

Lord Neuberger gives the 2015 Fox Intellectual Property Lecture, Toronto

Trade Mark Dilution and Parody¹

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Introduction

1. Herodotus, the great fifth century BC historian, the so-called father of history, tells the story of Candaules, King of Lydia in the early eighth century². Candaules was so in love with his wife that he boasted of her wonderful beauty to everybody, including his bodyguard, Gyges. The King persuaded himself that the only way Gyges could appreciate the gorgeousness of the Queen was to see her in the nude. After much persuasion, Gyges agreed, and Candaules arranged for him to watch her undressing and getting into bed. Unfortunately, the Queen spied Gyges spying on her, and felt she had been disgraced. In fact, she was so horrified that she decided to exact the ultimate revenge on her husband. She told Gyges that, unless he killed Candaules, married her and took the throne of Lydia, she would have him killed. Gyges, according to Herodotus, was “astounded and stunned by her words. Just as he had been transfixed by her beauty, he was now overwhelmed and dismayed by her intelligence, strength, and inflexible determination.” So he complied with her demands, killed Candaules, and became King of Lydia and the second husband of the widowed Queen (whose name is of course not revealed by Herodotus, but appears to have been TUDO³). Gyges proved to be a very successful King of Lydia, no doubt improving his prospects by “sending many fine offerings of silver and gold to the oracle at Delphi, of which six golden bowls are the most noteworthy”.

¹ I would like to thank Hugh Cumber for his considerable assistance in connection with this lecture.

² Herodotus, *Histories*, 1, 8-12

³ The daughter of Arnossus of Mysia, according to Nicolaus of Damascus

2. A memorable little story, which many of you may know, but which all of you may be thinking has nothing whatever to with trade marks. Well, it does. Trade marks have moved, albeit rather more slowly and rather less violently than Gyges, from being bodyguards to being Kings. At the beginning of the last century, and in the view of many common law judges for much of the 20th century, trade marks were, to use the time-honoured phrase, “badges of origin”. They existed to protect the market share, the reputation, the good will of the trade mark owner in relation to the goods and services which he provided. In other words, they had a purely utilitarian, protective function. By the end of the 20th century, however, even the most conservative minded intellectual property expert had to accept that trade marks had developed into brands, which were not merely rights in themselves, but were often equally, or even more, valuable than the goods and services which they had been developed to protect. Like Gyges, trade marks had transmogrified from utilitarian protectors of important features into important, even glittering, features, outstripping those whom they were designed to protect. Of course, trade marks are now both bodyguards as well as kings, in that many still simply perform a traditional, protective function, whereas others have that additional, highly sought after quality of being international brands. Herodotus does not tell us whether the new King Gyges retained his function as his own royal bodyguard, but I very much doubt that he did.

3. Be that as it may, now in the 21st century, famous brands surround us, clog up the doors of our perception and have come to form part of a vast bank of knowledge, a large part of which is subliminal. This “knowledge” forms the entire premise behind the highly successful *Logo* Board Game, in which players have to “identify images and answer questions based on logos, products and packaging of the UK's most well-known brands”. A quick look at the Game's box art makes one realise how many of these logos one can identify at a glance. Many would

regard this as harmless fun which simply reflects the ever-greater importance of such commercial “identities” in modern life, but some would see it as yet another example of the dystopian modern trend of self-indoctrination. In either event, we may take their familiarity for granted.

4. Trade mark dilution, the detriment to the distinctive character of a trade mark with a reputation, is a concept which is closely connected with the familiarity of these ‘mega-brands’. A good place to start is with the memorable words of J Thomas McCarthy, the veteran Californian IP lawyer, author and academic:

“No part of trade-mark law that I have encountered in my 40 years of teaching and practicing IP law has created so much doctrinal puzzlement and judicial incomprehension as the concept of ‘dilution’ as a form of intrusion on a trade mark. It is a daunting pedagogical challenge to explain even the basic theoretical concept of dilution to students, attorneys and judges. Few can successfully explain it without encountering stares of incomprehension or, worse, nods of understanding which mask and conceal bewilderment and misinterpretation.”⁴

More recently, dilution was described by Ilanah Fhima of University College London as “perhaps the most vilified doctrine within contemporary trade mark law”⁵

5. That makes dilution a difficult topic to address, and the fact that the topic is the subject of a formidable body of academic commentary renders the task of discussing it even harder. Despite this, I shall have a go. I propose first to discuss dilution generally, and then, partly to

⁴ J. Thomas McCarthy, ‘Dilution of a trade mark: European and United States law compared’, in Vaver and Bentley eds. *Intellectual Property in the New Millennium* (Cambridge, CUP) at 159 et seq.

⁵ Fhima, ‘Dilution by blurring – a conceptual roadmap’ (2010) IPQ 44.

cast a more focussed beam of light on one aspect of the topic and partly (and probably over-optimistically) to make this talk more entertaining, I will turn to one particular subset of dilution cases, namely those involving parody. As is often the case with large or difficult concepts, it sometimes helps to concentrate on one facet in order to examine the validity of the concept, or at least to illustrate the concept's problems or ramifications.

