

# **AN AVATAR'S PARODY: CONSIDERING A FIRST AMENDMENT RIGHT TO PARODY REAL WORLD TRADEMARKS IN A THREE- DIMENSIONAL VIRTUAL WORLD**

“I defend both the freedom of expression and society’s right to counter it. I must pay the price for differing. It is the natural way of things.”<sup>1</sup>

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<sup>1</sup> Naguib Mahfouz Quotes, [http://www.brainyquote.com/quotes/authors/n/naguib\\_mahfouz.html](http://www.brainyquote.com/quotes/authors/n/naguib_mahfouz.html) (last visited Mar. 23, 2009).

## I. INTRODUCTION

Parody is a social and literary criticism that has significant value as free speech under the First Amendment.<sup>2</sup> For trademark purposes, the First Amendment protects parodies of marks against trademark law, provided that the parody is successful.<sup>3</sup> A successful parody “must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is *not* the original and is instead a parody.”<sup>4</sup> In addition to the second requirement, the parody must “communicate some articulable element of satire, ridicule, joking, or amusement.”<sup>5</sup> A successful parody minimizes potential liability under trademark law because consumers are less likely to be confused as to the source of the mark being parodied.<sup>6</sup> Where a parody is effectively conveyed, reducing the likelihood of consumer confusion, United States courts have held parodies of trademarks are protected under the First Amendment.<sup>7</sup>

Modern technology has drastically increased the forums for displaying parodies of trademarks. Traditionally, parodies of trademarks were often displayed on forums like signs, newspapers, books, and clothing.<sup>8</sup> As technology continued to improve, the forums for expressing free speech regarding

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<sup>2</sup> *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 801 (9th Cir. 2003) (quoting *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997)).

<sup>3</sup> See 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:153 (4th ed. 2008) (discussing that only proper parodies will be protected against trademark infringement claims under the First Amendment).

<sup>4</sup> *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 260 (4th Cir. 2007) (quoting *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366 (4th Cir. 2001)).

<sup>5</sup> *Id.*

<sup>6</sup> See *id.* at 261 (stating that an effective parody will diminish the likelihood of confusion).

<sup>7</sup> See *id.* at 261, 263 (explaining that an effective parody will reduce the likelihood of confusion); see also *Mattel*, 353 F.3d at 812 (“[T]arnishment caused merely by an editorial or artistic parody which satirizes plaintiff’s product or its image is not actionable under an anti-dilution statute because of the free speech protections of the *First Amendment* . . .” (quoting 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:90 (4th ed. 2008))).

<sup>8</sup> See, e.g., *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468 (S.D.N.Y. 1986) (illustrating how a t-shirt manufacturer parodied the “Miami Vice” trademark via “Miami Mice” t-shirts); see also *Edgar Rice Burroughs, Inc. v. Manns Theatres*, 195 U.S.P.Q. (BNA) 159 (C.D. Cal. 1976) (describing that a film producer sought to satirize the fictional character “Tarzan” in an X-rated film entitled “Tarz & Jane & Boy & Cheeta”).

trademarks also evolved.<sup>9</sup> Currently, the Internet serves as one of the most frequented forums for expressing free speech regarding trademarks.<sup>10</sup> Unlike traditional parodies of trademarks, parodies posted on the Internet created new dilemmas for trademark owners.<sup>11</sup> Considering the new dilemmas technology created for trademark owners, Congress revised trademark law, providing trademark owners with some additional protection.<sup>12</sup> However, forums for free speech regarding trademarks may not end with simple WebPages or blogs on the Internet. Parodies of real world trademarks could also be expressed in a three-dimensional virtual world called Second Life.

Second Life is a three-dimensional virtual world that allows users to interact with other people from all around the world.<sup>13</sup> Users in Second Life can find other people with similar interests, take part in conferences, and organize or participate in a political rally that is based on either a real or fictional controversy.<sup>14</sup> In

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<sup>9</sup> See Deborah F. Buckman, *Lanham Act Trademark Infringement Actions in Internet and Website Context*, 197 A.L.R. 17 (2004) (discussing that, with the evolution of the Internet, one can use trademarks in many forums, including pop-up advertising and websites).

<sup>10</sup> See *id.* (noting that huge masses of people communicate online); see Jonathan L. Schwartz, *Making the Consumer Watchdog's Bark as Strong as Its Gripe: Complaint Sites and the Changing Dynamic of the Fair Use Defense*, 16 ALB. L.J. SCI. & TECH. 59 (2006) (describing that the barriers to speech are minimal over the Internet).

<sup>11</sup> See Buckman, *supra* note 9 (illustrating how the Internet has created new and unique enforcement problems when it comes to trademark infringement).

<sup>12</sup> See Thomas E. Anderson, *Emerging Intellectual Property Issues in Cyberspace*, 78 MICH. B.J. 1260, 1260 (1999) (explaining that new legislation related to the Internet is being enacted in the intellectual property area); see Oscar S. Cisneros, *Bally Total Fitness Holding Corp. v. Faber*, 15 BERKELEY TECH. L.J. 229, 229 (2000) (discussing how fair use doctrines and the First Amendment allow people to freely describe other companies without fearing trademark infringement); see 74 AM. JUR. 2D *Trademarks and Tradenames* § 118 (2008) (explaining that Congress enacted the Anti Cybersquatting Consumer Protection Act to protect trademark owners from the growing problems on the Internet).

<sup>13</sup> See David Lazarus, *Real Fear in Virtual World*, S.F. CHRON., Sept. 15, 2006, at D-1, available at <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/c/2006/09/15/BUGE9L5JM51.DTL> (describing Second Life as a vastly populated virtual 3-D world).

<sup>14</sup> See Bettina M. Chin, *Regulating Your Second Life: Defamation in Virtual Worlds*, 72 BROOK. L. REV. 1303, 1312 (2007) (explaining that in Second Life, residents put "together a political rally based on real or fictional controversies"); see posting of Sarah Wheaton to <http://thecaucus.blogs.nytimes.com/2007/03/31/obama-is-first-in-their-second-life/> (Mar. 31, 2007, 15:52) (describing a political rally for Obama in Second Life); see SLIC Best Practices in Teaching,

addition to providing an interactive meeting ground, Second Life allows users to accomplish more than what is physically possible in the real world as it provides users with the ability to do things such as shop, travel, work, make money, create communities, buy and sell real estate, or set up shopping malls.<sup>15</sup>

This Article discusses parodying real world trademarks in Second Life, focusing on trademark parodies and not counterfeits of marks.<sup>16</sup> Part II provides an overview of Second Life, analyzing whether it provides a forum for free speech. Part III analyzes whether a user can use Second Life to parody a trademark in the virtual world. Specifically, Part III discusses a hypothetical parody of a real world mark in the virtual world and analyzes whether it will be permitted under Second Life's Terms of Service agreement and whether established trademark law should be applied. Part IV discusses the potential concerns in applying established trademark law to parodies in the virtual world. Additionally, Part IV analyzes established trademark law and how it can be applied to parodies of trademarks in the virtual world. This Article concludes that because of the realistic nature of virtual parodies, parodies in Second Life may be susceptible to trademark law in almost every instance, minimizing a Second Life resident's right to express free speech when parodying a trademark in the virtual world. As a result, courts must consider the hurdles virtual parodies must overcome and factor these difficulties when balancing the rights of a trademark owner to retain exclusive use of its mark and the right to parody real world marks in the virtual world.

