TRADEMARK PARODY: SHOULD OWNERS OF FAMOUS MARKS JUST FIND IT AMUSING?

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Key words: Parody. Industrial Property. Trademarks. Free speech. Property rights. Weighting.

1. Introduction

In a society characterized by ever-increasing mass consumption of goods and services and by the exponential presence of players competing in the same market segment, trademarks have assumed a leading position in business and in the reputation of their owners[1].

That is, today there is no doubt that trademarks have become the essential link that connects the business activities of their owners with consumers in general, allowing companies and businesses in general to actively strengthen the distinctiveness of their marks in the market, while at the same time enabling consumers to promptly identify the goods and services that they wish to purchase – or avoid[2].

However, despite the fact that IP Statutes around the world are valuable tools available to trademark owners to preserve their property rights over their signs[3], these rights are not without limitations and balances with other equally relevant rights[4].

In this regard, the conflict between the trademark owner's property rights and the principle of freedom of expression has become the subject of increasing discussion and legal actions, motivated by the expansion into the IP field of a creative resource that previously found much of its ground in copyright law: the parody.

From a copyright perspective, a parody can be considered as a derivative work that transforms all or a portion of a prior copyrighted work for comic or critical purposes[5]. For this reason, parodies are generally important tools available to their authors to develop their freedom of expression, having a significant social value[6].

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[1] *"(...) it must also be kept in mind that a trademark is the visual symbol of the good will and reputation that a business has built up in a product or service."*
MCCARTHY, J. Thomas. *McCarthy on Trademarks and Unfair Competition*. v. 1, § 3:1. Thomson Reuters, 2017, p. 3-4.

[2] *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023)

[3] See Brazilian IP Statute, art. 129, which provides that the trademark owner "*shall be entitled to its exclusive use throughout the national territory*" and Lanham Act, which indicates that a registered mark "*shall be prima facie evidence (...) of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce*" (15 U.S. Code § 1115).

[4] The TRIPS Agreement states that "*members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties*" (Article 17).

[5] *"For the purposes of copyright law, the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."*
Campbell v. Acuff-Rose Music, Inc. 510 U. S. 569 (1994) (6th Cir.)

[6] The Brazilian Copyright Act (1998), for example, provides that "*parodies shall be free where they are not actual reproductions of the original work and are not in any way derogatory to it*" (art. 47).

The question that gives rise to the aforementioned debates is when parody goes beyond its purely humorous or critical function, protected by the principle of freedom of speech, and encroaches the property rights of the owner of a famous trademark, using the distinctive sign of a third party to achieve its goal.

Given this scenario, the purpose of this article is to analyze the parody inscription in the trademark context and to examine **(i)** under what circumstances the use of a third party's famous mark to create a parody would be protected by the free speech defense; and **(ii)** under what hypotheses, if any, the trademark owner could claim infringement of its IP rights.

The lack of regulations that offer greater predictability regarding trademark parody[7] and doctrinal standards that establish "*where parody ends and infringement begins*"[8], demonstrates the urgency of examining this issue and remedying the scenario of uncertainty that polarizes trademark and parody owners.

2. Parody and its intrusion into the trademark field

As mentioned above, parody is a form of artistic expression that generally has constitutional protection through the principle of freedom of speech[9] and assumes an important cultural and social value[10], by allowing citizens to express themselves and communicate freely[11].

And this is equally relevant in the Industrial Property field. In sum, like copyright parody, trademark parody can be defined as the use of a third party's trademarks by the parodist for the purposes of humor, criticism and/or entertainment in general[12]. The growing use of third party trademarks for parody purposes is confirmed by a mere search on the Internet and in case law around the world:

[7] DOGAN, Stacey L.; LEMLEY, Mark A. *Parody as Brand*. 47 U.C. Davis Law Review 473 (2013). p. 474.

[8] RAMALHO, Ana. *Parody in Trademarks and Copyright: Has Humour Gone Too Far?* Cambridge Student Law Review. 2009.

[9] The Constitution of the United States, provides that "*congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the* ***freedom of speech****, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances*." (First Amendment).
The Constitution of the Federative Republic of Brazil (1998) states that "*the expression of intellectual, artistic, scientific, and communications activities is free, independently of censorship or license*" (Article 5, item IX).

[10] CABRAL, Plínio. *A lei de direitos autorais: comentários*. 5. Ed. São Paulo. Rideel, 2009, p. 111.

[11] FISCHER, Lucas. *Parody and Trademarks: A Comparative Analysis of EU and US Legislation and Case Law*. Stanford-Vienna TTLF Working Paper No. 79, 2021.

[12] *L.L. Bean, Inc. v. Drake Publishers, Inc.,* 811 F.2d 26, 33 (1st Cir. 1987).

