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LIST OF ABBREVIATIONS

BGH	Bundesgesetzhof
CJEU	Court of Justice of the European Union
CTMR	Community Trademark Right
ECHR	European Convention of Human Rights
ECtHR	European Court of Human Rights
EU	European Union
EUIPO	European Union Intellectual Property Office
EUTM	European Trademark
EUTMR	European Union Trademark Regulation
FTDA	Federal Trademark Dilution Act
INTA	International Trademark Association
IP	Intellectual Property
IPR	Intellectual Property Rights
OHIM	Office for Harmonization in the Internal Market
TDRA	Trademark Dilution Revision Act
TMD	Trademark Directive
US	United States

INTRODUCTION

Trademarks already existed in the ancient world. Chinese manufacturers sold their goods which bore their marks over 2000 years ago. Similarly, Roman potter marks became incredibly famous that they were even copied and counterfeited. With the beginning of industrialization, they have taken a central role in modern market economics. They are something that people deal with daily. Trademarks offer guidance on the products that are being sold. Often these products do not have any visible differences besides pricing. Trademarks allow businesses to reach out to the consumer and build up a reputation.

Firms invest in advertising their goods and services to build up this reputation. This reputation may signify a certain quality to the consumer. When consumers see a particular brand, it will automatically influence them. It allows them to individualize their products, making them stand out and communicate a specific characteristic. This encourages firms to invest in their branding and ensures a high level of quality for their goods. If a consumer has been disappointed by the good associated with the trademark, then they will be unlikely to buy anything else from that brand. On the other hand, trademarks reward the firms who are able to constantly manufacture high-quality goods. From this, it is easy to see how crucial trademarks are within our current economy. However, what exactly could qualify as a protectable trademark?

Currently, European trademark law protects any signs, including the following:

- Words, including personal names;
- Designs;
- Letters, numerals;
- Colors;
- Shape of good or of the packaging of goods;
- Sounds¹

To qualify for protection, the trademark must fulfill the prerequisite of distinguishing the goods or services of one undertaking from those of others.² This means that the trademark must be distinctive. This can be either inherent distinctiveness or distinctiveness acquired through secondary meaning. Trademark distinctiveness varies depending on the mark. Some marks are unable to gain protection, while others receive stronger protection. The law defines marks within the categories of generic, descriptive, suggestive, arbitrary, and fanciful.

¹ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 4.

² *ibid* 4(a).

Generic marks use words which are common for a product or service, such as elevator, and cannot be protected. Descriptive marks convey an immediate idea of the goods or services being offered. An example of this could be a geographic term or an ingredient from the product. A famous example of a descriptive mark is “Coca-Cola”, because a cola drink is made from the coca plant.³ A descriptive mark does not automatically become distinctive, as it only becomes protectable once the consumer is able to associate it with the relevant goods or services.⁴ For example, the “Coca-Cola” trademark has acquired distinctiveness through secondary meaning, as the public is able to associate it with a particular brand of beverage.⁵

A suggestive mark hints towards a good or service, however, it requires a bit of imagination for the consumer to understand the meaning of the mark.⁶ Suggestive marks are less distinctive than fanciful or arbitrary marks, however they are still inherently distinctive and therefore eligible for protection.⁷ A well-known example of a suggestive mark would be “7-Eleven” for convenience stores (indication of their operating hours).⁸ Arbitrary marks do not suggest any association with a good or service. An example of an arbitrary mark would be “Apple” which is recognized for their electronic products. Arbitrary marks are also inherently distinctive and therefore afforded protection.⁹ A fanciful mark is one which uses an invented word. These are afforded the highest level of protection.¹⁰ In fact, some of the most famous marks are categorized as fanciful marks, such as “Google” for an internet search website.¹¹

³ Neil Juneja, ‘Trademark Distinctiveness – A Key Component of Intellectual Property Law & Brand Development’ (*Gleam Law*, 8 October 2019) < <https://www.gleamlaw.com/trademark-distinctiveness-branding/> > accessed 5 May 2021.

⁴ *ibid.*

⁵ *ibid.*

⁶ *ibid.*

⁷ *ibid.*

⁸ *ibid.*

⁹ *ibid.*

¹⁰ *ibid.*

¹¹ *ibid.*

CHAPTER I: THE EUROPEAN TRADEMARK SYSTEM

1. Background on the European Trademark System

The focus of the EU legal system only recently shifted towards trademark law. The first major harmonization process took place during the late 80s and mid-90s.¹² This resulted in the First Council Directive to approximate the laws of the Member States relating to trademarks: the 1989 Directive¹³ and the Regulation on Community trademarks (1994 Regulation)¹⁴ – which created a free-standing unitary right which was being delivered by an afresh established transnational regional Trademark Office, the OHIM (now the EUIPO) and enforced nationally via the courts.¹⁵

The Trademark Directive (TMD) and the Community Trademark Regulation (CTMR) were the first measures taken to develop harmonization across the different member states.¹⁶ Subsequently, this led to Member States harmonizing the core rules on substantive requirements and scope of protection in the national systems.¹⁷ The CTMR established a unified registration procedure guaranteeing the unitary protection of a mark which extends across the EU internal market and is now known as the EUTM.¹⁸ To obtain full protection across all 28 EU member states, the trademark must be registered under the European regime.¹⁹ This system acts to complement the national trademark systems, which in contrast only provides national protection within the relevant country. In some countries it is not necessary to register the trademark, but instead protection can also be obtained through use

¹² Lisa Koetz Wildt, 'Placing humor in its right place: the need of a distinctive parody exception within EU Trademark Law' (2017) <http://uu.diva-portal.org/smash/record.jsf?faces-redirect=true&aq2=%5B%5B%5D%5D&af=%5B%5D&searchType=SIMPLE&sortOrder2=title_sort_asc&query=&language=en&pid=diva2%3A1144139&aq=%5B%5B%5D%5D&sf=all&aqe=%5B%5D&sortOrder=author_sort_asc&onlyFullText=false&noOfRows=50&dswid=1846> accessed 10 February 2021.

¹³ First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1989] OJ L040 (Trademark Directive).

¹⁴ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark [1994] OJ L11
¹⁵ *ibid* 2.

¹⁶ William Robinson, Giles Pratt, Ruth Kelly, 'Trademark Law Harmonization in the European Union: Twenty Years Back and Forth' (2013) <<https://ir.lawnet.fordham.edu/iplj/vol23/iss2/12>> accessed 10 February 2021.

¹⁷ Annette Kur, 'The EU Trademark Reform Package – (Too) Bold a Step Ahead or Back to Status Quo?' (2015) 15 <<https://scholarship.law.marquette.edu/iplr/vol19/iss1/3/>> accessed 10 February 2021.

¹⁸ William Robinson, Giles Pratt, Ruth Kelly, 'Trademark Law Harmonization in the European Union: Twenty Years Back and Forth' (2013) <<https://ir.lawnet.fordham.edu/iplj/vol23/iss2/12>> accessed 10 February 2021.

¹⁹ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark [1994] OJ L11, art 1.

in commerce. As such, the EU operates under a dual system – the national and the European regime.

It is possible to lodge an EUTM application in all official languages of the EU to the European Union Intellectual Property Office (EUIPO).²⁰ A core feature of the EUTM system are the substantive requirements for protection. An application can conflict with an existing national or other EUTM right, which would not be examined by the office. However, it is possible for a third party to object. If no opposition and no third-party objections has been filed within three months after publication, the EUTM will be registered accordingly.²¹ The EUTM will be valid for 10 years and can be renewed indefinitely for a fee.²² This paper will now focus on the changes in the 2015 trademark reform, and how the introduction of recital 21 can be critical for the future of parodists in EU trademark law.

2. Reform and Changes in 2015 of the Trademark System

The evaluation and reform of the trademark system was triggered due to the unexpected success of the CTMR.²³ The fact that the revenues received from the registration and renewal fee were significantly more than expected is problematic, as the EUIPO (formerly Office for Harmonization in the Internal Market (OHIM)) is not supposed to be making a profit, and therefore it raised a question of what to do with the surplus amount.²⁴ This resulted in an agreement to redistribute a portion of the annual income to the Member States, however, as this required an amendment to the CTMR, the governing bodies of the trademark system decided to also fully evaluate the operation.²⁵

The goal was to improve harmonization and coordinate more effective procedures between the Member States and provide more effective anti-counterfeiting measures.²⁶ The Max Planck Institute was responsible for the reviewal of the trademark system and producing a report. This resulted in a new proposal for the revision of the Directive and the Regulation

²⁰ European Union Intellectual Property Office, ‘Application and Registration Procedure’ <<https://euipo.europa.eu/ohimportal/en/application-procedure>> accessed 10 February 2021.

²¹ European Union Intellectual property Office, ‘Opposition’ <<https://euipo.europa.eu/ohimportal/en/opposition>> accessed 10 February 2021.

²² European Union Intellectual Property Office, ‘Application and Registration Procedure’ <<https://euipo.europa.eu/ohimportal/en/application-procedure>> accessed 10 February 2021.

²³ Annette Kur, ‘The EU Trademark Reform Package – (Too) Bold a Step Ahead or Back to Status Quo?’ (2015) 15 <<https://scholarship.law.marquette.edu/iplr/vol19/iss1/3/>> accessed 10 February 2021.

²⁴ *ibid.*

²⁵ *ibid.*

²⁶ *ibid.*

in March 2013.²⁷ In December 2015 the European Parliament finally approved the European trademark reform package.²⁸ This included the new European Union Trademark Regulation and the new Trademark Directive, which are Regulation (EU) 2015/2424²⁹ (now repealed by its codified version – Regulation (EU) 2017/1001³⁰), and Directive (EU) 2015/2436 respectively.³¹

The reforms introduced new terminology, changes on non-graphical representations, trademark classification, absolute and relative grounds for refusal or invalidity, infringement, defense to infringement, trademark rights as property and fees. However, the main change that we are interested in for the purpose of this thesis is recital 21:

Use of a trademark by third parties for the purpose of artistic expression should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters. Furthermore, this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms and in particular the freedom of expression.³²

This provision suggests an important first step on the criteria's for interpreting a potential parody fair use defense in the EU. It provides a legal basis to ensure that trademark law is applied within all member states in a manner which guarantees the full respect for the fundamental rights and freedoms, specifically the right of artistic expression. While this is not an express reference towards parody, it gives the courts sufficient discretion to choose to implement a parody doctrine.

In fact, there were attempts by the European Parliament to propose further amendments to recital 21. However, these failed due to the heavy opposition from the International

²⁷ Lisa Koetz Wildt, 'Placing humor in its right place: the need of a distinctive parody exception within EU Trademark Law' (2017) <http://uu.diva-portal.org/smash/record.jsf?faces-redirect=true&aq2=%5B%5B%5D%5D&af=%5B%5D&searchType=SIMPLE&sortOrder2=title_sort_asc&query=&language=en&pid=diva2%3A1144139&aq=%5B%5B%5D%5D&sf=all&aqe=%5B%5D&sortOrder=author_sort_asc&onlyFullText=false&noOfRows=50&dswid=1846> accessed 10 February 2021.

²⁸ *ibid.*

²⁹ Regulation 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark and Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the internal market (Trade Marks and Designs) [2016] L341/21.

