immunity from liability, and thus explicit statutory recognition as defenses in a dilution action.⁹⁶

fair use defense in trademark law more generally. See Jane C. Ginsburg, *Of Mutant Copyrights, Mangled Trademarks, and Barbie's Beneficence: The Influence of Copyright on Trademark Law*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 481, 495–96 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008); *infra* text accompanying notes 163–68.

⁹⁵ See *infra* text accompanying notes 137–42.

⁹⁶ Although the characterization of defendant-protective doctrines as “defenses” (even when the doctrines flow from interpretation of the core trademark proscription) helps to facilitate the maturation process by rhetorically highlighting permissible conduct, that characterization was probably applied more readily to some doctrines than to others. For example, doctrines immunizing comparative advertising and nominative fair use were more frequently described as defenses than doctrine employed in cases immunizing parodies. But if courts extend the jurisprudential understanding of defenses exhibited in *KP Permanent* to defenses other than classic fair use, then the characterization may assume more than rhetorical significance. See *infra* text accompanying notes 130–45.

And this inductive process might be helpful not only when Congress expands the scope of trademark rights, such as occurred with dilution protection. Repeated recognition of the non-harmful (and even desirable) *effects* of particular *conduct* might identify particular uses of marks that should be immunized from liability as a matter of law (without the need for continuing full-blown analysis of effects).⁹⁷ Such an evolution in the status of protected conduct is not unusual, including in intellectual property law.⁹⁸ Inductive development of legal rules is the hallmark of any common law system⁹⁹ such as the U.S. trademark regime.¹⁰⁰ But it may be particularly important in a system such as the

⁹⁷ As noted above, the current trademark proscription defines the scope of rights by reference both to effects (likely confusion, the central inquiry) and conduct (use in connection with goods and services, more rarely litigated). *See supra* note 7. It has not always been thus. Trademark infringement under the 1905 Act nominally was more concerned with the nature of the defendant's use. Infringement turned on whether the defendant used the mark on goods of the "same descriptive properties" as those identified in plaintiff's registration; now, similarity of goods is only a factor that informs judicial assessment of likely confusion. *Cf.* Council Directive 89/104 To Approximate the Laws of the Member States Relating to Trade Marks, 1988 O.J. (L40) 1 (EC), art. 5(1)(a). If the mark was not used on goods of the same properties as those identified in the registration, effects on consumers was beside the point under the 1905 Act. *See Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510, 513 (7th Cir. 1912). Modern trademark law has developed largely by reference to effects, though the trademark use debate, *see supra* note 7, might be seen as an attempt to refocus some of the infringement question on conduct.

⁹⁸ *Cf. Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 39 n.8 (1997) (noting the role of legal limits on the determination of factual questions relating to infringement under the doctrine of equivalents). Even if the level of certainty is insufficient to permit courts to induce a rule of law, a number of consistent factual determinations by courts can help Congress, if necessary, to craft statutory provisions that provide greater certainty such as, for example, through the enactment of conditional safe harbors. *See Jerome H. Reichman, Graeme B. Dinwoodie & Pamela Samuelson, A Reverse Notice and Takedown Regime to Enable Public Interest Uses of Technically Protected Copyrighted Works*, 22 BERKELEY TECH. L.J. 981, 990-92 (2007) (noting role of district court decision in *Religious Tech. Center v. Netcom On-Line Comm'n Servs.*, 907 F. Supp. 1361 (N.D. Cal. 1995), in spawning copyright's notice and takedown regime). For example, litigation regarding the responses of consumers to search results that include organic and sponsored links may well help to identify the types of marketing and presentation issues that Congress should address in formulating any safe harbor for search engines that sell trademark-based keyword advertising. *See Dinwoodie & Janis, supra* note 7, at 1637 (noting currently incomplete understanding of consumer reactions online), *id.* at 1666 (discussing such a safe harbor).

⁹⁹ *See Tooker v. Lopez*, 249 N.E.2d 394, 403 (N.Y. 1969) (Fuld, C.J., concurring) (discussing evolution of common law to develop rules of general applicability); *Neumeier v. Kuehner*, 31 N.Y.2d 121, 127 (1972) (discussing role of prior decisions in uncovering operative values and principles); *see also* Thomas Mackay Cooper, *The Common and the Civil Law—A Scot's View*, 63 HARV. L. REV. 468 (1950).

¹⁰⁰ *See Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) (discussing use of body of case law in developing rules for analyzing trademark infringement); Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 965-66, 977-78 (1993); *see also infra* text accompanying notes 146-54 (discussing the theory of the Lanham Act).

modern trademark regime, where the scope of protection has come to be determined in large part by (apparently empirical) reference to effects among consumers.¹⁰¹ Consumer understanding is sufficiently in flux, and its assessment by courts sufficiently variable, that uncertainties about factual outcomes may be sufficient to chill socially desirable conduct.¹⁰² Defenses that immunize conduct as a matter of law would ameliorate these concerns.¹⁰³ And, at the very least, isolating the beneficial effects of particular uses, and the desirable values promoted by such uses, will ensure greater attention to those values in later cases.

B. Statutory Defenses Prompted by Expansion of Rights: Incontestability

Does the way in which Congress has developed statutory defenses in the context of traditional confusion-based infringement tell us anything more about how we might go about developing real defenses? Unfortunately, the relationship between statutorily-declared defenses to strong trademark rights and defenses to less robust causes of action gets even more complicated when one examines the history of incontestability.

1. Opportunities Afforded By Stronger Rights?

Section 33(b) of the Lanham Act provides a list of a number of defenses that are available in confusion-based infringement actions. And that section is often read as the “defenses” provision of the Lanham Act. Strictly, however, section 33(b) only lists the defenses that are available in an action for infringement of a registered mark that has become incontestable. Incontestability is the trademark statute’s equivalent of “quiet title,” available five years after a mark is registered.¹⁰⁴ When the

¹⁰¹ See Dinwoodie, *supra* note 10, at 145–48 (questioning extent of empiricism); Dinwoodie, *supra* note 1, at 2–3 (same); Dinwoodie, *supra* note 43, at 6–7 & 15–16 (same).

¹⁰² See Dogan & Lemley, *supra* note 38, at 833–34; McGeeveran, *supra* note 7, at 66, 110.

¹⁰³ Cf. *Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120, 135–36 (2d Cir. 1998) (Newman, J., dissenting) (suggesting greater use of rules of law in trademark distinctiveness inquiries), *rev’d on other grounds*, 529 U.S. 205 (2000). Courts are sometimes wary of reaching this stage of evolution too quickly. See *McNeil Nutritionals, LLC v. Heartland Sweeteners, LLC.*, 511 F.3d 350, 367–68 (3d Cir. 2007) (resisting efforts to create a bright line rule with respect to private label products). Moreover, courts need to be cognizant that such efforts to articulate legal rules may engineer particular social behavior, which might not always be appropriate either substantively or as a matter of institutional competence. See Dinwoodie, *Inherent Distinctiveness*, *supra* note 9, at 585, 605 (discussing creation of legal rules designed to ensure particular outcomes in judicial assessments of consumer understandings). Courts would seem well-suited to developing rules where the uncertainty creates insurmountable litigation costs. Cf. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000). Of course, if the courts overstep their authority, Congress can always intervene.

¹⁰⁴ See 15 U.S.C. § 1065 (2006); see also 15 U.S.C. § 1064 (2006) (limiting grounds for cancellation five years after registration).

concept was introduced in the Lanham Act in 1946, there was concern that incontestability provided too broad protection to trademarks, especially because it precluded a defendant from challenging the validity of an incontestable mark on the ground that the plaintiff's mark was descriptive.¹⁰⁵ Competition concerns are very much put in play if terms that are necessary to describe the qualities of a good can be used exclusively by a single producer, but not by rival traders.¹⁰⁶

To assuage fears about the stronger property rights that incontestability created, Congress decided to make explicit that a number of defenses would still be available in any infringement action. These included making a good faith, fair use of a mark to describe one's own goods.¹⁰⁷ But Congress, in broader recognition of competitiveness concerns, also added other defenses, such as a defense that the mark is being used to violate the antitrust laws.¹⁰⁸ Thus, with the onset of stronger rights, Congress felt it important to strengthen defenses, just as it later did upon the enactment of dilution laws.¹⁰⁹

Interestingly, section 33(a) of the Act expressly provided that the defenses listed in section 33(b) for use in actions for infringement of incontestable marks were *also* available in actions for infringement of marks that had not become incontestable.¹¹⁰ Thus, the defenses enacted to ameliorate the broader, stronger cause of action fed back to buttress arguments for defendants in traditional infringement causes of action.

Congress did not explicitly adopt any equivalent of section 33(a)'s feedback provision when it enacted defenses to a dilution cause of action. So the argument that the defenses introduced into the dilution statute (e.g., nominative fair use) speak to the question of those defenses available in an infringement action requires more creativity.¹¹¹ But the inclusion of such defenses may well indicate some of the third party uses that Congress wishes to protect against unduly broad assertions of trademark rights. And the dynamic that legislation strengthening trademark rights may ironically provide a source for identifying generally permitted uses is worth noting.

¹⁰⁵ See Graeme B. Dinwoodie, *The Story of Kellogg Co. v. National Biscuit Co.: Breakfast with Brandeis*, in *INTELLECTUAL PROPERTY STORIES* 220, 254–55 (Jane C. Ginsburg & Rochelle Cooper Dreyfuss eds., 2006).

¹⁰⁶ See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985).

¹⁰⁷ See 15 U.S.C. § 1115 (b) (4) (2006).

¹⁰⁸ See 15 U.S.C. § 1115 (b) (7) (2006).

¹⁰⁹ See *supra* text accompanying notes 63–70.

