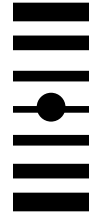


## CHAPTER THREE

# Intellectual Property & the First Amendment



### *San Francisco Arts & Athletics v. U.S. Olympic Committee* 483 U.S. 522 (1987)

Justice POWELL delivered the opinion of the Court.

In this case, we consider the scope and constitutionality of a provision of the Amateur Sports Act of 1978, 36 U.S.C. §§ 371–396, that authorizes the United States Olympic Committee to prohibit certain commercial and promotional uses of the word “Olympic.”

Petitioner San Francisco Arts & Athletics, Inc. (SFAA), is a nonprofit California corporation. The SFAA originally sought to incorporate under the name “Golden Gate Olympic Association,” but was told by the California Department of Corporations that the word “Olympic” could not appear in a corporate title. After its incorporation in 1981, the SFAA nevertheless began to promote the “Gay Olympic Games,” using those words on its letterheads and mailings and in local newspapers. The games were to be a 9-day event to begin in August 1982, in San Francisco, California. The SFAA expected athletes from hundreds of cities in this country and from cities all over the world. . . . To cover the cost of the planned Games, the SFAA sold T-shirts, buttons, bumper stickers, and other merchandise bearing the title “Gay Olympic Games.”<sup>2</sup>



Poster and flyer from the Gay Olympic Games

Section 110 of the Amateur Sports Act (Act), grants respondent United States Olympic Committee (USOC) the right to prohibit certain commercial and promotional uses of the word “Olympic” and various Olympic symbols.<sup>4</sup> In late December 1981, the

<sup>2</sup> The 1982 athletic event ultimately was held under the name “Gay Games I.” A total of 1,300 men and women from 12 countries, 27 States, and 179 cities participated. . . .

<sup>4</sup> Section 110 of the Act provides: “Without the consent of the [USOC], any person who uses for the purpose of trade, to induce the sale of any goods or services, or to promote any theatrical exhibition, athletic performance, or competition...

“(3) any trademark, trade name, sign, symbol, or insignia falsely representing association with, or authorization by, the International Olympic Committee or the [USOC]; or

“(4) the words ‘Olympic’, ‘Olympiad’, ‘Citius Altius Fortius’, or any combination or simulation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the [USOC] or any Olympic activity;

“shall be subject to suit in a civil action by the [USOC] for the remedies provided in the [Trademark Act].

executive director of the USOC wrote to the SFAA, informing it of the existence of the Amateur Sports Act, and requesting that the SFAA immediately terminate use of the word “Olympic” in its description of the planned Games. The SFAA at first agreed to substitute the word “Athletic” for the word “Olympic,” but, one month later, resumed use of the term. . . . In August, the USOC brought suit in the Federal District Court for the Northern District of California to enjoin the SFAA’s use of the word “Olympic.” The District Court granted a temporary restraining order and then a preliminary injunction. The Court of Appeals for the Ninth Circuit affirmed. After further proceedings, the District Court granted the USOC summary judgment and a permanent injunction. . . .

### III

The protection granted to the USOC’s use of the Olympic words and symbols differs from the normal trademark protection in two respects: the USOC need not prove that a contested use is likely to cause confusion, and an unauthorized user of the word does not have available the normal statutory defenses. The SFAA argues, in effect, that the differences between the Lanham Act and § 110 are of constitutional dimension. First, the SFAA contends that the word “Olympic” is a generic<sup>7</sup> word that could not gain trademark protection under the Lanham Act. The SFAA argues that this prohibition is constitutionally required and thus that the First Amendment prohibits Congress from granting a trademark in the word “Olympic.” Second, the SFAA argues that the First Amendment prohibits Congress from granting exclusive use of a word absent a requirement that the authorized user prove that an unauthorized use is likely to cause confusion. We address these contentions in turn.

#### A

This Court has recognized that words are not always fungible, and that the suppression of particular words “run[s] a substantial risk of suppressing ideas in the process.” *Cohen v. California* (1971). The SFAA argues that this principle prohibits Congress from granting the USOC exclusive control of uses of the word “Olympic,” a word that the SFAA views as generic.<sup>8</sup> Yet this recognition always has been balanced against the principle that when a word acquires value “as the result of organization and the expenditure of labor, skill, and money” by an entity, that entity constitutionally may obtain a limited property right in the word. *International News Service v. Associated Press* (1918).

There is no need in this case to decide whether Congress ever could grant a private entity exclusive use of a generic word. Congress reasonably could conclude that the commercial and promotional value of the word “Olympic” was the product of the USOC’s “own talents and energy, the end result of much time, effort, and expense.” *Zacchini v. Scripps-Howard Broadcasting Co.* (1977). The USOC, together with respondent International Olympic Committee (IOC), have used the word “Olympic” at least since 1896, when the modern Olympic Games began. Baron Pierre de Coubertin of France, acting pursuant to a government commission, then proposed the revival of the ancient

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<sup>7</sup> A common descriptive name of a product or service is generic. Because a generic name by definition does not distinguish the identity of a particular product, it cannot be registered as a trademark under the Lanham Act.

<sup>8</sup> This grant by statute of exclusive use of distinctive words and symbols by Congress is not unique. Violation of some of these statutes may result in criminal penalties. See, e.g., 18 U.S.C. § 705 (veterans’ organizations); § 706 (American National Red Cross); § 707 (4-H Club); § 711 (“Smokey Bear”); § 711a (“Woody Owl”). Others, like the USOC statute, provide for civil enforcement. See, e.g., 36 U.S.C. § 18c (Daughters of the American Revolution); § 27 (Boy Scouts); § 36 (Girl Scouts); § 1086 (Little League Baseball); § 3305 (1982 ed., Supp. III) (American National Theater and Academy).

Olympic Games to promote international understanding. De Coubertin sought to identify the “spirit” of the ancient Olympic Games that had been corrupted by the influence of money and politics. De Coubertin thus formed the IOC, that has established elaborate rules and procedures for the conduct of the modern Olympics. In addition, these rules direct every national committee to protect the use of the Olympic flag, symbol, flame, and motto from unauthorized use. Under the IOC Charter, the USOC is the national Olympic committee for the United States with the sole authority to represent the United States at the Olympic Games. Pursuant to this authority, the USOC has used the Olympic words and symbols extensively in this country to fulfill its object under the Olympic Charter of “ensur[ing] the development and safeguarding of the Olympic Movement and sport.”

The history of the origins and associations of the word “Olympic” demonstrates the meritlessness of the SFAA’s contention that Congress simply plucked a generic word out of the English vocabulary and granted its exclusive use to the USOC. Congress reasonably could find that since 1896, the word “Olympic” has acquired what in trademark law is known as a secondary meaning—it “has become distinctive of [the USOC’s] goods in commerce.” The right to adopt and use such a word “to distinguish the goods or property [of] the person whose mark it is, to the exclusion of use by all other persons, has been long recognized.” *Trade-Mark Cases*. Because Congress reasonably could conclude that the USOC has distinguished the word “Olympic” through its own efforts, Congress’ decision to grant the USOC a limited property right in the word “Olympic” falls within the scope of trademark law protections, and thus certainly within constitutional bounds.