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<http://slbestpractices2007.wikispaces.com/> (last visited Mar. 23, 2009) (describing an international conference in Second Life); see Second Life, Meet People, <http://secondlife.com/whatis/meet.php> (last visited Mar. 23, 2009) (describing that people meet in Second Life).

<sup>15</sup> Irene Sege, *Leading a Double Life in a User-Created Universe, Alter Egos Bridge the Gap Between Fantasy and Reality*, BOSTON GLOBE, Oct. 25, 2006, available at [http://www.boston.com/news/globe/living/articles/2006/10/25/leading\\_a\\_double\\_life/](http://www.boston.com/news/globe/living/articles/2006/10/25/leading_a_double_life/); Andrew Lavalley, *Now, Virtual Fashion*, WALL ST. J., Sept. 22, 2006, available at [http://online.wsj.com/public/article/SB115888412923570768-zVZuILNMf6YlpTXqtuGcTAWcrWY\\_20070925.html?mod=blogs](http://online.wsj.com/public/article/SB115888412923570768-zVZuILNMf6YlpTXqtuGcTAWcrWY_20070925.html?mod=blogs).

<sup>16</sup> See *infra* note 60 (noting that counterfeits of marks are common in Second Life). This Article primarily focuses on the intent to critique a mark in Second Life and not the intent to counterfeit a mark. Additionally, because Second Life enables users from other countries to join, this Article focuses on the right to parody famous trademarks, as provided under the First Amendment, within the United States.

## II. SECOND LIFE: A FORUM FOR FREE SPEECH?

Second Life is a three-dimensional virtual world, created by Linden Research, Inc. ("Linden Lab"),<sup>17</sup> which provides a medium for creative expression.<sup>18</sup> Unlike other virtual games, Second Life is unique in that it enables users to create anything they wish and to sell anything they have created, making real money.<sup>19</sup> Using scripting tools and design programs, Second Life residents can create anything from small characters to large buildings.<sup>20</sup> Moreover, by using scripting language, residents can add behaviors to their creations, further enhancing what they have created.<sup>21</sup> In addition to the ability to create almost anything, Second Life residents retain the rights to what they create, providing them with the ability to sell and generate profit from their creations.<sup>22</sup>

Second Life enables its residents to develop their persona in the virtual world.<sup>23</sup> Once a user obtains a free account on Second Life, a user can then create her avatar.<sup>24</sup> An avatar is a digital representation of the user in the virtual world.<sup>25</sup> Second Life residents are provided with a standard avatar which they can then personalize, altering every aspect of their avatar, from the eye color to body figure.<sup>26</sup> Additionally, residents can make their

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<sup>17</sup> Linden Lab, What is Linden Lab?, <http://lindenlab.com/pressroom/general/factsheets/lindenoverview> (last visited Mar. 23, 2009) (explaining the origins of Second Life as being founded by Linden Lab).

<sup>18</sup> Linden Lab, What is Second Life?, <http://lindenlab.com/pressroom/general/factsheets/sloverview> (last visited Mar. 23, 2009).

<sup>19</sup> *See id.* (explaining how Second Life's economy is based on transactions involving user-created content).

<sup>20</sup> *See* Linden Lab, The Technology Behind the Second Life Grid™ Platform, <http://lindenlab.com/pressroom/general/factsheets/technology> (last visited Mar. 23, 2009) (listing many different items Second Life users can create).

<sup>21</sup> *See id.* (explaining how Second Life's scripting language allows users to add behaviors or special affects to objects they create).

<sup>22</sup> *See* Second Life, Create Anything, <http://secondlife.com/whatis/create.php> (last visited Mar. 23, 2009) (explaining that once a user has created something they can begin selling it and making real money because they retain the intellectual property rights of their creations).

<sup>23</sup> Second Life, Create an Avatar, <http://secondlife.com/whatis/avatar.php> (last visited Mar. 23, 2009).

<sup>24</sup> *See id.* (illustrating how users create their avatars); *see also* Second Life, Join: Free Chat with Voice and Text in a 3D Virtual World, <http://join.secondlife.com> (last visited Mar. 23, 2009) (requiring a user to "[c]lick on an image to select a starting look for [the user's] avatar" upon creating an account).

<sup>25</sup> *See* Second Life, Create an Avatar, *supra* note 23 (illustrating how Second Life allows users to alter the appearance of their avatars at any time).

<sup>26</sup> Second Life provides the user with tools to personalize her avatar. The

avatars appear more realistic by using Second Life's scripting language which allows the avatar to possess a more human-like behavior.<sup>27</sup>

Second Life serves as an interactive meeting ground, allowing residents to meet people from all over the world.<sup>28</sup> At present, there are over 15 million residents in Second Life.<sup>29</sup> Through the avatar, residents can communicate with other people via voice, instant message, or chat.<sup>30</sup> Second Life provides ample opportunities to interact with other residents.<sup>31</sup> Residents can meet other people by attending a virtual dance club, walking through a virtual mall, or by walking through Second Life's virtual representation of Times Square.<sup>32</sup>

Second Life provides a medium where people can express their thoughts and ideas.<sup>33</sup> Second Life generally allows residents to choose the topic and content of their discussions.<sup>34</sup> As a result,

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tool allows the user to modify every portion of the avatar until it meets the satisfaction of the user. *Id.*

<sup>27</sup> See Linden Lab, What is Second Life?, *supra* note 18 (describing that by using sliders, users may customize the avatar's appearance to create detailed looks); see also Second Life, Scripting, <http://secondlife.com/whatis/scripting.php> (last visited Mar. 23, 2009) (describing how Linden Script Language allows users to control object and avatar behavior).

<sup>28</sup> See Linden Lab, What is Second Life?, *supra* note 18 ("Second Life world has grown dramatically with [r]esidents joining from all over the globe . . .").

<sup>29</sup> See Second Life, Economic Statistics, [http://secondlife.com/whatis/economy\\_stats.php](http://secondlife.com/whatis/economy_stats.php) (last visited Mar. 23, 2009) (illustrating that there were 15,278,523 total residents as of September 25, 2008).