¹¹⁰ See 15 U.S.C. § 1115(a). Of course, although section 33(a) allows defendants to invoke the section 33(b) defenses in actions involving marks that have not become incontestable, the quiet title concerns that animate incontestability are not relevant in such cases. Section 33(a) preserves any defense *including* those set forth in section 33(b), which might have been asserted if the mark was unregistered. Common law defenses (including but not limited to those codified in section 33(b)) are available to such defendants.

¹¹¹ But see Ginsburg, *supra* note 94; *infra* text accompanying notes 163–68.

2. *The Dangers of Exhaustive Lists*

However, the delineation of defenses in section 33(b) also has a potentially limiting effect on defenses. When dealing with an incontestable mark, *only* defenses listed in that provision are available to a defendant. This is intentional. The whole point of a quiet title provision is to enable the property owner to rest more secure in its rights. But section 33(b) can also constrain the availability of defenses in arguably unintentional, and certainly unhelpful, ways.

Functionality. The history of the functionality defense in actions for infringement of incontestable marks is instructive in this regard. As courts began to protect product designs as trademarks, they were fully aware that such protection—although justified in terms of protecting consumer understanding regarding designs—raised countervailing concerns about competition and interference with the patent system.¹¹² That is to say, the courts recognized the same dynamic discussed above: when courts expand rights to create new causes of action, more expansive defenses are needed to balance such expansions.

Thus, courts created the functionality defense.¹¹³ Without going into the rather convoluted doctrinal details of that defense, one aspect of the development of that defense is worth noting in this context. In 1993, in *Shakespeare Co. v. Silstar Corp. of America*, the Court of Appeals for the Fourth Circuit held that the defendant could not rely on a functionality defense in an action for infringement of an incontestable mark because functionality, having been developed by the courts, was not included in the list of statutorily preserved defenses in section 33(b).¹¹⁴

Eventually, Congress remedied that omission.¹¹⁵ But this does show the importance of courts reading broadly the defenses that *are* in section 33(b). Indeed, prior to the relevant Congressional action, one of the ways the Fourth Circuit tried to circumvent the problem created by its conclusion in *Shakespeare* was, later in the same dispute, to squeeze the functionality argument into the fair use defense, which *is* listed in section 33(b).¹¹⁶ The fair use defense is a bulwark against one producer securing

¹¹² See Dinwoodie, *Ontology*, *supra* note 9; Dinwoodie, *Inherent Distinctiveness*, *supra* note 9.

¹¹³ The defense is now recognized by statute. See *infra* note 115. But the doctrine was judicially created. See Dinwoodie, *Ontology*, *supra* note 9, at 684–86.

¹¹⁴ See *Shakespeare Co. v. Silstar Corp. of Am.*, 9 F.3d 1091, 1099 (4th Cir. 1993).

¹¹⁵ See Trademark Law Treaty Implementation Act, Pub. L. No. 105-330, 112 Stat. 3064, § 201(a)(2) (1998); 15 U.S.C. § 1115(b)(9) (2006). The cooperation of Congress in supplementing the list of preserved defenses is, obviously, important. But the validation of permissible uses, and development of defenses, by courts is important in identifying areas where congressional action might be appropriate.

¹¹⁶ See *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 239–43 (4th Cir. 1997) (holding that, while the functionality defense was not available in an action for infringement of an incontestable mark prior to the 1998 reform of the Lanham Act, the same facts that supported a finding of functionality supported a fair use defense);

exclusive rights in a descriptive term, thus undermining the capacity of competitors to communicate about their rival product. For the Fourth Circuit, using a product design that was (in the language of the functionality doctrine) essential in order to make a particular product and compete was also (in the alternative language of statutory fair use) a good faith, descriptive use of the product design mark, otherwise than as a mark. Given case law at the time, this effort appeared a doctrinal contrivance.¹¹⁷ However, the Supreme Court has since implicitly assimilated product design marks to descriptive marks for the purposes of protectability,¹¹⁸ perhaps inviting the development of that very analogy with respect to permissible uses.

Nominative Fair Use. The slightly tortured history of the functionality defense may explain why the Ninth Circuit in post-*New Kids on the Block* cases might have seen advantages in subsuming nominative fair use—which, in those terms, is not mentioned in section 33(b)—within infringement analysis. As such, it would be available even if the plaintiff's registered mark has become incontestable, because the incontestability provision says that even the owner of an incontestable mark must prove a likelihood of confusion.¹¹⁹ But that approach—accommodating countervailing policy values within the heavily fact-driven confusion analysis—makes defenses vulnerable in a different way, to notions of actionable confusion that expand (both legally and socially).¹²⁰

Instead, absent express congressional action to incorporate nominative fair use within section 33(b), if trademark law independently values good faith, nominative uses of marks, some such uses could be protected by giving a broad reading to the classic descriptive fair use provision in section 33(b)(4). Many so-called nominative uses also *do* describe the characteristics of the products or services offered by a defendant, even if they do so by reference to the plaintiff's product or services.¹²¹ For example, the use of the CHANEL mark by the defendant

cf. Car-Freshner Corp. v. S.C. Johnson & Son, Inc., 70 F.3d 267, 269 (2d Cir. 1995) (shape mark held to be subject to fair use).

¹¹⁷ Clearly, even non-verbal marks can describe the characteristics of the product so as to make the fair use theoretically applicable. *See* Dogan & Lemley, *supra* note 3, at 78 (discussing the use of the color gold to describe the decaffeinated character of soft drinks). But some courts still find the application of the fair use defense to product designs troubling on textual terms. *See* Herman Miller, Inc. v. A. Studio Srl, No. 1:04-CV-781, 2006 WL 1307904, at *6 (W.D. Mich. May 9, 2006) (“Unlike the usage of a word mark in its original, descriptive sense, it is unclear how the design configuration of the lounge chair can have a primary, descriptive meaning. Without such descriptive capability, the fair use defense does not apply”). Of course, the legislative addition of functionality to the list of preserved defenses in section 33(b) makes the endeavor less significant.

¹¹⁸ *See* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 213 (2000).

¹¹⁹ *See* 15 U.S.C. § 1115(b) (2006).

¹²⁰ *See* Dinwoodie, *supra* note 1, at 25–26.

¹²¹ The Third Circuit has recognized that the line between descriptive and nominative fair use is a fine one and that the language of section 33(b)(4) could

in the smell-alike case discussed above did actually describe the defendant's own products, albeit by reference to the plaintiff's perfume. It (the defendant's product) was a CHANEL-smell-alike.¹²²

Furthermore, there is some commonality between the purposes behind the two types of fair use defense, namely, preserving competition, even if the competition in question in nominative fair use cases will more frequently be competition on derivative markets.¹²³ Nominative fair use is important, for example, to those producers who wish to develop complementary or interoperable products, such as razors that are compatible with a branded razor handle.¹²⁴ Classic fair use will likely be more important for more direct competitors. But purposive links can be established between the defenses: courts should read broadly the defenses that *are* in section 33(b).

C. Judicial Methodology: Understanding the Nature of Defenses and a Theory of the Lanham Act

As illustrated by the reform of the federal dilution law, explicitly reconceptualizing certain pro-defendant limits as defenses will assist Congress in identifying third party conduct warranting immunity in the face of any further statutory expansion of trademark rights. But how will it affect the development of trademark law by the courts? Will mere

accommodate many applications of the nominative fair use doctrine. *See* Century 21 Real Estate Corp. v. LendingTree, Inc., 425 F.3d 211, 239 (3d Cir. 2005) (noting the affinity between descriptive and nominative fair use); *cf.* Tiffany & Co. v. eBay, Inc., 576 F. Supp. 2d 463, 496 (S.D.N.Y. 2008) (commenting that “[t]his type of descriptive use [accurate use of a brand name by a third party] is protected under the doctrine of nominative fair use”). This is not the only hurdle to broader application of the nominative fair use defense. As currently applied by courts, the scope of the defense is uncertain. *See, e.g.*, Abdul-Jabbar v. General Motors Corp., 75 F.3d 1391 (9th Cir. 1996). This is emblematic of one of the challenges for courts, namely, to identify precisely the range of circumstances where countervailing social benefits are implicated and, from such cases, induce rules of immunity. *Cf. infra* note 187 (discussing copyright law). The theoretical conception of the Lanham Act, *see infra* text accompanying notes 146–55, should help encourage courts to be active participants in that process.

¹²² A similar dilemma arises with respect to aesthetic functionality. This doctrine, which the Supreme Court has acknowledged as an important guardian of competition, *see* TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001), is not explicitly referenced in section 33(b). But Congress clearly intended to preserve the concept when it amended section 33(b) in 1988 to reference functionality.

¹²³ *See* Century 21, 425 F.3d at 239; *cf.* McGeveran, *supra* note 7, at 112 (arguing that “[t]he ultimate goal of all the trademark fair use doctrines is to balance the prevention of consumer confusion under trademark law with the protection of free speech”).

¹²⁴ *See* Case C–228/03, The Gillette Company v. LA-Labs., Ltd., 2005 E.C.R. I–02337. Such a business model is becoming more dominant. *See* Chris Anderson, *Free! Why \$0.00 Is the Future of Business*, WIRED, Feb. 25, 2008, at http://www.wired.com/print/techbiz/it/magazine/16-03/ff_free.

reconceptualization of certain doctrines as defenses ensure that the unstated values underlying socially desirable third party uses are given greater prominence in later cases?¹²⁵ Probably.

