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FIRST AMENDMENT COMMERCIAL SPEECH PROTECTIONS: A PRACTITIONER'S GUIDE

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When the United States Supreme Court agreed to hear the appeal in *Nike, Inc. v. Kasky*,¹ legal experts and pundits predicted the Court would use the case to redefine the commercial speech doctrine.² The Court's ruling failed to meet these expectations.³ After conducting oral argument, the Court in a 5–4 per curiam order dismissed the writ of certiorari as “improvidently granted.”⁴ The dismissal left standing a highly criticized California Supreme Court decision that formulated a broad three-part test for identifying commercial speech.⁵ The test potentially sweeps the greater part of corporate communications into the definition of “commercial speech”—a category of speech that receives less First Amendment protection.⁶

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1. *Nike, Inc. v. Kasky*, 537 U.S. 1099, 1100 (2003).

2. See, e.g., Ronald K.L. Collins & David M. Skover, *The Landmark Free-Speech Case That Wasn't: The Nike v. Kasky Story*, 54 CASE W. RES. L. REV. 965, 966, 1012 (2004); Tony Mauro, *Justices Get Nike Out of Their Hair—For Now*, FIRST AMENDMENT CENTER ONLINE, June 27, 2003, <http://www.firstamendmentcenter.org/analysis.aspx?id=11653>.

3. See Collins & Skover, *supra* note 2, at 966.

4. *Nike, Inc. v. Kasky*, 539 U.S. 654, 655 (2003).

5. *Kasky v. Nike, Inc.*, 45 P.3d 243, 255–56 (Cal. 2002).

6. See *id.* at 247. The impact of the California decision may be even broader. Many of Nike's dissenters were opposed to freedom of speech by corporations—not activists, or unions, or others. Indeed, Kasky himself rejected Nike's effort to invoke First Amendment case law relating to labor disputes as precedent in its favor. Brief of Respondent at 43, *Nike, Inc. v. Kasky*, 45 P.3d 243 (No. 02-575) (Cal. Apr. 4, 2003). Recently, however, a federal court in Virginia extended the California Supreme Court's holding in order to strip a union of its First Amendment protections during an organizing campaign. See *Aitken v. Commc'ns Workers of Am.*, 496 F. Supp. 2d 653, 665 (E.D. Va. 2007). Thus, the uncertainties of commercial speech law make it a dangerous tool in the hands of ideological opponents of any speaker—a risk that Judge Kozinski and Professor Banner warned about many years ago when they noted that the arbitrariness of current “commercial speech” doctrine “gives government a powerful weapon to suppress or control speech by classifying it as merely commercial.” Alex Kozinski & Stuart Banner, *Who's Afraid of Commercial Speech?*, 76 VA. L. REV. 627, 653 (1990).

Because the Court failed to reach the merits, the line separating commercial and noncommercial speech—the essential question raised in *Nike*—remains amorphous and elusive.⁷ As a practical matter, the courts are far from consistent in deciding when expression satisfies the definition of commercial speech.⁸

I. NIKE AND THE PROBLEMS WITH THE CALIFORNIA SUPREME COURT'S COMMERCIAL SPEECH TEST

In many ways, *Nike* was an anomaly. The plaintiff, Marc Kasky, alleged that Nike, a corporation, made false statements in defending itself from public attacks on its labor practices.⁹ Nike's statements, made in response to public criticism, included claims that Nike's workers in Southeast Asia were protected from physical and sexual abuse, that Nike paid its workers in accordance with local laws and regulations governing wages and hours, and that its workers received a "living wage."¹⁰ These statements were distributed in press releases, letters to newspapers, a letter to university presidents and athletic directors, and other documents distributed for public relations purposes.¹¹ Even though Kasky never purchased Nike's shoes, he sued Nike under California's unfair competition law and false advertising law.¹² Because claims under these laws could only be brought if the communication at issue was commercial speech, the key issue was whether Nike's allegedly false statements should be categorized as commercial speech or noncommercial speech.¹³

The intermediate appellate court in California dismissed Kasky's complaint after concluding that Nike's statements were noncommercial speech protected by the California and U.S.

7. *Nike*, 45 P.3d at 279 (Brown, J., dissenting).

8. See, e.g., Deborah J. La Fetra, *Kick it Up a Notch: First Amendment Protection for Commercial Speech*, 54 CASE W. RES. L. REV. 1205, 1206–07 (2004) (explaining the ways in which the Supreme Court's inconsistent approach to commercial speech protection has led to confusion in lower courts); Michael R. Siebecker, *Corporate Speech, Securities Regulation, and an Institutional Approach to the First Amendment*, 48 WM. & MARY L. REV. 613, 632 (2006) (discussing the vagueness and inconsistencies in the commercial speech test).

9. *Nike*, 45 P.3d at 247.

10. *Id.* at 248.

11. *Id.*

12. *Id.* at 247.

