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RESPONSE TO AIPLA ANALYSIS OF § 43(c)(3)'s INTRODUCTORY LANGUAGE

The coalition of consumer, arts, and civil liberties groups has argued that Congress should preserve the current protections for fair use, noncommercial use, and news reporting in section 43 of the Lanham Act both on principle and for intensely practical reasons. The defenses are needed to afford space for constitutionally protected expression, because trademarks play an important role in our culture – individuals and artists often invoke them as a reference point when commenting a trademark holder or while making broader social points – and because constitutional protection for speech that includes trademarks is at its apogee when the speech is noncommercial. The need for statutory defenses is also practical, because trademark cases are notoriously expensive, and individuals and artists know they cannot afford to defend themselves against trademark claims. Given this expense, the mere threat of litigation is often enough to force them to abandon their free speech.

Fair use, noncommercial use, and news reporting are defenses that give such people an inexpensive way out of such litigation, instead of having to litigate the new proposed multifactor test for “likelihood of dilution,” or the longstanding eight or ten factor tests for “likelihood of confusion.” We have argued that the introductory language in the current section 43(c)(4), applying these exceptions to “this section,” is needed for that reason as well.

Although the American Intellectual Property Law Association (“AIPLA”) insists on retaining the language in H.R. 683 that would eliminate the current language extending all of the defenses in section 43(c)(4) to “this section,” its April 25 memorandum provides a useful starting point for discussion because it makes clear that AIPLA and our coalition share the view that it is important to preserve the noncommercial use defense, in light of AIPLA’s claim that this defense is already provided by the common law, and its claim that preserving the “this section” language might create an “anomaly” by implicitly harming the supposed common law defense that applies to infringement claims under § 32 of the Lanham Act (under which registered marks are enforced). AIPLA says little about fair use except to note, in passing, its contention that there is a common law defense of fair use that overrides trademark owners’ statutory rights, but we take this as an implicit concession that it is important to preserve a fair use defense as well. The disagreement between us is how to accomplish this objective.

This memorandum shows that (1) the current language that AIPLA wishes to repeal clearly extends the defenses of noncommercial use, fair use and news reporting to infringement claims under

§ 43(a) of the Act, (2) that repeal of that language would likely endanger those defenses, and (3) that AIPLA has not shown any good reason to take the risk that repeal would have that effect.

The Current Language of § 43(c)(4) Plainly Extends the Defenses to § 43(a) Claims.

AIPLA attempts to deny that current law extends the three defenses set forth in §43(c)(4) of the Lanham Act to infringement claims under subsection (a), but its argument is meritless. AIPLA completely ignores the words of the statute, and it mischaracterizes the cases that it discusses.

Construction of a statute begins with its language. Section 43(c)(4) now provides, “The following shall not be actionable under this section.” AIPLA imagines that the statute really only extends the defenses to dilution claims under subsection (c). However, the meaning of the terms “section” as denoting Arabic-numeraled provisions of the Code, and “subsection” as denoting portions of sections identified with lower-case letters in parentheses, is well-established.¹

Moreover, the current statute consistently uses the term “section” to describe all of § 43, while using “subsection” to describe §§ 43(a) and 43(c). For example, § 43(b) bars the importation of goods labeled “in contravention of the provisions of this section.” Subsection (b) does not specify anything that could be contravened. The provision obviously uses the term “section” to refer both to § 43(a) and § 43(c). By contrast, throughout the rest of the section, the word subsection is repeatedly used in ways that makes clear that it refers to subsections (a) or (c).² It is normally assumed that a single term will have the same meaning throughout a statute; and when a statute consistently uses the same term with the same meaning, that fact is persuasive evidence that the term has the same meaning even when the meaning is not otherwise clear from context. Simply based on the language of section 43, it is apparent that § 43(c)(4) uses the term “section” to refer to all of section 43.

Moreover, those courts that have addressed the meaning of “this section” have held that it applies the defenses of § 43(c)(4) to § 43(a) claims.³ AIPLA discusses two of the cases but argues

¹ House Legislative Counsel's Manual on Drafting Style, HLC No. 104-1, p. 24 (1995), and Senate Office of the Legislative Counsel, Legislative Drafting Manual 10 (1997), *cited as authoritative in Koons Buick v. Nigh*, 543 U.S. 50. 60-61 (2004).