But will it ensure that those values are not too readily disregarded if they happen to conflict with countervailing confusion-avoidance concerns?¹²⁶ Will it provide commercial actors with sufficient certainty to make legitimate use of marks as the scope of protection expands to address more amorphous harms?¹²⁷ Will it help courts identify particular uses of marks that should be immunized from liability without the need for continuing full-blown analysis of effects?¹²⁸

Achieving these objectives, as well as appreciating the different roles that defenses might play in shaping trademark law,¹²⁹ depends on courts coming to attach jurisprudential significance to denominating a doctrine that permits certain uses of a mark as a “defense.” It will also depend upon the broader interpretative approach that courts take to the Lanham Act. (This latter consideration will be especially significant in determining how easily courts are able to formulate *new* defenses to trademark law.) The signals from the Supreme Court on these methodological and interpretive questions are mixed.

1. *The Nature of Trademark Defenses*

There are signs that some courts are beginning to appreciate the role of real defenses in trademark law. In 2004, in *KP Permanent Makeup, Inc. v. Lasting Impression I, Inc.*,¹³⁰ the Supreme Court addressed the classic fair use defense set out in section 33(b)(4) of the Lanham Act. Section 33(b)(4) provides that it will be a defense to an infringement action

[t]hat the use of the . . . term . . . charged to be an infringement is a use, otherwise than as a mark, . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe the goods or services of such party¹³¹

The Court was faced with a circuit split regarding the application of the classic fair use defense. In the Second Circuit, the defense could succeed even where the plaintiff could show that there was a likelihood of confusion.¹³² In contrast, in the Ninth Circuit, likely confusion defeated the defense. For the Ninth Circuit, the policy of permitting

¹²⁵ See *supra* text accompanying notes 18–19.

¹²⁶ See *supra* text accompanying notes 71–81; Dinwoodie, *supra* note 1, at 25–26.

¹²⁷ See *supra* text accompanying notes 84–88.

¹²⁸ See *supra* text accompanying notes 82–83.

¹²⁹ See *infra* text accompanying notes 183–228.

¹³⁰ 543 U.S. 111 (2004).

¹³¹ See 15 U.S.C. § 1115(b)(4) (2006).

¹³² See *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30–31 (2d Cir. 1997).

descriptive uses of a mark would be validated simply within the confusion analysis that formed the heart of the proscription.¹³³

A unanimous Supreme Court endorsed the approach of the Second Circuit and held that the fair use defense should be available *even* when there was some likely confusion. The logical progress of a typical trademark infringement action supported this conclusion:

[I]t would make no sense to give the defendant a defense of showing affirmatively that the plaintiff cannot succeed in proving some element (like confusion); all the defendant needs to do is to leave the factfinder unpersuaded that the plaintiff has carried its own burden on that point.¹³⁴

Indeed, any other conclusion would essentially render the fair use defense meaningless, as it would only have been available when the plaintiff was *unable* to make out its prima facie case.

The Court's analysis was supported by broader policy considerations, including consideration of how courts had interpreted the antecedent common law fair use defense. The common law tolerated some amount of confusion because competitors may need to use a descriptive term in order to describe their goods accurately and thus to compete.¹³⁵ Thus, trademark law must not confer monopolies on the use of such terms. Ordinarily, descriptive uses are unlikely to generate much confusion, but our countervailing concern for competition may occasionally require vindication even where such uses *do* cause some of the harms that the prima facie infringement cause of action seeks to avoid, because sometimes words are freighted with both source-identifying and descriptive meaning.¹³⁶

Why is this decision important beyond the narrow context of section 33(b)(4)? It shows that even where the harm that the prima facie cause of action seeks to prevent may be implicated, other concerns—for example, competition, or perhaps the protection of free speech—might warrant, on balance, that we live with some minor harm to the trademark owner in order to preserve those other values. That is a real defense.

Some courts have already extended the lesson of *KP Permanent*, and have treated it as announcing a generalizable approach to trademark law that should inform fair use defenses generally. Thus, in *Century 21 Real Estate Corp. v. LendingTree, Inc.*, the plaintiff owned marks relating to

¹³³ See *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002).

¹³⁴ *KP Permanent Make-Up*, 543 U.S. at 120.

¹³⁵ See *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528 (1924) (“The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product.”).

¹³⁶ See Alan Durant, ‘How Can I Tell the Trade Mark on a Piece of Gingerbread from all the Other Marks on It?’ *Naming and Meaning in Verbal Trade Mark Signs*, in *TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE* 107, 134–35 (Lionel Bently, Jennifer Davis & Jane C. Ginsburg eds., 2008); Dinwoodie, *supra* note 10, at 143.

realtor services (such as CENTURY 21).¹³⁷ Defendant's real estate referral service provided a consumer with access to a number of real estate companies working in the consumer's locale. In advertising its service, and in referring the consumer to realtors in its network, the defendant used the plaintiff's marks to refer to realtors who were indeed franchisees of the plaintiff. When the plaintiff sued for infringement, the defendant invoked the nominative fair use defense. The Third Circuit had not previously adopted the nominative fair use defense, in those terms at least, but decided to do so. However, it modified the *New Kids on the Block* test in light of the Supreme Court's decision in *KP Permanent*.

Trying to incorporate the broader lessons of *KP Permanent*, the court held that "[o]nce [a] plaintiff has met its burden of proving that confusion is likely, the burden then shifts to [the] defendant to show that its nominative use of [the] plaintiff's mark is *nonetheless* fair."¹³⁸ To demonstrate fairness, the defendant must satisfy a three-pronged nominative fair use test, derived to a great extent from the test articulated by the Ninth Circuit in *New Kids on the Block*. To show nominative fair use in the Third Circuit, a defendant must now show:

- (1) that the use of plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service;
- (2) that the defendant uses only so much of the plaintiff's mark as is necessary to describe plaintiff's product; and
- (3) that the defendant's conduct or language reflect the true and accurate relationship between plaintiff and defendant's products or services.¹³⁹

Both the first and third factors are altered slightly from the formulations found in the *New Kids on the Block* test.¹⁴⁰ But let us focus on the third. Instead of confusing association, the Third Circuit examines the accuracy of the statement about the parties' relationship.¹⁴¹ Because the district court had not had the benefit of this test when it decided the case, the court remanded to the district court to apply the new test. So it is not yet clear how different the accuracy analysis will be from the

¹³⁷ *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 215–16 (3d Cir. 2005).

¹³⁸ *Id.* at 232 (emphasis added).

¹³⁹ *Id.* at 228.

¹⁴⁰ In particular, under the first factor, the Third Circuit asked the question of necessity with respect to both the plaintiff and defendant's product. *See id.* at 229. The Ninth Circuit analysis focused on whether it was necessary to use the mark to refer to plaintiff. *See, e.g., Cairns*, 292 F.3d at 1150–51 (9th Cir. 2002). To some extent, the Third Circuit's analysis under the first leg is accommodated within the second leg of the Ninth Circuit test.

¹⁴¹ *Cf. KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 123 (2004) (discussing the relevance of the accuracy of the defendant's statement to the question of good faith raised by the *classic* fair use analysis).

association/confusion analysis of the Ninth Circuit.¹⁴² Perhaps disclaimers will become more effective as defensive tools; the objective truth that they proclaim may become more important than effects on the subjective understanding of consumers. Competitors should be able to use marks nominatively as long as they do so accurately.

Importantly, the majority thought that the basic thrust of *KP Permanent* applied to nominative fair use, which it did not see as all that different from classic fair use.¹⁴³ The *Century 21* court did not purport to formulate any general approach to defenses beyond adopting the basic proposition that confusion should not preclude the assertion of a nominative or classic fair use defense. But perhaps there *are* general principles that we can extract from *KP Permanent* and apply more broadly to ensure the development of real defenses. The Supreme Court's reasoning in *KP Permanent*, though in part based upon the text of the statute, also relied on the *logic* of how trademark infringement actions proceed, on the *nature* of defenses (which, to be meaningful, have to be available when there might be a *prima facie* infringement), and on the *values* of competition and toleration of some confusion consistently articulated by courts in the *common law* development of trademark and

¹⁴² See *Century 21*, 425 F.3d at 241 (Fisher, J., concurring in part and dissenting in part) ("Each and every one of the majority's 'nominative fair use' prongs is nothing more than an inquiry into likelihood of confusion . . ."); cf. *Pennzoil-Quaker State Co. v. Smith*, No. 2:05cv1505, 2008 WL 4107159, at *30 (W.D. Pa. Sept. 2, 2008) (finding that the defendant failed to satisfy the third leg without reference to confusion). The interpolation of the notion of "literal falsity" that comprises an important part of analysis of a claim under the false advertising provision of the Lanham Act might make us hesitant before proclaiming much distance between confusion and accuracy. See Richard J. Leighton, *Literal Falsity By Necessary Implication: Presuming Deception Without Evidence in Lanham Act False Advertising Cases*, 97 TRADEMARK REP. 1286, 1286-87 (2007) (discussing development of concept of "literal falsity by necessary implication" to permit the assertion of a false advertising claim without having to show that the claim was misleading to consumers). Indeed, the proposition that trademark and unfair competition law should *always* be more concerned with perception than reality perhaps warrants further exploration.