³⁰ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1.

³¹ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2016] L336/1.

³² Regulation 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark and Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the internal market (Trade Marks and Designs) [2016] L341/21.

Trademark Association (INTA).³³ This resulted in the parts of the text referring to “parody” and “comments” to be excluded from the final version.

Nevertheless, it is now the task of the courts to interpret this difficult concept of fair use in industrial and commercial matters for the purposes of artistic expression. INTA argued that the amendments would have led to a significant increase for use of well-known trademarks in a way which could cause detriment to the reputation of such trademarks.³⁴ This clearly demonstrates the INTA’s reluctance on accepting changes that might weaken the position of famous trademarks.

The courts have so far not applied Recital 21 in any trademark cases. How exactly the courts will develop and interpret the new concepts will be interesting to analyze due to its potential impact on both trademark owners and trademark parodists. It is possible that the courts will develop the new concepts in line with the established parody defense in the European copyright field or be influenced by US trademark law.

Nevertheless, the above-mentioned reforms indicate a shift in attitude within European trademark law towards increased protection of freedom of expression and the interests of society involving conflicts with Intellectual Property rights holders.

Academics have recognized this gradual shift in attitude within European Intellectual Property Law, for example ‘Fundamental rights are becoming internalized into EU IPR (Intellectual Property Right), a similar trend is visible in Europe.’³⁵ This internalization would mean that fundamental rights would become an openly integrated part of the IPR legislative system. As a result, courts would not solely depend on fundamental rights in exceptional cases but instead be able to utilize them in all instances.

These changes on the trademark legal frame have demonstrated a positive move towards an acceptance coming from the EU courts when it comes to assessing trademark cases that involve balancing fundamental rights. It is a step further into the courts changing their traditional systems of tests where the reputed mark automatically receives stronger

³³ Lisa Koetz Wildt, ‘Placing humor in its right place: the need of a distinctive parody exception within EU Trademark Law’ (2017) < http://uu.diva-portal.org/smash/record.jsf?faces-redirect=true&aq2=%5B%5B%5D%5D&af=%5B%5D&searchType=SIMPLE&sortOrder2=title_sort_asc&query=&language=en&pid=diva2%3A1144139&aq=%5B%5B%5D%5D&sf=all&aqe=%5B%5D&sortOrder=author_sort_asc&onlyFullText=false&noOfRows=50&dswid=1846> accessed 12 February 2021.

³⁴ *ibid.*

³⁵ Jens Schovsbo, ‘” Mark My Words” – Trademarks and Fundamental Rights in the EU’ (2018) 8 U.C. Irvine L Rev 555.

protection, into a more reasonable approach of looking carefully at cases that involve freedom of expression.

However, before analyzing the potential ways courts can protect parodists, it is first necessary to discuss the landmark case of *Deckmyn*³⁶, which established the concept of parody in European copyright law. While it is impossible to tell how this may affect trademark law, it is still the most recent case involving the CJEU and the concept of parody.

³⁶ Case C-201/13 *Deckmyn and Vrijheidsfonds* EU:C:2014:2132.

CHAPTER II: PARODY IN EUROPEAN TRADEMARK

1. Concept of Parody in the EU: *Deckmyn*

European trademark law has not yet defined the concept of parody. Trademark Directives, Regulations, and CJEU cases do not provide any specific express exception relating to trademark parody. However, recital 21 and the *Deckmyn* have indicated a change in attitude towards parody.

Deckmyn was the first case, where the CJEU considered parody in the context of EU copyright law and established the conditions which a parody needs to meet, giving us a general legal outline of parody within EU law that does not have to be restricted to copyright law.³⁷

The CJEU held that the meaning of the word parody must be determined ‘with regard to the usual meaning of the term “parody” in everyday language’³⁸ and that ‘the essential characteristics of parody are, first, to evoke an existing work while being noticeably different from it, and second, to constitute an expression of humor or mockery.’³⁹ Regarding the second characteristic, non-humorous parodies would be excluded from the scope of the parody exception. The CJEU chose to give a wide definition of parody. The CJEU stated that:

it is not apparent...that the parody should display an original character of its own, other than that of displaying noticeable differences with respect to the original parodied work; could reasonably be attributed to a person other than the author of the original work itself; should relate to the original work itself or mention the source of the parodied work.⁴⁰

This basically means that the creation of the parody itself does not need to contain any kind of creativity, which is usually a necessary requirement for copyright protection – but simply needs to display noticeable differences from the original work.

The CJEU also held that a fair balance between the rights of the authors and the right of freedom of expression of the user of the parodied work should be achieved.⁴¹ To achieve this balance, the interests of the copyright holder and the interests of the user of the protected

³⁷ Case C-201/13 *Deckmyn and Vrijheidsfonds* EU:C:2014:2132.

³⁸ *ibid* 20.

³⁹ *ibid*.

⁴⁰ *ibid* 21.

⁴¹ *ibid* 26.

work must be scrutinized accordingly and judges will have to decide on a case-by-case basis which interest is more important to preserve. This paper will now examine how a trademark parody can infringe EU trademark law and how the characteristics of a parody could potentially influence a decision by the courts.

2. How a Parody infringes EU Trademark Law

2.1 Likelihood of Confusion

Article 9 of Regulation (EU) 2017/1001 on the European Union trademark sets out the exclusive rights acquired by registration of an EU trademark.⁴²

Articles 9 (2) (b) provides trademark owners with the exclusive right to control any marks made in the course of trade, when another party produces identical or similar goods which are likely to confuse an average consumer as to the origin of those goods.⁴³ The owner of a registered EU trademark is entitled to prevent all unauthorized use from third parties in the course of trade, in relation to goods or services, where⁴⁴:

(b) the sign is identical with, or similar to, the EU trademark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the EU trademark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trademark.⁴⁵

Some of the factors which the court has identified for determining whether goods/services are similar are:

- their nature;
- their intended purpose;
- their method of use;
- whether they are complementary or not;
- whether they are in competition or interchangeable;
- their distribution channels/points of sale;
- their relevant public;
- their usual origin.⁴⁶

⁴² Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9.

⁴³ *ibid.*

⁴⁴ *ibid.*

⁴⁵ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(b).

⁴⁶ Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer* EU:C:1998:442 as cited in European Union Intellectual Property Office (EUIPO), 'Guidelines For Examination of European Union Trade Marks' (2017).

Due to the prerequisite of the third party having to use the trademark in the course of trade, parodies which only contain non-commercial elements should avoid infringement. ‘In the course of trade’ was considered by the CJEU in the case of *Arsenal*⁴⁷, which interpreted it to include any ‘commercial activity with a view to economic advantage and not as a private matter’.⁴⁸ Therefore, parodies which are exploited for any commercial purpose are likely to be considered use ‘in the course of trade’.

Infringement arises when the unauthorized use is of the same or similar trademark in relation to the same or similar goods and services, which are covered by the registration.⁴⁹ Furthermore, the use must create a likelihood of confusion, which includes a likelihood of association.⁵⁰ It must be noted that likelihood of association serves to define the scope of likelihood of confusion, and is not an alternative to it.⁵¹ This means that the central issue is whether there has been any confusion between the marks in question. For infringement to arise, there must be a likely risk of the average consumer assuming that the products carrying the authorized mark are linked commercially to the trademark owner, for example through origin of mark or endorsement of the trademark owner. As such, trademark parodists need to be able to prove that their parody would not lead to a likelihood of confusion.

Parodists should be able to achieve this, as a successful parodist would not want their work to be confused with the original trademark. In fact, the intention of parodists is to have the public recognize that only a reference to the original trademark is being made. As such, there should be no likelihood of confusion, as a consumer faced with a trademark parody should identify this reference to the protected mark whilst simultaneously realizing that this is only for humorous or critical effect. In such circumstances, the average consumer will not associate the parody with the trademark owner or consider it to be commercially linked to them.

On the other hand, a “bad” parody may give rise to confusion, as it fails to distinguish itself sufficiently from the original mark, which means that its use could lead to trademark infringement. It seems that under the likelihood of confusion test, as stipulated in article 9(2)(b), parodic uses of trademarks are protected to some extent. However, even if parodists

⁴⁷ Case C-206/01 *Arsenal Football Club plc v Matthew Reed* EU:C:2002:651.

⁴⁸ *ibid* para 40.

⁴⁹ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1.

⁵⁰ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(b).

⁵¹ Case C-251/95 *Sabel v Puma, Rudolf Dassler Sport* EU:C:1997:528, para 27.

can argue that they are non-infringing, as they are non-confusing, trademark owners can still allege infringement under article 9(2)(c) for dilution by blurring.⁵²

2.2 Dilution by Blurring

Trademark dilution is defined as ‘the unauthorized use of and/or application for a trademark that is likely to weaken the distinctive quality of or harm a famous mark’.⁵³ Whilst the unauthorized use of Apple as a brand of flutes may not be trademark infringement under the confusion test, it could still be seen as an infringement of trademark dilution laws, even though flutes and electronic products are so unrelated that consumers are unlikely to believe Apple flutes would be produced by the well-recognized iPhone brand. Trademark dilution law’s principal function is to prevent the diminishment of the value of well-known marks, which means that it is essentially producer focused.

Therefore, even without any consumer confusion, the court can still determine that a parody has infringed a trademark owner’s exclusive rights pursuant to article 10(2)(c)⁵⁴ of the Directive or the EUTMR article 9(2)(c)⁵⁵, because it has encroached on the trademark owner’s goodwill and reputation. For the use to be infringing the requirement is:

The sign is identical with, or similar to, the EU trademark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the EU trademark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character of the repute of the EU trademark.⁵⁶

These “anti-dilution” laws ensure the protection of the inherent value of trademarks from unauthorized third party uses, including parodies. Firstly, the trademark owner must show that their mark has gained sufficient degree of reputation.⁵⁷ Secondly, the nature of the unauthorized use must be such that average consumer is able to connect the use to the earlier

⁵² Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(c).

⁵³ International Trademark Association, ‘Trademark Dilution (Intended for a Non-Legal Audience)’ (*INTA* 9 November 2020) <<https://www.inta.org/fact-sheets/trademark-dilution-intended-for-a-non-legal-audience/>> accessed 25 February 2021.

⁵⁴ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2016] L336/1, art 10(2)(c).

⁵⁵ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(c).

⁵⁶ *ibid.*

⁵⁷ *ibid.*

mark.⁵⁸ Thirdly, the trademark owner must be able to demonstrate that they are likely to suffer damage or have already suffered damage.⁵⁹ Finally, the trademark owner must establish that the use was made ‘without due cause’⁶⁰ and ‘takes unfair advantage of, or is detrimental to, the distinctive character or the repute’⁶¹ of the trademark.⁶² There is a lot to dissect to completely understand what the requirements are for infringement.

The CJEU provided some clarity in regard to the concept of reputation in the case of *General Motors v. Yplon*⁶³. The Court held that a mark can only be considered to be reputed, if there is a ‘sufficient degree of knowledge’⁶⁴ on the part of the relevant public.⁶⁵ The reputation must also be enjoyed amongst the public concerned by the mark, which depending on the goods or services at issue would be either the general public or a more specialized part.⁶⁶ To make an accurate assessment, the Court should take consideration of all relevant factors which include market share, geographic scope, duration of the use, and total amount of expenditure invested into promoting the mark.⁶⁷ These are only some of the factors the Court listed, but all the relevant circumstances should be considered.⁶⁸ Most trademark parody infringement actions will include marks which have clearly met the necessary threshold.

