Department of Law
Spring Term 2017

Master Programme in Intellectual Property
Master Thesis (LL.M.) in Intellectual Property Law (2JE660) 30 ECTS

Placing humor in its right place: the need of a distinctive parody exception within EU Trademark Law

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What is life without a laugh? Humour is a necessity in humans’ lives, it brings lightness in dark times; it reminds us that we are pulsating, full of feelings, living creatures. The legal field is flooded with hardship, sorrow and long battles; in addition, business transactions are undeniably a very serious matter. In times where the wealthy entertainment industry mirrors the need of amusement in life, why is there a limitation to joy when it comes to trademarks?

Abstract

Trademark law can be seen as a fruit of law- and- economics1 for its commercial nature; nevertheless the commercial system is still a result of humane wishes that reflects and belongs to society as a whole. We live in a free market era where harsh competition between companies is almost natural, where cases involving parodies of brands should not be considered to be a threat to a firm’s well- established business; yet there is a gap in the current EU trademark law that seems to demonstrate the opposite, clearly showing that the rights of the commercial parodist2 are excluded from protection whereas marks with distinction and great reputation are firmly recognised and safeguarded, not allowing room for ‘joking’ with their signs.

The objective of this paper is to elucidate why there is a need to amend the current Trademark Law in the EU so to fill in the missing gap by adding a clear parody trademark exception that comprises all forms of speech. Such amendment would operate as an extension of the fundamental human right of freedom of expression, internalized as a statutory rule aiming to protect of all forms of speeches relating to the rights of the parodist in trademark cases. The amendment serves as a recognition of Article 10 ECHR when it comes to the rights of the parodists when balancing them against the rights of the trademark owner; including cases falling out of the political speech sphere.


2 As we will see below, along the paper, this work is concerned with commercial parodies that are not embraced by competition law or other legal instruments that protects the fair deals between established businesses; here we will look at the commercial parodist as either an individual or a small company that does profit from a parody of a brand in different ways.
Albeit statutory instruments are not the essence of today’s law, the current European Trademark Law would, in my view, strongly benefit from a statutory amendment with a specific parody defence to trademark infringement. The suggested amendment concerns a statutory implementation of a clear, well-drafted parody exception into EU trademark law which aims to embrace all cases of speech, from non-commercial to commercial, guaranteeing constitutional protection to all forms of speech when it comes to cases of trademark parodies disputes. My main focus lies on trademark parodies regarded as commercial speech; hence different speeches and the courts’ approach to them will also be examined. The reason being is that there is a fine line between commercial, non-commercial and mixed speeches; additionally because the courts decide upon the scope of protection afforded to the parody based on the definition of the speech involved.

The paper travels through fundamental concepts such as freedom of expression and right to property, examines the background of the law in need of changes, the actual legal frame on the topic in the EU, the relevant case law on the matter and looks briefly into how the parody exception is dealt with in the US, for their strong tradition on freedom of speech protection plus their developed commercial speech doctrine, which is relevant as comparable material to our analysis. The work was written through the lens of the socio-legal approach, since this topic relates not only to the letter of the law, but to the implications that legal instruments have in our society, but has been strongly influenced by Ronald H. Coase’s ‘Law-and-Economics’ reasoning as well.

The work is structured as follows:

1. Introduction
2. Trademarks: valuable IP assets possessing new functions
3. The EU trademark reform
4. Parody
   4.1. Parody as a concept is similarly perceived in both the US and the EU legal systems
5. Trademarks and parody in the US

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3 Legal theorist B. Rüthers argues that ‘the most important part of today’s law is no longer statutory law, but the judge-made law of the last instance. Similar situation can be confirmed in all parts of today’s legal orders, but is especially recognisable where objective law has high level of abstraction (e.g., Constitutional Law) or where regulations have gaps.’ Narits, R. Principles of Law and Legal Dogmatics as Methods Used by Constitutional Courts, 2007, http://www.juridicainternational.eu/index.php?id=12672

1. Introduction

“A society that takes itself too seriously risks bottling up its tensions and treating every example of irreverence as a threat to its existence. Humour is one of the great solvents of democracy. It permits the ambiguities and contradictions of public life to be articulated in non-violent forms. It promotes diversity. It enables a multitude of discontents to be expressed in a myriad of spontaneous ways. It is an elixir of constitutional health,”5

For trademarks owners, imitation is not the highest form of flattery: it can be a serious threat instead. When it comes to parodying their famous brands, the fear is that their brands can be harmed and their value lost; consequently trademark owners have worked hard in many different ways to protect their properties: that is shown in an array of laws that they already benefit from, for they do clearly receive a wide range of legal property protection.

5 Justice Albie Sachs, Laugh It Off Promotions CC v South African Breweries International (Finance) BV (t/a) Sabmark International [2005] (2) SA 46 (SCA)
As an example of such broad protection that trademark owners receive currently, (as opposed to what happens in the copyright realm) there is no express parody defence to trademark infringement in the EU.

That leads to the following questions that lie in the core of this work:

a) Why can’t a ‘kind’ of commercial parodists play with famous brands in the EU?
b) Are they really a serious threat to the value of such assets?
c) Should there be a clear, express parody exception included in the current EU trademark law to safeguard the rights of the above mentioned class of parodists?

The answer to these questions involve different concepts and reasons demonstrating that some parodists can indeed play with brands nevertheless with some limitations, but that the small business/individual commercial parodist have little room to operate. The concepts and reasoning involved in understanding what lies behind such distinction so to answer the above questions will be dealt throughout the work as follows.

It is not that easy for a parodist to understand its limits and how far the parody can go, mainly because the trademark legal frame exists to protect the rights of the trademarks’ holders that already gain from protection afforded through other instruments too.

It is noticeable how protected the trademark owner is in all instances, so one would deduce that trademark holders should not fear their famous brands being parodied in general and yet there

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6 In the US, e.g. ‘Copyright law became the first battleground for parody, where the limits of protection were first carved out by the courts through precedent. For this reason, copyright cases are frequently cited in other areas of contested parody, such as trademark law (which has usurped copyright in the sheer number of claims related to parody) and even personal damages litigation. (…) it was first and tested more thoroughly than any other area, copyright law has even developed its own doctrine, Fair Use, which first emerged in the 1950’s.’

Stephen J. Earley, Mirrored in Parody, Mired in Paradox: Trademark Dilution and An Ancient Art, Denver, 1998

7 ‘The word ‘parody’ may bring to mind any of the countless YouTube videos made in the style of a popular song with slight lyrical changes for comedic effect, or comedy sketches based on well-known television shows or movies. Following recent reforms to UK copyright laws, these examples could deflect against claims of copyright infringement through the defence of parody, which preserves a delicate balance between the rights of copyright holders and the freedom of expression of parodists.’


8 (a) as long as the parodies fall into the non-commercial category, i.e. the ‘jokes’ are limited to protected ‘political’ free expression; (b) the parodies must not affect the reputation of the trademark and (c) the parody must not create confusion to the origin of the product.

9 In the EU there are many legal instruments that are available to protect a registered trademark from infringement, such as ‘Protection of Well-Known Marks , Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, Trademark Licenses, Joint Recommendation Concerning Trademark Licenses, Protection of Marks, and Other Industrial Property Rights in Signs, Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, (http://www.wipo.int/trademarks/en/) plus trademark related treaties that are administered by WIPO and serve the purpose to protect the trademark holder; i.e. there is an entire legal system (Trademark-related treaties administered by WIPO :Paris Convention Madrid Agreement (Marks), Madrid Protocol, Nice Agreement, Vienna Agreement, Singapore Treaty, Trademark Law Treaty, Nairobi Treaty) designed to strongly protect the trademark owner;
is still reluctance when it comes to affording exception to trademark parodies as commercial or mixed speech in the EU for the risk of harming the valuable reputation of their trademarks.

What needs to be highlighted however, is that there is a need for a parody exception: such defence would not only protect the author of the parody and his freedom of (in our case commercial/ mixed) expression, but also would allow communication to the public, would add to the information of the consumer who is in a position of decision and criticism of a certain product or service or would simply allow the consumer to acquire novel, fun and creative goods that were inspired by brand giants. Yet unfortunately, the current law does not afford certainty to the general public (which includes small businesses), on how far they can joke with trademarks without having the proprietor’s authorisation:

‘People need to know when they can use marks without authorization to communicate with others. Statutory limitations on trade mark rights can promote competition, free speech, and other public interests, and provide more certainty to third parties who use trademarks. Yet courts should also have the flexibility to limit trade mark rights in additional ways to protect the public interest and reach a fair and just result in individual cases.’\textsuperscript{10}

We live in a free market era where harsh competition between companies is natural. Therefore cases involving parodies of brands of dominant firms should not be considered to be a threat to their well-established businesses; still this gap in the law seems to demonstrate the opposite: that when it comes to trademark, the legal frame is built to safeguard marks with distinction and great reputation- the ones that are already strong and not hypothetically the ones being put at risk. An amendment in the current EU trademark Law in form of a parody exception that can enlighten the parodist- in this case either a small business owner, an artist that lives of selling his works, or a company that uses a famous trademark as a complement to their goods or services\textsuperscript{11}- on how far he can go without infringing the property rights of the trademark owner is therefore advisable as a solution to the problem; plus such express parody exception amendment serves the purpose to include him into the area of protection. It is necessary that a clear guidance/inclusion is set for benefit of all the parties involved; a clearer rule that guides and includes not only the commercial/mixed speech trademark parodist, but one that also gives


\textsuperscript{11} Examples of such cases will be dealt with accordingly below.
light to the trademark holder parodied subject; one which reflects in the consumer, the population and one’s fundamental rights, a law which is part of the foundation of our democratic society where a free market economy operate. A change - in the form of an amendment regarding a specific and clear paragraph considering the trademark parody, as any kind of speech (including commercial speech), as an exception/defence to trademark infringement, - is deemed necessary; independently if such statutory change may frighten or not the strongly protected brand owners at first sight.

2. Trademarks: valuable IP assets possessing new functions

The importance of trademarks in our economic driven society is commonly acknowledged. However what is not so clear to the public is how valuable they are to their proprietors and what functions they truly possess. Below I will briefly elucidate that trademarks are an extremely valuable property that have acquired different functions throughout the years; functions that nowadays afford even larger value to them but at the same time allocate them into a different level when it comes to balancing rights between their proprietors and third-party users.

The main traditional function of trademarks is to avoid confusion as to the origin of the product but that has changed. Nowadays trademarks have many different functions as I will point out below. Parodies for their distinctive character must fit this change and must not be perceived as trademark infringement when they supposedly carry a commercial message or intention. The consumer confusion should be regarding the origin of the products or services and not regarding the trading between the trademark holder and another undertaking: if the trademark proprietor consented or not to its brand being applied in different types of expressions.

Trademarks, as intellectual property and freedom of commercial expression must be balanced when it comes to parody since ‘commercial parody’ is not regarded as worthy of protection as political or artistic expression, which is nonsensical in today’s world:

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13 ‘The legitimate interests of third parties are equally concerned with the interest of mark holders. The WTO Panel report stated that the ‘relevant third parties’ could include not only competitors of the trademark holder, trademark licensees, but also the natural or legal persons or legal entities using the mark without authorization, consumers or potential ones of the and the rest of the general public.’ D. J. Gervais, Intellectual Property and Human Rights: Learning to Live Together, March 1, 2008. Torremans, Paul L. Kluwer, 2008. https://ssrn.com/abstract=1283985
14 See: Dr J Tarawneh, A new classification for trade mark functions, Intellectual Property Quarterly, 2016, for a detailed explanation.
‘[T]he bulk of mankind will for the foreseeable future have to devote a considerable fraction of their active lives to economic activity. For these people freedom of choice as owners of resources in choosing within available and continually changing opportunities, areas of employment, investment, and consumption is fully as important as freedom of discussion and participation in government.’

It is reasonable to think that when the owner of a trademark has invested a lot of time and money on developing a certain product or service so to present it in a certain way to the consumer, this same owner feels a need to have his investment highly protected: he will not want to see competitors or any other third party using his valuable asset as means to profit from his own efforts of developing his market symbol. Yet, the different public has different types of rights concerning the use of a trademark. There are, for example, the consumers that sustain, basically, such asset and that have the right to proper communication; then there is also the parodist, someone that uses the trademark as inspiration for his works as commercial expression amongst others.

Trademarks have evolved from having a simple origin association function to becoming a set language and a cultural symbol. The recent progress of the socio-economic role of brands or signs which are protected by law as trademarks mirrors an extension of those different trademark functions. Trademarks nowadays are seen as assets that are worth investing because of their marketing power and not because of the origin and quality of goods guarantee function to the consumers; they constitute a new type of cultural expression as an independent language that provides a wealthy source with which the public might identify, discuss and negotiate cultural meanings; brands contain a ‘symbolic richness’.