<sup>30</sup> See Sege, *supra* note 15 (discussing the "emotional bandwidth" of encounters when "[a]vatars 'talk' via text message"); see also Second Life, Category: LSL Communications, [http://wiki.secondlife.com/wiki/Category: LSL\\_Communications](http://wiki.secondlife.com/wiki/Category:LSL_Communications) (last visited Mar. 23, 2009) (outlining the various aspects of Linden Scripting Language). The multiple ways Second Life residents can communicate include: voice, chat, instant message, and group notices. Linden Lab, The Technology Behind the Second Life Grid™ Platform, *supra* note 20. Conversations between residents can be translated in international languages including Asian characters and European keyboards. *Id.*

<sup>31</sup> See Second Life, Meet People, *supra* note 14 (outlining different ways to interact with other residents, such as attending nightclubs, fashion shows, art openings, and games).

<sup>32</sup> See Second Life, Have Fun, <http://secondlife.com/whatis/fun.php> (last visited Mar. 23, 2009) (explaining that people can meet in dance clubs or shopping malls in Second Life); see also Daniel Terdiman, *Multiverse Shows Off Its Virtual Times Square*, CNET NEWS, Feb. 11, 2008, [http://www.news.com/8301-13772\\_3-9869405-52.html](http://www.news.com/8301-13772_3-9869405-52.html) (discussing technology innovations by Multiverse Network allowing the Times Square virtual world to be populated with up to 1,000 avatars on a single server).

<sup>33</sup> See Linden Lab, What is Second Life?, *supra* note 18 ("Artists of all kinds have found a new medium for creative expression in Second Life.").

<sup>34</sup> See Second Life, Terms of Service, <http://secondlife.com/corporate/tos.php>

residents can choose to participate in a political rally that is based on a fictional or real world event.<sup>35</sup> For example, soon after Hurricane Katrina, a resident set up a memorial in Second Life.<sup>36</sup> The memorial attracted so much attention with other residents in Second Life that it created a movement.<sup>37</sup> Similarly, residents have also set up a World Trade Center Memorial and a "Celestial Requiem NYC," honoring the victims lost on September 11, 2001.<sup>38</sup> The September 11 memorials have also created a movement among residents in Second Life.<sup>39</sup> Additionally, musicians, DJs, directors, artists, and designers have recognized they can display their ideas in Second Life.<sup>40</sup> In Second Life, real world artists have shared their ideas in forums like clubs, galleries and museums.<sup>41</sup>

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(last visited Mar. 23, 2009). Second Life's Terms of Service includes the following:

Linden Lab is a service provider that may allow people to interact online regarding topics and content chosen by users of the service, and that users can alter the service environment on a real-time basis. Linden Lab generally does not regulate the content of communications between users or users' interactions with the Service.

*Id.*

Under this provision, Second Life residents can freely converse with other residents, having minimal oversight by Linden Lab as to the nature or truthfulness of their discussions.

<sup>35</sup> See Chin, *supra* note 14, at 1312 (stating that political endeavors of all kinds are possible, such as "putting together a political rally based on real or fictional controversies").

<sup>36</sup> See Linden Lab, Education and Nonprofits, <http://lindenlab.com/pressroom/general/factsheets/ednp> (last visited Mar. 23, 2009). The Second Life platform allows residents to build nonprofits' headquarters:

In the wake of Hurricane Katrina, resident ReallyRick Metropolitan set up a memorial and donation site for the disaster relief fund of the American Red Cross. His gesture snowballed into a grassroots movement. Residents created a virtual copy of New Orleans' French Quarter and hosted several live fundraising events, including a Mardi Gras parade.

*Id.*

<sup>37</sup> *Id.*

<sup>38</sup> See posting of Cskendrick to Daily Kos, <http://www.dailykos.com/storyonly/2007/9/1/203257/4274> (Sept. 1, 2007, 19:43 PDT) (stating that the author's original design to the 2003 submission to the World Trade Center Memorial Competition will be located on an island in Second Life to provide a virtual World Trade Center Memorial and the island will be "named after the original design: Celestial Requiem NYC").

<sup>39</sup> *Id.*; Eric Reuters, *Remembering 9/11 in Second Life*, REUTERS, Sept. 11, 2007, <http://secondlife.reuters.com/stories/2007/09/11/remembering-911-in-second-life/>.

<sup>40</sup> Linden Lab, The Arts in the Second Life® World, <http://lindenlab.com/pressroom/general/factsheets/arts> (last visited Mar. 23, 2009).

<sup>41</sup> *Id.*

Second Life residents can share their ideas by participating in educational events in the virtual world. Second Life provides a medium for taking distance learning courses, attending conferences, or collaborating with other people.<sup>42</sup> Within Second Life, residents can partake in class discussions that may take place in a space station or an ancient Greek amphitheater.<sup>43</sup> Second Life residents can also share their ideas by hosting or attending a professional conference.<sup>44</sup> For example, real world universities have hosted conferences in Second Life.<sup>45</sup> These conferences enabled people from around the world to express their ideas with others while they watched broadcasted panels or lectures displayed on streaming video.<sup>46</sup> Second Life users can also collaborate with others to share their ideas and designs.<sup>47</sup> For instance, architects have collaborated with other architects in Second Life, sharing their ideas and designs for new projects.<sup>48</sup>

Finally, Second Life serves as a platform for captivating a “widespread global audience.”<sup>49</sup> Real world musicians and politicians have recognized Second Life as a means to expand their audiences.<sup>50</sup> Musicians like Ben Folds, Suzanne Vega, and Jay-Z have used Second Life to host arena-styled concerts.<sup>51</sup>

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<sup>42</sup> Linden Lab, Education and Nonprofits, *supra* note 36; see Ruth Morgan, *London School of Journalism to Offer Lectures in Second Life*, JOURNALISM.CO.UK, Apr. 23, 2008, <http://www.journalism.co.uk/13/articles/531446.php> (“The London School of Journalism has launched a college in Second Life to offer free lectures on journalism to the virtual world.”).

<sup>43</sup> Linden Lab, Education and Nonprofits, *supra* note 36.

<sup>44</sup> *Id.*

<sup>45</sup> *Id.* In addition to universities using Second Life, businesses like Qwaq Inc., Multiverse Network Inc., and Rivers Run Red “are showing off technology that offers companies the equivalent of a private ‘workspace’— simulated three-dimensional rooms that allow employees to meet as avatars, view presentations and conduct other business.” Don Clark, *Virtual World Gets Another Life*, WALL ST. J., Apr. 3, 2008, available at [http://online.wsj.com/article/SB120719726445485981.html?mod=todays\\_us\\_marketplace](http://online.wsj.com/article/SB120719726445485981.html?mod=todays_us_marketplace).

<sup>46</sup> See Linden Lab, Education and Nonprofits, *supra* note 36 (“[N]ow universities are broadcasting conferences, panels, and lectures in-world using streaming video.”).

<sup>47</sup> *Id.*

<sup>48</sup> See Linden Lab, The Arts in the Second Life<sup>®</sup> World, *supra* note 40 (stating that Second Life is “an architect’s paradise” where “[b]uilders can work simultaneously on the same project”).

