

Response

Truthiness*: Corporate Public Figures and the Problem of Harmful Truths

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This paper is an invited response to Deven Desai's excellent article, *Speech, Citizenry, and the Market: A Corporate Public Figure Doctrine*.¹ Desai argues that modern law has created an asymmetry in the treatment of corporations. The source of the problem, Desai argues, is that cases like *Citizens United v. Federal Election Commission*² provide robust protection for corporate speech. At the same time, however, trademark law and (to a lesser extent) the commercial speech doctrine permit corporations to silence the speech of others criticizing them. The result is an uneven playing field, where corporations have robust rights to strengthen their reputations, while critics are hamstrung. The solution Desai proposes is a "corporate public figure doctrine," under which nationally known corporations should be treated as general-purpose public figures, while smaller, local corporations will often be limited-purpose public figures. This means that, pursuant to the Supreme Court's landmark decision in *New York Times Co. v. Sullivan*,³ in order to bring legal claims for infringement or dilution of their trademarks, corporations must prove falsehood

Professor Bhagwat's response piece was scheduled for publication in Volume 98, Issue 3. Due to an editorial oversight, the piece did not go to print on schedule. It is therefore with sincere apologies to Professor Bhagwat that we now publish his response to Deven Desai, *Speech, Citizenry, and the Market: A Corporate Public Figure Doctrine*, 98 MINN. L. REV. 455 (2013).

* With apologies to Stephen Colbert.

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1. Deven R. Desai, *Speech, Citizenry, and the Market: A Corporate Public Figure Doctrine*, 98 MINN. L. REV. 455 (2013).

2. 558 U.S. 310 (2010).

3. 376 U.S. 254 (1964).

and “actual malice,” meaning knowledge or reckless disregard of the truth. This, Desai concludes, will provide the robust protection for speech criticizing corporations that the First Amendment demands.

Desai’s argument is clever, and in many ways quite convincing. I have no doubt he is correct regarding the existence of the asymmetry he identifies. He is also quite convincing in arguing that under modern circumstances, much corporate speech, including speech about corporations’ own products, is in effect political speech given the politicization of issues such as work conditions, geographic origin of goods, etc. However, I have two hesitations. First, I wonder about the extent to which trademark law really does inhibit criticism of corporations, given the broad exceptions in the Lanham Act for speech such as fair use, parody, and noncommercial uses.⁴ Second, and more fundamentally, I have doubts that the public figure doctrine and actual malice standard are necessarily the best solutions to the problem Desai cogently describes. *New York Times Co. v. Sullivan* was a case about libel, where factual truth was central to the dispute. Trademark law, however—in particular, trademark dilution law, on which Desai correctly focuses—is not necessarily concerned with truth. It advances different interests. Actual malice, therefore, might be off the mark here. Instead, a more direct examination of how the goals of trademark law arguably clash with First Amendment values is needed.

I. DESAI AND THE CORPORATE PUBLIC FIGURE DOCTRINE

Deven Desai’s basic argument in *Speech, Citizenry, and the Market* is simple and elegant. He begins by making two important, interrelated points about corporate speech in the modern era. First, under *Citizens United*, corporations appear to enjoy all of the speech rights of individuals.⁵ Second, much of what corporations say is of profound public importance and political valence.⁶ This is true not only when corporations speak in an explicitly political mode, as did *Citizens United*, but also when corporations speak about their own products and activities. In modern times, issues like labor conditions at corporate suppliers, the geographic origins of goods, the labor practices of

4. 15 U.S.C. § 1125(c)(3) (2012).

5. Desai, *supra* note 1, at 459–62.

6. *Id.* at 462–74.

corporations (e.g., whether the corporation grants benefits to same-sex partners), and how corporations interact with foreign, often totalitarian, governments (think Google and Yahoo in China) are all profoundly political issues. Yet ultimately, these are issues about a corporation's products and internal business practices, topics that traditionally would have been considered "commercial" rather than political. Combine these two insights and a clear conclusion emerges: corporations are tremendously important, powerful, political speakers in our society, and their political speech (now understood to include much advertising) is ubiquitous. Desai makes the further, intriguing point that in today's world of highly politicized commerce and brands, consumption can be understood as a form of voting, and so speech about consumption can be understood as speech about political choices.⁷ Finally, Desai argues that given corporations' active, voluntary engagement in public debate and affairs, many if not most significant corporations would qualify as either general-purpose or limited-purpose public figures under the Court's extant First Amendment jurisprudence.⁸ All of this is very interesting, and in my view quite convincing.