¹⁴³ The dissenting judge thought that the majority was wrong to assimilate the two different forms of fair use. The dissent is obviously correct that the two doctrines are aimed at permitting different uses. See *supra* text accompanying notes 29-30, 123-24. And there is danger in trying to effectuate too many different policy objectives under the same doctrine. See Dinwoodie & Janis, *supra* note 7, at 1619-21; cf. 17 U.S.C. § 107 (fair use defense to copyright law). However, as explained above, there may also be some strategic advantages for defendants to treat nominative use as a variation on the classic fair use in section 33(b)(4), because if we treat nominative fair use as a separate common law defense, it may not be available after incontestability. To be available in an action for infringement of an incontestable mark, a defense has to be encompassed by section 33(b). If we think of nominative fair use as a common law defense without any explicit recognition in section 33(b)(4), this means that after incontestability, defendants will be forced to make their nominative use arguments under the heading of likely confusion, because even after incontestability a plaintiff still needs to prove likely confusion. See *supra* text accompanying notes 119-20.

unfair competition law.¹⁴⁴ Courts applying the nominative fair use doctrine, or indeed other common law defenses, should bear in mind these general principles of *KP Permanent*.¹⁴⁵

2. *An Interpretive Approach to Trademark Law and the Lanham Act*

This suggested approach to defenses is, of course, only part of a broader question: How should courts interpret the Lanham Act? In essence, I am arguing—as I have done before—for a purposive approach to the interpretation of the Lanham Act.¹⁴⁶ Hopes for a purposive approach to trademark law have to be tempered by evidence of greater reliance on textual interpretation of late, especially by the Supreme Court.¹⁴⁷ However, even where the current Court has invoked textual arguments in trademark cases, its opinions typically suggest the influence of a number of other prudential considerations.¹⁴⁸ And the Court does remain willing to bolster its statutory interpretation by reference to common law principles. *KP Permanent* is emblematic of this more ecumenical approach to Lanham Act interpretation.¹⁴⁹

To be sure, this is the age of statutes.¹⁵⁰ And adherence to statutory language is appropriate when interpreting a scheme of protection that depends for its existence upon the federal statute, such as the dilution provisions in section 43(c), or those provisions addressing federal registration. But the basic theory of the Lanham Act allows greater common law development of defenses by courts, especially outside the context of incontestability. Trademarks *exist* as a matter of common law;

¹⁴⁴ In nominative fair use cases it may well be that we have to tolerate some confusion as to affiliation more often than source. *See supra* text accompanying notes 123–24.

¹⁴⁵ The majority opinion in *Century 21* is not without its critics. For example, Professor McGeeveran complains that the bifurcated approach that the majority outlined (first, consider likelihood of confusion, and then turn to nominative fair use) merely prolongs the litigation and thus exacerbates the difficulty for defendants promptly to vindicate their expressive use of marks. *See McGeeveran, supra* note 7, at 92–93. Although this procedural concern is legitimate, *see supra* note 18 & text accompanying notes 84–88, a defendant is always free to move for summary judgment on the question of nominative fair use and concede confusion for purposes of the motion. *See, e.g., Yurman Studio, Inc. v. Castaneda*, Nos. 07 Civ. 1241 (SAS), 07 Civ. 7862 (SAS), 2008 WL 3861219 at *2 (S.D.N.Y. Aug. 19, 2008) (motions for summary judgment on the alternative grounds of nominative fair use and lack of likely confusion).

¹⁴⁶ *See Dinwoodie, Ontology, supra* note 9.

¹⁴⁷ *See Dinwoodie, supra* note 54, at 207.

¹⁴⁸ *See id.* at 207–08.

¹⁴⁹ *See supra* text accompanying notes 135–136 (discussing *KP Permanent*). *But see* Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a Formalist Age*, (Sept. 22, 2008), *available at* www.law.tulane.edu/uploadedfiles/WIPIP/2008/Grynberg_Paper.doc (expressing concern that formalism in recent Supreme Court case law will limit ability of courts to develop defenses through their common law powers).

¹⁵⁰ *See* GUIDO CALABRESI, *A COMMON LAW FOR THE AGE OF STATUTES* (1982).

the Lanham Act is primarily a device by which to facilitate federal registration and federal enforcement of rights recognized at common law.¹⁵¹ That is, the Lanham Act was in essence a delegating statute. As Judge Pierre Leval has put it, “The words of the statute simply will not provide the answers and were not intended by the legislature to do so. In passing delegating statutes, legislatures recognize that they function together with courts in a law-making partnership, each having its proper role.”¹⁵²

As a result, it is not uncommon, in a number of contexts, for federal courts adjudicating common law trademark claims under the jurisdiction of section 43(a) to refer to parallel statutory articulations of common law concepts.¹⁵³ Likewise, courts in cases of alleged infringement of registered marks frequently refer to counterpart common law concepts or the common law origins of statutory language. This is not to say the statutory language is irrelevant. The statutory language (and perhaps legislative history) offers some indication about congressional attitudes toward the scope remaining for common law evolution by the courts.¹⁵⁴ But the precise relationship between the role of the common law and

¹⁵¹ See Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, LAW & CONTEMP. PROBS., Spring 1996, at 75, 79–80 (“Putting aside statutory innovations directly linked to the public notice provided by the Act’s registration system, the Lanham Act codifies the basic common law principles governing both the subject matter and scope of protection.”). There may perhaps be greater room to read the unfair competition provision in section 43(a) expansively. See *L’Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649, 651 (3d Cir. 1954) (“We find nothing in the legislative history of the Lanham Act to justify the view that [Section 43(a)] is merely declarative of existing law.”). But, even there, the Supreme Court has recently emphasized that text should have some restraining effect. See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003) (“[B]ecause of its inherently limited wording, [section] 43(a) can never be a federal ‘codification’ of the complete law of ‘unfair competition.’”) (quoting 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:7 (2002)).

¹⁵² Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187, 198 (2004).

¹⁵³ See, e.g., *Planetary Motion Inc. v. Techsplosion, Inc.*, 261 F.3d 1188 (11th Cir. 2001) (statutory definition of “use”); *Peaceable Planet, Inc. v. Ty, Inc.*, 362 F.3d 986, 990 (7th Cir. 2004) (comparing common law treatment of personal names as marks and noting that “[t]he extension of the rule [prohibiting protection of names absent secondary meaning] to first names is a judicial innovation and so needn’t be pressed further than its rationale, as might have to be done if the rule were codified in inflexible statutory language”); cf. *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481 (7th Cir. 2007) (comparing common law use standards with the post-1988 Lanham Act definition of “use”); *Two Pesos Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 784 (1992) (suggesting that the protection of unregistered marks under Section 43(a) of the Lanham Act “is properly understood to provide protection in accordance with the standards for registration in § 2”) (Stevens, J., concurring).

¹⁵⁴ See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) (discussing relevance of 1988 Revision Act); Graeme B. Dinwoodie & Mark D. Janis, *Lessons From the Trademark Use Debate*, 92 IOWA L. REV. 1703, 1708–11 (2007) (discussing relevance of section 33(b)); cf. Lastowka, *supra* note 61, at 1409 (discussing relevance of ACPA for trademark law more generally).

statutory language in the field of trademark and unfair competition law is uncertain.¹⁵⁵ It is to be hoped that courts follow the lead of the Supreme Court in *KP Permanent* and allow common law principles to inform the reading of statutory defenses (even in cases involving incontestable marks).

D. Developing Common Law Defenses

With this methodology and freedom in mind,¹⁵⁶ what are the principal ways in which courts could develop common law defenses? One basic choice is between building upon an existing (possibly) open-ended general defense, on the one hand, and inducing a series of more specific immunities incrementally based upon the facts of particular cases reaching the courts, on the other.

1. A General Defense vs. Serially-Induced Defenses

Some scholars have suggested that the fair use language in the Lanham Act might be seen as the basis for a more open-ended defense to trademark infringement, perhaps not unlike the fair use defense found in section 107 of the Copyright Act.¹⁵⁷ For example, Professor Graeme

¹⁵⁵ See Dinwoodie, *supra* note 54, at 207; Grynberg, *supra* note 149.

¹⁵⁶ This is not meant to preclude efforts to further refine the harm that should be actionable in trademark cases under the open-ended language of the prima facie cause of action. Cf. Dinwoodie, *supra* note 43, at 14 (noting difficulty of doing so). Likewise, this suggestion is not meant to prevent alternative, non-exclusive remedies, nor approaches to procedural problems of abusive litigation (including the award of attorneys' fees). For example, although likelihood of confusion is not typically an issue on which defendant can readily secure summary judgment, see *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007 (3d Cir. 2008), recent case law suggests that courts are beginning to police peripherally-viable claims more aggressively. See, e.g., *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045 (10th Cir. 2008); *E.S.S. Entm't 2000, Inc., v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008) (granting defendant summary judgment under *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989)); *Freecycle Network, Inc. v. Oey*, 505 F.3d 898, 903 (9th Cir. 2007); *Sly Magazine LLC v. Weider Publ'ns LLC*, 529 F. Supp. 2d 425, 431 (S.D.N.Y. 2007) (granting defendant summary judgment on likely confusion); *J.G. Wentworth S.S.C. LP v. Settlement Funding LLC*, 85 U.S.P.Q.2d 1780 (E.D. Pa. 2007) (granting defendant summary judgment on likely confusion); cf. *Capcom Co. v. MKR Group*, No. C 08-0904 RS, 2008 WL 4661479, at *1 (N.D. Cal., Oct. 20, 2008) (summarily dismissing trademark claim on ground of nominative fair use where court found that the defendant's use could not give rise to confusion). This is what summary judgment is meant to do. See *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 251 (1986).