13. *Id.*

Constitutions.¹⁴ The California Supreme Court reversed.¹⁵ In doing so, the court articulated a three-part test for determining whether statements constituted commercial speech.¹⁶ The court stated that the test applies “when a court must decide whether particular speech may be subjected to laws aimed at preventing false advertising or other forms of commercial deception.”¹⁷

The California court's test turns on three elements: (1) the speaker; (2) the intended audience; and (3) the content of the message.¹⁸ The speaker element is met when the speaker is “likely to be someone engaged in commerce” or “someone acting on behalf of a person so engaged.”¹⁹ The audience element is satisfied if the intended audience is “likely to be actual or potential buyers or customers of the speaker's goods or services, or persons acting for actual or potential buyers or customers.”²⁰ The content-of-the-message element is met if the “speech consists of representations of fact about the business operations, products, or services of the speaker (or the individual or company that the speaker represents), made for the purpose of promoting sales of, or other commercial transactions in, the speaker's products or services.”²¹ The California court's three-part test for commercial speech is so broad that, practically speaking, any statement made by a commercial entity concerning itself, its products, or its services that would likely be heard or repeated to potential customers, can qualify as commercial speech.²² As a result, such speech receives less First Amendment protection, and companies are more vulnerable to claims of unfair competition and other torts.²³

14. *Id.* at 249.

15. *Id.* at 262.

16. *Id.* at 256.

17. *Id.* (emphasis omitted).

18. *Id.*

19. *Id.*

20. *Id.*

21. *Id.*

22. *See id.* at 272 (Brown, J., dissenting).

23. Mary Baty, Note, *Silencing Corporate Speakers: The California Supreme Court's Broad New Definition of Commercial Speech Goes Unchecked*, 30 J. CORP. L. 141, 158–59 (2004) (discussing how the California Supreme Court test encompasses almost all corporate speech, leading to broad corporate liability).

A number of factors made *Nike* an unusual commercial speech case at the Supreme Court level. The prior commercial speech cases that had reached the Court involved either government attempts to regulate advertising speech aimed at the public, such as in *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*,²⁴ or challenges to disciplinary proceedings related to advertising by regulated businesses, such as in *Bates v. State Bar of Arizona*.²⁵ Thus, both cases pitted a private person against a state entity.²⁶

Nike introduced a new emphasis because it involved two private parties—Marc Kasky and Nike, Inc.—in a lawsuit that turned on whether the speech in question was or was not commercial speech.²⁷ If it was not commercial speech, Kasky had no cause of action; if it was commercial speech, the prospects for an individual or entity to litigate this issue were multi-dimensional, raising many uncertain issues.²⁸

Nike was unusual for other reasons as well. First, California laws at that time allowed plaintiffs to sue without having any real damages and without having conducted any transaction with the commercial defendant.²⁹ Consequently, commercial entities faced almost unlimited liability.³⁰ Second, the California case law, as it stood at the time, allowed for strict liability, rather than actual malice or falsehood as the fault standard.³¹ Third, the level of protection allotted to the speech did not turn on the truth or falsity of the statements in question, but on whether those statements were misleading.³² *Nike* presented the new question of what was considered “misleading” in a non-transactional setting where the

24. 425 U.S. 748, 749–50 (1976).

25. 433 U.S. 350, 355–56 (1977).

26. *Va. State Bd.*, 425 U.S. at 753 (suit brought by a Virginia resident who suffered from diseases); *Bates*, 433 U.S. at 353–54 (suit brought by two licensed attorneys who advertised low-cost legal services).

27. *Nike*, 45 P.3d at 247.

28. *See id.* at 247–48.

29. *See id.* at 249–50.

30. *See, e.g.,* Baty, *supra* note 23, at 158; *Developments in the Law—Corporations and Society*, 117 HARV. L. REV. 2169, 2274 (2004).

31. *Nike*, 45 P.3d at 269 (Brown, J., dissenting); *see also id.* at 261 (majority opinion) (discussing noncommercial standards).

32. *Id.* at 262.

plaintiff did not purchase the product.³³ Finally, the statements at issue came primarily from press releases,³⁴ which are communications to the media, rather than advertisements, fliers, and promotional materials aimed at and distributed to the public, which were at issue in *Bolger v. Youngs Drug Products Corp.*³⁵ Because Kasky sued as part of a broader public debate over labor conditions in Southeast Asia, *Nike* represented classic democratic self-governance in action.³⁶ There was no commercial transaction, and Kasky did not allege that he was deceived into buying Nike's products.³⁷

A case similar to *Nike* is unlikely to reoccur, primarily because after the lawsuit went to the Supreme Court, California changed its law that had allowed private plaintiffs like Kasky to sue. In 2004, California passed Proposition 64, which was aimed at rescinding elements of California's Unfair Business Competition Law, the law that Kasky used to sue Nike.³⁸ California law now requires that a person bringing suit under this Act must have actually sustained the injury complained of in the suit.³⁹ The law also states that only the California Attorney General and local public officials may file lawsuits on behalf of the citizens of the state.⁴⁰ Although traditional class action tools remain, the parts of the law that allowed Kasky to bring his lawsuit were eliminated.⁴¹ Consequently, a future Kasky will have to assert in some realistic way that he or she purchased a product or service based on a representation about that product or service, such as its qualities, as opposed to something amorphous, such as the company being a "good corporate citizen."⁴²

33. *Id.* at 250, 262.