As can be seen from the above examples, a trademark parody "*must convey two simultaneous – and contradictory – messages: that it is the original, but also that it is not the original and instead a parody*"[13]. A successful parody, therefore, must not only imitate a famous brand so that it is immediately recognizable to its target audience, but also include humorous/critical elements that distance it from the original and confirm that it is indeed a parody.

Further, well-known marks are the main targets of parodists[14], since for a trademark parody to reach its purpose (to create a humorous and/or critical association with a prior mark), the consumer and the public must immediately understand this association and reference.[15]

However, this protection of freedom of speech, as can be inferred, is not without concerns for trademarks owners, who see their intangible assets being appropriated by third parties.

Although some of the cases involving trademark parodies are merely annoyances for trademark owners due to the use of their distinctive sign by third parties (many of them with a critical purpose)[16], it should be kept in mind that parody is not an automatic defense against infringement of trademark rights[17].

In other words, in trademark parody cases, there are always two conflicting interests, namely, the freedom of expression of the parodist and the property right of the owner of the trademark that is the subject of the parody[18].

In this respect, while the parody owners naturally raise the free speech defense to support the legitimacy of their conduct, trademark owners commonly rely on two grounds to sustain the violation of their rights: **i)** trademark infringement; and **ii)** trademark dilution.

2.1 Trademark infringement

First, it is worth noting that, unlike some copyright statutes that provide a limitation for parody, there is no absolute "parody defense" to a trademark infringement claim[19].

In light of this, the owner of a famous trademark usually has to rely on the "standard" trademark infringement claim and answer the following question: Will the relevant consumer be confused?

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[13] *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Grp., Inc.,* 886 F.2d 490, 495 (2d Cir. 1989)

[14] RAMALHO, Ana. Op. cit. 2009.

[15] *"But the more successful and famous a company and its products becomes, the more likely it will become a societal symbol. Then it is more likely that critics will use humorous parody to take potshots at the company and its symbols. Why would anyone want to make a parody of a brand that few would recognize?"*
MCCARTHY, J. Thomas. Op. cit. v.6. § 31:139. St. Paul. Thomson Reuters, 2021, p. 31-441 e 31-442.

[16] *"Trademark holders, of course, would prefer not to face this kind of ridicule of their brands or their branding practices. But trademark law does not exist to suit the needs of trademark holders; it aims to promote broader social objectives. As a result, whether or not trademark law should condemn brand parodies depends on whether they threaten trademark law's normative goals".*
DOGAN, Stacey L.; LEMLEY, Mark A. Op. Cit. p. 493.

[17] TAYLOR, Jacob. *Bad Spaniels: Free Speech, Parody, or Blatant Infringement?* Loyola University Chicago School of Law, JD 2024.

[18] In addition to the public interest in parody.

[19] MCCARTHY, Kathleen E. *Free Ride or Free Speech? Predicting Results and Providing Advice for Trademark Disputes Involving Parody*. The Trademark Reporter. 2019. p. 700.

One of the rights guaranteed by trademark laws throughout the world is the right of the trademark owner to exclusive use of its distinctive sign[20], which seeks to protect both the reputation of the trademark owner and the consumer.

Nonetheless, this exclusive right has some limitations, especially from a territorial standpoint and in relation to the goods/services that the trademark intends to cover.

Therefore, a key element for a trademark owner to prevail in an infringement case is to prove that the other side (the alleged infringer) has adopted a mark that is likely of causing confusion and/or deceptive association in the market.[21]

Although the factor and criteria for determining the likelihood of confusion differ in the case law of each country and in trademark law, the reality should be simple: "*parody or no parody, if likelihood of confusion is not established by the brand owner, then the brand owner has no infringement claim. Proof of likely confusion is key*".[22]

On other hand, in cases where confusion is unlikely and the parties' goods/services of interest are very different, trademark owners usually rely on another theory to support their rights against parodists: trademark dilution.

2.2 Trademark dilution

As stated in item 2 (above), the famous marks are the main targets of parodies, as they allow consumers to instantly associate and recognize a critical/humorous connection with a prior mark.

Therefore, since trademark dilution is intended to protect precisely these types of marks, this theory fits the claim of the owners of marks that have been the subject of parody.

In sum, the trademark dilution can be perceived as the gradual attenuation or whittling away in a trademark's ability to distinguish only one source. In other words, it is a weakening of a trademark's selling power, either by damaging its uniqueness or its reputation[23], and that can occur regardless of consumer confusion:

> "The dilution theory grants protection to strong, well-recognized marks even in the absence of a likelihood of confusion, if defendant's use is such as to be likely to diminish or dilute the strong identification value of the plaintiff's mark even while not confusing customers as to source, sponsorship, affiliation or connection."[24]

In the United States, where studies and the law regarding this theory have developed strongly, two dimensions of the trademark dilution are recognized: "blurring" and "tarnishment"[25].

