

January 1999

Don't Be Cruel: Scope of Parody Curtailed in *Elvis Presley Enterprises, Inc. v. Capece*

Deborah Wright

Follow this and additional works at: <http://digitalcommons.law.ggu.edu/ggulrev>

 Part of the [Intellectual Property Law Commons](#)

Recommended Citation

Deborah Wright, *Don't Be Cruel: Scope of Parody Curtailed in Elvis Presley Enterprises, Inc. v. Capece*, 29 Golden Gate U. L. Rev. (1999).
<http://digitalcommons.law.ggu.edu/ggulrev/vol29/iss3/10>

This Note is brought to you for free and open access by the Academic Journals at GGU Law Digital Commons. It has been accepted for inclusion in Golden Gate University Law Review by an authorized administrator of GGU Law Digital Commons. For more information, please contact jfischer@ggu.edu.

NOTE

DON'T BE CRUEL: SCOPE OF PARODY CURTAILED IN *ELVIS PRESLEY ENTERPRISES, INC. v. CAPECE*

I. INTRODUCTION

Forty years ago, the “in-crowd” of American society experienced a unique phase.¹ Velvet paintings were coveted, lava lamps were in every home, and bell-bottoms were the fashion of the day.² In the words of one court, this era fostered a culture obsessed with the fleeting and the unimportant, idolizing celebrities as if they were gods.³ In 1991, Barry Capece opened The Velvet Elvis nightclub to satirize this materialistic, flashy lifestyle.⁴ Unfortunately, the humor of Capece’s parody escaped Elvis Presley Enterprises, the heir to Elvis Presley’s intellectual property rights, who sued Capece, alleging violation of the entertainer’s rights of publicity, federal trademark infringement, and dilution of its marks.⁵

1. See *Elvis Presley Enters., Inc., v. Capece*, 950 F. Supp. 783, 788 (S.D. Tex. 1996).

2. See *id.* at 788.

3. See *id.*

4. See *id.*

5. See *id.* at 789. See also TENN. CODE ANN. 47-25-1103 (1997). Tennessee law establishes a property right for every individual in his or her name, photograph or likeness in any medium. See TENN. CODE ANN. 47-25-1103. Such rights are assignable, licensable, and do not expire upon the death of the individual. These rights

684 GOLDEN GATE UNIVERSITY LAW REVIEW[Vol. 29:683

Parody is a controversial form of artistic expression.⁶ Courts often disagree as to the protection it should be afforded, and define it differently based on the context in which it is being scrutinized.⁷ Rather than providing clarity on the legal role of parody, the United States Court of Appeals for the Fifth Circuit, in *Elvis Presley Enterprises v. Barry Capece*,⁸ created further ambiguity in the area of trademark law.

This Note explores how the Fifth Circuit limited the legal boundaries of parody in the context of trademark law. Section II provides a background of trademark law and how parody fits into a court's determination as to whether infringement has occurred. Section III presents the facts and procedural history of the case, including the district court's analysis. In Section IV, this Note examines how the Fifth Circuit Court of Appeal approached the application of parody in the trademark context. Finally, Section V discusses the severe limitation on the legal use of parody set forth by the Fifth Circuit, and offers an alternative approach to parody in the context of trademark law.

II. BACKGROUND

Trademark law protects the public against confusion as to the origin of products and services and protects the trademark owner against misappropriation of his or her efforts to market those goods or services.⁹ To determine whether trademark infringement has occurred, courts apply the likelihood of confu-

of publicity are descendible to the executors, assigns, heirs, or devisees of the individual. *See id.*

6. *See* NEW MERRIAM WEBSTER DICTIONARY FOR LARGE PRINT USERS (1989). Parody is defined as "a humorous or satirical imitation." *Id.* *See also* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 581 (1994). In *Campbell*, the Court addressed the defendant's parody defense under the fair use doctrine in a copyright infringement situation. Writing for the Court, Justice Souter explained the Court's difficulty with the controversial nature of parody as a form of artistic expression. He stated there is no bright line rule for either parodist or judge as to when infringement has occurred because each case must be judged based on the specific facts at hand. *See id.*

7. *See Campbell*, 510 U.S. at 580. Justice Souter noted that for purposes of copyright law, parody has a particular meaning. Thus, parody may be defined differently when reviewing the concept in another area of law. *See id.*

8. 141 F.3d 188 (5th Cir. 1998).

9. *See infra* notes 13-50 and accompanying text for a description of trademark protection.

sion test.¹⁰ This test takes into account factors that may contribute to the likelihood of confusion between two marks, such as similarity between the marks, intent of the alleged infringer, and, when applicable, parody.¹¹ If the court finds that infringement has occurred, the remedies available to the trademark owner are injunctive relief, an accounting for profits when appropriate, and treble damages if the infringement was willful.¹²

A. TRADEMARK LAW

A trademark is a word, name, symbol or device used to identify the source of the products or services offered to the public.¹³ Congress enacted the Lanham Act in 1946 to protect trademarks used in national and foreign commerce.¹⁴ The Lanham Act was founded on the public policy that trademarks ensure the quality of a product and promote competition, and, therefore, should be afforded the greatest protection possible.¹⁵ The Lanham Act has evolved into protecting the public against likelihood of confusion as to the source, affiliation or sponsorship of products and services.¹⁶ Additionally, in 1996 the Lan-

10. See *infra* notes 31-50 and accompanying text for a description of the likelihood of confusion analysis.

11. See *infra* notes 31-50 and accompanying text for a list of the factors considered to determine if trademark infringement has occurred.

12. See *infra* notes 51-53 and accompanying text for an explanation of the available remedies in a trademark infringement case.

13. See 15 U.S.C. § 1127 (1998). The Lanham Act, codified in 15 U.S.C. §§ 1051-1127, defines "trademark" as, "any word, name, symbol or device or any combination thereof ... used to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." *Id.* The Lanham Act defines "service mark" as, "any word, name, symbol, or device, or any combination thereof used by a person ... to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown." The term "trademark" is often used to refer to service marks as well. See *id.* The Lanham Act establishes both procedural and substantive rights in trademarks and unfair competition law. The Act includes the procedure for registration of marks as well as the remedies for such infringement. See *id.* §§ 1051-1127.

14. See S. Rep. No. 1333, 79th Congress, 2d Sess., 5 (1946).

15. See *id.* at 6.

16. See 15 U.S.C. § 1114 (1998). This section imposes infringement liability on a person who uses a mark that is "likely to cause confusion, or to cause mistake, or to deceive" *Id.*

686 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

ham Act added legislation that protects trademark owners against dilution of their marks.¹⁷

Today, trademarks are protected under Federal and state statute and common law.¹⁸ These laws protect against use of confusingly similar marks in commerce by preventing deception of the purchasing public and safeguarding against misappropriation of an owner's efforts to market his or her products or services.¹⁹

1. *Distinctiveness*

Trademarks must be either inherently distinctive or have acquired secondary meaning to merit full statutory protection against infringement.²⁰ Inherent distinctiveness means that the word or symbol does not bring to mind the product or service, but serves the express purpose of functioning as a trademark, such as Kodak for film.²¹ If a trademark is not inher-

17. See 15 U.S.C. § 1125(c) (1998). Dilution is defined as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." *Id.*

18. See 15 U.S.C. §§ 1051-1127 (1998). See generally J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 5 (4th ed. 1997). This treatise provides a history of the development of both common law and federal legislation for trademarks.

19. See 15 U.S.C. § 1125 (1998). Trademark infringement occurs when:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id.

20. See 15 U.S.C. § 1052 (1998). Trademarks granted registration on the principal register are afforded the full statutory protection of the Lanham Act against infringement by others. Registration on the principal register is allowed so long as the mark sought to be registered is not already a registered mark or will not confuse the purchasing public. See *id.*

21. See MCCARTHY, *supra* note 18, § 11:1. Inherently distinctive words or symbols are generally not already familiar to buyers; they do not conjure up the image of the

ently distinctive, it may acquire secondary meaning through its substantially exclusive and continuous use in commerce for a period of five years.²² If the trademark does not meet either the inherent distinctiveness or secondary meaning requirement, statutes provide little protection against infringement by others.²³

A trademark's distinctiveness is categorized as generic,²⁴ descriptive,²⁵ suggestive,²⁶ or arbitrary or fanciful.²⁷ Generic symbols and terms are not entitled to trademark protection because they wholly describe the product or service, such as the word "bread" to describe bread.²⁸ Descriptive terms describe a

product or service itself. Marks that are inherently distinctive may operate immediately as a trademark. *See id.*

22. *See* 15 U.S.C. § 1052(f) (1998). Any mark that has been used in commerce for a period of more than five years gains a presumption of distinctiveness. *See id.* *See also* MCCARTHY, *supra* note 18, § 11:2. A mark's use in commerce and the resulting consumer recognition it receives as the identifier of the origin or source of the goods or services establishes its distinctiveness. *See id.*

23. *See* 15 U.S.C. §1052 (1998). Trademarks that cause confusion, are merely descriptive, or otherwise do not meet the Patent and Trademark Office's criteria for registration are either denied registration on the principal register, which provides full protection of trademark law, or are registered on the supplemental register, which provides minimal protection against infringement. *See id.* *See generally* 15 U.S.C. §§ 1091-1095 (1998). These sections provide a background and the process for registering a mark on the supplemental register. Many foreign countries require registration in the owner's home country prior to registration of the mark in a foreign country. The supplemental register exists primarily to provide technical registration for an otherwise unregistrable mark so that an owner may be able to register the mark in another country. *See id.*

24. *See* MCCARTHY, *supra* note 18, § 12:3. Generic terms are not protectable under trademark statutes because they use the name of the product or service to identify it.