The second part of Desai's article focuses on trademark law and its treatment of corporate "face" or reputation.⁹ He begins by making the important point that given the role of corporate "brand" in the public world, corporations are understood in our society to have distinct identities, and often identities with a political aspect to them.¹⁰ Furthermore, these public identities are closely linked with corporate trademarks.¹¹ Again, this seems clearly correct—surely we all understand the cultural differences between, say, Walmart and Google. This means that corporations have reputations, which they seek to preserve. As examples, Desai discusses two (ultimately unsuccessful) cases brought by Mattel against a musical group and an artist, because of their depictions of Mattel's Barbie doll in unflattering ways.¹² The problem, Desai points out, is that there is a deep tension between the assumptions of trademark law, upon

7. *Id.* at 471–72.

8. *Id.* at 468–69 (citing *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 344–45, 351 (1974)).

9. *Id.* at 475–89.

10. *Id.* at 475–76.

11. *Id.* at 475–78.

12. *Id.* at 477 (discussing *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003), and *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002)).

which corporate claims are often based, and First Amendment principles.¹³ For one thing, under the “likelihood of confusion” test, trademark law presumes that false or misleading uses of trademarks are unprotected; yet in the political sphere, the Court has extended substantial constitutional protection to even knowing falsehoods.¹⁴ Indeed, trademark law permits the condemnation of merely misleading speech, a result surely impermissible in the context of political speech (what would be left, after all?).¹⁵ Even more significantly, trademark dilution law explicitly protects corporate reputations, at least for “famous marks,” even absent proof of confusion or falsehood. Yet the presumption in the political arena is that public figures do not “own” their reputations. To the contrary, it is a fundamental assumption of First Amendment doctrine, explicitly stated in *New York Times Co. v. Sullivan*, that public figures should be subject to criticism, even when it is “vehement, caustic, and sometime unpleasant[].”¹⁶ Finally, Desai points out that the very factors that make a particular corporation’s mark “famous” and so entitled to protection from dilution under federal law, also clearly point to the same corporation’s status as a general-purpose public figure.¹⁷ The contradiction now becomes clear: trademark law cites the very factors to justify protecting reputation that the First Amendment says justify harsh criticism. Somehow this inconsistency must be resolved.

The solution that Desai proposes to resolve the contradiction is the corporate public figure doctrine.¹⁸ Such a rule would permit corporations that qualify as public figures—which would include most corporations that advertise and participate

13. See *id.* at 478–96 (explaining the incongruity and asymmetry in trademark and free-speech jurisprudence).

14. See *id.* at 481 (citing *United States v. Alvarez*, 132 S. Ct. 2537, 2544–55 (2012)) (noting limitations on speech deemed “commercial” compared to political speech).

15. Of course, at least as of now misleading *commercial* speech is not constitutionally protected. See *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 771 (1976). However, reconciling trademark law and the First Amendment based on the distinction between commercial and non-commercial speech is a losing game, since as Desai nicely points out, this distinction is highly artificial, and rapidly collapsing. Desai, *supra* note 1, at 465–67, 470–74; see also *Sorrell v. IMS Health, Inc.*, 131 S. Ct. 2653, 2664 (2011) (citing cases involving non-commercial speech in justifying “heightened judicial scrutiny” of a content-based regulation of commercial speech).

16. *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 268–70 (1964).

17. Desai, *supra* note 1, at 483.

18. *Id.* at 496–509.

in public debate—to bring trademark claims only if they can prove that the defendant’s speech was false, and that the defendant acted with “actual malice” (i.e., with knowledge or reckless disregard of the truth).¹⁹ In other words, Desai would import wholesale the rules regarding libel established in *New York Times Co. v. Sullivan* and its progeny into the trademark area.²⁰ The result, he argues, would be increased speech and severe limitations on corporations’ ability to chill speech through lawsuits or threats, because actual malice is extremely difficult to prove.²¹ Using the examples of two successful trademark suits that resulted in suppression of speech (one by Deere & Co., the other by Coca-Cola), Desai makes the argument that the cases would have turned out differently if the plaintiff corporations had been forced to prove falsehood and actual malice, and furthermore, that the cases could have been resolved early in the litigation process, saving the defendants’ substantial defense costs.²² This in turn would serve the First Amendment’s interest in advancing a robust, uninhibited public debate that is not centrally controlled by one entity—to wit, the corporation that is the subject of the debate.²³

