TRADEMARK PARODY: LESSONS FROM THE COPYRIGHT DECISION IN *CAMPBELL V. ACUFF-ROSE MUSIC, INC.*

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I

INTRODUCTION

Parodies have long provided many of us with amusement, entertainment, and sometimes even information. An effective parody can convey one or more messages with powerful effect. The message may be a political statement, social commentary, commercial speech, a bawdy joke, ridicule of a brand name, criticism of commercialism, or just plain humor for its own sake. Often someone's ox is being gored, or someone feels that a property right has been infringed. The party so injured often contemplates a lawsuit, and an array of legal theories are available to further that impulse. Perhaps copyright infringement is the claim, if some protectable expression has been used in the parody; or the right of publicity, if a person's name, likeness, or other identifying characteristic has arguably been usurped; or intentional infliction of emotional distress, if the parody is perceived as too biting.¹

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1. Judge Alex Kozinski, in his eloquent dissent from the denial of en banc rehearing of the panel decision in *White v. Samsung Elecs. America Corp.*, gave some illustrations of the expanding scope of intellectual property litigation and noted the dangers inherent in the trend:

Saddam Hussein wants to keep advertisers from using his picture in unflattering contexts. Clint Eastwood doesn't want tabloids to write about him. Rudolf Valentino's heirs want to control his film biography. The Girl Scouts don't want their image soiled by association with certain activities. George Lucas wants to keep Strategic Defense Initiative fans from calling it "Star Wars." Pepsico doesn't want singers to use the word "Pepsi" in their songs. Guy Lombardo wants an exclusive property right to ads that show big bands playing on New Year's Eve. Uri Geller thinks he should be paid for ads showing psychics bending metal through telekinesis. Paul Prudhomme, that household name, thinks the same about ads featuring corpulent bearded chefs. And scads of copyright holders see purple when their creations are made fun of.

Something very dangerous is going on here. Private property, including intellectual property, is essential to our way of life. It provides an incentive for investment and innovation; it stimulates the flourishing of our culture; it protects the moral entitlements of people to the fruits of their labors. But reducing too much to private property can be bad medicine. Private land, for instance, is far more useful if separated from other private land by public streets, roads and highways. Public parks, utility rights-of-way and sewers reduce the amount of land in private hands, but vastly enhance the value of the property that remains.

So too it is with intellectual property. Overprotecting intellectual property is as harmful as underprotecting it. Creativity is impossible without a rich public domain. Nothing today, likely nothing since we tamed fire, is genuinely new: Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before.

When a trademark has been used in a parody, a panoply of federal and state law claims can be asserted, including federal trademark infringement,² violation of section 43(a) of the Lanham Act of 1946,³ common law unfair competition, and violation of a state trademark statute. The gist of any of these claims is practically the same; the parodist caused a likelihood of consumer confusion or otherwise infringed upon the trademark owner's good will. If the trademark owner cannot make this showing, it may resort to a dilution claim under state statutes or case law (and now under federal law), alleging here that the parody blurred the distinctiveness or tarnished the image of a distinctive mark, even though it did not cause a likelihood of confusion.

The Supreme Court has recognized parody's protected role a number of times in specific contexts⁴ but has not offered general guidelines for dealing with all intellectual property claims involving parody. Given the distinct nature of each of these claims and the need to decide only the particular case at hand, the lack of general guidance is not surprising. The result, however, has been confusion. Lower courts have often struggled with parodies in intellectual property cases, and many law review articles have been written on the topic.⁵

The treatment of parodies in trademark law is one of the more serious areas of difficulty, particularly because the Lanham Act does not appear to contemplate or address the issue. The "likelihood of confusion"⁶ test provides a conceptual approach that works well enough in garden variety trademark cases, but it provides an uncomfortable fit in parody cases. The Supreme Court's recent copyright decision in *Campbell v. Acuff-Rose Music, Inc.*,⁷ provides some guidance for the treatment of parodies in copyright cases. Although *Campbell* focused on copyright parodies, the case may also provide some important principles for the analysis of parody in trademark law. Therefore, this article discusses *Campbell's* broader relevance, specifically in trademark cases.

Overprotection stifles the very creative forces it's supposed to nurture. 989 F.2d 1512, 1512-13 (9th Cir.) (footnotes omitted).

2. Lanham Act, 15 U.S.C. § 1114 (1994) (originally enacted as Act of July 5, 1946, ch. 540, § 32, 60 Stat. 427, 437) (codified as amended at 15 U.S.C. §§ 1051-1127 (1994)).

3. *Id.* § 1125(a).

4. See, e.g., *Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 56 (1988) (public figure plaintiff's claim for intentional infliction of emotional distress based on defendant's parody requires a showing of actual malice, defined as knowledge of falsity or reckless disregard as to the truth or falsity of a factual statement).

5. See *infra* notes 119-21 and accompanying text.

6. See *infra* note 77 and accompanying text.

7. 510 U.S. 569 (1994).

II

THE DECISION IN *CAMPBELL V. ACUFF-ROSE MUSIC, INC.*

The Supreme Court recently decided an important copyright case dealing with commercial parody. *Campbell v. Acuff-Rose Music, Inc.*,⁸ involved a parody of the well-known song, "Oh, Pretty Woman." Roy Orbison popularized the song, which was written by him and William Dees in 1964.⁹ They assigned their rights in the song to Acuff-Rose Music, Inc., which registered it for copyright protection. Luther R. Campbell, Christopher Wongwon, Mark Ross, and David Hobbs are members of a rap music group known as 2 Live Crew.¹⁰ In 1989, Campbell wrote a song satirizing the Orbison classic. The lyrics of his song, entitled "Pretty Woman," are quoted below:

Pretty woman walkin' down the street
 Pretty woman girl you look so sweet
 Pretty woman you bring me down to that knee
 Pretty woman you make me wanna beg please
 Oh, pretty woman
 Big hairy woman you need to shave that stuff
 Big hairy woman you know I bet it's tough
 Big hairy woman all that hair it ain't legit

8. *Id.*

9. *Id.* at 572. The complete lyrics of the Orbison song, "Oh, Pretty Woman," are reproduced in Appendix A of the Court's opinion, *id.* at 594-95, and are quoted below:

Pretty Woman, walking down the street,
 Pretty Woman, the kind I like to meet,
 Pretty Woman, I don't believe you, you're not the truth,
 No one could look as good as you
 Mercy
 Pretty Woman, won't you pardon me,
 Pretty Woman, I couldn't help but see,
 Pretty Woman, that you look lovely as can be
 Are you lonely just like me?
 Pretty Woman, stop a while,
 Pretty Woman, talk a while,
 Pretty Woman give your smile to me
 Pretty woman, yeah, yeah, yeah
 Pretty Woman, look my way,
 Pretty Woman, say you'll stay with me
 'Cause I need you, I'll treat you right
 Come to me baby, Be mine tonight
 Pretty Woman, don't walk on by,
 Pretty Woman, don't make me cry,
 Pretty Woman, don't walk away,
 Hey, O. K.
 If that's the way it must be, O. K.
 I guess I'll go on home, it's late
 There'll be tomorrow night, but wait!
 What do I see
 Is she walking back to me?
 Yeah, she's walking back to me!
 Oh, Pretty Woman.

10. *Id.* at 572.

Cause you look like "Cousin It"
 Big hairy woman
 Bald headed woman girl your hair won't grow
 Bald headed woman you got a teeny weeny afro
 Bald headed woman you know your hair could look nice
 Bald headed woman first you got to roll it with rice
 Bald headed woman here, let me get this hunk of biz for ya
 Ya know what I'm saying you look better than rice a roni
 Oh bald headed woman
 Big hairy woman come on in
 And don't forget your bald headed friend
 Hey pretty woman let the boys
 Jump in
 Two timin' woman girl you know you ain't right
 Two timin' woman you's out with my boy last night
 Two timin' woman that takes a load off my mind
 Two timin' woman now I know the baby ain't mine
 Oh, two timin' woman
 Oh pretty woman¹¹

2 Live Crew's manager sent a copy of the lyrics to Acuff-Rose, Orbison, and Dees, who were apparently not impressed. 2 Live Crew's manager sought their permission to proceed, offered to give full credit, and expressed a willingness to pay a fee for use of the song. Acuff-Rose's agent's response was less than enthusiastic: "I am aware of the success enjoyed by 'The 2 Live Crews', but I must inform you that we cannot permit the use of a parody of 'Oh, Pretty Woman.'"¹²

At this point, 2 Live Crew faced a choice frequently presented to those who seek to parody well-known works: either to abandon the parody or proceed with it knowing that a lawsuit was a likely, if not inevitable, consequence. 2 Live Crew chose to proceed with its version of "Pretty Woman," which it released on the album "As Clean As They Wanna Be."¹³ About a year after the album's successful release, Acuff-Rose brought suit against 2 Live Crew and its record company, Luke Skyywalker Records, alleging infringement of its federal copyright.

Acuff-Rose's suit eventually set the stage for the Supreme Court's second consideration of parody as fair use, and the first High Court opinion on the topic. The only previous copyright parody case to reach that level was *Benny v. Loew's Inc.*,¹⁴ in which an equally divided Court affirmed the lower court's decision and issued no opinion. In *Campbell*, the district court granted the defendants' motion for summary judgment based on the affirmative defense of fair use. In the lower court's view, the defendants' parody was successful, using

11. Appendix B to the Opinion of the Court, 510 U.S. 569, 595-96 (1994).

12. Appendix to Petition for Certiorari at 85a, *Cambell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 572-73 (1994) (No. 92-1292).