² For example, other paragraphs of subsection (c) refer specifically to actions brought “under this subsection.” §§43(c)(1) (“to obtain such other relief as is provided in this subsection”); 43(c)(2) (“In an action brought under this subsection”). Similarly, in describing the *in rem* cause of action against domain names whose owners cannot be sued in the United States, the cybersquatting law allows claims to be brought over marks that are “registered . . ., or protected under subsection (a) and (c) of this section”). § 43(d)(2)(A)(I). This provision thus confirms the meaning of **both** “this section” and “this subsection.”

³The issue was expressly decided with respect to the “noncommercial use defense” in *Planned Parenthood v. Bucci*, 1997 WL 133313 (S.D.N.Y.), at *7, *aff'd mem.*, 152 F.3d 920 (2d Cir.

that the Committee should ignore them because the analysis of the statutory language was not necessary to the decision – in *Ficker* because the court also relied on the First Amendment, and in *Bucci* because the court found the defendant’s use to be commercial as required by the statute. AIPLA does not discuss *OBH* at all, and it argues for ignoring two other cases because they allegedly discussed only issues under the ACPA. In fact, both cases also discussed § 43(a), at pages not mentioned in AIPLA’s memorandum.⁴

Most mystifying is AIPLA’s conclusion to its argument at pages 3-4 of its memorandum, in which AIPLA argues that “the cited cases demonstrate that courts are perfectly capable of applying the common law principles of fair and non-commercial use to infringement actions without relying on the exclusions.” None of these cases purported to apply the common law. All of them relied instead on the language of the statute. Without that statutory language, it is difficult to understand how the common law could limit statutory rights that Congress has accorded to trademark owners.

Indeed, if “the common law” provides defenses of fair use and noncommercial use to statutory trademark claims, one wonders why statutory defenses are needed for statutory dilution claims. The fact is that the common law provides defenses to common law claims, and statutory defenses are needed for statutory claims.

AIPLA Does Not Articulate Any Persuasive Reasons to Believe That Retaining the Current Language of § 43(c)(4) Will Harm Any Legitimate Interests.

AIPLA attempts to present an affirmative reason for amending the current statute’s “this section,” contending that leaving the language in place might have untoward effects on causes of action other than § 43(a) infringement and unfair competition claims, but its arguments are singularly unpersuasive. The most glaring flaw in AIPLA’s argument is its failure to identify a single case in which the current language has had the impact it claims to fear. AIPLA attempts to

1998), *cited with approval*, *OBH v. Spotlight Magazine*, 86 F.Supp.2d 176, 196-197 (W.D.N.Y. 2000) (“Unlike § 1114, § 1125(a)(1)(A) is limited by § 1125(c)(4)(B), which provides that “[n]oncommercial use of a mark” is not actionable under § 1125.”). Similarly, *Ficker v. Tuohy*, 305 F.Supp.2d 569, 572 (D. Md. 2004), quotes the language of § 43(c)(4)(B) in holding that non-commercial use is not actionable under section 43, which is not surprising since the “this section” argument was made expressly in Tuohy’s brief.

⁴The Fifth Circuit observed that the non-commercial use exception extends to § 43(a) without expressly addressing the “this section” language that was addressed in the briefs. *TMI v. Maxwell*, 368 F.3d 433, 436-438 and n.2 (5th Cir. 2004). The AIPLA claims that *TMI* considered only cybersquatting issues, but ignores the part of the decision that states, “This Court has previously determined that § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1), which addresses false and misleading descriptions, only applies to commercial speech.” *Id.* See also *Northland Ins. Cos. v. Blaylock*, 115 F. Supp.2d 1108 (D. Minn. 2000); contrary to AIPLA’s assertion, the plaintiff in that case sued under § 43(a) as well as the ACPA.

mask this omission by writing its memorandum in a way that implies that it is preserving the status quo, while the civil liberties coalition is trying to change the law. But the current language of the statute applies the three defenses to “this section,” and AIPLA’s failure to show that the language has harmed any legitimate interest is therefore quite telling.

