Speechless Trademarks? Dilution Theory Meets Freedom Of Speech

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Introduction

Has modern trademark law gone too far?

From a historical perspective, trademark protection was granted primarily in the interest of consumers. For that reason, a mark’s legal function was the indication of the source of origin of goods and services and the threshold to infringe was the confusion of the public.

From an economic perspective, trademarks found their rationale in reducing consumer’s search costs which (indirectly) obliged trademark owners to keep (and even raise) the quality of the goods and services they put into the market¹.

But recently there has been a change of paradigm². Most freshly enacted legal bodies, as a consequence of new economic facts (concretised in the TRIPs Agreement³) extended the protection of the so-called well-known or famous trademarks far beyond the traditional scope. Therefore, the so-called dilution theory made it debut into many domestic trademark laws. Accordingly, in the US the Federal Trademark Dilution Act of 1996⁴ was added to the Lanham Act whilst in the UE the same level of protection was attained by incorporating several provisions into the Trademark Harmonisation Directive 89/104/EEC⁵ and Community Trademark Regulation (EC) 40/94⁶.

However, unlike confusion dilution doesn’t necessarily watch over consumer’s interest. On the contrary it is aimed at the protection of the trademark’s owner interest in preserving the trademark per se (keeping intact its advertising value and selling-power).

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³ Articles 16 (2) & (3) of TRIPs.
⁴ Codified at 15 USC § 1125 (c).
⁵ Articles 4 (3) & (4) & 5 (2).
⁶ Articles 16 (2) & (3) of TRIPs.
And thus a ter genus of trademark infringement was created, which occurs when an identical or similar mark is used by a third party (even) for dissimilar goods or services. Dilution remedies applies only if the claimant is the owner of a well-know mark and the junior mark is being used without due cause and this use takes unfair advantage, or is detrimental to the distinctive character or the repute of the mark.

What’s the fuzz about dilution? In first instance, dilution theory stroke down the old speciality principle. Hence, in our days a famous or well-know trademark owner can prevent a third party from using the same or similar sign even for totally dissimilar (and non-competing) goods. In second instance, trademark dilution may exceed the traditional “use in the course of commerce” scope. Under the confusion paradigm to sue a third party that parodied a trademark with no economic interest at all would have been unthinkable. This is not so anymore as the limits of trademark dilution, in practice, are not so clear. One of the main threats dilution theory poses is the potential restriction of free speech.

Well-known trademarks exceeded their commercial function. They have acquired cultural and artistic significance as well. They have evolved from indicators of source to indicators of status. Trademarks beacon our position in society. People need to identify themselves, as sense of belongingness is inherent to the human race. Today affiliation may not be determined anymore by relation to a clan or tribe but by the brand of clothes we wear, the make of our cars and so on.

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6 Articles 8 (5) & 9 (1) (c).
8 As Judge KOZINSKI stated in his opinion regarding the Barbie/Aqua case “With Barbie, Mattel created not just a toy but a cultural icon”; emphasis added. US Court of Appeals for the Ninth Circuit, Case No. 98-56453.
9 Such as the pop art of Andy Warhol.
10 “In today's societies, symbols that once functioned simply to indicate the source, origin, and quality of goods, have become products valued as indicators of the status, preferences, and aspirations of those who use them. Some trademarks have worked their way into the English language; others provide bases for vibrant, evocative metaphors”. Cfr. K. AOKI, How the World Dreams Itself to be American: Reflections on the Relationship between the Expanding Scope of Trademark Protection and Free Speech Norms, 17 LLAELJ 523, 1997 (Symposium: Using Law and Identity to Script Cultural Production).
A not correctly applied dilution theory could end up giving famous trademark owners a legal monopoly over a word or logo, monopoly that unlike other IPR could last forever (or as long as renewal fees are paid)\textsuperscript{11}. To avoid these externalities the boundaries of commercial and non-commercial use of trademarks should be made crystal clear.

To balance the struggle (between famous trademark owners Goliaths and unauthorized third parties Davids) astute lawyers called in exogenous rules, the most summoned defence being freedom of speech.

Consequently we observe the clash of two different sets of laws (with different protected interests each): the business-oriented recently expanded trademark law in one corner and the liberal (and usually constitutionalized) freedom of speech guarantee on the other. This bout may raise the issue of a hierarchy of rights or at least where to draw the line of demarcation between protected and free speech. According to recent Court and administrative panel decisions in the overall the scales are turning in favour of the latter.

Methodologically, given the international unification of Intellectual Property Law, I approached the drafting of this paper from a Comparative Law perspective. The main provisions compared are TRIPs, US and EU laws, relevant case law, UDRP and panel decisions.