The relevant question for establishing a link between the two marks is whether the reputed mark is being brought to mind by the use which is allegedly infringing.⁶⁹ In the case of *Intel*⁷⁰ the CJEU outlined a number of relevant factors including the following:

- Degree of similarity between the conflicting marks;
- The nature of the goods or services for which the conflicting marks are registered;

⁵⁸ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(c).

⁵⁹ *ibid.*

⁶⁰ *ibid.*

⁶¹ *ibid.*

⁶² *ibid.*

⁶³ Case C-375/97 *General Motor Corporation v Yplon SA* EU:C:1999:408.

⁶⁴ *ibid* 23; Charles Gielen, ‘Trademark Dilution under European Law’ (2014) 104 International Trademark Association LJ 221, 257.

⁶⁵ *ibid* 23; Charles Gielen, ‘Trademark Dilution under European Law’ (2014) 104 International Trademark Association LJ 221, 257.

⁶⁶ *ibid* 24; Charles Gielen, ‘Trademark Dilution under European Law’ (2014) 104 International Trademark Association LJ 221, 232.

⁶⁷ *ibid* 27

⁶⁸ *ibid.*

⁶⁹ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* EU:C:2008:655, para 17; Charles Gielen, ‘Trademark Dilution under European Law’ (2014) 104 International Trademark Association LJ 221.

⁷⁰ *ibid.*

- Strength of reputation;
- Distinctiveness of the reputed mark;
- Likelihood of confusion.⁷¹

Based on these factors, usually there should be no issues for a trademark owner to establish a sufficient link. That is because a trademark parody will be similar enough to bring into mind the owner's trademark. Furthermore, parody actions usually involve incredibly famous marks, which means that these marks would have a sufficient level of reputation and distinctiveness to meet the necessary threshold.

Considering the actual injury or likelihood of injury, the Court provided clarity on the interpretation of this requirement in the aforementioned case of *Intel*⁷². The Court held that there is no need to demonstrate actual injury, and that a serious risk of injury would be sufficient.⁷³ Generally, the type of injury would refer to a detriment of distinctiveness to the trademark owner's mark. On the face of it, this might give leeway for parodists to escape infringement due to its characteristics. In theory a parody should not harm distinctiveness as the consumer would be able to keep in mind that it is not the trademark's owner. However, when discussing the general principles and factors which the Court must consider it is unlikely to give sufficient protection for parodists. In the *Intel* case, the Court of Appeal of England and Wales submitted four factors and asked whether these were sufficient to establish injury.⁷⁴ These factors were:

- (a) the earlier mark has a huge reputation for certain specific types of goods or services,
- (b) those goods or services are dissimilar or dissimilar to a substantial degree to the goods or services of the later mark,
- (c) the earlier mark is unique in respect of any goods or services,
- (d) the earlier mark would be brought to mind by the average consumer when he or she encounters the later mark used for the services of the later mark.⁷⁵

In response, the CJEU supplemented these factors with a few general principles to consider: (i) the existence of a link must be established, (ii) the likelihood of injury is greater, the more

⁷¹ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* EU:C:2008:655, para 42.

⁷² *ibid.*

⁷³ *ibid* 38.

⁷⁴ *ibid* 23; Charles Gielen, 'Trademark Dilution under European Law' (2014) 104 *International Trademark Association LJ* 221, 251.

⁷⁵ *ibid* para 23; Charles Gielen, 'Trademark Dilution under European Law' (2014) 104 *International Trademark Association LJ* 221, 252.

immediately and strongly the earlier mark is brought to mind by the later mark, (iii) the serious likelihood of injury must be assessed globally and take into account all factors relevant to the given case, and (iv) the detriment is more likely to be found if the earlier mark's distinctiveness and reputation are strong.⁷⁶ It is clear from these factors and general principles that a trademark owner from a famous mark would succeed in proving actual or likelihood of injury.

Unfortunately, the directive has not defined "due cause". Whilst some commentators argue that parodic use should be viewed as due cause, as parodies are an embodiment of freedom of expression,⁷⁷ others believe that "due cause" should be interpreted in a narrower manner and merely refer to the use of a protected mark by a business to indicate that they have a particular skill, which concerns the trademarked goods or services.⁷⁸ It is also necessary to consider the circumstances under which a specific use might be taking "unfair advantage" of a protected mark or be "detrimental" to it. The CJEU held that this includes 'in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation'.⁷⁹ As seen from the above statement, the CJEU does not distinguish between taking unfair advantage of the mark's reputation or of its distinctive character. The Court refers to free-riding, or parasitism, instead of focusing on the unfair advantage. This benefits trademark owners pursuing an action against parodists, as it is extremely easy to succeed on the grounds that the parody is free riding off the reputed mark. That is because parodies will by their nature free ride off a reputed mark.

To conclude, article 9(2)(c) provides even greater protection for trademark owners to control parodic uses because most of these alleged infringing uses will be found as diluting the trademark.⁸⁰ As such it must be necessary to look to implement changes to ensure an adequate protection for parodies in trademark. However, this also raises the question of why it is so significant to protect parodies in trademark? The next section will explore the importance of parodies and why we should look to provide more protection.

⁷⁶ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* EU:C:2008:655, para 66.

⁷⁷ Ana Ramalho, 'Parody in Trademarks and Copyright: Has Humour Gone Too Far?' (2009) <https://www.academia.edu/1480088/Parody_in_Trademarks_and_Copyright_Has_Humour_Gone_Too_Far> accessed 20 February 2021.

⁷⁸ Paul Torremans, '*Holyoak & Torremans Intellectual Property Law*' (7th edn, Oxford University Press 2013) p. 500.

⁷⁹ Case C-487/07 *L'Oréal SA v. Bellure NV* EU:C:2009:378, para 41.

⁸⁰ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(c).

3. The Societal Value of Parodies

The basic rationale for providing parodies with protection is that they fall within the right to freedom of expression. Not only does this right promote cultural and political processes, but it also leads to the self-development of citizens, as they can freely express themselves and communicate. This allows for a ‘diverse range of narratives, which in turn contribute to a democratic culture’.⁸¹ Apart from providing society with information and enhancing its democratic values, parodies also provide society with amusement and entertainment. In fact, an effective parody often carries multiple messages with powerful effect. As exemplified by Gary Myers, this message could be ‘a political statement, social commentary, commercial speech, a bawdy joke, ridicule of a brand name, criticism of commercialism, or merely plain humor for its own sake’.⁸²

The US Court in *L.L. Bean v. Drake Publishers*⁸³ provides an exemplary opinion on why parodies provide crucial societal value, including in a trademark context. The Court stated the following:

The central role which trademarks occupy in a public discourse (a role eagerly encouraged by trademark owners), makes them a natural target of parodists. Trademark parodies, even when offensive, do convey a message. The message may be simply that business and product images need not always be taken too seriously; a trademark parody reminds us that we are free to laugh at the images and associations linked with the mark. The message also may be a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner. While such a message lacks explicit political content, that is no reason to afford it less protection under the First Amendment. Denying parodists, the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression.⁸⁴

While this case occurred in the US, it still demonstrates why it is so important to ensure adequate protection for parodists, especially in the context of trademark law. This is not to take away from the societal value which trademarks provide to society, however, a fine

⁸¹ Diana Passinke, An Analysis of Articles 15 and 17 of the EU Directive on Copyright in the Digital Single Market: a boost for the creative industries or the death of the internet?, Stanford-Vienna European Union Law Working Paper No. 49, 27 <https://www-cdn.law.stanford.edu/wp-content/uploads/2020/08/passinke_eulawwp49.pdf> accessed 20 February 2021.

⁸² Gary Myers, Trademark Parody: Lessons from the Copyright Decision in *Campbell v. Acuff-Rose Music, Inc.*, 59 Law & Contemp. Probs. 181 (1996).

⁸³ *L.L.Bean, Inc., v Drake Publishers, Inc.* [1987] 811 F.2d 26.

⁸⁴ *ibid* 25.

balance needs to be reached in order to ensure that both rights are protected in a sufficient manner. This paper is not trying to argue that complete protection should be afforded to trademark parodies, however, under the current CJEU case law and EU trademark laws, almost no protection is afforded to trademark parodies and there is no CJEU precedent available for national courts to rely on.

CHAPTER III: PARODY IN US TRADEMARK LAW

1. Concept of Parody in the US: *Campbell*

The courts in the US have not been able to find a consistent approach for trademark cases involving parody. The landmark case of *Campbell*⁸⁵ was the most recent attempt by the Supreme Court to clarify the legal effect of finding a parody. It should be noted that the alleged infringement occurred in a copyright context, similarly to how *Deckmyn* occurred. Therefore, the precise implications for trademark law were and still are uncertain. Nevertheless, writers have identified some of the insights *Campbell* has provided for courts dealing with trademark parodies.⁸⁶

Firstly, *Campbell* acknowledged the societal value of even the silliest parodies as protected form of speech. The US Supreme Court explained that parody should be viewed as a form of comment or criticism that ridicules the original work, and therefore it has potential to be viewed as a non-infringing fair use.⁸⁷ Over the recent years, American culture has seen an increasing use of parody and related humorous forms of commentary.⁸⁸ As a result, the court's attitude towards arguments involving the protection of parodies has improved.⁸⁹

Prior to the *Campbell* case, many reported trademark cases showed little to no regard in respect of speech values in parody.⁹⁰ Whilst it is difficult to assess whether it was *Campbell* or increased appreciation for the value of parody in the American culture that caused this change in attitude towards the protection of parodies,⁹¹ *Campbell* does mark a mid-1990s turning point.⁹² This decision also served as an example for lower courts.⁹³ The judgment made it clear that courts should not halt to safeguard the societal benefits of a parody simply because of differences in sense of humor or culture.⁹⁴

⁸⁵ *Campbell v Acuff-Rose Music* [1994] 510 U.S. 569.

⁸⁶ David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021; William McGeeveran, 'The imaginary Trademark Parody Crisis (and the Real One)' (2015) 90 Wash L Rev 713.

⁸⁷ *Campbell v Acuff-Rose Music* [1994] 510 U.S. 569 pg. 588; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

⁸⁸ William McGeeveran, 'The imaginary Trademark Parody Crisis (and the Real One)' (2015) 90 Wash L Rev 713.

⁸⁹ *ibid.*

⁹⁰ *ibid.*

⁹¹ *ibid.*

⁹² *ibid.*

⁹³ *ibid.*

⁹⁴ *ibid.*

Secondly, *Campbell* demonstrated that it may be difficult to decide whether or not a parody should be protected.⁹⁵ *Campbell* recognizes the difficulty in finding whether a parody is present, which ought to require a more careful analysis of protection. The Court in *Campbell* presents the threshold question as to ‘whether a parodic character may reasonably be perceived’.⁹⁶ This is a very general and flexible approach, thereby leaving much of the investigation of whether a parody is protectable up to the courts.