13. *Campbell*, 510 U.S. at 573. 2 Live Crew's record gives authorship credit to Orbison and Dees. *Id.*

14. 239 F.2d 532 (9th Cir. 1956), *aff'd by an equally divided Court sub nom.* *Columbia Broadcasting System v. Loew's Inc.*, 356 U.S. 43 (1958) (per curiam).

no more of the original than necessary to conjure up the original and “substituting predictable lyrics with shocking ones” to show ‘how bland and banal the Orbison song’ is.”¹⁵ The district court rejected the plaintiff’s argument that 2 Live Crew’s commercial purpose precluded the fair use defense and concluded that it was unlikely that 2 Live Crew’s parody would affect the market for Orbison’s original song.¹⁶

The Court of Appeals for the Sixth Circuit reversed the district court’s summary judgment order, which was primarily based on its application of a presumption that any commercial use of a copyrighted work is presumptively unfair.¹⁷ Weighing other fair use factors, the Sixth Circuit found that the defendants had taken the “heart of the work” and presumed damage to the original work based on the commercial nature of the defendants’ parody.¹⁸

The Supreme Court granted certiorari to determine whether 2 Live Crew’s commercial parody of “Oh, Pretty Woman” was a fair use under the Copyright Act of 1976. Justice Souter, writing for a unanimous Court, began his analysis by noting that absent a finding of fair use there was no question that 2 Live Crew had infringed the copyright.¹⁹ He then noted the important role played by copyright law’s recognition, embodied in the fair use defense, that new creative works necessarily depend upon and build upon what came before. He quoted, for example, Justice Story’s view that

“[i]n truth, in literature, in science and in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before.”²⁰

15. *Campbell*, 510 U.S. at 573 (quoting *Acuff-Rose Music, Inc. v. Campbell*, 754 F. Supp 1150, 1154-55, 1157-58 (M.D. Tenn. 1991)).

16. *Id.*

17. *Id.* at 574.

18. *Id.* (quoting *Acuff-Rose Music, Inc. v. Campbell*, 972 F.2d 1429, 1438 (6th Cir. 1992)).

19. *Id.* Section 106 of the Copyright Act states:

Subject to sections 107 through 120, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: (1) to reproduce the copyrighted work in copies or phonorecords; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending

17 U.S.C. § 106 (1994).

Section 101 defines a derivative work as

a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work.’

Id. § 101.

There would be no question that the plaintiff’s reproduction right, derivative works right, and distribution right would be infringed if the fair use defense failed.

20. *Campbell*, 510 U.S. at 575 (alteration in original) (quoting *Emerson v. Davies*, 8 F.Cas. 615, 619 (No. 4,436) (CCD Mass. 1845)).

Justice Souter observed that this concern for permitting fair use can be traced to the Patent and Copyright Clause of the Constitution, to early English precedent, to the Statute of Anne, and to early American decisions interpreting the first copyright statute, the Act of 1790.²¹

Congress codified the present version of the fair use defense in section 107 of the Copyright Act of 1976.²² As Justice Souter noted, the fair use test is a multi-factor balancing test, which requires a case-by-case analysis of the particular circumstances of the taking in question.²³ He began his fair use analysis in *Campbell* with the first of the statutory factors, "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes."²⁴ In evaluating this factor, the Court focused particular attention on the extent to which the allegedly infringing work is transformative, determining whether the parody somehow alters the original work in a creative way, as opposed to merely duplicating or supplanting the original. "[T]he more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use."²⁵

In light of its highly transformative nature, the court held that parody is a protected form of use.²⁶ Justice Souter noted that an effective parody must utilize "some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."²⁷ The critical distinction

21. *Id.* at 575-76 (citations omitted).

22. This section states:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

17 U.S.C. § 107 (1994). For legislative history of the fair use defense, see H.R. REP. NO. 1476, 94th Cong., 2d Sess. 65-66 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5679 (statute intended to codify common law of fair use). For commentary on fair use, see generally WILLIAM F. PATRY, *THE FAIR USE PRIVILEGE IN COPYRIGHT LAW* (1985); Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990); William F. Patry & Shira Perlmutter, *Fair Use Misconstrued: Profit, Presumptions, and Parody*, 11 CARDOZO ARTS & ENT. L.J. 667 (1993).

23. *Campbell*, 510 U.S. at 577-78.

24. *Id.* at 578 (quoting 17 U.S.C. § 107(1) (1994)).

25. *Id.* at 579.

26. *Id.* at 579-80. The Court specifically endorsed cases that looked favorably upon parodies of copyrighted works. *Id.* (citing *Fisher v. Dees*, 794 F.2d 432 (9th Cir. 1986) (holding that "When Sonny Sniffs Glue" is a fair use parody of "When Sunny Gets Blue"); *Elsmere Music, Inc. v. National Broad. Co.*, 482 F. Supp. 741 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980) (holding that "I Love Sodom," a "Saturday Night Live" television parody of "I Love New York," is fair use)).

27. *Id.* at 580 (citations omitted).

is between borrowing for humor's sake and borrowing for the simple purpose of avoiding the creation of a more original work. This line is difficult to draw, and the Court refused to adopt a presumption that a parody is presumptively fair use.²⁸ The Court noted that 2 Live Crew's parody was intended to comment on and critique the original, a critical nexus weighing in favor of fair use.²⁹ Significantly for any parody case, whether involving copyright, trademark, or dilution by "tarnishment," the Court observed that the good or bad taste of the parody should be irrelevant, and that judges should not be in the business of evaluating the merits of creative works.³⁰ Rather, "parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law."³¹

At this point, *Campbell* addressed the central error in the Sixth Circuit's opinion, the presumptive weight it gave to 2 Live Crew's commercial motivation for its parody. The Sixth Circuit adopted its presumption based on its reading of *Sony Corp. v. Universal City Studios, Inc.*,³² in which the court states that "every commercial use of copyrighted material is presumptively . . . unfair" The Supreme Court, however, interpreted the statutory language and purpose of section 107 to preclude a presumption against commercial uses, noting that most uses (including those that are deemed fair use) inevitably involve some commercial or profit-making motive.³³ This important point in copyright analysis might have relevance to the assessment of parodies in trademark law as well, a topic that will be addressed later.³⁴

A second point the Court made in assessing the purpose and character of 2 Live Crew's taking was the group's request, and Acuff-Rose's denial, of permission to use the copyrighted work. Acuff-Rose argued that 2 Live Crew's request for permission showed its bad faith through its knowledge that it was infringing the copyright. The Court rejected the argument that this showed bad

28. *Id.* at 581. In making this point, Justice Souter observed that other uses, such as news reporting and book reviews, also do not enjoy presumptive fair use protection. *Id.* (citing *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985)).

29. *Id.* at 582-83. Justice Souter's "review" of the song's particular form of parody is worth reading, perhaps as an example of a new "law and music" movement. *Id.* at 583. The opinion also held that the parody need not be labeled as such in order to receive protection as a fair use, a point of some significance if applied to the trademark field. *Id.* at 583 n.17.

30. *Id.* at 582-83 (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (Holmes, J.) ("[I]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke.") (second alteration in original)). The Court also quotes a trademark case on this point. *Id.* (quoting *Yankee Publ'g, Inc. v. News Am. Publ'g, Inc.*, 809 F.Supp. 267, 280 (S.D.N.Y. 1992) (Leval, J.) ("First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed.")).

31. *Id.* at 581.

32. *Id.* at 583-84 (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984)).

33. *Id.* at 584.

34. See *infra* notes 137-40 and accompanying text.

faith and noted that the request might have been a good faith attempt to avoid litigation. In the Court's view, "being denied permission to use a work does not weigh against a finding of fair use."³⁵

Next the Court analyzed the second fair use factor, "the nature of the copyrighted work,"³⁶ which focuses on the extent to which a work contains original and protectable creative expression. The Court found that the originality of Orbison's tune has little relevance in a parody case: "This fact, however, is not much help in this case, or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works."³⁷ The Court's quick assessment of this factor and its refusal to give it weight is more significant than it might seem at first blush. Had the Court mechanically applied this factor, it most likely would have weighed it against the parodist's fair use defense. Rather, the Court concluded that the factor is not relevant to the fair use balancing in a parody case, an important point that has significant ramifications for the treatment of parodies in intellectual property law generally.³⁸

The third factor in the fair use analysis is "the amount and substantiality of the portion used in relation to the copyrighted work as a whole."³⁹ The Court observed that the extent of the taking, both quantitative and qualitative, is important because it shows the extent to which the defendant's work is transformative and the extent to which it might supplant the original, which are also analyzed under the first and fourth fair use factors, respectively.⁴⁰ The Court then makes one of its most important contributions to the law governing parody. It notes that parodies require special consideration because of the parodist's obvious need to draw from the original:

Parody presents a difficult case. Parody's humor, or in any event its comment, necessarily springs from recognizable allusion to its object through distorted imitation. Its art lies in the tension between a known original and its parodic twin. When parody takes aim at a particular original work, the parody must be able to "conjure up" at least enough of that original to make the object of its critical wit recognizable. What makes for this recognition is quotation of the original's most distinctive or memorable features, which the parodist can be sure the audience will know. Once enough has been taken to assure identification, how much more is reasonable will depend, say, on the extent to which the song's overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original. But using some characteristic features cannot be avoided.⁴¹

In other words, for a parody to be successful, it must conjure up the original. To do that, it must draw from the most famous or recognizable elements of the prior work, from the "heart of the work," as the Supreme Court termed it in

35. *Id.* at 585 n.18 (citing *Fisher v. Dees*, 794 F.2d 432, 437 (9th Cir. 1986)).

36. *Id.* at 586 (quoting 17 U.S.C. § 107(2) (1994)).

37. *Id.*

38. See *infra* notes 128-30 and accompanying text.

39. 17 U.S.C. § 107(3) (1994).

40. *Campbell*, 510 U.S. at 586-87 (citations omitted).

41. *Id.* at 588 (citations omitted).

Harper & Row, Publishers, Inc. v. Nation Enterprises.⁴² If this qualitative factor is mechanically weighed against the parodist in a fair use analysis, the practical effect of this balancing will tend toward finding no fair use, even in cases meriting the protection of the fair use privilege. The Court's contribution in *Campbell* is to reject this mechanistic application of the fair use factor in copyright parody cases. On the facts presented, the Court noted that the most effective way to conjure up Orbison's song was to copy the first line of its lyrics and the opening bass guitar riff, which 2 Live Crew did in fact copy.⁴³ The Court effectively concluded that the very limited copying of the lyrics involved taking no more than necessary for the parody, leaving unresolved only the issue of whether 2 Live Crew's repetition of the distinctive guitar riff throughout its parody version was excessive.⁴⁴

Finally, the Court assessed the fourth fair use factor, "the effect of the use upon the potential market for or value of the copyrighted work."⁴⁵ Noting that 2 Live Crew, as defendant, has the burden of proof on the fair use affirmative defense, the Court indicated that the group's effort to obtain summary judgment based on fair use was flawed by its failure to establish the lack of market harm.⁴⁶ Nonetheless, the Court rejected the Sixth Circuit view that harm to the plaintiff could be presumed simply because of 2 Live Crew's commercial purpose. The Court held that this automatic presumption of harm is in error, particularly when applied in cases involving parody and other transformative uses:

[W]hen . . . the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred. Indeed, as to parody pure and simple, it is more likely that the new work will not affect the market for the original in a way cognizable under this factor, that is, by acting as a substitute for it ("supersed[ing its] objects"). This is so because the parody and the original usually serve different market functions.⁴⁷

In evaluating any harm that a parody might cause, the Court then distinguished between harm that may flow from an effective parody and harm that is cognizable under the Copyright Act. Thus, "when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act."⁴⁸ Similarly, the Court held that it would be incorrect to assume that harm to a copyrighted work could be assumed from the lost opportunity to license a critical parody. Such a harm, the

42. 471 U.S. 539, 564-66 (1985).