34. *Id.* at 265 (Chin, J., dissenting).

35. 463 U.S. 60, 62 (1983).

36. *See Nike*, 45 P.3d at 266 (Chin, J., dissenting).

37. *See Nike, Inc. v. Kasky*, 539 U.S. 654, 656, 667 (2003).

38. *See Carolyn Said, Proposition 64: Citizens' Right to Sue Limited*, S.F. CHRON., Nov. 4, 2004, at C1; Evan Pondel, *Baiting the Hook: Prop. 64 on the November Ballot Has Businesses and Consumers Divided*, DAILY NEWS OF L.A., Aug. 15, 2004, at B1.

39. CAL. BUS. & PROF. CODE §§ 17200–17210 (Deering 2007).

40. *Id.*

41. *Id.*; *see also Said, supra* note 38, at C1.

42. *See* § 17200; *see also Nike*, 539 U.S. at 657.

II. INDETERMINACY OF THE COMMERCIAL SPEECH DOCTRINE

When it comes to the First Amendment and issues of political self-governance, the indeterminacy of the commercial speech test affects both the plaintiff and the defendant.⁴³ Plaintiffs such as Kasky must first be able to claim with straight faces that they purchased products based on the belief that they were made under good working conditions in Southeast Asia, and then they must be able to prove that claim to a jury.⁴⁴

By contrast, a commercial defendant has little interest in self-governance issues.⁴⁵ When my clients ask for advice regarding the *Nike*-type risk inherent in any marketing campaign, I sometimes cite Judge Leval, discussing a fair use case that went up and down the Second Circuit Court of Appeals: "It has been exhilarating to find myself present at the cutting edge of the law, even though in the role of the salami."⁴⁶ And I have turned to my client and said, "This is all very interesting; so how would you like to be the salami?" They are not particularly interested. Ultimately, the commercial actors are not interested in pursuing the broader ideological issues of self-governance—they would rather move on to the next sale than defend their last advertising campaign. So much for the so-called "hardiness" of commercial speech.⁴⁷

A. *Development of the Commercial Speech Doctrine*

The indeterminacy of the commercial speech doctrine is a reflection of two models of First Amendment thinking.⁴⁸ First, there is the marketplace model.⁴⁹ That model is best exemplified by Justice Thomas, who is the most pro-First Amendment justice on the

43. See, e.g., *Kasky v. Nike, Inc.*, 45 P.3d 243, 270-80 (Cal. 2002) (Brown, J., dissenting).

44. See generally *Nike*, 539 U.S. at 667 (noting that the plaintiff may have had difficulty establishing an "injury in fact" that was "fairly traceable" to the actions of the defendant).

45. See generally James Weinstein, *Speech Categorization and the Limits of First Amendment Formalism: Lessons from Nike v. Kasky*, 54 CASE W. RES. L. REV. 1091, 1100-06 (2003) (discussing self-governance).

46. Pierre N. Leval, *Fair Use or Foul? The Nineteenth Donald C. Brace Memorial Lecture*, 36 J. COPYRIGHT SOC'Y 167, 168 (1989).

47. *Va. State Bd. Of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 771-72 n.24.

48. See *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557, 564, 592 (1980).

49. *Id.* at 592.

Court, especially when the case involves commercial speech.⁵⁰ Second, there is the regulatory model, best epitomized by Justice Breyer, which is concerned with controlling the commercial marketplace.⁵¹ A combination of protectionism and how the guild mentality would eventually transform itself dictates who will enter or not enter a profession, and who will be allowed to advertise and who will not. So, the development of the commercial speech doctrine reflects the changes in models of economic regulation, moving from a New Deal-based government regulation system to a system based more on free markets and deregulation.⁵²

The Supreme Court built the commercial speech doctrine primarily over the past thirty years. The result has been a four-part test from *Central Hudson Gas & Electric v. Public Service Commission of New York*⁵³ that looks intriguing at the appellate level and to academics who write law review articles, but is very difficult to prove at the trial court level.⁵⁴

Consequently, the case law varies from case to case in ways that make utterly no sense.⁵⁵ For example, *Glickman v. Wileman Bros. & Elliott, Inc.*⁵⁶ dealt with whether the government had the right to force assessments on fruit growers, handlers, and processors for the cost of generic advertising for California nectarines, plums, and peaches.⁵⁷ The Supreme Court held that the assessments did not violate the First Amendment.⁵⁸ Four years later, in *United States v.*

50. See, e.g., *44 Liquormart, Inc. v. Rhode Island*, 517 U.S. 484, 487 (1996) (Thomas, J., concurring).

51. See, e.g., *Denver Area Educ. Telecomms. Consortium, Inc. v. FCC*, 518 U.S. 727, 737 (1996). See generally *Cent. Hudson*, 447 U.S. at 563–66 (discussing commercial speech and regulation).