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[20] See Brazilian IP Statute, art. 129 (Law No. 9.279/96); See Lanham Act - 15 U.S.C § 1115 (Section 33 (b); See Regulation (EU) 2017/1001 of the European Parliament and of the Council, Section 2, Art. 9 (1).

[21] See Lanham Act - 15 U.S.C. § 1114 (1)(A); See Brazilian IP Statute, art. 124, item XIX (Law No. 9.279/96).

[22] MCCARTHY, Kathleen E. Op. cit. p. 695-696.

[23] CABRAL, Filipe Fonteles. *Diluição de Marca: Uma Teoria Defensiva ou Ofensiva?* Revista da ABPI – nº 58 – Mai/Jun 2002, p. 25.

[24] MCCARTHY, J. Thomas. Op. Cit. v.4. § 24:72. St. Paul. Thomson Reuters, 2021, p. 24-236 and 24-237.

[25] MCCARTHY, J. Thomas. Op. Cit. v.4. § 24:67. St. Paul. Thomson Reuters, 2021, p. 24-218.

Blurring is the loss of a trademark's "luster"[26], i.e., its distinctiveness, by impairing the singularity of a famous mark once it starts to identify goods and/or services from different sources.[27]

Thus, blurring diffuses the meaning of a mark, weakens its ability to distinguish a single source and increases consumer's search costs.[28]

Meanwhile, tarnishment can be understood as a conduct that harms the reputation of the mark, with a general association of the mark with something negative[29].[30]

Given this scenario, trademark dilution is a kind of weakening of the strength of a mark, which can arise in cases where, although absent consumer confusion, there is a gradual whittling away of the value of a mark, resulting in damage to the property rights of the owner of a famous mark and the reputation of its distinctive sign.

Finally, it is worth mentioning that, despite the absence of "parody defense" to a trademark infringement claim[31], the U.S. federal Trademark Dilution Revision Act of 2006 ("TDRA") includes parody as a defense against claims of dilution of a famous mark:

> (3) EXCLUSIONS. **The following shall not be actionable** as dilution by blurring or dilution by tarnishment under this subsection:
> (A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person **other than as a designation of source** for the person's own goods or services, including use in connection with—
> (ii) identifying and **parodying**, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner".
> Lanham Act § 43(c)(3)(A), 15 U.S.C.A. § 1125(c)(3)(A).

As can be seen, although the aforementioned provision recognizes parody as an exception, it expressly excludes from its coverage parodies that use a third party's

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[26] CABRAL, Filipe Fonteles. Op. cit. p. 25.

[27] *"The legal theory of dilution by blurring says that if customers or prospective customers see the plaintiff's famous mark used by other persons in a non-confusing way to identify other sources for many different goods and services, then the ability of the famous mark to clearly identify and distinguish only one source might be 'diluted' or weakened"*
MCCARTHY, J. Thomas. Op. cit. v.4. § 24:67. St. Paul. Thomson Reuters, 2021, p. 24-220.

[28] A hypothetical example of blurring was cited by US Judge Richard Posner in a case involving trademark dilution: *"Suppose an upscale restaurant calls itself "Tiffany". There is little danger that the consuming public will think it's dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name "Tiffany" they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder — incur as it were a higher imagination cost — to recognize the name as the name of the store."*
TY Inc. v. Perryman, 306 F.3d 509 (7th Cir. 2002).

[29] *"Dilution by 'tarnishment' might occur where the effect of the defendant's unauthorized use is to dilute by tarnishing or degrading positive associations of the mark and thus, to harm the reputation of the mark."*
MCCARTHY, J. Thomas. Op. cit. v.4. § 24:71. St. Paul. Thomson Reuters, 2021, p. 24-231.

[30] As regards the dilution by tarnishment, Judge Richard Posner Stated: *"Now suppose that the "restaurant" that adopts the name 'Tiffany' is actually a striptease joint. Again, and indeed even more certainly than in the previous case, consumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word 'Tiffany' their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint."*
TY Inc. v. Perryman, 306 F.3d 509 (7th Cir. 2002).

[31] MCCARTHY, Kathleen E. Op. cit. p. 695.

famous mark "*as a designation of source*", i.e., when the parody owner uses the parody as its own trademark.

Despite the fact that the TDRA exception still has gaps and does not provide much guidance for recognizing the violation of IP rights by parodists, this provision highlights that the parody cannot be perceived as an absolute fair use defense, but rather must be balanced with the other interests at stake in each specific case.

For these reasons, this article will seek to point out below which right should prevail in each case – the property right of the trademark owner or the right of the parodist to freedom of expression –, as well as analyze which parameters should be taken into account in order to prioritize one right over the other.