1. **Trademark Law Paradigm Shift: From confusion to dilution**

A trademark, on one hand, grants a right to exclude others (*ius excludendi omnis alios*) from using in the course of commerce the same or similar sign to identify

\textsuperscript{11}“What ought not to happen is that the owner of a mark, which has a trading reputation with (say) 50 per cent of a public, should acquire a monopoly on that mark for all trading uses, including passing comparisons of vaguely associative kind”, emphasis added. Vid. CORNISH & LLEWLYN, op. cit. f. 715.
certain goods or services. On the other hand, only the legitimate holder of a trademark (whether acquired by registration or use\(^{12}\)) is entitled to it.

The general test for infringement under the old paradigm\(^{13}\) was confusion of the public as to the source of origin. In addition, according to the speciality principle two identical trademarks could coexist as long as they referred to different products or services (for which most countries followed the standard classification established by the Nice Agreement\(^{14}\)). So, a trademark owner could stop another party from using an identical or similar sign for the same class of products or services if the relevant public would be confused or misled\(^{15}\). This rationale had significantly changed with the advent of dilution doctrine.

For trademark dilution is understood the unauthorized use of a highly distinctive mark by another party in a manner that tends to blur its distinctiveness or tarnish its image, even without any likelihood of confusion. Firstly, dilution is restricted to the protection of famous or well-known marks\(^{16}\). Secondly, the aforementioned doctrine goes beyond the speciality principle as it applies to both competing and non-competing goods and services\(^{17}\) and the rationale is not confusion (in fact target public is not confused whatsoever). Thirdly, what is now protected is the advertising value and the selling-power of the trademark. Blurring and tarnishment are two species of the dilution genera, the first happens when the distinctiveness of a mark is eroded or watered down, the second when the attractiveness of a mark to customers

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\(^{12}\) In Civil Law countries registration is a must to obtain a legitimate trademark, while only trade names can be acquired through use. In Common Law countries trademarks can be acquired both by registration and/or by use (e.g. in the US trademarks can be registered before the USPTO - ® - while Common Law trade and service marks are acquired by use - TM or SM -).


\(^{15}\) Confusion admits different degrees and its assessment might be very subjective at times. In the Sabel BV v. Puma AG (Case C-251/95) the ECJ said that the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself sufficient ground for concluding that there is a likelihood of confusion.


\(^{17}\) The ECJ in an a fortiori interpretation of the TMD and CTMR declared that anti-dilution protection is potentially available whether the goods or services for which the infringing sign is used are either different or similar. ECJ Case C-292/00 Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd, Opinion (March 1 2002) and Judgment (January 9 2003).
is impaired, usually by negative or derogative associations. In the sense used in trademark law, dilution is nothing but a figure of a speech (i.e. a metaphor).

Antecedents of antidilution protection dates back to early 20th Century German case-law. A consistent theory was developed later in the US, thanks to the articles of Frank I. Schechter which were the basis for the enactment of several State antidilution laws. In 1996 antidilution protection became federal.

In the international scenario, TRIPs agreement added antidilution protection to the arsenal of defences available to well-known trademark owners. Article 16 (3) expressly extended the protection granted by Article 6 bis of the Paris Convention to dissimilar goods or services. Since TRIPs Agreement has teeth signatory countries are obliged to comply with de minimis standards of IP protection, included antidilution provisions. Some WTO Member countries without explicit antidilution provisions de lege lata protect well-known trademarks from blurring and tarnishment by giving direct effect to the TRIPs Agreement.

In the UE, the level of protection required by TRIPs is attained by the Trademark Harmonisation Directive 89/104/EEC Articles 4 (3) 4 (4) & 5 (2) and Community Trademark Regulation (EC) 40/94 Articles 8 (5) & 9 (1) (c).

The particular threat dilution protection poses to freedom of speech is made explicit in cases of parodies and critical comments, typically directed at highly notorious

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20 The first was the Massachusetts Dilution Statute of 2 May 1947. By 1995 almost half of the States in the US had enacted Dilution Statutes.
21 The Federal Trademark Dilution Act became law on January 16, 1996. With the sanction of the FTDA the US Congress tried to tackle the issue of forum shopping and to uniform the enforcement of dilution injunctions through the country.
22 Because in case of non-compliance a claim can be brought before the Dispute Settlement Body of the WTO and sanctions may be imposed. Cfr. L.R. Helfer, Regime Shifting: The TRIPs Agreement and New Dynamics of International Intellectual Property Lawmaking, The Yale Journal of International Law, Vol. 29, 1, f.2.
23 This is the case of Argentina, where TRIPs have direct effect. Vid. I. QUADARIO & V. CANESE, Considerations regarding dilution in Argentina, in 94 The Trademark Reporter, 2003, ff. 684.
trademarks. Such acts were deemed dilutive in some jurisdictions\textsuperscript{24} but may not be so in others\textsuperscript{25}.

To be protected against antidilution a trademark must be well-known\textsuperscript{26} at least in the territory were legal remedies are sought. But to determine the fame of a trademark is not an easy task. Another thorny issue (for the plaintiff) is to assess damages. Even though article 16 (3) of TRIPs only requires that the interests of the owner or the registered trademark are likely to be damaged many jurisdictions go further and require proof of actual harm\textsuperscript{27}.