52. Reza R. Dibadj, *The Political Economy of Commercial Speech*, 58 S.C. L. REV. 913, 922–24 (2007). It was, likely, no accident that the first major recognition of commercial speech constitutional rights by the Supreme Court, in the mid-1970s, coincided with the Carter administration's first efforts to deregulate air travel, trucking, and other sectors of the American economy. See, e.g., *id.* at 923.

53. 447 U.S. at 556.

54. See, e.g., Note, *Dissent, Corporate Cartels, and the Commercial Speech Doctrine*, 120 HARV. L. REV. 1892, 1898–99 (2007).

55. See Kozinski & Banner, *supra* note 6, at 628, 631.

56. 521 U.S. 457 (1997).

57. *Id.* at 460.

58. See *id.* at 477.

United Foods, Inc.,⁵⁹ a case involving assessments to pay for generic advertisements for mushrooms, the Court held that the government had no right to force these assessments.⁶⁰

Those of us who practice law every day are trying to make sense of this case law. We are unable to explain why the courts reached opposite holdings. What distinction would call for regulation of plums and peaches on the one hand, but reject regulation for mushrooms on the other.⁶¹ Indeed, some of the observers of the legal arguments presented in the *Glickman* case concluded that the poor quality of oral arguments must have contributed to the decision.⁶² And yet, should our legal doctrine stand on those types of uncertainties and vagaries?

These contradictions are reflected in two cases decided by Judge Chin of the United States District Court for the Southern District of New York. *World Wrestling Federation Entertainment, Inc. v. Bozell*⁶³ involved a motion to dismiss by the Parents Television Council (“PTC”), which was engaged in a campaign against the World Wrestling Federation (“WWF”) stemming from what the PTC believed was excessive violence in WWF programming.⁶⁴ PTC’s goal was to educate its members—and WWF’s sponsors and advertisers—to the purported fact that WWF and its program *WWF SMACKDOWN!* were responsible for the deaths of four children.⁶⁵

59. 533 U.S. 405, 408 (2001).

60. *Id.* at 417. The Court contrasted the advertising program at issue here with the advertising program in *Glickman*: “In *Glickman* the mandated assessments for speech were ancillary to a more comprehensive program restricting marketing autonomy. Here, for all practical purposes, the advertising itself, far from being ancillary, is the principal object of the regulatory scheme.” *Id.* at 411–12; see *Glickman*, 521 U.S. at 470.

61. See Gregory Klass, *The Very Idea of a First Amendment Right Against Compelled Subsidization*, 38 U.C. DAVIS L. REV. 1087, 1090 (2005).

62. See Tony Mauro, *Appealing Practice: The Supply of High Court Cases Is Shrinking—but the Demand for a Piece of That Prestigious Docket Has Never Been More Fierce*, AM. LAW., Oct. 2000, at 80, 83–84. It is possible that the *Glickman* oral argument presented by the challengers to the regulations was among the worst in modern Supreme Court history. At one point, the attorney, Thomas Campagne, speculated “that Scalia wouldn’t buy green plums because ‘you don’t want to give your wife diarrhea.’” *Id.* at 84. Indeed, attorney malpractice claims were later brought as a result of the disastrous argument. *Id.* Finally, in *Gerawan Farming, Inc. v. Lyons*, 12 P.3d 720, 725 (Cal. 2000), presumably with different counsel presenting the argument, the California Supreme Court reached a contrary result for some of the same litigants under the California constitution.

63. 142 F. Supp. 2d 514 (S.D.N.Y. 2001).

64. *Id.* at 520–21.

65. *Id.* at 521.

The WWF brought thirteen causes of action against the PTC, including trademark dilution, unfair competition, copyright infringement, and trade libel.⁶⁶ The allegedly defamatory statements fell into two categories: (1) statements asserting that WWF and its programs were responsible for the deaths of the four children; and (2) statements misrepresenting the number of corporate sponsors and advertisers who had withdrawn their support for *WWF SMACKDOWN!*.⁶⁷ Judge Chin concluded that the speech at issue was commercial speech.⁶⁸ Yet, nowhere in his opinion did he make reference to *New York Times Co. v. Sullivan*,⁶⁹ which dealt with a similar fundraising appeal in an advertisement.⁷⁰

More recently, in *Gorran v. Atkins Nutritionals, Inc.*,⁷¹ Judge Chin decided another commercial speech case, dealing with claims against the promoters of the Atkins Diet. The plaintiff, a man who went on the diet and subsequently suffered major heart disease, sued for products liability, negligent misrepresentation, and deceptive conduct.⁷² The plaintiff claimed he would never have followed the diet if the defendants had not misled him into believing that medical warnings by the American Heart Association and others were false.⁷³ Nevertheless, Judge Chin held that the defendants' speech was protected by the First Amendment.⁷⁴

On the ground level, these decisions make little sense because they are so divergent. The cases lack a consistent doctrine identifying the facts that must be proven in order to establish either liability or absolute First Amendment protection.