Origins and development of dilution

6. So far as trade mark dilution is concerned, it seems appropriate to begin with something of a whistle-stop tour which boomerangs back and forth across the Atlantic, in order to see where the concept come from, and how it has found its way into the common law.

7. The proper historic starting point is perhaps the German case of *ODOL*, decided in 1924, in the days of the Weimar Republic. In that case⁶, the Landesgericht of Elberfeld held that the use of the “ODOL” mark for mouthwash would be harmed by the unauthorised later use of ODOL for steel products on the basis that it was “gegen die guten Sitten” (contrary to good morals), the relevant standard then prescribed under the German Civil Code. The court observed that the defendant must have had “the obvious purpose of deriving from its *selling power* some advantage in marketing its own products”, and that the defendant chose the complainant’s ODOL mark “because his mark had acquired an especially favourable prestige through the efforts on the complainant”. However, a finding of infringement could not be based on the traditional ground of confusion on the part of consumers between the source of the two products. The conclusion that there was infringement was ultimately encapsulated in

⁶ Judgment of September 11 1924, Landesgericht Elberfeld, 25 Juristische Wochenschrift 502, XXV Markenschutz und Wettbewerb 264

the point that the later use in relation to steel products could harm the ability of the complainant, who used the mark ODOL on its mouthwash products, to compete with other mouthwash manufacturers, “if the significance of its mark is lessened”.⁷ Many of the seeds of what would become the controversial ‘dilution doctrine’ can be detected in this judgment. The ODOL mark, I should add, appears to be alive and well in Germany today, and is still used for mouthwash, and indeed other household liquid goods⁸.

8. From Germany we must travel across the Atlantic Ocean to focus on a seminal 1927 article by Frank Schechter, who was trained as a lawyer in London but worked as a general counsel to a New York underwear manufacturer. The article was published in the Harvard Law Review with the title *The Rational Basis of Trademark Protection*.⁹ Significantly, Schechter’s principal target was the “myth” that the basis of trade mark protection was as a badge of origin.¹⁰ Rather, he argued, a trade mark is a “creative” silent salesman; the mark actually *sells* the goods, and the more distinctive the mark, the greater its selling power.¹¹ This rationale lies behind the ubiquitous modern notion of the ‘brand’; something which must be cultivated in its own right which has less to do with the products themselves (or their origin) and is more related to the identity and familiarity of the mark. Think how often it is said that when we pay exorbitant amounts for a branded item of clothing or piece of technology that we are “really paying for the logo or words printed on the side”.
9. In other words, Schechter rejected as far too narrow the traditional view that trade mark infringement is limited to third party words or actions which mislead consumers into thinking

⁷ As discussed by Fhima ‘Exploring the roots of European dilution’ (2012) IPQ 25 at 28 *et seq.*

⁸ See eg http://www.amazon.co.uk/s/?ie=UTF8&keywords=odol+mouthwash&tag=googhydr-21&index=aps&hvadid=24515845014&hvpos=1t1&hvexid=&hvnetw=g&hvrand=1031413440021911252&hvpon=&hvptwo=&hvqmt=e&hvdev=c&ref=pd_sl_7n7y28sssf_e

⁹ ‘The Rational Basis of Trade mark Protection’ 40 Harv. L. Rev. 813.

¹⁰ See Harms, *op cit.*, 383.

¹¹ Martino, p.25 (citing numerous examples from Schechter’s writings).

that goods or services originate with the trade mark proprietor. He said that this view totally underrates the value of a trade mark in the modern world. Far from being a mere badge of origin, ran his argument, a trade mark is a very valuable piece of property on its own. So, if one is looking for a date when it was first suggested in the common law world that trade marks were not simply badges of origin, 1927 would be a good year to choose. It was the first step on the road that leads from classic trade marks to internationally famous brands, Gyges's opening bid to become King of Lydia.

10. The irony of course is that the word "brand" itself originates from the most traditional and proprietary use of trade marks, the branding of cattle, which was performed solely to provide a badge of origin, albeit to protect existing product rather than existing reputation, good will or market share. However, the argument reflected in the *ODOL* case and the Schechter article, is that in the modern world to limit a trade mark to a badge of origin is as realistic as limiting a brand to the sign singed on a cow's ear.
11. In light of his revised view of this function, Schechter considered the real injury in trade mark cases is "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods". Schechter's thesis, in its barest form, thus asserted that trade marks should be protected because they were themselves valuable property. Centrally, Schechter's thesis exposed the truth of the view that a trade mark may be impaired as a result of confusing and non-confusing uses.¹² However, the way the law has developed since Schechter's 1927 thesis raises something of an irony, in that dilution, a doctrine that emerged from Schechter's demand for a "rational basis" for protection, is most frequently criticised for its alleged lack of firm conceptual underpinnings.