The establishment of certain standards is key to avoiding, to some extent, the subjectivism (and consequent uncertainty) that still remains in trademark parody cases, and to granting trademark and parody owners a minimum of predictability as to the legitimacy of their conduct and claims.

3. The fair balance between the rights of the trademark owner and the freedom of speech

Considering that both the parody owner's right to freedom of expression and the trademark owner's interest are to be considered in a trademark parody dispute, it is imperative to distinguish parodies into 2 (two) categories: **i)** those whose sole purpose is humor/criticism; and **ii)** those that are used as a source identifier.

3.1 Parodies for the sole purpose of humor/criticism: the primacy of freedom of expression

First, there is no reason to exclude the legitimacy of parodies whose sole purpose is to be a parody, that is, to function as a means of humor, criticism or entertainment in general, and thus to exclude the application of trademark law in such cases.

As pointed out by Stacey L. Dogan and Mark A. Lemley, "*those who develop brands-as-parody may well be benefiting from the appeal of a famous brand, but if their use is an effective parody, it doesn't cause the kind of harm that trademark law is designed to address*"[32].

Thus, when a trademark parody has some artistic relevance, making a "joke" of a famous mark without adopting the parody as designation of source, it becomes difficult to recognize the infringement of the trademark owner's property rights.[33]

For example, the use of parodies in expressive products – such as magazine, TV shows, movies or any other kind of use that does not involve trademark use[34] – would generally be immune from liability and supported by the free speech principle[35].

The U.S. Courts have already had the opportunity to analyze cases in which a third party's mark has been used for parody purposes, but with a purely humorous/critical intent and without the aim of identifying goods and/or services through the parody. Two of these cases concerned, in different contexts, the Barbie doll and the famous marks associated with it.

In the first case, the defendant music companies produced, marketed and sold a song by the Danish band Acqua entitled "Barbie Girl", which parodied the Barbie doll. Further, in the song, "*one bandmember impersonates Barbie, singing in a high-pitched,*

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[32] DOGAN, Stacey L.; LEMLEY, Mark A. Op. cit., p. 486.
[33] SCHEVCHUK, Anastasiia. *Trademark Parody*. 2023.
[34] DOGAN, Stacey L.; LEMLEY, Mark A. Op. cit., p. 478.
[35] MCCARTHY, J. Thomas. Op. cit. v.6. § 31:154. St. Paul. Thomson Reuters, 2021, p. 31-453.

doll-like voice; another bandmember, calling himself Ken, entices Barbie to 'go party".[36]

Given that the release of this song, and its subsequent success, made Mattel – the company responsible for the Barbie doll and its marks – uncomfortable, Mattel filed a lawsuit against the music companies on the grounds of trademark infringement and dilution.

However, the U.S. Court acknowledged that the song *"lampoons the Barbie image and comments humorously on the cultural values Aqua claims she represents*". In other words, the 9th Court of Appeals stated that "*the use of Barbie in the song title clearly is relevant to the underlying work, namely, the song itself*".

In light of this, although the defendants' used Barbie's name to sell copies of the song, the Court held that this use in the title of the song and in the text itself would not be a trademark use likely of causing consumer confusion and would not have an exclusively commercial purpose.[37]

In the second case[38], Mattel filed a lawsuit against photographer Tom Forsythe, arguing that he had infringed the plaintiff's rights over the Barbie Doll by creating a series of photographs entitled "Food Chain Barbie", depicting the doll "*in various absurd and often sexualized positions*":

The Court, in sum, found that the photographer's use did not constitute trademark infringement and was not likely to cause dilution of the "BARBIE" mark and the famous doll's trade dress, accepting the artist's argument that his work was an attempt to criticize the objectification of women and to lambast the conventional beauty myth, and that such photographs fell within by the fair and permitted use of the parody of a trademark.[39]

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[36] *Mattel, Inc. v. MCA Records, Inc.,* 296 F.3d 894, 901, 63 U.S.P.Q.2d 1715 (9th Cir. 2002).

[37] *"The Barbie Girl title presages a song about Barbie, or at least a girl like Barbie. The title conveys a message to consumers about what they can expect to discover in the song itself; it's a quick glimpse of Aqua's take on their own song. (…) The song does not rely on the Barbie mark to poke fun at another subject but targets Barbie herself."*
Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 901, 63 U.S.P.Q.2d 1715 (9th Cir. 2002).

[38] *Mattel, Inc. v. Walking Mountain Productions*, 353 F.3d 792, 69 U.S.P.Q.2d 1257 (9th Cir, 2003).