<sup>49</sup> Chin, *supra* note 14, at 1313.

<sup>50</sup> Second Life, The Arts in the Second Life<sup>®</sup> World, *supra* note 40; see Chin, *supra* note 14, at 1315 (illustrating one politician’s campaign strategy including interviewing in a Second Life town hall (citing *Virtual Online Worlds: Living a Second Life*, ECONOMIST, Sept. 30, 2006)).

<sup>51</sup> Second Life, The Arts in the Second Life<sup>®</sup> World, *supra* note 40.

Similarly, Mark Warner, former Governor of Virginia, campaigned and hosted an interview in Second Life.<sup>52</sup> Judge Richard A. Posner of the United States Court of Appeals for the Seventh Circuit has also hosted a conference in Second Life, a conference that allowed residents to discuss issues on intellectual property.<sup>53</sup>

Residents have already used Second Life as a forum for expressing free speech. For example, in July 2003, Linden Lab taxed residents for objects they created.<sup>54</sup> In response, Second Life residents protested "Linden Lab's policy of taxing residents for objects they create[d]."<sup>55</sup> In protest, residents wore "colonial garb and cover[ed] the land with giant tea crates and defiant signs that read [B]orn free: [T]axed to [D]eath!"<sup>56</sup> In November 2003, Linden Lab abolished the tax and it allowed residents to retain intellectual property rights to the things they created.<sup>57</sup>

### III. PARODYING REAL WORLD TRADEMARKS IN SECOND LIFE

Real world trademarks exist in Second Life. Big company trademarks like IBM, CISCO SYSTEMS, and PLAYBOY are present in Second Life.<sup>58</sup> Additionally, real world marks, whether they are counterfeits or valid trademarks, exist in Second Life.<sup>59</sup> Some of the trademarks that exist in Second Life include: APPLE, REUTERS, NIKE, SONY-BMG, TOYOTA, FERRARI, ROLEX, GUCCI, PRADA, RAYBAN, OAKLEY, VUITTON, ABERCROMBIE, and TIMBERLAND.<sup>60</sup> Because

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<sup>52</sup> Chin, *supra* note 14, at 1315; *see also* The Second Life of Governor Mark Warner, [http://nwn.blogs.com/nwn/2006/08/the\\_second\\_life.html](http://nwn.blogs.com/nwn/2006/08/the_second_life.html) (Aug. 31, 2006) (providing the transcript of Governor Mark Warner's interview on Second Life).

<sup>53</sup> Alan Sipress, *Where Real Money Meets Virtual Reality, the Jury Is Still Out*, WASH. POST, Dec. 26, 2006, at A01, *available at* <http://www.washingtonpost.com/wp-dyn/content/article/2006/12/25/AR2006122500635.html>.

<sup>54</sup> *Second Life: Facts for the Visitor*, WIRED, Oct. 2006, *available at* <http://www.wired.com/wired/archive/14.10/slfacts.html>.

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> Mitch Wagner, *Virtual Worlds Getting Friendlier for Business*, INFO. WEEK, Apr. 3, 2008, *available at* [http://www.informationweek.com/news/personal\\_tech/virtualworlds/showArticle.jhtml?articleID=207001420](http://www.informationweek.com/news/personal_tech/virtualworlds/showArticle.jhtml?articleID=207001420).

<sup>59</sup> *See* posting of Benjamin Duranske to Virtually Blind, <http://virtuallyblind.com/2007/05/04/trademark-infringement-vws> (May 4, 2007, 12:56AM) (listing several brands and companies that exist in Second Life but are not officially run, endorsed, or sponsored by them).

<sup>60</sup> *Id.*; *see also* Richard Siklos, *A Virtual World but Real Money*, N.Y. TIMES, Oct. 19, 2006, *available at* <http://www.nytimes.com/pages/technology/index.html>

Second Life is a medium for creative expression and real world marks are present within Second Life, parodies of trademarks could easily surface in the virtual world. If a resident chooses to exercise her right to free speech and parody a real world mark in the virtual world, would she be permitted to do so in Second Life? Additionally, could a resident who parodies a real world trademark in the virtual world be subjected to current trademark laws?

To better illustrate this concern, the following hypothetical will be used: Elizabeth Wayne, a broke college student, eats everyday at McDonalds, purchasing all her meals from the McDonalds' dollar menu. After a month of eating at McDonalds on a daily basis, Elizabeth is stunned to learn she gained 30 pounds. Believing that eating at McDonalds resulted in her weight gain, Elizabeth wants to inform others that McDonalds' food makes you fat.

Knowing that Second Life provides her with the opportunity to convey her disillusionment with McDonalds, Elizabeth decides to parody McDonalds in Second Life. Elizabeth chooses to parody McDonalds on virtual shirts and, if possible, make a few dollars selling them. Elizabeth creates hundreds of virtual shirts containing a symbol that is similar to McDonalds' trademark. Along the side of what Elizabeth intends to represent as the McDonalds mark, Elizabeth also enters the words fatty beside it, collectively reading "McFatty." Elizabeth then purchases some real estate in Second Life and sets up a virtual store. Soon after she opens up her virtual store, Elizabeth attracts the attention of other residents in Second Life.

#### *A. Second Life's Terms of Service and Community Standards*

Before Elizabeth can begin to live, work, and play in Second Life, she must agree to Second Life's Terms of Service ("TOS") and she must agree to abide to its Community Standards.<sup>61</sup> Under Second Life's TOS, a resident is solely responsible for

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(enter "A Virtual World but Real Money" in the "Search Technology" bar, then follow "A Virtual World but Real Money" hyperlink) (describing how corporations are using Second Life for marketing).

<sup>61</sup> Second Life, Terms of Service, *supra* note 34; *see also* Second Life, Community Standards, <http://secondlife.com/corporate/cs.php> (last visited Mar. 23, 2009) (explaining the six behaviors listed under Community Standards that all Second Life users cannot exhibit without being expelled from the online community).

understanding trademark laws.<sup>62</sup> Linden Lab generally does not police any third party trademarks and has minimal safeguards to protect against unauthorized uses of third party trademarks.<sup>63</sup> However, Linden Lab does allow residents to file a complaint to explain a possible trademark infringement by another Second Life resident.<sup>64</sup> Another safeguard is that Linden Lab does not permit users to name their accounts in a way that takes the form of a registered trademark.<sup>65</sup> If Linden Lab determines a user violated a third party's trademark rights, it may suspend or delete the user's account.<sup>66</sup> Because Linden Lab is an Internet Service Provider, it places the burden on trademark owners to police their marks and it also requires the user to assume responsibility for any claims brought by a trademark owner.<sup>67</sup> Overall, Second Life's TOS has two provisions that speak on trademarks:

As a user,

"[y]ou may not select as your Account Name the name of another person to the extent that could cause deception or confusion; a name which violates any trademark right, copyright, or other proprietary right . . . ."<sup>68</sup>

As a user,

"[y]ou further understand and agree that: (i) you are solely responsible for understanding all copyright, patent, trademark, trade secret and other intellectual property or other laws that may apply to your Content hereunder; (ii) you are solely responsible for, and Linden Lab will have no liability in connection with, the legal consequences of any actions or failures to act on your part while

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<sup>62</sup> See Second Life, Terms of Service, *supra* note 34 (explaining that the user will be held liable for all intellectual property law that applies to his or her content).