¹² This is the 'last word' given to Schechter by Martino, *op cit*, 121.

12. Jetting back to Europe, dilution protection developed across a number of jurisdictions. Thus, in the Netherlands, Belgium and Luxembourg, the Benelux Trade Mark Act of 1971 offered two modes of protection against infringement, namely (1) where the signs were identical or similar and the goods were similar, and, significantly for today's purposes, (2) where the signs were identical or similar, and the later user did not have a valid reason to use the mark and his use was likely to be prejudicial to the trade mark proprietor. This Act, more than 40 years after the *ODOL* case and the Schechter article, appears to have been the first legislative provision in Europe which specifically cut the knot between trade mark protection and confusion, a recurring theme in this talk. A little less than twenty years later, in 1989, European Union Law in this area was harmonised by the introduction of the Trade Mark Directive,¹³ which has its roots in the 1971 Benelux law.

13. In both the US Federal Lanham Act (when amended in 1995 by the Federal Trademark Dilution Act) and the Canadian Trade-Marks Act in 1985, not merely the concept of dilution, but the word “dilution” or “depreciation” is actually used¹⁴, but you will search in vain for either word in the 1989 EU directive, or even in its 2008 replacement¹⁵. (I note with some amusement that “trade mark” is a single word in the US, two words in the UK, and a hyphenated expression in Canada, or at least in Canadian legislation).

14. The key language of the 1989 EU Directive was contained in Article 5(2), which provided that Member States should have legislation which prevents third parties from using a sign identical with or similar to a registered trade mark in relation to dissimilar goods from those for which

¹³ 89/1034

¹⁴ See in the US §§ 42-45 of the Lanham Act (now 15 U.S.C. §§ 1124–1125), and in Canada (now section 22 of the Trade Marks Act 1985)

¹⁵ 2008/95

the trade mark is registered and where the trade mark

“has a reputation in the Member State and where use of that sign *without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark*¹⁶ (emphasis added).

15. This can be contrasted with §45 of the Lanham Act (as amended)¹⁷, which provides for injunctive relief where use begins “after the mark has become famous” and the use “causes dilution of the distinctive quality of the mark”. The Lanham Act was amended by the 1995 Federal Trademark Dilution Act to include a definition of “dilution” as:

“the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of – (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”¹⁸

The Canadian equivalent is section 22(1) of the Trade-Marks Act 1985, which simply provides that

“No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto”.

16. In the *Adidas-Salomon* case¹⁹ in the Court of Justice of the EU (“CJEU”), the role and history of dilution was considered in an impressive 2003 Opinion by Advocate General Jacobs, who

¹⁶ N.B. the words “not similar” were effectively read out of the Directive by the CJEU in the *Davidoff* case, confirmed by *Adidas Salomon*.

¹⁷ Lanham Act §43(c)(1).

¹⁸ Lanham Act §45.

¹⁹ C-408/01; <http://curia.europa.eu/juris/document/document.jsf?docid=48509&doclang=EN>

cited Schechter’s radical exegesis three quarters of a century earlier, and then stated that

“There are ... four types of use which may be caught: (i) use which takes unfair advantage of the mark's distinctive character, (ii) use which takes unfair advantage of its repute, (iii) use which is detrimental to the mark's distinctive character and (iv) use which is detrimental to its repute”.

17. These proscribed uses or acts are²⁰ encapsulated in two words; “blurring” and “tarnishing”.

One can now add a third category of “free-riding” following the CJEU’s 2009 *L’Oreal* decision, which, to use the language of the Court, involves a third party “riding on the coat tails” of the trade mark, and where the third party’s wrongdoing is attributable “not to the detriment caused to the mark but to the advantage taken by the third party”.²¹ As the author of one leading English text book notes, it can be difficult to discern from the judgments of the CJEU exactly what if anything is necessary to render an advantage unfair, and it has been treated with caution by the English courts, notably in the *Whirlpool* decision²² (which though an IP case has nothing to do with Canadian Supreme Court *Whirlpool* patent case²³). So, while the detrimental use of a mark has been circumscribed by the requirement of a change of economic behaviour, the same cannot be said with any certainty about use which takes an unfair advantage.

18. In Canada, a leading case on trade mark dilution is the decision of the Supreme Court in the

Veve Cliquot Ponsardin case in 2006²⁴. The owners of the famous champagne mark failed to prevent the marks CLICQUOT and CLICQUOT – UN MONDE A PART being used for

²⁰ *Ibid*, para 35, numbering added

²¹ *L’Oreal SA v Bellure NV* C-487/07.

²² *Whirlpool Corporation v Kenwood Ltd* [2009] EWCA Civ 753 [2010] RPC 2, and see *Kerley’s Law of Trade marks and Trade Name* (15th ed.) 14-105 – 14-107.