25. *See id.* §§ 11:16, 15:1. "A mark is descriptive if it is descriptive of the intended purpose, function or use of the goods, of the size of the goods, of the class of users of the goods, of a desirable characteristic of the goods, or of the end effect upon the user." *Id.* § 11:16. These marks are not inherently distinctive and the law requires that secondary meaning be proven before the trademark is deemed protectable from infringement. *See id.* § 15:1.

26. *See id.* § 11:62. Suggestive marks merely suggest some quality or ingredient of the goods or services. These marks are protected without any necessity for proving secondary meaning. *See id.*

27. *See id.* § 11:6. The strongest marks are fanciful or arbitrary. These marks have no relation to the product or service, and are invented for the sole purpose of operating as a trademark. *See id.*

28. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 15, cmt. a. (1995). "Generic descriptions are not subject to appropriation as trademarks at common law and are ineligible for registration under state and federal trademark statutes." *Id.* *See*

688 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

purpose, function, or desired result of the product or service, and require proof of secondary meaning in order to merit trademark protection.²⁹ Suggestive and arbitrary or fanciful symbols and terms merit the broadest legal protection because they are utilized in a non-descriptive fashion, or are invented for the sole purpose of serving as a trademark for a product or service.³⁰

2. Trademark Infringement

Trademark infringement occurs when a defendant uses the plaintiff's mark, or a mark similar to the plaintiff's, that is likely to confuse a buyer as to the source, affiliation, or sponsorship of the defendant's product.³¹ Courts determine likelihood of confusion by analyzing a number of factors relating to the marks, known as the likelihood of confusion test.³² Con-

also Oleg Cassini, Inc. v. Cassini Tailors, Inc., 764 F. Supp. 1104, 1109 (S.D. Tex. 1990). The court discussed the strength of each party's marks, noting that a generic term is a common descriptive name for a product or service, and as such is entitled to no trademark protection. *See id.*

29. *See id.* Descriptive terms describe a characteristic or ingredient of a product or service, and are entitled to trademark protection only if the mark has acquired distinctiveness in identifying the product or service. *See id.* *See also* 15 U.S.C. § 1052(f) (1998). Merely descriptive terms may be registered as trademarks only if it has become distinctive of the applicant's goods in commerce through substantially exclusive and continuous use for a period of five years. *See id.*

30. *See Cassini*, 764 F. Supp. at 1109. A suggestive term does not directly describe the product or service, but requires thought or imagination to connect the mark to the corresponding product or service. A suggestive mark is entitled to trademark protection without a showing of distinctiveness. Arbitrary or fanciful marks neither describe the product or service nor suggest the nature of the product or service. Therefore, these marks are considered inherently distinctive and are entitled to full protection against trademark infringement. *See id.*

31. *See Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 170 (5th Cir. 1986). To prove infringement, the court held the plaintiff must show that defendant's use of the same mark, "XL," was likely to create confusion in the minds of potential customers seeking to purchase floor care equipment. The court found that there was no evidence of actual confusion, the plaintiff's mark was weak, and there was a lack of similarity between the marks when viewed in context. Finding no confusion as to source, affiliation or sponsorship between the marks, the court overturned the jury's verdict of infringement. *See id.* at 174.

32. *See In the Matter of E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (1973). This was the first case issued by the United States Court of Customs and Patent Appeals that provided specific guidance for trademark infringement cases. *See id.* at 1360. The court established thirteen factors which courts may take into consideration when determining the likelihood of confusion between identical or similar marks. These factors are: similarity of marks in their appearance, sound,

fusing similarity does not indicate mere similarity in marks, but the resulting confusion of customers as to the source of goods or services.³³ However, it is not sufficient to establish a likelihood of confusion if confusion is merely *possible*; rather, likelihood of confusion is equivalent to *probable* confusion.³⁴

The Fifth Circuit considers seven factors in determining whether likelihood of confusion exists.³⁵ The first factor, the type of trademark, takes into account the strength of the

connotation and commercial impression; similarity and nature of goods or services; similarity of trade channels; conditions under which the sale is made and who the buyers are; fame of the prior mark; number and nature of similar marks in use on similar goods; nature and extent of any actual confusion; variety of goods on which a mark is or is not used; market interface between applicant and the owner of a prior mark; extent to which applicant has a right to exclude others from use of its mark; extent of potential confusion; and any other established fact probative of the effect of the mark's use. *See id.* at 1361. *See also* Roto-Rooter Corp. v. O'Neal, 513 F.2d 44, 45 (5th Cir. 1975). This is the leading Fifth Circuit case on trademark infringement. The court established seven factors to consider when determining whether a likelihood of confusion exists between two marks. The factors are: type of trademark, similarity of design, similarity of products, identity of retail outlets and purchasers, identity of advertising media utilized, intent and actual confusion. *See id.*

33. *See* Visual Information Institute, Inc. v. Vision Industries Inc., 209 U.S.P.Q. 179, 189 (1980). The question of likelihood of confusion is predicated on the reaction of an average consumer to marks encountered in the marketplace. The court held that consumers would be confused by the marks "Vii" and "VII" in the marketplace because consumers usually have only a vague and general recollection of marks, which must be taken into account when determining whether a likelihood of confusion as to source of goods exists. *See id.*

34. *See* Chemetron Corp. v. Morris Coupling and Clamp Co., 203 U.S.P.Q. 537, 541 (1979). The court stated that, in determining whether a likelihood of confusion exists when two marks are being concurrently used in the marketplace, there must be contemporaneous use of both marks for an appreciable time so there is ample opportunity for confusion to arise if it were going to arise. The defendant argued that the two marks had co-existed in the marketplace for one and a half years without evidence of actual confusion, and based on this evidence the court should find that no likelihood of confusion exists between the two marks. The court held that confusion only had to be probable to merit a finding of likelihood of confusion, and that one and a half years of co-existence in the marketplace was not sufficient time to disprove a likelihood of confusion. *See id.*

35. *See* Roto-Rooter, 513 F.2d at 45. In this leading case, the Fifth Circuit combined the factors considered in three prior cases, Continental Motors Corp. v. Continental Aviation Corp., 375 F.2d 857 (9th Cir. 1967); American Foods, Inc. v. Golden Flake, Inc., 312 F.2d 619 (9th Cir. 1963); and Sears, Roebuck & Co. v. All States Life Ins. Co. 246 F.2d 161 (5th Cir. 1957), *cert. denied*, 355 U.S. 894 (1957), to establish the current list of seven factors considered in determining likelihood of confusion in a trademark infringement case. *See id.*

690 GOLDEN GATE UNIVERSITY LAW REVIEW[Vol. 29:683

mark.³⁶ The second factor, similarity of design, recognizes that marks very similar in appearance, sight, sound or meaning are more likely to confuse purchasers.³⁷ The third factor, similarity of the products, considers whether a likelihood of confusion arises due to the similarity between the same or related products and services.³⁸ The fourth factor, identity of retail outlets and purchasers, determines if the same purchasers will be exposed to both products.³⁹ The fifth factor, identity of advertising media utilized, analyzes potentially confusing marketing

36. See *Cassini*, 764 F. Supp. at 1109. The court stated, "The strength of the mark depends upon its degree of arbitrariness in relation to the products or services with which it is used." *Id.* The court then described the four categories of distinctiveness, finding that the plaintiff's "Oleg Cassini" and "Cassini" marks are arbitrary because they do not describe or suggest the nature of the plaintiff's products. See *id.* See also *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2nd Cir. 1979). The strength of the mark "refers to the distinctiveness of the mark, or more precisely, its tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous, source." *Id.* The strength or distinctiveness of the mark determines the ease with which it may be established as a valid trademark and the degree of protection it will be afforded. See *id.*

37. See *Elvis Presley Enters., Inc., v. Capece*, 141 F.3d 188, 201 (5th Cir. 1998) (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 cmt. c. (1995)) "Even if prospective purchasers recognize that the two designations are distinct, confusion may result if purchasers are likely to assume that the similarities in the designations indicate a connection between the two users. The relevant inquiry is whether, under the circumstances of the use, the marks are sufficiently similar that prospective purchasers are likely to believe that the two users are somehow associated." *Id.* See also *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1485 (10th Cir. 1987). The court found that while the similarity of the words used in the "Jordache" mark and the "Lardashe" mark would support an inference of likelihood of confusion, the dissimilarities in the designs used in the marks greatly outweigh the similarities. See *id.* See also *In re Mack*, 197 U.S.P.Q. 755, 757 (1977). The court held that similarity in any one of the elements of sound, appearance or meaning is sufficient to indicate a likelihood of confusion. The court found a likelihood of confusion regarding concurrent use of the marks "Mac" and "Mack" because the marks are similar in both appearance and sound. See *id.*

38. See *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.*, 628 F.2d 500, 505 (5th Cir. 1980). Exxon is a petroleum dealer and the Texas Motor Exchange corporation opened a business to sell petroleum using the trademark "Texon." The court held that "Texon" infringes the "Exxon" mark, but another similar mark, "Tex-On," does not infringe the "Exxon" mark because there was a similarity in products and services between "Texon" and "Exxon," but not between "Tex-On" and "Exxon." See *id.*