II. MUCH ADO ABOUT NOTHING?²⁴ PROBABLY NOT

Desai’s is a stirring vision of a newly invigorated marketplace of ideas about corporations. Moreover, I have no doubt that Desai is correct to argue that there is a deep tension between trademark and First Amendment law.²⁵ A question one might ask, however, is whether all of this is really all that important. After all, trademark law does not silence all, or even most, criticism of corporations; it only at most silences criticisms that use the corporate trademark (or variations that cause confusion or dilution). Furthermore, the Lanham Act specifically exempts from dilution liability many uses of trademarks such as fair use (including parody and criticism), news

19. *Id.* at 497–99.

20. *See Sullivan*, 376 U.S. at 279–80 (establishing the actual malice standard).

21. Desai, *supra* note 1, at 496–97.

22. *Id.* at 500–01 (discussing *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 45 (2d Cir. 1994), and *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1186 (E.D.N.Y. 1972)).

23. *Id.* at 508–09.

24. With apologies to William Shakespeare.

25. *See supra* note 13 and accompanying text.

reporting and commentary, and noncommercial uses,²⁶ which one would expect to be the normal vehicles for critiques of corporations. One might therefore ask whether, despite the excesses of trademark law, ample opportunities continue to exist to criticize corporations free of any possible trademark liability.

Taking the second objection first, Desai acknowledges the Lanham Act exceptions, but ultimately finds them inadequate for two separate reasons: first, the exceptions do not cover state-law dilution claims, which are often joined to federal claims; and second, the exceptions are in any event too narrow and vague to provide comfort for would-be speakers.²⁷ The first point about state-law claims is well-taken. However, there seems to me a powerful argument that even if state law does not explicitly recognize a fair-use exception to dilution claims, the First Amendment requires such an exception to be read into these laws. After all, the Supreme Court has explicitly recognized in the copyright context that the fair use doctrine (in combination with the idea/expression dichotomy) provides a constitutionally essential accommodation of First Amendment values given the restrictions imposed by intellectual property law.²⁸ There seems no reason why the same principle should not apply to trademark claims, including state-law claims, meaning that if states do not recognize such an exception, their trademark rules should be found unconstitutional.

Desai's objection to the narrowness of the exceptions raises more difficult questions.²⁹ On the one hand, in the copyright context the Supreme Court has found the fair use exception to be adequate protection for free speech.³⁰ Admittedly, fair use in trademark law is narrower than fair use in copyright.³¹ However, there seems little doubt that most explicitly political, scholarly, or journalistic criticisms of corporations would fit comfortably within these exceptions. However, commercial uses of

26. 15 U.S.C. § 1125(c)(3) (2012).

27. Desai, *supra* note 1, at 484.

28. See *Eldred v. Ashcroft*, 537 U.S. 186, 219–20 (2003) (explaining how copyright's fair use defense is a "built-in First Amendment accommodation[]"); *Golan v. Holder*, 132 S. Ct. 873, 890 (2012) (reiterating that copyright law's fair use doctrine embraces freedom of expression).

29. See Desai, *supra* note 1, at 484 (arguing that "the exemptions simply do not cover what they should").

30. See *supra* note 28 and accompanying text.

31. See ROBERT P. MERGES, PETER S. MENELL, & MARK A. LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 609–82, 785, 789 (6th ed. 2012).

trademarks by a corporation's competitors or others, in which criticism is driven by a user's commercial motives, remain at risk. This is illustrated by three examples Desai provides. In one, a court enjoined Hyundai's use of the Louis Vuitton trademark in a commercial designed to comment on the changing meaning of luxury (presumably to support Hyundai's claim to new-found luxury status).³² In the second, a court prevented MTD Products, a lawn tractor manufacturer, from using an animated version of the Deere logo (a deer) in a commercial where the deer is chased away by a dog and an MDT tractor.³³ Finally, Desai cites an older case in which Coca-Cola successfully prevented the sale of posters mimicking the Coca-Cola logo, but substituting "Cocaine" for "Coca-Cola."³⁴ The question, then, is whether restrictions on such commercial uses of trademarks, which combine criticisms of corporations with profit-making motives, should concern us from a First Amendment perspective.