43. *Campbell*, 510 U.S. at 588.

44. *Id.* at 589.

45. 17 U.S.C. § 107(4) (1994).

46. *Campbell*, 510 U.S. at 590.

47. *Id.* at 591 (citations omitted) (second alteration in original).

48. *Id.* at 591-92. The Court cited Benjamin Kaplan's description of a legally permissible goal of parody: "[P]arody may quite legitimately aim at garroting the original, destroying it commercially as well as artistically." *Id.* (quoting BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 69 (1967)).

Court found, is "unremediable disparagement," as opposed to "remediable displacement."⁴⁹

Had the Court ended its opinion at this point, it would have provided nearly unqualified or blanket protection for legitimate parodies. But the Court proceeded to consider one possible form of cognizable harm that 2 Live Crew might have inflicted upon Acuff-Rose, namely in the potential derivative market for a rap version or adaption of Acuff-Rose's original song. Because 2 Live Crew sought summary judgment on its affirmative defense, the Court determined that it must negate any possible harm that might have occurred to Acuff-Rose's derivative market for rap versions of "Oh, Pretty Woman."⁵⁰

The Court's decision is certainly a victory for advocates of parody, although perhaps not as strong of one as they might have hoped.⁵¹ The Court rejected the Sixth Circuit's bias against commercial parody and its failure to acknowledge fully the need to take from the "heart of the work" in order to parody. The Court rejected the appellate panel's ruling against 2 Live Crew's fair use defense, but it did not reinstate the district court's decision that 2 Live Crew was entitled to summary judgment as a matter of law on the defense. Its remand for assessment of the possible harm to Acuff-Rose's derivative market for rap versions of its tune seems somewhat pointless, given the overall tenor of its opinion, which strongly implies that 2 Live Crew was entitled to carry out its parody despite the copyright owner's objections. For example, the Court noted that "2 Live Crew not only copied the first line of the original, but thereafter departed markedly from the Orbison lyrics for its own ends. 2 Live Crew not only copied the bass riff and repeated it, but also produced otherwise distinctive sounds, interposing 'scraper' noise, overlaying the music with solos in different keys, and altering the drum beat."⁵² Still, Justice Souter seemed confident that 2 Live Crew's counsel would plug this "evidentiary hole" on remand.⁵³

49. *Id.*

50. *Id.* at 592-93.

51. Several commentators have noted generally the *Campbell* Court's favorable view of parodies. See, e.g., Bruce P. Keller & David H. Bernstein, *As Satiric As They Wanna Be: Parody Lawsuits Under Copyright, Trademark, Dilution and Publicity Laws*, 416 PRAC. L. INST. 1159 (G4-3948 1995) (noting that *Campbell* "was a major step forward for parody protection" in copyright law); Dorean M. Koenig, *Joe Camel and the First Amendment: The Dark Side of Copyrighted and Trademark-Protected Icons*, 11 T.M. COOLEY L. REV. 803, 821 (1994) (noting that *Campbell* "has given a green light to some parody, and inferentially, to criticism"); Steven M. Perez, Comment, *Confronting Biased Treatment of Trademark Parody Under the Lanham Act*, 44 EMORY L.J. 1451, 1496-97 (1995) (noting that *Campbell* "saluted the value of parody" and "[a]lthough not legally bearing on trademark law, Justice Souter's comments encourage a tolerance for parody, even in commercial contexts"). Some have argued that the case did not go far enough in protecting parody. See Koenig, *supra*, at 816 (arguing that "instead of leaving breathing room for the First Amendment, [the case's] copyright analysis leaves breathing room for copyright protection").

52. *Campbell*, 510 U.S. at 589 (footnote omitted).

53. *Id.* at 594. Justice Kennedy, however, viewed the matter differently, noting that "the Court's treatment of the remaining factors leaves room for the district court to determine on remand that the song is not a fair use." *Id.* at 599-600 (Kennedy, J., concurring). Justice Kennedy's concurrence focused on his view that a parody, in order to receive favorable treatment in the fair use analysis, must attempt

Interestingly, one commentary on *Campbell* by trademark authority J. Thomas McCarthy notes that it may have some relevance to trademark parodies. McCarthy notes that there is no separate "parody" defense in copyright law, which analyzes these cases under the fair use standard; he argues that trademark parodies should similarly be analyzed under the likelihood of confusion test.⁵⁴

McCarthy highlights somewhat troubling dictum in *Campbell*. Justice Souter observed: "Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing."⁵⁵ Thus, although *Campbell* itself involved a parody poking fun at Orbison's pleasant but arguably "banal" song, the Court implies that a satire that simply used a proprietary work to make a political or social commentary would be treated more harshly. Justice Kennedy's concurrence, which was joined by no other Justice, makes this argument even more expansively:

[P]arody may qualify as fair use only if it draws upon the original composition to make humorous or ironic commentary about that same composition. It is not enough that the parody use the original in a humorous fashion, however creative that humor may be. The parody must target the original, and not just its general style, the genre of art to which it belongs, or society as a whole (although if it targets the original, it may target those features as well).⁵⁶

McCarthy's trademark approach, like Justice Kennedy's view of copyright, is to treat as presumptively illegitimate a humorous use of a trademark to convey a message unrelated to the mark itself.⁵⁷ This view has some support in the case law,⁵⁸ but several influential decisions are directly contrary to this view. For example, in *Anheuser-Busch, Inc. v. L & L Wings, Inc.*,⁵⁹ the Fourth Circuit held that a humorous t-shirt that used the design found on a Budweiser beer can, referring to the "King of Beers," could lawfully be used to promote Myrtle Beach as the "King of Beaches."

to target or critique the original work in some manner. *Id.* at 597 (Kennedy, J., concurring). If the parody merely uses the original work to make some unrelated message, Kennedy implied that the parody may not qualify as a fair use. *Id.* (quoting *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir. 1992) ("[T]hough the satire need not be only of the copied work and may . . . also be a parody of modern society, the copied work must be, at least in part, an object of the parody") (alteration in original); *Fisher v. Dees*, 794 F.2d 432, 436 (9th Cir. 1986) ("[A] humorous or satiric work deserves protection under the fair-use doctrine only if the copied work is at least partly the target of the work in question"); *MCA, Inc. v. Wilson*, 677 F.2d 180, 185 (2d Cir. 1981) (noting that "if the copyrighted song is not at least in part an object of the parody, there is no need to conjure it up"); Julie Bisceglia, *Parody and Copyright Protection: Turning the Balancing Act Into a Juggling Act*, 34 COPYRIGHT L. SYMP. (ASCAP) 23, 23-29 (1987); Richard A. Posner, *When Is Parody Fair Use?*, 21 J. LEGAL STUD. 67, 73 (1992)). For further discussion of this issue, see *infra* note 119 and accompanying text.

54. 4 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 31.37[8], at 31-213 (3d ed. 1995).

55. *Campbell*, 510 U.S. at 580-81.

56. *Id.* at 597 (Kennedy, J., concurring) (citation omitted).

57. 4 MCCARTHY, *supra* note 54, § 31.38.

58. See *supra* note 32 and accompanying text.

59. 962 F.2d 316 (4th Cir. 1992).

In *L & L Wings*, the defendants did not parody Budweiser itself in any discernible way, a point noted by the dissenting opinion and by McCarthy.⁶⁰ Requiring that the speech target the trademark in order to receive some protection from liability is a heavy burden to place on parody and satire. The humorous use of a trademark can garner attention and make the speaker's message more appealing and more effective, as well as amuse and enlighten the viewer or listener. This type of use of a mark does not necessarily pose any greater likelihood of confusion than a use that does target the mark. Many trademark owners today poke fun at themselves, as any viewer of recent Energizer bunny advertisements can attest.⁶¹ Yet it is the rare trademark owner that would use its mechanical bunny or beer can label or brand name to oppose nuclear war, urge a ban on abortion, or promote the frequenting of a certain South Carolina beach popular with college students and teenagers. Thus, no reasonable person would think that Mutual of Omaha has become an anti-nuclear protester⁶² or that Budweiser is now promoting Myrtle Beach. In short, the analytical focus should be on the likelihood of confusion, if any, and then on the legitimacy and strength of the defendant's speech interest, whether it be speech about the trademark or about a social or political issue or even about a nice beach. Although these varying purposes may have some relevance to the trademark analysis, they should not have any determinative effect.

Justice Kennedy's constrained view of parody has some support in the *Campbell* majority opinion, which noted that if "the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger."⁶³ But Justice Kennedy's view ignores the Court's elaboration of this point:

A parody that more loosely targets an original than the parody presented here may still be sufficiently aimed at an original work to come within our analysis of parody. If a parody whose wide dissemination in the market runs the risk of serving as a substitute for the original or licensed derivatives, it is more incumbent on one claiming fair use to establish the extent of transformation and the parody's critical relationship to the original. By contrast, when there is little or no risk of market substitution, whether because of the large extent of transformation of the earlier work, the new work's minimal distribution in the market, the small extent to which it borrows from an original, or other factors, taking parodic aim at an original is a less critical factor

60. 4 MCCARTHY, *supra* note 54, § 31.38, at 215 n.2.2 (quoting *L & L Wings*, 962 F.2d at 325 (Powell, J., dissenting) (defendant's t-shirt was not a parody because it did not "ridicule Budweiser or offer social commentary on the evils of alcohol")).