<sup>63</sup> See *id.* (explaining that Linden Lab is not liable to users or any third party for any damage); see also Steve Seidenberg, *Virtual Knockoffs*, INSIDECOUNSEL, Mar. 1, 2008, available at <http://www.insidecounsel.com/Issues/2008/March%202008/Pages/Virtual-Knockoffs.aspx> (discussing that Linden could assert the innocent infringer defense under the Lanham Act which states that "an innocent infringer is not liable for damages and can only be required to comply with an injunction to stop further infringement of plaintiff's marks").

<sup>64</sup> See Second Life Wiki, *Trademarks and Copyright in Second Life*, [http://wiki.secondlife.com/wiki/Trademarks\\_and\\_Copyright\\_in\\_Second\\_Life](http://wiki.secondlife.com/wiki/Trademarks_and_Copyright_in_Second_Life) (last visited Mar. 23, 2009) (outlining the process for submitting a trademark infringement complaint).

<sup>65</sup> Second Life, Terms of Service, *supra* note 34.

<sup>66</sup> *Id.*

<sup>67</sup> See *id.* (explaining that users, not Linden Lab, are responsible for protecting their own trademarks and for any litigation that arises).

<sup>68</sup> *Id.*

using the Service . . . .”<sup>69</sup>

In addition to Second Life’s TOS, Elizabeth must comply with the Community Standards. Under Second Life’s Community Standards, a Second Life resident must not engage in six types of behaviors.<sup>70</sup> The behaviors include intolerance, harassment, assault, disclosure, indecency, and disturbing the peace.<sup>71</sup> A Second Life resident that violates the Community Standards will be given a warning by Linden Lab.<sup>72</sup> If the resident continues to violate the Community Standards, Linden Lab will then suspend or delete the resident’s account.<sup>73</sup> Therefore, so long as Elizabeth’s parody does not offend the Community Standards, Elizabeth may be able to express her critique of McDonalds in Second Life.

Collectively, Second Life’s TOS allows Elizabeth to parody McDonalds’ mark in the virtual world. Residents in Second Life recognize that Second Life provides a forum for expressing free speech.<sup>74</sup> Additionally, Linden Lab contends that it is the responsibility of Second Life residents to understand trademark laws and trademark owners have the burden of policing their marks in the virtual world.<sup>75</sup> As a result, Elizabeth can freely parody McDonalds, enabling her to express her right to free speech in the virtual world.

However, trademark law may prohibit Elizabeth from parodying McDonalds’ mark in the virtual world. Currently, McDonalds is not officially present in Second Life, but it actively

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<sup>69</sup> *Id.*

<sup>70</sup> Second Life, Community Standards, *supra* note 61.

<sup>71</sup> *Id.* Linden Lab’s six intolerable behaviors exemplify conduct that would otherwise, in the real world, be punishable to civil or criminal sanctions. Additionally, Second Life provides “mature” areas where residents may engage in explicit sexual behavior without fearing reprisal from Second Life. *Id.* Collectively, Second Life seems to provide a tolerant forum for its residents where just about anything virtually goes. *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> *Id.*

<sup>74</sup> *See* Second Life, Terms of Service, *supra* note 34 (requiring users to recognize that Linden Lab allows Second Life residents to choose the topics and content of their communications as part of accepting the Terms of Service).

<sup>75</sup> Second Life generally does not police unauthorized uses of a third party’s trademark, stating only that a user assumes to be knowledgeable of all trademark laws. *See* Second Life, Terms of Service, *supra* note 34. However, Linden Lab actively polices unauthorized uses of its mark. *See* Second Life, The Second Life® Brand Center, <http://secondlife.com/corporate/brand/trademark/index.php> (last visited Mar. 23, 2009) (stating that Linden Lab reserves the right to “update the Trademark Guidelines at any time and to act as [they] deem necessary to protect [their] trademark rights in any given situation”).

polices unauthorized uses of its mark.<sup>76</sup> Because Second Life serves as a unique forum, providing Elizabeth with the ability to capitalize on what she creates and also providing her with the ability to attract a global audience, it is extremely likely that McDonalds will bring an action against Elizabeth for using its mark without consent.

#### IV. PARODY AND TRADEMARK INFRINGEMENT

With the aforementioned considerations in mind, two important questions are raised: 1) whether current trademark laws could successfully apply to virtual parodies of trademarks, and 2) whether existing trademark law creates any significant hurdles that a potential Second Life plaintiff may be unable to overcome. Because trademark law is complex, this Article focuses on a crucial problem that will arise when a trademark owner brings a claim, regarding a parody of its mark in the virtual world, to a real world court. Specifically, a predicament of establishing the “likely to cause confusion”<sup>77</sup> requirement for trademark infringement will surface when a trademark owner attempts to apply trademark law to a virtual parody of its mark. Therefore, a reviewing court must resolve this issue in the context of virtual parodies of trademarks to establish a balance between the rights of a trademark owner to retain exclusive use of its mark with the right to express free speech in the virtual world. Before analyzing the potential concerns in applying current trademark laws to parodies in the virtual world, parody and its effect on trademark law must be discussed.

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<sup>76</sup> Although McDonalds is not officially present in Second Life, residents have already set up clubs under the McDonalds mark. *See* Second Life, Group: Rock and Roll McDonalds, <http://world.secondlife.com/group/4a6ae277-0d1e-3c05-8d44-cb63812849c6> (last visited Mar. 23, 2009) (showing that 41 members are enrolled in group and the group does not have the exact name as the fast food restaurant); *see also* Second Life, Group: \*McDonalds\*, <http://world.secondlife.com/group/85fec4bc-fea1-1922-dfd3-f3e19c2c44cb> (last visited Mar. 23, 2009) (showing that 74 members are enrolled in group and the group does not have the exact name as the fast food restaurant).

<sup>77</sup> *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 414 (S.D.N.Y. 2002) (noting that the key concern of trademark infringement actions is whether the mark is “likely to cause confusion”) (citing 15 U.S.C. §§ 1114(1), 1125(a)(1)(A) (2006)).