[39] *"Any reasonable consumer would realize the critical nature of this work and its lack of affiliation with Mattel. Critical works are much less likely to have a perceived affiliation with the original work. (…) Analysis of Mattel's trademark and trade dress infringement claims indicates that Mattel's claims may have been groundless or unreasonable. Forsythe's use constituted nominative fair use and was protected by policy interests in free expression."*
Mattel, Inc. v. Walking Mountain Productions, 353 F.3d 792, 69 U.S.P.Q.2d 1257 (9th Cir, 2003).

Therefore, if the primary interest of the parody is to make fun of or to criticize a mark, without the parodist adopting it to identify goods/services, it is unlikely that the trademark owner's property rights will be infringed[40]:

> For traditional parodies, then, the legal rule should be simple, even if it is not always followed: making fun of a trademark owner by doing something other than using their mark to brand your own products does not violate the Lanham Act.[41]

The controversial issue, as one might intuitively conclude, is when the parody is used as a trademark by the parodist, i.e., when a third party uses a famous trademark to create a parody, but identifies goods/services through this "humorous/critical work".

3.2 Parody used as a source identifier: the necessary appeal to the specific case

For parodists, it is more difficult to deflect a claim of trademark infringement or dilution when they are using the parody as their own mark.[42]

In this respect, in 2023, the Supreme Court of the United States examined a parody case involving the imitation of the famous mark "JACK DANIELS" – and the branding elements of Jack Daniel's whiskey bottle –, to identify a dog toy called "BAD SPANIELS"[43]:

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[40] Some regulations even allow the use of a third party's trademark the purpose of artistic expression. See Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark: "*The exclusive rights conferred by an EU trade mark should not entitle the proprietor to prohibit the use of signs or indications by third parties which are used fairly and thus in accordance with honest practices in industrial and commercial matters. (…) 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*." (Recital 21)

[41] DOGAN, Stacey L.; LEMLEY, Mark A. Op. cit., p. 484.

[42] MCCARTHY, J. Thomas. Op. cit. v.6. § 31:154. St. Paul. Thomson Reuters, 2021, p. 31-459.

[43] *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023).

[44] "*Respondent VIP Products makes a squeaky, chewable dog toy designed to look like a bottle of Jack Daniel's whiskey. But not entirely. On the toy, for example, the words 'Jack Daniel's' become 'Bad Spaniels.' And 'Old No. 7 Brand Tennessee Sour Mash Whiskey' turns into 'The Old No. 2 On Your Tennessee Carpet.' These jokes did not impress petitioner Jack Daniel's Properties, which owns trademarks in the distinctive Jack Daniel's bottle and in many of the words and graphics on its label.*" *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023).

In its decision, the Supreme Court provided a valuable ruling to trademark infringement and dilution claims, holding that trademark parodies do not receive special First Amendment protection (free speech) when they serve as a designation of source for the parodist's owns goods/services, in other words, when they are used as a trademark[45]. Further, the Court stated that "*the noncommercial exclusion [provided by Section §1125(c)(3)(C) of the Lanham Act] does not shield parody or other commentary when its use of a mark is similarly source-identifying*"[46].

That is, by reasoning that the parody loses its free speech status when it is used as a trademark by its owner[47], the Court has provided a relevant standard to be weighed in the balance between the property rights of the trademark owner and the rights of the parodist.

However, one question remains: When do the trademark infringement and dilution causes of action prevail in cases where the parody is used as a trademark?

a) Trademark parody vs. likelihood of confusion:

According to J. Thomas McCarthy:

> A few parodies will constitute trademark infringement – most will not. (…) the cry of "parody!" does not magically fend off otherwise legitimate claims of trademark infringement. (…) There are confusing parodies and non-confusing parodies. What they have in common is an attempt at humor through the use of someone else's trademark. A non-infringing parody is merely amusing, not confusing.[48]

In item 2.1, it was mentioned that the likelihood of confusion is a key element in determining the trademark infringement in a specific case.

Nonetheless, given the peculiarities surrounding the development of a successful parody, finding of infringement in these types of cases may be inefficient – even in cases where the parodist adopts its parody as a trademark and operates in the same mark segment as the owner of a famous mark[49].

In most cases where a parody is actually intended to be humorous/critical, even though it identifies a good/service, the consumer will easily perceive that the sign is a parody and that it belongs to a different owner than the one who owns the famous mark, and that they are not connected in any way.

A successful parody "mocks" or criticizes a famous mark, and the consumer or ordinary observer is unlikely to believe that the trademark owner is responsible for such

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[45] ERIKSON. Daan G; STEDMAN, Cori. *U.S. Supreme Court Holds Parody Trademarks to Likelihood of Confusion Standard*. 2023.

[46] In its decision, the Supreme Court narrowed the so-called *Rogers* Test (*Rogers* v. *Grimaldi* 875 F.2d 994 (1989)), created by the Second Circuit for titles of "artistic works" and designed to protect First Amendment interests, in order to rule that "*when an alleged infringer uses a trademark as a designation of source for the infringer's own goods, the Rogers Test does not apply*".
Jack Daniel's Properties, Inc. v. VIP Products LLC, 599 U.S. 140 (2023).