66. *Id.* at 522.

67. *Id.* at 521.

68. *Id.* at 525.

69. 376 U.S. 254 (1964).

70. In *New York Times v. Sullivan*, the plaintiff claimed he was libeled by statements in a full-page advertisement that ran in *The New York Times*, entitled "Heed Their Rising Voices." The advertisement claimed that the efforts of African-American students to engage in non-violent protest in support of their constitutional rights were "being met by an unprecedented wave of terror by those who would deny and negate that document which the whole world looks upon as setting the pattern for modern freedom." *Id.* at 256.

71. 464 F. Supp. 2d 315 (S.D.N.Y. 2006).

72. *Id.*

73. *Id.* at 322.

74. *Id.* at 327-28.

B. Conflation of Commercial Speech and Commercial Use

The indeterminacy of the commercial speech doctrine surfaces in private causes of action in odd ways, such as in tort claims of misappropriation, right of publicity claims, statutory claims under trademark law and the Lanham Act, and even certain claims arising under copyright laws and the fair use doctrine.⁷⁵ Much of this confusion stems from the fact that these claims turn on the notion of “commercial use,” and the courts have started to conflate the notion of “commercial use” with “commercial speech.”⁷⁶ The net result is an incoherent set of laws that often turn on small factual distinctions.

For instance, *Hoffman v. Capital Cities*⁷⁷ involved a lawsuit brought by actor Dustin Hoffman against *Los Angeles Magazine* for an alleged violation of common law and California state right of publicity, unfair competition under California law, and the federal Lanham Act.⁷⁸ The magazine had taken a picture of Hoffman from the movie *Tootsie*,⁷⁹ in which Hoffman played a male actor dressing as a woman, and used computer technology to alter the film image to portray Hoffman wearing different clothing.⁸⁰ The photograph was part of a series that used stills from familiar movie scenes and modified them to showcase spring fashions.⁸¹

The district court held that the fashion section was an “exploitative commercial use” and was therefore not entitled to full First Amendment protection.⁸² The Ninth Circuit disagreed.⁸³ Hoffman pointed out that the *Tootsie* photograph was altered to show him wearing Ralph Lauren shoes, there was a Ralph Lauren advertisement elsewhere in the magazine, and the magazine included a “Shopper’s Guide” that provided store names and price

75. See generally Ann K. Wooster, *Protection of Commercial Speech Under First Amendment—Supreme Court Cases*, 164 A.L.R. Fed. 1 (2000) (citing a variety of commercial speech causes of action).

76. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906 (9th Cir. 2002); see also *Hoffman v. Capital Cities*, 255 F.3d 1180, 1184 (9th Cir. 2001).

77. 255 F.3d 1180.

78. *Id.* at 1183.

79. *TOOTSIE* (Columbia Pictures Corp. et al. 1982).

80. *Hoffman*, 255 F.3d at 1183.

81. *Id.*

82. *Id.* at 1184.

83. *Id.* at 1189.

information.⁸⁴ Nevertheless, the court ruled that those facts were insufficient to make the photograph “pure commercial” speech.⁸⁵ The court observed that the magazine did not use Hoffman’s image in a traditional advertisement printed merely to sell a product, and the magazine did not receive any consideration for featuring the designers’ clothes.⁸⁶ The article also did not advance a commercial message:

It is a complement to and a part of the issue’s focus on Hollywood past and present. Viewed in context, the article as a whole is a combination of fashion photography, humor, and visual and verbal editorial comment on classic films and famous actors. Any commercial aspects are “inextricably entwined” with expressive elements, and so they cannot be separated out “from the fully protected whole.”⁸⁷

This decision contrasts with another decision made by the Ninth Circuit, *Downing v. Abercrombie & Fitch*,⁸⁸ where the retailer used old photographs of surfers taken at a surfing championship in an advertising campaign with a surfing theme.⁸⁹ The individuals in the photograph sued, claiming that Abercrombie had misappropriated their names and likenesses in violation of California’s common law and statutory prohibition against misappropriation and the Lanham Act.⁹⁰ They also brought claims of negligence and defamation.⁹¹ The retailer argued, and the district court agreed, that the advertisements were protected under the First Amendment.⁹²

On appeal, however, the Ninth Circuit held that the First Amendment did not shield the retailer because the use of the photograph did not contribute significantly to the public interest; thus, the relationship between the photograph and the surfing theme

84. *Id.* at 1185.