But in a parody case, to determine if the parodied (famous) mark is used in the course of commerce would be the quid iuris to solve the case. Why this answer is not so simple? Because there are no economically neutral parodies. If someone sells books criticising a big corporation and well-known trademarks are parodied in the cover of it, obviously it will make some profit by selling the book. If someone depict famous trademarks in a website to criticise the business and labour policy of an economic group, very likely will have a sponsorization scheme by which it will receive money from its supporters. More obvious are the cases of selling posters or T-Shirts parodying famous trademarks\textsuperscript{28}. Should all these conducts be considered


\textsuperscript{25} In the UK the parody of a trademark could be found infringing of Section 10 (3) of the Trade Mark Act of 1994 – the dilution provision – only if the parody is capable of being detrimental to both the distinctive character and repute of the mark. At the moment of submitting this paper there was no case law on the subject. Cfr. D. DEES, Is parody a case of dilution? In Trademark World 153, f. 16.

\textsuperscript{26} The ECJ set some guidelines to determine what a well-know trademark is in General Motors Corp. v. Yplon SA (Case C-375/97). Also in soft law provisions like the Joint Recommendation Concerning Provisions on the Protection of Well-Know Marks (Article 2) is possible to find factors for consideration in determining whether a mark is a well-know one. According to INTA famous is a mark that is widely recognized by the general consuming public.

\textsuperscript{27} Like the US after the interpretation given by the USSC in the case Moseley et al., dba Victor’s Little Secret v. V. Secret CATALOGUE, Inc., et al. 259 F. 3d 464. It might be argued that this criterion clearly contradicts TRIPs and a claim must be brought before WTO’s Dispute Settlement Body but... what country would do that?

\textsuperscript{28} To illustrate these hypothesis with real-life cases, in the US under State antidilution laws infringement was found in the act of selling posters (with the slogan Enjoy Cocaine) and t-shirts (with the slogan Mutant of Omaha) parodying trademarks like Coca-Cola and Mutual of Omaha, respectively.
dilutive? Should all these conducts walk free? What’s commercial use and what’s not? I’ll try to answer these inquiries in the following pages.

1.1 Trademark Law boundaries

It is quite clear that no right is absolute. Neither are trademarks. If we claim (as some authors do) that trademark rights are proprietary ones, we must not forget that property is *socially rooted*\(^{29}\) and since Roman times it has been constrained in the name of public interest.

If trademark law is limited, we could make a distinction between internal and external limitations. The first ones are those exceptions provided in trademark law itself (e.g. descriptive use, fair use, etc.) while external limits come from other branches of law (e.g. constitutional law, human rights, etc.).

1.1.1 Internal limitations

Article 17 of TRIPs enumerates some exceptions to the rights conferred by a trademark (such as the fair use of descriptive terms) as long as such exceptions take account of the legitimate interests of the trademark owner and those of third parties.

Section 1125 (4) of the FTDA refers specifically to the (exceptional) cases in which a dilution claim would not be actionable: (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion; (B) Non-commercial use of a mark; and (C) All forms of news reporting and news commentary. Case (B) is clearly directed to protect free speech. This principle is so valuable in the US that the *voluntas legislatoris*\(^{30}\) expressly set a legal escape valve to protect it against trademark infringement threats. Moreover, a recent decision of the USSC ruled that the defendant in a trademark infringement suit who claims a fair use defence does

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\(^{30}\) Senator HATCH, while the FTDA was under discussion at Congress, clearly stated that this exception was directed at safeguarding “parody, satire, editorial and other forms of expression that are not part of a commercial transaction”.
not have the burden of proof of denying that the practice complained of will confuse consumers. The onus probandi rest on the plaintiff\textsuperscript{31}.

In EU, by virtue of DTM Article 6 (1) and CMTR Article 12, the proprietor of a national or community trademark shall not be entitled to prohibit a third party from using in the course of trade: (A) his own name or address; (B) shall not use indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, time of production of goods or of rendering of the service, or other characteristics of goods or services; and (C) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts; provided he uses them in accordance with honest practices in industrial or commercial matters\textsuperscript{32}. But not specific provision can be found directed at preserving free speech.

Conversely, Article 10 of the CTMR, recognizing the cultural significance of well-known trademarks gives its holder a mechanism of protection against generization\textsuperscript{33}. The power granted to the trademark owner is limited to compel the publisher of a reference work (dictionary, encyclopaedia or similar) to include in the next edition an indication stating that his trademark is registered (e.g. TM, SM, ©).