[47] DUVDEVANI, Tamar; PANIKOWSKI, Stan. *Supreme Court curbs parody, narrows defenses to trademark claims*. 2023.

[48] MCCARTHY, J. Thomas. Op. cit. v.6. § 31:153. St. Paul. Thomson Reuters, 2021, p. 31-445 e 31-446.

[49] *"Even with no absolute parody defense, common sense suggests it may be difficult to prove that a 'successful' parody, i.e., one that immediately communicates that the parodist is making a commentary about another brand through humor or criticism, is likely to cause confusion and thus meets the test for trademark infringement"*
MCCARTHY, Kathleen E. Op. cit. p. 700.

a thing.[50] Thus, if the consumer can clearly identify that the imitation of a famous mark is a parody, it is not plausible that a reasonable person will think that there is an association with the famous mark.

For this reason, upon observing a successful parody, the consumer will immediately identify the famous mark that is the subject of the parody, since without this instant association, the humor/criticism would not occur[51]. However, this fact is irrelevant to the analysis of confusion, since "*'confusion' means more that the junior user's mark merely 'calls to mind' the senior user's mark. That the defendant's joke mark calls the plaintiff's mark to mind is necessary for there to be a humorous parody at all*"[52].

The trademark infringement claim will therefore have room to be applied in cases where the use of a third party's trademark is indeed an excuse to circumvent the trademark law under the argument of parody (granting property rights to clearly infringing trademarks that are likely to cause confusion in the market)[53].

For this purpose, conducting a market survey that proves consumers' belief that the plaintiff is selling or sponsoring the defendant's goods/services[54], may be an important evidence demonstrating that the alleged parody crosses the line of humor/criticism[55].

Otherwise, there may be an inevitable imbalance between the rights at stake, allowing the gradual emergence of competitors, or any other company operating in the same market segment as the owner of the famous mark, who intend to take a "free ride" on that fame to leverage the sale of their goods/services, given the existence of fertile ground that facilitates such behavior.

In any event, it is important to highlight that the use of trademark parodies in the same market segment as the owner of the famous marks is still a minority, and in most

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[50] *"The more distasteful and bizarre the parody, the less likely the public is to mistakenly think that the trademark owner has sponsored or approved it.*
MCCARTHY, J. Thomas. Op. cit. v.6. § 31:153. St. Paul. Thomson Reuters, 2021, p. 31-440.

[51] MAZUREK, Susan V. *Laugh It Off: A Guide to Parody Under U.S. Trademark Law*. 2023.

[52] MCCARTHY, J. Thomas. Op. cit. v.6. § 31:154. St. Paul. Thomson Reuters, 2021, p. 31-459.

[53] For example, the use as a mark of a "parody" that adopts several branding elements of a famous mark, without the necessary distance to carry out the joke.

[54] MYERS, Gary. *Trademark Parody: Lessons from the Copyright Decision in Campbell v. Acuff-Rose Music, Inc.* p. 211.

[55] See *Anheuser-Busch, Inc. v. VIP Products, LLC*, 666 F Supp. 2d 974 (E.D. Mo. 2008).

In this case, the defendant has used the mark "BUTTWIPER" to identify a dog toy that is a parody of the plaintiff's mark "BUDWEISER" and trade dress of its beer bottle. The Court granted the plaintiff's motion for a preliminary injunction on its trademark infringement claim. The key elements considered by the Court were **(i)** the **consumer survey** submitted by the plaintiff, **which showed a confusion rate of more than 30% among potential purchasers**; and **(ii)** the fact that the owner of the famous mark sold a number of pet-related items with its mark "BUDWEISER" and evidence that the competing items were similar.

cases the owner of the parody uses its distinctive sign to identify different goods/services[56].[57]

In such cases, the argument of trademark infringement becomes more difficult to prevail, and the owner of the famous mark usually relies on trademark dilution to seek the cease of the alleged violation.

b) Trademark parody vs. impairment of the distinctiveness and harm to reputation:

With respect to the trademark dilution claim, the weakening of the trademark's distinctiveness or the harm to its reputation replaces the likelihood of confusion. For this reason, the fact that the marks identify different goods/services or that the companies do not compete in the market is irrelevant[58].

Nevertheless, the mere adoption of a parody as a trademark in a segment unrelated to that of the owner of a famous mark does not immediately lead to the conclusion that dilution has occurred[59]. This fact only distances this trademark use from the free speech defense, allowing IP rights to join the debate and – depending on the particularities of the specific case and the weight of the rights at issue – to prevail.