The answer, I think, is that they should, and that therefore Desai has indeed identified a serious problem. As for the fact that only criticisms using the corporate trademark are impacted by the dilution claims, it must be remembered that the First Amendment protects not only the substance of critical speech, but also the form chosen by the speaker. This is the abiding lesson of the Supreme Court's path-breaking decision in *Cohen v. California*, in which the Court upheld Paul Robert Cohen's right, during the height of the Vietnam War, to walk the corridors of the Los Angeles County Courthouse wearing a jacket with the words "Fuck the Draft" written on the back.³⁵ Obviously, a prohibition on the public use of the word "fuck" would not silence all or most criticism of the Vietnam War. Nonetheless, the Court held Cohen's speech protected because it concluded that the Constitution protected not only the right to convey specific messages, but also the manner in which those messages are conveyed, including the "emotive function" of particular modes of expression.³⁶ What is true of the use of the word "fuck"

32. Desai, *supra* note 1, at 484–85 (discussing *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611 (PKC), 2012 WL 1022247 (S.D.N.Y. 2012)).

33. *Id.* at 500–01 (discussing *Deere & Co. v. MDT Prods., Inc.*, 41 F.3d 39 (2d Cir. 1994)).

34. *Id.* at 501 (discussing *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972)).

35. 403 U.S. 15, 16, 26.

36. *Id.* at 26.

is equally if not more true of the use of a corporate trademark: it provides a distinctly, perhaps uniquely, powerful way to convey a message with emotional resonance. Just as “Down with the Draft” is not as effective a message as “Fuck the Draft,” a historical article revealing that Coca-Cola once contained cocaine is surely a less effective way to convey that message than the suppressed poster discussed above.³⁷

The fact that the Lanham Act exempts news and noncommercial uses of trademarks from dilution liability³⁸ also provides less comfort than one might think. The reason, quite simply, is that the speakers who are most likely, in many instances, to have the incentive and financial means to criticize a corporation are its economic competitors. Noncommercial groups almost by definition have fewer resources than commercial entities, and are also less likely to seek out unflattering facts about a particular corporation unless they have some specific reason to do so. Commercial entities, on the other hand, always have incentives to denigrate their competitors, driven purely by the profit motive. Put differently, the Supreme Court’s insight in its foundational commercial-speech decision, *Virginia Pharmacy*, that commercial speech is more “durable” and “hard[y]” than noncommercial speech³⁹ in this instance supports expanding rather than contracting First Amendment protections for such speech.

Finally, I think that Desai is correct that the overarching “fair use” exemption from dilution liability is of less use to speakers than one might expect.⁴⁰ The reason, quite simply, is that the definition of fair use is complex, unpredictable, and contested.⁴¹ As a result, speakers who are seeking to rely on the fair use exemption can rarely have confidence that a reviewing court will ultimately accept their invocation of that doctrine. Consider in this regard the *MTD Products* and *Hyundai* cases discussed above, in both of which a fair use defense or its state-law equivalent was rejected.⁴² The result is that fear of liability

37. See *supra* note 34 and accompanying text.

38. 15 U.S.C. § 1125(c)(3) (2012).

39. *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 771 n.24 (1976).

40. Desai, *supra* note 1, at 484.

41. See Stephen B. Thau, *Copyright, Privacy, and Fair Use*, 24 HOFSTRA L. REV. 179, 182 (1995) (noting that “fair use cases are unpredictable” and that “courts with similar factual cases often reach opposite conclusions while appearing to engage in identical analyses”).

42. *Deere & Co. v. MDT Prods., Inc.*, 41 F.3d 39, 44–45 (2d Cir. 1994);

(especially strong given that these are generally commercial actors speaking) will inevitably lead to self-censorship and a chilling effect.

In short, the use of trademark law to suppress criticisms of, and dialog about, corporations raises serious First Amendment concerns, despite the limited range of the resulting suppression. Moreover, in a world in which corporations are becoming dominant political speakers and actors, this tilting of speech is an assault on the most fundamental values underlying the First Amendment. Some reining in of trademark dilution law in order to protect free speech and debate is therefore clearly called for. The question to which we now turn is whether the corporate public figure doctrine is (to continue the equine metaphor) the horse we should ride.