61. The Energizer bunny has been the subject of some trademark litigation. See *Eveready Battery Co. v. Adolph Coors Co.*, 765 F. Supp. 440 (N.D. Ill. 1991) (holding that Coors commercial parodying the famous bunny did not create a likelihood of confusion).

62. *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987).

63. *Campbell*, 510 U.S. at 580.

in the analysis, and looser forms of parody may be found to be fair use, as may satire with lesser justification for the borrowing than would otherwise be required.⁶⁴

Thus, the majority opinion can be read simply to stand for the proposition that a parody's targeting of the original is a positive factor in the fair use analysis, but by no means is the lack of such targeting dispositive.

III

THE TREATMENT OF PARODIES IN TRADEMARK LAW

The fair use doctrine in copyright law provides a useful statutory framework for analysis of parodies of copyrighted works. Although the multi-factor balancing approach of the fair use analysis requires case-by-case consideration and frequently offers insufficient guidance, it is at least clear what factors should be considered and how they should be weighed. Trademark law, on the other hand, offers no similar statutory framework. Indeed, the Lanham Act draws heavily from the common law even for its basic infringement tests. Section 34 of the Lanham Act provides for statutory liability for infringement of federally registered trademarks,⁶⁵ and section 43(a) provides for liability in cases of both registered and unregistered trademarks.⁶⁶ Both provisions employ broad, general language drawn from common law terms of art.

64. *Id.* at 580-81 n.14.

65. This section provides, in relevant part, as follows:

(1) Any person who shall, without the consent of the registrant—

(A) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(B) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (B) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1114 (1994).

66. This provision states, in relevant part, as follows:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id. § 1125(a).

The meaning of the "likelihood of confusion" test is often the subject of some judicial interpretation. The Second Circuit's classic test in *Polaroid Corp. v. Polarad Electronics Corp.*, involves eight factors:

the strength of [the plaintiff's] mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers.⁶⁷

But each circuit defines the test somewhat differently, considering varying lists of factors.⁶⁸ As J. Thomas McCarthy points out, "[e]ach of the thirteen federal circuit courts of appeal has developed its own version of the list, and each appears to be jealous of its own formulation of factors."⁶⁹ Even the standard of review is in dispute, with some courts considering the ultimate issue to be one of fact, subject to the clearly erroneous standard, while others view it as a mixed question of law and fact.⁷⁰

In addition to the general confusion about the "likelihood of confusion" factors, there are conflicting approaches to trademark parodies. The two general strains are reflected in the Eighth Circuit's approach in *Mutual of Omaha Insurance Co. v. Novak*⁷¹ and in the Second Circuit's decision in *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*⁷² Although decided within two years of each other, the cases are as far apart in their approach to parody as they are in their geographic locations. An examination of each decision illustrates the conflicting approaches they represent.

A. *Mutual of Omaha's* Approach to Trademark Parody

Mutual of Omaha is a nationally known insurance company and perhaps an even better known sponsor of the television program "Mutual of Omaha's Wild Kingdom." Novak is a peddler of t-shirts. He decided to create a t-shirt with the words "Mutant of Omaha" and an image of a "feather-bonneted, emaciated human head." The words "Nuclear Holocaust Insurance" also appeared on the shirt. Novak marketed other novelty items, such as caps, buttons, and mugs, that also bore these words and images.⁷³ Mutual of Omaha was not amused, and it brought suit under the Lanham Act, as well as the Nebraska deceptive trade practices statute and the common law.⁷⁴ After a bench trial, the district court found that there was a likelihood of confusion created by Novak's use of

67. 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).

68. For commentary, see Koenig, *supra* note 51, at 821 (noting that the likelihood of confusion test includes "between six and thirteen" factors, depending upon the circuit involved); 3 MCCARTHY, *supra* note 54, § 24.06[4][a] (summarizing approaches of each circuit).

69. 3 MCCARTHY, *supra* note 54, § 24.06[4][a], at 24-49.

70. *Id.* § 23.22 (summarizing the views of each circuit and noting trend toward viewing likelihood of confusion as fact issue subject to "clearly erroneous" standard of review).

71. 836 F.2d 397 (8th Cir. 1987).

72. 886 F.2d 490 (2d Cir. 1989).

73. *Mutual of Omaha*, 836 F.2d at 398.

74. *Id.* at 398 n.1.

the plaintiff's trademarks, and it issued a permanent injunction barring the infringement.

On appeal, the Eighth Circuit stated that the lawfulness of Novak's parody depended upon the standard trademark analysis found in the likelihood of confusion test: "Specifically, the ultimate issue here is whether Novak's design so resembles Mutual's marks that it is likely to cause confusion among consumers as to whether Mutual has sponsored, endorsed, or is otherwise affiliated with the design."⁷⁵ Ultimately, the standard of review played an important role in the court's ruling against Novak's parody. The court viewed the likelihood of confusion test as a question of fact, to be reversed only if it is clearly erroneous. "It is possible that we would reach a conclusion different from that of the district court if the likelihood of confusion issue were before us de novo. But our role here is limited to determining whether there is sufficient support in the record for the district court's finding. We believe there is such support and therefore do not view the finding of a likelihood of confusion as clearly erroneous."⁷⁶

Mutual of Omaha's Eighth Circuit version of the likelihood of confusion analysis involved a six-factor test:

- (1) the strength of the trademark; (2) the similarity between the trademark and the defendant's mark; (3) the competitive proximity of the products on which the respective marks are placed; (4) the intent of the alleged infringer to pass off his goods as those of the trademark holder; (5) the incidents of actual confusion; and (6) the degree of care likely to be exercised by potential customers of the trademark holder.⁷⁷

Examining the first factor, the court simply noted the parties' agreement that Mutual of Omaha's mark is strong, thus giving support to the plaintiff's claim. The court also found the second factor to weigh in favor of the plaintiff because the defendant used a "virtually identical" mark, depicting an "Indian head" logo and the name "Mutant of Omaha," which is similar to the plaintiff's name.⁷⁸ In this part of the court's analysis, the Eighth Circuit made no effort to evaluate the particular circumstances inherent in any parody. Nearly every trademark parody will target a strong mark and will bear some overall resemblance to that mark in order to conjure it up. Thus, using the *Mutual of Omaha* analysis, these two important factors will always weigh against the parodist and in favor of a finding of trademark infringement. This mechanical approach conflicts with the Supreme Court's analytical approach in *Campbell*, which took into consideration the specific circumstances found in parody cases. In *Campbell*, the Court refused to place significant weight on the creative originality of the plaintiff's

75. *Id.* at 398 (citations omitted).

76. *Id.* at 398-99 (citations omitted).

77. *Id.* at 399 (citing *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980)).

78. *Id.* Compare *id.* at 399 n.4 (the majority focuses upon the similarity of the overall appearance) with *id.* at 403 (Heaney, J., dissenting) (highlighting the differences between the marks, which it called "unmistakable").

work or on the fact that the defendant took copyrightable expression in order to conjure up the original work.⁷⁹

Turning to the third factor in the *Mutual of Omaha* trademark infringement test, the competitive proximity of the respective products, it should be noted that this factor ordinarily favors a parodist. That is, the parodist normally operates in a product (or service) market that is distinct and removed from the plaintiff's market, making confusion less likely. When David Letterman or the producers of "Roger and Me" poke fun at General Motors, no one is likely to believe that they wish to sell automobiles. When a t-shirt maker parodies an insurance company, no one would expect him to sell insurance as well. But *Mutual of Omaha* represents the parodist's nightmare. The plaintiff is not only an insurance company, it sells novelty items too.⁸⁰ *Mutual of Omaha*, however, is not in the mug business or the t-shirt business. These items are purely promotional, designed to further the insurance business. The fact that the company's agents give these items away to policyholders and others demonstrates this beyond dispute. Yet even this factor pointed toward infringement in the Eighth Circuit's view, as it concluded that Novak made confusion more likely by putting his humorous "design on items similar to those on which Mutual puts its marks."⁸¹

The fourth factor of the likelihood of confusion test assesses the defendant's intent to pass his goods off as those of the trademark holder. The court acknowledged that Novak did not intend to palm off his goods as those of the plaintiff, and therefore grudgingly weighed this factor in Novak's favor.⁸² The court never directly mentions that a parody could serve a favorable purpose or that Novak's imagery might be transformative.

Next, the court turned to the fifth factor, evidence of actual confusion. *Mutual of Omaha* had conducted a survey, consisting of random interviews of four hundred people, which yielded the following results:

While viewing Novak's design on a T-shirt, approximately forty-two percent of those surveyed said that Mutual of Omaha came to mind. Of that group, twenty-five percent said that they believe Mutual "goes along" with the T-shirts "in order to help make people aware of the nuclear war problem." Thus, approximately ten percent of all the persons surveyed thought that Mutual "goes along" with Novak's product.⁸³

79. 510 U.S. at 587-88.

80. "Regarding competitive proximity, Novak puts his design on T-shirts and coffee mugs, the same type of items on which Mutual puts its marks. Mutual sells such items to agents and company representatives, who in turn use them as gifts or incentives." *Mutual of Omaha*, 836 F.2d at 399. This conclusion is striking, and probably bad trademark law as well. The dissent noted this point: "The products on which the design and mark are used simply are not 'competitive,' indirectly or otherwise. Mutual sells insurance; Novak sells T-shirts—probably to peace activists." *Id.* at 403 (Heaney, J. dissenting).

81. *Id.*

82. *Id.* at 400. The court took pains to note that this factor was but one of several to be weighed and was not dispositive.

83. *Id.* (citations omitted).

The court noted that survey evidence is a common way to demonstrate actual consumer confusion, which when proven is "strong evidence of a likelihood of confusion, and may, in fact, be the best such evidence."⁸⁴ Therefore, unless the survey was seriously flawed, the court indicated that its findings should be given substantial weight.⁸⁵

The court's statement of black-letter trademark law is certainly accurate enough, but its application of this survey is questionable. First, the survey questions are leading, suggesting a response that many will then confirm once the idea is planted in their heads. Second, the inquiry into whether Mutual of Omaha "goes along" with Novak's message is ambiguous.⁸⁶ Third, and most significantly, the survey does not take into consideration Novak's goal of purposefully using the Mutual of Omaha trademark to convey a message about nuclear war. It is inevitable and predictable that a successful parody will conjure up the original. Hence, a survey that asks questions similar to those in *Mutual of Omaha* will necessarily generate results that could be interpreted as confusion as to source or sponsorship. If this were the test of actual confusion, every successful parody would be susceptible to claims of trademark infringement. Particularly when the survey showed that only ten percent of persons responding thought that Mutual of Omaha "goes along" with Novak's message, the plaintiff's showing of actual confusion by parody is weak at best. Thus, in contrast to the Supreme Court's approach in *Campbell*, the Eighth Circuit's analysis in *Mutual of Omaha* gives no consideration to the special case of parody.