It is therefore imperative that, once it has been verified that the parody is being used as a source identifier, a second analysis is carried out to ascertain whether this use is likely of blurring or tarnishing the famous trademark.

For instance, in two parody cases decided by the U.S. courts – involving humorous imitations of the famous marks "LOUIS VUITTON"[60] and "TOMMY HILFIGER"[61] –, it was held that, although the parody was indeed used as a trademark, the dilution requirement was not met.

Given this scenario, in order to establish blurring in the context of parody, it must be taken into account that it is not only the association with the famous mark that will lead to dilution (as mentioned above, this association is inherent in the very definition

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[56] *"That is, the parodist normally operates in a product (or service) market that is distinct and removed from the plaintiff's market, making confusion less likely"*
MYERS, Gary. Op. cit. p. 196.

[57] See *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC,* 507 F.3d 252, 256 (4th Cir. 2007) – In this case, the companies were engaged in different market segments (trade of luxury products vs. trade of dog toys).
See *Jack Daniel's Properties, Inc. v. VIP Products LLC,* 599 U.S. 140 (2023) – In this case, the companies were engaged in different market segments (trade alcoholic beverage vs. trade of dog toys).

[58] MCCARTHY, J. Thomas. Op. cit. v.4. § 24:74. St. Paul. Thomson Reuters, 2021, p. 24-249.

[59] *"That is, no antidilution law should be so interpreted and applied as to result in granting the owner of a famous mark the automatic right to exclude any and all uses of similar marks in all product or service lines. Such a radical expansion of trademark exclusionary rights would upset the delicate balance between free competition and fair competition"*
MCCARTHY, J. Thomas. Op. Cit. v.4. § 24:67. St. Paul. Thomson Reuters, 2021, p. 24-224.

[60] *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC,* 507 F.3d 252, 256 (4th Cir. 2007).
The defendant sold a dog toy that mimicked the "LOUIS VUITTON" mark and the plaintiff's handbags, using the mark "CHEWY VUITTON" (below):

[61] *Tommy Hilfiger Licensing v. Nature Labs, LLC,* 221 F. Supp. 2d 410 (S.D.N.Y. 2002).
The defendant sold a pet perfume named "TIMMY HOLEDIGGER", which is a parody of the famous mark "TOMMY HILFIGER".

of parody). Rather, it is necessary to assess whether the ostensible use on the market of a mark that humorously or critically imitates a famous mark is likely to affect the immediate linking of the target mark with a single source.

This means that it is necessary to determine whether the coexistence of the marks on the market (of the earlier famous mark and the parody used as a trademark) is likely to affect the strength of the mark that is the subject of the parody, even though there is no confusion in the case[62].

In such situations, only the specific facts of the case can provide the necessary information to determine whether the freedom of expression of the owner of the parody and the property rights of the owner of the famous mark should be balanced in favor of the latter.

Tarnishment, in turn, harms the reputation of a mark through negative connotations of the distinctive sign that is the subject of the parody.

At this point, it is important that the Courts do not confuse making a "joke" about a certain famous mark with tarnishment[63]. Thus, if the parodist uses its parody as a trademark to identify its own good/service, but one that is harmful or detrimental to health, for example, or if it uses this parody to target the owner of the mark that is the subject of the parody, but makes a reference to the famous mark that goes beyond mere criticism or disparagement, tarnishment may be found:

> We have argued elsewhere that courts must distinguish between a defendant's use that tarnishes by associating the brand name with defendant's noxious product (actionable) and a defendant's use that "tarnishes" because it disparages the plaintiff's product (not actionable).[64]

To illustrate, in a lawsuit involving the Coca-Cola Company and a company that advertised and marketed a poster in the same stylization as the "COCA-COLA" mark with the sentence "Enjoy Cocaine", the U.S. Court acknowledged that the Plaintiff's trademark has been infringed because the defendant associated the Coca-Cola beverage with a noxious substance as cocaine[65]:

On the other hand, if the owner of the parody critically disparages a famous trademark, but does not associate it with something that is, for example, harmful to health or illegal, although this situation causes discomfort to the owner of the targeted trademark, this fact is not sufficient to cause tarnishment of a distinctive sign.

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[62] *"Since a junior use that is an obvious joke and parody will not lessen the power of a famous mark and may even increase it, there will be no likely injury to the famous mark and no dilution by blurring"* MCCARTHY, J. Thomas. Op. Cit. v.6. § 31:156. St. Paul. Thomson Reuters, 2021, p. 31-468.

[63] DOGAN, Stacey L.; LEMLEY, Mark A. Op. cit., p. 489.

[64] DOGAN, Stacey L.; LEMLEY, Mark A. Op. cit., p. 489.