85. *Id.*

86. *Id.*

87. *Id.* (quoting *Gaudiya Vaishnava Soc’y v. City & County of San Francisco*, 952 F.2d 1059, 1064 (9th Cir. 1990)).

88. 265 F.3d 994 (9th Cir. 2001).

89. *Id.* at 999–1000.

90. *Id.* at 1000.

91. *Id.*

92. *Id.* at 1001.

was too tenuous.⁹³ In a footnote, the court also distinguished its holding in *Hoffman*.⁹⁴ The court explained that in *Hoffman*, the magazine had featured the clothing of designers but had received no consideration for doing so, whereas in the present case, the clothing designer had used the photograph to promote its own clothing.⁹⁵

Two lawsuits involving *The Beardstown Ladies' Common-Sense Investment Guide*⁹⁶ also reached contradictory results⁹⁷—even though the facts were identical.⁹⁸ The book is about sixteen women who formed an investment club that claimed a ten-year average investment return of 23.4 percent.⁹⁹ In *Keimer v. Buena Vista Books, Inc.*,¹⁰⁰ a lawsuit brought in California, the plaintiff filed suit for claims of false advertising and unfair business practices because the actual rate of return was 9.1 percent, rather than the advertised rate of 23.4 percent.¹⁰¹ In *Lacoff v. Buena Vista Publishing*,¹⁰² the plaintiffs brought suit in a New York state court, alleging violations of New York state's deceptive trade practices and false advertising laws, as well as common-law fraud and unjust enrichment.¹⁰³ They claimed that they were induced to buy the book on the basis of the return rate and that the book would provide investment "secrets."¹⁰⁴

In both cases, the courts considered whether the book was commercial speech, and thus entitled to less protection under the First Amendment.¹⁰⁵ In the California case, the court effectively severed the book and videotape from their covers and held that

93. *Id.* at 1002.

94. *Id.* at 1002 n.2 (citing *Hoffman v. Capital Cities*, 255 F.3d 1180, 1189–90 (9th Cir. 2001)).

95. *Id.*

96. BEARDSTOWN LADIES INVESTMENT CLUB WITH LESLIE WHITAKER, *THE BEARDSTOWN LADIES' COMMON-SENSE INVESTMENT GUIDE: HOW WE BEAT THE STOCK MARKET—AND HOW YOU CAN, TOO* (1996).

97. *Compare Keimer v. Buena Vista Books, Inc.*, 75 Cal. App. 4th 1220, 1233 (1999), with *Lacoff v. Buena Vista Publ'g, Inc.*, 705 N.Y.S.2d 183, 191–193 (App. Div. 2000).

98. *Compare Keimer*, 75 Cal. App. 4th at 1223–25, with *Lacoff*, 705 N.Y.S.2d at 186.

99. *Keimer*, 75 Cal. App. 4th at 1223–24; *Lacoff*, 705 N.Y.S.2d at 186.

100. 75 Cal. App. 4th 1220.

101. *Id.* at 1224.

102. 705 N.Y.S.2d 183.

103. *Id.* at 186–87.

104. *Id.* at 186.

105. *Keimer*, 75 Cal. App. 4th at 1230; *Lacoff*, 705 N.Y.S.2d at 188–90.

statements made on the covers were commercial speech.¹⁰⁶ The court reached this conclusion by stating that book covers are advertisements and the advertisements referred to a specific product—the book or videotape.¹⁰⁷ “It is true, of course, that the subject matter of the books—achieving economic security by investing—is of interest to the general public. However, speech can be considered commercial even though it contains information which enables the public to cope with the exigencies of their period.”¹⁰⁸

By contrast, in the New York case, the court held that the book was not commercial speech because the speech was not designed to sell a product, and the fact that those items were sold for profit was not enough to make it commercial speech.¹⁰⁹ “The main purpose of the work is to tell the story of the Beardstown Ladies, to educate as to investment clubs and the Beardstown Ladies’ investment strategy, and to entertain.”¹¹⁰ The court acknowledged the California court’s holding, but stated flatly that “it finds otherwise.”¹¹¹

These two cases involved the same book, the same representations, and the same advertising blurb on the cover.¹¹² Nevertheless, the cases produced opposite results, with the New York court dismissing the case on First Amendment grounds and the California court allowing the case to proceed.¹¹³

The same contradiction can be seen in a pair of lawsuits involving comic books. In *Doe v. McFarlane*,¹¹⁴ a former ice hockey player named Tony Twist brought suit against Todd McFarlane, the creator of the successful *Spawn* comic book series.¹¹⁵ McFarlane had developed a character named “Antonio Twistelli,” a mafia boss, and had named the character after Twist, the former hockey player.¹¹⁶

106. *Keimer*, 75 Cal. App. 4th at 1230.

107. *Id.* at 1229.

108. *Id.* at 1229–30 (quoting *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 68 n.15 (1983)) (internal quotation marks omitted).

109. *Lacoff*, 705 N.Y.S.2d at 190.

110. *Id.*

111. *Id.* at 191.