AIPLA first argues that, if the “this section” language is left in place, it will create an unintended loophole in § 43(d), the Anticybersquatting Consumer Protection Act (“ACPA”). But that is far from the case, and the only case AIPLA cites shows that this did not happen. Nor could it. After all, as the AIPLA concedes, the ACPA was “enacted . . . to deal with the rampant problem of profiteers registering the trademarks of companies as domain names and trying to extract money from trademark owners wishing to own the domain names that incorporate their trademarks.” To that end, the statute applies when the defendant acts with “a bad faith intent to profit” from the mark. Because Congress found that many cybersquatters would register many names and just sit on them without using them and without making an explicit demand for payment, it enumerated a set of factors to help courts decide the purpose for picking the domain name and employs, as one factor for deciding whether bad faith intent to profit exists, whether the defendant made a “bona fide noncommercial or fair use of the mark on a web site accessible under the domain name.”

AIPLA posits that allowing noncommercial or fair use to override a bad faith intent to profit would transform that factor into a dispositive issue, thus undermining the multifactor scheme of the ACPA. But its argument does not hold water, because AIPLA loses sight of what is and is not a noncommercial or fair use **of a domain name**. If the various factors point to the conclusion that the defendant registered or used a domain name for reasons of extortion, then that defendant could not possibly be using the name either fairly or noncommercially. After all, such a person is trying to make money, so his use can scarcely be said to be noncommercial. The Ninth Circuit had no difficulty coming to such a conclusion in a pre-ACPA case, *Panavision Intern., L.P. v. Toebben*, 141 F.3d 1316, 1325 (9th Cir. 1998), because, as the court reasoned, a cybersquatter’s business is selling domain names. Moreover, the person has acted in bad faith, so it is hard to argue that there is fair use. Thus, there will be no cases in which a person acted with a bad faith intent to profit but can escape liability under the exclusions.

AIPLA also expresses concern that, if the § 43(c)(4) exclusions were left applicable to “this section” and hence to § 43(a) infringement claims, there would be an “anomaly” because the same exclusion could not apply to claims under § 32(1) of infringement of a registered mark. According to AIPLA, “Courts might then conclude by negative implication that defenses such as fair use or noncommercial use – which have long been recognized as a defense to trademark infringement – are no longer available in actions brought under subsection 32(1).”

The first point is, again, that no court has drawn this negative implication. But such defenses exist because there is specific language in the statute that applies them. Several defenses to section 32 infringement claims are set forth in § 33(b), including the defense of fair use; but § 43(c)(4) is the only provision that clearly makes a fair use defense applicable to § 43(a) cases. Moreover, § 32(1) allows an infringement claim only when the defendant has used plaintiff’s mark in connection with the “sale” or “advertising” of goods and services; but those words do not appear in § 43(a)(1).

Thus, the “non-commercial use” defense is needed to limit § 43(a) infringement claims but not § 32(1) infringement claims, and no “negative implication” would be justified.⁵

Moreover, AIPLA ignores the likely inference about Congress’s intent that courts will draw from the elimination of the “this section” language. One of the most compelling indicators of Congressional intent is the changes that Congress makes in statutory language. If Congress amends § 43(c)(4) by eliminating the language providing that the exclusions extend generally to “this section,” while at the same time adding language providing that they apply to “this subsection,” the natural inference would be that Congress does not want “fair use” and “commercial use” to be defenses to claims under any of the other subsections of section 43. Any sensible lawyer for a trademark owner confronted with a defense of noncommercial or fair use after HR 683 was passed, if the current language remains, would argue that Congress deliberately eliminated those defenses. That is the **real** negative implication that should trouble us.

AIPLA’s “Process” Argument Is Defeated by Its Own Previous Failure to Point Out the Intended Impact of the Language It Favors.

Finally, AIPLA argues that it is too late to consider the argument that free speech will be harmed by the restriction of the § 43(c)(4) defenses to dilution claims under subsection (c), because this change was in the legislation “since the bill’s introduction” and nobody has objected until now. If there had been no objection previously, it may be because nobody noticed the subtle change in language that the sponsors of this bill were making in this regard. It is true that there have been hearings on this bill, and the luminaries of the trademark bar have come before the Intellectual Property subcommittee to explain what the bill was intended to accomplish, what the problems were with the current language and construction of the statute, and how the various parts of the bill would accomplish each of the desired changes. They breathed not a word about the “this section” language. Not a single member of Congress mentioned “this section” or the change to “this subsection.” Indeed, the author of this memorandum has spoken with several congressional staffers and in each case it took a fair amount of explanation before the staffers understood exactly how the bill changed the language and what impact that could have.