39. See *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 259 (5th Cir. 1980). Amstar sued Domino's Pizza for infringement of Amstar's mark, "Domino." However, the appellate court did not agree that there was likelihood of confusion as to origin or source between the marks because the sugar sales market and the pizza sales market are very different and do not overlap. See *id.* at 259.

activities.⁴⁰ The sixth factor weighs the defendant's intent or lack thereof in adopting a similar mark.⁴¹ The seventh factor, actual confusion, recognizes that the best evidence for likelihood of confusion is actual confusion.⁴² The absence or presence of any one of these factors is not dispositive, nor must a finding of likelihood of confusion necessarily be supported even by a majority of the factors considered.⁴³

B. PARODY

The likelihood of confusion test is not limited to these seven factors.⁴⁴ Courts may also consider other factors relevant to the

40. See *Guardian Prods. Co., Inc. v. Scott Paper Co.*, 200 U.S.P.Q. 738, 741 (1978). The court observed that a likelihood of confusion can be found if the products and services are related in some manner and "the conditions and activities surrounding the marketing of these goods or services are such that they could be encountered by the same persons under circumstances that could, because of the similarity of the marks used therewith, give rise to the mistaken belief that they originate from or are in some way associated with the same producer." *Id.* Here, the court held that "Scott Guardian" was confusingly similar with "Guardian" because both marks were to identify disposable medical-related paper products. See *id.* See also *Oreck*, 803 F.2d at 172-173. In this case, the court found that advertisements for both products appeared in the same trade journals. Even so, the court found the likelihood of confusion resulting from this activity negligible. The court explained that the danger of confusion in using the same advertising media only arises when the trademarks are deceptively similar. See *id.* at 173.

41. See *Jordache*, 828 F.2d at 1485. The court noted that mere intent to confuse supports a likelihood of confusion. However, the court held that Hogg Wyld's mark, "Lardashe," as a parody, did not infringe Jordache's "Jordache" mark because, as a well-developed parody, the mark amused, rather than confused, the public as to source, affiliation or sponsorship between the marks. See *id.* at 1486-1487.

42. See *World Carpets, Inc. v. Dick Luttrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971). The court stated, "there can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion." *Id.* The court affirmed summary judgment for World Carpets on the basis that World Carpets had proven actual confusion between "World Carpets" and "New World Carpets," thus establishing likelihood of confusion between the marks. See *id.*

43. See *Conan Properties, Inc., v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985). The court addressed whether Conans Pizza's trademark was confusingly similar to that of Conan Properties' "Conan the Barbarian" popular comic character. The court held that not all factors must be present to prove a trademark infringement case, and each case should be decided based on the context of the specific facts presented. See *id.*

44. See *id.* at 150. The court noted that the principal seven factors are a "non-exhaustive list of factors to be considered in determining whether a likelihood of confusion exists." See also *Armco, Inc., v. Armco Burglar Alarm Co., Inc.*, 693 F.2d 1155, 1160 (5th Cir. 1982). In agreeing to consider the factor of product pricing in a likelihood of confusion case as to source of the service between alarm companies, the

692 GOLDEN GATE UNIVERSITY LAW REVIEW[Vol. 29:683

case, such as parody.⁴⁵ Parody is “a literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule.”⁴⁶

Because parody is a form of social and literary criticism, it is protected under the First Amendment.⁴⁷ However, a trademark owner does not lose trademark protection merely because the alleged infringement is a work of artistic expression.⁴⁸ A parody that creates a likelihood of confusion is still subject to a trademark infringement action.⁴⁹ On the other hand, the obvious recognition of a well-developed, non-confusing parody may weigh heavily enough in an infringement analysis to overcome a likelihood of confusion between the two marks.⁵⁰

appellate court recognized that the trial judge “correctly pointed out that the likelihood of confusion analysis is ‘not limited to’ the seven factors.” *Id.*

45. See *Nike, Inc. v. “Just Did It” Enters.*, 6 F.3d 1225, 1228 (7th Cir. 1993). The court stated that parody is not an affirmative defense, but an additional factor courts may consider in determining likelihood of confusion in a trademark infringement case. The court found that the mark “Mike,” as a parody, did not present a likelihood of confusion as to source, affiliation or sponsorship with the mark “Nike.” *See id.* at 1229.

46. AMERICAN HERITAGE DICTIONARY 1317 (3d ed. 1992).

47. See U.S. CONST. amend. I. The First Amendment reads, in part: “Congress shall make no law . . . abridging the freedom of speech . . .” *Id.* See also *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.2d 1394, 1400 (9th Cir. 1994). Recognizing that parody, like other works of artistic expression, has socially significant value as free speech, the court gave wide latitude to the art form when considering whether copyright infringement had occurred. *See id.* See also *Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group*, 886 F.2d 490, 493 (2d Cir. 1989). However, the work’s status as a parody does not relieve the parodist of his evidentiary burden to prove lack of infringement. *See id.*

48. See *Silverman v. CBS, Inc.*, 870 F.2d 40, 49 (2d. Cir. 1988), *cert. denied*, 492 U.S. 907 (1989). CBS sued Silverman for attempting to make a musical of its “Amos ‘n’ Andy” characters. The court stated that a trademark owner does not lose his trademark protection because the infringing work is considered artistic expression. However, the court ruled that CBS had abandoned its trademark rights by not asserting them since 1966. *See id.* at 51. See also *Cliffs Notes*, 886 F.2d at 494. Similarly, in *Cliffs Notes* the court used a balancing approach to the case, giving special consideration to the free-speech protection that is afforded to artistic expression yet still addressing the likelihood of confusion factors for trademark infringement. *See id.*

49. *See id.* at 494. See also *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 773 (8th Cir. 1994). The United States Court of Appeals for the Eighth Circuit held that a parodic, fictitious advertisement for “Michelob Oily” produced by Balducci Publications created a likelihood of confusion with Anheuser-Busch advertisements for “Michelob” beer products. *See id.*

50. See *Cliffs Notes*, 886 F.2d at 497. The Second Circuit Court of Appeal held that Bantam’s parody “Spy Notes” of Cliffs Notes popular study guides did not infringe

C. REMEDIES FOR TRADEMARK INFRINGEMENT

The remedies available for infringement depend on the nature of the infringement.⁵¹ If the infringement was unintentional, the remedy is limited to injunctive relief against future infringement.⁵² However, willful infringers who cause confusion regarding association, affiliation or sponsorship of another's products or services may be liable for treble damages and subject to a permanent injunction against further use of the infringing mark.⁵³

In *Elvis Presley Enterprises, Inc. v. Barry Capece*,⁵⁴ the court found that Capece intentionally infringed Elvis Presley Enterprises' marks by drawing on Elvis Presley's worldwide fame to attract customers to the club.⁵⁵ Fortunately for Capece, Elvis Presley Enterprises failed to properly preserve its request for an accounting of profits.⁵⁶ Therefore, Capece was subject only to a permanent injunction against further use of the Velvet Elvis mark in relation to its confusing advertising practices.⁵⁷

III. FACTS OF *ELVIS PRESLEY ENTERPRISES, INC. V. CAPECE*

Through a testamentary trust, Elvis Presley Enterprises (EPE) is the assignee and registrant of trademarks, copyrights,

Cliffs Notes, Inc.'s trademarks because the parody did not create a likelihood of confusion as to source, affiliation or sponsorship. *See id.*

51. *See* 15 U.S.C. § 1117 (1998). Injunctive relief, damages, attorneys' fees, profits, damages and costs, and treble damages may be available depending upon the injury and circumstances. *See id.*

52. *See id.* § 1125. However, due to First Amendment concerns regarding freedom of the press, injunctive relief is not available if the injunction would prevent mass distribution of a publication. *See id.* § 1114. *See also* BLACK'S LAW DICTIONARY 784 (6th ed. 1991). Injunctive relief is "a court order prohibiting someone from doing some specified act or commanding someone to undo some wrong or injury." *Id.*

53. *See* 15 U.S.C. § 1117 (1998). A court may award three times the profits made by the defendant or three times the damages sustained by the plaintiff, whichever is greater, in addition to attorneys' fees. When calculating the damages to be awarded, the defendant must prove any costs that may be deducted from the damages awarded. *See id.*

54. 141 F.3d 188, 198 (5th Cir. 1998).

55. *See id.* at 203.

56. *See Elvis*, 141 F.3d at 206-207.