²³ *Whirlpool Corp. v. Camco Inc* [2000] 2 SCR 1067, 2000 SCC 67

²⁴ *Veve Cliquot Ponsardin v Boutiques Cliquot Ltee* [2006] 1 SCR 824, 2006 SCC 23

what Binnie J called “good value rather than ostentatious”²⁵ women’s clothes (albeit using “Cliquot”, not “Clicquot”). In relation to a classic confusion or misleading of origin claim, the action failed on the facts. So far as dilution was concerned, Binnie J said that “a mental association of the two marks does not ... necessarily give rise to a likelihood of depreciation”²⁶ to the goodwill of the trade mark. After referring to US and UK authorities, he said that “the depreciation or anti-dilution remedy is sometimes referred to as a “super weapon” which, in the interest of fair competition, needs to be kept in check”²⁷. The problem for the plaintiff was that the judge found that a consumer who saw the mark on the defendant’s clothes would not make any link with the plaintiff’s mark, so as Binnie J said the “claim falls at the first hurdle”²⁸. However, he went on to discuss the very difficult question of subliminal depreciatory effect, such as a use of a mark which might “diminish... its distinctiveness, uniqueness, effectiveness and prestigious connotations”, where “where a defendant creates negative association for the mark”, pointing out that “the pornographic film business in the United States has generated numerous examples of tarnishment”²⁹.

19. The law has to react to, and indeed must often accommodate, changes and developments in the commercial world, and it is therefore understandable why statutes in the US, Canada, the EU and the UK have sought to give protection for trade marks in their own right – ie as valuable property in themselves. But the warning given by Binnie J, that the protection of a trade mark against dilution “needs to be kept in check”, is well made. There is always an inherent tension between the public interest in protecting IP rights to encourage and reward talent and inventiveness, and the public interest in preventing anti-competitive practices and actions to avoid monopolies and the like. But it’s not just the potentially anti-competitive effect

²⁵ *Ibid* para 24

²⁶ *Ibid*, para 43

²⁷ *Ibid*, para 45

²⁸ *Ibid* para 49

²⁹ *Ibid* paras 65-66

of protecting trade marks which gives rise to worry.

20. There is also the even more fundamental issue of freedom of expression, which is, of course, protected under the European Convention on Human Rights and the European Charter of Fundamental Rights in Europe, the Charter of Rights and Freedom in Canada, and the First Amendment to the Constitution in the United States. Thus, in the 2005 *Laugh it Off Promotions* case³⁰ in the South African Supreme Court (involving parody, so I shall mention it later), Sachs J said this:

“[I]t would appear once all the relevant facts are established, it should not make any difference in principle whether the case is seen as a property rights limitation on free speech, or a free speech limitation on property rights. At the end of the day this will be an area where nuanced and proportionate balancing in a context-specific and fact-sensitive character will be decisive, and not formal classification based on bright lines.”

21. It is hard to balance two such incommensurate, and important, rights as the enjoyment of freedom of expression and the right not to have one’s valuable IP rights infringed. The first is undoubtedly a more fundamental right, but that obviously does not mean it should always prevail: otherwise copyright would not exist. However, the importance of freedom of expression seems to me to suggest that judges should be astute to avoid the risk of routinely accepting that every statement which may or even does tarnish a well-known trade mark should be treated as unlawful. The words of Sachs J are very much a point, and the fact that they were made in connection with a case involving parody conveniently brings me to the connected topic of

³⁰ *Laugh it Off Promotions CC v South African Breweries International (Finances) B.V* (2005) CCT 42/04. Per Sachs J at [83]

Parody, trade marks and copyright

22. Parody appears to be a facet of trade mark dilution which has raised perennial difficulties – and indeed it raises questions for copyright claims. Parody offers a helpful test case for many of the problems thrown up by dilution because, almost by definition, confusion is very unlikely: in most cases the parodist will actively be seeking to avoid confusion. Accordingly, the classic, or traditional, requirement of trade mark infringement, confusion of origin is not present, save on all but the most unusual set of facts - or perhaps I should say save where there have been the most surprising judicial findings of fact.
23. Of course, when it comes to confusion, there can arguably be no limit to people’s credulity. In the UK, advice from Public Health England urged supermarkets to keep daffodils separate lest members of the public confuse the poisonous flowers with food; there were 27 cases of poisoning last year.³¹ The American satirical newspaper *The Onion* has a remarkable track record of fooling mainstream news media into re-reporting its satirical articles as true. Examples include a Chinese news source which reported as serious its spoof article declaring that Kim Jong Un was “the sexiest man alive” in 2012³², and two major Bangladeshi newspapers which reported as true its spoof story that Neil Armstrong has been convinced by conspiracy theorists that the moon landing was a hoax³³.
24. Assuming that confusion cannot be established by a trade mark proprietor who wishes to object to a parodic use of his trade mark, then, at least as far as English law is concerned, an

³¹ Though this may be a linguistic rather than a culinary confusion; <http://www.bbc.co.uk/news/uk-31176748?postId=121338235>

