

# TRADEMARK LAW AS COMMERCIAL SPEECH REGULATION

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## I. INTRODUCTION

False advertising law has largely escaped constitutional scrutiny because courts consider false or misleading commercial speech outside the protection of the First Amendment. Even moderate First Amendment protection for truthful commercial speech, however, requires some constitutional policing of the line between truth and falsity. Current enforcement of false advertising law, whether administrative, as with the FDA’s regulation of drug-related speech, or judicial, as with Lanham Act suits brought by private parties, is ill-equipped to deal with First Amendment doctrine’s very different concerns, rules, and presumptions. This contribution to the symposium will explore some of the ways in which the First Amendment and trademark law—a type of false advertising law—differ in approach. Unlike most treatments of the subject through a First Amendment lens, this one does not begin with the presumption that the standard First Amendment approach is superior.

Commercial speech, defined roughly as speech that proposes a commercial transaction,<sup>1</sup> has been easier for the government to regulate than political speech throughout the development of the modern First Amendment. Under the test set forth in *Central Hudson Gas & Electric Corp. v. Public Service Commission*,<sup>2</sup>

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1. See *United States v. United Foods, Inc.*, 533 U.S. 405, 409 (2001) (citing *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 (1976)).

2. 447 U.S. 557 (1980).

government may regulate truthful, nonmisleading commercial speech about lawful activity if the regulation serves a substantial government interest, the regulation directly advances the government interest, and the regulation is no more extensive than necessary to serve that interest.<sup>3</sup> This is in contrast to noncommercial speech, which, even if false, can only be regulated under much more limited circumstances.

The commercial/noncommercial divide has become increasingly controversial given the importance of commercial speech to modern social, economic, and even political life, with several Supreme Court Justices suggesting their willingness to abandon the distinction.<sup>4</sup> Distinguishing between commercial and noncommercial speech regularly creates definitional problems.<sup>5</sup> Yet the alternative of treating all falsifiable claims alike might be far less palatable, especially when we consider the range of commercial speech that is currently regulated to protect consumers against false or misleading claims.<sup>6</sup> In particular, the Lanham Act and its state counterparts in trademark and unfair competition law could be profoundly affected as courts expand protections for commercial speech.

In the past, courts have denied First Amendment protections to advertisers in trademark and false advertising cases, reasoning that trademark and false advertising laws pose no constitutional problems because they regulate only false and misleading commercial speech, which the Supreme Court said in *Central Hudson* could simply be banned.<sup>7</sup> The expansion of trademark law to include protection against dilution,<sup>8</sup> which operates even when consumers are not confused or deceived, puts obvious pressure on this reasoning.<sup>9</sup> First Amendment concerns

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3. *Id.* at 564.

4. *See, e.g.*, 44 *Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 501, 512 (1996) (Stevens, J., plurality); *id.* at 517–18 (Scalia, J., concurring in part and concurring in the judgment); *id.* at 518 (Thomas, J., concurring in part and concurring in the judgment).

5. Even for those who accept that commercial speech deserves less First Amendment protection than political speech, line-drawing can be problematic: What is an ad for an abortion clinic? What is an ad for Boeing praising the company's contribution to our nation's defense? The former question is far from theoretical, as anti-abortion groups have begun to sue abortion clinics for false advertising under consumer protection laws. *See, e.g.*, LifeSite, <http://www.lifesite.net/ldn/2006/sep/06092109.html> (last visited May 21, 2007) (discussing Expectant Mother Care Frontline Pregnancy suit against a New York abortion clinic). Likewise, state consumer protection laws have been used to regulate the claims of anti-abortion crisis pregnancy centers. *See, e.g.*, Press Release, Office of the New York State Attorney General, Spitzer Reaches Agreement with Upstate Crisis Pregnancy Center (Feb. 28, 2002), available at [http://www.oag.state.ny.us/press/2002/feb/feb28c\\_02.html](http://www.oag.state.ny.us/press/2002/feb/feb28c_02.html) (citing concerns of misleading advertising and business practices).

6. *See* Frederick Schauer, *Commercial Speech and the Architecture of the First Amendment*, 56 U. CIN. L. REV. 1181, 1183–85 (1988) (explaining that commercial speech encompasses not only commercial advertising but also a wide range of commercial communicative transactions).

7. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 563–64 (1980).

8. *See, e.g.*, 15 U.S.C. § 1125(c) (2000) (entitling owner of a famous mark or trade name to injunction for dilution of the mark and also providing authorization for damages in the case of willful dilution).

9. *See, e.g.*, Mary LaFrance, *No Reason to Live: Dilution Law as Unconstitutional Restrictions on Commercial Speech*, 58 S.C. L. REV. 709, 710 (2007). I have written about the relationship between commercial speech doctrine and dilution in Rebecca Tushnet, *Gone in 60 Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. (forthcoming 2007). This piece will focus on traditional

have also arisen in trademark infringement claims against classic expressive media such as movies, which are not commercial speech for First Amendment purposes even when they are disseminated for profit.<sup>10</sup> Courts have invoked free speech considerations when evaluating claims against expressive works, and much commentary has focused on political or expressive uses of trademarks that trademark owners would prefer to suppress. Most First Amendment analysis of the Lanham Act thus attacks the Act's extension beyond protection against confusion in sales of ordinary goods and services.<sup>11</sup>

But the core of the Lanham Act—its prohibition of commercial uses of words and symbols that are confusingly similar to words and symbols used by other commercial entities<sup>12</sup>—has remained largely unchallenged. This result is neither inevitable nor logical. The lines between confusing and informative and between true and false are difficult to draw; in other contexts—particularly libel doctrine—courts have therefore imposed increasing burdens on those entities, whether private or governmental, who would penalize defendants for speech that is deemed harmful because it is deemed false. As the Supreme Court makes it more difficult to prohibit truthful commercial speech, then, one likely consequence is an increased burden of proof on determinations that specific instances of commercial speech are false or misleading.

## II. BACKGROUND: FALSE ADVERTISING

In *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*,<sup>13</sup> the Supreme Court held that the First Amendment protects commercial speech because such speech has informational value for people trying to make decisions about how to live and even informs opinions on political issues.<sup>14</sup> Increasingly, the Court has justified protection for commercial speech with reference to the speaker's interests, but I will focus here on the value of the speech to the recipient. Recipient-focused theories should allow more regulation of speech than speaker-focused theories, given that recipient-focused theories do not consider the commercial speaker to have a distinct autonomy interest in speaking about its

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trademark infringement law as a specific type of false advertising.

10. See *Joseph Burstyn, Inc. v. Wilson*, 343 U.S. 495, 502 (1952) (holding that expression by means of a motion picture is protected under the First Amendment).

11. See, e.g., Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1710–15 (1999) (arguing that courts should not construe the Lanham Act as a broad anti-copying statute partly because some commercial uses of a trademark are important in societal discourse). For an interesting exception, see Lisa P. Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1098–1101 (2003), in which she argues that current protections for descriptive marks with secondary meaning conflict with First Amendment rights.

12. See Lanham Act, ch. 540, sec. 1, 60 Stat. 427 (1946) (current version at 15 U.S.C. § 1125(a) (2000)).

13. 425 U.S. 748 (1976).