## B

Congress also acted reasonably when it concluded that the USOC should not be required to prove that an unauthorized use of the word “Olympic” is likely to confuse the public. To the extent that § 110 applies to uses “for the purpose of trade [or] to induce the sale of any goods or services,” 36 U.S.C. § 380(a), its application is to commercial speech. Commercial speech “receives a limited form of First Amendment protection.” Section 110 also allows the USOC to prohibit the use of “Olympic” for promotion of theatrical and athletic events. Although many of these promotional uses will be commercial speech, some uses may go beyond the “strictly business” context. See *Friedman v. Rogers* (1979). In this case, the SFAA claims that its use of the word “Olympic” was intended to convey a political statement about the status of homosexuals in society.<sup>13</sup> Thus, the SFAA claims that in this case § 110 suppresses political speech.

By prohibiting the use of one word for particular purposes, neither Congress nor the USOC has prohibited the SFAA from conveying its message. The SFAA held its athletic event in its planned format under the names “Gay Games I” and “Gay Games II”

<sup>13</sup> According to the SFAA’s president, the Gay Olympic Games would have offered three “very important opportunities”:

- “1) To provide a healthy recreational alternative to a suppressed minority.
- “2) To educate the public at large towards a more reasonable characterization of gay men and women.
- “3) To attempt, through athletics, to bring about a positive and gradual assimilation of gay men and women, as well as gays and non-gays, and to diminish the ageist, sexist and racist divisiveness existing in all communities regardless of sexual orientation.”

App. 93. His expectations

“were that people of all persuasions would be drawn to the event because of its Olympic format and that its nature of ‘serious fun’ would create a climate of friendship and co-operation[;] false images and misconceptions about gay people would decline as a result of a participatory [sic ] educational process, and benefit ALL communities.”

*Id.*, at 93–94. He thought “[t]he term ‘Olympic’ best describe[d] [the SFAA’s] undertaking” because it embodied the concepts of “peace, friendship and positive social interaction.” *Id.*, at 99.

in 1982 and 1986, respectively. Nor is it clear that § 110 restricts purely expressive uses of the word “Olympic.” Section 110 restricts only the manner in which the SFAA may convey its message. The restrictions on expressive speech properly are characterized as incidental to the primary congressional purpose of encouraging and rewarding the USOC’s activities. The appropriate inquiry is thus whether the incidental restrictions on First Amendment freedoms are greater than necessary to further a substantial governmental interest. *United States v. O’Brien* (1968).

One reason for Congress to grant the USOC exclusive control of the word “Olympic,” as with other trademarks, is to ensure that the USOC receives the benefit of its own efforts so that the USOC will have an incentive to continue to produce a “quality product,” that, in turn, benefits the public. But in the special circumstance of the USOC, Congress has a broader public interest in promoting, through the activities of the USOC, the participation of amateur athletes from the United States in “the great four-yearly sport festival, the Olympic Games.” . . .

The restrictions of § 110 are not broader than Congress reasonably could have determined to be necessary to further these interests. Section 110 primarily applies to all uses of the word “Olympic” to induce the sale of goods or services. Although the Lanham Act protects only against confusing uses, Congress’ judgment respecting a certain word is not so limited. Congress reasonably could conclude that most commercial uses of the Olympic words and symbols are likely to be confusing. It also could determine that unauthorized uses, even if not confusing, nevertheless may harm the USOC by lessening the distinctiveness and thus the commercial value of the marks.

In this case, the SFAA sought to sell T-shirts, buttons, bumper stickers, and other items, all emblazoned with the title “Gay Olympic Games.” The possibility for confusion as to sponsorship is obvious. Moreover, it is clear that the SFAA sought to exploit the “commercial magnetism” of the word given value by the USOC. There is no question that this unauthorized use could undercut the USOC’s efforts to use, and sell the right to use, the word in the future, since much of the word’s value comes from its limited use. Such an adverse effect on the USOC’s activities is directly contrary to Congress’ interest. Even though this protection may exceed the traditional rights of a trademark owner in certain circumstances, the application of the Act to this commercial speech is not broader than necessary to protect the legitimate congressional interest and therefore does not violate the First Amendment.

Section 110 also extends to promotional uses of the word “Olympic,” even if the promotion is not to induce the sale of goods. Under § 110, the USOC may prohibit purely promotional uses of the word only when the promotion relates to an athletic or theatrical event. The USOC created the value of the word by using it in connection with an athletic event. Congress reasonably could find that use of the word by other entities to promote an athletic event would directly impinge on the USOC’s legitimate right of exclusive use. The SFAA’s proposed use of the word is an excellent example. The “Gay Olympic Games” were to take place over a 9-day period and were to be held in different locations around the world. They were to include a torch relay, a parade with uniformed athletes of both sexes divided by city, an “Olympic anthem” and “Olympic Committee,” and the award of gold, silver, and bronze medals, and were advertised under a logo of three overlapping rings. All of these features directly parallel the modern-day Olympics, not the Olympic Games that occurred in ancient Greece. The image the SFAA sought to invoke was exactly the image carefully cultivated by the USOC. The SFAA’s expressive use of the word cannot be divorced from the value the USOC’s efforts have given to it. The mere fact that the SFAA claims an expressive, as opposed to a purely commercial, purpose does not give it a First Amendment

right to “appropriat[e] to itself the harvest of those who have sown.” *International News Service v. Associated Press* (1918).<sup>19</sup> The USOC’s right to prohibit use of the word “Olympic” in the promotion of athletic events is at the core of its legitimate property right.

#### IV

The SFAA argues that even if the exclusive use granted by § 110 does not violate the First Amendment, the USOC’s enforcement of that right is discriminatory in violation of the Fifth Amendment.<sup>21</sup> The fundamental inquiry is whether the USOC is a governmental actor to whom the prohibitions of the Constitution apply.<sup>22</sup> The USOC is a “private corporatio[n] established under Federal law.” 36 U.S.C. § 1101(46). In the Act, Congress granted the USOC a corporate charter, § 371, imposed certain requirements on the USOC, and provided for some USOC funding through exclusive use of the Olympic words and symbols, § 380, and through direct grants.

Most fundamentally, this Court has held that a government “normally can be held responsible for a private decision only when it has exercised coercive power or has provided such significant encouragement, either overt or covert, that the choice must in law be deemed to be that of the [government].” The USOC’s choice of how to enforce its exclusive right to use the word “Olympic” simply is not a governmental decision. There is no evidence that the Federal Government coerced or encouraged the USOC in the exercise of its right.

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<sup>19</sup> The SFAA claims a superior right to the use of the word “Olympic” because it is a nonprofit corporation and its athletic event was not organized for the primary purpose of commercial gain. But when the question is the scope of a legitimate property right in a word, the SFAA’s distinction is inapposite. As this Court has noted in the analogous context of “fair use” under the Copyright Act:

“The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the [protected] material without paying the customary price.”

*Harper & Row* (1985). Here, the SFAA’s proposed use of the word “Olympic” was a clear attempt to exploit the imagery and goodwill created by the USOC.

<sup>21</sup> The SFAA invokes the Fourteenth Amendment for its discriminatory enforcement claim. The Fourteenth Amendment applies to actions by a State. The claimed association in this case is between the USOC and the Federal Government. Therefore, the Fourteenth Amendment does not apply. The Fifth Amendment, however, does apply to the Federal Government and contains an equal protection component. *Bolling v. Sharpe* (1954). “This Court’s approach to Fifth Amendment equal protection claims has . . . been precisely the same as to equal protection claims under the Fourteenth Amendment.” *Weinberger v. Wiesenfeld* (1975). See *Buckley v. Valeo* (1976) (per curiam). The Petitioners raised the issue of discriminatory enforcement in their petition for certiorari, and both petitioners and respondents have briefed the issue fully. Accordingly, we address the claim as one under the Fifth Amendment.