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16 ‘In fashion, e.g., companies spend decades – even centuries, in some cases – building themselves into luxury brands (...) and not have consumers blink an eye because they are so intrinsically synonymous with luxury, exclusivity, and well, fashion.’ What’s in a Logo: Why Brands Re-Brand, May 22, 2017, TFL [www.thefashionlaw.com](http://www.thefashionlaw.com)

17 Nowadays TMs contain a language, a status symbol and even an identity for many. Trademarks have transcended the first commercial functions of origin, quality and investment. They are currently much more than that; so naturally different type of cultural manifestations have accompanied such transformation and satire, political and or commercial statements in a humorous form and mockery regarding each other’s beliefs/identities/symbols were bound to happen.

18 Dr. J. Tarawneh *ibid*.

Consequently, the new functions of a trademark do add extra value to them for both the trademark holder and (in our case), the parodist: the more the trademarks expand their function, the more freedom of expression in all different categories\(^{20}\) is necessary to deal with those changes. Here I would like to once again, quote judge Alex Kozinski, who has intensely elaborated on the new functions of trademarks theme on the importance of the ‘symbolic richness’ of trademarks that places them into an essential societal expressive mechanism:

“What starts as a trademark or slogan quickly spills over into a political campaign, a Saturday Night Live skit, a metaphor, a cultural phenomenon, an everyday expression – and occasionally, a fixed part of language. The images and narratives created by the mass media (including trademarks) form part of the cognitive ‘toolkit’ by which individuals identify, translate, interpret and critique the world around them’’.

The extent of legal protection that trademark owners receive in the European Union are getting affected by such changes that, as a result, will most certainly influence third parties’ freedom of expression when it comes to unauthorised use of the trademark and that have opened the doors to a statutory parody exception that embraces all forms of speeches.

To be able to understand about the scope of trademark legal protection and the effects that the significant functions of trademarks are bringing into the EU’s Legal Frame, we must clarify that trademarks are a type of intellectual property which is protected as a fundamental right under article 17(2) of the EU Charter of Fundamental Rights, where it states:

1. Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one may be deprived of his or her possessions, except in the public interest and in the cases and under the conditions provided for by law, subject to fair compensation being paid in good time for their loss. The use of property may be regulated by law in so far as is necessary for the general interest.
2. Intellectual property shall be protected.\(^{21}\)
Intellectual property is also recognised as a fundamental right deserving protection on Article 1 of the First Protocol of the ECHR:

‘ARTICLE 1: Protection of property: Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.’

The current EU trademark law - which is made of the EUTMR and the national trademark systems that operate independent from each other does acknowledge the above, thus registered trademarks are protected under the EU Trade Mark Directive and Trade Mark Regulations as follows:

Art. 5 Directive (EU) 2015/2436 (applied only when a mark is used in the course of trade):

Art. 5(1) (a) prohibits the use of a sign identical to a trade mark on identical goods or services to those for which the mark is registered. Art. 5(1) (b) prohibits the use of similar or identical signs on similar or identical goods or services where there exists a likelihood of confusion on the part of the public. Art. 5(2) allows MS to prevent the use of identical or similar marks on similar or dissimilar goods or services where the mark has a reputation in the MS and where:

‘use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Noticeably Art. 5(2) can be divided into three elements: protection against blurring (causing detriment to the distinctive character of the mark), protection against tarnishment (causing detriment to the repute of the mark) and protection against a third party taking unfair advantage of the distinctive character or repute of the mark.

Following the above notions on the basic trademark’s value and its new functions, focusing on their position within the EU, we will below consider the EU trademark legal frame - most precisely the reform it has suffered recently - to demonstrate that the legal system was overly recognising such property right and that the legal frame was in need of reform for many reasons, including the recognition of the non-explicit new trademark functions and their societal effects that are connected directly to parodies as commercial expression.

3. The European Trademark Reform

Aiming to back up anti-counterfeiting, improve harmonisation, cooperation and to update procedures between Member States, The European Commission decided to evaluate the operation of the trademark system in 2008. In 2009 the Max Planck Institute received the incumbency of performing the review and after its report the Commission launched its proposal for revision of the Directive and the Regulation in March 2013. As a consequence of this and of a process that involved revisions, consultations and drafts, in December 2015, the European Parliament approved what became finally the European trademark reform package23 including the new European Union Trade Mark Regulation and the new Trade Mark Directive, published in the Official Journal of the European Union on 24 and 23 December 2015 respectively24: the Regulation, (EU) 2015/242425, entered into force on 23 March 201626 and Member States will have until 14 January 2019 to transpose the provisions of Directive (EU) 2015/2436- which enters into force 20 days after publication - into their national laws. The amended Community Trademark Regulation (Regulation (EU) 2015/2424) sets out rules applicable to EU trademarks.

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23 'The EU trade mark reform legislative package has been published in the Official Journal of the European Union. The package comprises a new EU Trade Mark Directive (harmonising the trade mark laws of the EU Member States) and a series of amendments to the EU Trade Mark Regulation (which sets out the rules applicable to EU trade marks and to the Office). It marks the culmination of the work that has been carried out during the last seven years on the reform of the EU trade mark system.' https://euipo.europa.eu/ohimportal/en/news/-/action/view/2624854


26 ‘(...) On March 23, 2016, an updated version of the Guidelines for Examination will also enter into force, which will reflect the changes introduced by its amendments in the Office’s trade mark examination practice.’ https://euipo.europa.eu/ohimportal/en/news/-/action/view/2624854 Ibid.
Many changes were done and the list of changes\textsuperscript{27} include new terminology, changes on non-graphical representations, trademark classification, absolute and relative grounds for refusal or invalidity, infringement, defence to infringement, trademark rights as property and fees; nonetheless the main change for our purpose regards to Regulation (EU) No. 2015/2424, where it states on its Recital 21:

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

The above provision is supposed to create an impact on the criteria on how to interpret the parody fair use defence in the EU for it not only adds words such as \textit{fair} and \textit{honest} but it mentions industrial and commercial matters, giving emphasis to freedom of expression.

Strong opposition from the INTA occurred however, when the European Parliament proposed further amendments to the new Fair Use Provisions\textsuperscript{28} and the part of the text referring to ‘parody’ and ‘comments’ was not included in the final version of the text, leaving the courts with the task of interpreting the difficult concept of fair use in commercial matters that concerns artistic expression. The reasoning behind such opposition, according to the INTA bulletin\textsuperscript{29} is that the amendment would open the floodgates for use of well-known trademarks in a way that could cause detriment to the reputation of such trademark; demonstrating the INTA’s reluctance on accepting changes that in their view might affect the strong position that the well-known trademark holds already.

Clearly Recital 21 aims to indicate limits for trademark exclusivity, which could be the answer to the above mentioned call for stronger limitations agreeable with the expansion of trademark law nevertheless that offers material for the INTA’s opposition, no matter if the recital is not

\textsuperscript{27} See: \textit{EU trade mark law reforms Publication}, January 2016, for a brief explanation on some of what they consider the most important changes, \url{http://www.nortonrosefulbright.com/knowledge/publications/135014/eu-trade-mark-law-reforms}
\textsuperscript{28} ‘During the legislative process, the European Parliament proposed further amendments to this provision that would have justified the fair use defense in cases of (amongst others) … use for the purpose of parody, artistic expression, criticism and comment.’ Kerstin Gründig-Schnelle, \textit{EU Trade mark Law Reform Series: New Fair Use Provisions}, 2015 Vol. 22, No. 70
\textsuperscript{29} ‘[T]he reference to “parody” and “comments” would have permitted such uses in the course of trade. It would have opened the way even for use of famous trademarks for goods in a manner which could have been detrimental to the reputation of a trademark. Such uses should continue to constitute a trademark infringement, even if the defendant claims this to be a “joke.” It is good news for trademark owners that this part of the proposed text of the EU Parliament has not been included in the final compromise text.’ Kerstin Gründig-Schnelle, \textit{Ibid}. 
an instrument to favour damage or to help denigrating a trademark, when detrimental parodies fall out of its equation.

As I previously mentioned, the courts will now have the incumbency to interpret the new concepts brought by Recital 21 in the light of other previously established concepts, in this case it might have to be in relation to the ones ascertained already in the copyright field. Such task will include working with the fair use difficult concept, on how to interpret it then address such definition in situations like the ones described on the regulation; it will also mean that the courts will have to interpret the concept in cases of commercial and industrial matters for the purpose of artistic expression, including the unauthorised use of parody as commercial or mixed expression.

The opposition of the INTA has given the courts an extra burden and this has, as contrary to what was previously desired, resulted in the trademark holders’ position also being vulnerable, relying solely on the courts’ interpretation when it comes to issues concerning parodies and trademark infringement: ‘In conclusion, trademark owners should anticipate some changes regarding the fair use exception in trademark infringement proceedings in the EU. Some aspects of the provisions have been clarified, but it remains to be seen how national courts and the CJEU will apply new concepts embedded in the provisions.’

The background of the reform:

The European Commission trademark reform package was based on a study on the overall functioning of the European trademark system, prepared by the Max Planck Institute, and has been accompanied by an impact assessment. According to the impact assessment, ‘the main problems of the existing regulation are the heterogeneity of the business environment in the trademark field, the lack of procedural aspects in the Trademark Directive, the optional

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32 The Max Planck Institute for Intellectual Property and Competition Law investigated the need for reform on the overall functioning of the European Trade Mark System. The changes proposed lead to a major legal reform concerning the TMD and an increase on the current level of harmonization, resulting in closer partnership between the Estate Members and the Community system. Study on the Overall Functioning of the European Trade Mark System presented by the Max Planck Institute for Intellectual Property and Competition Law, Munich, 15.02.2011 http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_aliensbach-study_en.pdf
character of some provisions of that Directive and the insufficient level of cooperation between national trademarks offices.\textsuperscript{33}

One of the aims of this paper is to demonstrate that the new parody exception (in cases of commercial speech also), would comply with one of the ‘cornerstones of the trade mark reform’\textsuperscript{34} which is to achieve: ‘Modernised rules and increased legal certainty by adapting trade mark rules to the modern business environment and clarifying trade mark rights and their limitations.’\textsuperscript{35}

In the report adopted by the Committee on Legal Affairs\textsuperscript{36} several amendments have been proposed, encompassing inter alia an explicit rule regarding the conditions of the use of a trademark by a third party which is not an infringement of trademark owner rights\textsuperscript{37}. This would cover both use in a commercial context (e.g. comparative advertising) as well as use strictly connected to the freedom of expression (use for purposes of parody, artistic expression, criticism or comment) plus us as a result of the intersection between the two encompassed fields: in cases of parotic commercial speech.

Trademark law has not been the EU legal system’s main source of preoccupation until relatively recently. During the late 80s and mid 90s a harmonization process took over and with it came the First Council Directive to approximate the laws of the Member States relating to trademarks: the 1989 Directive and the Regulation on Community trademarks (1994 Regulation) - which created a free standing unitary right which was delivered by an afresh established transnational regional Trademark Office, the OHIM (now the EUIPO) and enforced nationally via the courts.

The result of the latest harmonization process was an extended reach of the scope of trademark law that favoured trademark holders, giving them a stronger protection and highlighting the importance of marks with a reputation in cases of hypothetical infringements: ‘The Regulation established an extra layer of cheap and readily available EC-wide protection based on a single application and administered by a benevolent new regional Trademark Office; new types of


\textsuperscript{36} C. Wikström, Ibid.

marks were recognized (including colours and the shape of goods); protection for marks with a reputation was granted even if no risk of confusion is involved; and a principle of regional exhaustion gave right holders new ways of restricting parallel importation of goods which had been put on the market for the first time by the trademark holder or with its consent in a non-EU country.  

To illustrate the above, in L’Oréal v. Bellure the CJEU recognised that trademarks do possess more functions, however instead of reasoning on behalf of the expansion of other rights relating to the broader functions of trademarks, the Court elucidated that the protected functions of a mark are not limited to the origin of the goods or services, but that they include other purposes such as “guaranteeing the quality of the goods or services in question and those of communication, investment, or advertising’ and reinforced the famous trademarks’ power instead. That was at the peak of the trademarks’ holders’ protectionism phase.