Nevertheless, this does not help much with the process of identifying whether a parody ought to be protectable, nor does it exactly provide a definition of what a parody is. Fortunately, a case prior to *Campbell* has provided a well-known formulation of parody in US trademark law. In *Cliffs Notes v. Bantam Doubleday Dell Publishing Group*⁹⁷, the Court stated that:

A parody must convey two simultaneous-and contradictory messages: that it is the original, but also that it is not the original and is instead a parody. To the extent that it does only the former but not the latter, it is not only a poor parody but also vulnerable under trademark law since the customer will be confused.⁹⁸

This is similar to the statement from the CJEU in *Deckmyn*, where parody was also defined as something which draws on but also differentiates itself from the original. It will be interesting to see whether *Deckmyn* will impact the courts in a similar fashion *Campbell* has. The next section will set out the primary federal laws which govern US trademark law, and how they would affect a parody in trademark law. This helps illustrate some of the mechanisms which can be implemented by the EU courts to protect parodies in a trademark context.

2. Background on US Trademark Legislation

US trademark law is primarily governed by the Lanham (Trademark) Act,⁹⁹ which was enacted on 5 July 1946 and has since provided federal protection for trademarks.¹⁰⁰ The Act

⁹⁵ William McGeeveran, ‘The imaginary Trademark Parody Crisis (and the Real One)’ (2015) 90 Wash L Rev 713.

⁹⁶ *Campbell v Acuff-Rose Music* [1994] 510 U.S. 569 pg. 582.

⁹⁷ *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group* [1989] 886 F.2d 490.

⁹⁸ *ibid* 13.

⁹⁹ Lanham (Trademark) Act 1946.

¹⁰⁰ *ibid*.

now prohibits several activities, including trademark infringement,¹⁰¹ trademark dilution,¹⁰² and false advertising.¹⁰³

The law also now includes protection against unfair competition activities, which include dilution by blurring and tarnishment. The federal government also passed the Federal Trademark Dilution Act (FTDA) in 1995¹⁰⁴, which was replaced by the Trademark Dilution Revision Act of 2006 (TDRA).¹⁰⁵ The TDRA introduced an express exclusion for parodies of trademarks, however, even before then state and federal courts had developed several approaches to handling dilution claims against parodies, which ensured protection of the expressive elements.¹⁰⁶

The first approach held that parodies of trademarks, by their nature, do not dilute the value of famous marks, and thus cannot be the basis for a claim of trademark dilution.¹⁰⁷ The second approach held that parodies of trademarks do inherently dilute the value of famous trademarks but receive full protection under the First Amendment because of their expressive elements.¹⁰⁸

In contrast to trademark dilution law, the Lanham Act does not provide a parody defense to an alleged claim of infringement based on the confusion test. However, the parodist may assert that his or her use of a mark is a non-confusing parody, and therefore non-infringing. In theory, no confusion should arise since a parody would be considered as a mockery, and not something to be taken seriously. While the parody should bring to mind the earlier mark, it should also be obvious to the consumer that it is not the earlier mark and should not be associated with it; it is a playful, humorous hop from the original. As such it is extremely important for the parodied mark to be noticeable different to ensure that there is no confusion within the consumers' mind. Furthermore, the courts may also decide to take special considerations of parodies in their analysis to determine whether uses are likely to cause confusion.

¹⁰¹ Lanham (Trademark) Act 1946, s 1114.

¹⁰² Trademark Dilution Revision Act, s 1125.

¹⁰³ Lanham (Trademark) Act, s 43(a).

¹⁰⁴ Federal Trademark Dilution Act 1995.

¹⁰⁵ Trademark Dilution Revision Act 2006.

¹⁰⁶ Jordan T Bergsten, 'Twelve Years of Surveys: How the Arising Interpretation of the Federal Trademark Dilution Statute Chills Parody Trademarks and How Courts Can Change This' (2014) 42 AIPLA Q J 205. This' (2014) 42 AIPLA Q J 205.

¹⁰⁷ *ibid.*

¹⁰⁸ *ibid.*

Nevertheless, this means that the parody analysis operates during the infringement analysis, and as such is not actually a real defense. When comparing this to the EU trademark system, the key distinction is that there is sufficient precedent for the courts to give special consideration towards parodies, which has yet to occur from the CJEU.

Occasionally there have also been references in court cases to the influence of the First Amendment, and how this protects parodies in trademark cases. The First Amendment is only implicated when the Government restricts expressive uses of trademarks. However, the law relating to the intersection between trademark and the First Amendment is confusing in the US. As of yet, neither the US Congress nor the US courts have been able to develop a simple and clear rule, which allows the use of trademarks for freedom of speech purposes, such as in parodies. But it provides certain mechanisms the courts can and have sometimes used to resolve parody cases.

3. Interaction of Parody in the US

3.1 Parody in Trademark Infringement

Under the Lanham Act, trademark infringement is determined by whether the use of a trademark is likely to cause confusion as to the source, affiliation, or sponsorship of the goods or services at issue.¹⁰⁹ Likelihood of confusion is determined in reference to the ordinary, prudent customer in the marketplace rather than by the subjective judgment of the judge or jury.¹¹⁰ “Likelihood” is taken to mean that there is a probability of confusion, rather than a mere possibility of confusion.¹¹¹ Probability is required because there will likely always be a small group of consumers who, due to carelessness, ignorance, or other shortcomings, will be fooled by an apparent infringing use.¹¹²

The various circuits in the US have all developed their own multi-factor likelihood of confusion test.¹¹³ Nevertheless, all the circuits’ tests share some basic elements. The foundation of these modern tests is found in the factors listed in section 731 of the 1938 Restatement of Torts:

¹⁰⁹ Lanham (Trademark) Act 1946, s 1114 – 1125.

¹¹⁰ Eric Sonju, 'Likelihood of Confusion is Confusing Enough: Why the Concept of Parody Has No Place in a Likelihood of Confusion Analysis' (2010) 38 AIPLA Q J 349.

¹¹¹ *ibid.*

¹¹² *ibid.*

¹¹³ *ibid.*

- The likelihood that the actor's goods, services or business will be mistaken for those of the other;
- The likelihood that the other may expand his business so as to compete with the actor;
- The extent to which the goods or services of the actor and those of the other have common purchasers or users;
- The extent to which the goods or services of the actor and those of the other are marketed through the same channels;
- The relation between the functions of the goods or services of the actor and those of the other;
- The degree of distinctiveness of the trademark or tradename;
- The degree of attention usually give to trade symbols in the purchase of goods or services of the actor and those of the other;
- The length of time during which the actor has used the designation; and
- The intent of the actor in adopting and using the designation.¹¹⁴

These are factors to be considered, and the weight given to each factor may depend upon which circuit the case is being tried in. It must be noted that the courts have used widely divergent standards to determine the likelihood of a confusion on a trademark parody case.¹¹⁵ For example, some courts may tolerate a greater risk of confusion out of concern for protecting the expressive elements of a parody. It is difficult to exactly discern any clear and consistent standards which are applied by the courts.

However, in his article, *The Confusion Trap: Rethinking Parody in Trademark Law*, David A. Simon examined the parody doctrine closely, and was able to identify some common key factors, which the courts will take into consideration and interpret differently due to the finding of a parody.¹¹⁶ These factors are:

- Strength of the mark;
- The degree of similarity between the two marks;
- The defendant's intent;
- Product similarity;
- Actual confusion;
- Consumer sophistication.¹¹⁷

¹¹⁴ American Law Institute, *Restatement (First) of Torts*' (3rd Volume 1938) (as cited in Eric Sonju, 'Likelihood of Confusion is Confusing Enough: Why the Concept of Parody Has No Place in a Likelihood of Confusion Analysis' (2010) 38 *AIPLA Q J* 349)

¹¹⁵ Eric Sonju, 'Likelihood of Confusion is Confusing Enough: Why the Concept of Parody Has No Place in a Likelihood of Confusion Analysis' (2010) 38 *AIPLA Q J* 349.

¹¹⁶ David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 *Wash L Rev* 1021; William McGeeveran, 'The imaginary Trademark Parody Crisis (and the Real One)' (2015) 90 *Wash L Rev* 713.

¹¹⁷ *ibid* 1031.

The author also examines the case of *Louis Vuitton Malletier v. Haute Diggity Dog* to illustrate how a finding of parody changes the court's approach to the confusion factors.¹¹⁸ The defendant in this case had labelled his dog toys "Chewy Vuitton", mimicking the plaintiff's mark, "Louis Vuitton," under which Louis Vuitton, sold luxury clothing and accessories, including dog accessories.¹¹⁹

As a starting point, the Court considered whether a parody existed by referring to the parody definition in *Cliffs Notes*.¹²⁰ Following this, the Court evaluated the confusion factors¹²¹ and considered the importance of parody in relation to four factors.¹²²

Firstly, the Court emphasized that the finding of a parody was important for assessing the strength of the marks.¹²³ In general, a strong mark will favor the plaintiff because it demonstrates that the mark has acquired sufficient inherent distinctiveness or secondary meaning for consumers to associate a brand with a product. However, if a legitimate parody is involved the opposite may be true,¹²⁴ because a weak mark would likely not be recognized as a parody.¹²⁵ The Court reasoned that a strong mark would allow the consumers to realize that the parody is not the original,¹²⁶ and thus in the case at hand, the Court found that this factor benefitted the defendant.

Secondly, the Court provided an explanation of how a parody affects its analysis of the marks' similarity.¹²⁷ In particular, the Court explained that the concept of a well-established parody requires it to be similar enough to the original.¹²⁸ Thus, this factor was also favorable to the defendant in these specific circumstances, as *Haute Diggity Dog* appropriately

¹¹⁸ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC*. [2007] 507 F.3d 252.

¹¹⁹ *ibid*; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹²⁰ *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group* [1989] 886 F.2d 490.

¹²¹ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC*. [2007] 507 F.3d 252, pg 261 - 264

¹²² David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹²³ *ibid* 261 – 62; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹²⁴ *ibid* 261; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹²⁵ *ibid*; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹²⁶ *ibid* 261 – 62.

¹²⁷ *ibid* 262; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹²⁸ *ibid*.

mimicked a part of the LVM marks, whilst simultaneously distinguishing its own product to convey the parody.¹²⁹

Thirdly, when examining the defendant's intent, the Court found the intent to parody "neutralized" this factor. Rather than evidencing bad faith, 'the intent [to parody] is to do just the opposite – to evoke a humorous, satirical association that distinguishes the products.'¹³⁰

Lastly, the Court also found that the dissimilarity in goods or services, which was important for the finding of a parody, should weigh against a finding of confusion between the parties.¹³¹ The Court concluded that the overall assessment of the factors were in favor of the defendant, and that 'Haute Diggity Dog's marketing, sale, and distribution of "Chewy Vuitton" dog toys were not likely to cause confusion...[because the toys were] an obvious parody'.¹³²

This approach currently dominates the cases with reference to *Campbell*.¹³³ While we cannot automatically deduce from this evidence that this is the most common approach taken by the courts in trademark parody cases, it would not be unsurprising if it were. It is crucial to recognize that these "altered" factors may be insufficient to ensure a parody is deemed non-infringing and thus protected.