A. *How Parody Minimizes Liability to a Trademark Infringement Claim*

The First Amendment allows individuals to ridicule businesses that have sought the national spotlight, provided that the ridicule does not defame the business.<sup>78</sup> Such ridicule often takes the form of a parody.<sup>79</sup> For trademark purposes, “a parody is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.”<sup>80</sup> Additionally, parodies must successfully convey “two simultaneous-and contradictory-messages: that it is the original, but also that it is *not* the original and is instead a parody.”<sup>81</sup> Moreover, the parody of the trademark must convey an element of satire, joke, or ridicule, *and* the satire, joke, or ridicule must pertain to the mark being parodied.<sup>82</sup>

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<sup>78</sup> Note that although the First Amendment allows an individual to ridicule a business, the ridicule must also comply with defamation and trade libel laws. *See id.* (explaining that consumers are least likely to be confused when the mark parodies or ridicules the trademark owner). In *Tommy Hilfiger Licensing*, plaintiff challenged a parody of its Tommy Hilfiger perfume. *Id.* at 412. Defendant parodied Tommy Hilfiger, an elegant perfume, with Timmy Holedigger, a perfume for pets. *Id.* The court denied plaintiffs motion to challenge defendant’s parody, stating:

Hilfiger fails to see the humor in all of this. In support of its dour position on the subject, it cites two opinions in which dog treats parodying human food items were found to infringe on the owner’s marks. . . . Although Hilfiger is unamused, it has not offered evidence on the issue of confusion that would justify denying [defendant’s] motion for summary judgment.

*Id.* at 420–21.

<sup>79</sup> *Id.* at 414.

Cases finding that First Amendment interests prevail involve nontrademark uses of mark—that is, where the trademark is not being used to indicate the source or origin of consumer products, but rather is being used only to comment upon and, in the case of parody, to ridicule, the trademark owner.

*Id.* (citing *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330, 338 (S.D.N.Y. 2000); *Yankee Publ’g Inc. v. News Am. Publ’g Inc.*, 809 F. Supp. 267, 279 (S.D.N.Y. 1992)).

<sup>80</sup> *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1316 (N.D. Ga. 2008) (quoting *Vuitton*, 507 F.3d at 260).

<sup>81</sup> *Vuitton*, 507 F.3d at 260 (quoting *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366 (4th Cir. 2001)).

<sup>82</sup> *Id.*; *see also Dr. Seuss Enters.*, 109 F.3d at 1400 (showing that a parody is primarily differentiated from the original work in that the former mocks or satirizes the latter). In *Dr. Seuss Enters.*, defendant used the substance of Dr. Seuss books to parody the O.J. Simpson case. *Id.* at 1396. The Ninth Circuit found defendant was properly enjoined for trademark infringement of the Dr. Seuss mark because defendant did not use the Dr. Seuss mark to parody Dr.

Although the First Amendment protects successful parodies of trademarks, it does not provide an absolute defense to trademark law.<sup>83</sup> An individual or a company may still be subjected to a claim of trademark infringement if its parody creates a “likelihood that an appreciable number of ordinary prudent purchasers are likely to be . . . confused as to the source of the goods in question.”<sup>84</sup> In order to prove trademark infringement under the Lanham Act,<sup>85</sup> a plaintiff must show that 1) it owns a “valid and protectable mark;” 2) the defendant uses a “reproduction, counterfeit, copy, or colorable imitation” of that mark in commerce, without plaintiff’s consent; and 3) the defendant’s imitation is “likely to cause confusion.”<sup>86</sup> Once the court establishes that the plaintiff has a valid trademark and the Second Life resident reproduces, counterfeits, copies, or imitates the plaintiff’s mark in the virtual world, the court must then

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Seuss. *Id.* at 1406. Instead, defendant used the substance of Dr. Seuss achieve its satire about the O.J. Simpson case. *Id.* at 1401.

<sup>83</sup> MCCARTHY, *supra* note 3, § 31:153.

<sup>84</sup> Universal City Studios, Inc. v. Nintendo Co., Ltd., 746 F.2d 112, 115 (2d Cir. 1984) (quoting Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978)).

<sup>85</sup> Section 32(a) of the Lanham Act, covering registered marks, reads in pertinent part:

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant . . . .

15 U.S.C. § 1114 (2006). Section 43(a) of the Lanham Act, covering non-registered marks, reads in pertinent part:

(1) 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.

15 U.S.C. § 1125 (2006).

<sup>86</sup> *See Vuitton*, 507 F.3d at 259 (citing 15 U.S.C. § 1114 (1)(a); *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 267 (4th Cir. 2006)).

analyze whether the resident's parody of the real world mark could potentially cause a consumer to be confused as to the source of the virtual parody.<sup>87</sup> In determining whether a consumer could be confused as to the source of the virtual parody, the court must analyze several factors that were set forth in *Polaroid Corp. v. Polarad Elects. Corp.* ("*Polaroid*").<sup>88</sup> Several *Polaroid* factors<sup>89</sup> include:

- Strength of the plaintiff's mark
- Degree of similarity between the marks
- Proximity of the products or services
- Evidence of actual confusion
- Defendant's good faith in adopting the mark.<sup>90</sup>

A successful parody affects how the court analyzes the factors to determine the likelihood of confusion.<sup>91</sup> A successful parody diminishes the likelihood of confusion in a trademark infringement claim.<sup>92</sup> Collectively, to determine whether the parody of a real world trademark will be afforded protection under the First Amendment, the court conducts a balancing

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<sup>87</sup> See *Vuitton*, 507 F.3d at 259 (explaining the steps necessary to establish infringement of a trademark).

<sup>88</sup> *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (listing eight factors that are considered when evaluating likelihood of confusion between non-identical goods or services: "the strength of [the plaintiff's] mark, the degree of similarity between [plaintiff's and defendant's] marks, the proximity of the products [or services], the likelihood that the [plaintiff] will bridge the gap, the [evidence of] actual confusion, . . . the . . . defendant's good faith in adopting its own mark, the quality of defendant's product [or service], and the sophistication of the buyers").

<sup>89</sup> Other circuits have similarly adopted the *Polaroid* factors, varying to some degree from circuit to circuit, though certain considerations appear uniformly. See *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 224 (3d Cir. 2005) (calling them the "Lapp factors"); *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 320 (4th Cir. 1992) (calling them the "Pizzeria Uno factors"); *Sno-Wizard Mfg., Inc. v. Eisemann Prods. Co.*, 791 F.2d 423, 428 (5th Cir. 1986); *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1106 (6th Cir. 1991) (calling them the "Frisch's factors"). Although the factors in determining the likelihood to confusion vary with some degree among the circuits, certain considerations appear uniformly: the degree of similarity between the marks, the proximity of the products, the defendant's intent in selecting the allegedly infringing mark, evidence of actual confusion, and the strength of the plaintiff's mark. See also JANE C. GINSBURG ET AL., TRADEMARK AND UNFAIR COMPETITION LAW 332, 334 (4th ed. 2007).

<sup>90</sup> *Polaroid*, 287 F.2d at 495.

<sup>91</sup> See GINSBURG, *supra* note 89, at 334 (illustrating that since circuit courts differ slightly from the *Polaroid* factors, courts may differ in deciding what constitutes a successful parody).