The progress in the case law of the CJEU that was founded on the legal reforms from the 1980s and 90s reflects a tendency of the Court of furthering the internal market and the economic results of trademarks, thus such progress was not noticed in regarding the trademarks’ users in both commercial and private spheres. Nevertheless when the above mentioned reform came into light, the limitations and exceptions infrastructure was finally touched, which might have helped ensuring a balanced application of the resulting norms when it comes to conflicts involving freedom of expression and competition so to protect the interests of society. As a result of the changes that were being brought by the reform, and most of all, as a result of the changes that were brought up not by a freedom of expression pressure but because of financial surplus, it seems that finally the rights of the parodist are being noticed.

Furthermore: ‘Important decisions from the CJEU also indicated concern about the risks of extending trademark protection e.g. by making it clear that protection should not by itself confer “an unjustified advantage for a single trader” (Judgment of the CJEU of 6 May 2003, Case C-104/01, Libertel Groep BV v Benelux Merkenbureau, ECLI: EU: C: 2003:244, para 54.) and that trademark law offers no protection “against practices inherent in competition”’. Leonardo M Pontes, Trademark and Freedom of Speech: a comparison between the U.S. and the EU system in the awakening of Johan Deckmyn v. Helena Vandersteen, http://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipl_ge_15/wipo_ipl_ge_15_t3.pdf


It means that the EU recognises that the freedom of expression can be limited by law only in certain defined ways and under specific circumstances. See: Dr Ulrike Gruebler, Karine Disdier-Mikus, Désirée Fields and Ruth Hoy in ‘European Trademark Reform: The 10 most relevant changes for Trademark Portfolio Management Intellectual Property Update’, 11 MAR 2016 https://www.dlapiper.com/en/uk/insights/publications/2016/03/10-changes-for-trademark-portfolio-management/
Yet, the crusade has just begun: these new provisions belong to a certain fashion of constitutionalisation in EU Law, where the courts base their decisions on norms relating to fundamental rights when interpreting rules of intellectual property rights; this is an approach where the two legal fields do interact on the level of substantive law:

‘Fundamental rights are becoming internalized into EU IPR, a similar trend is visible in Europe.’ When interpreting intellectual property rights legislation, the CJEU has been drawing on external constitutional norms in recent cases at a national scale that includes internal stabilising norms such as limitations, relying on the access that exists from one legal system (fundamental constitutional rights) to the other (EU statutory instruments). It is not clear yet what results the constitutionalization of IPR will bring, but already the shift has challenged traditional positions in the intellectual property rights field. Fundamental rights are becoming internalized into EU IPR and will, therefore, be an openly integrated part of the IPR legislative system. For this reason, courts will not just depend on fundamental rights only in exceptional cases where the internal balancing tools fall short. Instead, courts are going to rely on such norms in all instances.

The changes on the trademark legal frame have demonstrated a positive move towards an acceptance coming from the EU courts when it comes to assessing trademark cases that involve balancing fundamental weights. It is a step further into the courts changing their traditional systems of tests where the reputed mark automatically receives stronger protection, into a more reasonable approach of looking carefully at cases that involve freedom of expression and that gives all forms of freedom of expression their due value. That is why it is important that the parody defence is also added to such amendments, so to make sure that the courts have a statutory instrument to back their decisions when it comes to parody even as commercial speech cases.

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44 See C. Geiger supra mentioned.

45 ‘...It will be pointed out, how the new provisions are part of a general trend towards a reliance by courts of fundamental rights norms in IPR cases (i.e. the constitutionalization) and that the recitals are most likely going to accelerate this trend. The constitutionalization is not going to revolutionize trademark law but it will be argued that it might spark an evolution of EU trademark law and make it more receptive towards augments from users’ of trade marks....’ Schovsbo, ibid.
4. Parody:

When constructing a theory about a clear parody exception defence on trademark law, we must address the concept of parody in a general sense: Debauchery? Mockery? Furthermore, how is it perceived when inserted into trademarks’ context: free riding? Tarnishment?

The meaning of parody has been changing since its conception: we will look briefly into the history of parody below and examine how the courts interpret it when it relates to trademark cases; how the autonomous concept of parody emerged in the EU for legal purposes in the copyright context and how it has influenced the courts’ decisions when it comes to trademark disputes.

The term parody, according to the definition found in the Encyclopaedia of Aesthetics, ‘derives from the ancient Greek word parodia and has come to accumulate a variety of meanings connected with correlative terms such as pastiche, quotation, satire, and allusion.’

Since its ancient origins until today, parody has been accumulating negative associations along the way. At the present time, there are more than a few critics eager to discuss contemporary parody as an art form particularly relevant to the twentieth century. Most approaches share a basic foundation that treats parody as a complex multi-layered type of imitation yet only some theorists include a comic element in the defining character of parody.

Originated on evidence from writers of parodia in Athenaeus's Deipnosophists, parody has been defined as a narrative poem in moderate length, in epic meter, using epic vocabulary, and treating a light, satirical, or mock-heroic subject. An earlier use of the term, parados (from para, ‘beside, from the side of,’ plus ode or ‘song’) designating ‘an imitating singer’, gave rise to parode (‘beside song’). In ancient Greece, rhapsodes created the first parodies at the same time that they produced the first great epics of Western literature. A surviving example is Hegemon's Batrachomyomachia (Battle of the Frogs and Mice), a composition once thought to be the work of Homer himself, which reproduces the epic style of the Iliad but substitutes frogs and mice for Achaians and

46 Jimi Hendrix’s rock version of ‘The Star-Spangled Banner’ e.g.
Trojans. This drive to provide ‘imitations’ as counterpoints to the originals continued into the later Greek playwrights who created satyr plays in addition to serious dramas.

As Margaret A. Rose\textsuperscript{48} sees it, the admission of a slight change of subject matter is significant for the subsequent development of the term, as it shows that imitation of form was only part of what was essential to a parody from the beginning, she concludes that Greek parodia not only imitated the form of heroic epics but also created humor by ‘rewriting the plot or characters so that there was some comic contrast with the more ‘serious’ epic form of the work, and/or ... by mixing references to the more serious aspects and characters of the epic with comically lowly and inappropriate figures from the everyday or animal world.’

For Aristotle, tragedy always surpassed comedy in its role of education and socialization. Further extension of the term (in usage by the Aristophanic scholiasts) broadened the meaning to ‘any device for comic quotation’, thus setting the historic precedent for defining parody in terms of a comic element. Even the visual apparatus of the mask used in ancient comedy, with its overturned mouth and smile, seemed conclusively to confirm merriment and laughter as a recognising characteristic.

The parodies of Aristophanes (The Frogs) however, were not so pure; such authors used parody to unveil a ‘bitterly moral critique’ of individual authors: their works, beliefs and philosophical systems of that time. The satiric tendency continued into seventeenth-century France, where parodies such as the ones by Louis Fuzelier were justified by the claim that parody will strike only at what is degrading and false. The negative associations that parodies created arose in the sixteenth century however, when Julius Caesar Scaliger introduced the Latin word ridiculus to describe the comic aspects of parody.

By the nineteenth century, the parodoi were sometimes defined as ‘buffoons’ that followed the Homeric rhapsodists from town to town, yet parody settled down to become a rather ‘chivalrous art’ in publications as Punch, and eventually were considered a form of harmless homage to the original.

The comic element plays a crucial role for Rose where parody can be ‘ambivalent’ towards its target and can involve a mixture of criticism and sympathy for the parodied text. It is defined as ‘the comic re-functioning of preformed linguistic or artistic material’ where the comic

element involves the creation of oddness between the original and the parody traceable to the way the parodist forefronts the original in the parodied work: by highlighting, complicating or confusing it. Such incongruity arises from the effect on the reader of shock or surprise resulting from a conflict between one's expectations about the work parodied and what one actually encounters; parody allows for comedy that laughs both at and with its target.

In contrast to the mode advanced by Rose that stipulates humour as necessary to the genre, Linda Hutcheon\(^{49}\) defines parody as ‘repetition with critical [ironic] distance, which marks difference rather than similarity’,\(^{50}\) Following Gilles Deleuze, where parody is defined as ‘repetition that includes difference’ she severs its connection to the comic. Thus, she denies the association of humour with the classical meaning of the term, and her definition comes to depend entirely on an explanation of the crucial phrase ‘critical ironic distance’ which is essential in the context of parodies and trademarks. For Linda, there is a connection between the original and the parody that is deeper than surface repetition. Rose called it ‘intertextuality’; Hutcheon calls it imitation plus ‘ironic inversion’: ‘The inversion takes place when there is a change or alteration in the imitation as compared with its original’. Such irony is “playful” and can range from scornful ridicule to reverential homage. Allowing for broader definitions, there are many well-known examples\(^{51}\) of works of art considered parodies.

When it comes to trademarks, parodies are seen as a form of expression as it was above described; furthermore, according to John Merryman\(^{52}\), they are works of art that impact our society and should receive constitutional protection. Conclusively, parody is by nature an artistic expression and not commercial means to compete or tarnish trademarks already established with reputation that do not want their mark suffering from dilution or detriment through unwanted association.

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50 Ibid.
51 “[t]here are many well-known examples of works of art considered parodies. (…) Luciano Berio’s Sinfonia “transcontextualizes” fragmented quotations of J. S. Bach, Arnold Schoenberg, Claude Debussy, Maurice Ravel, Richard Strauss, Johannes Brahms, Hector Berlioz, and others within the context of the third movement of Mahler’s Second Symphony. Eighteenth- and nineteenth-century parodies of the most popular operas often appeared on stage contemporaneously with the originals. It is even reported that parodies of Richard Wagner’s Tannhäuser and Tristan und Isolde were performed before the original operas were staged.” Ibid.
4.1. Parody as a concept is similarly perceived in both the US and the EU legal systems:

When looking into how the concept of parody is treated within the legal realm in the US, the two cases below exemplify the general approach to the concept in such jurisdiction:

*PETA v. Doughney*\(^53\), where a parody is defined ‘as simple form of entertainment conveyed by juxtaposing an irreverent representation of a trademark with the idealized image created by the mark’s owner’ and *Louis Vuitton Malletier v. Haute Diggity Dog LLC*\(^54\) where a parody must convey two simultaneous and yet contradictory messages: namely that it is the original, but also that it is not the original and is instead a parody. The second message is important because it must not only differentiate the parody from the original, but it must also ‘communicate some articulable element of satire, ridicule, joking or amusement.’

Parody, generally speaking, is a defence to trademark infringement in the US. According to Leslie J. Lott\(^55\) a trademark parody include: i) an original host work; ii) the original host work must be famous and/or known to the particular target audience; iii) the creator of the derivative work, the parody, must take only so much of the original work as necessary to bring to mind the original host work; and iv) the derivative work which conjures up the famous host must result in a new, original work.

The theory sustaining it lies on the fact that no likelihood of confusion will arise since a parody will be considered to be a mockery, not something to be taken seriously. The parody must evoke the original trademark whereas, at the same time it must be clear enough to demonstrate that it is not the original and that is not associated to the original; it is a playful, humorous hop from the original. As Judge Nelson in the judgment of *Acuff-Rose Music Inc v Campbell Inc.*\(^56\) noticed:

‘A parody is a work that transforms all or a significant part of an original work of authorship into a derivative work by distorting it or closely imitating it, for comic effect, in a manner such that both the original work of authorship and the independent effort of the parodist are recognizable.’

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\(^53\) 263 F. 3d 359, 366 (4th Cir. 2001)

\(^54\) United States Court of Appeals for the Fourth Circuit, 507 F.3d 252 (4th Cir. 2007)


\(^56\) 510 U.S. 569 (1994)
Since parody evokes the original brand into the consumers’ minds and that original comes to mind associated with a mark or a product other than the original, there will be a risk of trademark infringement since it is also the original piece that will be brought to the consumers’ minds; as a result, for a parody not to be considered an infringement, the original must be somehow changed in a way that it differentiates the parodied mark from the original.

A successful parody that evokes the parodied original is one that can avoid or diminishes the likelihood of confusion since it aims to gracefully, humorously, highlight the distinction between the original work and its parody. The parody has to be crafty enough so to avoid the likelihood of confusion, or else it might result in trademark infringement. That is an essential point of the description of it when it comes to applying such concept to trademark law: ‘Parody is, in another formulation, repetition with critical distance, which marks difference rather than similarity.’ Parody can most certainly be an element that wants to distance itself of the parodied work by criticising and mocking it, it can be a product of a human dislike, operating as an opposition to the message that such sign wants to pass, (not necessarily needs to be a criticism) obstructing a possible likelihood of confusion.

In the US the notion of trademark parody had been defined as a form of expression that simultaneously evokes and distances itself from the original mark and such notion matches the EU parody autonomous concept developed in Johan Deckmyn and Vrijheidsfonds VZW v Helena Vandersteen and Others, where the essential characteristics of the term parody are simply the evocation of an existing work while being noticeably different from it and containing an expression of humour or mockery.