<sup>22</sup> Because we find no governmental action, we need not address the merits of the SFAA’s discriminatory enforcement claim. We note, however, that the SFAA’s claim of discriminatory enforcement is far from compelling. As of 1982 when this suit began, the USOC had brought 22 oppositions to trademark applications and one petition to cancel. For example, the USOC successfully prohibited registration of the mark “Golden Age Olympics.” The USOC also litigated numerous suits prior to bringing this action, prohibiting use of the Olympic words and symbols by such entities as the National Amateur Sports Foundation, a shoe company, the International Federation of Body Builders, and a bus company. Since 1982, the USOC has brought a number of additional suits against various companies and the March of Dimes Birth Defects Foundation. The USOC has authorized the use of the word “Olympic” to organizations that sponsor athletic competitions and events for handicapped persons (“Special Olympics”) and for youth (“Junior Olympics” and “Explorer Olympics”). Both of these uses directly relate to a purpose of the USOC established by its charter. See 36 U.S.C. §§ 374(7), (13), reprinted supra, at 2981, n.17. The USOC has not consented to any other uses of the word in connection with athletic competitions or events.

The USOC necessarily has discretion as to when and against whom it files opposition to trademark applications, and when and against whom it institutes suits. The record before us strongly indicates that the USOC has acted strictly in accord with its charter and that there has been no actionable discrimination.

At most, the Federal Government, by failing to supervise the USOC's use of its rights, can be said to exercise "[m]ere approval of or acquiescence in the initiatives" of the USOC. *Blum v. Yaretsky* (1982). This is not enough to make the USOC's actions those of the Government. Because the USOC is not a governmental actor, the SFAA's claim that the USOC has enforced its rights in a discriminatory manner must fail.

## V

Accordingly, we affirm the judgment of the Court of Appeals for the Ninth Circuit.  
*It is so ordered.*

Justice O'CONNOR, with whom Justice BLACKMUN joins, concurring in part and dissenting in part.

I agree with the Court's construction of § 110 of the Amateur Sports Act, 92 Stat. 3048, 36 U.S.C. § 380, and with its holding that the statute is "within constitutional bounds." Therefore, I join Parts I through III of the Court's opinion. But largely for the reasons explained by Justice Brennan in Part I-B of his dissenting opinion, I believe the United States Olympic Committee and the United States are joint participants in the challenged activity and as such are subject to the equal protection provisions of the Fifth Amendment. Accordingly, I would reverse the Court of Appeals' finding of no Government action and remand the case for determination of petitioners' claim of discriminatory enforcement.

Justice BRENNAN, with whom Justice MARSHALL joins, dissenting.

The Court wholly fails to appreciate both the congressionally created interdependence between the United States Olympic Committee (USOC) and the United States, and the significant extent to which § 110 of the Amateur Sports Act of 1978, 36 U.S.C. § 380, infringes on noncommercial speech. I would find that the action of the USOC challenged here is Government action, and that § 110 is both substantially overbroad and discriminates on the basis of content. I therefore dissent.

## I

For two independent reasons, the action challenged here constitutes Government action. First, the USOC performs important governmental functions and should therefore be considered a governmental actor. Second, there exists "a sufficiently close nexus between the [Government] and the challenged action" of the USOC that "the action of the latter may be fairly treated as that of the [Government] itself." *Jackson v. Metropolitan Edison Co.* (1974).

## A

Examination of the powers and functions bestowed by the Government upon the USOC makes clear that the USOC must be considered a Government actor. . . .

The Court has repeatedly held, however, that "when private individuals or groups *are endowed by the State* with powers or functions governmental in nature, they become agencies or instrumentalities of the State and subject to its constitutional limitations." *Evans v. Newton* (1966). See *Terry v. Adams* (1953) (private political association and its elections constitute state action); *Marsh v. Alabama* (1946) (privately owned "company town" is a state actor). Moreover, a finding of government action is particularly appropriate when the function performed is "traditionally the exclusive prerogative" of government. *Jackson v. Metropolitan Edison Co.* Patently, Congress has endowed the USOC with traditional governmental powers that enable it to perform a governmental function. . . .

## C

A close examination of the USOC and the Government thus reveals a unique interdependence between the two. Although at one time amateur sports was a concern merely of private entities, and the Olympic Games an event of significance only to individuals with a particular interest in athletic competition, that era is passed [sic]. In the Amateur Sports Act of 1978, Congress placed the power and prestige of the United States Government behind a single, central sports organization. Congress delegated to the USOC functions that Government actors traditionally perform—the representation of the Nation abroad and the administration of all private organizations in a particular economic sector. The representation function is of particular significance here, in my view, because an organization that need not adhere to the Constitution cannot meaningfully represent this Nation. The Government is free, of course, to “privatize” some functions it would otherwise perform. But such privatization ought not automatically release those who perform Government functions from constitutional obligations. . . .

## H

Section 110(a)(4) prohibits “any person” from using the word “Olympic” “[w]ithout the consent of the [USOC] for the purpose of trade, to induce the sale of any goods or services, or to promote any theatrical exhibition, athletic performance, or competition.” The Court construes this section to give the USOC authority over use of the word “Olympic” which far surpasses that provided by a standard trademark. The Court ignores the serious First Amendment problems created by its interpretation. It holds that § 110(a)(4) regulates primarily commercial speech, and that this section imposes only those incidental restrictions on expressive speech necessary to further a substantial governmental interest.

I disagree. The statute is overbroad on its face because it is susceptible of application to a substantial amount of noncommercial speech, and vests the USOC with unguided discretion to approve and disapprove others’ noncommercial use of “Olympic.” Moreover, by eliminating even noncommercial uses of a particular word, it unconstitutionally infringes on the SFAA’s right to freedom of expression. The Act also restricts speech in a way that is not content neutral. The Court’s justifications of these infringements on First Amendment rights are flimsy. The statute cannot be characterized as a mere regulation of the “manner” of speech, and does not serve any Government purpose that would not effectively be protected by giving the USOC a standard commercial trademark. Therefore, as construed by the Court, § 110(a)(4) cannot withstand the First Amendment challenge presented by petitioners.

## A

The USOC has held a trademark in the word “Olympic” since 1896, and § 110(a)(3) of the Amateur Sports Act perpetuates the USOC’s protection against infringement of its trademarks. To be more than statutory surplusage, then, § 110(a)(4) must provide something more than a normal trademark. Thus, the Court finds that § 110(a)(4) grants to the USOC a novel and expansive word-use authority. In my view, the Act, as interpreted by the Court, is substantially overbroad, violating the First Amendment because it prohibits “a substantial amount of constitutionally protected conduct.” The Amateur Sports Act is substantially overbroad in two respects. First, it grants the USOC the remedies of a commercial trademark to regulate the use of the word “Olympic,” but refuses to interpret the Act to incorporate the defenses to trademark infringement provided in the Lanham Act. These defenses are essential safeguards which prevent trademark power from infringing upon constitutionally protected speech. Second, the Court

construes § 110(a)(4) to grant the USOC unconstitutional authority to prohibit use of “Olympic” in the “promotion of theatrical and athletic events,” even if the promotional activities are *noncommercial* or expressive.