112. Compare *Keimer*, 75 Cal. App. 4th *passim*, with *Lacoff*, 705 N.Y.S.2d *passim*. I should note, for the record, that my law firm represented the publishers in the New York case.

113. Compare *Lacoff*, 705 N.Y.S.2d at 187, with *Keimer*, 75 Cal. App. 4th at 1233.

114. 207 S.W.3d 52 (Mo. Ct. App. 2006).

115. *Id.* at 56.

116. *Id.*

Twist brought claims of misappropriation.¹¹⁷ A Missouri appellate court held that the comic book figure was commercial speech because the predominant purpose of using the name “Tony Twist” was to sell comic books and related products, not for expressive comment about Twist the hockey player.¹¹⁸

However, in *Winter v. DC Comics*,¹¹⁹ the California Supreme Court held that comic books containing characters resembling two well-known performing and recording musicians, Johnny and Edgar Winter, were entitled to full First Amendment protection.¹²⁰ The Winter brothers claimed two characters in the comic strip—two giant worm-like creatures that were singing cowboys—violated their right of publicity.¹²¹ The court disagreed and ruled that the comic book creatures were transformative, and that the creatures were “fanciful, creative characters, not pictures of the Winter brothers. This makes all the difference. The comic books here are entitled to First Amendment protection.”¹²²

There is no way one can reconcile these two rulings. Comic books that contain characters resembling well-known figures are either entitled or not entitled to First Amendment protections. The speech is either commercial or not commercial. The California court’s ruling is all the more remarkable in light of the debate over *Nike* and whether the speech there was “commercial speech.”¹²³ To quote Dave Kohler, a thoughtful and well-regarded Southwestern Law School professor and former First Amendment lawyer for CNN:

Something is wrong when the First Amendment can be interpreted to offer more protection to a comic book featuring worm-like creatures inspired by famous albino rock stars than to a letter to the editor debating the working conditions in Southeast Asian factories. But this is precisely the strange state of affairs wrought by two decisions of the California Supreme Court considering how

117. *Id.*

118. *Id.* at 61.

119. 69 P.3d 473 (Cal. 2003).

120. *Id.* at 476.

121. *Id.*

122. *Id.* at 480.

123. *See Nike, Inc. v. Kasky*, 539 U.S. 654, 657 (2003).

the commercial nature of a message should be factored into the constitutional equation.¹²⁴

This is a body of constitutional law that I, as a practitioner, encounter on a regular basis. The level of doctrinal incoherence at the trial court level is amazing because although major constitutional rights are implicated, we premise these private causes of action on this uncertain distinction between commercial and noncommercial speech.¹²⁵ The cases simply do not make sense in the ordinary context, and there is no way to explain two absolutely divergent results involving the same book. One cannot match up the *Beardstown Ladies* book on one coast with the same book on the other coast and discover two absolutely divergent results.

The fact that the speech involves selling products is not dispositive. In *ETW Corp. v. Jireh Publishing, Inc.*,¹²⁶ Tiger Woods's licensing company brought suit against the publisher of artwork that depicted Woods's victory at the Masters Tournament in Augusta, Georgia.¹²⁷ ETW filed suit alleging trademark infringement, unfair competition, and violation of Woods's right of publicity.¹²⁸ The defendant essentially claimed that the artwork was expression protected by the First Amendment.¹²⁹ The court held that the artwork was not commercial speech, concluding that the prints "do not propose a commercial transaction. Accordingly, they are entitled to the full protection of the First Amendment."¹³⁰ The court reached this conclusion even though the product was a commercial product—a picture of Tiger Woods.¹³¹

By contrast, in *Comedy III Productions, Inc. v. Gary Saderup, Inc.*,¹³² the California Supreme Court held that lithographs and

124. David Kohler, *At the Intersection of Comic Books and Third World Working Conditions: Is It Time to Re-Examine the Role of Commercial Interests in the Regulation of Expression?*, 28 HASTINGS COMM. & ENT. L.J. 145, 145–46 (2006).

125. *Id.*

126. 332 F.3d 915 (6th Cir. 2003) (holding that even speech carried in a form that is sold for profit is protected).

127. *Id.* at 918.

128. *Id.* at 919.

129. *Id.* at 924.

130. *Id.* at 925.

131. *Id.* at 918, 925.

132. 21 P.3d 797 (Cal. 2001).

t-shirts that bore a resemblance to the Three Stooges were not protected by the First Amendment.¹³³ After reviewing the works, the court found that Saderup's works violated the plaintiff's right of publicity because the pictures were not sufficiently transformative.¹³⁴ Without substantial changes from the original works, the court found that literal, conventional depictions of celebrities like the Three Stooges would not be protected by the First Amendment.¹³⁵

III. CONCLUSION

The Supreme Court is going through a seismic doctrinal shift that now recognizes the self-expression rights of the corporate entity. The early commercial speech cases did not consider the interests of the commercial speaker at all.¹³⁶ Instead, the decisions turned on the interests of the audience.¹³⁷ In its more recent rulings, however, such as *Thompson v. Western States Medical Center*¹³⁸ and *Lorillard Tobacco Co. v. Reilly*,¹³⁹ the Court has suddenly begun discussing the commercial speaker's autonomous self-expression rights.