Finally, the Eighth Circuit considered the degree of care and thought that the consumer would exercise in purchasing the goods. The court held that consumer care was not likely to reduce the confusion in this case, blaming Novak for his lack of disclaimers.⁸⁷ Again, the contrast to *Campbell* is striking. In *Campbell*, the Supreme Court indicated that the absence of a disclaimer does not weigh against the parodist, given that those who view a successful parody are likely to understand the absence of any association between the parodist and the trademark owner.⁸⁸

After evaluating the likelihood of confusion factors, the *Mutual of Omaha* court held that the district court's finding of infringement was not clearly erroneous.⁸⁹ The court then distinguished a series of parody cases relied upon by Novak, noting that there was no survey evidence of actual confusion in those

84. *Id.* (quoting *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1487 (10th Cir. 1987); *SquirrCo*, 628 F.2d at 1091; *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971)).

85. *Id.* (citing *McDonald's Corp. v. McBagel's, Inc.*, 649 F.Supp. 1268, 1277-78 (S.D.N.Y. 1986)).

86. The dissent made several arguments challenging the validity of the survey. *See id.* at 400 n.5, 403-04 (Heaney, J., dissenting).

87. *Id.* at 401 ("Nothing in the labeling or packaging of Novak's products indicates that the message and products do not emanate from Mutual.").

88. *See infra* notes 147-49 and accompanying text.

89. *Mutual of Omaha*, 836 F.2d at 401.

cases.⁹⁰ The court also rejected Novak's First Amendment defense by noting that he had infringed on the plaintiff's "property" and that he had alternative avenues for his creative expression.⁹¹ In effect, the court seemed to treat this case as analogous to a situation in which the defendant had stolen a billboard or taken over someone's office to make his point. That Novak's taking involved an abstract intellectual property right of uncertain boundaries made no difference to the majority. Instead, the court placed particular emphasis on the "commercial" nature of Novak's activities, distinguishing him from a pamphleteer or an editorial writer.⁹²

The Supreme Court took a contrasting approach in *Campbell*, noting that most commentary in today's society is produced for profit, and that this factor should not be dispositive and should not even lead to a presumption of infringement.⁹³ As Judge Heaney noted in his dissent, the *Mutual of Omaha* majority's approach distorts the analysis by focusing simply on whether alternative avenues for the speech exist,⁹⁴ which is a relevant inquiry when one is trampling the property rights of another, but not in intellectual property law. *Mutual of Omaha* involved minimal harm, if any, to the plaintiff, as there was practically no real likelihood of confusion. The court mechanically applied its circuit's likelihood of confusion test, focused excessively on the defendant's profit motive, and relied on a highly dubious survey for proof of actual confusion. In short, the Eighth Circuit's decision in *Mutual of Omaha* is inconsistent with the Supreme Court's entire approach to parody in *Campbell*.

B. The *Cliffs Notes* Approach to Trademark Parody

The Second Circuit's decision in *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*,⁹⁵ takes a different approach to trademark parodies. The plaintiff in that case published "Cliffs Notes," a well-known line of study aids summarizing various books. The defendants published "Spy Notes," which was a one-time parody publication created by Spy magazine, a humor magazine

90. *Id.* (citing *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983) (no surveys); *Tetley, Inc. v. Topps Chewing Gum, Inc.*, 556 F. Supp. 785, 793 (E.D.N.Y. 1983) (same); *Bi-Rite Enters., Inc. v. Button Master*, 555 F. Supp. 1188, 1196 (S.D.N.Y. 1983) (same); *Reddy Communications, Inc. v. Environmental Action Found., Inc.*, 199 U.S.P.Q. 630, 635-36 (D.D.C. 1977) (same); *General Mills, Inc. v. Henry Regnery Co.*, 421 F. Supp. 359, 361 (N.D. Ill. 1976) (same); *Girl Scouts of United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228, 1231 (S.D.N.Y. 1969) (same)); see also *Jordache*, 625 F. Supp. at 54 (weak survey evidence); *American Footwear Corp. v. General Footwear Co.*, 609 F.2d 655, 663 (2d Cir. 1979) (rejecting survey evidence), *cert. denied*, 445 U.S. 951 (1980).

91. *Mutual of Omaha*, 838 F.2d at 402 (noting that Novak is free "to present an editorial parody in a book, magazine, or film").

92. *Id.* at 402-03 & nn. 8-9.

93. *Campbell*, 510 U.S. at 584-85.

94. *Mutual of Omaha*, 836 F.2d at 406 (Heaney, J., dissenting).

95. 886 F.2d 490 (2d Cir. 1989).

consisting of social and political commentary. *Spy Notes* was a parody both of *Cliffs Notes* and of three novels.⁹⁶

The defendants admitted copying several prominent aspects of the *Cliffs Notes* cover to achieve its goals, including the somewhat similar name, the listing of the novels to be summarized on the cover, and the highly distinctive *Cliffs Notes* yellow cover with black diagonal stripes.⁹⁷ The *Spy Notes* cover included a notation that the book was a "satire" and makes several references to the "Spy" brand name (and none to the "Cliffs" name). In the cover background is a clay sculpture of New York City, rather than the *Cliffs* cover design of a mountain.⁹⁸ When *Spy Notes* began appearing in bookstores, *Cliffs Notes* brought suit, alleging violations of the Lanham Act and New York statutory and common law. The district court granted the plaintiff preliminary injunctive relief under section 43(a) of the Lanham Act, finding "a profound likelihood of confusion."⁹⁹

The Second Circuit's analysis began on a very different note from that of the *Mutual of Omaha* court, focusing on the value of parody as a form of creative expression:

We start with the proposition that parody is a form of artistic expression, protected by the First Amendment. For example, the Supreme Court has held that the First Amendment bars recovery for the tort of intentional infliction of emotional distress by reason of publication of satire without showing in addition that the publication contains a false statement of fact which was made with actual malice. Similarly, our decisions have recognized the broad scope permitted parody in First Amendment law. We have stated the general proposition that parody and satire are deserving of substantial freedom—both as entertainment and as a form of social and literary criticism.¹⁰⁰

Nonetheless, the court noted that books and other expressive works may infringe, and that "a poor parody [may] also [be] vulnerable under trademark law."¹⁰¹ To resolve this balance, the plaintiff contended that the court should simply apply the likelihood of confusion test, the same general approach the *Mutual of Omaha* court endorsed. The Second Circuit, however, adopted a balancing approach in which it would weigh any confusion caused by the expressive work against the parodist's speech interests. The court noted that

96. *Id.* at 492. The novels included the following: "Tama Janowitz's *Slaves of New York*, Brett Ellis's *Less Than Zero* and Jay McInerney's *Bright Lights, Big City* . . . which a *Spy* editor described in the district court as defining a 'genre of savvy, urban novels depicting the drug abuse, promiscuity and post-adolescent angst of the 1980's.'"

97. *Id.*

98. *Id.*

99. *Id.* at 493. Section 43(a) provides for liability for infringement of both registered and unregistered trademarks by

any person who, on or in connection with any goods and services, . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation or origin . . . which is likely to cause confusion, or to cause mistake . . . as to the origin, sponsorship or approval of his or her goods

15 U.S.C. § 1125(a), amended by Act of October 27 (1992).

100. *Cliffs Notes*, 886 F.2d at 493 (citations omitted).

101. *Id.* at 494.

this balancing required a narrow interpretation of the Lanham Act in order to protect creative expression.¹⁰²

Applying this test, *Cliffs Notes* held that any confusion between Cliffs Notes and Spy Notes was outweighed by the public interest in parody. Although the lower court had found a strong likelihood of confusion, the Second Circuit reviewed this determination as a mixed question of law and fact (and thus the ultimate issue of confusion is one of law, based upon a weighing of the facts).¹⁰³ The court also found that applying the likelihood of confusion test to parodies is "at best awkward," considering that the test was designed for purely commercial disputes.¹⁰⁴ Like the Supreme Court's approach to copyright in *Campbell*, the Second Circuit applied the trademark infringement standard with due consideration of First Amendment concerns.¹⁰⁵

The court criticized the district court's view that a parody must involve an "obvious joke," noting that most readers would recognize Spy Notes as a parody, that there were obvious differences between the two cover designs, and that the books would be marketed differently (though both would be found in bookstores).¹⁰⁶ In sum, the court held that Spy Notes' cover design

conjures up the original and goes to great lengths to use some of the identical colors and aspects of the cover design of Cliffs Notes, [but] raises only a slight risk of consumer confusion that is outweighed by the public interest in free expression, especially in a form of expression that must to some extent resemble the original.¹⁰⁷

Cliffs Notes and *Mutual of Omaha* reflect two conflicting strains in the trademark law's treatment of parodies. *Mutual of Omaha*'s strict and somewhat mechanical focus upon the likelihood of confusion test leads more frequently to liability, often in cases of legitimate parody. The *Mutual of Omaha* view tends to emphasize the plaintiff's "property" interest in its mark, regarding any commercial use of it to be suspect. The *Cliffs Notes* approach, on the other hand, is more attuned to the particular concerns that arise in parody cases as distinguished from a garden-variety trademark infringement case. The Supreme Court has not addressed the issue in a trademark case, and both approaches have a following in other circuits.

C. Other Trademark Parody Decisions

Another Eighth Circuit case, *Anheuser-Busch, Inc. v. Balducci Publications*,¹⁰⁸ led to a finding that a parody violated the Lanham Act. In that case, a humor magazine contained a mock advertisement for "Michelob Oily" as part of a commentary on an oil spill that caused the maker of Michelob Dry Beer to suspend production. The district court applied the likelihood of confusion

102. *Id.* at 494-95.

103. *Id.* at 495.

104. *Id.* at 495 n.3.

105. *Id.* at 494-95.

