

**American Library Association ● Authors Guild
Electronic Frontier Foundation ● National Video Resources
Public Citizen ● Public Knowledge ●
Society of Children's Book Writers and Illustrators ●
Volunteer Lawyers for the Arts**

May 4, 2006

Committee on the Judiciary
United States House of Representatives
Washington, D.C. 20515

Dear Representative:

We write to express concern about an anti-consumer, anti-speech provision of H.R. 683, the Trademark Dilution Revision Act, which passed the House last spring, and has been returned from the Senate with a few changes and thus must be considered anew in the House. A technical language change which, we believe, was overlooked when the bill was in the House, threatens to harm consumers as well as artists and other small business owners by making it more difficult to refer to big companies by mentioning their trademarks. One minor change in language, restoring the provision of the current statute, would fix this problem.

H.R. 683 has been presented as a bill that clarifies a few issues pertaining to trademark dilution law and effects changes which, its sponsors believed, would improve judicial application of the dilution provisions. That is very largely an accurate summary. But hidden among those changes is a subtle change that would not affect dilution law at all, but would work a very serious hardship on consumers, artists, and small business owners who are accused of infringement or unfair competition under § 43(a) of the Lanham Act.

Presently, § 43(c)(4) of the Act provides broad protection for fair use, noncommercial use, and news reporting or commentary by providing that they “shall not be actionable under this section.” But the bill, in § 43(c)(3), makes those defenses apply only to “dilution by blurring and dilution by tarnishment under this subsection.” Under standard rules of statutory construction, “section” refers generally to section 43, while “subsection” refers to such portions as (a) and (c), and in fact other subsections of section 43 consistently use the terminology that way.¹ Thus, the new

¹ For example, § 43(b) bars importation of goods marked “in contravention of the provisions of this section,” plainly intended to invoke the rules from other subsections of section 43. By contrast, 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 ACPA allows claims to be brought over marks that are “registered . . . , or protected under subsection (a) and (c) of this section”)

language eliminates these three important defenses against § 43(a) claims.

One current example of the problem is presented by Volkswagen of America's threat to sue an Alabama artist, Donald Stewart, whose drawing generally represent puns, and who drew an automobile in the shape of the classic VW "Bug," made out of insect parts (a copy is attached with the artist's permission; it can be seen on his web site at http://www.dsart.com/Gallery/vw_bug.htm). VW claimed that the drawing infringes and dilutes its trade dress, and demanded that the artist destroy all existing copies of the drawing and pay damages. The artist found a pro bono lawyer, but not many artists and small businesses have access to free representation. Most artists who get demand letters just give up because it is too expensive and too risky to fight. As passed by the Senate, the defenses afforded by H.R. 683 would protect Stewart against the claim of dilution, but it would strip him of existing defenses against a trade dress claim under § 43(a), and so leave him exposed to the devastating prospect of having to defend an infringement lawsuit.

Artists, consumers and others need to be able to refer to trademarks when they are discussing matters great and small, and when they are trying to comment on trademark holders, because trademarks and the companies that own them, not to speak of the products that they identify, play such an important role in our culture. The defenses of fair use, noncommercial use, and news reporting are just as important when it is infringement rather than dilution that is charged. As in the Volkswagen challenge to Stewart, when trademark holders issue cease and desist letters they normally invoke dilution and infringement in the same breath, and their legal complaints normally invoke both sets of claims. Although the defendant in an infringement case can avoid liability by showing that there is no likelihood of confusion, the courts employ complicated tests of six, seven or even nine factors in deciding whether there is a likelihood of confusion, so litigating that issue can be extremely expensive.

When a big company challenges a reference to its trademark by an artist, consumer or small business, the threatened legal expenses can have more impact than the risk an actual finding of liability, thus forcing the challenged user to yield. The § 43(c)(4) defenses give an infringement defender an easier way out of a lawsuit than the defense of a "likelihood of confusion" claim on the merits. Thus, these defenses provide a way to protect non-commercial speech, and even some kinds of commercial expression, to which trademark law was never intended to be applied. And yet there is no other language in the Lanham Act that clearly authorizes the application of these three defenses to claims under § 43(a).

Moreover, although we have been trying to find a way to compromise with INTA and the AIPLA over this concern, they have never explained **why** they are so insistent on changing current law in this respect. Why is it so important to eliminate the "this section" language? How has the current language harmed any legitimate interests?

In their testimony before the Intellectual Property subcommittee, witnesses for trademark holding interests provided elaborate explanations about how current case law, on such issues as "actual dilution" rather than "likely dilution," was harming the legitimate interests of trademark

owners. One might agree or disagree with those explanations, but at least it was apparent why a change was needed. They never even pointed out the change from “this section” to “this subsection,” not to speak of explaining why the bill they were putting forward needed to eliminate the “this section” language. Even after our coalition raised objections to this change, these groups have refused to provide any public explanation for the change.

Even assuming, as we prefer to do, that there was no intent to obscure a change, the absence of explanation is telling – the current language has caused no harm. And the absence of any harm, or any reason for changing the language, ought to be the end of the matter – why take a risk that a change will lead courts to conclude that Congress does not want the defenses of news reporting and noncommercial and fair use to apply to § 43(a) claims, if keeping current language causes no harm?

In conclusion, although we are pleased by the way in which both the House and the Senate have sharpened the language of the fair use defense over the course of the past year’s consideration of the bill, the elimination of the fair use, noncommercial use and news reporting defenses as applied to § 43(a) claims may well do more harm to speech than the good that the improved fair use language will do in the dilution context. The adverse impact on speech is so great that, in our view, if the bill remains in current form, the public would be better off if no bill passed.

We urge that the introductory language of § 43(c)(3) be changed back to the way it appears in current law. We would be happy to meet with you or your staff to elaborate on our concerns.

Sincerely yours,

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