57. *See id.*

694 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

and all publicity rights belonging to Elvis Presley's estate.⁵⁸ EPE's exclusive rights under this testamentary trust are marketed through a licensing program that grants licensees the right to market Elvis Presley merchandise worldwide.⁵⁹ Although EPE also operates a restaurant and ice cream parlor at Graceland, none of its service marks are registered in the restaurant and tavern business category.⁶⁰

In April 1991, entrepreneur Barry Capece opened The Velvet Elvis nightclub in Houston, Texas.⁶¹ The Velvet Elvis's theme purported "to parody an era remembered for its sensationalism and transient desire for flashiness."⁶² To convey this parody, Capece decorated The Velvet Elvis with velvet paintings of Elvis Presley, Stevie Wonder, Chuck Berry, and Bruce Lee.⁶³ He also hung beaded curtains and a painting of a bare-chested Mona Lisa, covered the men's restroom walls with

58. See *Elvis Presley Enters., Inc. v. Capece*, 950 F. Supp. 783, 787 (S.D. Tex. 1996). EPE has over a dozen registered trademarks in Elvis Presley's name and likeness, though none of these trademarks are registered in the restaurant and tavern business category. Elvis Presley assigned his intellectual property rights to Elvis Presley Enterprises through a trust established in his will. See *id.* See also BLACK'S LAW DICTIONARY 1475 (6th ed. 1991). A testamentary trust is a trust created by a will which takes effect only upon the testator's death. It provides a mechanism to assign the rights of one person to another. See *id.* See also 15 U.S.C. § 1112 (1998). Trademarks are registered by classification of goods and services. Marks that are not confusingly similar are entitled to registration regardless of classification. However, similar marks may co-exist in different classifications on the register if consumers are not likely to confuse the two marks. See *id.*

59. See *Elvis*, 950 F. Supp. at 788. The largest percentage of EPE's annual earnings comes from sales of Elvis memorabilia, including items ranging from t-shirts to juke boxes, with sales exceeding \$20 million dollars in the last five years. To protect these earnings, EPE has registered trademarks for the various forms of memorabilia. See *id.*

60. See *id.* at 787.

61. See *id.* at 788. The bar was opened through a limited partnership, Beers 'R' Us. Shortly after opening the club, the Beers 'R' Us partnership dissolved for business reasons. See *id.*

62. *Id.* The district and appellate courts cite several different targets for Capece's parody. These include the sixties; a gauche, materialistic lifestyle; velvet paintings and other gaudy decor; restaurants similar to the Hard Rock Café and Planet Hollywood; and indirectly, society's fascination with Elvis Presley. The nightclub also boasted to be the first cigar bar in Houston. See *id.*; *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 200 (5th Cir. 1998).

63. See *Elvis*, 950 F. Supp. at 788. Capece removed most of the Elvis Presley memorabilia and decorations from the club prior to the trial. See *id.*

Playboy centerfolds, and furnished the bar with vinyl furniture.⁶⁴

On August 28, 1991, Capece filed a federal service mark application for The Velvet Elvis for use in the restaurant and tavern business.⁶⁵ In December 1992, the Patent and Trademark Office published the service mark in the Official Gazette to give notice of the pending registration and provide an opportunity for opposition by affected parties.⁶⁶ Although EPE admitted it was aware of the mark's publication at that time, it did not object to the service mark's registration within the allowed thirty-day period.⁶⁷ Because the mark was not opposed, the Patent and Trademark Office issued the Velvet Elvis service mark to Capece for use in the restaurant and tavern business on March 9, 1993.⁶⁸

However, in July 1993, The Velvet Elvis closed for business reasons.⁶⁹ During the next several months, Capece solicited investors and obtained financial backing to reopen the night-

64. *See id.*

65. *See id.* *See also* 15 U.S.C. § 1112 (1998). Trademarks are registered in respect to certain goods or services. Similar, and sometimes even identical, marks may be allowed registration if concurrent use of the marks would not create a likelihood of confusion. *See id.* *See also* 15 U.S.C. § 1062 (1998). Registrants of trademarks file for registration with the Patent and Trademark Office. The written application is reviewed by a Patent Office examining attorney and, if all particulars are satisfied, the mark is published in the Patent Office's Official Gazette for notice to the public. If no opposition is filed, a certificate of registration is issued to the trademark owner. *See id.* § 1051.

66. *See Elvis*, 950 F. Supp. at 788. *See also* 15 U.S.C. § 1062 (1998). Publication in the Official Gazette serves as constructive notice to anyone who may oppose the mark. *See id.*

67. *See Elvis*, 950 F. Supp. at 788. *See also* 15 U.S.C. § 1063 (1998). When an applicant's proposed trademark is published in the Official Gazette, any person believing he or she will be damaged by the registration of the mark may file a notice of opposition within thirty days of the publication of the mark. If a notice of opposition is filed, the Patent and Trademark Office considers the opponent's arguments in deciding whether to allow registration of the mark. Otherwise, the mark is deemed registrable by the PTO and a certificate of registration is issued. *See id.*

68. *See Elvis*, 950 F. Supp. at 788.

69. *See id.* The bar closed for several months and the Beers 'R' Us partnership dissolved. *See id.*

696 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

club at a different location in Houston.⁷⁰ In January 1994, Capece formed a new partnership, Velvet Limited, and began renovation on a newly leased building.⁷¹

In July 1994, while the renovation was being completed, EPE sent a cease and desist letter to Capece, threatening to file suit unless the nightclub dropped the term "Elvis" from its name.⁷² Despite this warning, Capece opened the new Velvet Elvis nightclub in August 1994, and continued to feature plays on Elvis Presley's name, movies and songs in its advertisements.⁷³ The Velvet Elvis continued referencing Elvis Presley in its advertising through early 1995.⁷⁴

IV. PROCEDURAL HISTORY

EPE filed suit against Capece and his partners (Capece) in April 1995, alleging federal and common-law unfair competition and trademark infringement, and federal trademark dilution.⁷⁵ EPE also alleged Capece violated its state-law rights of

70. *See id.* A second limited partnership was formed under the name "Velvet Limited." Audley, Incorporated was the general partner, of which Capece was the sole shareholder. *See id.*

71. *See id.* The new nightclub was located on Richmond Avenue, not far from the former nightclub's address on Kipling Street. *See id.*

72. *See id.* *See also* BLACK'S LAW DICTIONARY 223 (6th ed. 1991). A cease and desist order is a court order prohibiting a person or business from continuing a particular course of conduct. A cease and desist letter is usually sent by the client's attorney, before filing a claim, insisting that the alleged infringer cease and desist all activities which purportedly infringe the client's trademarks and other intellectual property rights. *See id.*

73. *See Elvis*, 950 F. Supp. at 788. The advertisements included direct references to Elvis Presley's movies and songs, such as "The King Lives," "Viva La Elvis," and "Elvis Has Not Left The Building." The bar's menu contained direct references to Elvis as well, such as "Love Me Blenders" and "Your Football Hound Dog." *See id.* at 789.

74. *See id.* The district court noted that even though Capece requested that The Velvet Elvis's employees discontinue use of Elvis's name, pictures, or direct references to Elvis in the nightclub's advertisements without Capece's express approval, the infringing advertisements continued through early 1995. Finding that Capece's management style left a risk that the infringing activity would recur, the court issued an injunction against The Velvet Elvis forbidding such advertising practices. *See id.*

75. *See Elvis Presley Enters., Inc. v. Capece*, 950 F. Supp. 783, 788 (S.D. Tex. 1996). The Velvet Limited partnership included Barry Capece and Audley, Inc., the investor for the second nightclub. Capece, Audley, and the partnership were each listed as defendants in the suit. *See id.* *See also* 15 U.S.C. § 1127 (1998). Trademark dilution is defined as, "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition

publicity in Elvis Presley's name and likeness.⁷⁶ EPE sought injunctive relief, an accounting of profits, attorneys' fees and a court order directing the Patent and Trademark Office to cancel Capece's registration of The Velvet Elvis service mark.⁷⁷

The District Court for the Southern District of Texas heard the case in November 1996.⁷⁸ The court first reviewed the bar's service mark and decor, finding that the bar did not present a likelihood of confusion with EPE's marks because the bar was presented as a parody of the sixties lifestyle.⁷⁹ The court then reviewed separately the Velvet Elvis's advertising practices, and found that the advertisements infringed EPE's marks because they were presented outside the parodic backdrop of the bar where the public would recognize them as a parody.⁸⁰ Therefore, the court ruled in favor of EPE as to its claims of trademark infringement and rights of publicity violations regarding the bar's advertising practices.⁸¹

between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." *See id.* Trademark dilution is covered under the Trademark Dilution Act of 1995. *See id.* § 1125(c).

76. *See Elvis*, 950 F. Supp. at 789. These claims are covered under Texas common law and TEX. PROP. CODE § 26.011 (Vernon 1984 & Supp. 1986), which prohibits a person from using a deceased individual's name, voice, signature, photograph, or likeness in any medium in connection with products, merchandise or goods or for purposes of advertising, selling or soliciting purchases for such merchandise. *See id.* *See also* *Matthews v. Wozencraft*, 15 F.3d 432, 437 (5th Cir. 1994). To establish a prima facie case for violation of a deceased person's rights of publicity, one must prove that the defendant has appropriated another's identity and is using it for trade or commercial benefit. *See id.*

77. *See Elvis*, 950 F. Supp. at 788.

78. *See id.* at 787.

79. *See id.* at 791-793. The court went through the seven foundational factors for likelihood of confusion, finding none of them likely to cause confusion. *See id.* at 796-797. The district court also considered parody as an additional factor of likelihood of confusion related to the bar's service mark and decor. *See id.* at 791-793.