III. TRUTH, REPUTATION, AND OTHER HARMS

Having documented the interference with free speech interposed by trademark law, including in particular the trademark dilution cause of action for “famous brands,” the solution Desai proposes is to import the public figure doctrine and “actual malice” standard from the Court’s decisions regarding First Amendment limits on state libel law into the corporate/trademark context.⁴³ The advantages of this approach, he argues, are that it would limit speaker liability to situations where the defendant has made a “false statement about the company”⁴⁴ and would permit most litigation to be resolved at an early stage, thereby limiting the chilling effects the threat of protracted litigation creates.⁴⁵ Desai also points out that juxtaposing the public figure doctrine with trademark dilution law exposes a fundamental tension between constitutional and intellectual-property principles because dilution law is explicitly designed to protect corporate reputation, but it is a fundamental premise of First Amendment doctrine that public figures (whether corporate or individual) do not “own” their reputations.⁴⁶ To the contrary, the very purpose of the First Amendment is to enable “uninhibited, robust, and wide-open” public

Louis Vuitton Malletier, S.A. v. Hyundai Motor Am., No. 10 Civ. 1611 (PKC), 2012 WL 1022247, at *16–20 (S.D.N.Y. 2012).

43. See *supra* notes 18–20 and accompanying text.

44. Desai, *supra* note 1, at 485.

45. *Id.* at 500–02.

46. *Id.* at 481–82.

debate “that . . . may well include vehement, caustic, and sometimes unpleasantly sharp attacks on” public figures.⁴⁷

Desai is clearly correct that requiring corporate public figures to prove falsehood and actual malice will substantially limit their ability to use trademark law to throttle critical speech.⁴⁸ Moreover, his proposal has solid support in the Supreme Court’s own case law. Faced with a conflict between First Amendment protections for public debate and a liability theory other than libel—in particular, intentional infliction of emotional distress (“IIED”)—the Court borrowed from *New York Times Co. v. Sullivan* to protect the speech. Thus, in *Hustler Magazine, Inc. v. Falwell*, the Court reversed an IIED verdict against Hustler Magazine in favor of the minister Jerry Falwell based on Hustler’s publication of an “ad parody” suggesting that Falwell’s “first time” was “a drunken incestuous rendezvous with his mother in an outhouse.”⁴⁹ The Court concluded that imposing liability in this context threatened to silence or chill substantial amounts of political speech, including “caustic” caricatures of public figures.⁵⁰ As such, it concluded that, just as with libel and defamation, a public figure may not recover for IIED unless he or she can prove “that the publication contains a false statement of fact which was made with ‘actual malice,’ *i.e.*, with knowledge that the statement was false or with reckless disregard as to whether or not it was true.”⁵¹ More recently, in *Snyder v. Phelps* the Court again rejected an IIED claim based on “outrageous” speech (there, a vicious, homophobic protest held in the proximity of the funeral of a fallen soldier) because the speech was on “a matter of public concern.”⁵² In so holding, the Court relied almost entirely on *New York Times Co. v. Sullivan* and its progeny (including *Hustler*) for the proposition that public debate must remain untrammelled and robust,⁵³ though it did not explicitly evoke the falsehood and “actual malice” rules—presumably because factual falsehood was not really at issue in *Snyder*.

There is thus good precedent for the extension of the “actual malice” standard beyond the libel/defamation context. There

47. *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 270 (1964).

48. Desai, *supra* note 1, at 496–502.

49. 485 U.S. 46, 48 (1988).

50. *Id.* at 54.

51. *Id.* at 56.

52. 131 S. Ct. 1207, 1213, 1215–16 (2011).