\subsection{External limitations}

Trademark law may be limited by rights which are alien to business practices. Human Rights, according to some scholars, may impose some limitations to IPR


\textsuperscript{32} ECJ reaffirmed and clarified the scope of this principle in its case law. In Bayerische Motorenwerke AG & BMW Nederland BV v. Deenik (ECJ case C-63/97 of 23 February 1999) BMW could not prevent a spare parts supplier (car repair shop) from using its mark to indicate that the spare parts sold in his shop worked in a BMW automobile\textsuperscript{32}. In Höltershoff v. Freiesleben (ECJ case C-2/00 of 14 May 2002) an oral reference to a word mark used to indicate a particular style to cutting diamonds (identified with the SPIRIT SUN trademark) was considered not to infringe the trademark because it was only used to refer to the characteristics of a product.

\textsuperscript{33} Some authors consider generization \textit{a ter genus} of dilution, which ironically occurs as a consequence of the great success attained by a trademark in its symbolic or iconic function. For that reason, the trademark is preferred by the consumers to refer to the type or category of product (e.g. because is easier to pronounce or sounds more fancy). Classic examples include Aspirin (in the US) Velcro, Kleenex and Xerox. Cfr. T. MARTINO, \textit{Trademark Dilution}, Clarendon Press, Oxford 1996, ff. 157.
In most countries core, fundamental rights are enshrined in the Constitution. Since constitutional rights are considered to be of the highest order, civil rights such as freedom of speech may entail certain limitations to rights of a lower rank (such as IPR).

GEIGER accurately points out that freedom of speech in its origins was conceived as a guarantee having only vertical effects (i.e. protecting the individual against the acts of the King and later the State) but in recent times Court praxis extended its effects to encompass also other horizontal effects (i.e. protecting one individual from the acts of another individual). Besides, in most countries the guarantee of freedom of speech must be claimed by natural and juridical persons alike.

Free speech means that anyone should be free to express their own thoughts, ideas and points of view without interference from others and also that anybody should be able to freely seek, receive and impart information. Criticism, protests, parodies, satires, ironic comments and other forms of expression are all covered by the freedom of speech guarantee.

International Treaties like the Universal Declaration of Human Rights (Article 19) and the International Covenant on Civil and Political Rights (Article 19) guarantee the right of freedom of speech.

In the US, the First Amendment to the Constitution expressly forbids Congress to pass laws “[…] abridging the freedom of speech”. At the other side of the Atlantic,

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34 The issue between free speech (a human right) and trademark law is just one example of this challenging (and rather unexplored) issue. CORNIDES consider human rights (development, public health, fight against hunger, education, etc.) of higher level than IPR (just tools for achieving superior societal objectives) but he also acknowledges that suppressing IPR for the sake of the first would have an adverse effect in the middle and long run (though it may seem beneficial in the short term). It would be like killing the goose that lay the golden eggs. Without const-intensive research and investment, the author concludes, the higher objectives of society will never happen. Vid. J. CORNIDES, Human Rights and Intellectual Property. Conflict or Convergence? The Journal of World Intellectual Property, Vol. 7, No. 2, March 2004, f. 159.

35 According to KELSEN’S pyramidal structure of norms, all fundamental freedoms (including free speech) are constituted at the highest point and consistent with his *stufenbau* concept the superior norm regulates the contents of the lower one in hierarchy.

36 Vid. C. GEIGER, op. cit., f. 275.
the European Convention of Human Rights (Article 10) recognizes that everyone has the right to freedom of expression “to hold opinions and to receive and impart information and ideas without interference”. This right was reaffirmed in the Treaty establishing a Constitution for Europe (Article II-11: Freedom of Expression and Information). In addition the same principle is enshrined in domestic legislation of almost all European countries.

2. **The nature of parodies**

To parody, criticise or protest against a company would be impossible if its trademark could not be used for such purpose, unless the detractor was a master of paraphrase. Imposing such a high level of literary proficiency seems too high a standard. Freely using trademarks in their cultural function seems to be the right response. Sometimes is simply impossible to make a point without naming the trade or service mark implied (or if possible the impact of the message would be greatly impaired). We shouldn’t forget that an image or a logo says more than a thousand words. Banning the use of trademarks to express opinions (even if the messages conveyed take place in T-shirts, posters or websites) would imply a kind of censorship. Every citizen should feel free to comment or give his/her opinion about a company or product or service without fear of being sued for trademark infringement.

Consequently, limitations imposed to IPR by human rights should be welcomed. The latter help to restore the equilibrium that in recent times, due to an excessive expansion of IPR, may have been lost. But of course, pendulum effect must be avoided. From one extreme we shouldn’t go to another. IPR are required if we want to have innovation, development, knowledge, creativity, better quality goods and services. Societal and individual rights should be properly balanced in order to attain a better, more educated, healthier and wealthier society for all, as this should be the final aspiration of Law.
Nevertheless, freedom of speech is not unrestrained. Tort Law and Court decisions have repeatedly limited it. Defamation, libel and slander actions must retaliate speech solely intended to prejudice another in his reputation, standing or business without further value for society.