14. See *id.* at 763 (“As to the particular consumer’s interest in the free flow of commercial information, that interest may be as keen, if not keener by far, than his interest in the day’s most urgent political debate.”).

products.<sup>15</sup>

Despite a number of recent cases striking down specific regulations,<sup>16</sup> commercial speech remains less protected than political speech. Regulations of truthful commercial speech may be suspect, but the Supreme Court tolerates far more incidental interference with commercial speech than with political speech. For example, commercial speakers have an interest in being allowed to communicate truthful information of their own choosing, but no First Amendment interest in keeping silent about any other facts, even if they are inconvenient.<sup>17</sup> Disclosure requirements raise the cost of speaking and may distract from the commercial speaker's intended message. Nonetheless, because the ultimate interest to be furthered is that of disseminating truthful information, and because the Court has given little weight to arguments that truthful commercial speech can be chilled by suppression of untruthful or misleading speech, the distortions produced by disclosure requirements are not of constitutional magnitude.

The Court's tight focus on freeing truthful commercial speech goes back to the test articulated in *Central Hudson*, which has been much criticized but never successfully replaced. The test has four parts: (1) truthful, nonmisleading speech may be regulated when (2) the regulation serves a substantial government interest, (3) the regulation directly advances that government interest, and (4) the regulation is no more extensive than necessary.<sup>18</sup> The government bears the burden of proof,<sup>19</sup> which cannot be satisfied "by mere speculation or conjecture; rather, a governmental body seeking to sustain a restriction on commercial speech must demonstrate that the harms it recites are real and that its restriction will in fact alleviate them to a material degree."<sup>20</sup> One odd thing about the *Central Hudson* test is that a regulation will be sustained if it meets all four prongs of the test, *or* if it fails the first prong—that is, if it deals with false or misleading commercial speech.

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15. See, e.g., Robert Post, *Transparent and Efficient Markets: Compelled Commercial Speech and Coerced Commercial Association in United Foods, Zauderer, and Abood*, 40 VAL. U. L. REV. 555, 559 (2006) ("Commercial speech receives diminished constitutional protection because '[t]he First Amendment's concern for commercial speech is based on the informational function of advertising.'" (quoting *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 563 (1980))).

16. See, e.g., *Thompson v. W. States Med. Ctr.*, 535 U.S. 357, 360 (2002) (finding unconstitutional an FDA regulation that prohibited manufacturers from advertising compound drugs).

17. See *Zauderer v. Office of Disciplinary Counsel*, 471 U.S. 626, 651 (1985) ("Because the extension of First Amendment protection to commercial speech is justified principally by the value to consumers of the information such speech provides, . . . [a speaker's] constitutionally protected interest in *not* providing any particular factual information in his advertising is minimal." (citing *Va. State Bd. of Pharmacy*, 425 U.S. at 764)).

18. *Central Hudson*, 447 U.S. at 566.

19. See, e.g., *Rubin v. Coors Brewing Co.*, 514 U.S. 476, 487 (1995) ("[T]he Government carries the burden of showing that the challenged regulation advances the Government's interest 'in a direct and material way.'" (quoting *Edenfield v. Fane*, 507 U.S. 761, 767 (1993))); *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 71 n.20 (1983) ("The party seeking to uphold a restriction on commercial speech carries the burden of justifying it." (citing *Central Hudson*, 447 U.S. at 570-71)).

20. *Edenfield*, 507 U.S. at 770-71 (citing cases discussing the government's burden).

In the latter case, the government may simply ban the speech.<sup>21</sup> The government may regulate commercial speech that is “not provably false, or even wholly false, but only deceptive or misleading” to keep “the stream of commercial information flow[ing] cleanly as well as freely.”<sup>22</sup>

For years, courts and commentators have assailed the Supreme Court’s commercial speech jurisprudence as incoherent at best and anathema at worst. The controversy, however, has focused on the second through fourth elements. On the threshold issue of how one determines truth for constitutional purposes, the Supreme Court has been all but silent, and the academic literature generally little better.<sup>23</sup>

The Supreme Court has been most attentive to the line between true speech and false or misleading speech in the context of regulating advertising for professional services,<sup>24</sup> a field in which it probably has reason to feel more comfortable assessing the likelihood of deception than in other areas. For example, in *Ibanez v. Florida Department of Business & Professional Regulation*,<sup>25</sup> the Court stated that the government may not assert that commercial speech is “potentially misleading” to ban it; rather, the government must prove that the speech is actually or inherently misleading.<sup>26</sup>

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21. As Robert Post points out, misleading speech might be commercial speech that can be regulated, or it might instead be excluded from the category of “commercial speech” and entirely outside the First Amendment’s coverage, much like contract law and warranties presently. See Robert Post, *The Constitutional Status of Commercial Speech*, 48 UCLA L. REV. 1, 21 (2000); Schauer, *supra* note 6, at 1183–84.

22. *Va. State Bd. of Pharmacy*, 425 U.S. at 771–72.

23. See, e.g., Daniel E. Troy, *Advertising: Not “Low Value” Speech*, 16 YALE J. ON REG. 85, 130 (1999) (“In most applications of *Central Hudson*, the first and second prongs of the test are not at issue. The first prong, concerning whether the speech involves a lawful activity and is not misleading, is generally uncontroversial.”). There are a few exceptions in the literature of false advertising law, but essentially nothing in the literature of trademark. See, e.g., Lillian R. BeVier, *Competitor Suits for False Advertising Under Section 43(a) of the Lanham Act: A Puzzle in the Law of Deception*, 78 VA. L. REV. 1, 22–25 (1992) (describing judicial discretion in interpreting what constitutes false advertising under the Lanham Act); Martin H. Redish, *Product Health Claims and the First Amendment: Scientific Expression and the Twilight Zone of Commercial Speech*, 43 VAND. L. REV. 1433, 1454–56 (1990) (describing situations where government regulation of a product’s health claims might or might not deserve First Amendment protection); Troy, *supra*, at 130 (“One troubling question that does arise . . . is the breadth of the government’s power to restrict speech on the grounds that it is ‘misleading.’”).

24. See, e.g., *In re R.M.J.*, 455 U.S. 191, 202 (1982) (“The public’s comparative lack of knowledge, the limited ability of the professions to police themselves, and the absence of any standardization in the ‘product’ renders advertising for professional services especially susceptible to abuses that the States have a legitimate interest in controlling.”); see also Alex Kozinski & Stuart Banner, *Who’s Afraid of Commercial Speech?*, 76 VA. L. REV. 627, 630 (1990) (“Lawyer advertising, initially an area covered by mainstream commercial speech jurisprudence, became the subject of so many cases that it developed into its own distinct area of common law. . . . At present, the law of attorney advertising has grown to such an extent that it has been able to seal itself off from its roots in first amendment theory . . .”).

25. 512 U.S. 136 (1994).