As we can see, this likelihood of confusion doctrine is almost identical to the one found in European trademark law. The courts consider similar factors when analyzing whether there has been confusion. For example, both courts tend to look at the intended purpose, strength of the mark, how similar the marks are, distribution channels and whether the marks are in competition. The key difference is that US courts have precedent for weighing the factors differently regarding parodies. This is something which could be easily implemented within EU trademark law, due to the minor changes it would require. Therefore, the CJEU or national courts could decide to take this approach and implement it into the relevant

¹²⁹ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC*. [2007] 507 F.3d 252, 262; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹³⁰ *ibid* 263; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹³¹ *ibid* 260-62; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹³² *ibid* 263; David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021.

¹³³ David A Simon, 'The Confusion Trap: Rethinking Parody in Trademark Law' (2013) 88 Wash L Rev 1021; William McGeeveran, 'The imaginary Trademark Parody Crisis (and the Real One)' (2015) 90 Wash L Rev 713.

trademark system. However, it might also be argued that this is not necessary, because parodies should be non-confusing by their nature. Additionally, the main concern for parodists in the EU would be the dilution laws, as parodists are much more likely to create a parody which may lessen the inherent value of a reputable trademark.

3.2 Parody in Trademark Dilution

Trademark infringement claims are not the only cause of action which the trademark owner can take to enforce their rights against parodists and must be differentiated from a dilution claim by blurring and/or tarnishment. The passing of the FTDA introduced federal protection for trademark owners for the dilution of their marks.¹³⁴

Under the TDRA dilution is an ‘association arising from the similarity between a mark or trade name and a famous mark’,¹³⁵ which either (1) impairs the distinctiveness of the famous mark (blurring)¹³⁶, or (2) harms the reputation of the famous mark (tarnishment).¹³⁷ Parody cases are likely to come under these definitions, as they often involve a parodic use of an earlier mark, thereby potentially impairing the distinctiveness or harming the reputation of the famous mark. It should be noted that the TDRA introduced the requirement of only showing likelihood of dilution rather than actual harm to the plaintiff’s trademark.

The FTDA provided guidance by suggesting factors that the courts should consider when assessing whether the defendant’s actions amounted to actionable dilution by blurring. These are now found in the TDRA:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.¹³⁸

¹³⁴ Federal Trademark Dilution Act 1995.

¹³⁵ Trademark Dilution Revision Act 2006, s. 1125(C)(2)(B).

¹³⁶ *ibid* 1125(C)(2)(B); Kathleen E McCarthy, 'Free Ride or Free Speech: Predicting Results and Providing Advice for Trademark Disputes Involving Parody' (2019) 109 Trademark Rep 691.

¹³⁷ *ibid* 1125(C)(2)(C); Kathleen E McCarthy, 'Free Ride or Free Speech: Predicting Results and Providing Advice for Trademark Disputes Involving Parody' (2019) 109 Trademark Rep 691.

¹³⁸ Trademark Dilution Revision Act 2006, s. 1125(C)(2)(B).

While these factors do not exactly define what blurring is, they are a list of considerations which assist in fully understanding the concept of blurring. However, after the passing of the TDRA, all dilution cases are subject to the post-2006 parody exception, if applicable. This means that the following shall not be actionable:

- A) Any fair use including a nominative or descriptive fair use, of facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services....in connection with – parodying, criticizing, or commenting upon the famous mark.
- B) All forms of news reporting and news commentary.
- C) Any non-commercial use of a mark.¹³⁹

A plain reading of the “fair use” exception suggests that all parodies which are not used as a ‘designation of source for the person’s own goods or services’¹⁴⁰ are not actionable and are therefore exonerated from any alleged infringement claims.

As such, it could be argued that the parody provision has created interpretive difficulties for both parodists and trademark owners.¹⁴¹ Specifically, it needs to be recognized that this legislation could be seen as both too restrictive and too broad. On the one hand, it states that it is impossible for non-source-denoting parodies to dilute a trademark.¹⁴² On the other hand, it states that a parody functioning as an indicator of source is automatically excluded from protection.¹⁴³ This may present a problem for trademark owners trying to pursue action against parodies which are non-commercial and make a comparison in bad taste, or which is scandalous or shocking, thereby harming the reputation of the mark that is being parodied.¹⁴⁴ Based on the broad language of the parody exception, all such tarnishing uses would be exempted from liability. The latter part of the text presents a serious issue for parodists. Most parodic uses of an earlier mark are probably done by a parodist for commercial purposes and as its own source identification, a brand parody. As such, it is important to consider whether there is any other provision of the Act that could make such parodies eligible for protection.

In the case of *Chewy Vuitton*, the United States Court of Appeals for the Fourth Circuit held that this is, indeed, the case.¹⁴⁵ In this case, the “fair use” defense did not apply, as Haute

¹³⁹ Trademark Dilution Revision Act 2006, s. 1125(C)(3).

¹⁴⁰ *ibid.*

¹⁴¹ Eugene C Lim, 'Of Chew Toys and Designer Handbags: A Critical Analysis of the Parody Exception under the U.S. Trademark Dilution Revision Act' (2012) 35 Campbell L Rev 83.

¹⁴² *ibid.*

¹⁴³ *ibid.*

¹⁴⁴ *ibid.*

¹⁴⁵ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC.* [2007] 507 F.3d 252.

Diggity Dog was utilizing the parody as its own designation of source (dog toys).¹⁴⁶ Nevertheless, the Court cleared the defendant's use of "*Chewy Vuitton*" at the initial stage of the dilution analysis, based on the fact that the parody in question failed to satisfy the six criteria for dilution by blurring.¹⁴⁷ Furthermore, the Court also held that there was not sufficient evidence to justify a claim for tarnishment.¹⁴⁸

Based on the Court's analysis, a parody does not need to satisfy the "fair use" provision in the TDRA to be exempt from liability.¹⁴⁹ Instead, the plaintiff's claim might be unsuccessful already at the initial stage of the dilution analysis.¹⁵⁰ The aforementioned six factors act as a preliminary filter, therefore ensuring that the only parodic use that is likely to lead to a loss of distinctiveness of a well-known trademark will trigger prima facie liability under the Act.¹⁵¹ When an alleged diluting use fails to meet the necessary threshold requirements, it will be exonerated.¹⁵² On this basis, the alleged dilution claim will be denied, and it will not be necessary to engage into an in-depth analysis of whether the "parody exception" would apply.

The Court's decision in *Louis Vuitton* paved the way for source-denoting parodies to be protected from liability already under the main dilution factors of the Act, rather than under its "fair use" exception, which would be considered at a later stage.¹⁵³ The Court's judgment in *Louis Vuitton* suggests that the protection of parodies under the TDRA should be based on a two-tiered approach.¹⁵⁴ The first stage should provide a "safety-net" for eligible source-denoting parodies under the six factors for dilution by blurring,¹⁵⁵ whereas the second stage includes a "fair use" defense for non-source-denoting parodies.¹⁵⁶ Through this interpretation, the Court ensured broad protection for parodies, whilst also allowing for the courts to determine on a case-by-case basis when a parody is deserving of protection.

¹⁴⁶ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC*. [2007] 507 F.3d 252.

¹⁴⁷ Eugene C Lim, 'Of Chew Toys and Designer Handbags: A Critical Analysis of the Parody Exception under the U.S. Trademark Dilution Revision Act' (2012) 35 Campbell L Rev 83.

¹⁴⁸ *ibid.*

¹⁴⁹ Eugene C Lim, 'Of Chew Toys and Designer Handbags: A Critical Analysis of the Parody Exception under the U.S. Trademark Dilution Revision Act' (2012) 35 Campbell L Rev 83.

¹⁵⁰ *ibid.*

¹⁵¹ *ibid.*

¹⁵² *ibid.*

¹⁵³ *ibid.*

¹⁵⁴ *ibid.*

¹⁵⁵ *ibid.*

¹⁵⁶ *ibid.*

However, it should be noted that this may also create the risk of interpretive uncertainties arising for all parties involved within a potential trademark parody case.

It is interesting to note that the requirements for establishing a dilution claim are remarkably similar between the EU and US. Both laws require a (1) famous/reputed mark; (2) connection between the marks; and (3) that the association is likely to be detrimental to the distinctive character of the reputed/famous mark, which includes both blurring and tarnishment.

The central issue is that EU legislation goes one step further. It also includes free-riding or parasitism of a reputed/famous mark as affirmed by the CJEU.¹⁵⁷ A parody will be inherently free-riding of a reputed/famous mark and as such courts in the EU can and are likely to give grounds to the alleged infringement on this basis. If it was simply a question of distinctiveness, then a successful parody might have sufficient leeway to evade trademark infringement. This can be seen with the US Court in *Chewy Vuitton* recognizing that the defendant's mark was unlikely to impair the distinctiveness of the famous mark due to it being a successful parody, as it communicates to the consumer that it is not actually the well-established mark, but only a ridicule of it.¹⁵⁸

Without an explicit parody exception in the EU, or the CJEU giving special considerations to parodies, it is likely that most courts in the EU will continue to hold parodies to be infringing on these dilution claims. There has been some special consideration given in the French national courts, however, unless the CJEU explicitly provides a judgement on a trademark parody case; this is unlikely to affect the whole of the EU.

The next section of this paper will focus on how the US courts can use the First Amendment of the United States Constitution to provide further protection to trademark parodists. This is important to analyze because it gives us a perspective of the extensive protection given to parodists in the United States, and whether the doctrines in place could be something which could be utilized in the EU.

¹⁵⁷ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] L154/1, art 9(2)(c).

¹⁵⁸ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC*. [2007] 507 F.3d 252.

4. The First Amendment and Parody

The First Amendment of the United States Constitution guarantees freedom of expression by prohibiting Congress from restricting the rights of individuals to speak freely.¹⁵⁹ By its nature, parody is an expression of speech, and therefore it could be entitled to First Amendment protection. However, it must also be recognized that freedom of expression is not an absolute right. Specifically, the First Amendment only prohibits government action which unduly restricts freedom of expression.¹⁶⁰

Thus, it is necessary for the courts to complete a balancing exercise between two competing interests, (i) the citizens' right to freedom of expression and (ii) the government's reasons for regulating it, when assessing whether government action unduly restricts freedom of speech.¹⁶¹ The degree of constitutional protection, which is received by the speech, depends on where it falls on the First Amendment spectrum.

Whilst some may argue that First Amendment rights cannot be relied on in civil litigations initiated by private citizens rather than government officials, the First Amendment may, in fact, be referred to anytime the government restricts speech or burdens it by allowing civil liability for expressing it.¹⁶² In practice and in relation to trademarks, this means that, if a trademark holder files a lawsuit and asks the court to enjoin or punish the defendant's use of a trademark, the U.S. Constitution automatically applies.¹⁶³

However, while some courts recognize the influence of the First Amendment values in trademark disputes, it is rather rare, and most courts will usually defer to using the aforementioned trademark doctrines and interpret them broadly to protect speech.¹⁶⁴ Nevertheless, the court is obliged to address the First Amendment issues if a defendant directly addresses the constitutionality of a trademark law, and the court cannot rule for the defendant on other grounds.¹⁶⁵ Thus, in practice this allows parodists the option of forcing the courts to use this mechanism to apply First Amendment scrutiny to trademark laws or injunctions regulating trademarks and declare them unconstitutional, resulting in those parts

¹⁵⁹ U.S. Constitution, Article 1.