53. *Id.* at 1215–16, 1219.

are reasons, however, to question both this precedent and De-sai's specific extension of it into trademark dilution law. This is because the analogy between libel law on the one hand, and IIED and trademark dilution on the other, is imperfect. The essence of the modern torts of libel and defamation is harm to reputation caused by the promulgation of factual falsehoods about an individual.⁵⁴ It therefore made perfect sense for the Court in *New York Times Co. v. Sullivan* to place proof of falsehood at the heart of its reconciliation of libel and free speech, and to further require proof of "actual malice"—i.e., mens rea—in order to grant speech some needed "breathing space."⁵⁵ The IIED tort, however, is not designed to protect against loss of reputation; it is designed to protect against emotional harm, and conduct intentionally designed to impose such harm. There is, however, no particular connection between emotional harm and truth. Certainly falsehood can cause harm, but so can truth, and so in addition can exposition and opinion with no relation to fact at all. Indeed, the *Hustler* Court even acknowledged this argument,⁵⁶ but then dismissed it with little or no explanation in the course of adopting the actual malice standard.⁵⁷ The result of this holding is to leave public figures with no compensation for real, proven emotional injuries unless the plaintiff can prove "falsehood" and "actual malice"—showings with no causal relationship to the injury suffered. To be sure, the Court may well have been correct to deny liability in *Hustler* (I think it was). The underlying question in *Hustler* was whether the First Amendment's preference for robust public debate trumps a public figure's legitimate request for compensation.⁵⁸ The correct answer may well be yes—as I mentioned, I think that it is—but the Court's invocation of "actual malice" adds nothing to that debate because falsehood is completely orthogonal to the harm addressed by IIED.⁵⁹

54. *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 341 (1974) ("The legitimate state interest underlying the law of libel is the compensation of individuals for the harm inflicted on them by defamatory falsehood.").

55. *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 272 (1964) (quoting *NAACP v. Button*, 371 U.S. 415, 433 (1963)).

56. *Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 52–53 (1988).

57. *Id.* at 56.

58. *See id.* at 50 (describing the issue presented).

59. In *Snyder v. Phelps*, the Court did not invoke "actual malice," but it similarly failed to address directly why the Phelps and society's interest in open debate trumped Snyder's completely reasonable demands for compensation for the emotional harm caused by the Phelps, other than through assertion. *See Snyder v. Phelps*, 131 S. Ct. 1207, 1220 (2011) (stating summarily

The extension of the “actual malice” standard to trademark dilution law raises similar, though more complex, questions. Admittedly, dilution law, like libel law (but unlike IIED) is concerned with reputation, making the analogy seemingly more apt. But there is a crucial difference between libel and dilution. As noted above, libel law focuses sharply on harm to reputation because of *falsehood*. The same is clearly not true of dilution law. In *Mattel, Inc. v. MCA Records, Inc.*, the decision regarding the song about the Barbie doll, the Ninth Circuit explicitly clarified that while trademark infringement suits turn on consumer confusion (which is analogous to falsehood), trademark dilution claims do not.⁶⁰ Indeed, in none of the cases Desai focuses on, including the two Barbie cases, the Deere deer case, the Hyundai case, and the Coke/cocaine case, was falsehood or consumer confusion a serious concern.⁶¹ No one, after all, was likely to believe that the Coca-Cola company was behind the Cocaine posters. Desai himself of course recognizes this point,⁶² but then does not consider the implications of this fact for the “actual malice” standard. The problem, however, is basic. If falsehood is not a requirement of dilution, then requiring proof of falsehood and actual malice, as Desai proposes, does not merely create a First Amendment defense to dilution claims; it fundamentally alters the nature of the claim, effectively collapsing it with trademark infringement claims or libel claims. Moreover, incorporation of “actual malice” into dilution law would not merely limit some dilution claims, it would in fact eviscerate the entire federal dilution statute. This is because under federal law, dilution claims are only available for “famous” marks—i.e. those that are “widely recognized by the general consuming public of the United States.”⁶³ However, as Desai convincingly argues, the very same factors that make a mark famous effectively ensure that the owner of the mark would qualify as a “general-purpose public figure,” triggering the actual malice standard.⁶⁴ This in turn means that the actual malice standard will apply to *all* trademark dilution claims, thereby effectively converting all such claims into either trademark infringement or libel claims. The Federal Trade-

that the Constitution prohibits suppression of even such offensive speech).

60. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002).

61. See Desai, *supra* note 1, at 484–85, 500–01 (discussing these cases).

62. See *id.* at 483 (“[D]ilution does not require that the speech deceive or confuse consumers and never even asks whether it was false.”).

63. 15 U.S.C. § 1125(c)(2)(A) (2012).