¹⁵⁷ To be sure, many of the considerations that inform judicial application of section 107 have begun to inform analysis of trademark fair use. See Ginsburg, *supra* note 94, at 492-95 (discussing the parallels between the copyright fair use factors and considerations informing determinations of trademark liability in cases involving nominative fair use and parody). In particular, courts in both copyright and trademark cases appear to place similar emphasis on the parody/satire distinction, on whether the defendant's use was commercial, on how much of the plaintiff's work or mark was taken by the defendant, and on whether that extent of usage was necessary (for example, whether necessary to identify the plaintiff or conjure up the plaintiff's

Austin views fair use as a “potentially very useful vehicle for shaping trademark rights according to the demands of . . . legal policies and economic agenda [other than confusion-avoidance].”¹⁵⁸ Indeed, Professor Austin notes a number of values that could be effectuated by the fair use doctrine: the ability to use rival’s marks descriptively; the development of after-markets; and the freedom to engage in a number of expressive uses.¹⁵⁹

However, section 33(b)(4) is hardly a model of statutory drafting.¹⁶⁰ This suggests that it is less than ideal as the *sole* basis for a more generalized defense.¹⁶¹ The remotest of textualist impulses might prove a substantial drag on its generative potential. Thus, Professor Austin ultimately recognizes that fair use is one of a number of doctrines that can serve to validate third party uses and values external to the confusion-avoidance concern.¹⁶²

Alternatively, Professor Jane Ginsburg sees, in the broad language of the exceptions to *dilution* protection, a basis for judicial expansion of the fair use defense in trademark law more generally.¹⁶³ Noting that the terms “fair use” and “nominative fair use” do not appear elsewhere in the statute, she argues that “Congress [in the 2006 dilution reforms] appears to have taken trademark fair use as a given, perhaps even as a kind of omnipresence brooding over both copyright and trademark rights.”¹⁶⁴ To Professor Ginsburg, this bears resemblance to the “codification” of copyright fair use in 1976, which was indeed well-understood (and has served) as the basis for broad development of exceptions to the exclusive rights of a copyright owner. As a result, and giving weight also to the apparently illustrative nature of the uses listed as “included” within the

mark or product). Of course, this assimilation may be less surprising when it occurs in cases involving parallel copyright and trademark claims.

¹⁵⁸ See Austin, *supra* note 38, at 388.

¹⁵⁹ See *id.* at 388–90.

¹⁶⁰ Courts routinely cite three elements to the defense: (1) descriptive use; (2) good faith; and (3) use otherwise than as a mark. See *Dessert Beauty, Inc. v. Fox*, 568 F. Supp. 2d 416, 423 (S.D.N.Y. 2008). However, it is not clear how many elements the defense contains, and how they relate to each other. For example, is descriptive or geographic use merely the flip side of the “use otherwise than as a mark” requirement? And how narrowly should the concept of descriptiveness be read? See *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997); *EMI Catalogue P’ship v. Hill, Holliday, Connors, Cosmopolos, Inc.*, 228 F.3d 56, 64–65 (2d Cir. 2000); *Dessert Beauty, Inc.*, 568 F. Supp. 2d at 425; see also McGeveran, *supra* note 7, at 85, 87–88 (noting textual problems).

¹⁶¹ Yet, perhaps that lack of textual clarity only invites greater reliance on a more purposive approach. Cf. Grynberg, *supra* note 149, at 53–55 (arguing that the open-ended nature of liability provisions makes them more suited for development of limits).

¹⁶² See Austin, *supra* note 38, at 389–95.

¹⁶³ See Ginsburg, *supra* note 94, at 495–97; cf. Leval, *supra* note 152, at 208 (discussing earlier dilution legislation).

¹⁶⁴ See Ginsburg, *supra* note 94, at 497.

dilution defenses, she suggests that the language “beckons further judicial intervention” both in dilution actions and in the infringement context where the defenses were first developed.¹⁶⁵

Professor Ginsburg’s analogy to the 1976 Copyright Act is not perfect. In 1976, Congress explicitly stated that there was “no disposition to freeze the doctrine in the statute” and that “the courts must be free to adapt the doctrine to particular situations on a case-by-case basis.”¹⁶⁶ No such statement can be found in the legislative history of the 2006 dilution reforms. And even if the ambiguities noted by Professor Ginsburg do provide some greater interpretive freedom for courts, and perhaps even some direction to mirror the development of copyright fair use, further hurdles must be overcome. When Congress spoke in 1976 about the fair use defense in copyright infringement actions, its statements unequivocally related to any claim for copyright infringement.¹⁶⁷ But the 2006 defenses were enacted as exceptions to claims for dilution. Although there is no real understanding of the appropriate relationship between defenses to infringement and defenses to dilution,¹⁶⁸ as noted above, Congress’s deliberation of whether to apply the defenses to “this subsection” (i.e., dilution cases) or “this section” (including actions grounded in unfair competition) provides a counter-argument to any assimilation of defenses.

A less assertive read of the history upon which Professor Ginsburg relies might, however, still be useful in creating room for judicial innovation. Without a full assimilation of the defenses to both causes of action, the legislative history of the 2006 dilution law might still speak to Congressional understanding of (perhaps different) defenses that are available in trademark infringement cases.¹⁶⁹ Less definitively, as in copyright law, it recognizes the partnership of the courts and the legislature in developing defenses in trademark and unfair competition law.¹⁷⁰

Of course, there are disadvantages in trying to fit all the varied justifications for unauthorized use of a mark within a single doctrinal

¹⁶⁵ See *id.* at 497.

¹⁶⁶ H.R. REP. NO. 94-1476, at 66 (1976).

¹⁶⁷ Cf. *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 443 n.13 (2d Cir. 2001) (fair use concerns reflected differently in anti-circumvention provisions in the Digital Millennium Copyright Act than in the Copyright Act proper despite 17 U.S.C. § 1201(c)).

¹⁶⁸ See *supra* text accompanying notes 89–94.

¹⁶⁹ See *supra* text accompanying notes 153–54 (discussing role of later legislative history in trademark law).

¹⁷⁰ Even in copyright law, where courts were explicitly given authority to develop the fair use defense, Congress has been willing to step in when the courts have gone astray. See *Judicial Improvements Act of 1990*, Pub. L. No. 101-650, 104 Stat. 5089 (1990), *codified at* 17 U.S.C. § 107 (2006).

framework.¹⁷¹ At different times, different considerations—for some time, commerciality, and more recently, transformativeness—have assumed central significance in the copyright fair use analysis.¹⁷² But while such considerations might have been important with respect to the particular uses in connection with which they were first highlighted, they typically fail to accommodate the full range of different uses that copyright law might wish to immunize.¹⁷³ On the other hand, if courts were to find that all of the different grounds for permitting a defendant to make unauthorized use of a mark could be subsumed within the scope of classic fair use, the constraints imposed by incontestability would (perhaps inappropriately in some cases) be avoided.

On balance, the varied considerations that might justify unauthorized third party use of a mark suggest caution before seeking to validate all within a single analytical framework,¹⁷⁴ as has been the tendency in copyright law.¹⁷⁵ The need for trademark law to be dynamic exacerbates these concerns; the variety of policy concerns that are likely to be implicated by trademark claims will only expand as trademarks increasingly take on new social and commercial roles.¹⁷⁶ Indeed, the goal of certainty that motivates some arguments for enhanced defenses in trademark law is likely to be illusory if courts are forced to justify new third party conduct under rubrics developed for prior permitted uses.¹⁷⁷

¹⁷¹ See Dinwoodie & Janis, *supra* note 7, at 1657–61 (discussing the false allure of a “wonder theory”).

¹⁷² See Harper & Row Publishers Inc. v. Nation Enters. Inc., 471 U.S. 539 (1985); Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

¹⁷³ Cf. Diane Leenheer Zimmerman, *The More Things Change the Less They Seem “Transformed”: Some Reflections on Fair Use*, 46 J. COPR. SOC’Y 251, 260 (1999) (suggesting that the problems of a supposedly transcendental consideration such as “transformativeness” was that “[c]ourts now feel obliged to discuss the plausibility of virtually all fair use claims, at least in the first instance, in terms of whether or not they involve transformative uses.”). This is not to say that there is no value in identifying common considerations that appear relevant to whether a defendant’s use should be permitted. This is in fact what Congress tried to do with the enactment of section 107 of the Copyright Act in 1976. Unfortunately, the statutory framework and ensuing judicial interpretation have unduly routinized analysis. See *id.* at 268 (“If anything, ‘transformative,’ by being reduced in practice to a catchword, actually has diminished the lucidity of recent fair use decisions.”).

¹⁷⁴ See Dinwoodie & Janis, *supra* note 7, at 1657–61.

¹⁷⁵ See Pamela Samuelson, *Unbundling Fair Uses*, 77 FORDHAM L. REV. ____ (forthcoming 2009), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1323834 (suggesting that fair use in copyright law is far more coherent than suggested by its critics when it is understood that the varied case decisions fall into “policy-relevant clusters”).

¹⁷⁶ See Dinwoodie, *supra* note 43, at 11–13.

¹⁷⁷ The experience in copyright law suggests this will not be easy, but may be better than abstract deductions of principle. Cf. Zimmerman, *supra* note 173, at 268 (“It will not be a simple matter to tease out the right set of considerations that will evolve into reliable and sensible rules for disparate cases or to identify the policies that favor or disfavor specific kinds of free use. But the slow, lawyerly process of unpacking the facts of the cases, comparing them closely to those in prior cases, and

Moreover, a single general defense would fail to account for the different *types* of defense described below. Finally, recent interpretation of the fair use defense would suggest little inclination by trademark courts to adopt such a radical approach. If courts resist efforts to bring a defendant's nominative fair use within the scope of section 33(b)(4), it would take a major shift in approach to build a complete theory of trademark defenses on the language of that provision.