57 In the US the humoristic element is not sufficient to prevent a parody which might cause confusion: Dom Popignon Champop (Schieffelin & Co. v. Jack Co. of Boco, Inc., 725 F. Supp. 1314 (S.D.N.Y. 1989) additionally, even absent confusion evidence, a Washington District Court rejected a parody defense in the Hard Rock Café case (Hard Rock Café Licensing Corp. v. Pacific Graphics, Inc., 776 F. Supp. 1454 (W.D. Wash. 1991) where the Court found that the whole Hard Rock Café logo had been used just for commercial gain. In general, an absence of likelihood of confusion results in no trademark infringement and the parody is accepted.

58 From the supra mentioned A Theory of Parody: The Teachings of the 20th Century Art Forms., pg.6.

59 Case C-201/13 of 3 September 2014. The Court of Justice of the European Union has observed that there is no definition in the EU Law of the meaning and scope of a parody. Thus, such meaning should be determined based on everyday language. In light of this, the essential characteristics of a parody were found in ‘first, to evoke an existing work while being noticeably different from it, and, secondly, to constitute an expression of humour or mockery’.

60 The term was defined in light of the exception of Article 5 (3) (k) Copyright Directive 2001/29. Since the directive itself makes no express reference to the law of the Member States for the purpose of determining the meaning and scope of the concept of parody, it must be regarded as an autonomous concept of EU law and therefore must be interpreted uniformly throughout the EU, as ruled in Deckmyn (BGH para. 24).

61 CJEU para. 20, Ibid.
As an aid to the implementation of a clear trademark parody exception, The Info. Soc. Directive on Copyright protection Art.5 (3)(K) serve as a model to develop upon, and the concept of parody achieved in Deckmyn is one that can be applied also to trademark cases since the intrinsic artistic expressive nature of parodies belong to both the trademarks’ and copyrights’ realms.

It must be noticed however that the applicability, in the EU, of the above mentioned parody concept as exception to infringement, must be scrutinized by the member states. They will strike a fair balance between the rights holders’ interests and the rights of the parodists, and the concept must be subject to limitations such as no tolerance for discriminatory messages, i.e. the protected sign must not be associated with denigrating messages (attention must be given to the principle of non-discrimination based on Article 21 (1) of the Charter of Fundamental Rights of the European Union and relevant Directive as an example).

5. Trademarks and parody in the US

The prevention of consumer confusion leading to consumer safeguard is the principal justification to trademark protection. However trademarks do receive an extensive legal protection, which demonstrate that conflicts between speech limitations and trademark protection begin with an unjustifiably expansive interpretation of trademark rights. The real problem is that trademark law has been over-extended through both its confusion and dilution tests, making an unjustifiably wide range of referential activities infringing. Those findings are applicable to both the US and the EU, where trademark law sternly embraces trademark proprietors.

In this section I will briefly examine the US trademark law system and how parody fits in, so to be able to draw a comparison between the EU and the US and to demonstrate that even though both systems are built differently, they seem to be ‘converging towards a similar model which includes both (1) specific statutory defences to trade mark violations and (2) trade mark doctrines which give courts flexibility to permit unauthorized uses of marks that further the

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63 In the US parody is often used to answer the question whether there is a likelihood of confusion: Anheuser-Busch Inc v Balducci Publications 28 F3d 769 (1994).
legitimate interests of the accused infringer and the public" that can favour the fundamental rights of the parodist in different types of speech.

Trademark law in the US is mostly ruled by the Lanham Act, which is the primary federal trademark statute of law in the United States; however when it comes to the parodist protection, there is no explicit protection for commercial speech. Since parody is a result of one’s expression, it is expected that First Amendment arguments regarding parody protection from liability will appear.

The courts in the US will interpret broadly some parodies so to safeguard freedom of speech; such parodies, ‘in which expression, and not commercial exploitation of another’s trademark is the primary intent, and in which there is a need to evoke the original work being parodied’ will be subject to constitutional protection. The Supreme Court will consider commercial speech to fall into the scope of protection of freedom of speech, whereas other courts will determine the scope of protection of the speech/expression through other mechanisms that are a result of the Hudson test and Rogers and Grimaldi test as follows:

The Central Hudson test involves a four-part legal test to determine if commercial speech can receive constitutional protection and the Rogers and Grimaldi test, which holds a standard that is harder to meet; it requires that the trademark use have ‘no artistic relevance to the underlying work’ or ‘explicitly mislead as to the source’ of the work.

Additionally, it is important to mention that the parody defence has been declined by the US courts when the parodied work evokes the original and associates them to distasteful

67 Leslie J. Lott, Trademark Parody, ibid.
68 Courts feel uncomfortable applying the commercial/non-commercial definitions, they prefer to apply different balancing tests instead to determine scope of protection; J. Thomas McCarthy in Trademarks and unfair Competition has identified at least five of them: unstructured ad hoc balancing, structured balancing, strict and rigorous interpretation of trademark infringement, the Ginger Rogers’ test and nominative fair use.
69 See detailed information regarding the tests on: Leonardo M Pontes, Trademark and Freedom of Speech: a comparison between the U.S. and the EU system in the awakening of Johan Deckmyn v. Helena Vandersteen, supra mentioned.
70 More about the Central Hudson Four Part Test: http://law2.umkc.edu/faculty/projects/ftrials/conlaw/commercial.htm
messages. In such context, the insulting nature of the ‘humorous’ work has made those cases unsuccessful.

As previously stated, the protection of trademarks is knowingly strong in the US; as evidence of that, there is even another instrument that has been enacted which reinforces the protection towards brands with reputation -expanding ever more the protection of trademarks’ right holders- is The Federal Trademark Dilution Act (FTDA) from 1996. Such instrument made possible for trademark holders to receive injunctions against the use of their marks, independently if trademark infringement is found. The trademarks owner’s brand must be considered to have a reputation so to receive a relief based on dilution, even though the existence of such concept can be discussed. Before the federal laws were ratified, anti-dilution statutes requiring that a mark had to be distinctive (and not specifically ‘famous’) to receive protection were enacted.

Currently, the TDRA and anti-dilution state laws protect brands from blurring, (which affects the advertising value of the brand), and tarnishment (directly connected to harming the reputation of a famous brand when it concerns associations between the famous brand and objectionable messages, or the association between the well-known brands with products of poorer quality); i.e. for the courts, the main forms of dilution are blurring and tarnishment. One of the most significant changes to federal dilution law was the TDRA’s creation of an express exemption for parodies. Before the TDRA, parodies were protected by the Federal

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72 Even though it is not a very simple task to decide what is offensive or not when it comes to public. In Chemical Corporation of America, Appellant, v. Anheuser-busch, Incorporated, Appellee, 306 F.2d 433 (5th Cir. 1962): The court recognized a dilution theory in finding that ‘the value and effectiveness of plaintiff’s prior advertising is impaired’ by the parody use.

73 There is a similarity between the US and EU when it comes to an extensive protection of famous brands.

74 The Federal Trademark Dilution Act (FTDA), embodied in Section 43(c)(1) of the Lanham Act, provides that famous marks are eligible for federal protection when a third party’s use of the mark dilutes the famous mark’s distinctiveness, even in the absence of competition, likelihood of confusion, mistake, or deception. A trademark dilution claim requires that the owner’s mark be distinctive and famous. J F Beerline, Anti-Dilution Law, New and Improved: the Trademark Dilution Revision Act of 2006, 23 Berkely Tech. L. J. 511, 512 (2008).

75 L. J. Lott explains in her article that: ‘In 2006, partly as a result of the jurisprudential ambiguity and inconsistency that resulted from the FTDA’s failure to define “famous”, the Congress passed the Trademark Dilution Revision Act (TDRA).The TDRA states that in order to be considered famous, a mark must be “widely recognized by the general consuming public.’ (…) Importantly, the TDRA has effectively shrunk the class of marks that can be considered “famous.” Trademark Parody, supra mentioned.

76 T. Lince, The search to prove that trademark dilution exists; new study casts “serious doubt” on validity of current evidence, WTR, 21 Jun 2017 http://www.worldtrademarkreview.com/blog/detail.aspx?ec=05682ad6-2bd3-4255-ae19-61206061cf7a Also: M. Morrin and J. Jacoby, Trademark Dilution: Empirical Measures for an Elusive Concept, (Research Gate Net, 2006): ‘It appears that very strong brands are immune to dilution because their memory connections are so strong’. A. Rahmatian states in ‘Trade Marks and Human Rights’ (P. Torremans (ed.) Intellectual Property and Human Rights, Wolters Kluwer, 2008) pgs. 335, 351 that: ‘In the EU the boundaries of anti-dilution protection have not yet been firmly fixed, the evidentiary requirements for a dilution action have not been settled, within existing authorities we find sufficient flexibility to allow the tests for confusion and similarity of marks to be steered in a more appropriate direction.’

77 Trademark Dilution Revision Act 2006 , which amended the Trademark Act 1946, later Federal Trademark Dilution Act.

78 (…) strong marks can claim dilution. http://www.trademark.iastate.edu/basics 28-04-2017

Trademark Dilution Act’s ‘non-commercial use’ defence. The Congress’ passage of the TDRA codified the judiciary’s recognition of parody as a type of fair use entitled to protection.

In ‘Chewy Vuitton’ \(^{80}\) the court noted that ‘a successful parody might actually enhance the famous mark’s distinctiveness by making it an icon’ and that ‘dilution applies only to purely commercial speech’\(^{81}\). The court also explained in ‘Wal-mart’ \(^{82}\) that the defendant’s parodic work is considered non-commercial speech and therefore not subject to Wal-Mart’s trademark dilution\(^{83}\) claims, despite the fact that the defendant sold the designs to the public on t-shirts and other novelty merchandise.

The courts in the US show a will to protect freedom of expression\(^{84}\) rights even if the purportedly trademark infringement action which is to occur does not match exactly one of the categories found on the different number of tests to determine First Amendment defences in certain situations.

Cases such as \textit{Busch}\(^{85}\) demonstrate that the courts, when allowing freedom of speech protection, do consider the speech as non-commercial so to be able to afford protection to the parodist. The court ruled in the case that the financial-gain intentions of defendants who commercialized the plaintiff’s trademark parody on T-shirts were irrelevant. In the court’s eyes the relevant intention is not one of profit (which would condemn all trademark parodies), but the intention of confusing the public. The purpose of trademark law, the court affirmed, is not to protect consumers against humour or mockeries, but only against disinformation\(^{86}\); therefore the court in \textit{Busch} allows commercial speech its due fundamental protection when recognising a legitimate purpose of trademark law.

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\(^{80}\) Louis Vuitton Malletier S.A. v. Haute Diggity Dog, 507 F.3d 252 (4th Cir. 2007)


\(^{82}\) Smith v Wal-Mart Stores Inc 537 F.Supp. 2d 1302 (2008) (D (US)): Parodies do not always arise from a sense of humor. Charles Smith despised Wal-Mart. He believed it has a destructive societal effect and that it is bad for the United States in general. He compared them to the Nazi regime and developed anti-Wal-Mart designs such as “WAL-OCAUST” and “WAL-QUAEDA,” yet the court found that Smith’s use of “Walocaust” and “Walquaeda” were valid parodies.

\(^{83}\) To determine whether a given mark is sufficiently distinctive and famous to be afforded protection, courts consider many factors. See more on: Trademark Dilution: Blurring v. Tarnishment Thursday, 20 December, 2012 06:00 Written by Tyler M. Hampy, http://legalteamusa.net/tacticalip/2012/12/20/trademark-dilution-blurring-v-tarnishment/

\(^{84}\) Freedom of speech is very strong in US: L.L. Bean v Drake Publishers 811 F. 2d 26 (1st Cir. 1987) at [34]: ‘[d]enying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression.’

\(^{85}\) Anheuer-Busch Inc v Balducci Publications 28 F3d 769 (1994) as in note 58 supra.

\(^{86}\) Trademark law is supposed to address 2 illegitimate harms: deprivation of the producer of the rightful value of its trademark and the disinformation of the consumer as to who really produced it.
Other cases that include examples of such interpretations include MasterCard International Inc. v. Nader 2000 Primary Committee, Inc.\textsuperscript{87} and Mattel v Universal Music International\textsuperscript{88}.