80. *See id.* at 797. The court found that the presentation and content of the advertisements infringed EPE's marks. The "Elvis" portion of the mark was displayed in large letters, while the "Velvet" portion of the mark was almost unnoticeable. Thus, the court found that the bar focused its advertisements on the "Elvis" portion of the mark to draw customers to its establishment. The court also found that the advertisements depicting Elvis's name and likeness, without the parodic backdrop of the bar itself, were likely to cause confusion in the purchasing public. Since the public would not know that the bar is a parody until entering the club, the advertisements were found to be misleading. *See id.*

81. *See id.*

698 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

Accordingly, the district judge granted permanent injunctive relief to EPE.⁸² The injunction barred Capece from using Elvis Presley's image or likeness, phrases inextricably linked to his identity, and from displaying the "Elvis" portion of the service mark in print larger than the "Velvet" portion of the mark.⁸³ However, the court ruled in favor of Capece on the trademark dilution and rights of publicity claims regarding use of the word "Elvis" in the service mark, and allowed Capece to continue using the service mark to identify the bar.⁸⁴ Subsequently, EPE appealed the district court's denial of its trademark infringement, federal dilution and rights of publicity claims regarding use of the service mark as an identifier of the nightclub.⁸⁵

V. THE FIFTH CIRCUIT'S ANALYSIS

The Fifth Circuit reviewed the case *de novo*, disagreeing with the district court's approach in determining whether a likelihood of confusion existed between the marks.⁸⁶ The Fifth Circuit stated that the district court misapplied the doctrine of parody in its decision, and failed to consider the impact of Capece's advertising practices on the service mark as a whole.⁸⁷ The appellate court analyzed the Velvet Elvis's service mark, décor and advertising practices together, and found that the

82. *See Elvis*, 950 F. Supp. at 803.

83. *See id.* Although EPE requested an accounting of profits, no evidence was presented at trial to show lost or diverted sales. Therefore, this relief was denied. EPE also requested an award of attorneys' fees, but the court found that the infringement was unintentional and therefore denied the request. *See id.* *See also* 15 U.S.C. §1117 (1998). The Lanham Act requires intentional infringement for an award of attorneys' fees. *See id.*

84. *See Elvis*, 950 F. Supp. at 803. Because the Court only found that the advertising infringed EPE's marks, the Court refused EPE's request that the court direct the Patent and Trademark Office to cancel the Velvet Elvis service mark, thus allowing Capece's continued use of the service mark for the nightclub. *See id.*

85. *See Elvis Presley Enters., Inc., v. Capece*, 141 F.3d 188, 190 (5th Cir. 1998). EPE did not properly preserve its claims in the trial court for an accounting of profits from Capece or for recovery of attorneys' fees. Therefore, it lost the right to appeal these issues. *See id.* at 193.

86. *See id.* at 196. The Fifth Circuit, citing *Joslyn Mfg. Co. v. Koppers Co.*, 40 F.3d 750, 753 (5th Cir. 1994), held that when the district court's findings are based on a "clearly erroneous view of the law," the appellate court is to review questions of law *de novo* and questions of fact for clear error. *See id.*

87. *See id.* at 191.

Velvet Elvis mark, when viewed as a whole, infringed EPE's marks.⁸⁸ Therefore, the appellate court reversed the district court's ruling that no infringement took place as to the bar's service mark and décor, and enjoined Capece's further use of the Velvet Elvis mark.⁸⁹

A. ADVERTISING PRACTICES SHOULD NOT HAVE BEEN REVIEWED IN ISOLATION

The Fifth Circuit stated that service mark infringement must be determined by considering the mark and its surrounding activities as a whole.⁹⁰ Noting the Supreme Court's position that "protection of trade-marks is the law's recognition of the psychological function of symbols," the Court ruled that the mark must be considered in the context in which it was used, not in a vacuum.⁹¹ The court emphasized that advertising is highly probative in the likelihood of confusion test in service mark cases because an identifying trademark cannot be

88. *See id.* at 207.

89. *See id.* at 188. Although the district court ruled that Capece could continue using the Velvet Elvis service mark to identify the bar, the appellate court ruled that, viewing the mark as a whole, the Velvet Elvis mark caused a likelihood of confusion with EPE's marks and could no longer be used in any context. *See id.* at 207.

90. *See Elvis*, 141 F.3d at 197 (citing *The Sports Auth., Inc. v. Prime Hospitality Corp.*, 89 F.2d 955, 962 (2d Cir. 1996) (considering the appearance of the mark in advertising in determining similarity of marks); *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 94-95 (2d Cir. 1993) (same); *Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 171 (5th Cir. 1986) (considering the presentation of the marks in advertising in determining the similarity of the marks and the defendant's intent); *Sun Banks of Fla., Inc. v. Sun Fed. Sav. & Loan Ass'n*, 651 F.2d 311, 318 (5th Cir. 1981) (considering the presentation of the marks in advertising in determining the similarity of the marks); *National Ass'n of Blue Shield Plans v. United Bankers Life Ins. Co.*, 362 F.2d 374, 378 (5th Cir. 1966) (comparing marks as used in advertising in newspapers and on television where the black and white format did not allow for color distinctions). The *Elvis* court held that, in determining likelihood of confusion, service marks should be viewed as they appear to the consumer in the advertising for the service. *See id.*

91. *See id.* at 197 (citing *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942)). The *Mishawaka* court explained the law recognizes the psychological function of symbols, and courts must protect trademarks to prevent confusion of the public. The Court held that, although the infringed party is not entitled to profits made apart from an infringing use of his mark, an infringer who cannot prove separate profits made from infringement and profits made from his own work must give up his entire profits due to the infringement. *See Mishawaka*, 316 U.S. at 205.

700 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

physically affixed to the service.⁹² The court also observed that federal statutory law specifically makes advertising one of the relevant factors in determining the likelihood of confusion for a service mark.⁹³ Therefore, the court insisted that the Capece's advertising of The Velvet Elvis nightclub must be considered in conjunction with the bar's name and decor to determine if a likelihood of confusion existed between the marks.⁹⁴

B. PARODY AS A FACTOR OF INFRINGEMENT

The Fifth Circuit agreed with the district court that parody is an appropriate additional factor to be considered in the likelihood of confusion test.⁹⁵ Because this was the first occasion the Fifth Circuit had considered parody in the context of trademark law, the appellate court looked to the Supreme Court's decision in *Campbell v. Acuff-Rose*⁹⁶ for guidance on the legal boundaries of parody.⁹⁷ The Fifth Circuit stated that although the Supreme Court in *Campbell* analyzed parody to determine copyright infringement rather than trademark infringement, the *Campbell* analysis was still relevant to treatment of parody in the present case.⁹⁸

92. See *id.* at 197. The court cited the RESTATEMENT (THIRD) OF UNFAIR COMPETITION §21(a)(I) (1995), which states that "the overall impression created by the [marks] as they are used in marketing the respective goods and services is relevant to how similar the marks are." *Id.*

93. See *id.* at 197 (citing 15 U.S.C. §1127). The Lanham Act defines "in commerce" in the context of a service mark as "when it is used or displayed in the sale or advertising of services." See 15 U.S.C. §1127. Thus, advertising is central to the determination of likelihood of confusion between service marks. See *Elvis*, 141 F.3d at 197.

94. See *id.* at 198.

95. See *Elvis*, 141 F.3d at 198. The court cited *Dr. Seuss Enters. v. Penguin Books USA, Inc.* 109 F.3d 1394, 1405 (9th Cir. 1997), which held that parody is an additional factor to be considered in determining whether likelihood of confusion exists between two marks. See *id.*

96. 510 U.S. 569 (1994).

97. See *Campbell v. Acuff-Rose*, 510 U.S. 569 (1994). Acuff-Rose Music sued 2 Live Crew for copyright infringement when the band made a parody of Roy Orbison's hit, "Oh Pretty Woman." The court held that the material borrowed for the parody was necessary to achieve the purpose of the parody, and thus constituted fair use as a criticism and comment on the original work. See *id.* at 594.

98. See *Elvis*, 141 F.3d at 199. The Fifth Circuit looked at the Supreme Court's definition of parody as applied to copyright law and a parody's need and justification

In *Campbell*, Acuff-Rose Music sued the band, 2 Live Crew, for copyright infringement when the group released a song titled "Pretty Woman" which copied significant portions of Roy Orbison's hit song, "Oh, Pretty Woman."⁹⁹ Denying the infringement, 2 Live Crew claimed that because its song was a parody of Orbison's song, the copying of portions of the song constituted fair use.¹⁰⁰ In determining whether the borrowed portion of the work constituted fair use or copyright infringement, the Supreme Court stated that if the parody's purpose has no critical bearing on the substance of the original work, the justification for borrowing from the original work diminishes accordingly.¹⁰¹ Justice Souter, writing for the majority of the Court, explained, "when parody takes aim at a particular original work, the parody must be able to 'conjure up' at least enough of that original to make the object of its critical wit recognizable."¹⁰² Thus, the *Campbell* court held if the parody's purpose is to criticize the original work, the parody must be able to borrow enough of the original work for the audience to understand what is being criticized.¹⁰³ Taking this into consideration, the Court found that 2 Live Crew's use of the title and chorus of Orbison's song, "Oh, Pretty Woman" could constitute

for mimicking an original work. The court then applied the same reasoning to the facts in the *Elvis* trademark infringement case. *See id.* at 198-200.

99. *See Campbell*, 510 U.S. at 572.