It would perhaps be more feasible, and more desirable, to develop a number of different defenses, formulating legal rules from the factual contexts that courts confront in adjudicating particular instances of permissible unauthorized use.¹⁷⁸ Of course, this is not wholly unlike the analytical work that courts have done within the proscription of trademark law.¹⁷⁹ But if the social benefits of certain third party uses are not to be continually subordinated to amorphous claims of confusion, courts need to identify the countervailing values that underpin the grant of immunity to a defendant.¹⁸⁰ And, thus identified as the basis for a defense, courts need to develop the defenses using the range of interpretative strategies discussed above: a purposive reading of the Lanham Act, informed by a number of prudential and common law principles, and performed with an eye to both the jurisprudential character of defenses and the theory of the Lanham Act as a delegating statute.¹⁸¹ That is, arguments for a serial approach to the development of defenses depend heavily, as did the development of a general defense, on the Court rejecting a wholly textualist approach to interpretation of the Lanham Act.¹⁸²

identifying the larger framework within which specific questions ought to be resolved is at least as likely to yield dependable guidance as that we have gotten to date by reasoning down from highly generalized first principles, such as the purpose and function of copyright.”).

¹⁷⁸ One should not draw too firm a line between these different approaches. Both Austin and Ginsburg would surely rely on some inductive development of the terms of the general defense they seek to promote. *Cf. id.* at 266–67 (“When we start from theory, the structures we build are all too often no match for the messy reality they need to contain. Perhaps the results will be better if lawyers and judges try instead to identify . . . the precise facts in each case that cut for and against a [copyright] fair use claim. We may then be able to use these fact-specific discussions as the bricks from which to build up, one at a time, a set of intelligible rules about acceptable and unacceptable practices.”).

¹⁷⁹ See *supra* text accompanying notes 24–37.

¹⁸⁰ See Dinwoodie, *supra* note 43, at 15–17.

¹⁸¹ See Kozinski, *supra* note 100, at 965–66, 977–78.

¹⁸² See Grynberg, *supra* note 149. Professor Grynberg notes correctly that there is much more textual latitude in the proscriptions of the Lanham Act than the defenses, and worries that that difference might make development of defenses difficult before what he sees as increasingly formalist trademark courts. Clearly, text is very important to the current Supreme Court. But a more detailed analysis of those opinions in which the Court has relied on textual interpretation suggests that it is too narrow to describe current judicial attitudes to interpretation of the trademark statute as wholly formalist. The formalist tendencies of the Supreme Court in recent

2. *Different Forms of Defense*

Defenses may take different forms. In particular, some defenses will operate as mechanisms to balance competing policy concerns, while others might declare that the importance of certain uses categorically trumps the basic policy concerns supporting liability for trademark infringement. In order to explore the different forms of defense that courts might develop, let me consider another so-called “defense”, namely, parody.¹⁸³ Parody only received explicit reference in the trademark statute in the 2006 dilution reforms.¹⁸⁴ But the parodic use of marks has long been the subject of judicial attention.¹⁸⁵ And the parody provision of the new dilution law has already been tested. Louis Vuitton owns registered trademarks for LOUIS VUITTON in connection with luggage, handbags, and other goods, and also owns registered rights in

cases are sufficiently coupled with more functionalist concerns not to discourage these efforts. *See supra* text accompanying notes 135–36, 143–49.

¹⁸³ Parodic use of a mark can be protected under a number of doctrines, depending upon the context of the parody and the claim asserted. First, certain parodic uses of a mark to criticize rather than compete commercially may be excluded from the scope of infringement claims under the “commercial use” case law of the Ninth Circuit. *See Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 677 (9th Cir. 2005) (relying on the “in connection with goods and services” language to impose a requirement of commercial use in infringement actions). Second, the parodic nature of the use might inform a court’s analysis of the plaintiff’s prima facie case. *See Louis Vuitton Malletier v. Haute Diggity Dog, LLC*, 507 F.3d 252, 257 (4th Cir. 2007) (informing both the infringement and dilution claim); *cf. Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 772 (8th Cir. 1994) (finding that the defendant’s use was not a successful parody because it failed to distance itself from the original and thus did not fare well under the confusion analysis). Third, if incorporated within the title (or, perhaps, other aspects) of an artistic work, protection for artistic expression under *Rogers v. Grimaldi*, 875 F.2d 994 (2nd Cir. 1989) might immunize non-misleading parodic uses that are of artistic relevance. *See E.S.S. Entm’t v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008). Fourth, parodies may (at least in the dilution context) avail themselves of explicit statutory defenses. *See Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002) (“non commercial use” under the 1995 dilution statute); *cf. Louis Vuitton*, 507 F.3d at 259 (noting conditions on justifying parodic use under fair use defense in 2006 dilution statute). Finally, from an amalgam of the case law and doctrines above, one might be able to construct a real parody defense, reflecting the different variables that appear favorably to dispose courts. *Cf. Ginsburg, supra* note 94, at 492–95 (comparing to considerations in copyright fair use analysis of parodies); Bruce P. Keller & Rebecca Tushnet, *Even More Parodic Than the Real Thing: Parody Lawsuits Revisited*, 94 TRADEMARK REP. 979 (2004) (criticizing some of the variables taken into account by courts in parody cases). The latitude that courts have to do this depends on how one perceives the relationship between the courts and Congress in the formulation of defenses and on the conditions that are devised by courts. *See supra* text accompanying notes 150–55 (relationship between courts and Congress); *infra* note 189 (discussing room for maneuver within prima facie cause of action despite explicit statutory defenses).

¹⁸⁴ *See supra* text accompanying notes 61–62.

¹⁸⁵ *See, e.g., Jordache Enters. v. Hogg Wyld, Ltd.*, 625 F. Supp. 48, 55–56 (D.N.M. 1985) (JORDACHE for clothes not infringed or diluted by LARDASHE for pants for “large size women”); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.*, 886 F.2d 490, 497 (2d Cir. 1989).

the designs of various handbags.¹⁸⁶ The defendant sold a line of pet products whose names parodied elegant high-end brands of products such as perfume, cars, shoes, sparkling wine, and handbags. These included Chewy Vuitton (a parody of Louis Vuitton), Chewnel No. 5 (a parody of Chanel No. 5), Dog Perignonn (a parody of Dom Perignon), Sniffany & Co. (a parody of Tiffany & Co.), and Dogior (a parody of Dior).

Louis Vuitton sued, alleging that the sale of defendant's CHEWY VUITON products was both trademark infringement and dilution. With respect to the dilution claim, the Court of Appeals for the Fourth Circuit noted that "parody is not automatically a complete *defense* to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, i.e., *as a trademark*."¹⁸⁷ Under the plain language of the dilution statute, parodying a famous mark is protected by the fair use defense only if the parody is not "a designation of source for the person's own goods or services."¹⁸⁸

But despite this, the defendant prevailed on the dilution claim. The court relied on a similar strategy to that which it employed on the traditional infringement claim (where no statutory parody defense exists), namely, it found that the elements of the prima facie claim were not made out.¹⁸⁹ The court held that the parodic nature of the defendant's use could still be relevant to whether its use amounted to blurring. The court held that the parodic nature of the defendant's use in this case suggested both that the user of the mark did not intend to create an association with the famous mark and that the use did not create any actual association between the defendant's use and the famous mark.¹⁹⁰ Both intent and evidence of actual association are, according to

¹⁸⁶ *Louis Vuitton*, 507 F.3d at 257.

¹⁸⁷ *Id.* at 266 (emphasis in original).

¹⁸⁸ *Id.*

¹⁸⁹ Strictly, the Fourth Circuit engaged in a preliminary analysis of whether the defendant's use was parody. But this was not because it recognized any discrete parody defense. Instead, the conclusion that the defendant had successfully made parodic use of the plaintiff's mark was plugged into the different statutory blurring factors and thus informed the court's analysis of whether there had been a prima facie dilutive use. This mode of analysis, though in part necessitated by the assertion of the parody defense and though conducted as part of the prima facie case, is useful in isolating categories of activity where the likelihood of harm to the trademark owner is small. If replicated in other factual contexts, it may help courts inductively to identify conduct that might over time warrant the benefit of a defense. See *supra* text accompanying notes 97–98.

¹⁹⁰ It is important to give effect to the text of a congressional enactment. This is especially so in the case of dilution, where the entire system of protection (unlike common law trademark infringement) is a legislative creation. The approach of the Fourth Circuit can be properly reconciled with the statute provided the court was not suggesting that, as a matter of law, *no* parody would impair the distinctiveness of the plaintiff's famous mark. Such a holding would, in effect, read the "otherwise than as a mark" requirement out of the defense, and make the defense wholly redundant as regards parodies. But the court did not make any such suggestion, even hinting that a

the statute, factors relevant in determining whether blurring occurs. As the court stressed, “While a parody intentionally creates an association with the famous mark in order to be a parody, it also intentionally communicates, if it is successful, that it is *not* the famous mark, but rather a satire of the famous mark.”¹⁹¹ Moreover, the court held that because the famous mark was particularly strong and distinctive, a successful parody might strengthen, rather than blur, the distinctiveness of the famous mark as a unique identifier of its source. The parody did so in the case before the court.

This is similar to the approach that courts, including the Fourth Circuit in the same case, have long adopted in the context of traditional infringement causes of action.¹⁹² That is to say, consumers are not likely to be confused by parodic uses and thus the plaintiff will likely be unable to make out an infringement case.¹⁹³ In many cases, this is probably true. But exclusive reliance on this strategy as a way of vindicating particular uses is problematic because it makes socially valuable uses completely hostage to confusion analysis.¹⁹⁴ And, as we have seen in numerous cases where judges have no sense of humor or the public is apparently clueless, this can be fatal for the parody.¹⁹⁵

In *Louis Vuitton*, the Fourth Circuit was able to immunize parodic use entirely from within the prima facie cause of action; it relied on no defense as such. Two alternative approaches to parody, and indeed to limits or defenses, can be seen in *Mattel, Inc. v. MCA Records*.¹⁹⁶ Mattel, owners of the mark BARBIE for dolls, sued the record company that produced and distributed an album containing the song “Barbie Girl,” performed by the Danish band Aqua, under both infringement and dilution theories. Judge Kozinski found for the defendant on both claims. On the infringement claim, he relied on a defense developed by the Second Circuit in *Rogers v. Grimaldi*.¹⁹⁷ In *Rogers*, the Second Circuit

different result might have been reached had the defendant used a mark identical to that of the plaintiff. See *Louis Vuitton*, 507 F.3d at 268. Thus, just as the prima facie cause of action did not of itself define the scope of permitted conduct, so too the defenses do not of themselves circumscribe appropriate third party uses. Instead, they simply immunize socially desirable uses that might—by virtue of either the overbroad proscription or the uncertainties of that proscription—arguably fall within the scope of the prima facie dilution cause of action.