### 1

The first part of § 110 prohibits use of the word “Olympic” “for the purpose of trade” or “to induce the sale of any goods or services.” There is an important difference between the word-use authority granted by this portion of § 110 and a Lanham Act trademark: the former primarily affects noncommercial speech, while the latter does not.

Charitable solicitation and political advocacy by organizations such as SFAA may in part consist of commercial speech regulated by trademark law, but the expressive element of such speech has been sheltered from unconstitutional harm by Lanham Act defenses. Without them, the Amateur Sports Act prohibits a substantial amount of noncommercial speech.

Trademark protection has been carefully confined to the realm of commercial speech by two important limitations in the Lanham Act. First, the danger of substantial regulation of noncommercial speech is diminished by denying enforcement of a trademark against uses of words that are not likely “to cause confusion, to cause mistake, or to deceive.” See 15 U.S.C. § 1066. Confusion occurs when consumers make an incorrect mental association between the involved commercial products or their producers. In contrast, § 110(a)(4) regulates even nonconfusing uses of “Olympic.” . . . Because § 110 does not incorporate the requirement that a defendant’s use of the word be confusing to consumers, it regulates an extraordinary range of noncommercial speech.

The fair-use defense also prevents the award of a trademark from regulating a substantial amount of noncommercial speech. See 15 U.S.C. § 1115(b)(4). The Lanham Act allows “the use of the name, term, or device . . . which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party.” . . . Congress’ failure to incorporate this important defense in § 110(a)(4) confers an unprecedented right on the USOC. See *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.* (1985) (noting that fair-use doctrine assists in preventing the “unprecedented” creation of “an exclusive right to use language that is descriptive of a product”).

In sum, while the USOC’s trademark of “Olympic” allows the USOC to regulate use of the word in the “strictly business” context, the USOC’s authority under § 110(a)(4) to regulate nonconfusing and good-faith descriptive uses of the word “Olympic” grants the USOC discretion to prohibit a substantial amount of noncommercial speech. Section 110(a)(4) is therefore substantially overbroad.

### 2

A key Lanham Act requirement that limits the impact of trademarks on noncommercial speech is the rule that a trademark violation occurs only when an offending trademark is applied to commercial goods and services. See 15 U.S.C. §§ 1066 and 1127. The Amateur Sports Act is not similarly qualified. Section 110(a)(4) “allows the USOC to prohibit the use of ‘Olympic’ for promotion of theatrical and athletic events,” even if such uses “go beyond the ‘strictly business’ context.” While the USOC has unquestioned authority to enforce its “Olympic” trademark against the SFAA, § 110(a)(4) gives it additional authority to regulate a substantial amount of noncommercial speech that serves to promote social and political ideas. The SFAA sponsors a number of nonprofit-making theatrical and athletic events, including concerts, film screenings, and plays. These public events are aimed at educating the public about society’s alleged discrimination based on sexual orientation, age, sex, and nationality. In conjunction with these events, the SFAA distributes literature describing the meaning of the Gay Olympic Games. References to



“Olympic” in this literature were deleted in response to the injunction, because of § 110’s application to the promotion of athletic and theatrical events.

### 3

Thus, contrary to the belief of the Court, § 110 may prohibit a substantial amount of noncommercial speech, and is therefore unconstitutionally overbroad. *Schaumburg v. Citizens for a Better Environment* (1980). This overbreadth is particularly significant in light of the unfettered discretion the Act affords to the USOC to prohibit other entities from using the word “Olympic.” Given the large number of such users,<sup>32</sup> this broad discretion creates the potential for significant suppression of protected speech. “[A] law subjecting the exercise of First Amendment freedoms to the prior restraint of a license, without narrow, objective, and definite standards to guide the licensing authority, is unconstitutional.” This broad discretion, with its potential for abuse, also renders § 110 unconstitutionally overbroad on its face.

### B

The Court concedes that “some” uses of “Olympic” prohibited under § 110 may involve expressive speech. But it contends that “[b]y prohibiting the use of one word for particular purposes, neither Congress nor the USOC has prohibited the SFAA from conveying its message. . . . Section 110 restricts only the manner in which the SFAA may convey its message.” Section 110(a)(4) cannot be regarded as a mere time, place, and manner statute, however. By preventing the use of the word “Olympic,” the statute violates the First Amendment by prohibiting dissemination of a message for which there is no adequate translation.

In *Cohen v. California* (1971), we rejected the very notion advanced today by the Court when considering the censorship of a single four-letter expletive:

“[W]e cannot indulge the facile assumption that one can forbid particular words without also running a substantial risk of suppressing ideas in the process. Indeed, governments might soon seize upon the censorship of particular words as a convenient guise for banning the expression of unpopular views. We have been able . . . to discern little social benefit that might result from running the risk of opening the door to such grave results.”

The Amateur Sports Act gives a single entity exclusive control over a wide range of uses of a word with a deep history in the English language and Western culture. Here, the SFAA intended, by use of the word “Olympic,” to promote a realistic image of homosexual men and women that would help them move into the mainstream of their communities. As Judge Kozinski observed in dissent in the Court of Appeals, just as a jacket reading “I Strongly Resent the Draft” would not have conveyed Cohen’s message, so a title such as “The Best and Most Accomplished Amateur Gay Athletes Competition” would not serve as an adequate translation of petitioners’ message. Indeed, because individual words carry “a life and force of their own,” translations never fully capture the sense of the original. The First Amendment protects more than the right to a mere translation. By prohibiting use of the word “Olympic,” the USOC substantially infringes upon the SFAA’s right to communicate ideas.

### C

The Amateur Sports Act also violates the First Amendment because it restricts

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<sup>32</sup> In Los Angeles and Manhattan alone, there are over 200 enterprises and organizations listed in the telephone directories whose names start with the word “Olympic.” 789 F.2d 1319, 1323 (CA9 1986) (Kozinski, J., dissenting).

speech in a way that is not content neutral. A wide variety of groups apparently wish to express particular sociopolitical messages through the use of the word “Olympic,” but the Amateur Sports Act singles out certain of the groups for favorable treatment. As the Court observes, Congress encouraged the USOC to allow the use of “Olympic” in athletic competitions held for youth (“Junior Olympics” and “Explorer Olympics”) and handicapped persons (“Special Olympics”), 36 U.S.C. § 374(13), while leaving to the USOC’s unfettered discretion the question whether other groups may use it. . . . Such a scheme is unacceptable under the First Amendment. . . .

#### D

Even if § 110(a)(4) may fairly be characterized as a statute that directly regulates only commercial speech, its incidental restrictions on First Amendment freedoms are greater than necessary to further a substantial Government interest. . . . At minimum, it is necessary to consider whether the USOC’s interest in use of the word “Olympic” could not adequately be protected by rights coextensive with those in the Lanham Act, or by some other restriction on use of the word.