26. See *id.* at 146 (“[The government’s] burden [is] to ‘demonstrate that the harms it recites are real and that its restriction will in fact alleviate them to a material degree.’” (quoting *Edenfield v. Fane*, 507 U.S. 761, 771 (1993))); see also *In re R.M.J.*, 455 U.S. at 203 (holding that state regulators could

The Court left itself much room for maneuver by indicating that some speech is “inherently” misleading without explaining how that category should be defined. Sometimes the Court has approved broad prophylactic rules against whole categories of commercial speech, such as in-person solicitation by a lawyer that is “inherently” likely to involve deception or other misconduct.<sup>27</sup> By contrast, *Peel v. Attorney Registration & Disciplinary Commission*<sup>28</sup> held that, when lawyers’ statements about their certifications and specializations could confuse clients, the state could require a disclaimer or could screen certifying organizations, but could not “completely ban statements that are not actually or inherently misleading,”<sup>29</sup> again without explaining how to determine misleadingness.

The most we know is that, unsurprisingly, the lawyers on the Court favor more words rather than fewer—the Court’s preferred cure for incomplete or unqualified claims is more disclosure.<sup>30</sup> In another lawyer advertising case, the Court held that government “may not place an absolute prohibition on certain types of potentially misleading information . . . if the information also may be presented in a way that is not deceptive.”<sup>31</sup> Yet even that knowledge is uncertain; the Court has also said that “there is no First Amendment rule . . . requiring a State to allow deceptive or misleading commercial speech whenever the publication of additional information can clarify or offset the effects of the spurious communication.”<sup>32</sup> Moreover, the academic research on disclosures and disclaimers reveals that they are rarely effective when the main message of an ad is confusing or misleading.<sup>33</sup> Even disclaimers that are, on their face, clear and unambiguous rarely affect consumer

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ban commercial speech “when the particular content or method of the advertising suggests that it is inherently misleading or when experience has proved that in fact such advertising is subject to abuse”).

27. *Ohralik v. Ohio State Bar Ass’n*, 436 U.S. 447, 464 (1978).

28. 496 U.S. 91 (1990).

29. *Id.* at 110.

30. *See* *Bates v. State Bar*, 433 U.S. 350, 375 (1977).

31. *In re R.M.J.*, 455 U.S. at 203; *see also id.* (suggesting that the state should require a disclaimer or disclosure as its first choice of remedy for deception).

32. *Friedman v. Rogers*, 440 U.S. 1, 12 n.11 (1979); *see also Ohralik*, 436 U.S. at 449, 466 (holding that a state could ban in-person solicitation for profit “under circumstances likely to pose dangers that the State has the right to prevent” without showing actual harm to a particular client, and a broad rule was acceptable because the dangers would materialize often, perhaps “more often than not”).

33. *See, e.g.*, Alan R. Andreasen, *Consumer Behavior Research and Social Policy*, in HANDBOOK OF CONSUMER BEHAVIOR 459, 482–83 (Thomas S. Robertson & Harold H. Kassarian eds., 1991) (arguing that consumers do not often use disclaimers in making decisions); Jacob Jacoby & George J. Szybillo, *Why Disclaimers Fail*, 84 TRADEMARK REP. 224, 226 (1994) (listing reasons, including inattention and information overload, why consumers may not receive messages that sellers direct at them); Cornelia Pechmann, *Do Consumers Overgeneralize One-Sided Comparative Price Claims, and Are More Stringent Regulations Needed?*, 33 J. MARKETING RES. 150, 157 (1996) (finding that even disclosures explicitly correcting erroneous inferences about price superiority were ineffective when the test ad also made favorable price comparisons); Comments of the Staff of the Bureau of Economics, the Bureau of Consumer Protection, and the Office of Policy Planning of the FTC, Sept. 13, 2002, at 16, <http://www.ftc.gov/os/2002/09/fdatextversion.pdf> [hereinafter FTC Comments] (“[T]est results suggest that consumers may misconstrue some qualifying disclosures as part of the seller’s promotional message, thereby reinforcing rather than limiting the claim.”).

perceptions in the overall context of advertising or packaging.<sup>34</sup> Worse, disclosures and disclaimers can backfire, conveying precisely the opposite message than intended and reinforcing the original falsehood.<sup>35</sup>

Regulatory skeptics are attracted to the idea that government must prove uncorrectable misleadingness before it can ban speech.<sup>36</sup> One problem with paying attention to what empirically misleads consumers, however, is that consumers are easily misled. In an ad-cluttered world in which it is rational to devote limited time to comprehending and evaluating most ad claims, significant and persistent misunderstanding is widespread—all but universal, in fact.<sup>37</sup> If we took misleadingness seriously, government could ban almost all factual advertising because of the significant potential for misunderstanding of any factual claim.

Because banning factual ads is unlikely undesirable despite the inevitability of some consumer deception, false advertising law has a number of doctrines designed to separate legitimate from illegitimate sources of misunderstanding.<sup>38</sup> These are most developed in the specialized branch of advertising law that is trademark infringement law. Descriptive fair use, which allows competitors to use terms that are literally truthful descriptions of their products even if that generates some confusion with trademarks incorporating those terms, is one such limiting doctrine.<sup>39</sup> Nominative fair use is a related concept allowing commercial use of

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34. See, e.g., Kayla Friedmann, *The Effect of Adding Symbols to Written Warning Labels on User Behavior and Recall*, 30 HUM. FACTORS 507 (1988) (reporting that even when consumers notice disclaimers, they are unlikely to use them); Gita Venkataramani Johar & Carolyn J. Simmons, *The Use of Concurrent Disclosures to Correct Invalid Inferences*, 26 J. CONSUMER RES. 307, 320 (2000) (finding that, because of cognitive processing limitations, “obviously effective disclosures (e.g., those that are encoded, those that are explicit, etc.) are often ineffective”); David W. Stewart & Ingrid M. Martin, *Intended and Unintended Consequences of Warning Messages: A Review and Synthesis of Empirical Research*, 13 J. PUB. POL’Y & MARKETING 1, 10 (1994) (summarizing various studies that found consumers often ignore warning labels even when they read and understand the warnings).

35. See, e.g., FTC Comments, *supra* note 33, at 40 n.68 (“[I]nformation intended to disclose high levels of an undesirable nutrient like saturated fat, often led consumers to believe instead that the food had low or healthy levels of the nutrient.”).

36. See, e.g., *Pearson v. Shalala*, 130 F. Supp. 2d 105, 120 (D.D.C. 2001) (finding unjustified the FDA’s characterization of the health claims at issue in the case as “inherently misleading”).

37. See JACOB JACOBY & WAYNE D. HOYER, *THE COMPREHENSION AND MISCOMPREHENSION OF PRINT COMMUNICATIONS: AN INVESTIGATION OF MASS MEDIA MAGAZINES* 110–12 (1987) (finding that consumers affirmatively misunderstood an average of 19% of messages in magazine ads; no ad correctly conveyed its message to all readers, while only 3 of 1,347 respondents completely understood all four readings on which they were quizzed); JACOB JACOBY, WAYNE D. HOYER, & DAVID A. SHELUGA, *MISCOMPREHENSION OF TELEVISED COMMUNICATIONS* 64–73 (1980) (finding that consumers misunderstood an average of 28.3% of messages in television commercial ads; 81.3% of consumers misunderstood at least some portion of those ads, and no ad was completely understood by every consumer).

38. See, e.g., *Mead Johnson & Co. v. Abbott Labs.*, 209 F.3d 1032, 1034 (7th Cir. 2000) (distinguishing advertising that is misleading from advertising that includes facts that are “susceptible to misunderstanding”).