¹⁹¹ *Id.* at 267 (emphasis in original).

¹⁹² *Id.*

¹⁹³ See, e.g., *Davis v. Walt Disney Co.*, 430 F.3d 901, 903 (8th Cir. 2005).

¹⁹⁴ By the same token, it might—depending upon whether we treat parodies of trademarks as an unadulterated social good or a consideration to be weighed against competing social objectives—still be relevant how much confusion is caused. See *infra* note 220.

¹⁹⁵ See, e.g., *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 772 (8th Cir. 1994) (finding that the defendant's use was not a successful parody because it failed to distance itself from the original); see generally Dreyfuss, *supra* note 20.

¹⁹⁶ *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 902 (9th Cir. 2002).

¹⁹⁷ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

had considered whether defendant's use of "Fred and Ginger" as a movie title implicated Ginger Rogers's trademark rights. The Second Circuit held that:

In the context of allegedly misleading titles using a celebrity's name, that balance will normally not support application of the Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.¹⁹⁸

Judge Kozinski found that defense applicable and satisfied on the facts in *Mattel*. Importantly, however, *Rogers* seeks to implement a balancing analysis weighing, on a case by case basis, the "public interest in avoiding consumer confusion" against "the public interest in free expression."¹⁹⁹

On the dilution claim, Judge Kozinski's approach was conceptually slightly different. Vindicating the defendant required some creative interpretation of the defense of "non-commercial use" found in the 1995 dilution statute. (Commercial use was an element of the prima facie claim in the 1995 dilution law, so giving any meaning to the defense of "non-commercial use" involved *some* interpolation of the statute.) Aqua and MCA had, after all, made plenty of money from the sale of its parodic sound recording. But Judge Kozinski read the non-commercial use defense as permitting any uses that were protected by the First Amendment, and the artistic and parodic nature of Aqua's use thus supported giving the defendant greater latitude.²⁰⁰ The key conceptual point here is that the defendant's conduct was prima facie dilution.²⁰¹ But the countervailing free speech concerns were stronger, and *categorically* trumped that harm.

These cases suggest a couple of different forms that real defenses might take.²⁰² I do not mean to offer an exhaustive typology. Depending upon the future development of trademark law, defenses may emanate from new sources, bringing with them the conceptual structures of those

¹⁹⁸ *Id.*

¹⁹⁹ See Dinwoodie & Janis, *supra* note 7, at 1619–20 (quoting *Rogers*, 875 F.2d at 999). This policy balance is implemented doctrinally by the test quoted above. See *supra* text accompanying note 198.

²⁰⁰ *Mattel*, 296 F.3d at 906–07.

²⁰¹ See *id.* at 903–04 (finding the MCA's use caused blurring and thus holding that "MCA's use of the mark is dilutive").

²⁰² The parody cases demonstrate that one can group doctrinal *limits* more broadly into three categories: (1) preference within the prima facie cause of action; (2) weighing the parodic/artistic purpose against confusion, principally through a doctrinal mechanism such as *Rogers* that seeks to make that balancing of incommensurables operational; and (3) treating parodies as a trumping consideration that renders countervailing concerns for confusion or dilution irrelevant (as did the application of the noncommercial use defense in *Mattel*). If one reviewed all the doctrines that conceivably could be relied on to immunize parody, see *supra* note 183, one would be able to fit most of these doctrines in this scheme.

sources.²⁰³ However, there is a basic distinction that we can see in the current approach to defenses.²⁰⁴

Balancing Competing Claims. There may be some defenses that require a balancing of interests, a weighing of those values that trademark rights seek to vindicate and any countervailing values such as competition or room for artistic latitude. The rule in *Rogers*, for example, is of this type.

One of the potential problems of any balancing mechanisms is commensurability. This is why a totalizing approach to trademark and unfair competition law, such as that advocated by Professors Dogan and Lemley, is superficially attractive. If search costs can be used to identify both where protection is warranted and where unauthorized use should be permitted, the commensurability problem appears diminished.²⁰⁵

But analysis of search costs, while a useful explanatory tool, does not capture all of the values implicated by trademark and unfair competition law.²⁰⁶ Nor does it offer a comprehensive normative vision. Even existing uses of trademarks bring into play a host of other (often non-economic) considerations. Given the demonstrated capacity of producers and users

²⁰³ For example, although trademark law has typically internalized constitutional free speech concerns, some scholars regard current trademark law as insufficiently protective of those constitutional guarantees. See, e.g., Lisa P. Ramsey, *Increasing First Amendment Scrutiny of Trademark Law*, 61 SMU L. REV. 381 (2008). If, in response, trademark law is made directly subject to the strictures of the First Amendment, First Amendment doctrine would surely make this typology more complex. See *id.* at 450–52 (discussing the difficulties of subjecting trademark law to constitutional free speech analysis).

²⁰⁴ Other commentators see alternative dichotomies which, though different from the one discussed here, may be consistent with the different forms of defenses discussed here. Thus, Professors Dogan and Lemley draw a line between limits that should be phrased as rules and those that appear more amenable to statements as standards. See Dogan & Lemley, *supra* note 3, at 87. Likewise, Dogan & Lemley distinguish, in a parallel vein, between uses that unambiguously reduce search costs and those where the search costs analysis is more ambiguous. See *id.* at 75. This distinction helpfully supports the development of different remedial consequences of falling within different defenses. See *id.*; see also *infra* note 221.

²⁰⁵ Embracing the search costs rationale does not avoid all difficult balancing questions. As Professors Dogan and Lemley acknowledge, many of the limiting doctrines of trademark law implicate uses that appear to cut in both directions when considered from the perspective of search costs. See Dogan & Lemley, *supra* note 3, at 75. But it surely is easier to weigh commensurables, and thus their efforts to explain a host of limiting doctrines in these terms is helpful. Enforcement costs also further complicate the analysis. See *supra* notes 18, 103. Indeed, in their work on the trademark use doctrine, Professors Dogan and Lemley have oscillated between a pure search costs justification for immunizing non-trademark use and a justification more heavily dependent upon a combination of search costs and enforcement cost concerns. See Dogan & Lemley, *supra* note 3, at 81–82; Dinwoodie & Janis, *supra* note 7, at 1625 n.125. But, again, these difficulties pervade other approaches to limiting doctrines, including the one advocated in this Lecture. Professor Dogan and Lemley's work in explaining limits under the rubric of search costs is very helpful, provided this work is seen as an explanatory and not an attempt to offer a comprehensive, exclusive, normative vision for trademark and unfair competition law.

²⁰⁶ See Dinwoodie and Janis, *supra* note 7, at 1638.

to make new, creative uses of marks, and the likelihood that the malleability of the trademark and unfair competition claim might allow it facially to cover such uses, it is important that the development of trademark defenses remain dynamic and not be myopically tied to a single normative vision.

But how then is trademark law to balance the “public interest in avoiding consumer confusion” against “the public interest in free expression,” as *Rogers*²⁰⁷ puts the issue? The difficulty of performing this balancing is at the root of some scholarly critiques of *Rogers* as a useful defense.²⁰⁸ Of course, although many doctrines (especially at the constitutional level) do seek to balance competing first-order values, others operationalize the desired balance through more concrete doctrinal tests.²⁰⁹ *Rogers* is of the latter type. Thus, courts ask both threshold questions (is the mark used in the title of an artistic work?)²¹⁰ and questions designed to effectuate the necessary balance (does “the title have no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, . . . [does] the title explicitly mislead[s] as to the source or the content of the work?”).²¹¹

This has not wholly satisfied critics,²¹² who fear that courts have offered insufficient guidance regarding the balancing exercise, with the result that artistic work is being chilled in the face of uncertain liability. To be sure, courts should—consistent with their role outlined above—articulate in greater detail the considerations that make artistic freedom prevail over confusion-avoidance.²¹³ But, until recently, *Rogers* has only been applied in a narrow context. Some courts and scholars now appear willing to make greater use of the doctrine in immunizing certain artistic

²⁰⁷ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

²⁰⁸ See McGeveran, *supra* note 7, at 102–04.

²⁰⁹ In addition to efforts to create certainty, this more concrete form of balancing may be a way of avoiding the appearance of institutional incompetence that comes with balancing of abstract first-order values. But inevitably, and appropriately, the first-order values have to inform application of the doctrinal test. For example, this is seen in how courts have approached the question of “artistic relevance.” See *e.g.* E.S.S. Entm’t v. Rock Star Videos, Inc., 547 F.3d 1095 (9th Cir. 2008). With that said, some questions are surely a matter for Congress. See Austin, *supra* note 38, at 388 (asking trademark law to engage with developing theories of happiness).

²¹⁰ Courts have expanded the scope of this threshold question and applied *Rogers* to artistic uses beyond titles. See, *e.g.*, E.S.S., 547 F.3d at 1099 (applying *Rogers* to use of mark in video game).

²¹¹ *Rogers*, 875 F.2d at 999.

²¹² See McGeveran, *supra* note 7, at 100–101; Austin, *supra* note 38, at 399.