100. *See id.* The Court called upon Justice Story's summation of the fair use defense in *Folsom v. March* 9 F. Cas. 342 (C.C.D. Mass. 1841). Justice Story said the court must "look to the nature and objects of the selections made, the quantity and value of the materials use, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work." *Id.* at 348. *See also* 17 U.S.C. § 107 (1997). If the material borrowed is for the purpose of criticism, comment, news reporting, teaching, scholarship or research, it is not an infringement of the author's copyright. To determine fair use, factors to be considered are the purpose and character of the use, the nature of the copyrighted work, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and the effect of the use upon the potential market for or value of the copyrighted work. *See id.*

101. *See Campbell*, 510 U.S. at 580. The court explained that one is not allowed to borrow from another's work merely to avoid the drudgery in "working up something fresh". *Id.* *See also* Mary Shapiro, Comment, *An Analysis of the Fair Use Defense in Dr. Seuss Enterprises v. Penguin*, 28 GOLDEN GATE U.L. REV. 1 (1998) for a discussion of the fair use defense in a copyright infringement case.

102. *See id.* at 588. Justice Souter then acknowledged that what makes the parody recognizable is quotation from the original work's most distinct, memorable features. *See id.*

103. *See id.*

702 GOLDEN GATE UNIVERSITY LAW REVIEW[Vol. 29:683

fair use and remanded the case for consideration of that issue.¹⁰⁴

Justice Souter clarified the boundaries of the Court's ruling in a footnote, explaining that looser forms of parody may also constitute fair use if the parody creates little or no risk of market substitution.¹⁰⁵ Despite this clarification, the Fifth Circuit applied the reasoning of Justice Kennedy's more stringent, concurring opinion which allowed a parodist to escape liability from copyright infringement only if the target of the parody was the original work.¹⁰⁶ Using this restrictive approach, the court held that because Capece's intent was to parody "faddish bars of the sixties" and not Elvis Presley himself, there was no justification to borrow any portion of EPE's marks.¹⁰⁷ Thus, the court concluded that parody was irrelevant to the infringement analysis in this case and would not be considered as a factor in determining whether a likelihood of confusion existed between the Velvet Elvis mark and EPE's marks.¹⁰⁸

104. *See id.* at 594.

105. *See id.* at 580 n.14. Justice Souter stated:

A parody that more loosely targets an original than the parody presented here may still be sufficiently aimed at an original work to come within our analysis of parody. If a parody whose wide dissemination in the market runs the risk of serving as a substitute for the original or licensed derivatives (*See infra*, at 590-594), discussing factor four), it is more incumbent on one claiming fair use to establish the extent of transformation and the parody's critical relationship to the original. By contrast, when there is little or no risk of market substitution, whether because of the large extent of transformation of the earlier work, the new work's minimal distribution in the market, the small extent to which it borrows from an original, or other factors, taking parodic aim at an original is a less critical factor in the analysis and looser forms of parody may be found to be fair use, as may satire with lesser justification for the borrowing than would otherwise be required.

Id.

106. *See Elvis*, 141 F.3d at 199 (citing *Campbell*, 510 U.S. at 597 (Kennedy, J., concurring)). Although not stated explicitly in the court's opinion, the Fifth Circuit followed Justice Kennedy's more stringent approach to liability for parodists, ignoring Justice Souter's footnote explaining that looser forms of parody could be tolerated in many circumstances. *See id.*

107. *See Elvis*, 141 F.3d at 200. Capece intended to parody the entire sixties lifestyle, including obsession with superstars such as Elvis Presley, by opening The Velvet Elvis nightclub. Capece's sole target was not Elvis Presley. *See id.*

108. *See id.* Because Capece's target was not Elvis Presley alone, the court determined that the parody factor was simply irrelevant to the infringement analysis. Without that latitude afforded a parody in considering the overlapping material between the two marks, a parody will seldom pass the likelihood of confusion test.

C. FACTORS OF INFRINGEMENT

The Fifth Circuit then reviewed the five factors of the likelihood of confusion test that were affected by the district court's isolated analysis of The Velvet Elvis's advertising practices, name and décor.¹⁰⁹ Reviewing the activities as a whole, the appellate court concluded that the Velvet Elvis mark infringed EPE's trademarks.¹¹⁰

The court first considered the type of trademark, noting that the stronger the mark, the more protection it will receive.¹¹¹ The court found that EPE's marks were very strong because Elvis Presley's name and likeness have achieved "worldwide fame and instantaneous recognition," thus meriting the utmost protection from infringement.¹¹² Capece argued that the Velvet Elvis mark had a different meaning than EPE's marks and that EPE failed to show distinctiveness of its marks outside the entertainment industry.¹¹³ However, the court was not convinced by these arguments, and held that this factor weighed in favor of a likelihood of confusion.¹¹⁴

Second, the court considered the marks' similarities by comparing the sight, sound and meaning of each of the marks.¹¹⁵

109. *See id.* at 200-204. Only five of the seven likelihood of confusion factors were reviewed separately for advertising. Thus, the Fifth Circuit only reviewed those affected by the district court's erroneous application of the law. The Fifth Circuit agreed with the district court that the identity of retail outlets and purchasers and the identity of the advertising media were irrelevant in this case. *See id.*

110. *See id.* at 204-205. Had the district court analyzed the advertising practices along with the bar's name and décor, the district court would have come to the same conclusion as the appellate court.

111. *See id.* at 201 (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION, §21, cmt. i). "The stronger the mark, the greater the protection it receives because the greater the likelihood that consumers will confuse the junior user's use with that of the senior user." *Id.*

112. *Elvis*, 141 F.3d at 201.

113. *See id.* The court felt that these arguments were better addressed in the other factors of confusion. The court was still not convinced that EPE's marks lacked distinctiveness or that Capece's mark had a different meaning. *See id.*

114. *See id.* The court addressed this argument when it considered the similarity of the two marks. The court observed that the defendants' advertising practices had "imbued 'The Velvet Elvis' mark with a meaning that directly evokes Elvis Presley, despite any independent meaning the mark might have." *Id.*

115. *See id.* at 201-202 (citing *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d, 1482, 1484 (10th Cir. 1987)). In *Jordache*, the court compared the similarity between two

704 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

Viewed in light of the Velvet Elvis's advertising practices, the court found the marks confusingly similar, thus causing a likelihood of confusion.¹¹⁶ As an example, the court noted that the Velvet Elvis' advertisements referred to Graceland and displayed the "Elvis" portion of the mark boldly with an almost unnoticeable "Velvet" appearing alongside in smaller script.¹¹⁷ The court concluded that the similarity factor weighed in favor of a likelihood of confusion because Capece used the mark outside the context in which the purchasing public would recognize the service mark as a parody.¹¹⁸

The third factor the court considered was the similarity of products and services.¹¹⁹ This factor allows a trademark owner to naturally expand the bounds of his or her business into related areas by preventing others' use of the same or similar marks in those related areas.¹²⁰ Although the court recognized that EPE had recently opened a nightclub in Memphis as part of a possible worldwide chain, the court stated that the proper focus of this analysis involved two factors: first, whether the products and services of EPE and Capece were similar enough to cause confusion as to source or affiliation; and second, whether Capece's bar was in a market into which EPE might naturally expand.¹²¹ Because EPE's marks were within the en-

trademarks for blue jeans by determining their similarity in appearance, sound and meaning. *See Jordache*, 828 F.2d at 1484.

116. *See Elvis*, 141 F.3d at 202. The advertisements were seen outside the parodic context of the bar itself, thus creating the likelihood of confusion as to affiliation with EPE. *See id.*

117. *See id.* The advertisements made no attempt to explain or convey the parody; they only emphasized connections with Elvis Presley's name and likeness. *See id.*

118. *See id.* The court found the advertisements deliberately linked themselves to Elvis Presley, and did not emphasize the faddish art style that could have been emphasized. *See id.*

119. *See id.* at 202-203.

120. *See id.* at 202. The court, citing *Professional Golfers Ass'n of Am. v. Bankers Life & Cas. Co.*, 514 F.2d 665, 669-670 (5th Cir. 1975), noted that direct competition between the parties' services does not have to exist to create a likelihood of confusion between two marks. *See Elvis*, 141 F.3d at 202.

121. *See Elvis*, 141 F.3d at 202-203. The court cited *Armco, Inc., v. Armco Burglar Alarm Co., Inc.*, 693 F.2d 1155, 1161 (5th Cir. 1982), which held: "Diversification makes it more likely that a potential customer would associate the non-diversified company's services with the diversified company, even though the two companies do not actually compete." *Elvis*, 141 F.3d at 202-203. The *Elvis* court warned that the fact that EPE had since opened a nightclub in Memphis was not the focus of the

ertainment industry and EPE already owned a wide diversity of marks for many types of merchandise, the court concluded the two marks' products and services were confusingly similar.¹²² The court also found that EPE might naturally expand into the café and tavern market, similar to a Hard Rock Café or Planet Hollywood type of restaurant.¹²³ Therefore, the court held there was a similarity between the two marks' products and services that weighed in favor of a likelihood of confusion.¹²⁴

Fourth, the court reviewed whether Capece intended to confuse the public.¹²⁵ The court noted that a good-faith intent to parody is not an intent to confuse; in such a case, intent merely becomes irrelevant.¹²⁶ However, the court found that Capece's advertising practices supported an intent to confuse the public because the club's advertising practices used the superstar's worldwide, instantaneous fame to draw customers to the bar by emphasizing "Elvis" and associations with Elvis Presley's likeness.¹²⁷ These advertisements used Elvis's name, likeness and image, emphasized the word "Elvis" in the mark, and named menu items and happy hours after items and songs directly

matter. Rather, the proper focus was whether the parties' products and services were similar enough to cause confusion and whether Capece's current market was one of natural expansion for EPE. *See id.* at 203.