39. See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

another's trademark to identify the topic of discussion.<sup>40</sup> Other rules allow most forms of comparative advertising using another party's mark,<sup>41</sup> discount confusion that results from pure miscomprehension,<sup>42</sup> and generally deem confusion that affects under 20% of consumers to be below the threshold required to find trademark infringement in the absence of other persuasive evidence of likely confusion.<sup>43</sup> Currently, however, with the exception of nominative fair use, those doctrines exist to balance consumer protection with free competition rather than to implement First Amendment norms. The next section examines trademark infringement law as commercial speech regulation and finds a number of inconsistencies. First Amendment commercial speech doctrine and trademark law cover the same subject matter but make entirely different assumptions about government's role in determining the truth.

### III. TRADEMARK INFRINGEMENT

#### A. *First Amendment Precedents*

The Supreme Court has confronted the First Amendment implications of trademarks only in unusual factual and legal situations, which has not helped it go beyond its inconsistent and shallow treatment of deception in commercial speech cases. In *Friedman v. Rogers*,<sup>44</sup> the Court held that a state law banning the practice of optometry under a trade name was constitutional because the ban furthered the state's interest "in protecting the public from . . . deceptive and misleading" practices.<sup>45</sup> The Court distinguished trade names from the commercial speech it had recently held deserved First Amendment protection.<sup>46</sup> Statements about products or services and their prices are "self-contained and self-explanatory," but trade names have "no intrinsic meaning."<sup>47</sup> Trade names provide no information about price or service until they acquire meaning over time.<sup>48</sup> But the Court offered a false distinction. All words, at least the non-onomatopoeic ones, lack inherent meaning. If a trade name or other mark can convey misleading information, it can also

40. See, e.g., *New Kids on the Block v. News America Publ'g, Inc.*, 971 F.2d 302, 307–09 (9th Cir. 1992) (applying the nominative fair use doctrine to two newspaper polls asking readers to identify their favorite member of a boy band).

41. See, e.g., *August Storck K.G. v. Nabisco, Inc.*, 59 F.3d 616, 618–20 (7th Cir. 1995) (holding that comparative advertising is an acceptable use of a competitor's mark).

42. See, e.g., *Black Dog Tavern Co. v. Hall*, 823 F. Supp. 48, 56 (D. Mass. 1993) (discounting customer confusion of the seller of Dead Dog t-shirts with the Black Dog Tavern); *Inc. Publ'g Corp. v. Manhattan Magazine, Inc.*, 616 F. Supp. 370, 397 (S.D.N.Y. 1985) (dismissing the likelihood of confusion of magazines offering similar content because of sufficiently differing marks), *aff'd*, 788 F.2d 3 (2d Cir. 1986) (table decision).

43. See J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:188 (4th ed. 2007).

44. 440 U.S. 1 (1979).

45. *Id.* at 15.

46. *Id.* at 12–13.

47. *Id.*

48. *Id.*

convey truthful information, depending on the circumstances.

Nonetheless, the Court was certain that the factual (as opposed to emotional or potentially misleading) information associated with a trade name could be communicated directly by advertising price, available services, or the fact of a joint practice.<sup>49</sup> By contrast, the Court feared that trademark associations with price and quality remain ill-defined and could be manipulated by trademark owners, creating a significant possibility that trade names would be used to mislead, for example, by keeping the same name when staff change.<sup>50</sup>

Thus, the Court credited lower courts' findings that Rogers had used a trade name "to convey the impression of standardized optometrical care" even though he did not exercise supervision or control of the services rendered at the various offices using the trade name.<sup>51</sup> Notably, trademark law would find such a mark invalid for abandonment,<sup>52</sup> though that would not stop the offices from using it. The trademark rule suggests a more targeted solution: prohibit use of trade names without quality control.<sup>53</sup> But the Court did not credit that alternative, probably because it was skeptical of the benefits of trade names generally. Even if use of a trade name was not misleading, it would still "facilitate the large-scale commercialization which enhances the opportunity for misleading practices."<sup>54</sup> This apparent opposition to modern industrial practices is part of *Friedman*'s pervasive conflict with trademark's rationale.

Decided before *Central Hudson*, *Friedman* reflects several presumptions that are inconsistent with subsequent commercial speech doctrine and with the dominant theory of efficiency that justifies trademark protection generally, which the Court later endorsed.<sup>55</sup> By treating short-term opportunities to deceive through changes in quality as more important than long-term incentives to provide a consistent product, the Court missed the informational efficiency of trademarks, the ability to encapsulate in a word or image a constellation of qualities. By serving as shorthand, trademarks make it easier for consumers to recognize the goods and services they want. The rule in *Friedman* required longhand, and the result was, at least

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49. *See id.* at 16.

50. *See id.* at 12–13. A shady optometrist can use a new trade name if negligence or misconduct tarnishes the old one, or he can use different trade names for multiple shops to "give the public the false impression of competition among the shops." *Id.* at 13.

51. *Id.* at 14.

52. *See, e.g., Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 871 (10th Cir. 1995) (citing lack of control as evidence of abandonment).

53. *See id.*

54. *Friedman*, 440 U.S. at 15.

55. *See Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163–64 (1995) ("In principle, trademark law, by preventing others from copying a source-identifying mark, 'reduce[s] the customer's costs of shopping and making purchasing decisions,' for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby 'encourage[s] the production of quality products,' and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale." (citations omitted)).

according to standard trademark theory, information that was more difficult to process, meaning that consumers had more difficulty satisfying their preferences.<sup>56</sup> Under *Virginia State Board of Pharmacy*, disallowing trade names as shorthand is a harm to free circulation of relevant information in the marketplace—here the information that optometric services *can* be standardized and provided at consistent quality across offices.

In its only return to analyzing the relationship between trademark law and free speech, *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*,<sup>57</sup> the Court stated that trademark laws that “regulat[e] confusing uses” of marks are constitutional because the government “may regulate ‘deceptive or misleading’ commercial speech.”<sup>58</sup> That reasoning, combined with the idea that trademarks are valuable property, ended the inquiry. There is no free speech right to use another’s property, at least when there are adequate alternative channels for the defendant-speaker to use to convey its message. Lower courts have explicitly applied similar property reasoning to ordinary trademarks,<sup>59</sup> though the Supreme Court addressed itself only to the special laws protecting the Olympic marks. For example, the Second Circuit found that a pornographic film did not need to use the Dallas Cowboys cheerleaders’ trademarks when it could have depicted a fictional team instead.<sup>60</sup>

The property argument is entirely unimpressive with respect to noncommercial, expressive uses. It is dangerous to let legislatures or common law define intangibles as “property” to fend off First Amendment challenges. A reputation can be called property as easily as a trademark—indeed, they are much the same thing—and yet libel law is pervasively constrained by the First Amendment.

Property concepts are perhaps more persuasive with respect to commercial uses

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56. The best defense of the Court’s reasoning might be that personal services like optometry cannot be provided consistently by a large company, but trademark law does not make this distinction, and even so that would mean *Friedman* had no bearing on First Amendment claims for trademarks in mass-market goods or services, like Starbucks coffee.

57. 483 U.S. 522 (1987).