2.1 **Parodies in the Courtroom**

Dilution theory intensified the risk (if misapplied) of a *chilling effect* over legitimate activity\(^{37}\). Of course, attempts of trademark owners to stop legitimate but uncomfortable acts (such as parodies, critics or protests) using law were not unknown before antidilution provisions\(^{38}\). The difference is that today this is just easier.

A parody, by definition a *feeble or ridiculous imitation*\(^{39}\), is considered protected speech. When brought to Court freedom of speech arguments prevailed over trademark ones.

But case-law is not consistent. In Germany, for example, the use of the trademarks NIVEA and MARS for condoms\(^{40}\) was regarded infringing use while the parody imitation of the slogan of the famous German newspaper BILD, *Bild Dir Keine Meinung* (do not form your opinion) instead of *Bild Dir Deine Meinung* (form your own opinion) was considered not infringing. Also the use of the word *Mordoro* for a non-smokers calendar was held not to infringe MARLBORO trademark because of the constitutional right of freedom of expression. In a similar case, in which a resented customer decided to register a (German style) sucksite <www.scheisse-t-

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\(^{37}\) Due to this fact, several institutions teamed-up together to form the *Chilling Effects Clearinghouse*, a joint project of the Electronic Frontier Foundation and Harvard, Stanford, Berkeley, University of San Francisco, University of Maine, and George Washington School of Law clinics to make people aware of their right to freedom of speech and (while respecting intellectual property) effectively fight-back groundless threats that may “chill” legitimate activity. <http://www.chillingeffects.org/>

\(^{38}\) Vid. W. CORMISH & D. LLWELYN, op. cit, footnote on page 715 refers to some Dutch cases: Philips/Haagse Post (1982) & Coca-Cola/Alicia (1997) that were decided in favour of the trademark owner based on unfair competition law.

\(^{39}\) Cfr. Merriam-Webster Online Dictionary <http://www.m-w.com/>

parodying Deutsche Telekom trademark T-ONLINE, even though the website was not commercial in nature a German Court decided that the mere disparagement of a trademark could not receive the free speech guarantee protection if there is no humour or irony in the context. So the morale may be that if it is not funny a parody is not protected speech in Germany.

In South Africa the parody of BLACK LABEL beer trademark in a T-shirt slogan, “Black Labour – White Guilt”, was considered to infringe the trademark’s owner rights. Probably because this parody (related to the apartheid) went too far away.

In France, freedom of speech walked away in a series of recent reverberating cases. The environmentalist association GREENPEACE was sued two times for parodying well-known marks in their anti-pollution campaigns. One case involved the parody of the ESSO oil Company trademark by replacing the “SS” by dollar signs (E$$O). In a Court of First Instance this act was considered infringement taking into account detriment to the trademark and unfair competition arguments, consequently an injunction was granted. However on appeal the Court considered that the polemic use of a trademark which was found to have no business connection was a legitimate free speech act and thus reversed the decision. In the second case, GREENPEACE modified the letter “A” of the AREVA trademark (owned by Société des Participations du Commissariat à l’Énergie Atomique) to resemble a human skull. The trademark owner sought injunctive relief to stop the parody but the Court dismissed the demand arguing free speech and lack of commercial use of the mark. Another French case involved DANONE. This Company tried to shut down a website <www.jeboycottedanone.com> in which the policy of the firm was criticized and its figurative mark was reproduced without permission. Again, a Court rejected the action of the trademark owner and upheld the constitutional

41 The German term scheiss could be translated into English as shit or crap.
42 Landgericht Düsseldorf Case 2a O 245/01 of 30 January 2002.
principle even though it clearly stated (obiter dictum) that even free speech is not absolute and can be subject to restrictions to protect the legitimate rights of others\textsuperscript{46}.

In the US case law is more abundant\textsuperscript{47}. Late decisions strongly embrace the First Amendment principle. In this line of argumentation, a Court considered that a pet’s perfume (\textit{Timmy Holedigger}) parodying the famous brand TOMMY HILFIGGER had not infringed the trademark because parodies are a protected form of freedom of expression under the First Amendment and cannot blur or tarnish a mark\textsuperscript{48}. In a resonant case, the use of Mattel’s BARBIE trademark in a song by the Danish group AQUA\textsuperscript{49} was considered to be protected under the constitutional freedom of speech guarantee and consequently the trademark owner had no right to control a form of public discourse, especially not when the mark is so famous that transcends its mere identification of source function\textsuperscript{50}. In another lawsuit, Tom Forsythe (an artist) used the BARBIE doll for a series of award-winning photographs. Mattel sued arguing trademark infringement (again) but the Court denied the claim expressing that the artist’s use of the Barbie image was protected speech under the First Amendment\textsuperscript{51}.

\subsection*{2.2 Parodies online}

The Internet has made very easy to access to huge loads of data (which may help to reduce information asymmetries) at the click of a mouse. It also empowered common people to post their own thoughts and critical comments online, in the form of websites or blogs. Because of these factors, conflicts originated online (between trademark owners and netizens) are more abundant than those pertaining to the brick-and-mortar world.