<sup>92</sup> *Vuitton*, 507 F.3d at 261.

test.<sup>93</sup> It balances the public's interest in free expression against the public's interest in avoiding consumer confusion.<sup>94</sup> Courts have found First Amendment protection is greatest in the case of an editorial, noncommercial parody which tarnishes the trademark.<sup>95</sup> Courts have also found parodies to be protected under the First Amendment where the parody is of a famous mark.<sup>96</sup> Additionally, some courts have found that "the more outrageous and offensive the parody, the less likely confusion will result."<sup>97</sup> Moreover, courts also have held that a greater "risk of confusion is to be tolerated when a trademark [owner] seeks to enjoin artistic expression" in the form of a parody.<sup>98</sup>

### *B. Comparing Current Trademark Law with Virtual Parodies*

An interactive virtual world is a relatively new concept to trademark law. Unlike WebPages and blogs, where an individual had to perform a search to be lured into a website that parodied a mark, Second Life provides a medium where people can actively seek out other people and convey their parody of the trademark. Unlike WebPages and blogs, Second Life allows ongoing discussions, in real time, and it also allows an individual to easily captivate a worldwide audience.<sup>99</sup> Second Life provides a means of communicating with other people that WebPages, blogs, and other traditional forums used to parody trademarks do

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<sup>93</sup> See MCCARTHY, *supra* note 3, § 31:153 (discussing the "conflicting policies of free speech and preventing consumer deception"). The Second Circuit adopted a balancing test that weighs "the public interest in free expression" against "the public interest in avoiding consumer confusion." *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Group, Inc.*, 886 F.2d 490, 494 (2d Cir. 1989) (quoting *Rogers v. Grimaldi, MGM/UA Entm't*, 875 F.2d 994, 999 (2d Cir. 1989)). Because Circuit courts differ slightly from the Second Circuit's Polaroid factors, other Circuits may differ when balancing First Amendment rights with the Lanham Act.

<sup>94</sup> See *Cliffs Notes*, 866 F.2d at 494 (discussing the balancing test adopted by the Second Circuit).

<sup>95</sup> See LOUIS ALTMAN & MALLA POLLACK, *CALLMANN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* § 22:3 (4th ed. 2008) (discussing that noncommercial use of a trademark is protected).

<sup>96</sup> MCCARTHY, *supra* note 3, § 31:155 (citing *Charles Atlas*, 112 F. Supp. 2d at 341; Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of the Trade Symbols*, 1982 WIS. L. REV. 158, 188–89 (1982)).

<sup>97</sup> MCCARTHY, *supra* note 3, § 31:155.

<sup>98</sup> *Cliffs Notes*, 886 F.2d at 495.

<sup>99</sup> See Lazarus, *supra* note 13 (explaining that Second Life is a "chat room on steroids," thus different from web pages and blogs); see also Chin, *supra* note 14, at 1313 (explaining that there is a global audience in Second Life).

not provide.<sup>100</sup> Because of this, the virtual world presents unique issues when balancing the rights of a trademark owner with the right to free speech. As one court stated, “attempting to apply established trademark law in the fast-developing world of the internet is somewhat like trying to board a moving bus.”<sup>101</sup> With this in mind, can virtual parodies be analogized with established trademark law?

Virtual parodies in Second Life can be seen by people from around the world. Because virtual parodies are seen and heard, they can be compared with cases by which the individual uses music and a music video as a forum for parodying a trademark. For example, in *Mattel, Inc. v. MCA Records, Inc.*, the defendants used the Barbie trademark in a music video to parody Barbie.<sup>102</sup> The music video featured actors who assumed the roles of Barbie and Ken in a world where nearly all the objects were synthetic.<sup>103</sup> Defendant’s video became a music hit and was repetitively played on the television and the radio.<sup>104</sup> The Ninth Circuit held that because the Barbie mark was famous, there was little chance of a consumer being confused upon hearing the lyrics of the song or seeing the music video.<sup>105</sup> Moreover, the court held defendant’s song and video was permitted because it made fun of the “vacuous, party-girl image” that has evolved from the Barbie doll.<sup>106</sup> Because Elizabeth’s parody of McDonalds can be seen by other residents in Second Life, Elizabeth may be able to compare her virtual parody to parodies in songs or music videos.

Virtual parodies in Second Life are conveyed through digital images. Because virtual parodies are conveyed through digital images, they can be compared with cases where digital images are used to parody the mark. For example, in *Mattel, Inc. v.*

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<sup>100</sup> See Lazarus, *supra* note 13 (arguing that Second Life is a parallel world that allows people to interact in similar ways to the real world unlike any other internet forum).

<sup>101</sup> *Bensusan Rest. Corp. v. King*, 126 F.3d 25, 27 (2d Cir. 1997).

<sup>102</sup> *Mattel, Inc. v. MCA Records, Inc.*, 28 F. Supp. 2d 1120, 1125, 1138 (C.D. Cal. 1998), *aff’d*, 296 F.3d 894 (9th Cir. 2002).

<sup>103</sup> *Id.* at 1138.

<sup>104</sup> *Id.* at 1125–26.

<sup>105</sup> See *Mattel*, 296 F.3d at 899, 902 (“The song title does not explicitly mislead as to the source of the work; it does not, explicitly or otherwise, suggest that it was produced by [plaintiff].”).

<sup>106</sup> *Mattel, Inc. v. MCA Records, Inc.*, 46 U.S.P.Q.2d (BNA) 1407, 1413 (C.D. Cal. 1998); see also MCCARTHY, *supra* note 3, § 31:155 (explaining that when the parody merely “pokes fun at the [trademark], tarnishment is not likely” (citing *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 227 U.S.P.Q.(BNA) 794, 800 (D.N.M. 1985))).

*Walking Mountain Productions*, the defendant parodied Barbie on photographs.<sup>107</sup> Defendant's photos portrayed Barbie "in danger of being attacked by vintage household appliances."<sup>108</sup> The Ninth Circuit, in balancing the public's interest in avoiding consumer confusion with the public's interest in free expression, held defendant's images did not constitute trademark infringement of the Barbie mark.<sup>109</sup> Therefore, because Elizabeth's parody of McDonald's is conveyed through the use of digital images, she may also compare her virtual parody to parodies in digital images.