In the absence of § 110(a)(4), the USOC would have authority under the Lanham Act to enforce its “Olympic” trademark against commercial uses of the word that might cause consumer confusion and a loss of the mark’s distinctiveness. There is no evidence in the record that this authority is insufficient to protect the USOC from economic harm. . . . The Court contends that § 110 may prohibit uses of “Olympic” because it protects an “image carefully cultivated by the USOC.” Again, there is no proof in the record that the Lanham Act inadequately protects the USOC’s commercial interest in its image or that the SFAA has harmed the USOC’s image by its speech.<sup>36</sup>

Language, even in a commercial context, properly belongs to the public, unless the Government’s asserted interest is substantial, and unless the limitation imposed is no more extensive than necessary to serve that interest. The Lanham Act is carefully crafted to prevent commercial monopolization of language that otherwise belongs in the public domain. The USOC demonstrates no need for additional protection. In my view, the SFAA therefore is entitled to use the word “Olympic” in a nonconfusing and nonmisleading manner in the noncommercial promotion of a theatrical or athletic event, absent proof of resultant harm to the USOC.

*I dissent.*

#### Question:

1.) *USOC* was decided only one year after the now infamous case of *Bowers v. Hardwick*

<sup>36</sup> Nor is there any evidence that SFAA’s expressive speech caused economic or reputational harm to the USOC’s image. In *Spence v. Washington* (1974), a State asserted a similar interest in the integrity of America’s flag as “‘an unalloyed symbol of our country,’” and contended that there is a substantial Government interest in “‘preserving the flag as ‘an important symbol of nationhood and unity.’” The Court considered whether a State could withdraw “‘a unique national symbol from the roster of materials that may be used as a background for communications.’” It reviewed a state law that limited the use of the American flag and forbade the public exhibition of a flag that was distorted or marked. The appellant was convicted for violating the statute by displaying the flag upside down in the window of his apartment with a peace symbol attached to it. Eight Members of the Court held that the statute was unconstitutional as applied to appellant’s activity. “There was no risk that appellant’s acts would mislead viewers into assuming that the Government endorsed his viewpoint,” and “his message was direct, likely to be understood, and within the contours of the First Amendment.” The Court concluded that since the state interest was not “‘significantly impaired,’” the conviction violated the First Amendment. Similarly, in this case, the SFAA’s primary purpose was to convey a political message that is nonmisleading and direct. This message, like the symbolic speech in *Spence*, is protected by the First Amendment.

(1986), a case in which, as here, Justice Powell was in the majority and Justice Brennan was in the dissent. Do you think that different social attitudes might cause *USOC* to be decided differently today, or do you think its reasoning still holds?

***Texas v. Johnson***  
*491 U.S. 397 (1989)*



Justice BRENNAN delivered the opinion of the Court.

After publicly burning an American flag as a means of political protest, Gregory Lee Johnson was convicted of desecrating a flag in violation of Texas law. This case presents the question whether his conviction is consistent with the First Amendment. We hold that it is not.

I

While the Republican National Convention was taking place in Dallas in 1984, respondent Johnson participated in a political demonstration dubbed the “Republican War Chest Tour.” As explained in literature distributed by the demonstrators and in speeches made by them, the purpose of this event was to protest the policies of the Reagan administration and of certain Dallas-based corporations. The demonstrators marched through the Dallas streets, chanting political slogans and stopping at several corporate locations to stage “die-ins” intended to dramatize the consequences of nuclear war. On several occasions they spray-painted the walls of buildings and overturned potted plants, but Johnson himself took no part in such activities. He did, however, accept an American flag handed to him by a fellow protestor who had taken it from a flagpole outside one of the targeted buildings.

The demonstration ended in front of Dallas City Hall, where Johnson unfurled the American flag, doused it with kerosene, and set it on fire. While the flag burned, the protestors chanted, “America, the red, white, and blue, we spit on you.” After the demonstrators dispersed, a witness to the flag burning collected the flag’s remains and buried them in his backyard. No one was physically injured or threatened with injury, though several witnesses testified that they had been seriously offended by the flag burning.

Of the approximately 100 demonstrators, Johnson alone was charged with a crime. The only criminal offense with which he was charged was the desecration of a venerated object in violation of Tex. Penal Code Ann. § 42.09(a)(3) (1989). After a trial, he was convicted, sentenced to one year in prison, and fined \$2,000. The Court of Appeals for the Fifth District of Texas at Dallas affirmed Johnson’s conviction, but the Texas Court of Criminal Appeals reversed, holding that the State could not, consistent with the First Amendment, punish Johnson for burning the flag in these circumstances.

The Court of Criminal Appeals began by recognizing that Johnson’s conduct was symbolic speech protected by the First Amendment:

Given the context of an organized demonstration, speeches, slogans, and the distribution of literature, anyone who observed appellant’s act would have understood the message that appellant intended to convey. The act for which appellant was convicted was clearly “speech” contemplated by the First Amendment.

To justify Johnson’s conviction for engaging in symbolic speech, the State asserted two interests: preserving the flag as a symbol of national unity and preventing breaches of the

peace. The Court of Criminal Appeals held that neither interest supported his conviction.

Acknowledging that this Court had not yet decided whether the Government may criminally sanction flag desecration in order to preserve the flag's symbolic value, the Texas court nevertheless concluded that our decision in *West Virginia Board of Education v. Barnette* (1943), suggested that furthering this interest by curtailing speech was impermissible. "Recognizing that the right to differ is the centerpiece of our First Amendment freedoms," the court explained,

a government cannot mandate by fiat a feeling of unity in its citizens. Therefore, that very same government cannot carve out a symbol of unity and prescribe a set of approved messages to be associated with that symbol when it cannot mandate the status or feeling the symbol purports to represent.

We never before have held that the Government may ensure that a symbol be used to express only one view of that symbol or its referents. Indeed, in *Schacht v. United States*, we invalidated a federal statute permitting an actor portraying a member of one of our armed forces to "wear the uniform of that armed force if the portrayal does not tend to discredit that armed force." ([Q]uoting 10 U.S.C. § 772(f).) This proviso, we held,

which leaves Americans free to praise the war in Vietnam but can send persons like Schacht to prison for opposing it, cannot survive in a country which has the First Amendment.

We perceive no basis on which to hold that the principle underlying our decision in *Schacht* does not apply to this case. To conclude that the government may permit designated symbols to be used to communicate only a limited set of messages would be to enter territory having no discernible or defensible boundaries. Could the government, on this theory, prohibit the burning of state flags? Of copies of the Presidential seal? Of the Constitution? In evaluating these choices under the First Amendment, how would we decide which symbols were sufficiently special to warrant this unique status? To do so, we would be forced to consult our own political preferences, and impose them on the citizenry, in the very way that the First Amendment forbids us to do. See *Carey v. Brown* (1980).

Chief Justice REHNQUIST, C.J., with whom Justice WHITE and Justice O'CONNOR join, dissenting.

. . . Only two Terms ago, in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee* (1987), the Court held that Congress could grant exclusive use of the word "Olympic" to the United States Olympic Committee. The Court thought that this "restrictio[n] on expressive speech properly [was] characterized as incidental to the primary congressional purpose of encouraging and rewarding the USOC's activities." As the Court stated, "when a word [or symbol] acquires value "as the result of organization and the expenditure of labor, skill, and money" by an entity, that entity constitutionally may obtain a limited property right in the word [or symbol]." *Id.* at 532, quoting *INS v. Associated Press* (1918). Surely Congress or the States may recognize a similar interest in the flag.

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***H.R. 2723***  
*102d Congress (1st Session)*



To grant the United States a copyright to the Flag of the United States and to impose criminal penalties for the destruction of a copyrighted Flag.