122. *See id.*

123. *See id.* at 202 (citing the RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 21(e) and cmt. j). The Restatement warns that there is a danger of affiliation or sponsorship confusion when a junior user's services are in a market that is a natural expansion for the senior user. The court expanded on the similarities: EPE owned marks for merchandise including t-shirts, juke boxes, hats, and other memorabilia; The Velvet Elvis likewise sold t-shirts and hats. EPE operated family-oriented restaurants and ice cream parlors; The Velvet Elvis served food, alcohol, cigars and had live music. The court then noted that they need not reach a decision on whether there were enough similarities between the products and services themselves because the café market was a natural area of expansion for EPE. *See id.* at 202-203.

124. *See id.* at 203.

125. *See id.* The court observed that proof of intent is not necessary to a finding of a likelihood of confusion. *See id.*

126. *See Elvis*, 141 F.3d at 203.

127. *See id.* (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 22 cmt. c). The court found that these practices increased the risk of confusion and were more than merely "a failure to take reasonable steps to minimize the risk of confusion." *Elvis*, 141 F.3d at 203.

706 GOLDEN GATE UNIVERSITY LAW REVIEW[Vol. 29:683

associated with Elvis.¹²⁸ This evidence led the court to conclude that Capece's intent weighed in favor of a likelihood of confusion.¹²⁹

The fifth and final factor the court addressed was actual confusion as to origin, sponsorship or affiliation of the service.¹³⁰ Once a customer is lured into the bar by the Elvis theme, actual confusion results regarding the connection between EPE and the nightclub.¹³¹ To prove confusion actually occurred in this case, EPE presented three witnesses at the trial who testified that they were offended, but not confused, by the bar's décor when provided with an opportunity to visit the bar on the day before the trial.¹³² A fourth witness testified he actually visited the bar to buy Elvis Presley merchandise, realized the bar was not associated with EPE, but nevertheless stayed and purchased a drink.¹³³ Additionally, The Velvet Elvis sometimes charged a cover charge for entry, and the court found this cover charge allowed Capece to benefit from this customer's initial-interest confusion.¹³⁴ Although the district court found the four

128. *See id.* The court also drew from the district court's findings regarding Capece's intent to confuse the public through the advertisements. *See id.*

129. *See id.*

130. *See id.* at 203-204. Although actual confusion is not necessary to a finding of likelihood of confusion, it is the best evidence of a likelihood of confusion. *See id.*

131. *See Elvis*, 141 F.3d at 204. However, a sale does not have to be concluded for infringement to occur. This is called initial-interest confusion, which benefits the lesser-known trademark user in the early stages of a transaction. *See id.*

132. *See Elvis*, 950 F. Supp. at 796. Three of the four witnesses called upon to testify against Capece were Elvis Presley fan club members ranging in age from mid-forties to early seventies. Each of them had visited Graceland between five and fifty times. The women were shown photos of the bar a month before trial, and had the opportunity to visit the bar on the day prior to the trial. All three women were offended by the bar's décor and testified that such decorations should not be hung in the same establishment with Elvis Presley memorabilia. The fourth witness was a gentleman who had been to both bars. When he visited the original bar, he initially thought he might be able to buy some Elvis merchandise. He quickly realized once he entered the nightclub that it had no affiliation with Elvis Presley. There were no customer complaints or other instances of confusion other than this four-person survey performed by EPE prior to trial. *See id.*

133. *See id.*

134. *See Elvis*, 141 F.3d at 204. The court explained, "initial-interest confusion gives the junior user credibility during the early stages of a transaction and can possibly bar the senior user from consideration by the consumer once the confusion is dissipated." *Id.* The court observed in a footnote that the witness who actually went to the bar and was initially confused stayed and purchased a beer. *See id.* at 204, n.7.

witnesses' testimony unconvincing, the appellate court found the testimony provided a sufficient showing of actual confusion.¹³⁵

The court concluded that all five factors it considered in its de novo review weighed in favor of a likelihood of confusion.¹³⁶ The court stated that in considering the service mark as a whole, including Capece's advertising practices, customers would very likely be confused over the relationship between the Velvet Elvis mark and EPE's marks.¹³⁷ Therefore, the court held that Capece's Velvet Elvis mark infringed EPE's marks.¹³⁸

D. DEFENSES ASSERTED BY CAPECE

The court then considered Capece's defense of laches, claiming that EPE's delay in asserting trademark infringement was inexcusable.¹³⁹ The court determined the relevant time for application of laches was eight months – from December 1992, when the mark was published in the Patent and Trademark Office Official Gazette for opposition, until July 1993 when the first location closed.¹⁴⁰ The court concluded that Capece suffered no undue prejudice as a result of this delay, and denied relief on this theory because Capece conceded he did not purchase the signs for the second location until after he received the cease and desist letter from EPE.¹⁴¹

135. *See id.*

136. *See id.*

137. *See id.*

138. *See id.* at 204-205.

139. *See Elvis*, 141 F.3d at 205 (quoting *Conan Properties, Inc., v. Conans Pizza, Inc.*, 752 F.2d 145, 153 (5th Cir. 1985)). The court defined laches as an inexcusable delay in asserting a right or claim, resulting in prejudice to the defendant. *See Elvis*, 141 F.3d at 205.

140. *See Elvis*, 141 F.3d at 205. EPE knew of Capece's use of the Velvet Elvis mark when the mark was published in the Patent and Trademark Office's Official Gazette in December, 1992. The court did not state an opinion as to why EPE did not object to the mark at that time, nor did it factor that situation into its determination on the defenses. *See id.*

141. *See id.* at 205-206.

708 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

The court then considered Capece's acquiescence defense.¹⁴² The court determined that EPE gave no assurances other than its silence that it acquiesced to Capece's use of the Velvet Elvis mark, and that eight months of silence did not rise to a level of reasonable reliance by Capece to justify the acquiescence defense.¹⁴³ Thus, the court concluded that this defense was inadequate to persuade the court to excuse Capece's infringing activities.¹⁴⁴

E. ELVIS PRESLEY ENTERPRISES' REMEDIES

Because EPE failed to request an accounting of profits, the court did not award damages for Capece's infringement.¹⁴⁵ Additionally, when evaluating possible remedies for the other appeals, the court noted that EPE did not properly preserve available remedies for its trademark dilution and right of publicity claims in the district court.¹⁴⁶ Therefore, because the appellate court could provide no further remedy than that provided in the trademark infringement claim, it did not rule on the trademark dilution or right of publicity claims.¹⁴⁷

Because Capece infringed EPE's marks, the court permanently enjoined Capece from using the Velvet Elvis mark.¹⁴⁸ The court found that enjoining only the infringing activities that associated the bar with Elvis Presley would not provide

142. *See id.* at 206 (citing *Conan*, 752 F.2d at 153). The *Conan* court defined acquiescence as the plaintiff's implicit or explicit assurance to the defendant that these claims or rights will not be asserted, which induces reliance by the defendant. *See Conan*, 752 F.2d at 153.

143. *See Elvis*, 141 F.3d at 206. The court determined that the period of silence relevant to assert of Capece's acquiescence defense would not include any time after the cease and desist letter was sent to Capece because the letter explicitly communicated EPE's objection to Capece's use of the mark. The court also stated that the period of silence while Capece's bar was not open did not constitute acquiescence because no infringing activity was taking place during that time. *See id.*

144. *See id.*

145. *See id.* EPE did not mention its claims for an accounting of profits in the pretrial order. Therefore, this remedy was considered waived by a narrowing of the issues prior to trial. *See id.*

146. *See id.* EPE did not cite the Texas statute required for an award of attorneys' fees. Therefore, this remedy was also waived. *See id.*

147. *See id.*

148. *See Elvis*, 141 F.3d at 206-207.

EPE full and proper relief because Capece's advertising practices had by this time "imbued 'The Velvet Elvis' mark with a meaning directly related to Elvis Presley, which cannot now be erased by altering the context of the mark's use."¹⁴⁹ Therefore, the court reversed and remanded the case to the district court to enter judgment for EPE.¹⁵⁰

VI. CRITIQUE

Although the outcome of this case could have been decided on the Velvet Elvis' confusing advertising practices alone, the court established an overly restrictive precedent regarding the treatment of parody in trademark law.¹⁵¹ The Fifth Circuit now considers parody as an additional factor in the likelihood of confusion test only if the parody's purpose is to criticize or make fun of the original trademark. Because the court adopted this stringent interpretation of parody, Capece's mark was denied consideration as a parody of the sixties lifestyle and idols such as Elvis Presley.

A. THE FIFTH CIRCUIT CREATED AMBIGUITY IN THE APPLICATION OF PARODY TO TRADEMARK LAW BY COMBINING COPYRIGHT AND TRADEMARK ANALYSES TO DETERMINE TRADEMARK INFRINGEMENT

The Fifth Circuit established a two-step analysis for the application of parody to trademark law that combined the doctrines of copyright and trademark law. First, the court looked at the fair use defense of copyright law to determine whether the parody qualified as a fair use under Justice Kennedy's concurring opinion in *Campbell v. Acuff-Rose*¹⁵², which allows a

149. *Id.* at 207, n.11. The court noted that it had stated no opinion as to whether the mark "The Velvet Elvis" would have infringed EPE's marks if it had not been used in ways to connote Elvis Presley. *See id.*

150. *See id.* at 207.