58. *Id.* at 535 n.12 (quoting *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 771). The law at issue in *San Francisco Arts & Athletics* was not an ordinary trademark law, but whether the United States Olympic Committee (USOC) could ban any unauthorized use of the term “Olympic” for, among other things, nonprofit sports competitions. *Id.* at 524–25. The Court found that “Congress reasonably could conclude that most commercial uses of the Olympic words and symbols are likely to be confusing. It also could determine that unauthorized uses, even if not confusing, nevertheless may harm the USOC by lessening the distinctiveness and thus the commercial value of the marks.” *Id.* at 539. With respect to the specific use of the term to promote the Gay Olympics, the court found the possibility of confusion “obvious.” *Id.* The Court, nonetheless, did not directly engage the first prong of *Central Hudson*, and thus did not say that *possible* confusion satisfies the “false or misleading” test. Instead, the Court applied the O’Brien test for evaluating content-neutral regulations. *See id.* at 535–37 & 537 n.16 (citing *United States v. O’Brien*, 391 U.S. 367 (1968)).

59. *See, e.g.*, *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987) (quoting *Lloyd Corp. v. Tanner*, 407 U.S. 551, 567 (1972) (declaring that the insurance company’s trademarks were property and protected from use “where adequate alternative avenues of communication exist”).

60. *See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979).

that seek to use a term to attract consumers in the same way as the trademark owner does. The adequate alternative channels concept has some echoes within trademark doctrine, which looks to whether a term is necessary for competition to see whether it should be regarded as generic (and thus unprotectable as a trademark), descriptive (and thus protectable only to the extent that consumers learn to see it as an indicator of source), suggestive, arbitrary, or fanciful. Even so, the label “property” does not solve boundary problems—for example, whether trademark rights should bar a defendant’s use of a mark on noncompeting goods. In the past, courts using property rhetoric for trademarks limited that property right to actual sales diversion, but now trademark rights extend whenever consumers are likely to perceive an association between producers, even without competition.<sup>61</sup>

*Friedman* and *San Francisco Arts & Athletics*, as others have noted, are out of line with the Court’s more recent treatment of commercial speech as having substantial value.<sup>62</sup> As the Court held in *Edenfield v. Fane*,<sup>63</sup> to sustain a regulation of nonmisleading speech, the government “must demonstrate that the harms it recites are real.”<sup>64</sup> If the government can avoid that requirement by simply asserting that the harm is that the speech is misleading, hardly any protection for commercial speech will be left. It is easy to recast a concern about the persuasive effects of speech as a concern that the speech misleads consumers by obscuring the relevant facts. Despite that, the Court accepted blanket legislative judgments in both *Friedman* and *San Francisco Arts & Athletics*. Lower courts have consistently followed the same cursory analysis with respect to traditional trademark infringement: confusing uses are misleading and therefore may be enjoined without consideration of First Amendment interests.<sup>65</sup> The only exceptions involve creative works such as music and movies, whose uses of marks sometimes lead courts to invoke free speech concerns.<sup>66</sup>

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61. See Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. (forthcoming 2007).

62. See *Friedman v. Rogers*, 440 U.S. 1, 25 (Blackmun, J., dissenting); Robert N. Kravitz, *Trademarks, Speech, and the Gay Olympics Case*, 69 B.U. L. REV. 131, 166–67 (1989).

63. 507 U.S. 761 (1993).

64. *Id.* at 770–71.

65. See, e.g., *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1297 (9th Cir. 1992) (finding that misleading commercial speech may be restricted without violating the First Amendment (citing *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1022 (9th Cir. 1985))); *Kelley Blue Book v. Car-Smarts, Inc.*, 802 F. Supp. 278, 291 (C.D. Cal. 1992); see also, e.g., Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 WIS. L. REV. 158, 165–66 (1982) (“Reliance on the confusion rationale as the primary basis of liability has effectively insulated traditional trademark doctrine from constitutional attack.”); Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147, 221 (1998) (“The strongest constitutional justification for trademark laws is that, properly construed, they prevent only commercial speech that is likely to cause consumer confusion, and that false or misleading commercial speech can be restricted.”).

66. See, e.g., *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 902 (9th Cir. 2002) (holding that reference to marks in a song title is protected by the First Amendment so long as the “title clearly is relevant to the underlying work,” and “does not explicitly mislead as to the source of the work”); *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group, Inc.*, 886 F.2d 490, 495 (2d Cir. 1989) (“[T]he

B. *Application in More Conventional Trademark Cases*

1. *The Problem of Partially Useful Information*

Even conceding that protecting consumers against deception as to source is a compelling government interest,<sup>67</sup> many of trademark law's core presumptions would disappear if the field were subject to the same analysis as other kinds of commercial speech regulations. In *Zauderer*, for example, the Supreme Court suggested that the First Amendment requires that government interventions into the commercial speech market be minimal—disclaimers and disclosures are preferred alternatives to suppressing speech.<sup>68</sup> Although the Second Circuit briefly flirted with using disclaimers to avoid consumer confusion caused by similar trademarks, disclaimers are not the default remedy in infringement cases, as they would be if courts applied commercial speech doctrine.<sup>69</sup>

The deeper conflict between trademark law and the modern First Amendment is that information is rarely completely helpful or completely misleading. The idea that prohibitions on fraud improve the information environment depends on truth and falsity being pure binaries. Many trademark (and false advertising) cases, however, are more complicated. A mark may convey useful information to some while misleading others. Eliminating a use that misleads 15% of consumers but helps 30% of consumers may make the market less efficient overall, whereas an

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expressive element of parodies requires more protection than the labeling of ordinary commercial products.”); *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989) (holding that the Lanham Act applies “to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression”).

67. Though it may not be compelling, if the goods or services are of equal quality. Judge Kozinski, who supports full constitutional protection for commercial speech, nonetheless describes trademark infringement as “essentially a fraud on the consuming public” and thus enjoined without concern for the First Amendment. *Mattel*, 296 F.3d at 905. But others have argued that there is no public interest in prohibiting misrepresentations that do not affect the physical quality of a product or service since consumers suffer no material loss. *See, e.g., Kasky v. Nike, Inc.*, 45 P.3d 243, 280 (Cal. 2002) (Brown, J., dissenting) (“A blanket prohibition of false or misleading representations [that are unrelated to the characteristics of the product] would be unconstitutional because the prohibition may stifle the ability of businesses to comment on public issues.”); *cf. Int'l Dairy Foods Ass'n v. Amestoy*, 92 F.3d 67, 74 (2d Cir. 1996) (finding “consumer curiosity” is an insufficient justification to override businesses’ First Amendment interests in not disclosing that their milk came from cows given certain hormones). Not getting what you want while still getting the benefit of your bargain can be seen as a psychic harm that cannot count in a First Amendment analysis.

68. *Zauderer v. Office of Disciplinary Counsel*, 471 U.S. 626, 651 (1985) (finding that “because disclosure requirements trench much more narrowly on an advertiser’s interests than do flat prohibitions on speech, ‘warning[s] or disclaimer[s] might be appropriately required . . . in order to dissipate the possibility of consumer confusion or deception.” (quoting *In re R.M.J.*, 455 U.S. 191, 201 (1982))).