\textit{Mattel} is an important US reference case that illustrates the fact that both dilution and/or tarnishment are not easily predictable in a trademark parody dispute so commercial speech can once again be treated as non-commercial to afford speech protection to the parodist:

‘Within the studies identifying information processing delays, we find evidence that some ‘dilutive’ uses actually assist or reinforce recognition of the senior mark. Over time Aqua’s song has found a significant following amongst Barbie fans, who are oblivious to its underlying message, and the song now seems to promote the Barbie brand as much as it critiques it. In a recent twist, Mattel licensed the use of Aqua’s song for its own Barbie advertisements (...) thereby acknowledging the ambiguous relationship that the song now has with the brand. That unauthorised use might serve to increase the ‘selling power’ of the reputed mark over time complicates significantly the brand centric version of the imagination costs argument.’\textsuperscript{89}

In the latter situation, the parodist band Aqua turned Mattel’s Barbie brand stronger and more profitable. In this case the court could relied on protection given to ‘non-commercial’ speech under the First Amendment, despite the fact that the record company made a profit. It was also found that the parodist did not want to confuse the consumer about the origin of Barbie doll, which was of extreme importance to the decision.

In a nutshell, the US courts do not treat parody as separate defence; they treat it as rebuttal of likelihood of confusion, since essence of parody is to distinguish the parodied element from the original mark. The First Amendment, in the US is implicated when the Government restricts expressive uses of trademarks. The US courts generally protect speech interests using internal trademark doctrines as nominal fair use and Rogers balancing test rather than constitutional analysis which is applied when the case reaches the Supreme Court, since the speech scrutiny (commercial or non-commercial) is crucial when evaluating parody cases.

\textsuperscript{87} Where the court upheld Ralph Nader’s use of MasterCard trademarks in a parody to be a political advertisement, no likelihood of confusion was found and the use of the marks were ‘non-commercial’ speeches. WL 434404 (S.D.N.Y. Mar. 8, 2004).

\textsuperscript{88} In this case, the Ninth Circuit Court of Appeals held that Aqua’s use of Mattel’s ‘Barbie’ trademark in the parody song ‘Barbie Girl’ was non-commercial and protected by the First Amendment, even though the song was commercially produced and aiming to profit. The court found that the parody successfully satirised the Barbie image, that the song made remarks on the cultural values the doll represents with humour; therefore the parody was protected by the First Amendment. Mattel v Universal Music International (296 F. 3d 894 (9th Cir. 2002)).

\textsuperscript{89}S. Elliott, Years Later, Mattel Embraces “Barbie Girl”, New York Times (26 Aug 2009).
The law relating to the intersection between trademark law and freedom of expression is confusing in the US. Neither the US Congress nor the courts have developed a simple and clear rule that protects the rights to use trademarks\(^\text{90}\) for freedom of speech purposes, such in case of parody. Most courts resolve infringement claims by evaluating parody with some kind of likelihood of confusion test since freedom of speech must surrender to property rights when likelihood of confusion is created. Once a trademark is used without permission for source identification purpose, the exclusive right guaranteed by trademark law is generally superior to the general free speech rights of others.

Examples of common law, US trademark parody cases include:

*L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 34 (1st Cir. 1987): “[A] trademark parody reminds us that we are free to laugh at the images and associations linked with the mark.”;

*Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d at 115 (using “Charbucks” to identify coffee blend as one competing at same level and quality as Starbucks);

*Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 260 (4th Cir. 2007);

*Mutual of Omaha Ins. Co. v. Novak*, 775 F.2d 247 (8th Cir. 1985);

*Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987);


*Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989);

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\(^{90}\) “…trademarks are not only property rights, they are also language tools by which a trademark owner communicates a message to the public. In that sense, a trademark itself is a form of expression. It is part of the language by which we communicate. Many famous trademarks are found in dictionaries, because they are part of the language, even though their main function is to signify source, quality, affiliation, etc. The real conflict, then, is between the right of the trademark owner to communicate a truthful message to the public, and the right of the public to express ideas as a normal consequence of living in a free society.” D. R. Bereskin, *Trademark and Free Expression Rights: Are They Reconcilable?* - *Laugh It Off Promotions CC v Sabmark International et al* (2006) 1 SA 144 (CC) illustrates the tension between trademark rights and rights of free expression, Feb 2009.
Louis Vuitton Malletier, S.A. v. My Other Bag\textsuperscript{91} where MOB bags were considered successful parodies of Louis Vuitton and other luxury brands, yet LV still fights to overturn such decision\textsuperscript{92}.

6. Trademarks and parody in the EU

‘Fear is the main source of superstition, and one of the main sources of cruelty. To conquer fear is the beginning of wisdom.’ Bertrand Russell

We have already seen, in points 2 and 3 above, how the EU Trademark frame is built, understandably aiming to protect the trademark holder; however we have also seen that the Trademark Reform has opened the doors for a healthier relationship between the right to property of the trademark holder and the freedom of expression of the parodist, including in cases of commercial speech, where there is no need for the trademark proprietor to fear parody. Therefore below I will briefly pinpoint what has been happening lately with such relationship in the eyes of the EU legal system, as follows:

In the EU the relationship between trademarks and parody is new. There is no specific express exception for parody purposes found in the Trademark Directives or Regulations and there are no CJEU cases relating to parody, what exists is a hope that the matter will be dealt with in a better fashion through Recital 21. Currently, the situation reminds us of what happens in the US, where well-known trademarks receive extended protection:

‘An ascending theory in European trademark law posits that all third-party uses likely to affect the economic functions of a trademark should be considered as potentially infringing. (…) Even

\textsuperscript{91} United States Court of Appeals, Second Circuit. LOUIS VUITTON MALLETIER, S.A., Plaintiff-Appellant, v. MY OTHER BAG, INC., Defendant-Appellee. No. 16-241-cv Decided: December 22, 2016. See Oliver Herzfeld in Louis Vuitton v. My Other Bag: No License Required: ‘Using another’s trademark on your goods and services usually requires a license; …there are exceptions to that general rule; … under certain circumstances, you are not required to obtain a license in connection with trademark uses for purposes of parody’. Forbes, Jan, 6, 2016. See also: C. Azema and J. Hyman in Does Louis Vuitton Lack A Sense Of Humor? The Parody Defense Is No Laughing Matter For Brand Owners, Jan 13, 2017 :

‘the Second Circuit held that My Other Bag’s tote bags are parodic, bringing them within a “fair use” exclusion from liability for trademark dilution:”[a] parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody. MOB’s bags do precisely that (…). The fact that the joke on LV’s luxury image is gentle, and possibly even complimentary to LV, does not preclude it from being a parody.’

\textsuperscript{92} TFL, Louis Vuitton Wants the Supreme Court to Hear its Case Against My Other Bag, July 19, 2017
if the infringer is marketing goods of equal or superior quality to those of the right holder, trademark law seeks to protect the right of the latter to authentically define the content of the owner's commercial reputation.  

Logically distinctiveness of the brand as its essential characteristic lies in the centre of EU trademark law consequently the mark’s uniqueness will be weighed against a potential harm when looking for infringement or on preventing third parties from using it. Hence so much importance when it comes to protecting famous or well-known brands, even if we must bear in mind that the distinctiveness of a mark being eroded or watered down is rarely an issue for parodies since parodies tend to augment public identification of the mark with its goods or service and in order to understand a parody, the public will have to find connections with the famous mark and further associate it with the final product.

As it is the case of the US, in the EU the supposed main objective of trademark law is to protect the brand by avoiding likelihood of confusion, nevertheless, the protection goes further. E.g. for a trademark infringement to occur in the EU, the brand must be used in course of trade, which creates a problem for cases of parody when commercial expression in addition there is uncertainty on how to determine commercial speech which allows the brand owner an extra shield for the fear of the parodist of possible trademark infringement.

Based on the fact that in the EU there is no parody dilution fear, the majority of parody cases had been tested through tarnishment issues. David A. Kessler have examined facets of alleged parodies through elements as intended target; the message conveyed; whether there is a commercial element to the parody; and the intent of the parodist to trade on the reputation of the original mark. However when comparing both systems, we notice that in the US the courts tend to go along with parody fair use defence, whereas the EU is still reluctant to uphold such defence, mainly when it concerns the commercial non-authorized use of a well-known trademark.

A central issue that lies on the understanding of the relationship between trademark and parodies in the EU is how the courts treat the message being conveyed through parody so to be


able to decide or not on a potential trademark infringement and on the amount of speech protection that will be afforded to the message conveyed: ‘Trademark parodies, even when offensive, do convey a message. The message may be simply that business and product images need not always be taken too seriously; a trademark parody reminds us that we are free to laugh at the images and associations linked with the mark.’

Since this paper is concerned with parodies as commercial expression, the matter will be dealt with in section 7 below:

7. Commercial speech - where does it fall?

Central to the parody exception quest is the following question: should commercial and non-commercial speech receive different treatment when it comes to constitutional protection?

The objective of this paper, as previously mentioned, is to explain why I feel there is a need to amend the EU trademark law regarding the parody defence exception as part of a commercial expression. To be able to do so, it is adamant to understand how the courts decide upon what consists commercial speech to further elaborate on the need or not of obtaining a decision on the type of expression used by the third party.

I will begin by exposing briefly how the courts deal with this matter in the US, which has an old and well-established position when it comes to freedom of speech, then I will briefly explain how the commercial speech is dealt with at the European level so to demonstrate how the two different systems seem to converge to the same treatment of the problem, which is one of determining the commercial character of the speech so to be able to apply the correct constitutional protection to the message conveyed through parody.

As it will be noticed, the distinction of speeches is still being pursued by the courts both in the US and the EU as the main tool to aid delivering the parodist its due protection. Yet, for the protection of parody to be afforded nowadays, it is still necessary for commercial speech to be included in the sphere of different speeches, no matter if the distinction is one hard to operate through different developed tests and if the courts interpret similar suits with inconsistent approaches.

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7.1 Commercial speech in the US:

Because of the significance of commercial speech to economic, social and political life, in the US the division between commercial and non-commercial speech has become progressively debatable, where Supreme Court Justices has showed their inclination to discharge such distinction (see, e.g., 44 Liquormart, Inc. v. Rhode Island, 517 U.S. 484, 501, 512 (1996)).

The first case relating to the constitutional validity of commercial speech in the US was the case of Valentine v. Chrestensen96. Commercial speech was so created as an unprotected category, just like obscenity and defamation, it fell into a class that did not benefit of constitutional protection, based on the rationale that business could not fall into a category subjected to the ‘due cause’ protection.

With time and different interpretation in different cases, such understanding changed and commercial speech received first amendment protection. After that, the decision found in Valentine was ‘overruled’. The findings in Virginia reflected the fact that it was not a simple task to draw a distinction between commercial and non-commercial speech; since the courts concluded that an economic result can be found to exist in almost anything. Thus other forms of criteria were used to describe commercial speech: objectivity and durability, e.g. where commercial speech would be more objective and last longer when compared to non-commercial; and where the ‘intention’ behind the speech would deemed irrelevant. Eventually, the combination of product and economic determination could together amount to commercial speech as in Bolger97.

The level of protection that the speech will benefit from in the US will be determined when the precise classification of the speech is reached. Political non-commercial speech as in Kasky v Nike98 must go through an intensive and thorough constitutional examination to receive full protection; on the other hand, in the case of commercial speech, an intermediate scrutiny test is applied, leading to the application of a less thorough test instead. Even if the recognition of a category of commercial speech may be traced back earlier than the European Convention, to

96 316 U.S. 52 (1942)
First Amendment case law in the United States, the position of commercial speech in the United States can barely be regarded as satisfactorily settled.

The core of the commercial speech doctrine is based in challenges of trying to define commercial speech, yet because of the subjective nature of such fundamental human right, its objectiveness is not simple to define. Authors differ when it comes to the nature of commercial speech and if it should or not be protected by the first amendment: commercial speech might have to fall into The Central Hudson test whereas on the other hand political speech is fully protected, since commercial speech suffers restriction.

In the US the distinction between different speeches used to be fundamental when assessing First Amendment protection towards parodies of trademarks however this is changing and even though commercial speech still receives less protection, it is hard to define what it really is and the tendency is to allow free speech protection to parody cases that do not harm the reputation of the trademark, that do not free ride on the famous brand and do not deceit the public. Consequently, independently of the main criticism that the speech is a personal private reward that cannot benefit the population and that does not serve its purpose of adding to the public debate, commercial speech is also recognised as protected nowadays by the US Supreme Court, as long as it is not misleading.