³² <http://www.bbc.co.uk/news/world-asia-20518929>

³³ http://news.bbc.co.uk/1/hi/world/south_asia/8237558.stm

allegation of dilution-based infringement may be the only way of challenging the use as constituting infringement. However, parody depends for its effects on the familiarity of the original work, and there is often therefore a fairly compelling argument for saying that some parodic uses of a mark actually *enhance* the distinctiveness of the original, rather than whittling it down; in other words, “blurring” may be out.³⁴ Moreover, many of the best parodies employ what has been termed “ideological jujitsu”, ie using the “weight” of the brand against itself.³⁵ Many parodic uses will be non-commercial, though in England at least, protection of trade marks against this category of infringement (under section 10(3) of the Trade Marks Act 1994) appears to be limited to commercial uses.³⁶

25. But there are other reasons why parodies pose such a problem for intellectual property law. Much of the difficulty lies in the nature of parody itself, which has rightly been described as being “both original and parasitic”³⁷. Or, as one commentator puts it, parody may be located at “the intersection of creation and re-creation, of invention and critique”.³⁸ A preliminary issue to get out of the way is therefore to define “parody”. In its broadest sense, parody is one of the many forms of allusion which may be present in artistic works, finding sources of imitation either from the form or the content (or often both form and content) of earlier works - as in James Joyce’s *Ulysses*, Tom Stoppard’s *Rosencrantz and Guildenstern are Dead*, the mock-heroic poetry of the Augustan poets, Geoffrey Chaucer’s *Canterbury Tales*, or Dean Swift’s *Modest Proposal*).

³⁴ Spence ‘Intellectual Property and the Problem of Parody’ (1998) 114 LQR 594. 614, citing Denicola ‘Trademarks as speech: constitutional implications of the emerging rationales for the protection of trade symbols’ [1982] Wis L. Rev. 158

³⁵ Harms, 392, see below.

³⁶ Or more precisely, use in the course of trade in relation to goods or services.

³⁷ Spence, ‘Intellectual Property and the Problem of Parody’ (1998) 114 LQR 594.

³⁸ Hutcheon, *A Theory of Parody*, cited in Gredley and Mariantis ‘Parody: a fatal attraction? Part 1: The nature of parody and its treatment in copyright’ (1997) EIPR 339.

26. The precise definition and boundaries of parody (and related forms such as caricature, burlesque and so on) are hardly straightforward questions for literary critics or art historians; one survey identified 37 “types and understandings and uses of parody”.³⁹ However, for hard-nosed lawyers the question may be answered relatively easily - at least in relation to copyright cases in the EU context. In the recent *Deckmyn* case⁴⁰, the CJEU provided some help in the context of the so-called “parody exception” under the 2001 Copyright harmonisation, or InfSoc, Directive⁴¹. Article 5(3)(k) of that Directive allows member states to “opt in” to an exception for the use of copyrighted works for “the purpose of caricature, parody or pastiche”⁴².
27. The CJEU decided in *Deckmyn* that “parody” in that context is an autonomous concept of EU law requiring uniform interpretation; i.e. it is a concept which must have a common meaning across the various legal systems (and national senses of humour) of the thirty or so Member States of the EU. It has to be said that sometimes when the CJEU states that an expression has an autonomous meaning, Lewis Carroll’s Humpty Dumpty comes to mind. You may recall his discussion with Alice⁴³: ““When I use a word””, he said in a rather scornful voice, ‘it means just what I choose it to mean, neither more nor less””.
28. However, that is not a fair criticism of *Deckmyn*, where the CJEU said that the issue whether a parodic use of a trade mark infringed raised two questions. First, does a work have the characteristics of a parody, namely does it evoke an existing work while being noticeably different from it, and constituting an expression of humour or mockery. If so, then, secondly,

³⁹ Rose, *Parody: Ancient, Modern and Post-Modern* (1993), cited in Spence, op cit., 594.

⁴⁰ *Deckmyn v WPG Uitgevers Belgie* (C-201/13).

⁴¹ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society

⁴² Article 5(3)(k).

⁴³ Lewis Carroll, *Through the Looking-Glass*, (1871) chapter 6

would the application of the parody exception “strike a fair balance between, on the one hand, the interests and rights of [authors], and, on the other, the freedom of expression of the user of a protected work”. Once it is established that the work falls within the definition of parody, it is for national court to determine whether the use struck a “fair balance” between the competing interests and rights of copyright holders and parodists. For example, copyright holders have a legitimate interest in ensuring that the work is not associated with a message that was discriminatory.⁴⁴ It will be noticed that the Advocate General’s definition rules out confusion, as the parody must be noticeably distinct from the original work.

29. On the definition offered by *Deckmyn* it would appear that, for example, Andy Warhol’s distinctive use of other original works (for example the Mona Lisa in “Mona Lisa (Two Times),” “Four Mona Lisas,” and “Thirty Are Better Than One”) would be likely to fail on the basis that to call these works “an expression of humour or mockery” is to distort language. However, it may comfortably fit within the definition of a “pastiche”, whose object is usually to celebrate rather than to mock the original work. Pastiche, along with caricature, is also protected by Article 5(3)(k) of the 2001 Directive.