²¹³ In this manner, courts will internalize what some scholars regard as external considerations. See Austin, *supra* note 38, at 388–89. However, this process might better be explained as bringing to the surface values that have always been a part of trademark law, but never transparently debated when their vindication was submerged within the analysis of the *prima facie* cause of action. See *supra* text accompanying notes 72–80.

uses of marks.²¹⁴ This may induce the development of greater certainty over time. Moreover, even as presently understood, courts have been willing to grant summary judgment to defendants under *Rogers*.²¹⁵ And any more demanding standard²¹⁶ is surely asking too much of courts; there will be cases where outcomes are uncertain.

Importantly, *Rogers*—both in its statement of competing values and in its doctrinal manifestation—talks in terms of, and requires courts to consider, countervailing values of artistic freedom and artistic relevance. Protecting freedom of expression (such as implicated by parodic uses) within the prima facie cause of action does not force courts explicitly to articulate competing normative considerations.²¹⁷ *Rogers* is thus precisely the type of doctrine of which we need more. The incommensurability which critics fear as destructive of certainty is paradoxically important to a richer understanding of trademarks and trademark law. It compels courts to confront the contest of values normally submerged in trademark litigation.²¹⁸

Classic fair use may be conceptually similar.²¹⁹ The statute requires that the descriptive use be fair and in good faith; this will, and should, be a common component of analysis in a trademark law that has now subsumed much of our unfair competition law. But application of the defense will also typically include an attempt to assess the magnitude of the harms against which we need to assess the potential countervailing policy concern. Thus, on remand to the Ninth Circuit in *KP Permanent*, the Ninth Circuit took up the invitation of the Supreme Court and considered the extent of confusion as one factor relevant to good faith.²²⁰

²¹⁴ See *E.S.S. Entm't*, 547 F.3d at 1095; cf. Gulasekaram, *supra* note 72, at 922.

²¹⁵ See *E.S.S. Entm't*, 547 F.3d at 1095.

²¹⁶ See McGeveran, *supra* note 7, at 100–01; Austin, *supra* note 38, at 399.

²¹⁷ See Dinwoodie, *supra* note 1, at 26–27; McGeveran, *supra* note 7, at 71–72.

²¹⁸ There are exceptions, though these tend to appear as dicta. See *Playboy Enters., Inc. v. Netscape Commc'ns. Corp.*, 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, C.J., concurring) (talking about the social value of choice).

²¹⁹ See Dogan and Lemley, *supra* note 3, at 87 (noting the balancing nature of the fair use analysis). Professor McGeveran appears to agree that fair use involves balancing, see McGeveran, *supra* note 7, at 112, but also wants certain expressive uses categorically to trump confusion. See *id.* at 116.

²²⁰ On remand in *KP Permanent*, the Ninth Circuit confirmed that “the degree of customer confusion remains a factor in evaluating fair use.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 609 (9th Cir. 2005). The Ninth Circuit laid out “the relevant factors for consideration by the jury” in determining fair use: “the degree of likely confusion, the strength of the trademark, the descriptive nature of the term for the product or service being offered by KP and the availability of alternate descriptive terms, the extent of the use of the term prior to the registration of the trademark, and any differences among the times and contexts in which KP has used the term.” *Id.* This approach on remand (and, indeed, the latitude to adopt this approach offered by the Supreme Court) has been criticized for allowing the Ninth Circuit to revert to its position prior to the Supreme Court ruling. See, e.g., Austin, *supra* note 38; McGeveran, *supra* note 7, at 85. This is an unfair criticism. If a defendant’s use can, as the Supreme Court’s decision presupposes, both act

Trumping Defenses. A second group of defenses might provide absolute immunity because the value that they further will categorically trump the value that trademark law seeks to vindicate (whether confusion-avoidance or dilution). This is what Judge Kozinski did on the dilution claim in *Mattel*. And it fairly describes the functionality defense to product design trade dress infringement—at least as currently applied by courts.²²¹ Here, the defense vindicates countervailing values regardless of the harms that might come within the contemplation of the prima facie cause of action (and which we would implicitly want to avoid, all other things being equal). For example, Professor McGeeveran would vindicate many “expressive uses” through this type of defense.²²² And it

descriptively and cause confusion, it is surely relevant to weigh the extent of harms that a decision in one direction or the other might cause. *Cf.* Austin, *supra* note 38, at 398–400. This does not undermine the core holding of the Supreme Court, namely, that *on some occasions*, trademark owners will have to tolerate confusion through good faith, descriptive use. To be sure, one criticism of the Ninth Circuit approach might be that fair use will continue to be informed by factual considerations, often precluding summary dismissal of any complaint. *See* Austin, *supra* note 38; McGeeveran, *supra* note 7, at 85; Ramsey, *supra* note 203. And, as suggested below, such proceduralist concerns are an appropriate consideration in structuring defenses. *See infra* text accompanying note 224. However, they are not the only consideration. At some point, for some uses where the harms of extended litigation are substantial, the inability to secure a speedy resolution may warrant adoption of a defense that takes the form of a categorical rule. But it overstates the importance of proceduralist concerns to demand that *all* defenses are amenable to categorical judgment as a matter of law. Some conduct legitimately raises competing demands that are evenly balanced, and which require factual determination by courts. Courts are not without general procedural devices to curb abusive litigation designed to chill competitive behavior, *see supra* notes 145, 156 (discussing summary judgment and sanctions), and have done so on fair use grounds post-*KP Permanent*. *See, e.g.*, *Dessert Beauty, Inc. v. Fox*, 568 F. Supp. 2d 416, 425 (S.D.N.Y. 2008); *Bell v. Harley-Davidson Motor Co.*, 539 F. Supp. 2d 1249, 1258 (S.D. Cal. 2008). And there may be some substantive values that are so strong that we will create categorical defenses that privilege certain uses regardless of *any* harm to the trademark owner (no matter how large or small). But the extent of harm to the trademark owner is surely relevant in some instances, and that assessment requires consideration of confusion.

²²¹ It may well be that the functionality defense should more appropriately fall into the first camp, allowing some limited form of relief under unfair competition law in an attempt to balance competing values. *See* Dinwoodie, *Ontology*, *supra* note 9, at 613; *see* Dogan & Lemley, *supra* note 3, at 91–92. But most case law presently does not take that approach. It is not inconceivable that the assertion of defenses of this second type could lead to limited forms of relief rather than absolute immunity. *Cf.* Dogan & Lemley, *supra* note 3, at 92 (apparently not ruling out such a possibility). But such a result comports more naturally with efforts to balance competing values than to preserve fundamental considerations. (These questions—of the different consequences of falling within an immunity-conferring provision—are topics for another day. Such an inquiry would encompass not only the role of limited relief, but the question of statutory safe-harbors. *See* McGeeveran, *supra* note 7, at 115–21; Dinwoodie & Janis, *supra* note 7, at 1662–67.)

²²² *See* McGeeveran, *supra* note 7, at 115–19. Although a number of scholars have argued for what amounts to a First Amendment defense, *see, e.g.*, Ramsey, *supra* note 203, it is not entirely clear that direct integration of notions of protected expression

may be that this approach is particularly compelling where the competing values are of a fundamental nature.²²³

Although most of the defenses discussed in this context seek to vindicate substantive values, it is important not to lose sight of the fact that procedural concerns can intimately affect the vindication of substantive rights.²²⁴ The inability practically, because of uncertainties or burdens of proof, to vindicate rights without substantial litigation can have a chilling effect on permissible speech and competitive activities.²²⁵ The Supreme Court has recognized as much in recent case law.²²⁶ Indeed, a number of substantive doctrines can be explained in terms of enforcement costs.²²⁷ It may be that some defenses need to take the form of trumping defenses in order to provide the certainty necessary for the rights of the defendant to be real.²²⁸ Thus, procedural issues (or enforcement costs) are a countervailing “value” that needs also to be part of the discussion about defenses.

VI. CONCLUSION

What does all this say about the development of defenses in trademark law? Limits on rights may emanate not only from a list of defenses and exceptions, but also from interpretation of the prima facie cause of action.²²⁹ Trademark law has typically followed the latter approach. And this may be useful. Over time, courts may identify a category of uses that deserve immunity and, through such decisions, a defense might emerge to guarantee the permissibility of such uses. However, as the scope of trademark protection expands and the metes and bounds of protection become more uncertain, we cannot rely exclusively on creative interpretation of the prima facie cause of action to establish limits. Trademark law must more consciously develop defenses that reflect the competing values at stake in trademark disputes. From a history of common law decision-making, and consistent with the theory of the Lanham Act, we can extrapolate a rich set of values that have

from First Amendment case law would provide the certainty that procedural concerns might demand.

²²³ *But cf.* McGeveran, *supra* note 7, at 122 (expressing doubt that all expressive uses should come within this rubric).

²²⁴ *See id.* at 115.

²²⁵ *See* McGeveran, *supra* note 7, at 114–15.

²²⁶ *See* Dinwoodie, *supra* note 54, at 207.

²²⁷ *See generally* Bone, *supra* note 18.

²²⁸ *Cf.* Dogan & Lemley, *supra* note 3, at 83 (noting the role of categorical defenses in encouraging particular behavior).

²²⁹ My argument here that trademark law needs to develop defenses is not intended to foreclose further exploration of appropriate limits on the prima facie cause of action. These are complementary endeavors. I am skeptical of whether our delineation of the harms against which we should appropriately protect permits sufficient progress to be made through redefinition of the prima facie cause of action alone. *See* Dinwoodie, *supra* note 43.

2009] DEVELOPING DEFENSES IN TRADEMARK LAW 153

informed the common law development of trademark law. And, from that analysis, we need to start developing real defenses.