¹⁶⁰ Lisa P. Ramsey, 'Increasing First Amendment Scrutiny of Trademark Law' (2008) 61 Southern Methodist L Rev. 381 < <https://ssrn.com/abstract=1273944> > accessed June 2021.

¹⁶¹ Lisa P. Ramsey, 'Increasing First Amendment Scrutiny of Trademark Law' (2008) 61 Southern Methodist L Rev. 381 < <https://ssrn.com/abstract=1273944> > accessed June 2021.

¹⁶² *ibid.*

¹⁶³ *ibid.*

¹⁶⁴ *ibid.*

¹⁶⁵ *ibid.*

being voided. Thus, it is still significant to discuss the potential extent of the First Amendment protection, as it is something which can be utilized by both parodists and the courts.

4.1 Non-Commercial Speech

Trademark use can be classified as both commercial and non-commercial contexts. Because commercial speech is afforded less First Amendment protection, the classification of its use is critical to determine what degree of constitutional protection is afforded.¹⁶⁶

The Supreme Court has confirmed that expression about ‘philosophical, social, artistic, economic, or ethical matters’¹⁶⁷ are all provided with full protection under the First Amendment.¹⁶⁸ Thus, a parodist could be entitled to full constitutional protection, as it is an artistic expression.

It is also important to note that mere offensiveness from the parody is not sufficient to impose legal liability on the parodist. This is significant, because parodies are made to engage in a humorous commentary, which often can be a little offensive. This is clarified in *Hustler Magazine Inc. v. Falwell*¹⁶⁹. Here, the plaintiff filed a claim for the damages caused by the parodist’s expression.¹⁷⁰

In *Falwell*, the Court held that the compensatory and punitive damages violated the First Amendment.¹⁷¹ The plaintiff had accused *Hustler* magazine and its publisher for intentional infliction of emotional distress, due to the fact that *Hustler* had advertised a parody which illustrated him unfavorably.¹⁷² The Court found that the mere offensive character of the speech would not remove the constitutional protection that it is afforded, as even if it intended to be offensive, this is often the case for parodies, and therefore it should have minimal or no effect on the judgment.¹⁷³

¹⁶⁶ Arlen W Langvardt, 'Protected Marks and Protected Speech: Establishing the First Amendment Boundaries in Trademark Parody Cases' (1991) 36 Vill L Rev 1.

¹⁶⁷ *Abood v. Detroit Bd. of Educ.*, [1977] 431 U.S. 209, 231.

¹⁶⁸ *ibid.*

¹⁶⁹ *Hustler Magazine Inc. v Falwell* [1988] 485 U.S. 46.

¹⁷⁰ *ibid.*

¹⁷¹ *ibid.*

¹⁷² *ibid.*

¹⁷³ *ibid.*

Restrictions on non-commercial speech would usually be subject to strict scrutiny analysis, which is the highest standard of judicial review¹⁷⁴ Any such restriction requires the government to demonstrate that the law or regulation is: (i) necessary to achieve a “compelling state interest”, (ii) “narrowly tailored” to achieve it, and (iii) uses the “least restrictive means” to achieve the set out aim.¹⁷⁵ Legal academics consider this level of judicial review to be fatal, which , illustrates the extent of protection granted to expressive speech.¹⁷⁶ Unfortunately, there has not been a case, yet which involved a strict scrutiny analysis of a parody in trademark law. But it is something which the courts can potentially utilize to protect parodies in a non-commercial trademark action.

Nevertheless, the whole purpose of trademarks is to identify source to the consumer, as such it can be assumed they will usually involve some commercial aspects. Therefore, it is important to analyze how courts could potentially utilize this to protect parodists. The part will give some background on what has been usually defined as “commercial speech”, and how this may affect parodists in trademark cases.

4.2 Commercial Speech

Traditionally, commercial speech had been viewed as being outside the scope of the First Amendment protection. However, this changed through the case of *Virginia State Board of Pharmacy*.¹⁷⁷ The Supreme Court found that whilst commercial speech was included in the protection brought by the First Amendment,¹⁷⁸ the degree of constitutional protection provided to commercial speech is much more limited than that provided to non-commercial speech.

The Supreme Court has usually defined “commercial speech” as an expression which does ‘no more than propose a commercial transaction’,¹⁷⁹ for example by advertising to promote the sale of a service.¹⁸⁰ Whilst there have been instances where the Supreme Court has expanded the definition of commercial speech to include expression that is ‘solely in the

¹⁷⁴ Victoria L. Killion, ‘The First Amendment: Categories of Speech’ (2019) Congressional Research Service 7-5700.

¹⁷⁵ Richard H. Fallon Jr., ‘Strict Judicial Scrutiny’ (2007) 54 UCLA L Rev. 1267.

¹⁷⁶ Lisa P. Ramsey, ‘Increasing First Amendment Scrutiny of Trademark Law’ (2008) 61 Southern Methodist L Rev. 381 < <https://ssrn.com/abstract=1273944>> accessed June 2021.

¹⁷⁷ *Virginia State Board of Pharmacy v Virginia Citizens Consumer Council, inc* [1976] 425 U.S. 748.

¹⁷⁸ *ibid.*

¹⁷⁹ *ibid.*

¹⁸⁰ *Bolger v Youngs Drug Products Corp.* [1983] 463 U.S. 60.

economic interest of the speaker and his audience’,¹⁸¹ the Court has also refused to apply this definition in later cases.¹⁸² In fact, the Supreme Court has acknowledged the issues arising from its commercial speech doctrine, including inconsistency and indeterminacy, in the case of *City of Cincinnati*.¹⁸³ Justice Stevens emphasized that courts must be careful not to ‘place too much importance on the distinction between commercial and non-commercial speech’,¹⁸⁴ and that it is a “matter of degree”,¹⁸⁵ whereas Justice Thomas questioned the possibility of actually drawing a coherent distinction between commercial and non-commercial speech.¹⁸⁶ The lack of clarity has also been criticized by scholars, some of whom have argued that the First Amendment distinction should be removed.¹⁸⁷

The case of *Central Hudson*¹⁸⁸ attempted to clarify under what conditions commercial speech would receive constitutional protection by introducing a four-part legal test.¹⁸⁹ To be afforded constitutional protection, the first question asked by the test must be answered affirmatively. The questions which the *Central Hudson test* considers are whether:

- (1) the affected commercial speech refers to a lawful activity and is not misleading;
- (2) the government had a “substantial” underlying interest to further in taking the action;
- (3) the government action directly advanced the underlying interest;
- (4) the government action was no more extensive than necessary to serve that interest.¹⁹⁰

The first factor will almost certainly never be a barrier to First Amendment protection for parody trademarks. There is no reason why a parody trademark should advertise anything illegal, and a successful parody will not be misleading. It is likely that a parody trademark that is misleading will also be liable for trademark infringement under the likelihood of confusion test. Thus, all parody trademarks undergoing a First Amendment analysis will likely satisfy the first factor.

¹⁸¹ *Central Hudson Gas & Electric Corp. v Public Service Commission* [1980] 447 U.S. 557, 561.

¹⁸² Lisa P. Ramsey, ‘Increasing First Amendment Scrutiny of Trademark Law’ (2008) 61 Southern Methodist L Rev. 381 < <https://ssrn.com/abstract=1273944> > accessed June 2021.

¹⁸³ *City of Cincinnati v Discovery Network, Inc.* [1993] 507 U.S. 410.

¹⁸⁴ Lisa P. Ramsey, ‘Increasing First Amendment Scrutiny of Trademark Law’ (2008) 61 Southern Methodist L Rev. 381 < <https://ssrn.com/abstract=1273944> > accessed June 2021.

¹⁸⁵ *ibid.*

¹⁸⁶ *Lorillard Tobacco Co. v Reilly* [2001] 533 U.S. 525.

¹⁸⁷ Alex Kozinski & Stuart Banner, ‘Who’s Afraid of Commercial Speech?’ (1990) 76 VA. L Rev. 627.

¹⁸⁸ *Central Hudson Gas & Electric Corp. v Public Service Commission* [1980] 447 U.S. 557.

¹⁸⁹ *ibid.*

¹⁹⁰ *ibid.*

The second factor – whether the restriction represents a substantial government interest – has been historically easy for the government to satisfy in defending regulations of speech.¹⁹¹ This would be satisfied for the Lanham Act, as it is in the interest of the government to ensure trademark property rights are accordingly protected. However, there might be some concerns for the TDRA, as it is focused on protecting the value of famous marks. Economists have continued to debate whether the free riding on famous marks that dilution law tries to prohibit is a net gain or a new loss for society.¹⁹² Professor Denicola concluded that ‘even when the speech is purely commercial’¹⁹³, use of dilution law ‘to restrict the defendant’s ability to comment on the plaintiff or his merchandise is likely unconstitutional...absent a state interest more substantial than the desire to safeguard the value of established trademarks’.¹⁹⁴ Therefore, there is potential for the courts to consider that the TDRA lacks substantial government interest, although it would be unlikely.

The third factor – whether the restriction directly advances the government interest – has been historically harder to satisfy.¹⁹⁵ Again, this should not present a problem for the Lanham Act. However, this may present an issue for the TDRA, as it can be quite difficult to satisfy. In *Liquormart*,¹⁹⁶ the Court struck down a ban on advertising the price of alcohol, in part because the government failed to prove that the regulation would advance its stated interest (reduction of alcohol consumption) “to a material degree”¹⁹⁷. The Court agreed with the government’s claim that a price-advertising ban would raise prices, which would lower demand.¹⁹⁸ The Court noted that the marginal impact on the price would affect the purchasing patterns of temperate buyers, however the abusive drinker would probably not be deterred by this small increase in price.¹⁹⁹ Therefore, the Court remained unconvinced that the regulation would significantly reduce alcohol consumption and decided in favor of striking down the challenged restriction.²⁰⁰

The TDRA would have difficulty proving material advancement under a court, which applies the same standard as illustrated in *Liquormart*. The main purpose of dilution law is to protect

¹⁹¹ *Central Hudson Gas & Electric Corp. v Public Service Commission* [1980] 447 U.S. 557.

¹⁹² Jordan T Bergsten, 'Twelve Years of Surveys: How the Arising Interpretation of the Federal Trademark Dilution Statute Chills Parody Trademarks and How Courts Can Change This' (2014) 42 AIPLA Q J 205.

¹⁹³ *ibid.*

¹⁹⁴ *ibid.*

¹⁹⁵ *Central Hudson Gas & Electric Corp. v Public Service Commission* [1980] 447 U.S. 557.

¹⁹⁶ *44 Liquormart, Inc. v Rhode Island* [1996] 517 U.S. 484.

¹⁹⁷ *ibid* 486.

¹⁹⁸ *ibid* 505.

¹⁹⁹ *ibid* 506.