69. *See Rogers v. Grimaldi*, 875 F.2d 994, 1001 n.9 (2d Cir. 1989) (avoiding the question of whether a disclaimer cured an otherwise deceptive title where the court found the public interest in free expression was not outweighed by the public interest of avoiding consumer confusion).

injunction would be justified if the percentages were reversed.<sup>70</sup>

The problem may be easiest to see for descriptive terms that have acquired secondary meaning. For example, Park ‘n Fly is the name of an airport parking lot, which conveys information about the seller’s services but may also serve as an indicator of a specific source. If another parking lot advertises “Park and Fly!” many consumers will get useful information, but many others may assume that the lot is a branch of the Park ‘n Fly chain. Similar instances in which some consumers are informed and others are misled can occur with resale of used goods that may differ from the factory-original product, or sale of new products which advertise truthfully that they incorporate other trademarked goods, in which case some consumers may believe that the trademark owner endorses the new product. Comparative advertising or claims that “If you like X®, you’ll love Y” can help some consumers make informed choices between competitors while leading others to conclude that a favorite brand has a new product available.<sup>71</sup>

The problem of suppressing partially useful information exists independent of whether there is any chilling effect from the existence of government regulation and competitor lawsuits. But of course chilling effects do exist. A reseller’s fear of being sued by the original manufacturer, a competitor’s fear that *Health Selections* frozen dinners will motivate a lawsuit by *Healthy Choice*, and similar reasonable apprehensions are likely to deter the adoption and use of marks in contexts where they would inform some consumers. This chilling effect is increased because a defendant’s good faith belief that marks are not confusing, founded in a study of the relevant market and a trademark search, is insufficient to avoid liability if a court disagrees with the defendant’s evaluation.

A trademark owner’s ability to deter competitors’ truthful, useful commercial speech is not the same thing as the ability to suppress political speech. But if it is true that commercial speech is as relevant and vital to modern citizens as political speech, then suppressing competition is analogous to silencing political opponents and certainly merits skepticism. Like partisan officials deciding which political speech to pursue, trademark owners may see harm where there is only competition. The paradoxical consequence of this is that infringement law is most dangerous, from the perspective of commercial speech doctrine, at its core—as applied between competitors. That is, a plaintiff’s motives are most likely to include the

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70. See generally Lillian R. BeVier, *Competitor Suits for False Advertising Under Section 43(a) of the Lanham Act: A Puzzle in the Law of Deception*, 78 VA. L. REV. 1, 20–21, 42–43 (1992) (suggesting that victims of false advertising in the industry prefer damage remedies over injunctive relief, whereas victims of trademark infringement need injunctive relief since reputational harm is more difficult to estimate than loss of sales alone). Injunctive relief as a mechanism for trademark protection is generally more justified. See *id.* at 20–21.

71. In cases in which the defendant’s use of a mark conveyed information to some consumers, the First Amendment argument for required disclaimers is strongest. In such cases, a simple injunction against use deprives the nonconfused market participants, who may well be the majority of consumers, of valuable information about the goods. Commercial speech doctrine requires the government to try a more moderate solution than total suppression. See *Zauderer*, 471 U.S. at 651 (“[W]arning[s] or disclaimer[s] might be appropriately required. . . in order to dissipate the possibility of consumer confusion or deception.”).

desire to suppress truthful speech when it sues a competitor.

## 2. *Problems in Determining Deception: Who Decides?*

Separately, the consequences of rigorous commercial speech protection for federal trademark registration, which is a governmentally conferred benefit that provides many advantages in enforcement, could be dramatic.<sup>72</sup> Registration of deceptive marks is barred by the Lanham Act along with scandalous or disparaging marks.<sup>73</sup> But the United States Patent and Trademark Office (PTO) uses limited evidence to make a deceptiveness determination and has no particular expertise in assessing consumer behavior or understanding. A recent case, *Piazza's Seafood World, LLC v. Odom*,<sup>74</sup> suggests the potential effects of robust commercial speech protection on the overall trademark system. The plaintiff sold Chinese-farmed catfish under the trade names "Cajun Boy" and "Cajun Delight" and imported 99% of its products from overseas.<sup>75</sup> Louisiana's "Cajun Statute" provided, "No person shall advertise, sell, offer or expose for sale, or distribute food or food products as 'Cajun', 'Louisiana Creole', or any derivative thereof unless the food or food product [was] produced, processed, or manufactured in Louisiana . . . ."<sup>76</sup>

The court of appeals agreed with the district court that "Piazza's use of the 'Cajun Boy' and 'Cajun Delight' trade names was only potentially misleading, not actually or inherently misleading, because Piazza largely sells its products to wholesalers and it labels its products with their country of origin."<sup>77</sup> The judges presumably deemed wholesalers to be sophisticated and attentive to country-of-origin labeling. Though the state's interest in preventing deception was substantial, the statute went further than necessary to serve that interest because there was no

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72. The current statutory provision for refusing registration on grounds of scandalousness or disparagement in 15 U.S.C. § 1052(a) is particularly hard to reconcile with *Central Hudson's* protection for truthful, nonmisleading commercial speech. See, e.g., Theodore H. Davis, Jr., *Registration of Scandalous, Immoral, and Disparaging Matter Under Section 2(a) of the Lanham Act: Can One Man's Vulgarity Be Another's Registered Trademark?*, 54 OHIO ST. L.J. 331, 345-47 (1993) (providing examples of marks refused for registration because of their scandalous nature); Llewellyn Joseph Gibbons, *Semiotics of the Scandalous and the Immoral and the Disparaging: Section 2(a) Trademark Law After Lawrence v. Texas*, 9 MARQ. INTELL. PROP. L. REV. 187, 231 (2005) (arguing that "section 2(a) violates the First Amendment rights of those who wish to use scandalous or immoral marks in the course of their commercial enterprises"); Jeffrey Lefstin, Note, *Does the First Amendment Bar Cancellation of REDSKINS?*, 52 STAN. L. REV. 665, 677-79 (2000) (suggesting that, because denial of registration for scandalous and disparaging marks reduces the financial value of the marks, First Amendment scrutiny should be applied to section 2(a) to protect forms of expression that may be discouraged by financial disincentives).

73. Trademark Act of 1946 (Lanham Act), Pub. L. No. 79-489, 60 Stat. 428, amended by Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4982 (1994) (codified at 15 U.S.C. § 1052(a) (2000)).

74. 448 F.3d 744 (5th Cir. 2006).

75. *Id.* at 747.

76. *Id.* at 747 & n.7.

77. *Id.* at 753.

actual deception in this case.<sup>78</sup> As a result, the law, as applied to the plaintiff, flunked the test set forth in *Central Hudson*.<sup>79</sup>

The reason this case deserves attention from trademark scholars is that the Lanham Act and coordinate state laws do not distinguish between potentially and inherently misleading commercial speech. Imagine what would happen if the plaintiff sought to register its “Cajun Boy” mark and was denied using the PTO’s test for deceptiveness, which does not require the examiner to show actual deception.<sup>80</sup> Under the Fifth Circuit’s reasoning, the plaintiff would have a First Amendment right to the benefits of federal registration.