AIPLA in particular is ill-qualified to raise this process objection because one of its submissions to the subcommittee appears to conceal what was being changed. In AIPLA’s written statement, it described the language of § 43(c)(3) by saying that it “would **extend** the existing defenses to dilution to blurring and tarnishment causes of action These defenses should be

⁵Insofar as AIPLA expresses concern about a possible weakening of fair use and noncommercial use protections for section 32 claims if the statutory language that provides them for § 43(a) claims is different, those concerns could be met by changing the current statute’s language from “under this section” to “under this subchapter.” That way, the three defenses would apply to all causes of action provided by subchapter III of the Lanham Act, 15 U.S.C. §§ 1114 through 1129.

extended to the specifically defined causes of action for blurring and tarnishment.”⁶ In common parlance, “extend” usually connotes an expansion of coverage; but in fact what the language does is limit the coverage of the defenses, eliminating coverage of § 43(a). Even if AIPLA was not being deliberately deceptive, at the very least it did not go out of its way to explain what it hoped to accomplish with this language. In those circumstances, it should not be heard to complain that subtle language change has been noticed, and insist that it is too late to object to the impact of its language changes on free speech.

CONCLUSION

Even if the adoption of “this section” language was an accident in 1996, it was a happy accident, because non-commercial use and fair use gives consumers an easier way out of trademark litigation than the application of multi-factor tests for “likely confusion” or “fair use” would provide. And, happy accident or not, it has been the law for the past ten years. Nor should the Committee assume that adequate protection might be afforded by the “likelihood of confusion” element of a trademark infringement claim, because that element is decided by considering multiple factors that are expensive to litigate.⁷ AIPLA reports reveal that the average cost of litigating a trademark case is about \$150,000 through discovery, and \$300,000 through trial.⁸ Consumers and artists who receive threats of trademark litigation cannot bear such burdens; they need the “easy out” that the defenses of fair use and non-commercial use afford.

It is the proponents of change who ought to have the burden of explaining why the old language is causing problems, and the case has simply not been made that “this section” causes problems under the current statute. H.R. 683 is a response to the conclusion that the current language of § 43(c) has posed substantial obstacles to the proper enforcement of the nation’s anti-dilution laws. However, there is nothing “broken” about the “this section” language in the introductory part of § 43(c)(4), and hence there is nothing that needs to be fixed. And the absence of any harm, of any reason for changing, ought to be the end of the matter – why take the risks that changes will lead courts to conclude that Congress does not want the defenses of noncommercial and fair use to apply to § 43(a) claims if keeping the current language causes no harm?

⁶*Committee Print to Amend the Federal Trademark Dilution Act: Hearing Before the Subcommittee on Courts, the Internet and Intellectual Property of the Committee on Judiciary, House of Representatives, 108th Cong., 2d Sess.. (April 22, 2004), at 59 (emphasis added).*

⁷Indeed, in fair use situations, many of the likelihood of confusion “factors” at least nominally favor confusion, because the marks are the same, there is intent to use the same mark, the “marketing channels” may be similar, and the mark may well be a strong one. In courts that apply the confusion factors woodenly and then just count them up, as often happens in our experience, a clear fair use or noncommercial use defense is the only way for the individual or artist to avoid liability.

⁸Horwitz, *Cost of Action vs. Damages in Trademark Infringement Actions in the United States*, <http://www.ficpi.org/ficpi/library/montecarlo99/damages.html>

Given AIPLA's recognition of the need for the protections that we want to keep, it appears that the disagreement between us about the best way to preserve those protections. Accordingly, we would like to try to find some common ground. If our understanding of AIPLA's goals are correct, that is a discussion in which we would be delighted to engage, even though AIPLA representatives have refused every effort at compromise. Our interest is not in preserving a set of statutory words. It is the substance that worries us. And AIPLA's proposal does not ensure protection for fair and noncommercial use.

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