\textsuperscript{47} Vid. footnote no. 24.
\textsuperscript{48} \textit{Tommy Hilfiger Licensing Inc. v. Nature Labs LLC}, 99 Civ. 10713.
\textsuperscript{49} Even though, to avoid public opinion thinking that what Mattel was doing was a kind of censorship, the Danish band was not directly sued but instead it was the record producer Company (MCA).
\textsuperscript{50} \textit{Mattel, Inc., v. MCA Records, Inc.}, 296 F.3d 894 (9th Cir. 2002).
\textsuperscript{51} \textit{Mattel v. Walking Mountain Productions}, 22 December 2002 (9\textsuperscript{th} Cir.).
The Web is not only a market for goods and services, it is also an information freeway. In fact the sharing of information was the *raison d’être* of Internet. In its beginnings, the main users were the US Army (to share strategic information) and University people (to share scientific knowledge). Corporations arrived later, at some point during the 80’s.

Protecting IP rights in cyberspace at a *superlative* level could impair other’s legitimate uses. Another wrongful approach is to consider Internet as a no man’s land, anarchic or lawless environment. Some kind of regulation is needed. After all the aphorism *ubi homo ibi ius* is also applicable to Internet.

To reach the optimal outcome all interests involved should be carefully taken into account. As the Stagirian wrote long ago52 Justice must be found in the intermediate point between two opposite extremes (in our case: somewhere in between overprotection of IPR and irresponsible free speech).

### 2.2.1 Complaint sites

At first, trademark owners had to fight against cibersquatting or domain name grabbing, today their cannons are aimed towards the so-called *sucksites* or gripe sites. A sucksite is a webpage in which someone openly criticizes a (usually big) corporation. The derogative term *suck* is not decisive, in fact it may vary in different languages (e.g. *jeboycotte* in French or *scheisse* in German), what makes a site a gripe site is its critical content. The legal conflict arises when the owner of the site usually registers as part of the domain name a trademark53 (e.g. www.sonymsucks.com; www.adtsucks.com, www.microschnittsucks.com, etc.) without authorization.

Gripe sites are growing in number (especially in the US). Internet may seem to have brought dissatisfied customers a new power, that of publicly expressing their discontent towards a company at a worldwide scale. But like any power, it doesn’t

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come without responsibility and litigation is a genuine threat. Companies are becoming more and more aggressive in the protection of their valuable intangible assets, going not only after the website (to have it shut down) but also after the registrant (claiming damages).

In recent US Court decisions gripe sites were considered protected speech under the First Amendment. But different is the outcome outside the courtroom. To cancel a website (and even to have the domain name transferred) a trademark owner will resort, in the first place, to the so called Mandatory Administrative Procedures (non-judicial processes conducted by a private party). In these proceedings ICANN’s Uniform Dispute Resolution Policy is applied.

Trademark law was built over the territoriality rule so its effects are limit to the border of the State’s territory while domain names effects are transnational and reach every corner of the global village. To register a trademark is a complex bureaucratic process with mechanisms to protect other people previous rights (e.g. relative and absolute grounds of refusal, administrative or judicial opposition procedures, etc), on the contrary registering a domain name is easy and almost automatic, done in a first come, first served basis.

These different paradigms led ICANN to establish a private system of dispute settlement involving trademarks and domain names. Thus, special sets of rules were created (the Uniform Domain Name Dispute Resolution Policy and the Rules for Uniform Domain Name Dispute Resolution Policy). Also, Dispute Resolution

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53 Usually the company’s house mark or one or more service or trade marks.
54 TMI v. Joe Maxwell, 368 F.3d 433 (5th Cir.) and Lucas Nursery & Landscaping v. Grosse, 2004 WL 403213 (6th Cir.).
55 They are not arbitralion process either, because they lack definitiveness.
56 McLuhan dixit.
57 ICANN is an internationally organized, non-profit corporation that has responsibility for Internet Protocol (IP) address space allocation, protocol identifier assignment, generic (gTLD) and country code (ccTLD) Top-Level Domain name system management, and root server system management functions.
58 In addition, each Centre usually has a supplemental set of rules, which does not alter or modify substantive aspects of the latter.
Provider bodies were appointed\textsuperscript{59}. The two most important being WIPO Mediation and Arbitration Centre and the National Arbitration Forum.

In both centres, when a trademark owner initiated a proceeding against someone using its trademark in a gripe site the majority of them were decided in favour of the first. Free speech and other fair use defences were accepted at WIPO only in 22\% of its decisions\textsuperscript{60} while in the NAF the acceptance was slightly higher, 28\%\textsuperscript{61}. In spite of the aforementioned numbers some scholars consider that winds of change are blowing and panellists (especially at WIPO) are taking more seriously free speech defences\textsuperscript{62}.