Another recent case, this one featuring an opinion by one of the nation’s most highly respected judges, illustrates the serious institutional questions raised by administrative determinations of falsity—mainly, though, by dodging those questions. In *Native American Arts, Inc. v. Waldron Corp.*,<sup>81</sup> Judge Posner analyzed the Indian Arts and Crafts Act (IACA),<sup>82</sup> which bans selling a product “‘in a manner that falsely suggests it is . . . an Indian product.’”<sup>83</sup> The court of appeals reversed a district judge’s determination that the IACA, as interpreted by the Indian Arts and Crafts Board (part of the Department of the Interior), was an unconstitutional regulation of commercial speech.<sup>84</sup> If the district judge had been correct, the court of appeals concluded, then trademark law as a whole would also be unconstitutional—a proposition so ludicrous that to state it was to refute it.<sup>85</sup>

This apparently easy victory for trademark infringement and cognate offenses, however, did not end the court’s analysis. Rather, the court went on to address the merits of the Indian Arts and Crafts Board’s interpretation of the IACA as prohibiting “the unqualified use of the term ‘Indian’ or . . . of the name of an Indian tribe . . . in connection with an art or craft product” on products not made by an Indian, as defined by the law.<sup>86</sup> First, the court suggested that government regulation could determine what was true or false about Indian arts and crafts:

In effect the regulation *makes* “Indian” the trademark denoting products made by Indians, just as “Roquefort” denotes a cheese manufactured from sheep’s milk cured in limestone caves in the Roquefort region of France. A non-Indian maker of jewelry designed to look like jewelry made by Indians is free to advertise

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78. *Id.*

79. *Id.*

80. 15 U.S.C. § 1052(d) (2000) (mark not registrable if “likely . . . to cause confusion, or to cause mistake, or to deceive”). An actual deception requirement would be difficult, especially in the context of intent-to-use applications. Even with marks used in commerce, the PTO lacks the resources to conduct a survey on consumer perceptions of a mark.

81. 399 F.3d 871 (7th Cir. 2005).

82. Indian Arts and Crafts Act of 1990, Pub. L. No. 101–644, 104 Stat. 4662 (codified as amended at 25 U.S.C. §§ 305–10 (2000)).

83. *Native American Arts*, 399 F.3d at 873 (quoting § 305e(a)).

84. *Id.* at 873–74.

85. *Id.* at 873.

86. *Id.* at 873 (quoting 25 C.F.R. § 309.24(a)(2) (2006)).

the similarity but if he uses the word “Indian” he must qualify the usage so that consumers aren’t confused and think they’re buying not only the kind of jewelry that Indians make, but jewelry that Indians in fact made. There is no constitutional infirmity.<sup>87</sup>

This language suggests significant government power over meaning, at least within reasonable bounds.<sup>88</sup> But Judge Posner then retreated substantially from this holding, ruling that the Board’s regulation did not control the meaning of the law for a private lawsuit.<sup>89</sup> Instead, the question of whether any particular use of “Indian” or tribal names was deceptive had to be submitted to the factfinder.<sup>90</sup> The Board lacked authority to determine what constitutes false advertising and particularly lacked expertise over what consumers—presumably non-Indian consumers—were likely to think when they saw advertising material.<sup>91</sup> Thus, the court affirmed the jury’s finding that a non-Indian artist had not violated the IACA by producing “Indian-style jewelry that is advertised under such names as ‘Navajo,’ ‘Crow,’ ‘Southwest Tribes,’ and ‘Zuni Bear’ and sold with tags that give information about the tribe.”<sup>92</sup> This finding is dubious on the merits—it is hard to see how other information provided with the jewelry could have dispelled the obvious implication of Indian manufacture, especially when there was no explicit disclaimer—but more importantly, the court’s conclusion retreats from the idea that some speech is simply *inherently* false or misleading.

The holding that a factfinder must determine likely deception in every individual case seems consistent with much First Amendment jurisprudence. But it is also a guarantee of costly litigation and increases the likelihood that misleading speech will be excused, putting the burden of error on the producers of actual Indian-made jewelry. Moreover, even if courts borrow from defamation jurisprudence, they need not require totally individualized determinations—defamation law recognizes some false statements as defamatory *per se*, requiring no further proof of damage. Likewise, legislatures could determine that certain words or phrases actually have a particular meaning, and that if they are

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87. *Id.* at 873–74 (emphasis added) (citation omitted).

88. One is reminded of Humpty Dumpty’s statement, “When *I* use a word . . . it means just what I choose it to mean—neither more nor less.” LEWIS CARROLL, *THROUGH THE LOOKING-GLASS AND WHAT ALICE FOUND THERE* (1896), reprinted in *MORE ANNOTATED ALICE* 253 (Martin Gardner ed., Random House 1990). Humpty’s statement is legitimate if he was trying to allow himself room to revise and alter his meaning at will without transparency to the people to whom he was speaking. By contrast, the Board’s regulation—like countless definitions found in regulatory schemes—is an attempt to clarify and stabilize meaning. In either case, “[t]he question is . . . which [person] is to be master.” *Id.* But it is the government’s ability to make clear and consistent rules that justifies its asserted mastery over meaning.

89. See *Native American Arts*, 399 F.3d at 874.

90. *Id.* at 874–75.

91. See *id.* at 874. (“The meaning of ‘Indian product’ is plausibly within the scope of knowledge of an Indian Arts and Crafts Board—but not the requisites for proving consumer confusion, especially when it is not Indians, but non-Indians, who are the principal consumers of faux Indian products . . .”).

92. *Id.* at 873, 876.

used differently, that is deceptive. Such rules can even have useful information-producing effects; consider the utility of having a uniform measure of how many miles a car gets per gallon, or how much “tar” is in a cigarette—both of which make comparisons easier for consumers than competing definitions. If the meaning of “Cajun” or “Indian” is up for debate, then consumers have to invest more in learning the meaning of those terms as used in each individual case, or risk deception.

*Native American Arts* highlights two other important aspects of the constitutionalization of trademark law. First, casting the IACA as a variant of ordinary trademark law narrows the interests sought to be protected, meaning that only consumer protection (and derivative protection for producers deemed authentic by the law) justifies the law.<sup>93</sup> Protections for Native American cultural heritage are lost, even though cultural protection was a major reason for enacting the IACA.<sup>94</sup> Cultural protection justifications could broaden *and* narrow the IACA in various ways, for example, by barring claims of authenticity for art produced by members of one tribe that imitates the traditional style of another tribe, but at the same time allowing claims of authenticity by Indian artisans who are not members of an enrolled tribe.<sup>95</sup> This is part of a broader dynamic that encourages a regulation’s defenders to define their goal as avoiding falsity, since that is the only aim for which current First Amendment commercial speech doctrine has any sympathy.

Second, to the extent that courts question the constitutionality of trademark law, they are more likely to do so in the context of laws that regulate the use of specific words—as was evident in *Native American Arts*. Government involvement in shaping the marketplace of speech seems much more salient when lawmakers have evaluated the deceptive potential of a particular word or set of words. In this regard, the trademark-like cases are similar to cases in which courts have struck down FDA rules about what health claims advertisers can make about supplements and drugs; there too, the courts have second-guessed agency determinations about deceptiveness, without questioning the idea that false advertising law in general is plainly constitutional.<sup>96</sup>

The relatively greater suspicion courts reserve for administrative and legislative determinations about specific falsehoods indicates that the common law retains its persuasive pull as a baseline for regulating deceptive speech. But why is a jury verdict, which may be based on far less evidence than that available to a legislative

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93. See Jennie D. Woltz, Note, *The Economics of Cultural Misrepresentation: How Should the Indian Arts and Crafts Act of 1990 Be Marketed?*, 17 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 443, 476–78 (2007) (comparing the IACA to trademark law and concluding that the IACA protects consumer interest at the expense of cultural heritage interests).