Virtual parodies can be easily expressed throughout a global audience. Because Second Life enables users to easily captivate a global audience, virtual parodies can be compared with cases where the Internet is used as a forum to parody the trademark. For example, in *Charles Smith v. Wal-Mart Stores, Inc.*, the defendant parodied Wal-Mart on the Internet, creating a webpage called "Walocaust" that compared Wal-Mart to that of the Nazi regime.<sup>110</sup> Defendant's website also contained graphics which represented the storefront of Wal-Mart that contained anti-Wal-Mart slogans such as "FREEDOM-HATER-MART STOP Stomping on our free speech!" and "Freedom-Haters ALWAYS."<sup>111</sup> Additionally, defendant also placed a disclaimer on his webpage, stating that his website is not affiliated with Wal-Mart's official website.<sup>112</sup> The district court held defendant's webpage clearly conveyed that it was not affiliated with Wal-Mart, minimizing the likelihood of consumer confusion.<sup>113</sup> As a result, the court held defendant's webpage was clearly a parody of Wal-Mart and thus protected under the First Amendment.<sup>114</sup> Since Second Life enables Elizabeth to easily captivate a global audience, her virtual parody could also be compared to parodies on the Internet.

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<sup>107</sup> *Mattel*, 353 F.3d at 796.

<sup>108</sup> *Id.*

<sup>109</sup> *Id.* at 806–07.

<sup>110</sup> *Smith*, 537 F. Supp. 2d at 1309.

<sup>111</sup> *Id.* at 1311.

<sup>112</sup> *Id.*

<sup>113</sup> *Id.* at 1316–17, 1338–39.

<sup>114</sup> *Id.* at 1317.

## V. THOUGHTS ON APPLYING CURRENT TRADEMARK LAWS TO VIRTUAL PARODIES

In some respects, virtual parodies in Second Life could be compared with established trademark law. However, a few concerns remain. First, because Second Life enables a user to create enhanced objects, making them appear more realistic, could this mean that virtual parodies will almost always cause a consumer to be confused as to the source of the virtual parody? Second, if a court finds that enhanced creations are almost always subjected to a claim for trademark infringement, does this mean that virtual parodies must consist of only famous marks? Third, because Second Life residents are capable of selling the objects they create, does it matter if the Second Life resident is profiting from her virtual parody of the trademark?

First, parodies in the virtual world may cause other Second Life residents to be confused upon viewing the parody from afar. For example, Elizabeth's parody of McDonalds in Second Life may cause other residents, upon seeing what appears to be McDonalds' trademark from afar, believe that Elizabeth's parody is affiliated with McDonalds. Because all objects in Second Life are digital in form, a Second Life resident may have to get a closer view of Elizabeth's virtual parody to determine whether or not it's affiliated with McDonalds. Although a Second Life resident may be confused upon viewing the parody from afar, this may not expose parodies in the virtual world to trademark law. As the Seventh Circuit noted in *Nike, Inc. v. "Just Did It" Enterprises*, public confusion upon viewing from afar is not important, but rather customer confusion when choosing whether or not to purchase the items matters.<sup>115</sup>

Although confusion from afar may not be important in the Seventh Circuit, other courts may decide that a resident's initial confusion as to the source of the virtual parody is sufficient to hold the Second Life resident liable for trademark infringement.<sup>116</sup> Moreover, because Second Life enables a user to create more realistic creations, almost all viewers of the virtual parody may be confused as to its source. As a result, whether or not Elizabeth's parody causes consumer confusion may depend on

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<sup>115</sup> *Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225, 1229 (7th Cir. 1993).

<sup>116</sup> *See, e.g., OBH, Inc. v. Spotlight Magazine Inc.*, 86 F. Supp. 2d 176, 189–91 (W.D.N.Y. 2000) (discussing how consumers' initial confusion is a separate factor to consider in determining the likelihood of confusion and actionable under the Lanham Act).

the Circuit court that has proper jurisdiction over Elizabeth. Elizabeth may protect herself by placing an obvious disclaimer on her virtual parody, stating that her virtual parody is not affiliated with McDonalds. However, it may still be arguable that Elizabeth's disclaimer is insufficient to avoid consumer confusion, exposing her to trademark law.

Second, because the virtual world may make it difficult for a Second Life resident to understand that the image is a parody of the trademark, only virtual parodies of famous marks may be capable of surviving trademark law. Courts have recognized that parodies of famous marks are less likely to cause confusion. For example, in *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC.*, the defendant parodied the plaintiff's Louis Vuitton mark by creating a "Chewy Vuiton" dog toy.<sup>117</sup> The Fourth Circuit held because plaintiff's mark is strong and widely recognized, "[its] fame and popularity is precisely the mechanism by which likelihood of confusion is avoided."<sup>118</sup> As a result, virtual parodies may have to be of famous marks in order to stand muster against trademark law. Because images in Second Life are digital in form, residents may be capable of only distinguishing parodies of famous marks. For example, Elizabeth's parody of McDonalds may be understood by other Second Life residents to be a parody and not the actual McDonalds trademark simply because McDonalds has acquired notoriety in the public. Since McDonalds is a famous mark, Second Life residents are less likely to be confused, despite how subtle Elizabeth's virtual parody of McDonalds mark may appear in the virtual world.

Finally, because Second Life enables users to sell what they create, virtual parodies of marks that are sold may increase the chance of users being liable for trademark infringement. For example, because Elizabeth is selling her virtual shirts that display a parody of McDonalds, this may increase her chances of being liable for trademark infringement. Courts have held that individuals who wrongly profited from a trademark and cloaked its good as a parody were, nevertheless, liable for trademark infringement.<sup>119</sup> Conversely, other courts have held that

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<sup>117</sup> *Vuitton*, 507 F.3d at 256.

<sup>118</sup> *Id.* at 261 (citing *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 464 F. Supp. 2d 495, 499 (E.D. Va. 2006); *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 850 F. Supp. 232, 248 (S.D.N.Y. 1994)).

<sup>119</sup> *See, e.g., Coca-Cola Co. v. Purdy*, 382 F.3d 774, 778 (8th Cir. 2004)

parodies that make a profit are not stripped from being protected under the First Amendment. For example, in *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, the Ninth Circuit held that a for-profit parody does not have to clearly identify that it is a parody.<sup>120</sup> Further, the Circuit held that even if the parody makes a profit, this does not strip it from being protected under the First Amendment.<sup>121</sup>

Collectively, a Second Life user may encounter hurdles when attempting to exercise her right to free speech when parodying a real world trademark in the virtual world. Although Second Life's TOS and Community Standards would permit virtual parodies in Second Life, applying trademark law to virtual parodies may cause some problems for a Second Life resident, inhibiting her right to critique trademarks in the virtual world. Virtual parodies can be compared with traditional forums used to parody a trademark, forums like the radio, television, photographs, or the Internet. Nevertheless, courts must consider the difficulties one must overcome in order to parody a trademark in the virtual world. These difficulties associated with virtual parodies must be considered when balancing the trademark owner's right to retain exclusive use of its mark with the right to freely parody a trademark, as provided under the First Amendment.

*Elkia Mangloña\**

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(explaining that ACPA was intended to prevent "abusive registration of distinctive marks as Internet domain names with the intent to profit from their goodwill") (citing S. REP. NO. 106-140, at 4 (1999)).

<sup>120</sup> *Dr. Seuss Enters.*, 109 F.3d 1394.

<sup>121</sup> *Id.* at 1397.

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