30. The “parody exception” became part of UK copyright law in 2014, when the law was changed to provide that “fair dealing with a work for the purposes of caricature, parody or pastiche does not infringe copyright in the work”.⁴⁵ It remains to be seen how the “fair dealing” defence in a copyright claim will be applied by English courts in the context of parody. There is already guidance published by the United Kingdom Intellectual Property Office, which builds on the guidance derived from fair dealing in other areas, and it includes this:

⁴⁴ See generally Arrowsmith ‘What is a Parody?’ [2015] 1 EIPR 55.

⁴⁵ Copyright and Rights in Performances (Quotation and Parody) Regulations 2014 amended the Copyright Designs and Patents Act 1988 by adding a new s.30A(1).

“Does using the work affect the market for the original work? If a use of a work acts as a substitute for it, causing the owner to lose revenue, then it is not likely to be fair. Is the amount of the work taken reasonable and appropriate? Was it necessary to use the amount that was taken? Usually only part of a work may be used.”⁴⁶

31. Moreover, the moral right of a copyright holder to object to “derogatory treatment” remains. This may prove problematic given the nature of parody, particularly parodies targeted on the original work rather than a third party. One writer, Michael Spence, Vice-Chancellor of the University of Sydney, has argued that the question of when a parody will amount to a derogatory treatment is “clearly unsettled” and added this:⁴⁷

“Some commentators believe that the right to prevent derogatory treatment is ‘of no general relevance to the topic of parody’ because a parody will not usually be prejudicial to the author’s honour or reputation. Others claim that an author’s moral rights ‘are often outraged by a parodic or burlesque treatment of his work’ and that ‘the creation of an express integrity right reinforces the author’s armoury against the parodist’. Still others claim that this may, but need not be, the case and that the author’s moral right will only be infringed where the parody is ‘offensive to the spirit of the original work’.”

32. As I see it, the position appears to be that, under EU and UK law, just as parody can in principle give rise to a copyright infringement claim, so can parody in a commercial context in principle give rise to an infringement claim on the basis of dilution, notwithstanding that the use is unlikely to be confusing.

⁴⁶ IPO ‘Exceptions to copyright: Guidance for creators and copyright owners’ October 2014.

⁴⁷ Spence, *op cit.* 597.

33. I refer again to the South African *Laugh it Off* case, in which Sachs J opened his judgment thus:

“Does the law have a sense of humour? The question is raised whenever the irresistible force of free expression, in the form of parody, meets the immovable object of property rights, in the form of trade mark protection. And if international experience is anything to go by, it would seem that far from providing clear guidance court decisions on the topic have been as variable as judicial humour itself.”⁴⁸

Some might say that judicial humour bears the same relationship to humour as military justice bears to justice, according to Georges Clemenceau, who said that military justice is to justice what military music is to music. And, one notes, Sachs J does not appear to have answered his own question whether the law has a sense of humour, but perhaps that was itself a joke. Actually, the question, as I see it, is whether the judge trying the case in issue has a sense of humour.

34. The UK, which prides itself as a world leader when it comes to satire and humour has had only one case⁴⁹ of any significance on parodic trade mark infringement. I like to think that that is because the legal profession considers that every UK judge has such a well-developed sense of humour and such a commitment to freedom of expression that they believe that there is no chance of any infringement claim against a work of parody succeeding. But that may be self-delusion – or of course, it may be a judicial joke. Certainly, it’s ponderous enough to qualify.

35. Casting one’s eyes more widely, the approach to parody may, unsurprisingly, vary to some extent from country to country and from time to time. The United States seems to have been

⁴⁸ *Laugh it Off Promotions CC v South African Breweries International (Finances) B.V* (2005) CCT 42/04. Per Sachs J at [70]

⁴⁹ *Ate My Heart Inc v Mind Candy Ltd* [2011] EWHC 2741 (Ch)

fairly protective of trade marks against parody. In 1979, at the suit of General Electric, a company was enjoined from producing underpants with the words “genital electric” prominently displayed on them⁵⁰: And a couple of years later, in 1981, a defendant’s “Garbage Pail Kids” children’s stickers parodying Cabbage Patch Kids was enjoined⁵¹. In fact the US seems to have been rather more pro-trade mark and more anti-freedom of expression than the European courts when it comes to parody. In 1982, the Court of Appeals of the 2nd Circuit upheld an injunction restraining showing a film entitled *Tarzoan: Shame of the Jungle*, where the Tarzan character was used in what is coyly called an adult movie⁵². However, when the same case was heard in France, the decision went the other way⁵³.

36. It may be that the US Courts are moving more in favour of freedom of expression and humour. Thus, in 2007⁵⁴, the US Court of Appeals for the Fourth Circuit held that a “chewy Vuitton” dog chew toy did not infringe the LOUIS VUITTON trade mark. It is fair to add that a “fair use” parody defence was recognised by the US Supreme Court in the copyright context in 1994⁵⁵, when a parody of the renowned “Oh Pretty Woman” song was found to be non-infringing, as it had a transformative effect on the original, a factor which outweighed all other issues.