94. See *id.* at 476–77 (arguing that the IACA has failed to protect cultural heritage).

95. See *id.* at 478–79 (arguing that the IACA’s definition of authentic may be both over- and under-inclusive).

96. See *Pearson v. Shalala*, 164 F.3d 650, 660 (D.C. Cir. 1999) (rejecting the FDA’s determination that certain supplement claims were inherently misleading); *Wash. Legal Found. v. Henney*, 128 F. Supp. 2d 11 (D.D.C. 2000) (suggesting that much of the FDA regulation of health claims disseminated to doctors by drug companies could be unconstitutional).

body, more trustworthy than a legislative body's determination that a term is deceptive? A jury represents and defines government power, as First Amendment doctrines about other private causes of action recognize.

To date, uncertainties in determining falsity have largely been avoided in the private lawsuit context by accepting the factfinder's determination of likely deception, ignoring error costs, and presuming irreparable harm to the trademark owner when the factfinder decides that confusion is likely. These are not satisfactory solutions from the perspective of First Amendment doctrine because they do not address the commercial speech distinction between potentially misleading and actually misleading. One could argue that "actually misleading" speech can be identified through a consumer survey or anecdotal evidence from confused consumers. Even that would require a serious disruption of the current test for infringement, which is whether confusion is "likely" and which does not require evidence of actual confusion for a plaintiff to prevail.<sup>97</sup> Nor does commercial speech doctrine have anything like trademark's numerical threshold, in which confusion among a minority of consumers (around 20% in many cases) is enough to enjoin a defendant's use even if the majority of consumers get relevant information from the use.

One possibility suggested by the lawyer regulation cases is that the difference between inherently misleading speech and potentially misleading speech in First Amendment doctrine is whether further disclosures can correct the misleading implications of the challenged speech. If that is the distinction, however, then consumer surveys are not useful to show actual misleadingness unless they also show that a disclaimer fails to correct the problem. Most surveys do not show "inherent" deception because they do not test disclaimers.

### C. *Final Note on Intent*

Another big problem with trademark law from the perspective of mainstream First Amendment doctrine involves the role of intent. Historically, "passing off" involved deliberate deception by a competitor, although "the intent [to deceive] could be inferred from the circumstances."<sup>98</sup> This requirement disappeared relatively early in the history of trademark law, but the trend in First Amendment-governed doctrines such as libel (including trade libel and product disparagement) has been the opposite. Some degree of fault—at least negligence—is generally

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97. See, e.g., *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986) (actual confusion is unnecessary to find infringement).

98. Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 565–66 (2006). Trademark historically also used a property theory, granting exclusive rights in arbitrary or fanciful marks (known as technical trademarks) that had no relevance to the product before a seller adopted them. *Id.* at 567–72. Infringement of technical trademarks did not require proof of fraudulent intent because it was a violation of property rights, like a trespass. *Id.* at 560. Courts, however, still linked deception with infringement because use of an arbitrary mark on a particular product was likely to confuse consumers, and was not likely to be done accidentally or in good faith. *Id.* at 564–65, 567.

required before liability can be imposed. This is an application of the narrow tailoring requirement that restrictions on speech be no greater than necessary to avoid the harm.<sup>99</sup> Essentially, the judgment (rarely fully articulated) is that the gain in harm-prevention from banning mistaken but non-malicious, or non-negligent, speech is less than the cost of deterring speech that the speaker cannot verify with perfect certainty. One could balance the costs and benefits differently—a good faith but wrong belief that a drug cures cancer, for example, could do much more harm than its suppression would—but many trademark cases will not involve risks to health and safety from allowing the speech to continue.

Intent requirements help decrease the chilling effects of speech prohibitions because they allow speakers to speak with confidence after a reasonable investigation. The price of freeing speech is that there is no liability even if the speakers are actually mistaken and their mistakes do harm. Currently, trademark law imposes liability for honest mistakes, creating great uncertainty among businesses.<sup>100</sup> This uncertainty may be worth the information costs it exacts, but courts have yet to perform that balancing. No-fault liability combines with the other features of trademark law noted above to make trademark unusually indifferent to the costs of error, costs which are elsewhere considered to be constitutionally problematic when they affect truthful speech.

#### IV. CONCLUSION

Taking modern First Amendment doctrine seriously would have significant effects on the Lanham Act, affecting everything from the standard of proof to the definition of what counts as misleading. Trademark law's property-like features could insulate it from First Amendment transformation better than most types of false advertising law, but the constitutional constraints on libel law—which also protect property-like interests in reputation—show that property concepts are not a panacea. First Amendment protection for commercial speech against government regulation and private lawsuits is increasing simultaneously with trademark's expansion to new areas—from dilution to geographic indications. Courts adopting First Amendment principles to cabin expansive applications of trademark law may thus find that the same reasoning reaches trademark's core commercial functions.

The results are not foreordained. Courts may refuse to apply First Amendment

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99. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 564 (1980).

100. Barton Beebe's empirical research indicates that intent is, in fact, central to many cases' outcomes. See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581, 1626–31 (2006). Nonetheless, as a matter of doctrine, intent to deceive consumers is unnecessary to a finding of trademark infringement. See *id.* Moreover, even when courts do evaluate intent, many look at the defendant's intent to copy the plaintiff, which is not the same thing as an intent to confuse the public. See *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 225–26 (3d Cir. 2000). There are numerous reasons a defendant might want to copy, especially in cases of descriptive terms that also have trademark meaning, or trade apparel that might increase the aesthetic appeal of the product or signal functional benefits. First Amendment doctrine's definition of intent generally looks to knowledge, recklessness, or even negligence, with respect to factual falsity, which is often easier for speakers to identify than consumer reaction to their speech.

commercial speech doctrine with the same rigor to the Lanham Act as they have when striking down other government regulations. After all, courts and legislatures have generally believed that there were good reasons to relax the common law standards requiring intentional fraud and proof that the trademark owner was losing sales to an infringer.<sup>101</sup>

I am largely in favor of core trademark infringement doctrine as it stands now; what I find problematic is special pleading for trademark. If modern trademark law is generally constitutional, then other forms of commercial speech regulation based on concerns for deception should also receive favorable treatment. Whether one prefers that courts should constitutionalize trademark law or cast a similarly favorable eye on other commercial speech regulations, it is important to recognize that trademark law is part of the modern regulatory apparatus. When we decide to allow consumer protection to trump freedom of commercial speech, we must do more than simply declare “false and misleading” commercial speech outside the boundaries of the First Amendment. Rather, multiple elements of the relevant statutory or regulatory scheme must be evaluated for how well they balance advertisers’ interests in speaking truthfully with consumers’ interests in avoiding falsehood. Examining the presumptions and burdens of proof found in trademark infringement law can thus provide useful lessons for other types of commercial speech regulation.

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101. *See generally* McKenna, *supra* note 61.