106. *Id.* at 495-96.

107. *Id.* at 497.

108. 28 F.3d 769 (8th Cir. 1994).

test, but considered the particular circumstances of parody in doing so. The Eighth Circuit rejected this approach in favor of a strict application of the likelihood of confusion test.¹⁰⁹ The court then considered the defendant's First Amendment argument, but found that the parody was too similar to the plaintiff's trademarks and lacked sufficient disclaimers.¹¹⁰ Given the court's mechanical application of the likelihood of confusion test, only the most heavily handed parody would be found lawful and non-infringing, and then only if it was accompanied by prominent disclaimers.

There have been numerous reported decisions finding trademark parodies to be unlawful. Some of these cases arguably involved commercial rip-offs disguised as parody, but others involved legitimate attempts at humor. Of course, Coca-Cola was not amused at a poster in red and white script stating "Enjoy Cocaine," General Electric found no creative spark in "Genital Electric" underwear, and Gucci did not appreciate a line of diaper bags called "Gucchi Goo."¹¹¹ But one person's tasteless rip-off is another's hilarious amusement. Still, each of these cases involved the sale of commercial products including posters, underwear, and diaper bags. The parodists may therefore have capitalized a little too much on popular brand names for their own commercial goods. Ironically, the best argument for permitting the parody may have been in the "Enjoy Cocaine" case, even though that poster was the most damaging to the trademark owner, creating an association that no reputable firm would desire. The underwear and diaper bags, though perhaps creating an embarrassing association for the trademark owners, are not likely to lower their reputation. Consumer confusion seems highly unlikely in these cases, yet each resulted in a finding of trademark infringement.

Of course, parodists can prevail even under the standard likelihood of confusion test. Johnny Carson could not use trademark law to prevent the sale of "Here's Johnny Portable Toilets" (though the right of publicity would suffice), Sears was permitted to sell "Bagzilla" trash bags despite objections from the "Godzilla" moviemakers, and Tetley could not stop the sale of "Petley Flea Bags" stickers.¹¹² An example of a case permitting an arguably unlawful parody is the Tenth Circuit's decision in *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*,¹¹³ which addressed a parody of the Jordache brand of jeans. The defendant sold a line of jeans for larger women under the label "Lardashe," which parodied the plaintiff's Jordache brand. Although this case clearly

109. *Id.* at 775.

110. *Id.* at 775-76. The defendant had placed disclaimers on the ad parody, but the Eighth Circuit found that they were not sufficiently prominent. *Id.* at 772, 775-76.

111. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972); *General Electric Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. 1036 (D. Mass. 1979); *Gucci Shops, Inc. v. R.H. Macy & Co.*, 446 F. Supp. 838 (S.D.N.Y. 1977).

112. See *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983); *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788 (9th Cir. 1981); *Tetley, Inc. v. Topps Chewing Gum, Inc.*, 556 F. Supp. 785 (E.D.N.Y. 1983).

113. 828 F.2d 1482 (10th Cir. 1987).

involved a commercial use in essentially the same market as the plaintiff, the court found no likelihood of confusion.¹¹⁴

Sometimes the issue is left unclear, as shown by the Seventh Circuit's decision in *Nike, Inc. v. "Just Did It" Enterprises*.¹¹⁵ In that case, the defendant sold t-shirts with the name Mike and a swoosh-shape logo that was almost identical to the Nike logo. The idea was to have viewers initially think they were seeing a Nike label, only to discover that they were observing a funny guy probably named Mike.¹¹⁶ The court overturned the district court's grant of summary judgment to Nike because there were factual issues as to the likelihood of confusion. The court was aware of the unusual circumstances of parody cases, and refused to rule in Nike's favor as a matter of law despite Nike's strong mark, the similar products (apparel) sold by the parties, and the similar uses to which the products could be put.¹¹⁷

The court held that a full-blown trial was necessary to evaluate the likelihood of confusion in that close case.¹¹⁸

There is also considerable scholarly commentary on the treatment of parodies in trademark law.¹¹⁹ A number have pointed out the chilling effect that vague trademark standards have on legitimate parody, with various suggestions for reform.¹²⁰ At least one commentator has criticized consider-

114. *Id.* at 1483-86.

115. 6 F.3d 1225 (7th Cir. 1993).

116. *Id.* at 1227.

117. *Id.* at 1232-33.

118. *Id.*

119. See, e.g., Mark A. Dagitz, Comment, *Trademark Parodies and Free Speech: An Expansion of Parodists' First Amendment Rights* in L.L. Bean, Inc. v. Drake Publishers, Inc., 73 IOWA L. REV. 961 (1988); J. Steven Gardner, Note, *Trademark Infringement, Likelihood of Confusion, and Trademark Parody: Anheuser-Busch, Inc. v. L&L Wings, Inc.*, 28 WAKE FOREST L. REV. 705 (1993); Koenig, *supra* note 51, at 821-26; Arlen W. Langvardt, *Protected Marks and Protected Speech: Establishing the First Amendment Boundaries in Trademark Parody Cases*, 36 VILL. L. REV. 1 (1991); D.V.L. Mastrullo, *Trademark Parody Litigation and the Lanham Act: Fitting A Square Peg in a Round Hole*, 54 U. CIN. L. REV. 1311 (1986); Perez, *supra* note 51, at 1451-85; Robert J. Shaughnessy, Note, *Trademark Parody: A Fair Use and First Amendment Analysis*, 72 VA. L. REV. 1079 (1986); Peter W. Smith, Note, *Trademarks, Parody, and Consumer Confusion: A Workable Lanham Act Infringement Standard*, 12 CARDOZO L. REV. 1525 (1991); Gene S. Winter & Stuart P. Meyer, *The "Merely Descriptive" Term: Is It a Trademark, A Description Protected by the First Amendment, Or Both?*, 31 IDEA: J. LAW & TECH. 341, 357-59 (1991). See generally Robert Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 WIS. L. REV. 158 (1982) (discussing First Amendment implications of laws proscribing the use of trademarks to communicate ideas).

120. See, e.g., Dagitz, *supra* note 119, at 973 (arguing that parodies deserve protection and noting distinction between rights of owners of real property and owners of trademarks); Denicola, *supra* note 119, at 207 (noting the need to limit the application of trademark law when trademarks are "utilized as a vehicle for the communication of ideas"); Mastrullo, *supra* note 119, at 1312 (supporting increased protection for parody than is found under current trademark law); Perez, *supra* note 51, at 1454-55 (noting that trademark standards are unsuited to parody cases and suggesting modification of the standard); Shaughnessy, *supra* note 119, at 1080-81 (arguing that protection of parody is insufficient, even if a "fair use" type defense is adopted to permit expressive use of trademarks); Smith, *supra* note 119, at 1528, 1568-74 (noting chilling effect and suggesting a "likelihood of confusion" test tailored to parody cases). One commentator has argued that trademark owners should be given greater protection from parodies, but even he acknowledged the uncertainty of present standards for evaluating trademark

ation of the "commercial" nature of a parody in trademark infringement cases, although others believe this factor should be given nearly dispositive weight.¹²¹ The Supreme Court has not spoken directly on the issue, although it did address First Amendment considerations in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*.¹²² That case was highly fact-specific, however, as it involved the Amateur Sports Act,¹²³ a specially drafted statute protecting the Olympic trademark.

It is clear that trademark parody plays an important role as a vehicle for social commentary about the products themselves and about broader social issues. Judge Alex Kozinski, for example, has catalogued some of the many ways trademarks have been used as social commentary:

Trademarks are often reflected in the mirror of our popular culture. See Truman Capote, *Breakfast at Tiffany's* (1958); Kurt Vonnegut, Jr., *Breakfast of Champions* (1973); Tom Wolfe, *The Electric Kool-Aid Acid Test* (1968) (which, incidentally, includes a chapter on the Hell's Angels); Larry Niven, *Man of Steel, Woman of Kleenex*, in *All the Myriad Ways* (1971); Looking for Mr. Goodbar (1977); The Coca-Cola Kid (1985) (using Coca-Cola as a metaphor for American commercialism); The Kentucky Fried Movie (1977); Harley Davidson and the Marlboro Man (1991); The Wonder Years (ABC 1988-present) ("Wonder Years" was a slogan of Wonder Bread); Tim Rice & Andrew Lloyd Webber, *Joseph and the Amazing Technicolor Dream Coat* (musical). Hear Janis Joplin, Mercedes Benz, on Pearl (CBS 1971); Paul Simon, *Kodachrome*, on There Goes Rhymin' Simon (Warner 1973); Leonard Cohen, *Chelsea Hotel*, on The Best of Leonard Cohen (CBS 1975); Bruce Springsteen, *Cadillac Ranch*, on The River (CBS 1980); Prince, Little Red Corvette, on 1999 (Warner 1982); dada, Dizz Knee Land, on Puzzle (IRS 1992) ("I just robbed a grocery store—I'm going to Disneyland / I just flipped off President George—I'm going to Disneyland"); Monty Python, *Spam*, on The Final Rip Off (Virgin 1988); Roy Clark, Thank God and Greyhound [You're Gone], on Roy Clark's Greatest Hits Volume I (MCA 1979); Mel Tillis, Coca-Cola Cowboy, on The Very Best of (MCA 1981) ("You're just a Coca-Cola cowboy / You've got an Eastwood smile and Robert Redford hair . . ."). *Dance to Talking Heads*, Popular Favorites 1976-92: Sand in the Vaseline (Sire 1992); Talking Heads, Popsicle, on *id. Admire Andy Warhol*, Campbell's Soup Can. Cf. REO Speedwagon, 38 Special, and Jello Biafra of the Dead Kennedys. The creators of some of these works might have gotten permission from the trademark owners, though it's unlikely Kool-Aid relished being connected with LSD, Hershey with homicidal maniacs, Disney with armed robbers, or Coca-Cola with

parodies. Gardner, *supra* note 119, at 745-56.