**IN THE HOUSE OF REPRESENTATIVES**

**June 20, 1991**

Mr. TORRICELLI introduced the following bill; which was referred to the Committee on the Judiciary

**A BILL**

To grant the United States a copyright to the Flag of the United States and to impose criminal penalties for the destruction of a copyrighted Flag.

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

**SECTION 1. United States Granted Copyright to the Flag of the United States.**

The United States is hereby granted a copyright to the Flag of the United States.

**SEC. 2. License To Manufacture, Sell, or Distribute the Flag of the United States.**

The United States hereby grants a license to any person to manufacture in the United States the Flag of the United States, and to sell and distribute such Flag.

**SEC. 3. Requirements of the Display of the Flag of the United States.**

Any Flag of the United States may only be displayed in accordance with chapter 1 of title 4, United States Code, (relating to the Flag of the United States) and the joint resolution entitled ‘Joint Resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America’, approved June 22, 1942 (36 U.S.C. 174–178).

**SEC. 4. Criminal Penalties for Burning or Mutilating the Flag of the United States.**

(a) IN GENERAL—Whoever burns or otherwise mutilates a Flag of the United States shall be punished as follows:

(1) If the damage to such Flag exceeds \$100, by a fine of not more than \$10,000 or imprisonment for not more than 10 years, or both.

(2) If the damage to such Flag does not exceed \$100, by a fine of not more than \$1,000 or imprisonment for not more than one year, or both.

(b) EXCEPTION—Subsection (a) shall not apply with respect to whoever destroys a Flag of the United States in accordance with section 4 of the joint resolution referred to in section 3.

**SEC. 5. Definitions.**

As used in this Act—

(1) the term ‘Flag of the United States’ means a rectangular design which consists of 13 horizontal stripes, alternate red and white, with a union of 50 white stars in a blue field, and which the average person, upon seeing such design, may believe without deliberation to represent the Flag of the United States of America; and

(2) the term ‘United States’, when used in the geographical sense, means the 50

States, the District of Columbia, the Commonwealth of Puerto Rico, any possession of the United States, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

**Questions:**

- 1.) On how many distinct constitutional grounds would Mr. Torricelli's bill be unconstitutional?
- 2.) One important question in any case involving intellectual property and the First Amendment is whether the defendant *needed* the material protected by property rights in order to exercise "the freedom of speech." Why does the Court believe that the SFAA does not need the word "Olympic"? Do you agree?
- 3.) Why does the majority focus on the effort that the USOC has spent in giving Olympic a positive connotation? What is the relevance of that argument to an analysis of whether this statute *violates the First Amendment*?
- 4.) One part of the challenged law gives the USOC the right to decide who is allowed to use the logo or symbol and who not. Congress strongly urged, in a resolution, that the USOC allow the Special Olympics to keep using the name. Why did Congress itself not simply pick and choose which groups could use the term?
- 5.) *Texas v. Johnson* is often described as standing for the position that the Constitution does not tolerate the creation of "venerated objects," symbols about which only one attitude or method of expression is permitted. Is *SFAA v. USOC* consistent with this position?

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**PROBLEM 3-1****INTELLECTUAL PROPERTY AND THE FIRST AMENDMENT.**

Citing the need to avoid "political confusion among voters," and to "reward the Democratic Party for their ingenuity and labor in giving the word "Democrat" a uniquely positive connotation," Congress grants to the Democratic National Committee ("DNC") a permanent right to the word "democrat" (upper or lower case). The "Democrat Protection Act"—or DPA—forbids any person, without the consent of the Democratic National Committee, to use the word 'democrat' or 'democratic' in any commercial (or non-profit fund-raising) activity. The right is protected by the remedies provided in the Act of July 5, 1946 (60 Stat. 427; popularly known as the Trademark Act of 1946 [Lanham Act]) [15 U.S.C. § 1051 et seq.] but expands their reach to include non-profit activities and eliminates the requirement that the DNC show the likelihood of confusion produced by the challenged use. The DNC has announced its intention of emphasizing the "New Democrat" shift to the center by denying usage of the word 'democrat' to both "left and right-wing extremists." Having been denied usage for their fund raising activities, the Democratic Socialists, Committee for a Well-Armed Democratic Citizenry, Gay Democrats PAC, and the "luncheon meat" SPAN, (whose proposed new slogan is "the Democrat of Luncheon Meats") all challenge the law.

**Is the DPA constitutional? Are the actions of the DNC constitutional?**

***Dallas Cowboys Cheerleaders v. Pussycat Cinema***  
*604 F.2d 200 (2d Cir. 1979)*



Plaintiff in this trademark infringement action is Dallas Cowboys Cheerleaders, Inc., a wholly owned subsidiary of the Dallas Cowboys Football Club, Inc. Plaintiff employs thirty-six women who perform dance and cheerleading routines at Dallas Cowboys football games. The cheerleaders have appeared frequently on television programs and make commercial appearances at such public events as sporting goods shows and shopping center openings. In addition, plaintiff licenses others to manufacture and distribute posters, calendars, T-shirts, and the like depicting Dallas Cowboys Cheerleaders in their uniforms. These products have enjoyed nationwide commercial success, due largely to the national exposure the Dallas Cowboys Cheerleaders have received through the news and entertainment media. Moreover, plaintiff has expended large amounts of money to acquaint the public with its uniformed cheerleaders and earns substantial revenue from their commercial appearances.

At all the football games and public events where plaintiff's cheerleaders appear and on all commercial items depicting the cheerleaders, the women are clad in plaintiff's distinctive uniform. The familiar outfit consists of white vinyl boots, white shorts, a white belt decorated with blue stars, a blue bolero blouse, and a white vest decorated with three blue stars on each side of the front and a white fringe around the bottom. In this action plaintiff asserts that it has a trademark in its uniform and that defendants have infringed and diluted that trademark in advertising and exhibiting "Debbie Does Dallas."

Pussycat Cinema, Ltd., is a New York corporation which owns a movie theatre in New York City; Zaffarano is the corporation's stockholder. In November 1978 the Pussycat Cinema began to show "Debbie Does Dallas," a gross and revolting sex film whose plot, to the extent that there is one, involves a cheerleader at a fictional high school, Debbie, who has been selected to become a "Texas Cowgirl."<sup>1</sup> In order to raise enough money to send Debbie, and eventually the entire squad, to Dallas, the cheerleaders perform sexual services for a fee. The movie consists largely of a series of scenes graphically depicting the sexual escapades of the "actors." In the movie's final scene Debbie dons a uniform strikingly similar to that worn by the Dallas Cowboys Cheerleaders and for approximately twelve minutes of film footage engages in various sex acts while clad or partially clad in the uniform. Defendants advertised the movie with marquee posters depicting Debbie in the allegedly infringing uniform and containing such captions as "Starring Ex Dallas Cowgirl Cheerleader Bambi Woods" and "You'll do more than cheer for this X Dallas Cheerleader."<sup>2</sup> Similar advertisements appeared in the newspapers.

Plaintiff brought this action alleging trademark infringement under section 43(a) of the Lanham Act (15 U.S.C. s 1125(a)), unfair competition, and dilution of trademark in violation of section 368-d of the New York General Business Law. The district court, in its oral opinion of February 13, 1979, found that "plaintiff ha(d) succeeded in proving by overwhelming evidence the merits of each one of its contentions." Defendants challenge the validity of all three claims.