²⁰⁰ *ibid.*

the free riding of a famous mark.²⁰¹ There is some intuitive appeal and supporting evidence that classic diluting uses of a famous mark decrease that mark's value. For example, the low quality of the free-rider's product might lessen the value of the borrowed mark. However, the evidence does not clearly indicate this type of relationship, especially not the materiality of this effect. On the one hand, the diluting use is obviously free riding of the famous mark, however, on the other hand it also engages in advertising for the famous mark.

Furthermore, specifically looking at the continued regulation of trademark parodies, it is unlikely that the TDRA would advance the government interest sufficiently. However, it is also important to recognize that it would be difficult to separate the harm caused by classic dilution, and the harm caused by commentary about the mark. The statute clearly focuses on the reputational harm caused by classic dilution, but it also recognizes the First Amendment protection of the latter by introducing the parody exemption.²⁰² Nevertheless, the total value saved to owners of famous marks by disallowing parody trademarks is likely to be only minimal. That is because a "good" parody can be easily distinguished from the famous mark, and as such any reputational harm caused by the free-riding product would be severely limited, resulting in the famous mark keeping their distinctiveness. Additionally, the consumer is reminded of the famous mark and its accompanying products, thereby actually increasing the public identification with the mark.

Finally, there is the requirement that the restriction of speech not be overly restrictive.²⁰³ The level of scrutiny in this category has varied widely over the years, from only restrictions on speech being 'not broader than Congress reasonably could have determined to be necessary',²⁰⁴ to establishing that 'if the Government could achieve its interest in a manner that does not restrict speech, or that restricts less speech, the Government must do so'.²⁰⁵

In practice, the courts have shown great willingness to strike down laws that restrict more speech than is necessary, leading some commentators to conclude that the *Central Hudson* test has become one of strict scrutiny.²⁰⁶ The parody restrictive part of the TDRA would be suspect under the fourth factor of *Central Hudson* for the same reasons as those expressed

²⁰¹ Jordan T Bergsten, 'Twelve Years of Surveys: How the Arising Interpretation of the Federal Trademark Dilution Statute Chills Parody Trademarks and How Courts Can Change This' (2014) 42 AIPLA Q J 205.

²⁰² Trademark Dilution Revision Act 2006, s. 1125(C)(3).

²⁰³ *Central Hudson Gas & Electric Corp. v Public Service Commission* [1980] 447 U.S. 557.

²⁰⁴ *San Francisco Arts & Athletics, Inc. v United States Olympic Committee* [1987] 483 U.S. 522.

²⁰⁵ *Thompson v Western States Medical Center* [2002] 535 U.S. 357.

²⁰⁶ Jordan T Bergsten, 'Twelve Years of Surveys: How the Arising Interpretation of the Federal Trademark Dilution Statute Chills Parody Trademarks and How Courts Can Change This' (2014) 42 AIPLA Q J 205.

when analyzing the third factor. It is not sufficiently clear whether restricting trademarks parodies helps protect the value of famous marks. In fact, it might be argued that it helps increase the value of a famous mark.

However, this does not offer clarity towards analyzing whether the affected expression is commercial or non-commercial. This obviously causes an issue for parodists, as it makes it difficult to predict in which category their speech would be classified.

Nevertheless, the mere intent to profit from an artistic expression does not automatically mean that it is commercial. For example, whilst newspapers are sold commercially, they are still viewed as traditional non-commercial speech, which is fully protected by the First Amendment.²⁰⁷ In respect of trademarks, Judge McCarthy explained that a trademark shall be deemed to be commercial if its primary purpose is to encourage consumers to enter a commercial transaction by providing information as to who is producing or selling this commercial product advertised.²⁰⁸ The reason for this is that the purpose is strictly business-related, which means that it forms part of a proposal of a commercial transaction, therefore falling within the Supreme Court's usual definition of commercial speech.²⁰⁹

It is important to recognize that the introduction of the non-commercial and the non-source originating parody exception in federal dilution law in the United States was an attempt by Congress to help balance the First Amendment with the applicable trademark laws in order to ensure that the laws would not be deemed unconstitutional by the courts.

4.3 Inextricably Entwined Speech

The origins of this doctrine were established in the case of *Riley v. National Federation of the Blind of North Carolina*.²¹⁰ The Supreme Court held that fully protected speech which is inextricably intertwined with commercial speech is entitled to the full protection of the First Amendment.²¹¹ At issue was a North Carolina law which required professional fundraisers, when making solicitations, to disclose the percentage of their solicitations over the past twelve months that went to charity.²¹² A coalition of fundraisers, charities, and potential

²⁰⁷ *New York Times Co. v Sullivan* (1964) 376 U.S. 253.

²⁰⁸ Lisa P. Ramsey, 'Increasing First Amendment Scrutiny of Trademark Law' (2008) 61 *Southern Methodist L Rev.* 381 < <https://ssrn.com/abstract=1273944> > accessed June 2021.

²⁰⁹ *ibid.*

²¹⁰ *Riley v National Federation of the Blind of North Carolina* (1988) 487 U.S. 781.

²¹¹ *Ibid.*

²¹² *ibid* 781.

charitable donors sued North Carolina to enjoin enforcement of the law, claiming that it was a restriction on speech, thus being contrary to the First Amendment.²¹³

The Court held that charitable contributions are fully protected speech.²¹⁴ In doing so, it rejected the state’s argument that restrictions on these contributions should be examined only under intermediate scrutiny – the test for commercial speech – simply because the regulation dealt only with profits from those solicitations.²¹⁵ Instead, the Court held that if the speech is inextricably intertwined with otherwise fully protected speech, it does not retain its commercial character.²¹⁶

The Ninth Circuit relied on this rule to determine that the non-confusing use of Mattel’s “Barbie” mark in the song parody “Barbie Girl” received full First Amendment protection, which presumably means strict scrutiny review of any state action restricting it.²¹⁷ In *Mattel*, the owners of the “Barbie” doll mark used the FTDA to sue MCA records for producing the pop song “Barbie Girl,” by the band Aqua. The Court ultimately found in favor of Aqua, based on the “non-commercial use” exemption.²¹⁸ This finding was despite the song’s for-profit sales, which would otherwise qualify it as a “commercial use in commerce”²¹⁹ under the FTDA, and which arguably should have disqualified the song for a “non-commercial use”²²⁰ exemption.

The Court in *Mattel* recognized that the song was commercial in that it used the plaintiff’s trademark to sell copies of their song, but also found that the defendants’ song parodied the Barbie image and commented humorously on the cultural values that it represents.²²¹ The Court correctly noted that under Supreme Court precedent, any speech that ‘does more than propose a commercial transaction... is entitled to full First Amendment protection’.²²² The Court also relied on the Ninth Circuit’s decision in *Hoffman*.²²³ Here, the mark served a clear commercial purpose, with the aim of selling more copies of the for-profit magazine, but also included protected expression by presenting humorous comments on classic films and

²¹³ *Riley v National Federation of the Blind of North Carolina* (1988) 487 U.S. 781.

²¹⁴ *ibid* 789.

²¹⁵ *ibid* 795 – 800.

²¹⁶ *ibid*

²¹⁷ *Mattel, Inc. v MCA Records, Inc.* [2002] 296 F.3d 894.

²¹⁸ *ibid* 906-907.

²¹⁹ *ibid* 903-904; Federal Trademark Dilution Act 1995.

²²⁰ *ibid* 905; Federal Trademark Dilution Act 1995.

²²¹ *Mattel, Inc. v MCA Records, Inc.* [2002] 296 F.3d 894.

²²² *Central Hudson Gas & Electric Corp. v Public Service Commission* [1980] 447 U.S. 557.

²²³ *Hoffman v Capital Cities/ABC, Inc.* [2001] 255 F.3d 1180.

famous actors.²²⁴ Similarly, the Court concluded that the ‘commercial purpose [of “Barbie Girl”] was inextricably entwined with these expressive elements’,²²⁵ and therefore it was given First Amendment protection. Following this, the Court decided to find an interpretation of the FTDA which would not interfere with the parody, as otherwise this might cause an unconstitutional result.²²⁶ Therefore, the *Mattel* Court accordingly interpreted parodies as exempted from dilution law under the “non-commercial use” exemption, despite the parody’s otherwise commercial nature.²²⁷ Through establishing this doctrine, the Court ensured that any restrictions on expressive speech would always be subject to strict scrutiny review.

Unfortunately, this interpretation has not been followed consistently by the courts. The Second Circuit developed their own approach to determine whether merchandise for sale, which includes inextricable expressive speech, is provided with full First Amendment protection.²²⁸ The Second Circuit articulated its current test in *Mastrovincenzo v. The City of New York*,²²⁹ establishing that where merchandise possess both expressive and non-expressive purposes, a court should decide which one is “dominant”.²³⁰ According to the Second Circuit, a vendor of merchandise that is predominately expressive has a ‘stronger claim to protection under the First Amendment,’²³¹ while the sale of a predominately non-expressive merchandise ‘likely falls outside the scope of the First Amendment’²³². However, this is inconsistent with Supreme Court precedent, and it completely ignores the justification for the “inextricably intertwined” doctrine.²³³ The doctrine represents a judgement that, when the expressive and commercial aspects of speech cannot be separated, it is always better to extent extra protection to the speech in issue.²³⁴ The Second Circuit undermines this approach by allowing admittedly expressive speech to be restricted without strict scrutiny review simply because it appears in a medium in which it is dominated by commercial speech.

²²⁴ *Hoffman v Capital Cities/ABC, Inc.* [2001] 255 F.3d 1180, 1184.

²²⁵ *Mattel, Inc. v MCA Records, Inc.* [2002] 296 F.3d 894, 906.

²²⁶ *ibid* 906-907.

²²⁷ *Mattel, Inc. v MCA Records, Inc.* [2002] 296 F.3d 894, 907.

²²⁸ Jordan T Bergsten, 'Twelve Years of Surveys: How the Arising Interpretation of the Federal Trademark Dilution Statute Chills Parody Trademarks and How Courts Can Change This' (2014) 42 AIPLA Q J 205.

²²⁹ *Mastrovincenzo v The City of New York* [2006] 435 F.3d 78.

²³⁰ *ibid* 95.

²³¹ *ibid*.

²³² *Riley v National Federation of the Blind of North Carolina* (1988) 487 U.S. 781.

²³³ Jordan T Bergsten, 'Twelve Years of Surveys: How the Arising Interpretation of the Federal Trademark Dilution Statute Chills Parody Trademarks and How Courts Can Change This' (2014) 42 AIPLA Q J 205.

²³⁴ *ibid*.

There is no constitutionally relevant basis for distinguishing the expressive elements from speech that is traditionally fully protected. For example, courts and commentators have observed that expressive messages on a t-shirt are fully protected expression even if the t-shirts are offered for sale.²³⁵ Thus, it was not especially controversial when the Northern District of Georgia held the TDRA inapplicable to a man expressing negative views toward Wal-Mart by selling t-shirts with messages like “Wal-Qaeda” and “Walocaust”.²³⁶

CHAPTER IV: WHAT CAN THE EU LEARN FROM THIS?