121. See, e.g., Smith, *supra* note 119, at 1558-61 (arguing that focus in trademark cases should be on presence or absence of a likelihood of confusion, rather than on commercial nature of parody). Some commentators have argued that parodies involving "commercial" speech should be given less protection than parodies "that are commercially motivated." Langvardt, *supra* note 119, at 679-92 & notes 22, 385-490; Perez, *supra* note 51, at 1468-69. Some case law also accords significant weight to this issue. See cases cited *supra* note 90 and accompanying text; see also *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 32 (1st Cir.) (emphasizing non-commercial nature of parody in rejecting plaintiff's dilution claim), *cert. denied*, 483 U.S. 1013 (1987). If Campbell's view of parody in copyright law is adopted in trademark cases, the commercial/non-commercial distinction will not be a permissible way to address parody cases.

122. 483 U.S. 522 (1987).

123. 36 U.S.C. § 380 (1950). For commentary on the case, see Robert N. Kravitz, *Trademarks, Speech, and the Gay Olympics Case*, 69 B.U. L. REV. 131 (1989).

cultural imperialism. Certainly no free society can demand that artists get such permission.¹²⁴

The difficult question is how to fashion a standard that permits legitimate parodies and other social commentaries that make use of protected trademarks without unduly interfering with the rights of trademark owners and without causing consumer confusion in the marketplace.

IV

CAMPBELL'S RELEVANCE TO TRADEMARK PARODIES

Although *Campbell* is a copyright case, it is also the Supreme Court's most recent discussion of parody. The decision dealt with a claim that presents conceptual problems similar to those courts have faced in addressing trademark parodies. *Campbell* can contribute to the trademark debate, and may indicate that the Supreme Court will be likely to require an analysis that is sensitive to the special circumstances and the heightened public interest in trademark parodies. Just as the Supreme Court rejected a mechanical approach to the analysis of the fair use factors in cases of copyright parodies, the same reasoning should be adopted in the trademark cases applying the likelihood of confusion test. The same speech concerns that the Court recognized in *Campbell* can be found in cases involving legitimate trademark parodies. The nature of the plaintiff's intellectual property interest is also of similar weight, with copyright protecting creative expression and trademark protecting commercial good will. As fields of intellectual property, both trademark and copyright share the difficult problem of delineating boundaries. The question is when are the trademarks or copyrights infringed, and when is there simply a legitimate use of unprotectable information or a limited taking that the law should permit in the public interest?

Thus, there are several important lessons for trademark law in the Court's *Campbell* analysis. Like copyright cases,¹²⁵ each trademark parody case will necessarily be decided on its facts. Although this case-by-case mode of analysis makes it difficult for parties to predict litigation outcomes, it is probably inevitable given the complex range of trademark parody factual settings. At least as an initial matter, courts are likely to apply the multi-factor likelihood of confusion analysis that prevails in their circuit. Although each circuit's version of the test varies somewhat, the most common elements are found in *Mutual of Omaha* and *Polaroid*.¹²⁶ The difficult question¹²⁷ is *how to apply*

124. *White v. Samsung Elecs. Corp.*, 989 F.2d 1512, 1512 n.6 (9th Cir. 1993) (Kozinski, J., dissenting).

125. *See Campbell*, 510 U.S. at 577-78.

126. *Polaroid Corp.*, 287 F.2d 492 (2d. Cir. 1961).

127. Another question that is beyond the scope of this article asks if a likelihood of confusion is found, should the analysis end there, or should it proceed to consider First Amendment interests? It is likely that if a parody is found to cause a likelihood of confusion, there will be no persuasive argument against penalizing the parody. *See generally Denicola, supra* note 119, at 159 (citing *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748 (1976) (noting government's ability to restrict deceptive commercial speech)).

the trademark infringement standard in parody cases. *Campbell* offers several answers to that question, which in many cases involving legitimate parodies may end the inquiry because of the absence of a likelihood of confusion.

Campbell's first lesson involves the first of the trademark infringement factors, the strength of the plaintiff's trademark. This factor is normally important in trademark analysis, as a stronger mark is entitled to greater protection and has a strong cachet that is more likely to be traded upon by others.¹²⁸ *Campbell*, however, instructs against giving too much weight to this factor in the case of a parody. In analyzing the nature (or originality) of the copyrighted work, the Court held that this factor "is not much help in this case, or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works."¹²⁹ Similarly, in trademark cases, the parodist is likely to have targeted a strong trademark. *Campbell* thus indicates that this factor should not be weighed against the defendant in the context of parodies. Evaluating trademark parodies in this manner is strikingly different from the approach taken by many courts, as illustrated in *Mutual of Omaha*.¹³⁰ It avoids having the deck "stacked" against the parodist who quite naturally will have selected a strong mark to parody.

A second implication of *Campbell* is the more careful assessment of the similarity between the plaintiff's trademark and the defendant's parody. The *Campbell* Court suggests examining the extent to which the parody is "transformative." Although this term may have less meaning in the trademark context, it is significant that the Court recognized the need to conjure up the original mark in order to create an effective parody. The parody must use "some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."¹³¹ Thus, courts in trademark cases can continue to evaluate the similarity between the plaintiff's mark and the defendant's parody, but with due consideration for the parodist's need to evoke the image of the original. The extent of the similarity, however, should still be a factor.¹³² If the parodist took more than needed to draw upon the

128. See, e.g., *Kenner Parker Toys, Inc. v. Rose Art Indus.*, 963 F.2d 350, 353 (Fed. Cir. 1992) (stronger trademarks entitled to greater protection); *Alpha Indus. v. Alpha Steel & Tube Shapes, Inc.*, 616 F.2d 440, 446 (9th Cir. 1980) (noting that if trademark is weak, plaintiff must make greater showing on other factors in order to prevail).

129. See *Campbell*, 510 U.S. at 586.

130. See *supra* notes 77-78 and accompanying text. A number of other cases have weighed this factor in the plaintiff's favor in parody cases. See, e.g., *Anheuser-Busch, Inc. v. Balducci Pubs.*, 28 F.3d 769, 774 (8th Cir. 1994), *cert. denied*, 115 S. Ct. 903 (1995); *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.*, 776 F. Supp. 1454, 1461 (W.D. Wash. 1991); *Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc.*, 642 F. Supp. 1031, 1037 (N.D. Ga. 1986).

131. *Campbell*, 510 U.S. at 587.

132. Normally, courts take the view that the greater the similarity, the greater the likelihood of confusion. See *E&J Gallo Winery v. Gallo Cattle Co.*, 955 F.2d 1327, 1339 (9th Cir. 1992); *International Kennel Club v. Mighty Star, Inc.*, 846 F.2d 1079, 1089 (7th Cir. 1988); *Woodroast Sys., Inc. v. Restaurants Unlimited, Inc.*, 793 F. Supp. 906, 915 (D. Minn. 1992); 3 MCCARTHY, *supra* note 54, § 23.03. Courts evaluate the similarity between the sight, sound, and meaning of the marks, as well as

original, this fact may weigh in favor of a finding of liability. If the parodist took no more than necessary, then the factor weighs in the defendant's favor.

The third likelihood of confusion factor upon which the decision in *Campbell* can offer some insight is the competitive proximity between the products. If the defendant sells identical or similar types of products as the plaintiff, consumer confusion is obviously more likely to occur.¹³³ If the two parties sell very different products, there is less danger of confusion. Courts often also consider, sometimes as an additional factor, the likelihood that the plaintiff will bridge the gap and begin selling the same type of product as the defendant.¹³⁴ To some extent, the *Campbell* Court addressed similar issues in its analysis of whether the parody can serve as a substitute for the original.¹³⁵ A parodic product that appears in the same market as the original is more likely to draw sales away from the trademark owner than a product that is not identical or closely related. Thus, the seller of a bag with a parody of a trademark used in the sale of bags would be more likely to generate confusion than a t-shirt parodying an insurance company or beer producer. In evaluating this factor, however, courts should be careful to determine the actual lines of business in which the plaintiff operates. Thus, *Mutual of Omaha's* assumption that the insurance company also sold mugs is disingenuous, as the mugs were simply advertising vehicles for its insurance sales.¹³⁶

Fourth, *Campbell* also counsels against giving unnecessary weight to a parodist's commercial purpose. This factor is often weighed against parodists who sell t-shirts, mugs, and the like, as distinguished from those who ply a publishing trade. *Mutual of Omaha* is an obvious example of the former, while courts seem more sympathetic to the publishers in *Cliffs Notes* and *L.L. Bean*.¹³⁷ Some commentators have also argued that the distinction between lawful and unlawful parodies should hinge on the commercial or non-commercial purpose of the parody.¹³⁸ Yet *Campbell* notes that most parodies involve at least some commercial element,¹³⁹ which is inevitable and arguably desirable in a free market economy. The issue of commercial purpose is also intertwined with the "good faith" factor present in the likelihood of confusion analysis used in trademark cases. Just because a parodist sells t-shirts or is seeking to earn a profit does not establish that he or she is acting in bad faith. Moreover, *Campbell* suggests that the mere fact that the trademark owner may

their overall commercial impression in the marketplace. See *Gallo*, 955 F.2d at 1339.

133. See, e.g., *Gallo*, 955 F.2d at 1339-41.

134. See, e.g., *id.* at 1341; *International Kennel Club*, 846 F.2d at 1089; *Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492, 498 (2d Cir.), cert. denied, 368 U.S. 820 (1961).

135. 510 U.S. at 591.

136. See *supra* notes 80-81 and accompanying text.

137. See *supra* notes 73-124 and accompanying text. At least one commentator has suggested that a parodist's liability should hinge largely upon whether it is "commercial" or "non-commercial" in nature. See Langvardt, *supra* note 119, at 6, 79-92 & notes 22, 385-390.

138. See *supra* notes 119, 121 and accompanying text.

139. 510 U.S. at 584.

have refused to grant permission or to license the parody should not be given any weight.¹⁴⁰

Fifth, *Campbell* sheds some light on the "actual confusion" factor in likelihood of confusion test. To some extent, this factor is similar to the fair use factor involving the effect on the potential market for the copyrighted work. *Campbell* indicates that most parodies do not cause any cognizable market injury to the works they target:

[W]hen . . . the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred. Indeed, as to parody pure and simple, it is more likely that the new work will not affect the market for the original in a way cognizable under this factor, that is, by acting as a substitute for it ("supersed[ing its] objects"). This is so because the parody and the original usually serve different market functions.¹⁴¹

A successful parody of a trademark is not likely to cause any consumer confusion. That is, a reasonable consumer is not likely to believe that an insurance company mangled its own trademarks to comment on nuclear war, or that a producer of study guides poked fun at itself and several modern urban novels, or that a beer maker endorsed a beach or fought against hazardous oil spills. Legitimate parodies conjure up the image of a trademark, but then make a statement about the trademark, an issue of public concern, or both. Bringing a trademark to mind in the eyes of a consumer is not the same thing as creating a likelihood of confusion as to the source, sponsorship, or affiliation of the parodist's product or service.