[65] *"To associate such a noxious substance as cocaine with plaintiff's wholesome beverage as symbolized by its 'Coca-Cola' trademark and format would clearly have a tendency to impugn that product and injure plaintiff's business reputation, as plaintiff contends".*
Coca-Cola Co. v. Gemini Rising, Inc, 346 F. Supp. 1183 (E.D.N.Y. 1972).

In view of the foregoing, it is clear that, while trademark infringement and dilution are certainly tools available to the owner of a famous mark to try to prevent third parties from using imitations of it as a trademark, these causes of action likewise should not be used as a vehicle to combat freedom of expression.

Similarly, free speech cannot be used as a "trump card" to create alleged parodies of famous marks and use them as trademarks that violate the property rights of third parties under the argument of humor/criticism. By doing so, the owner of the "parody" may obtain a competitive advantage over the trademark owner or any competitor.

Of course, and mainly because of the lack of a clear legal protection regarding trademark parodies, the balance between the interests in dispute is still very intricate and case-by-case, placing parodies that are used as trademarks in a gray area, marked by the right of freedom of expression on the one side and the property right of the owner of the famous mark on the other.[66]

4. Conclusion:

This article seeks to draw attention to the growing discussion of parody in the trademark law[67] and the resulting analysis of which right should predominate: the parodist's freedom of expression or the owner of a famous mark's property rights.

As demonstrated above, trademark laws around the world do not contain specific provisions for trademark parody (or regulate it in a general way and without providing much guidance)[68], which still creates a lot of uncertainty both for the parody and for the famous trademark owners that do not know the limits of their rights.

The current scenario, in addition to predicting a gradual increase in lawsuits by the owners of famous marks that are the subject of parody, seeking to exercise of their property rights without considering freedom of speech, also leads to the aforementioned Court decisions that adopt opposing ruling in similar situations.

In light of this, the fact is that without a special treatment for trademark parody by the law, as well as a more careful examination of this matter by scholars and case law, this lack of definition will persist and keep trademark parody in the gray area.

Due to its peculiarities, trying to fit trademark parody into the existing trademark law will always leave loose ends, which will inevitably lead to uncertainties for the parties involved in the dispute. At the same time, recognizing trademark parody as an absolute exception would violate the rights of the owners of famous marks, which would be vulnerable to the bad faith of "parodists" that blatantly imitate their marks and would rely on the argument of humor/criticism to legitimize their conduct.

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[66] *"The intrusion of parody into the area of trademarks has called the attention of jurisprudence to a grey area, where parody is not purely cultural and altruistic, and the intellectual property rights are more limited or at least have different contours"*.
RAMALHO, Ana. Op. cit. Acesso em: 10 dez. 2023.

[67] BANERJEE, Aditi. *Parody Trademarks: defense or infringement?* 2021.

[68] *"Brand parodies, then, don't fit well within existing trademark infringement or dilution law. Parodies generally don't confuse consumers, and because they refer back to the plaintiff's mark directly they will not generally blur or tarnish that mark in the way dilution law prohibits. True parodies thus cause none of the harms that trademark law seeks to avoid. But because neither law is structured with parodies in mind, rote application of infringement and dilution standards can result in a condemnation of even obvious parodies. Lacking tools specifically designed for parody, courts treat it in an ad hoc way that reflects their own subjective assessment of the value or parody and the morality of free rides".*
DOGAN, Stacey L.; LEMLEY, Mark A. Op. cit., p. 490.

For this reason, it is imperative that not only the law, but also scholars and the case law, establish a more predictable approach to determining where the legitimacy of a parody ends and the violation of IP rights begins.[69]

As indicated in this article, and in line with the U.S. Supreme Court's decision, separating cases in which there is trademark use from those in which there is only a referential use of third parties' marks may be a first step towards an effective rule on the legality/illegality of trademark parodies.

That is, when the parody owner uses a famous mark for the sole purpose of humor/criticism and does not identify goods/services through the parody, the principle of freedom of expression prevails. Nonetheless, in cases where the parody is used as a source identifier – i.e. as a trademark – the free speech defense loses its absolute status and conflicts with the property rights of the famous trademark owner.

From this moment, the owner of the famous mark that is the subject of the parody must demonstrate, for example, that the coexistence of the parody and its mark on the market is likely to cause confusion (trademark infringement) or that the famous mark's distinctiveness has been impaired or its reputation has been harmed (trademark dilution).

Furthermore, a careful analysis of the specific case is a key element in trademark parody cases, putting into perspective the interests at stake and the parodist's true intent in adopting its work as a trademark.

Only in this way will it be possible to slightly control the growth of trademark parody and to satisfactorily resolve the tensions between the rights at issue by assertively balancing a still imbalanced scale.

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[69] *"The solution, we believe, lies in a more consistent and predictable approach to brand parodies under both infringement and dilution law."*
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