A preliminary issue raised by defendants is whether plaintiff has a valid trademark

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<sup>1</sup> The official appellation of plaintiff's cheerleaders is "Dallas Cowboys Cheerleaders," but the district court found that plaintiff also has a trademark in the names "Dallas Cowgirls" and "Texas Cowgirls" which have been made popular by the media.

<sup>2</sup> Bambi Woods, the woman who played the role of Debbie, is not now and never has been a Dallas Cowboys Cheerleader.

in its cheerleader uniform.<sup>3</sup> Defendants argue that the uniform is a purely functional item necessary for the performance of cheerleading routines and that it therefore is not capable of becoming a trademark. We do not quarrel with defendants' assertion that a purely functional item may not become a trademark. However, we do not agree that all of characteristics of plaintiff's uniform serve only a functional purpose or that, because an item is in part incidentally functional, it is necessarily precluded from being designated as a trademark. Plaintiff does not claim a trademark in all clothing designed and fitted to allow free movement while performing cheerleading routines, but claims a trademark in the particular combination of colors and collocation of decorations that distinguish plaintiff's uniform from those of other squads.<sup>4</sup> It is well established that, if the design of an item is nonfunctional and has acquired secondary meaning,<sup>5</sup> the design may become a trademark even if the item itself is functional. Moreover, when a feature of the construction of the item is arbitrary, the feature may become a trademark even though it serves a useful purpose. Thus, the fact that an item serves or performs a function does not mean that it may not at the same time be capable of indicating sponsorship or origin, particularly where the decorative aspects of the item are nonfunctional. In the instant case the combination of the white boots, white shorts, blue blouse, and white star-studded vest and belt is an arbitrary design which makes the otherwise functional uniform trademarkable.

Having found that plaintiff has a trademark in its uniform, we must determine whether the depiction of the uniform in "Debbie Does Dallas" violates that trademark. The district court found that the uniform worn in the movie and shown on the marquee closely resembled plaintiff's uniform and that the public was likely to identify it as plaintiff's uniform. Our own comparison of the two uniforms convinces us that the district court was correct, and defendants do not seriously contend that the uniform shown in the movie is not almost identical with plaintiff's.

Defendants assert that the copyright doctrine of "fair use" should be held applicable to trademark infringement actions and that we should apply the doctrine to sanction their use of a replica of plaintiff's uniform. Fair use is "a 'privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent. . . .'" The fair use doctrine allows adjustments of conflicts between the first amendment and the copyright laws, and is designed primarily to balance "the exclusive rights of a copyright holder with the public's interest in dissemination of information affecting areas of universal concern, such as art, science and industry." It is unlikely that the fair use doctrine is applicable to trademark infringements; however, we need not reach that question. Although, as defendants assert, the doctrine of fair use permits limited copyright infringement for purposes of parody, defendants' use of plaintiff's uniform hardly qualifies as parody or any other form of fair use.

Nor does any other first amendment doctrine protect defendants' infringement of plaintiff's trademark. That defendants' movie may convey a barely discernible message does not entitle them to appropriate plaintiff's trademark in the process of conveying that message. Plaintiff's trademark is in the nature of a property right, and as such it need not

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<sup>3</sup> At present plaintiff does not have a registered trademark or service mark in its uniform. However, plaintiff still may prevail if it establishes that it has a common law trademark or service mark.

<sup>4</sup> Plaintiff's design imparts a western flavor appropriate for a Texas cheerleading squad. The design is in no way essential to the performance of cheerleading routines and to that extent is not a functional aspect of the uniform.

<sup>5</sup> Secondary meaning is "(t)he power of a name or other configuration to symbolize a particular business, product or company. . . ." *Ideal Toy Corp. v. Kenner Products Division of General Mills Fun Group, Inc.* (1977). There is no dispute in this case that plaintiff's uniform is universally recognized as the symbol of the Dallas Cowboys Cheerleaders.



“yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.” Because there are numerous ways in which defendants may comment on “sexuality in athletics” without infringing plaintiff’s trademark, the district court did not encroach upon their first amendment rights in granting a preliminary injunction.

For similar reasons, the preliminary injunction did not constitute an unconstitutional “prior restraint”. This is not a case of government censorship, but a private plaintiff’s attempt to protect its property rights. The propriety of a preliminary injunction where such relief is sought is so clear that courts have often issued an injunction without even mentioning the first amendment. The prohibition of the Lanham Act is content neutral, *Cf. Schacht v. United States* (1970), and therefore does not arouse the fears that trigger the application of constitutional “prior restraint” principles.

### Questions:

- 1.) What do you think of Pussycat Cinema’s parody and First Amendment defense? Can you offer a better one?
- 2.) *Debbie Does Dallas* was enjoined because it violated a property right held by the Dallas Cowboys Football Club, namely an unregistered common trademark/trade dress right in the uniforms worn by its cheerleaders. You have read the reasoning of the court. Did that right exist before the case was brought? Does that fact raise any First Amendment issues?

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***L.L. Bean, Inc. v. Drake Publishers, Inc.***  
*811 F.2d 26 (1st Cir. 1987)*



BOWNES, Circuit Judge.

Imitation may be the highest form of flattery, but plaintiff-appellee L.L. Bean, Inc., was neither flattered nor amused when High Society magazine published a prurient parody of Bean’s famous catalog. Defendant-appellant Drake Publishers, Inc., owns High Society, a monthly periodical featuring adult erotic entertainment. Its October 1984 issue contained a two-page article entitled “L.L. Bean’s Back-To-School-Sex-Catalog.” The article was labelled on the magazine’s contents page as “humor” and “parody.” The article displayed a facsimile of Bean’s trademark and featured pictures of nude models in sexually explicit positions using “products” that were described in a crudely humorous fashion.

L.L. Bean sought a temporary restraining order to remove the October 1984 issue from circulation. The complaint alleged trademark infringement, unfair competition, trademark dilution, deceptive trade practices, interference with prospective business advantage and trade libel. . . . [Among other things, the district court granted] Bean summary judgment with respect to the trademark dilution claim raised under Maine law. Me. Rev. Stat. Ann. tit. 10, § 1530 (1981). It ruled that the article had tarnished Bean’s trademark by undermining the goodwill and reputation associated with the mark. . . . The court also held that enjoining the publication of a parody to prevent trademark dilution did not offend the first amendment. An injunction issued prohibiting further publication or distribution of the “L.L. Bean Sex Catalog.” [Drake appealed.]

## I

. . . One need only open a magazine or turn on television to witness the pervasive influence of trademarks in advertising and commerce. Designer labels appear on goods ranging from handbags to chocolates to every possible form of clothing. Commercial advertising slogans, which can be registered as trademarks, have become part of national political campaigns. “Thus, trademarks have become a natural target of satirists who seek to comment on this integral part of the national culture.” The ridicule conveyed by parody inevitably conflicts with one of the underlying purposes of the Maine anti-dilution statute, which is to protect against the tarnishment of the goodwill and reputation associated with a particular trademark. The court below invoked this purpose as the basis for its decision to issue an injunction. The issue before us is whether enjoining the publication of appellant’s parody violates the first amendment guarantees of freedom of expression.