Of course, the actual confusion analysis in trademark law is different from the market effect assessment in copyright. The plaintiff bears the burden of proving actual confusion as part of its case in chief showing of infringement, whereas the defendant must establish fair use as an affirmative defense in copyright law.¹⁴² Thus, courts should more carefully scrutinize the plaintiff's evidence on this factor to assure its sufficiency. Evidence of actual confusion usually involves either a showing that particular consumers were in fact confused or a consumer survey purporting to show confusion. Courts should be careful to discount an occasional instance of actual confusion, such as a particularly gullible, unsophisticated, or uneducated consumer. Yet some judges have found this evidence of actual confusion to be persuasive.¹⁴³ Similarly,

140. *Id.* at 584-85 & n.18. The Court strongly rejected Acuff-Rose's argument on this point: regardless of the weight one might place on the alleged infringer's state of mind, we reject Acuff-Rose's argument that 2 Live Crew's request for permission to use the original should be weighed against a finding of fair use. Even if good faith were central to fair use, 2 Live Crew's actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good faith effort to avoid this litigation. If the use is otherwise fair, then no permission need be sought or granted.

Id. (citations omitted).

141. *Id.* at 591 (citations omitted).

142. *See id.* at 590 (noting defendant's burden of proof on fair use factors).

143. *See, e.g.,* Anheuser-Busch, Inc. v. L&L Wings, Inc., 962 F.2d 316, 325 (4th Cir.) (Powell, J., dissenting) (arguing that evidence of actual confusion, consisting of a single purchaser's initial reaction, should weigh against parodist), *cert. denied*, 113 S. Ct. 206 (1992). Courts sometimes rely on survey

courts should carefully scrutinize survey evidence, which often tends to be dubious in methodology or inconsequential in results. Although *Campbell* does not address these issues in the copyright context, its focus on the distinction between "unremediable disparagement" and "remediable displacement"¹⁴⁴ should guide the analysis in trademark cases as well. The trademark plaintiff should be put to its proof on the actual confusion factor. Its absence will weigh against liability, while convincing proof of its existence will point toward the "remediable displacement" that *Campbell* indicated would be actionable.

A sixth lesson from *Campbell* involves an assessment of the quality of the defendant's product in trademark law. In general, if the defendant's product is inferior in quality, courts infer that the defendant sought to trade on the good name of a well-known and higher quality trademark. This factor may be pertinent in some parody cases, such as the case of a weak parody used to market products similar to (but inferior in quality to) those of the plaintiff. On the other hand, *Campbell* counsels against a qualitative evaluation of the parody itself:

It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke.¹⁴⁵

Thus, in evaluating the "quality" of a parodist's product in a trademark case, the court should avoid a subjective assessment of the extent to which it is amused by the parody. Although they are unlikely to acknowledge it, some judges may be swayed to rule against a parody because they find the parodist's underlying message unamusing, offensive, or otherwise objectionable.¹⁴⁶ Rulings on the basis of a message's content would be inconsistent with *Campbell*'s protective view of parodies, and would present serious First Amendment problems.

Another aspect of *Campbell* that has relevance to trademark parody is the issue of purchaser sophistication and the care with which they make a particular purchase. This factor is often weighed against parodists, as illustrated by the Eighth Circuit's decision in *Mutual of Omaha*. The court held that purchaser care was not likely to reduce the confusion in that case, blaming the parodist for

evidence from lay persons (consumers) of what should be a conclusion of law—whether a particular parody would require the trademark owner's authorization. See, e.g., *Anheuser-Busch, Inc.*, 28 F.3d at 775 (noting consumer survey evidence that consumers believed parodist would need permission from trademark owner to engage in parody). Although this type of survey question may be a backhanded way to ascertain confusion as to sponsorship or association, it may play upon lay persons' lack of knowledge of the legal issues involved—consumers may believe that no one can parody a trademark without authorization.

144. *Campbell*, 510 U.S. at 592.

145. *Id.* at 582-83 (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903)).

146. Examples of cases where judges may have objected to the parodist's message include *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 202 (2d Cir. 1979) ("gross and revolting sex film," in the court's view); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972) ("Enjoy Cocaine" poster).

not placing a disclaimer on his t-shirt.¹⁴⁷ The court in *Anheuser-Busch, Inc. v. Balducci Publications* similarly penalized the defendant because its disclaimers were not sufficiently prominent.¹⁴⁸ In *Campbell*, however, the Supreme Court indicated that the absence of a disclaimer does not weigh against the parodist, given that those who view a successful parody are likely to understand the absence of any association between the parodist and the trademark owner. "Parody serves its goals whether labeled or not, and there is no reason to require parody to state the obvious (or even the reasonably perceived)."¹⁴⁹

Finally, *Campbell* indicates that the Court disfavors presumptions that truncate a case-by-case analysis of parodies. The Court rejected the Sixth Circuit's dual presumptions that 2 Live Crew's parody was unprotected by the fair use doctrine and caused harm to the plaintiff's copyright because it was commercially motivated.¹⁵⁰ To the extent that courts in trademark cases apply such presumptions, *Campbell* calls this approach into serious question. For example, it is a generally accepted doctrine of trademark law that evidence of intentional copying creates a presumption of a likelihood of confusion. Application of this presumption in parody cases—where the parodist obviously is aware of the trademark and knowingly conjures it up—is particularly inappropriate.

These principles, derived from *Campbell*, can assist in resolving the doctrinal uncertainty in trademark parody cases. The primary difficulty with trademark parody cases has been that courts have not applied the likelihood of confusion test in a manner that is suitable for the unique circumstances of parodies. In copyright law, *Campbell* calls for application of the fair use doctrine with careful attention to the needs of the parodist. With this guidance from the copyright field, courts can similarly apply the trademark likelihood of confusion test in a manner that is attuned to parody cases. This approach will probably lead to finding most legitimate parodies to be lawful, as a successful parody should not create a likelihood of confusion. For some poorly done parodies involving trademarks similar to those of the plaintiff and sold in similar product or service markets, the plaintiff may be able to show a likelihood of confusion. In these cases, the desire of the parodist to use a trademark for social commentary may have to be curtailed to avoid confusing consumers and unduly harming the interests of the trademark holder.

147. *Mutual of Omaha*, 836 F.2d at 401 ("Nothing in the labeling or packaging of Novak's products indicates that the message and products do not emanate from Mutual.").

148. 28 F.3d at 775-76.

149. *Campbell*, 510 U.S. at 583 n.17.

150. See *supra* notes 17-18 and accompanying text.

V

CONCLUSION

Humor plays an important and protected role in our society. So too, intellectual property serves several essential functions. When humor and proprietary rights collide, the resolution is often uncertain. Intellectual property's expansion in recent decades, including stronger trademark protection, even broader and disturbingly amorphous dilution claims, and an ever-expanding right of publicity, poses a threat to legitimate parodies and other attempts at humor. Although the law should not provide a protective cloak for deceptive marketing or for those who would simply profit from the creative efforts of others, the law must also distinguish the infringing wolves from the beneficial sheep.

To accomplish this task in trademark law, a careful assessment of the likelihood of confusion test is required. The analysis must be attuned to the realities of parody cases. If mechanically applied, some factors in the likelihood of confusion test are likely always to favor the plaintiff because of the parodist's need to conjure up the original and the need to parody a strong mark. If these factors are nearly always weighed in the plaintiff's favor, the deck will be stacked against parody. It was this approach that the Supreme Court repudiated in copyright law when it decided *Campbell*. Yet courts have used a similar approach in trademark law, where the likelihood of confusion test is much more unsuitable for parody cases than copyright's fair use analysis.

The Supreme Court identified several of the lower court's errors in *Campbell*. For example, the lower court was "insufficiently appreciative of parody's need for the recognizable sight or sound,"¹⁵¹ that is, the need to conjure up the original. The lower court weighed the defendants' commercial purpose too heavily, giving it presumptive effect. The lower court was too ready to assume harm simply because 2 Live Crew sold its records for profit. Applying these same principles in the trademark arena, several factors in the likelihood of confusion test must also be analyzed cautiously in parody cases. Two important factors, the strength of the plaintiff's mark and the similarity of the defendant's allegedly infringing mark, must be assessed in light of parody's unique concerns. If a parody took no more than needed from a strong mark, these factors should weigh *against* a finding of infringement. This shift would be in stark contrast to the present practice in many cases, in which the "strength" and "similarity" factors nearly always weigh in favor of the plaintiff. Of course, if the defendant took too much of the plaintiff's mark, these factors could still be weighed in favor of liability.

Another shift in emphasis would be the tendency of some trademark decisions to focus upon the defendant's sale of "goods" as a reason to find

151. *Campbell*, 510 U.S. at 588.

infringement. *Campbell* rejected the notion that the presence of commercial motivations for the parody should result in a presumption against fair use and a presumption of market injury. Similarly, the mere fact that a trademark parody is printed on a t-shirt or a mug sold at a profit should not lead to a presumption of trademark infringement. Rather, the courts should engage in the same careful case-by-case balancing that *Campbell* adopted in copyright law.

Analysis of actual confusion should also focus upon the distinction between consumer recognition that the defendant has parodied a particular mark and consumer belief that the plaintiff is actually selling or sponsoring the defendant's product. A trademark plaintiff's survey evidence and other evidence of actual confusion must be carefully scrutinized to assure that any showing of confusion is of the latter kind, not the former.

With these modifications, the "likelihood of confusion" test can serve as an adequate standard for evaluating trademark parodies. If courts avoid mechanical application of the trademark infringement standard and instead adopt the *Campbell* approach, parodists and trademark owners alike should have clearer guidance as to the scope of permissible parody. Without strong evidence of excessive similarity between the parody and the plaintiff's mark and persuasive evidence of actual confusion, most trademark owners will not prevail in cases of legitimate parodies. These outcomes should reduce their incentive to litigate parody cases, which in turn would reduce the chilling effect that the threat of lawsuits has had on humorous commentary involving protected trademarks.