\subsection*{2.2.2 Uniform Dispute Resolution Policy}

According to UDRP Article 4 (a) a domain name should be transferred or cancelled if: a) a domain name is identical or confusingly similar to a trademark or service mark in which the complainant has right; b) the alleged infringer has no rights or legitimate interests in the domain name; c) the domain name has been registered and is being used in bad faith. UDRP requirements are cumulative.

In \textit{sucksites} cases the aforementioned elements are difficult to demonstrate. In relation to the first (\textit{identical or confusingly similar}) usually the complete name mark is reproduced as part of a domain name with the adding of a prefix (\textit{sucks}) indicating dislike, parody or criticism. Do these automatically make the domain name identical or confusingly similar to the trademark itself? If extra wording is

\textsuperscript{59} At present time 4 DRP are appointed by ICANN: the Asian Domain Name Dispute Resolution Centre [ADNDRC] (approved effective 28 February 2002); the CPR Institute for Dispute Resolution [CPR] (approved effective 22 May 2000); the National Arbitration Forum [NAF] (approved effective 23 December 1999) and the World Intellectual Property Organization [WIPO] (approved effective 1 December 1999).

\textsuperscript{60} At the moment of submitting this paper, at WIPO’s website under the \textit{fair use} and \textit{free speech} voices the search showed 96 decisions, 74 of them were decided in favour of the complainant and only 22 in favour of the defendant. \textless http://www.arbiter.wipo.int/domains/search/index.html\textgreater

\textsuperscript{61} Out of 26 cases where the First Amendment defence was raised only in 7 was successful (there was 1 split decision) in the other 18 cases the domain name was either cancelled or transferred. \textless http://www.arb-forum.com/domains/decisions.asp\textgreater

added, obviously is not going to be identical. The question is restricted to
*confusingly similar.*

According to WIPO decisions, five different rationales where sustained by panellists
to find that *sucksites* are confusingly similar to the complainant’s mark:

a) The addition of the trademark in a domain name makes it automatically
*confusingly similar* regardless of other terms present in the domain name\textsuperscript{63};

b) *Sucksites* will lead to a diversion of customers because they would be pulled up
by search engine queries related to the trademark\textsuperscript{64},

c) *Sucksites* may be mistaken for the official trademark holder complaint site\textsuperscript{65};

d) Non-English speakers may not be familiar with the meaning of the word *sucks*\textsuperscript{66};

e) In certain particular occasions the word “sucks” may not have a pejorative sense
but a rather descriptive purpose\textsuperscript{67}.

In contrast, other WIPO decisions found that combining a mark with the word *sucks*
or other vocable capable of clearly indicating disagreement and no affiliation
whatsoever cannot be considered *confusingly similar*\textsuperscript{68}.

As seen, it cannot be concluded that there exist a *pacific panel doctrine* with regards
to sucksites. Decision will depend on the personal ideas of the panellist
adjudicating.

In second instance (*legitimate interest*)… can someone claim to have legitimate
interest to complain against a corporation by using its trademarks in a domain
name? A totally negative answer may imply that the trademark owner has a
monopoly over a word (its name mark) extending far beyond the limited scope of
the terms in *the course of commerce*. A totally positive answer may imply that in

\textsuperscript{63} Wal-Mart Stores, Inc. v. Richard MacLeod d/b/a *For Sale*, WIPO Case No. D2000-0662 and
Kendall/Hunt Publishing Co. v. headhunterbob, NAF Case No. FA0111000102247.


\textsuperscript{65} *Direct Line Group Ltd, Direct Line Insurance plc, Direct Line Financial Services Ltd, Direct Line Life
Insurance Company Ltd, Direct Line Unit Trusts Ltd, Direct Line Group Services Ltd, v. Purge I.T.,

\textsuperscript{66} *ADT Services AG v. ADTSucks.com*, WIPO Case No. D2001-0213.

some grey cases (where criticism is not pure and the website is also used to advertise related or competing goods or services) free-riding may take place. Consequently, a clear cut Yes – No answer is impossible in these situations and a thorough examination of the particularities of each case might be essential to reach a fair decision\textsuperscript{69}.

Finally, bad faith is the most subjective issue. Article 4 (b) of the UDRP offers circumstances that may be considered evidence of bad faith but they are only guidelines. According to WIPO relevant decisions, bad faith was found in the following acts:

a) Registering the site for the purpose of selling it to the complainant or third party at a substantial profit\textsuperscript{70};

b) Evidence of sale shall not necessarily be active (i.e. openly asking for a price), the mere passive holding of a domain name may be sufficient proof of the willingness of the respondent to sale it, if the sale purpose can be inferred from other actions\textsuperscript{71};

c) Posting extremely offensive or negative content in a website was considered an attempt to force the trademark owner to buy it\textsuperscript{72};

d) Using a website to deviate or direct traffic into another commercial site\textsuperscript{73};

e) The registration of a sucksite by a competitor of the complainant\textsuperscript{74};

f) Registering a sucks domain name as a reaction to some action taken by the complainant in relation to another conflicting domain name\textsuperscript{75}.