Distinguished legal scholars criticise the need to classify a speech so to allow constitutional protection. The notable American judge Alex Kozinski has openly expressed his view on the

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100 ‘The notion that commercial speech is any more verifiable than non-commercial speech may once have been true, but it ceased to be so when advertising entered the twentieth century. (...) So far, we have concluded that the commercial/non-commercial distinction has no basis in the text or history of the Constitution and cannot be justified by reference to any attribute of commercial speech.’ Judge Kozinski supra mentioned in note 11.
102 ‘[I]n commercial speech cases, then, a four-part analysis has developed. At the outset, we must determine whether the expression is protected by the First Amendment. For commercial speech to come within that provision, it at least must concern lawful activity and not be misleading. Next, we ask whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine whether the regulation directly advances the governmental interest asserted, and whether it is not more extensive than is necessary to serve that interest.’ (Central Hudson, 447 U.S. at 566.)
103 The distinction between different categories of speeches in my view should be erased: ‘...there is identifiable a universe of communications which are related to business activity, yet are quite different from the advertisement paradigms; difficulties along these lines explain why the United States Supreme Court “for all it has said about commercial speech, has conspicuously avoided saying just what it is”. S. Shiffrin, The First Amendment and Economic Regulation: Away from a General Theory of the First Amendment, extracted from C. R. Munro, The value of commercial speech, Cambridge Law Journal, 2003
104 ‘The U.S. Supreme Court brings commercial speech within the coverage of the First Amendment by imputing to the speech a content and function relevant to those constitutional values that focus on self-government, public policy, and other matters of societal import.’ V. Brudney, The First Amendment and Commercial Speech, 53 B.C.L. Rev. 1153 (2012)
matter several times (and I cannot possibly get weary of his astute opinions) so once again I will quote him for in different instances he has shown that he believes that the definition of commercial speech is nothing more than a shortcut in the law: ‘If you think carefully enough, you can find a commercial aspect to almost any first amendment case. Today's protected expression may become tomorrow's commercial speech.’

Therefore there is indeed a clear uncertainty surrounding the definition of commercial speech in the US for determining a distinction between different speeches has been proved to be burdensome: endless tests being applied, inconsistent interpretations from the courts and useless debates to concepts such as ‘intention’. Adding to that, the view that ‘the commercial nature of artistic works does not diminish their protections under the First Amendment’ is shared by many legal scholars and has been adopted in the courts which might result in the division of between different speeches being removed completely.

The significance of commercial speech to economic, social and political life is undoubtedly grand, the free flow of commercial information is being recognised as essential and those principles are being mirrored in the North American situation -which tends to share the same view as in the EU, where no explicit definition of commercial speech exists- nevertheless the doctrine underlies the trademarks’ legal structure, for Article 10 is there to protect freedom of speech that does not include commercial expression, and where the trademark legal reform has not yet proven to have effect with the inclusion of Recital 21 for the purpose of expanding the commercial parodist’s rights.

7.2 Freedom of Expression and Commercial speech in the EU:

The parodist’s commercial speech has very little space under the fundamental freedom of expression incorporated into Art. 10 ECHR and at the present moment there is no express

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106 ‘Even the Supreme Court jurisprudence in the area of the First Amendment protection of commercial speech does not offer a clear line on what constitutes commercial speech that should be reviewed under the intermediate scrutiny standard.’ Richard B. Biagi, The Intersection of First Amendment Commercial Speech Analysis and the Federal Trademark Dilution Act: a jurisprudential roadmap, 91 Trademark Rep. 867.
108 Freedom of expression is a fundamental right and according to article 10 ECHR it is a right that is subject to limitations: 10(2):
parody exception in EU Trademark Law. There is hope however that the new EU Regulation (as seen above) with its Recital 21 TMD\textsuperscript{109} can open a door for such defence to be included into the European sphere, since the wordings of the new Directive mirror Art.10 ECHR and addresses situations embracing non-commercial speech.

It is important to understand that Article 10 ECHR is not an absolute right and that it suggests an extended, broad protection to all people, without exception, of the right to freedom of expression. Accordingly, all expressions, whatever their content, even if it includes commercial/mixed speech, should fall within the scope of Article 10 ECHR as long as they comply with the limitations laid in paragraph 2. Hence the most important issue here is the scrutiny of the justification for interference under Art. 10 (2) ECHR, (above pg.1). To determine limits to such right is however an extremely complicated matter which is not the focus of this paper, still it must be highlighted because of the intricacy of the issue\textsuperscript{110}.

Because of the complexity of the matter, to be able to address freedom of expression in general, the ECtHR has established a three-part test: the limitations must 1) be proscribed by law; 2) pursue a legitimate aim; and 3) be necessary in a democratic society. Firstly, the Court examines whether the restriction is prescribed by law. Secondly, it ponders whether the objective of the restriction was legitimate. Thirdly, the Court considers whether it is necessary in a democratic society.

The tests for political/artistic expression (and commercial expression) are so far structurally identical, following the four-part analysis:

1. the court identifies the interests at stake (e.g. the right to speak freely on one hand and the interests of persons who may be injured by speech on the other),

\textsuperscript{1} Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises.

\textsuperscript{2} The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.


\textsuperscript{110} Toby Mendel on the complexity of the matter: ‘Assessing restrictions on freedom of expression, however, is an extremely complex matter. There are several reasons for this, including that the primary guarantee of freedom of expression is itself multifaceted, that the grounds for restricting freedom of expression – or interests which such restrictions aim to protect – are numerous, - 2-and that the contexts in which the need for restrictions is asserted are almost limitless.’ Restricting Freedom of Expression: Standards and Principles, Background Paper for Meetings, Hosted by the UN Special Rapporteur on Freedom of Opinion and Expression \url{http://www.law-democracy.org/wp-content/uploads/2010/07/10.03.Paper-on-Restrictions-on-FOE.pdf}
2. the contested speech is analysed
3. the weighing of commercial and non-commercial elements takes place within the framework of the ‘public debate’ test: can the contested speech contribute to a public debate on a particular issue?
4. conflicting interests at stake (see point 1 above) are once again balanced.

It is thus a question of proportionality, legitimacy, relevance and sufficiency. Nonetheless the Court has chosen to discriminate between the two categories of commercial and non-commercial expression when addressing step three, which is interesting since there is no commercial doctrine per se in the EU. As an example of how unclear commercial speech is treated in the EU, the Court noted in Vgt Verein that a particular TV commercial ‘[i]ndubitably fell outside the regular commercial context inciting the public to purchase a particular product.’ Consequently if the expression stimulates others to buy a service or product, it might probably be treated as a commercial expression, even though some leeway to profitability is allowed to mixed expressions, irrespective of the inherent profitable nature of the parodist (in our case) or the message conveyed.

What is clear however is that non-commercial speech does receive greater protection and the reason behind the fact that a more lenient necessity test is applied in this case is because non-commercial expression is perceived as an essential piece of democratic society; whereas on the other hand, more space to interfere is allowed to the State Members and authorities when commercial speech is involved. Still commercial speech is subjected primarily to what is stated in Article 10 even if the necessity test is stricter and the Member States enjoy a larger margin of appreciation, (subject to European supervision) and the ‘the category of expression which receives the least protection is thus misleading or deceptive commercial expression, such as false advertisement or unfair competition.’

Thus, diverseness, deceptiveness and commerciality are elements that enhance the margin of appreciation of national courts. Because commercial expression can be misleading or damaging, it is not treated uniformly within the EU, the court assess only whether the measure

112 CASE OF VEREIN GEGEN TIERFABRIKEN SCHWEIZ (VgT) v. SWITZERLAND (No. 2) (Application no. 32772/02)
113 Leonardo M. Pontes, supra mentioned.
is justifiable and proportionate, (not applying its narrowness, convincingness, relevance and sufficiency standards, from political expression cases). This essentially means that the ECJ will not generally exercise its power over national courts in what is perceived as commercial cases. As it is now, since the scope of speech protection relies on a problematic and unclear achievement of the definition of speech in the EU, the parodist’s speech will be scrutinized thoroughly to finally have a chance of being sufficiently important for a democratic society and consequently accepted as a subject to the freedom of expression protection, bearing in mind that the national courts receive wider margin of appreciation when dealing with commercial expression.

In Markt Intern v. Germany for instance, it was found that solely because the speech delivers a message that defends an economic interest it cannot be precluded of protection; i.e. even if not explicitly defined, commercial speech is recognised as essential to society and should belong to the scope of Art.10 protection. In this case, the German court denied Article 10 protection for Markt Intern’s statements on the ground that they were made for competition purposes. The Commission (finding that there was a breach of Art. 10 ECHR) stated that society is based on the articulation of economic interests. The dissenting opinion, stressed:

‘I am entirely convinced of the correctness of the Court's view that the contested article published by Markt Intern is in principle protected by the freedom of expression secured under Article 10 of the Convention. The socio-economic press is just as important as the political and cultural press for the progress of our modern societies and for the development of every man. In this connection I refer to the joint dissenting opinion of Judges Gölcüklü, Pettiti, Russo, Spielmann, De Meyer, Carrillo Salcedo and Valticos, 53 and I express my agreement with part I of that opinion.’

The ECtHR decided lastly that ‘[s]tatements made ‘for purposes of competition’ fell outside the basic nucleus protected by the freedom of expression and received a lower level of protection than other ‘ideas’ or ‘information,’ although it assented that the false generalization

114 Irrespective of such attempts to afford a relevant importance to the speech, the approach applied to it in commercial context adopted by the European Court of Human Rights is inconsistent, furthermore, in Markt Intern and Jakubowski, the Court did not concentrate on distinguishing between commercial and non-commercial speech and still managed to determine what type of protection the expression was entitled to receive.


116 Dissenting Opinion of Judge Martens, approved by Judge MacDonald (Translation) Ibid.
was responsible for the unfairness\textsuperscript{117}. Moreover, that a discourse which intends to promote certain interests at the cost of detriment of others within the realm of commercial competition, takes away the quality of the speech of contributing to a public debate.

Another kind of commercial expression case is \textit{Barthold and Germany}\textsuperscript{118}: in this situation commercial speech was recognised as a category safeguarded by freedom of expression when Judge Pettiti stated clearly that commercial speech was protected: ‘\textit{Regulation in this sphere is of course legitimate—an uncontrolled broadcasting system is inconceivable}, but in order to maintain the free flow of information any restriction imposed should answer a ‘pressing social need’ and not mere expediency. Even if it were to be conceded that the State’s power to regulate is capable of being more extensive in relation to commercial advertising, in my view it nevertheless remains the case that ‘commercial speech’ is included within the sphere of freedom of expression.’

The ECtHR held in the above mentioned case that a rule of professional conduct, prohibiting a veterinary from advertising, could not be raised preventing him from uttering statements on the need for an emergency veterinary service. The Court held that the strict approach to the prohibition of advertising contained in the professional rules of conduct is not consistent with the freedom of expression, hindering the press and preventing professionals from contributing to the public debate. The criteria applied here was also applied in \textit{Hertel v. Switzerland} \textsuperscript{119} when distinguishing between the commercial and non-commercial elements of the speech. The first criterion is the existence of a public debate on a particular issue, which is also the subject matter of a contested speech. The second criterion is whether the contested speech has the potential of contributing to the debate. According to the Court’s reasoning, a decisive argument in determining the extent of the margin of appreciation afforded to national authorities is the existence of a public debate to which the statement in question may significantly contribute.

Lastly, another important case is one of \textit{Demuth v. Switzerland} \textsuperscript{120} containing a mixture of speeches. In this case the Court took into consideration the intentions behind the company’s actions: \textit{Car TV} intended to broadcast a television programme on cars but also included

\begin{footnotesize}
\begin{enumerate}
\item[117] Important to notice that when applying the margin of appreciation, the courts can also give more weight to deceitfulness and falsity to make sure that only misleading (commercial) expression falls under margin of appreciation doctrine.
\item[118] \textit{Barthold v Germany} [1985] 7 EHRR 383
\item[119] \textit{Hertel v Switzerland} (25181/94), European Court of Human Rights, 25 August 1998
\item[120] \textit{Demuth v Switzerland} (38743/97), European Court of Human Rights, 05 November 2002
\end{enumerate}
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environmental matters, energy policies and traffic security. Consequently, the Court established it had to deal with mixed speech, including both – commercial and non-commercial elements. The Court did not apply the Hertel/Barthold test, it did not consider whether there was a public debate to which the applicant could add to. Instead, it referred to the undertaking’s goals. The Court stated that ‘the purpose of Car TV AG was primarily commercial in that it intended to promote cars and, hence, further car sales’, coming to the conclusion that ‘where commercial speech is at stake, the standards of scrutiny may be less severe’. The decision has suffered criticism because apparently the commercial character of the speech was ascertained solely on the basis of the company’s commercial objectives and nothing else.

Even though we would like to think that freedom of expression is not linked to commercial matters, we cannot deny the fact that: ‘Economic processes may determine the organisation and the mode of exercise of freedom of expression. One example is competition rules that apply to media and ensure diversity of information sources. On the other hand, freedom of expression can impact the market and define the behaviour of market operators’ consequently in our world it seems rather incoherent not to want to protect commercial speech when it comes to the trademark realm and its relationship with fundamental freedoms.