37. In the UK, the contrast between two decisions involving claims by the owners of the Miss World goodwill may be illuminating as to the way in the protection afforded by the law to famous marks has increased in the past thirty-five years. In 1981, the Court of Appeal refused an injunction to restrain Miss Alternative World a spoof pageant with sado-masochistic

⁵⁰ *General Electric Company v Alumpa Coal Company Inc* 206 ISPQ 1036 (D.Mass, 1979)

⁵¹ *Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc.*, 642 F.Supp. 1031 (N.D. Ga. 1988)

⁵² *Burroughs v Metro-Goldwyn-Mayer* 519 F. Supp 388 (SDNY 1981), affirmed 683 F. 2d 610 (2d Cir. 1982)

⁵³ 3 January 1978, RIDA 1978, 119 RIDA 1978 119

⁵⁴ *Louis Vuitton Malletier S.A. v. Haute Diggity Dog*, 507 F.3d 252 (4th Cir. 2007)

⁵⁵ *Campbell v Acuff-Rose Music Inc* 510 U.S. 569 (1994)

overtone, on the simple ground that there was no real danger of confusion by ordinary members of public⁵⁶. A quarter of a century later, in 2007, the High Court granted an injunction to restrain the broadcasting of a television programme about a Thai beauty contest for transvestites and transsexuals under the title “Mr Miss World”⁵⁷. Apart from a finding of a likelihood of confusion (which some consider to be questionable), the Judge held that the parodical or satirical use of ‘Mr Miss World’ in the context of the proposed broadcast could cause irreparable detriment to the distinctive character and repute of the MISS WORLD marks. (Incidentally, I understand that the broadcast went ahead under the title “Mr Miss Pageant”.)

38. As I hope this summary suggests, parody creates a problem for intellectual property law. This is in part due to the nature of parody itself which is easy to define but difficult to pin down, and partly due to the fact that, once pinned down, parody is difficult to fit in the law of trade marks. The law of copyright acknowledges that parody is worth of protection *per se* (alongside, for example, fair criticism). What is less clear is how this form of protection should go particularly when it comes to trade marks.

39. Unlike copyright law, English trade mark infringement contains no express parody exception or defence. If it exists at all it exists under the question of whether a use is “without due cause”. Under English law, to infringe at all the use must be commercial; it must be use in the course of trade as a trade mark. Almost by definition this makes a parody defence difficult to get off the ground. However, as already mentioned, freedom of expression will be engaged.

⁵⁶ *Miss World (Jersey) Ltd v James Street Productions Ltd* [1981] FSR 309

⁵⁷ *Miss World Limited v Channel 4 Television Corporation* [2007] EWHC 982

40. In that connection, the South African *Laugh it Off* case offers a telling example. The defendants sold t-shirts which mimicked the claimant brewers “Black Label” Carling beers; the bottles replaced the words “Black Label” with “Black Labour” and Carling with “white guilt”. The South African constitutional court overturned a finding of infringement on the basis that the claimant had not shown any economic prejudice.⁵⁸ To some modern English trade mark lawyer, this conclusion might seem surprising; to an English trade mark lawyer forty years ago, it would seem self-evident. After all, in EU law, where a defendant has “free ridden” on the claimant’s registered mark, it appears that economic prejudice to the proprietor of the trade mark is not required, whereas it would have been half a century ago.

41. Whether one sees Sachs J as a forward-looking, liberal free speech supporter, or an old-fashioned supporter of the narrow and traditional function of trade marks, it has been powerfully argued that his broader rights-based approach in that case is correct. His judgment got right to the heart of the matter as he addressed “the chilling effect that overzealously applied trade mark law could have on the free circulation of ideas”, and said this:

“Even the threat of litigation can stifle legitimate debate. Large businesses have special access to wealth, the media and government. Like politicians and public figures, their trade marks represent highly visible and immediately recognisable symbols of societal norms and values. The companies that own famous trade marks exert substantial influence over public and political issues, making them and their marks ripe and appropriate targets for parody and criticism. Yet when applied against non-competitor parody artists, the tarnishment theory of trade mark dilution may in protecting the reputation of a mark’s owner, effectively act as a defamation statute. As such it, could serve as an over-deterrent.”

⁵⁸ See especially Moseneke J’s judgment.

42. Another of Sachs J's important observations was that a megacorporation being perceived to be using its expensive lawyers to crush an upstart parodist who makes joke postcards may be harming its reputation more than any parody could. Like English law, Canadian trade mark law contains no exception for parody, though there have been some persuasive calls for an exception under trade mark law, removing the emphasis on rights-based protection.⁵⁹ However, it has also persuasively been argued that a "parody defence" *per se* is not desirable⁶⁰, on the basis that what is needed is not a rights based defence but a more considered approach to the proper limits of trade mark law.