Freedom of Speech in the EU also differentiates between non-commercial, commercial, and mixed expression. However, the doctrines are less developed and even more unclear at the European level. The EU has not yet established a definition for commercial speech. What is clear however is that non-commercial speech does receive greater protection. That is because a more lenient necessity test is applied in this case as non-commercial expression is perceived as an essential piece of democratic society; whereas on the other hand, more space to interfere is allowed to the Member States and authorities when commercial speech is involved. Therefore, commercial expression will not be treated uniformly within the EU, because the CJEU or ECtHR will only assess whether the measure is justifiable and proportionate, rather than exercise its power over national courts in what is perceived as commercial cases.

The case of *Markt Intern v. Germany*²³⁷ confirmed that commercial speech is recognized as essential to society, and speech which solely delivers a message defending an economic interest cannot be precluded from protection. The dissenting opinion stressed:

I am entirely convinced of the correctness of the Court's view that the contested article published by Markt Intern is in principle protected by the freedom of expression secured under Article 10 of the Convention. The socio-economic press is just as important as the political and cultural press for the progress of our modern societies and for the development of every man.²³⁸

²³⁵ *Ayres v City of Chicago* [1997] 125 F.3d 1010.

²³⁶ *Charles Smith v Wal-Mart Stores, Inc.* [2008] 537 F. Supp. 2d 1302.

²³⁷ *Markt Intern Verlag GmbH and Beermann v Germany* ECHR 1990 – 10572/83.

²³⁸ *ibid.*

This view was reaffirmed in the case of *Barthold v. Germany*²³⁹, which recognized commercial speech as a category safeguarded by freedom of expression. Judge Pettiti stated clearly that commercial speech was protected:

Regulation in this sphere is of course legitimate...in order to maintain the free flow of information any restriction imposed should answer a 'pressing social need' and not mere expediency. Even if it were to be conceded that the State's power to regulate is capable of being more extensive in relation to commercial advertising, in my view it nevertheless remains the case that 'commercial speech' is included within the sphere of freedom of expression.²⁴⁰

Lastly, there is the case of *Demuth v. Switzerland*²⁴¹ to consider, as it dealt with mixed speech. In this case, *Car TV* intended to broadcast a television program on cars for commercial purposes, but also made reference to non-commercial matters, specifically energy policies and traffic security. The Court took into consideration the intentions and goals behind the company's actions, concluding that the purpose was principally commercial, as despite making reference to environmental matters, its main aim was to profit from car sales. The Court also stated that the standards of scrutiny may be less strict, if commercial speech is at stake.

We can infer from this that there is a certain degree of uncertainty to the extent of protection which is granted to commercial speech. This is in part due to the discretion which is left to the Member States in cases concerning commercial speech. Although several judgements affirm the importance of commercial speech, the cases have illustrated that it is protected to a lesser degree compared to artistic or political expression. It is also unclear whether this would be sufficient to protect trademark parodies. While, we have seen some national courts judge in favor of freedom of expression arguments in trademark parody cases, almost all of them were in a non-commercial context. In fact, the cases from France illustrate that if the trademark parody occurred in a commercial context, the courts would have most likely not ruled in favor of the trademark parody.

Fortunately, there are some EU courts which have started to circumvent the strong protection provided to commercial speech by classifying a commercial expression as political expression, similarly to how the US courts have done. In the case of *Milka*²⁴², the Federal

²³⁹ *Barthold v Germany* ECHR 1985 – 8734/79.

²⁴⁰ *ibid.*

²⁴¹ *Demuth v Switzerland* ECHR 2002 – 38743/97.

²⁴² *Lila Postkarte* [2005] BGH I Z R 159/02.

Court of Justice in Germany, Bundesgerichtshof (BGH), dealt with a dispute involving Milka's registration of the color lilac as a trademark for chocolate. The defendants used the Milka trademark, when marketing a lilac postcard with a parody of a famous poem. The Court held that the defendant's conduct was constitutionally protected, as it was classified as artistic expression. The BGH held that the use would not damage the reputation of Milka's trademark, as it was not purely commercial. In fact, the Court stated that the 'mere fact that the producer of the postcard had a commercial interest in selling the cards was not considered sufficient to lead to an unfair use'.²⁴³ This suggests an indication that the EU courts are moving into the same direction as the US courts have already done.

However, the protection granted to parodists across EU will continue to be inconsistent, as it requires the CJEU to affirm the parodist's rights in a trademark parody case. As long as the CJEU does not do so, parodies in trademark will continue to receive unpredictable treatment and most likely insufficient protection.

In contrast to this we can see that parodies in US trademark law receive much more actual and potential protection. This can be seen by the application of the internal trademark doctrines and the First Amendment. Although the influence of the First Amendment in trademark parody has rarely been used in the US, the potential influence it can have is sufficient to dissuade courts from ruling against parodists. As stated above, the courts must apply the First Amendment mechanisms if the parodist clearly addresses the constitutionality of the law, and the court cannot rule for the defendant on other grounds.²⁴⁴ In practice, the courts have simply defaulted to broadening the protection of the internal trademark doctrines or ruling the trademark use to be non-commercial. This can be illustrated in the cases of *Walmart*²⁴⁵, *MasterCard International*²⁴⁶, *Busch*²⁴⁷ and *Chewy Vuitton*²⁴⁸, which arguably should have been defined as commercial speech. Thus, arguably the theoretical protection of the First Amendment leads to broadening the scope of the internal doctrines.

Furthermore, trademark parodies should usually be classified as mixed speech, as they contain both commercial and artistic elements. As seen in the case of *Mattel*, the US courts

²⁴³ *Lila Postkarte* [2005] BGH I Z R 159/02.

²⁴⁴ Lisa P. Ramsey, 'Increasing First Amendment Scrutiny of Trademark Law' (2008) 61 Southern Methodist L Rev. 381 < <https://ssrn.com/abstract=1273944> > accessed June 2021.

²⁴⁵ *Charles Smith v Wal-Mart Stores, Inc.* [2008] 537 F. Supp. 2d 1302.

²⁴⁶ *MasterCard International Inc. v Nader 2000 Primary Committee, Inc.* [2004] 70 U.S.P.Q.2d 1046.

²⁴⁷ *Anheuser-busch v Balducci Publications* [1994] 28 F.3d 769.

²⁴⁸ *Louis Vuitton Malletier S.A. v Haute Diggity Dog, LLC.* [2007] 507 F.3d 252.

will classify such parodies as fully protected under the First Amendment. This is in direct contrast with the EU case of *Demuth v. Switzerland*.

However, that is not to say that the First Amendment laws are without any criticism. It is almost impossible to draw a coherent distinction between commercial and non-commercial speech.²⁴⁹ One might even argue that there is no need for the distinction in trademark parody cases, as they will most likely fall into non-commercial speech or speech containing both elements. The other key issue is that US Courts are unwilling to undergo a First Amendment analysis and will always defer to other mechanisms. Therefore, the analysis regarding the Central Hudson test and how it might apply towards trademark parody in a commercial context is all hypothetical. Nevertheless, the aforementioned US cases demonstrate the willingness of the Courts to extend further protection for trademark parodies.

²⁴⁹ Lisa P. Ramsey, 'Increasing First Amendment Scrutiny of Trademark Law' (2008) 61 Southern Methodist L Rev. 381 <<https://ssrn.com/abstract=1273944>> accessed June 2021.

CONCLUSION

Humor plays an important and protected role in our society. This can also be stated about Trademarks, which serves several essential functions. However, when the courts are required to balance these two rights between each other in EU trademark law, parodists will often be left without sufficient leeway to protect themselves. This poses a threat to legitimate parodies and other attempts at humor. While Recital 21 is a step into the right direction, under the current EU trademark system, parodies are insufficiently protected.

Although the law should not provide protection for deceptive marketing or for those who attempt to profit from the efforts of others, it is important for the law and courts to distinguish between the parodies which provide a social benefit and those who do not. Unfortunately, as demonstrated, EU courts are currently not provided with the mechanisms to do so. The key issue is the lack of precedent in order to give special consideration towards parodies in trademark cases and recognize the users' interests in access to use protected marks when appropriate. While there have been some national courts which have decided in favor of freedom of expression arguments, the lack of CJEU precedent is withholding the courts, and producing inconsistent results for parodists and trademark owners in the EU.

This can be contrasted to an extent with the US courts, which can utilize internal trademark doctrines or the First Amendment, to give special consideration to parodies and protect them accordingly. This allows them to perform a more robust examination of whether the parody in question will benefit society and help with the free flow of information and ideas.

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ANNEX I – ABSTRACT (EN)

Many of our culture's best known and most powerful symbols are trademarks. Producers of consumer goods and services invest enormous amounts of money in order to popularize their trademarks. Due to their reputation and fame, well-known trademarks have presented an inviting target for parodists.

Parody by its nature is a derivative and create form of expression; its defining characteristic is that it incorporates some recognizable features of its object while altering other features to ridicule the object and achieve a humorous or provocative effect. However, this freedom of expression infringes the property rights of the trademark owner, resulting in a conflict between two different fundamental rights. This raises a question of which fundamental right triumphs over the other and how the courts balance parodies under the current trademark system.

This paper attempts to answer this question and identify how the current EU trademark system deals with this conflict. As such, this thesis discusses the fundamental concepts such as freedom of expression and right to property, examines the background of the law, the actual legal framework of the EU, and the societal values of parodies. This paper also analyzes how US trademark law strikes a balance between parodies and trademarks, and what mechanisms the Courts can utilize to protect parodies. This is relevant because it provides an understanding of what EU Courts could implement to provide adequate protection to parodies and freedom of expression in trademark disputes.

ANNEX II – ABSTRACT (DE)

Viele der bekanntesten und mächtigsten Symbole unserer Kultur sind Markenzeichen. Hersteller von Konsumgütern und Dienstleistungen investieren enorme Summen, um ihre Marken bekannt zu machen. Bekannte Marken sind aufgrund ihres Rufs und Ruhms ein einladendes Ziel für Parodisten.

Parodie ist ihrer Natur nach eine Ableitung und eine Ausdrucksform; sein charakteristisches Merkmal ist, dass es einige erkennbare Merkmale seines Objekts enthält, während es andere Merkmale verändert, um das Objekt lächerlich zu machen und eine humorvolle oder provokative Wirkung zu erzielen. Diese Meinungsfreiheit verletzt jedoch die Eigentumsrechte des Markeninhabers, was zu einem Konflikt zwischen zwei unterschiedlichen Grundrechten führt. Dies wirft die Frage auf, welches Grundrecht über das andere triumphiert und wie die Gerichte Parodien im aktuellen Markensystem ausgleichen.

Dieser Beitrag versucht, diese Frage zu beantworten und herauszufinden, wie das derzeitige EU-Markensystem mit diesem Konflikt umgeht. Deswegen, diskutiert diese Arbeit die grundlegenden Konzepte wie Meinungsfreiheit und Eigentumsrecht, untersucht den Hintergrund des Rechts, den tatsächlichen rechtlichen Rahmen der EU und die gesellschaftlichen Werte von Parodien. Dieses Papier analysiert auch, wie das US-Markenrecht ein Gleichgewicht zwischen Parodien und Marken schafft und welche Mechanismen die Gerichte zum Schutz von Parodien einsetzen können. Dies ist relevant, weil es ein Verständnis dafür vermittelt, was EU-Gerichte umsetzen könnten, um Parodien und die Meinungsfreiheit in Markenstreitigkeiten angemessen zu schützen.