Other areas of the law such as advertisement laws and competition law (plus the limits to the exception) are not only the real evidence that commercial speech deserves protection, they exist also to operate in case commercial speech extends its limits outside of what is socially accepted; i.e. well established companies should not be afraid of commercial (mixed) speeches in case of parodies.

As previously described, currently it is accepted that commercial expression deserves less protection, as opposed to when the discourse is political or artistic, that political speech passes a critical important message as opposed to the messages that the commercial speech might pass, however that should change since both speeches have the same importance and should belong to the same category. Both types of speeches are fundamental to the benefit of our society: in the case of a commercial trademark parody, even if the aim is to profit by means of

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122 ‘The freedom to control and criticise (or to use parody) power must also imply a freedom to criticise the symbols of power as they are the representatives of that power. Next to state symbols or religious symbols, power in a democracy may also be represented by private actors (in particular by their trademarks). A logical consequence is that the freedom to control and criticise private power implies a freedom to criticise the symbols of private power, i.e. trademarks’. Wolfgang Sakulin, Trademark protection and freedom of expression : an inquiry into the conflict between trademark rights and freedom of expression under European law, Kluwer Law International, 2011 pg.114
competition, there is still the human element behind the creation of such work, opening peoples’ eyes regarding a product or goods or simply as a tool to afford humour between businesses, independently of their sizes:

‘There could even be constructed an argument that businesses have rights to self-expression, given that expression has economic as well as personal and political applications.’

There is a tendency of some EU courts (as seen also in the US above) to circumvent the lack of strong protection to commercial speech by classifying what is a priori a commercial case scenario turning it into a political expression case instead so to afford the due Art. 10 protection; such as in the case of Milka: In this decision the BGH was confronted with a dispute involving Milka’s registration of the colour lilac as a trade mark for chocolate. The defendants marketed a lilac postcard with a parody of a famous poem and also used ‘Milka’. While the BGH accepted that such use took advantage of the distinctive character of the trade mark, the court held that the defendant’s conduct was constitutionally protected expression, since the postcard’s message was characterised as artistic speech. The Supreme Court acknowledged that the use of the signs was justified: firstly, the defendants’ postcard did not damage the reputation of Milka's trademark; secondly, the use was not of purely commercial nature. The Court stated that the: ‘mere fact that the producer of the postcards had a commercial interest in selling the cards was not considered sufficient to lead to an unfair use’.

Incontestably, the courts have found ways of sidestepping the commercial nature of the defendant’s use by focusing on the ‘artistic’ dimension of the work instead and found that there was no commercial use plus no harm on the reputation of the famous trademark was proven to have occurred.

Therefore if there is protection established by law to commercial speech, commercial speech should be recognised as socially important, for it has its own value as socially useful. The inclusion of the parody exception means an extension to the constitutional value of different

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124 In Europe, under the rules of the European Convention on Human Rights, the idea that the level of constitutional protection is a function of the subject matter of speech has been increasingly accepted, with speech on public and political matters receiving the highest protection. This has been clarified by the ECtHR as being related to the aims of protection of freedom of expression that are linked to ‘the demands of that pluralism, tolerance and broadmindedness without which there is no ‘democratic society’. In comparison, if the criticism of public authorities triggers the highest degree of protection, so should the criticism of private powers, through different types of message channels.
125 Lila Postkarte I Z R 159/02. February 3, 2005: BGH [2005] GRUR 583
types of speech, including commercial speech, which has had its significance recognised mainly through intellectual property law:

‘The commercial interests of businesses are protected through company and partnership law and in a variety of ways. The commercial speech created by businesses is (...) protected by the laws of intellectual property. These are not, of course, designed solely to afford protection to commercial speech, but (...) they do extend substantial protection to this. (...) To the extent that they do, it may be inferred that the policy of the law is to value commercial speech as socially useful.’ 126

Summarising, commercial speech, also when determined, undoubtedly has its place within the realm of protection of Art. 10 ECHR; what is necessary now is a recognition of its importance so to be put side by side to non-commercial speech; furthermore, to decide if a classification of commercial expression is truly necessary. Parody cases containing or not commercial speech should simply fall into the scope of Art. 10 protection, which is now being internalized with the new trademark regulations (and would further benefit from a clear trademark parody exception for both speeches) as long as the test for contributing to public debate is fulfilled127.

Many years of trying to decipher the speech code in US with aiding from different types of tests have not, as we have seen, been sufficient to prove that there is a need of distinguishing the different speeches in case of trademark parodies. The speech debate in my view is one based simply on how much the government can restrict, through its laws and regulations, genuine information that comes from lawful activities. The fact that in the EU such doctrine has not been developed indicates that the need for such doctrine has not surfaced; that perhaps such doctrine is not necessary at all when it comes to trademark parodies. Whereas a need to differentiate the speeches might not be necessary, the underlying principles that support the limitations to the exception have to be clear, independently of the type of speech.

127 As in the case of Nadja Plesner.
8. Illustrations of important concepts relating to trademark infringement and limitations to the parody exception:

The following important cases do not concern parody per se, however their findings regard fundamental principles that are the basis for an understanding of why the parody exception should be taken seriously into consideration; principles that can encapsulate the concept of parody in determined, similar circumstances. The cases below illustrate matters if whether and in what circumstances assertions of trademark’s holder’s rights hinder uses of marks that are expressive in many ways. The cases also demonstrate that the domestic courts in the EU are facing problems when interpreting trademark law fundamental concepts concerning the limits of the trademark’s holder’s rights when it comes to affording freedom of expression to parodists (as commercial speech) cases.

Honest use: *Gillette v. LA-Laboratories* (CJEU Third Chamber, Case C-228/03, 17. 3. 2005)

Gillette is an owner of trademark on razors and LA-Laboratories sells replaceable blades compatible with Gillette razors using the Gillette trademark for advertising. The Court decided that the condition of ‘honest use’ constitutes a duty to act fairly in relation to the legitimate interests of the trade mark owner; i.e. that use of a trade mark will not be in accordance with ‘honest practices’ if the use discredits or denigrates the mark.

Trademarks with reputation, ‘ride on the coat–tails’: *L’Oréal v. Bellure* (CJEU First Chamber, Case C-487/07, 18. 7. 2009)

L’Oréal owns some well-known trademarks for perfumes and other fragrance products and Bellure markets smell-alikes of these fine fragrances. The CJEU asserted that each use of a trademark with reputation by a third party – which was liable to affect this trademark – created an advantage taken unfairly in order to ‘ride on the coat-tails’ of the mark with a reputation, even if this was not capable of jeopardising the essential function of the mark… the CJEU stated that when one sells a fragrance in a bottle imitating another company’s bottle (protected by a trademark with reputation) and in addition one explicitly states that one’s fragrance is a cheaper imitation of the more expensive one, then such a person will ‘ride on the coat-tails’ of the reputed trademark and consequently will be deemed to have infringed it. No free riding allowed.

Harm on reputation: *Portakabin Ltd, Portakabin BV v. Primakabin BV* (CJEU First Chamber, C-558/08, 8. 7. 2010) Portakabin Ltd manufactures and supplies mobile buildings and
Primakabin sells and leases new and second-hand mobile buildings. Portakabin brought an action against Primakabin because of the infringement of its trademark by keyword advertising through Google’s “Ad Words” service. The CJEU decided that the national court must assess whether or not the ad gives the impression that the reseller and the trade mark proprietor are economically linked, or that the ad can have a detrimental effect on the reputation of the trademark since harm on reputation is not accepted.

Limitations to a parody exception: The ‘Kamel’ case or Österreichische Schutzgemeinschaft für Nichtraucher and Robert Rockenbauer v. Austria128 regards a political message that went far beyond commercial speech, where the Camel trademark was used as protest against smoking which undeservingly discriminated the mark since the protest was against an entire category of goods. An extremely narrow interpretation of Article 10 ECHR was given by the European Commission in the Kamel case, which was inconsistent with Hertel, Stambuck and Barthod.

In the case of Österreichische Schutzgemeinschaft für Nichtraucher and Robert Rockenbauer v. Austria129, a trademark parody aimed to protest and alert the public against the use of cigarettes with a caricature of the ‘Camel’. Since the caricature ridiculed the product and the “Camel” trademark, it gave an extensive margin of appreciation to national courts. In this case, the Austrian Supreme Court found that to use the trademark Camel as an instrument of protest against smoking would undeservedly discriminate the mark, since the protest was against an entire category of goods. The choice of such particular brand distorted Camel’s image according to the Commission, which agreed with those the ASP’s findings. There was no discussion between different types of speeches; however, if one contrasts this case with Hertel, (where a lawful use of the wording ‘worse than the Dachau gas chambers’ to criticize micro-ovens suppliers), it is clear that the political element of the parody went far beyond the mere economic motivations of the speaker and it had to be limited. This situation is comparable to Deckmyn130, where the parody suffered limitations because of its discriminatory nature (which is a justification to limitation that can be applied to any kind of speech).

128 no. 17200/90, ECHR (Plenary), Decision of 02.12.1991
129 The applicants sold posters, pamphlets and stickers with the slogan ‘ONLY A CAMEL WALKS MILES FOR A CIGARETTE’, depicting a skeleton riding a camel, countering Camel’s overly branded slogan ‘I’d walk a mile for a Camel’. In German, the word ‘Kamel’ also denotes a person acting in a foolish or stupid manner.
130 C-201/13
It becomes hard to politically criticize a certain type of business, and impossible to call attention to the public, or to the consumer to certain aspects of those undertakings in case there is no room for parody as any type of speech. The strength and how well known the brand is in a specific market are the biggest appeals for the parodist. Trademark rights can last indefinitely and they do not fall into public domain. Trademarks are in place to protect the consumer, to help diminishing the costs of information as to the quality of the products, to lead the consumer to a reliable and well-known source. Trademarks are not supposed to be used as protection against criticism or to prevent further human creations, expressions. When a trademark proprietor has the right to act dishonestly by fooling the consumers, through advertisements, then other forms of expressive works, (such as parodies), must also be allowed to enter such realm (to guide the public to the truth e.g.) of using the brand in commercial speech.

9. The relationship between trademark law, copyright law and parody in the EU

In both the copyright and trademark context, a parody is a use that brings to mind the original brand or work, but simultaneously differentiates itself from the original by communicating some element of satire, ridicule, joke or amusement on the original. The easiest way to understand the relationship between trademark law, copyright law and parody in the EU is through two important cases below.

The CJEU developed the autonomous concept of parody in the case of Deckmyn\textsuperscript{131}, it must be also noticed that the introduction of a parody exception into the EU trademark law received influence from EU copyright law, most specifically of Art.5(3)(K) InfoSocDirective\textsuperscript{132}. The autonomous concept from Deckmyn must be given a single meaning for all member states and the application for parody exception must strike the balance between interests and rights of persons and freedom of expression of projected works who relied on a parody exception. There is not a speech distinction in this exception, since copyrights field deals with ‘artistic works’ and trademark field is considered to be commercially involved, therefore for many, a field that is more self- sufficient and not essential to democratic society.

\textsuperscript{131} C-201/13
\textsuperscript{132} Under Art.5 (3) (K) the parody has to meet two conditions: first to evoke an existing work while being noticeably different from it and secondly, to constitute and expression of humour or mockery.
As seen previously, parodies can result from various different ways of trademark expressions, with different aims, through different channels and when it comes to parodies, it can be useful to draw a trademark/copyright analogy because of how those fields can operate together sometimes. By looking once again at Deckmyn we see that legal essential principles belong to both areas of the law.

In the latter, fundamental, constitutional concepts are being dealt with, since it involves a parody that even without intention, associates the origin of a work of art to a detrimental message resulting in the rights of third parties being damaged and a moral line being crossed. This can most certainly happen in trademark cases also where competition law, advertisement guidelines and other mechanisms do exist to regulate when the speech is purely commercial however sometimes they are not suited and constitutional rights will have to be actioned instead. Deckmyn is an important referential case that supplies guidance and can be used as a model for the interpretation of the parody exception, to ensure that an adequate balance between a trademark owner’s rights and the free speech interests of a parodist is achieved when no clear parody exception exists currently in EU trademark law.

The lack of a parody defence creates an imbalance in the relationships between trade mark owners, copyright holders and parodists. The copyright holder can register its work as a trademark and consequently becomes ‘protected’ against parody; thus an express parody exception including all speeches in trademark law can reinforce the parodists’ freedom of expression in all areas. Yet, the parody exception should not however, be absolute. Given that the exception is justified by, among others, the right to freedom of expression, it is reasonable to require it to respect the limits inherent in its own justification as in the Deckmyn case. So in my view the limit applied to the parody in such case can also be applied to parody cases in trademark law.