Conclusion

43. It can fairly be said that the 'problem' of parody, if it can be called that, does not so much expose a lacuna in the law of trade mark dilution as the flawed conceptual underpinnings of the doctrine. As Tony Martino said in his excellent monograph on dilution, the treatment of parody reminds us that there is "no satisfactory articulation of the mental process of dilution".⁶¹

44. Let me finish with another relatively recent example. About a year ago, the Canadian comedian Nathan Fielder was revealed to be behind a new coffee shop which opened in Los Angeles. The shop's name: "dumb Starbucks". Its logo (displayed above the entrance and on the coffee cups served) is identical to that of Starbucks, but with the word "dumb" added before the name. At dumb Starbucks, customers could order a "dumb iced vanilla latte" or "horrible" or

⁵⁹ Bereskin, 'Anti-Dilution/Anti-Free-Riding Laws in the United States, Canada and the EU: Bridges Too far?' (2011) 101 TMR 6, 1710, 1742.

⁶⁰ Burrell and Gangjee 'Trade marks and freedom of expression – a call for caution' (2010) IRIPCL, 544, 564.

⁶¹ Martino, *op cit.*, 62.

“bitter” coffee.⁶² These drinks were given away for free. One commentator noted that the move was:

“[A]n impossibly well-planned parody – a spree of trade mark infringement, tarnishment and dilution that began on a Friday night, after the federal courts were closed. That gave the jokesters, [...] an entire weekend to get the social media influencers on their side by giving away free coffee and being really friendly.”⁶³

45. So Starbucks’ mark was “diluted”; or, to put it another way, the coffee was watered down.

Fielder’s parody might have been purportedly non-commercial but, as one commentator noted, this rather depends how broadly one draws the lines of “commerciality”; after all, the Fielder’s new comedy show did premiere shortly afterwards.⁶⁴

46. Of course, alongside the obvious target of Starbucks, one target of Fielder’s parody might be the intricacies of Intellectual Property law itself. This suspicion was seemingly confirmed when Fielder set out his explanation and defence:

“By adding the word ‘dumb’, we are technically ‘making fun’ of Starbucks, which allows us to use their trade marks under a law known as ‘fair use’. ... In the eyes of the law, our ‘coffee shop’ is actually an art gallery and the ‘coffee’ you’re buying is considered art. But that’s for our lawyers to worry about”.⁶⁵

⁶² BBC News, “Dumb Starbucks’ owner revealed to be comedy personality” 11 Feb 2014: <http://www.bbc.co.uk/news/business-26131013> [Accessed 27 Jan 2014].

⁶³ Lisa Bordodkin ‘Dumb Starbucks was the perfect crime’ 12 Feb 2014: <http://www.theguardian.com/commentisfree/2014/feb/12/dumb-starbucks-trade-mark-lawyer> [Accessed 27 Jan 2014].

⁶⁴ Mona Zarifian ‘Parody in Trade-mark Law – Dumb Starbucks might not be so dumb after all’, 25 Mar 2014: <http://www.iposgoode.ca/2014/03/parody-in-trade-mark-law-dumb-starbucks-might-not-be-so-dumb-after-all/> [Accessed 2 Feb 2015].

⁶⁵ BBC News, *op cit.*

47. Perhaps those among you familiar with US dilution law could decide whether Fielder's defence works. Of course, if his "defence" is part of the joke we would be playing right into the parodist's hands.

48. I began this talk with Herodotus's story of King Candaules, and comparing the life of his former bodyguard, Gyges, who supplanted him as King, with the history of trade marks. Gyges was succeeded by five generations of Lydian Kings, each of whom was richer and more successful than his predecessor. The famous Croesus was the last, and he was of course notoriously and fabulously rich. In the same way, it may be said, famous trade marks are getting more and more valuable. Thus, the net worth of Apple Corp in 2012 was some US \$500 billion, of which about £70.6 billion represents the value of the Apple trade mark portfolio, more than all the gold in the US Federal Reserve.⁶⁶

49. In the case of Croesus, it all ended in tears. As famously recounted by Herodotus⁶⁷, he was eventually brought low as a result of misinterpreting the oracle at Delphi, which you may recall, had been royally rewarded by his great-great-great grandfather Candaules. The oracle told him that if he attacked the Persian Emperor Cyrus, a great empire would fall. Croesus foolishly believed that this was a reference to the Persian empire, but, as events turned out, it was his own. So, after about 160 years of increasing success, the Gyges line was brought low. Whether that is a reliable guide to the commercial life of famous brands I rather doubt.

50. Thank you very much.

David Neuberger

Toronto, 20 February 2015

⁶⁶ Davies, 'To buy or not to buy: the use of a trade mark as a communication tool rather than as a link between a products and its source – a further consideration of the concept of dilution' (2013) EIPR 383.

⁶⁷ Herodotus, *Histories*, 1.85-89