151. *See* *Elvis Presley Enters., Inc., v. Capece*, 141 F.3d 188, 207, n.11 (5th Cir. 1998). If The Velvet Elvis' advertising practices had not been confusing, the court may even have allowed Capece's continued use of the service mark. The court mentioned this possibility in a footnote but declined to address it, stating that this was not the question before the court. *See id.*

152. 510 U.S. 569 (1994).

710 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

parodist to escape copyright infringement liability only if the target of a parody was the original work from which the parodist borrowed material.¹⁵³ Under Justice Kennedy's approach, no parodist could use any famous name in conjunction with his work unless the *sole target* of the parody is the original work itself.¹⁵⁴ By adopting this extremely narrow interpretation of fair use, the Fifth Circuit essentially ruled that unless the sole target of the parody is the original work itself, the parody will not be classified as a parody at all.¹⁵⁵

Second, the court analyzed the marks under the traditional likelihood of confusion test.¹⁵⁶ However, the court did not consider parody as an additional factor in its analysis because the Velvet Elvis mark did not meet the first step of the court's fair use analysis.¹⁵⁷ Even though Capece intended the bar to be a parody, the court considered this irrelevant in the likelihood of confusion test because the parody's sole target was not Elvis Presley.¹⁵⁸ Without the latitude to consider an allegedly infringing mark as a parody, few parodies would ever survive the

153. See *Elvis*, 141 F.3d at 199 (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 597 (1994) (Kennedy, J., concurring)). Under Justice Kennedy's approach, parody would essentially be considered infringement *per se*. Unless the sole target of the parody were the subject of the material from which the parodist borrowed, the parodist would be subject to copyright infringement. See *Campbell*, 510 U.S. at 597 (Kennedy, J., concurring). Likewise, by adopting this approach, the Fifth Circuit has made just as difficult a position for the parodist in the trademark context. See *Elvis*, 141 F.3d at 199.

154. See *Campbell*, 510 U.S. at 597. In contrast, the majority of the Court in *Campbell* stated that a parody does not have to squarely target the original work if the parody does not result in market substitution for the original work. Justice Souter noted market substitution occurs when the purchaser would tend to purchase the parody over the original work merely because of the similarity of the products. In such a situation, infringement has occurred. However, if purchasers are buying the parody based on their acceptance of the parody's criticism itself, fatal criticism that harms the market demand for a product does not constitute infringement. See *id.* at 580.

155. See *Elvis*, 141 F.3d at 199. The Fifth Circuit ignored the parody factor altogether in its likelihood of confusion analysis, thus providing no latitude for a parodist to make his or her intended comment. See *id.*

156. See *id.* at 200-204.

157. See *id.* at 199. Because Capece's service mark failed the first step of the analysis, the mark was not considered in light of the parody in which it was intended. See *id.*

158. See *id.* The Velvet Elvis was treated as a simple infringement case. Although the court was correct in viewing the mark together with the bar's advertising practices, the court should have given consideration to the mark and its advertising practices as a parody rather than as a subsequent trademark that copied a prior trademark. See *id.*

Fifth Circuit's strict analysis.¹⁵⁹ Not surprisingly, the Velvet Elvis mark fell victim to this restrictive interpretation of parody's fair use in trademark law.¹⁶⁰

B. THE FIFTH CIRCUIT SHOULD HAVE USED THE APPROACHES SET FORTH IN THE SECOND AND TENTH CIRCUITS TO DETERMINE WHETHER A PARODY INFRINGES ANOTHER TRADEMARK

The United States Court of Appeals for the Second Circuit has long recognized that parody is a form of artistic expression entitled to protection under the First Amendment.¹⁶¹ In *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*,¹⁶² the court, considering the likelihood of confusion between the popular study aid, "Cliffs Notes," and Bantam's parody, "Spy Notes," noted the tension between the two goals of fostering free speech and protecting a trademark owner's property rights.¹⁶³ The court explained that trademark protection is not lost simply because the allegedly infringing use is in connection with a work of artistic expression.¹⁶⁴ However, to balance the goals of allowing artistic expression and protecting deception of the public, the court held that the Lanham Act "should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."¹⁶⁵

The *Cliffs Notes* court stated that a successful parody must convey two simultaneous, yet contradictory messages – that it

159. See *Campbell*, 510 U.S. at 580 n.14. The majority of the Supreme Court in *Campbell* would have provided such latitude, as noted by Justice Souter in his footnote explaining that looser forms of parody would fall within fair use if no market substitution occurred. See *id.*

160. See *Elvis*, 141 F.2d at 207.

161. See *Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group*, 886 F.2d 490, 493 (2d Cir. 1989). The Second Circuit noted that its decisions have long recognized the broad scope permitted parody due to First Amendment considerations, and that "parody and satire are deserving of substantial freedom – both as entertainment and as a form of social and literary criticism." *Id.*

162. 886 F.2d 490 (2d Cir. 1989).

163. See *id.* at 495-497.

164. See *id.*

165. *Id.*

712 GOLDEN GATE UNIVERSITY LAW REVIEW [Vol. 29:683

is the original, but it is actually a parody of the original.¹⁶⁶ If the parody only conveys that it is the original, it will be subject to trademark infringement liability because it confuses the public.¹⁶⁷ The court analyzed the two marks, "Cliffs Notes" and "Spy Notes," and found that the humorous differences between them minimized any likelihood of confusion by the purchasing public.¹⁶⁸ Accordingly, the court held that no trademark infringement had occurred.¹⁶⁹

The Fifth Circuit would have benefited from a consideration of the Second Circuit's approach in its analysis. By the Second Circuit's standards, Capece's criticism on the sixties lifestyle is an artistic expression meriting First Amendment protection. If the Fifth Circuit had viewed the Velvet Elvis mark in light of the goals of protecting artistic expression and minimizing consumer confusion, it may have found that the public was not unduly confused as to the source, affiliation or sponsorship between the two marks.

Even if the Fifth Circuit had rejected the notion that parody is a form of artistic expression meriting First Amendment protection, the court should have allowed Capece to prove that the humorous incongruities between the two marks mitigate any likelihood of confusion. The United States Court of Appeals for the Tenth Circuit was confronted with a similar situation in *Jordache Enterprises v. Hogg Wyld, Ltd.*¹⁷⁰ In *Jordache*, the court held that the humorous incongruities between the "Jordache" trademark for blue jeans and the parodic trademark "Lardashe" for blue jeans for larger women, led consumers to understand that the parody was not affiliated in any way with the Jordache company.¹⁷¹ The court easily recognized that a parodist's intent is not to confuse the public, but to amuse

166. See *id.* at 494.

167. See *Cliffs Notes*, 886 F.2d at 494.

168. See *id.* at 497.

169. See *id.* at 497.

170. 828 F.2d 1482 (10th Cir. 1987).

171. See *id.* at 1488. The court stated, "A parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect." *Id.* at 1486.

them.¹⁷² The Tenth Circuit held that the “Lardashe” mark did not present a likelihood of confusion as to source, affiliation or sponsorship with the “Jordache” mark because the humorous differences between the two marks made it obvious that the “Lardashe” mark was a parody.¹⁷³ Likewise, had the Fifth Circuit taken this approach by allowing Capece to show the humorous incongruities between the Velvet Elvis mark and EPE’s marks, the court may have recognized that the likelihood of confusion was actually minimized by their differences.

VII. CONCLUSION

The Fifth Circuit held that the Velvet Elvis mark infringed EPE’s marks because the nightclub’s advertising practices, service mark and décor, when considered as a whole, caused a likelihood of confusion as to source, affiliation or sponsorship between the club and EPE.¹⁷⁴ Although the court’s decision regarding the Velvet Elvis’s confusing advertising practices was a correct one, the Fifth Circuit should ultimately reconsider the precedent it set for parody in trademark law. Its current approach leaves no room for a parodist to criticize another’s mark unless the satirized mark is the sole target of the parodist’s criticism. By taking such a narrow approach to parody, the Fifth Circuit has in essence quashed any future creation of parodies because few parodies could survive scrutiny under this strict infringement standard.

Parody is an artistic form of expression protected under the First Amendment, and as such should be given greater latitude when being scrutinized for a likelihood of confusion. A creative, well-developed parody that makes obvious its humorous content will not be confusing, even if the parody is of an era and not a specific person. This may be demonstrated by a showing that the incongruities between the two marks not only

172. *See id.* When considering the intent factor in the likelihood of confusion test, the court stated, “where a party chooses a mark as a parody of an existing mark, the intent is not necessarily to confuse the public but rather to amuse.” *Id.* It continued, “an intent to parody is not an intent to confuse the public.” *Id.*

173. *See id.* at 1488.

174. *See Elvis Presley Enters., Inc., v. Capece*, 141 F.3d 188, 204 (5th Cir. 1998).

714 GOLDEN GATE UNIVERSITY LAW REVIEW[Vol. 29:683

prevent a likelihood of confusion, but also make apparent the fact that the mark is not affiliated with or sponsored by the targeted trademark owner.

*Deborah Wright**

* Golden Gate University School of Law, J.D. Candidate, December 1999. I would like to thank my editors, Bergen Herd, James Bruno and Mary Ann Wolcott, and my advisors, Marc Greenberg and Thomas Cook, for their advice, insight and time in reviewing my work. This article is dedicated to Mr. C.E. Eichhorn, whose unfailing patience, love and support has given me the strength to pursue my dream.