## II

The district court disposed of the first amendment concerns raised in this matter by relying on the approach taken in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.* (1979). In rejecting Drake’s claim that the first amendment protects the unauthorized use of another’s trademark in the process of conveying a message, the district court cited the following language from *Dallas Cowboys Cheerleaders*: “Plaintiffs trademark is in the nature of a property right . . . and as such it need not ‘yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.’” We do not believe that the first amendment concerns raised here can be resolved as easily as was done in *Dallas Cowboys Cheerleaders*. Aside from our doubts about whether there are alternative means of parodying plaintiffs catalog, we do not think the court fully assessed the nature of a trademark owner’s property rights.

The limits on the scope of a trademark owner’s property rights was considered recently in *Lucasfilm Ltd. v. High Frontier* (1985). In that case, the owners of the trademark “Star Wars” alleged injury from public interest groups that used the term in commercial advertisements presenting their views on President Reagan’s Strategic Defense Initiative. Judge Gesell stressed that the sweep of a trademark owner’s rights extends only to injurious, unauthorized commercial uses of the mark by another. Trademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view.

## III

The district court’s opinion suggests that tarnishment may be found when a trademark is used without authorization in a context which diminishes the positive associations with the mark. Neither the strictures of the first amendment nor the history and theory of anti-dilution law permit a finding of tarnishment based solely on the presence of an unwholesome or negative context in which a trademark is used without authorization. Such a reading of the anti-dilution statute unhinges it from its origins in the marketplace. A trademark is tarnished when consumer capacity to associate it with the appropriate products or services has been diminished. The threat of tarnishment arises when the goodwill and reputation of a plaintiffs trademark is linked to products which are of shoddy quality or which conjure associations that clash with the associations generated by the owner’s lawful use of the mark. . . .

[T]he dilution injury stems from an unauthorized effort to market incompatible products or services by trading on another’s trademark. The Constitution is not offended

when the anti-dilution statute is applied to prevent a defendant from using a trademark without permission in order to merchandise dissimilar products or services. Any residual effect on first amendment freedoms should be balanced against the need to fulfill the legitimate purpose of the anti-dilution statute. The law of trademark dilution has developed to combat an unauthorized and harmful appropriation of a trademark by another for the purpose of identifying, manufacturing, merchandising or promoting dissimilar products or services. The harm occurs when a trademark's identity and integrity—its capacity to command respect in the market—is undermined due to its inappropriate and unauthorized use by other market actors. When presented with such circumstances, courts have found that trademark owners have suffered harm despite the fact that redressing such harm entailed some residual impact on the rights of expression of commercial actors. See, e.g., *Chemical Corp. of America v. Anheuser-Busch, Inc.* (1962) (floor wax and insecticide maker's slogan, "Where there's life, there's bugs," harmed strength of defendant's slogan, "Where there's life, there's Bud."); *Original Appalachian Artworks, Inc. v. Topps Chewing Gum* (1986) (merchandiser of "Garbage Pail Kids" stickers and products injured owner of Cabbage Patch Kids mark); *General Electric Co. v. Alumpa Coal Co.* (1979) ("Genital Electric" monogram on underpants and T-shirts harmful to plaintiffs trademark).

While the cases cited above might appear at first glance to be factually analogous to the instant one, they are distinguishable for two reasons. First, they all involved unauthorized commercial uses of another's trademark. Second, none of those cases involved a defendant using a plaintiff's trademark as a vehicle for an editorial or artistic parody. In contrast to the cases cited, the instant defendant used plaintiffs mark solely for non-commercial purposes. Appellant's parody constitutes an editorial or artistic, rather than a commercial, use of plaintiffs mark. The article was labeled as "humor" and "parody" in the magazine's table of contents section; it took up two pages in a one-hundred-page issue; neither the article nor appellant's trademark was featured on the front or back cover of the magazine. Drake did not use Bean's mark to identify or promote goods or services to consumers; it never intended to market the "products" displayed in the parody.

We think the Constitution tolerates an incidental impact on rights of expression of commercial actors in order to prevent a defendant from unauthorizedly merchandising his products with another's trademark.<sup>4</sup> In such circumstances, application of the anti-dilution statute constitutes a legitimate regulation of commercial speech, which the Supreme Court has defined as "expression related solely to the economic interests of the speaker and its audience." It offends the Constitution, however, to invoke the anti-dilution statute as a basis for enjoining the noncommercial use of a trademark by a defendant engaged in a protected form of expression.

Our reluctance to apply the anti-dilution statute to the instant case also stems from a recognition of the vital importance of parody. Although, as we have noted, parody is often offensive, it is nevertheless "deserving of substantial freedom—both as entertainment and as a form of social and literary criticism." It would be anomalous to diminish

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<sup>4</sup> We have no occasion to consider the constitutional limits which might be imposed on the application of anti-dilution statutes to unauthorized uses of trademarks on products whose principal purpose is to convey a message. *Mutual of Omaha Ins. Co. v. Novak* (1985) (plaintiff entitled to preliminary injunction against peace activist protesting nuclear weapons proliferation by marketing "Mutant of Omaha" T-shirts). Such a situation undoubtedly would require a balancing of the harm suffered by the trademark owner against the benefit derived by the parodist and the public from the unauthorized use of a trademark on a product designed to convey a message.

the protection afforded parody solely because a parodist chooses a famous trade name, rather than a famous personality, author or creative work, as its object.<sup>5</sup>

The district court's injunction falls not only because it trammels upon a protected form of expression, but also because it depends upon an untoward judicial evaluation of the offensiveness or unwholesomeness of the appellant's materials. The Supreme Court has recognized the threat to free speech inherent in sanctioning such evaluations. *Cohen v. California* (1971).

Reversed and remanded.

LEVIN H. CAMPBELL, Chief Judge (dissenting). [Omitted.]

### Question:

- 1.) Why does the court rule in favor of Drake but against Pussycat Cinema?

### PROBLEM 3-2

#### CONSTITUTIONAL INTERPRETATION: REVIEW.

Review the materials in the previous two chapters. What are the most difficult lines to draw and rules to formulate in a constitutional theory that explains:

- 1.) **The general contours of the Congressional power to create, extend and define intellectual property rights?**
- 2.) **The limits (if any) that the First Amendment puts on intellectual property rights and remedies? Before answering, consider this sentence from the Breyer-Alito dissent in *Golan*. "The fact that, by withdrawing material from the public domain, the statute inhibits an important preexisting flow of information is sufficient, when combined with the other features of the statute that I have discussed, to convince me that the Copyright Clause, interpreted in the light of the First Amendment, does not authorize Congress to enact this statute." How does Justice Breyer's understanding of the way the First Amendment should inflect the interpretation of the Copyright Clause differ from that of Justice Ginsburg?**

<sup>5</sup> We recognize that the plaintiffs in *Pillsbury Co. v. Milky Way Productions, Inc.* (1981), obtained injunctive relief against *Screw* magazine, which had published pictures of facsimiles of Pillsbury's trade characters, "Poppin Fresh" and "Poppie Fresh," engaged in sexual intercourse and fellatio. The pictorial also featured plaintiff's trademark and the refrain of its jingle, "The Pillsbury Baking Song." While the district court granted relief under Georgia's anti-dilution statute, it did so only after specifically declining to consider whether defendants' presentation constituted a parody. The defendants in *Pillsbury* had tried to proffer parody as a defense to plaintiffs' copyright infringement claim; they did not assert it as a defense to the dilution claim. *Pillsbury*, therefore, does not stand for the proposition that the publication of a parody properly may be enjoined under an anti-dilution statute, since the court never considered whether defendants had presented a parody, and defendants never asserted parody as a defense to the dilution claim.