On the contrary, other WIPO panels have found that when a site is used only and exclusively to criticise or protest, and there is no commercial content in it, there is

\textsuperscript{68} Lockheed Martin Corporation v. Dan Parisi, WIPO Case No. D2000-1015.
\textsuperscript{69} Article 4 Paragraph (c) considers legitimate interest of the respondent “making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue”. This paragraph is of little use in difficult cases.
\textsuperscript{70} Direct Line Group v. Purge I.T., WIPO Case No. D2000-0583.
\textsuperscript{71} Vivendi Universal v. Jay David Sallen, WIPO Case No. D2001-1121.
\textsuperscript{72} Stop & Shop Supermarket Co. v. Ian Anderson, NAF Case No. FA0211000133637.
\textsuperscript{73} ADT Services AG v. ADTSucks.com, WIPO Case No. D2001-0213.
\textsuperscript{74} Brio Corp. v. Spruce Caboose, NAF Case No. FA0205000114419.
no violation of UDRP rules but rather a legitimate exercise of free speech and the use of a trademark must be tolerated. The same conclusion was reached in a number of NAF panel decisions.

In these type of cases dilution and unfair competition concerns are subsidiary claimed by the complainant but are generally left aside by the panel because of the limited scope of the UDRP procedure, though they could contribute to show evidence of bad faith.

To summarize we could say that even under pro-complainant UDRP if a trademark is used as part of a domain name in a legitimate protest site, if it has no commercial nature whatsoever (no goods for sell or rent, no linking to competitors’ websites, etc.) no infringement to IPR should be found. This position, I think, properly balance all the interests involved: free speech is upheld for the purpose it was granted and trademarks are safeguarded from free-riding.

**Conclusion**

Trademark dilution pose threats to freedom of speech. The aim of this paper is not to criticise dilution theory or the new trends in trademark law. Times had changed and probably the old paradigm, constructed during the Industrial Revolution is démodé and not suitable for the Information Society.

Maybe there’s even a plausible economic rationale for antidilution measures. My goal is to balance all interests involved: the protection of the economic rights of

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77 *Bloomberg L.P. v. Secaucus Group*, NAF Case No. FA0104000097077.
78 TOFFLER dixit.
79 “[…] when spillover effects are possible, it seems rational to protect a strong or famous TM even in those markets where it is not actually registered, thus tacitly guaranteeing the potential and future brand extensions by the senior user”. Cfr. *The Extended Protection of “Strong” Trademarks*, N. BOTTERO, A. MANGANI & M. RICOLFI, forthcoming.

Human Rights may impose restrictions to IPR which are not limited to the right of health (and pharmaceutical patents) but also to free speech (and trademark dilution). After all, we must not forget that IPR are granted not as an end in itself but as tools that make possible to attain higher community values such as development, health, education, freedom, etc.

If as a consequence of a non-strictly-commercial parody (because almost every parody might have some economic effect) a well-known trademark might be blurred or tarnished, dilution theory should not apply. A higher level of tolerance may be expected from famous trademarks towards disgruntled customers or policy objectors. This could be considered the flipside of the coin, to compensate the extended protection well-known trademarks received in last years.

In difficult cases, where is not clear-cut if the trademark is being use inside or outside commerce, the judge should ponder (in a case by case basis) which right is more valuable for society. If the societal value of the satire, parody or critical comment outweighs the economic benefit of trademark protection, the latter shall prevail, if not the trademark should be protected. Maybe de lege ferenda explicit provisions preserving free speech should be added to trademark laws.

Moreover, the statement that a parody is detrimental to a trademark (because damages its brand equity) was never subject to empirical test. In fact many scholars and judges have (intuitively) objected to that. On the contrary it has been argued that many times the effect could be exactly the opposite (raising consumer’s awareness of the sign).

Decisions to prosecute every trademark parody may be excessive when there is no direct intention of taking commercial advantage of it. Corporate lawyers should

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80 Cfr. C. GEIGER, op. cit., f. 278.
think twice next time before initiating lawsuits against ordinary people parodying famous trademarks. The analysis of how this issue was handled by big corporations also reflects a failure from the public relations point of view, since many companies were adversely looked-at after their aggressive tactics (and this may also affect its market share). Avoid suing without a cause seems to be the most effective way of protecting the reputation capital of a company.

Nevertheless, even freedom of speech must accept limitations for the common good. In this case the boundaries are not to be found in trademark but in civil law provisions making offenders responsible ex post facto (to avoid censorship) of libel, disparagement and unduly discrediting others.

Ultimately, to avoid unnecessary litigation and social costs not only law but also prudence must come into scene. As a US Judge put it down: *parties are advised to chill*\(^\text{81}\).

\(^{81}\) Judge KOZINSKI in the Mattel v. MCA case, vid. footnote no 50.
Bibliography


- *Protecting culturally significant uses of trade marks (without a First Amendment)*, EIPR 328, 2000.