64. Desai, *supra* note 1, at 483.

mark Dilution Act⁶⁵ will have been effectively repealed. Perhaps this is a good thing (more on this later), but if that is true it is better to say so rather than to achieve this objective by stealth.

At this point, there is some value in taking a step back. I have argued that the incorporation of the First Amendment rules regarding libel into trademark dilution law may not be appropriate, because unlike libel, falsehood is not at the heart of, or even a general component of, dilution claims. At the same time, it is important to remember that the problem Desai has identified—the misuse of dilution law to silence critics of trademark holders—is a real and serious one. What then is the appropriate constitutional response to this dilemma?

To answer this question, we need to take a closer look at dilution law. Federal law recognizes two distinct forms of trademark dilution: dilution by blurring, and dilution by tarnishment.⁶⁶ Dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”⁶⁷ In other words, it occurs when a famous mark becomes associated with some product other than the original owner’s. Dilution by tarnishment, on the other hand, is “association arising from similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”⁶⁸ Blurring claims do not strike me as generally raising serious First Amendment concerns, especially given the existence of the fair use and non-commercial use exclusions.⁶⁹ After all, blurring is a form of economic free-riding on the investment into a famous mark’s reputation by the owner,⁷⁰ an activity which does not contribute meaningfully to public debate. And the fact that there is no falsehood involved—that the diluter is not pretending to be the mark owner—does not really change that fact. It is true that some prohibitions of blurring will silence criticisms of corporations, but the effect seems unlikely to be large, and also seems fairly easily avoidable by the speaker. After all, crit-

65. 15 U.S.C. § 1125(c).

66. *See id.* § 1125(c)(2) (providing definitions for these two types of dilution).

67. *Id.* § 1125(c)(2)(B).

68. *Id.* § 1125(c)(2)(C).

69. *See id.* § 1125(c)(3) (establishing these exemptions).

70. *See Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) (noting that dilution by blurring whittles away the trademark’s value and dilutes selling power).

icism of the holder of a famous mark is hardly likely to lead viewers to associate the mark with the criticizer, absent unusual circumstances. So, the First Amendment probably should not be understood, absent unusual circumstances, to bar most blurring claims.

Tarnishment is an entirely different matter. Tarnishment claims are based on the supposition that owners of famous marks have a right to protect the reputations of their marks even from truthful criticism—because remember, if the criticism is false, the mark owner would have a libel claim (subject to the actual malice standard), and so the tarnishment claim adds nothing. But this cannot be right. As Desai points out, it is a fundamental assumption of the First Amendment, and of *New York Times Co. v. Sullivan* in particular, that public figures (which all owners of famous marks are) do not “own their reputations.”⁷¹ In other words, the policies underlying the dilution-by-tarnishment claim are in direct, irreconcilable conflict with the First Amendment. The solution, then, is not to convert a tarnishment claim into a libel claim by adding falsehood and actual-malice requirements, since libel law adequately encompasses such causes of action. The solution is to forthrightly recognize that the claim itself is unconstitutional, no less so than the law of seditious libel and the Sedition Act of 1798.⁷² In short, dilution-by-blurring claims are not inherently inconsistent with the First Amendment, but dilution-by-tarnishment claims are.

CONCLUSION

Deven Desai has done a great service by bringing to light the deep tension between trademark dilution law and the First Amendment. Too often, when intellectual property is at issue, courts simply brush off serious First Amendment problems,⁷³ and Desai is quite correct to condemn that flippant attitude. He also makes a powerful argument regarding the essentially political nature of much modern corporate speech, including advertising, as well as the fact that most major corporations, in-

71. Desai, *supra* note 1, at 456.

72. See *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 274–76 (1964) (explaining that the Sedition Act was constitutionally invalid); *Abrams v. United States*, 250 U.S. 616, 630 (1919) (Holmes, J., dissenting) (criticizing the Sedition Act as inconsistent with First Amendment principles).

73. Cf. *Golan v. Holder*, 132 S. Ct. 873 (2012); *Eldred v. Ashcroft*, 537 U.S. 186 (2003).

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cluding all owners of famous marks, qualify as public figures for First Amendment purposes. I am thus convinced by almost all of his argument. The only objection I raise is that Desai does not go far enough, at least with respect to trademark dilution by tarnishment claims. Instead of trying to resurrect them in a new form, he should have simply buried them.