The other case that illustrates the intersection between trademarks, copyrights and parody in the EU is Plesner v LV\(^\text{133}\). The case concerns ‘mixed’ speech, where the intention of the parodist is not immediate commercial gain but the dissemination of her work brought financial gain. The non-commercial speech is inserted into a commercial speech (message) case scenario where the non-commercial speech weighed more and the artist benefited from the

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fundamental right protection. The artist parodist received protection for her work (initially non-commercial parody) and all the objects being sold (‘commercial’ intention) referring to a famous trademark. Because of the weight of the public interest in this situation, the result is one of a protection of the artist’s work and all the objects being sold referring to a trademark with reputation. Such decision is based on the fact that non-commercial/political speeches receive the greatest constitutional protection\(^\text{134}\) thus they will commonly supersede the rights of the trademark holder in a dispute and mixed speech as in this case; its assessment was based on the strength of the non-commercial speech: the court balanced the fundamental right of Louis Vuitton to peacefully enjoy its property right against the use of the design and the artist’s protection with regard to her artistic freedom\(^\text{135}\). The court found that the artist was allowed to use LV’s design of a multicolour canvas as applied to one of its own expensive handbags as part of a drawing called Simple Living where the LV bag was being carried by a famished African child carrying a dog. The artist explained that the bag was used as a symbol and as part of an attempt to draw awareness to what she believed was a problematic difference in attention given to celebrities and the famine in Darfur\(^\text{136}\).

The fact that the current EU trademark law has not clearly recognized the interests of users such as Nadja Plesner, demonstrates a particular hesitation coming from the legal trademark system, which can be associated to the assertive trademark rights’ holders to force exclusivity beyond its limits to their valuable assets. It should be accepted however that the same factors that have made trademarks more and more important as communicative tools for companies have accordingly increased their importance for third parties, that for various reasons want to be able to use the marks in so many different legitimate ways.

\(^\text{134}\) See e.g., Lingens v. Austria, A.103 (1986) 8 EHRR 107, paras. 41-43; Bowman v. UK (1998) 26 EHRR 1 paras. 42-43, Steel & Morris v. the United Kingdom, Appl. No. 68416/01, Judgment of 15 Feb. 2005, para. 88: ‘The Court has long held that ‘political expression’, including expression on matters of public interest and concern, requires a high level of protection under Article 10’. The case-law of the European Court of Human Rights (ECtHR) leaves no doubt that speech concerning public and political issues is entitled to particularly strong protection – especially when it concerns an opinion about public officials.’ Wojciech Sadurski, Allegro without Vivaldi: Trademark Protection, Freedom of Speech, and Constitutional Balancing, European Constitutional Law Review, vol. 8, 2012


10. Conclusion

Even though I share the view that the undertakings involved in situations of parody and humour are fully capable of defending themselves without judicial help from what might in their eyes lead to unfair business practices or competition, I believe that because of the way the IP legal frame has already been developed\textsuperscript{137}, the parodist must also benefit from our paternalistic system by having an express trademark parody exception rule integrated into the EU trademarks’ legal frame.

As Hart\textsuperscript{138} previously stated: ‘[P]aternalism –the protection of people against themselves- is a perfectly coherent policy.’ In this case I see the introduction of the exception as one of the classic basic functions of the law: ‘to protect one man from another’, as Hart lays accordingly: ‘It is too often assumed that if a law is not designed to protect one man from another its only rationale can be that it is designed to punish moral wickedness or, in Lord Devlin’s words, “to enforce a moral principle”.

Paternalism in this case works towards fulfilment of the need of ‘ideas of justice’\textsuperscript{139} which aids in achieving the so fully pursued legislative efficacy.

In times where there is so much conflict at the EU level\textsuperscript{140}, a specific clear rule favouring the fundamental right of a third party user of a trademark for parodic purpose in commercial speech is necessary\textsuperscript{141}. The creation of a rule protecting the rights of the parodist serves also a purpose of not creating room for biased decisions to be achieved; according to Lisa Ramsey: ‘If a trade mark statute does not clearly define what types of harms are actionable, and does not explicitly

\textsuperscript{137} Focusing on the strong protection of well- known trademarks.

\textsuperscript{138} H. L.A. Hart, Law, Liberty and Morality, OUP, Oxford, 1988

\textsuperscript{139} A.V.Lundstedt, Legal Thinking Revised, Almqvist & Wiksell, Stockholm, 1956, pg.161

\textsuperscript{140} ‘On 18 December 2014, the Court of Justice of the European Union (CJEU) held that accession of the European Union (EU) to the European Convention on Human Rights and Fundamental Freedoms (ECHR) on the basis of the draft agreement negotiated by the Council of Europe and the EU would be incompatible with art.6(2) and Protocol No.8 of the Treaty on European Union (TEU).’ In the days and months that followed Opinion 2/13, the legal “blogosphere” and academic journals were alive with comment and, mainly, criticism. The CJEU was depicted as a clear and present danger to fundamental rights in Europe and as having cast doubt on its constitutional commitment to European integration. (...)These are all courts which should, as part of the same system, interact with each other, but which, above all--of course--naturally tend to defend their own jurisdiction.(...)These all may generate a sense of confusion, or sometimes unease, among our fellow citizens, who fully understand the essential nature and universal vocation of human rights but who find it hard to accept that the content and level of protection vary depending on the court which is responsible for dealing with the case, and that there is no certainty as to which one will adjudicate on that case or when, nor, once the judgment is handed down, as to whether it will be appropriately executed. This unease of citizens is also, quite often, shared by judges in the ordinary courts … What supervisory organ should the judge call upon when he finds that there are different levels of protection in the case law of his own constitutional court, in the European Court of Human Rights and in the Court of Justice of the European Union?’ Siofra O’Leary, Courts, charters and conventions: making sense of fundamental rights in the EU, ICEL Human Rights Law Conference 2016, http://www.icel.ie/HumanRights2016

\textsuperscript{141} See ‘International Review of Intellectual Property and Competition Law 2013, Mechanisms for limiting trade mark rights to further competition and free speech’ Lisa P. Ramsey and Jens Schovsbo' for more on the matter.

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permit certain socially beneficial uses of marks, some judges may rule in favour of popular trade mark holders without adequately considering all of the public interests at stake in a trade mark dispute. Without some legislative guidance on what types of unauthorized uses of marks are permissible, different judges may come to different conclusions about liability based on the same set of facts in a trade mark dispute."

Not having a clear trademark rule regarding parody exception including all speeches, gives the courts unduly power of interpretation and decision, it creates uneasiness from all parts involved: the parodist has to rely on the courts’ various tests and their disposition, which will be applied on a case by case basis. Inconsistency is more likely in a balancing test involving art.10 ECHR than in an internal, specific test based on a statutory parody defence entrenched into the law of trade marks.

In a practical level, this lack of parody exception also suggests that parodies as commercial speech will always lead to detriment to the well-known brand holder which is not the case. If we take for instance what has happened in the Nadja Plesner situation, the actual detriment to the mark with reputation was caused by the trademark owner himself instead of the parodist; and on today’s commercially driven society most trademark giants are aware of this phenomenon, which I call the ‘Plesner effect’ therefore they avoid interfering with the right of the parodist on creating by using their well-known trademarks as source of inspiration such as Disney in relation to Banksy.

Furthermore, the need of a change in the way commercial speech parody is treated has been recognised in many different jurisdictions, and a parody exception rule is being expected to happen by the legal practitioners ‘For security and certainty purposes, a parody-exception regulation is expected in the future (hopefully not so distant).’ From traditional merit values that favours trademarks with reputation, the legal system is now leading towards protecting freedom of all speeches, as seen above, where the courts in the EU are already trying to find

143 ‘In the UK, artist Banksy’s “Dismaland bemusement park” exhibition in the summer of 2015 was a far-from-subtle parody of its Disneyland counterpart, featuring disturbing and politicised imitations of well-known Disney characters to explore an anti-consumerism commentary. Whilst Disney ultimately refrained from taking legal action, it is possible that Mickey Mouse & Co. may have had a claim for trade mark infringement, (…)’ J. Kenny, Do We Need A Parody Exemption In UK And EU Trade Mark Law? Mondaq Business Briefing, 19 Dec. 2016.
144 João Leitão Figueiredo, Trade mark Parody: a trade mark infringement?, (CMS)/July 13, 2016/1
ways of sidestepping the commercial nature of the speech so to afford the parodist a human rights based defence to infringement.  

The tendency of bringing parts of IP law into the realm of constitutional fundamental values is a very important step towards the recognition of this high speed developing field. To accept a commercial parody exception on trademark law at EU level reflects such tendency and reinforces the fact that the economy is essential part of our lives consequently it must benefit from the protection of fundamental rights in all spheres, from the right of the IP right holder to own and use its property as he pleases to the right of the parodist, in a mixed or commercial manifestation to have the freedom to express himself. Both instances play their role of benefiting the general public and our welfare within our utilitarian established system that currently sustains our society. A parody defence to trademark infringement is a reflexion of the need of a clear guidance when it comes to disputes involving fundamental rights on a market orientated society.

It would be more than coherent to amend the current law as an extension of article 10 ECHR into a statutory instrument. This amendment will serve as a specifically trademark designed exception, put in place to reinforce the living instrument’s function, this time on a specific and essential freedom. It is an internalisation of a constitutional freedom, serving to reinforce its value this time within the trademark context.

There is no need to further the trademark owner’s protection, now it is the moment to start thinking of the rights of the parodist and society in general that not only as third party users of the trademark but also as consumers that have the right to humour. It is time to make sure that commercial speech receives its due constitutional protection in a system where one of the hardest challenges is to determine what makes an expression commercial or not, where the functions of trademarks have changed; it is time to understand and accept that trademarks are much more more than simple source identifiers, they are powerful information tools that belong to the core of our market driven society.

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145 E.g. ‘Milka’ supra mentioned.
146 ‘EU and US tm laws are converging towards a similar model that includes specific statutory defences to tm violations, (EU Parliament tried, but INTA opposed) and trademark doctrines that give courts flexibility to permit unauthorised uses of marks that further the legitimate interests of the accused infringer and the public’. Lisa P. Ramsey and Jens Schovsbo, ‘Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech’ supra mentioned.
147 ‘Despite the generally commercial nature of trademarks, a closer analysis reveals that trade mark owners’ rights have expanded to cover expressive uses of signs, including parody. The introduction of an exception allowing registered trademarks to be parodied would re-balance the protection afforded to signs, in order to ensure that trade mark owners may still exercise their rights, but without causing disproportionate harm to the exercise of freedom of expression.’ Sabine Jacques, A parody exception: why trade mark owners should get the joke, European Intellectual Property Review 2016
11. Short interview with Dr. Eleonora Rosati*

1. What do you think lies behind the explicit lack of parody defense on EU trade mark law, (since there has been an attempt from the European Parliament on an amendment to Art. 12 of the EUTMR/ Art. 14 TMD that would have justified the fair use defense in use for the purpose of parody, artistic expression, criticism and comment but has been opposed by the INTA)?

I don't know the exact answer to this, but I guess the opposition of trade mark owners might have been fairly strong and their arguments eventually prevailed in the context of the recent EU trade mark reform.

2. When comparing the two different legal systems US and EU and the different approach to dealing with parody cases when it comes to trade mark infringement, would you consider the US approach more efficient for both the trade mark owner and the parodist?

My take is that in the end you can achieve the same result by using different tools. For instance, a judge could find that none of the functions of a trade mark would be affected by its parody ... But, again, trade mark cases are substantially fact-specific.

3. Do you think it is appropriate for the European Court of Justice to interpret trade mark parody infringement cases applying the copyrights' parody exception rationale?

Unlikely, since the new Trade Mark Directive does not envisage a specific parody exception. I don't think CJEU might have a chance to address parody in a trade mark context.

4. In your view, is there a strong cultural habit of trade mark parody in the EU? Is it possible to generalise such custom, when there are different member states that hold very distinct historical and cultural background?

Yes, and the point is that trade mark rights are not really enforced against parodists. So here there's a possible gap between law and its enforcement.
5. In your view, what are the exact functions of a trade mark worth protecting?

*Origin, Investment and Quality*

6. Finally, would you have an example of an European Court of Justice decision relating to the parody exception where there is an intersection between copyright law and trade mark law?

*The only CJEU case on parody is Deckmyn. However, the EFTA Court recently issued a decision that provides some interesting insight between IP protection and protection of other fundamental rights: it is Case E-5/16 - Norwegian Board of Appeal for Industrial Property Rights – appeal from the municipality of Oslo.*

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