This is a marked departure from the earlier cases. The Court appears to be protecting advertisers who sit down with their corporate boards to decide how best to position themselves in the commercial world. This was the very type of speech at issue in *Nike*.¹⁴⁰ Consequently, these recent cases suggest that the type of speech at issue in *Nike* may be speech that the Supreme Court is willing to protect.

The early years of the Supreme Court's commercial speech jurisprudence involved dismantling unnecessary, and frequently arbitrary and absurd, government regulations of speech. Beginning

133. *Id.* at 799–800.

134. *Id.* at 810–11.

135. *Id.*

136. *See* *Valentine v. Chrestensen*, 316 U.S. 52, 54–55 (1942).

137. By contrast, in noncommercial First Amendment cases, the Court is primarily concerned with the intent of the speaker. *See, e.g.,* *N.Y. Times Co. v. Sullivan*, 376 U.S. 254 (1964); *see also* *Gertz v. Robert Welch, Inc.*, 418 U.S. 323 (1974); *Terminiello v. City of Chicago*, 337 U.S. 1 (1949).

138. 535 U.S. 357, 376–77 (2002) (holding as unconstitutional the prohibition of useful speech, such as pharmacists' relaying of alternative drug treatment possibilities to doctors).

139. 533 U.S. 525, 590 (2001) (holding that cigarette advertisements, regardless of their potential for causing harm, are entitled to First Amendment protection).

140. 539 U.S. 654 (2003).

with *Nike*, the niceties of the commercial speech doctrine are increasingly the focus of litigation between two private parties. A three- or four-part test, which may be appropriate in evaluating a declaratory judgment involving a governmental entity, creates uncertainty in ordinary litigation.

The question thus becomes: What steps can the courts take to rectify the case law and eliminate these litigation risks?

First, if commercial speech is granted less protection than other forms of expression, a bright-line definition should be adopted. This definition should be clear, understandable, and cognizant that the burden of proof should be placed on those who seek to penalize communications.

Second, this commercial speech test should focus on purely transactional speech and communication. Extending commercial speech rules beyond the transactional context sweeps too broadly into protected expression and can create a “chilling” effect on commercial speakers.

In a recent decision, *White v. City of Sparks*,¹⁴¹ the Ninth Circuit crystallized this approach. At issue was a Nevada municipal regulation prohibiting the sale of merchandise in city parks without prior approval.¹⁴² The plaintiff challenged this rule, claiming it interfered with his First Amendment right to sell the “nature scenes” he created outdoors in the city’s parks and on its sidewalks.¹⁴³ Attempting to justify its regulation, the city claimed that the artist’s sale of his original paintings removed them “from the ambit of protected expression.”¹⁴⁴ The Court held commercial speech is “speech which does ‘no more than propose a commercial transaction.’”¹⁴⁵ The decision disposed of the commercial speech argument in a single sentence. The artist’s paintings, “which communicate his vision of the sanctity of nature, do more than

141. 500 F.3d 953 (9th Cir. 2007).

142. *Id.* at 954.

143. *Id.*

144. *Id.* at 956.

145. *Id.* at 957 (quoting *Va. Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 (1976)).

propose a commercial transaction and therefore are not commercial speech.”¹⁴⁶

Third, an appropriate definition of commercial speech should not be premised on the “motivation” or “motive” of the speaker. Does the fact that I am a practicing lawyer while a majority of the other symposium participants are law school professors mean that my analysis of the same constitutional issues is entitled to less First Amendment protection? Does the fact that I am a co-author of a major treatise on commercial speech, and thus presumably eager to sell books, place my views in a lower category of speech? Yet, some courts assume that the desire to earn money or to earn a living justifies slapping the commercial speech label on that speaker’s efforts to communicate. Adopting such a rationale, in effect, would eliminate vital contributions by knowledgeable speakers and allow Dr. Johnson’s “blockhead[s]”¹⁴⁷ to dominate discussion.

Fourth, any commercial speech test must be applied across the board, without regard to ideology. Otherwise, the risks highlighted by Judge Kozinski and Professor Banner many years ago will remain with us.¹⁴⁸ And the definition must apply equally to Nike and to the Communications Workers of America.¹⁴⁹

Finally, why should speech prompted by commercial interests be afforded less protection than speech prompted by religious zealotry, racial bigotry, blind partisanship, ideological stubbornness, or a rigid refusal to acknowledge the precepts of the “reality-based community”?¹⁵⁰ Indeed, in the United States, as Justice Alito recognized many years ago, a largely commercial media is sometimes dependent on advertising dollars to survive.¹⁵¹ In many

146. *Id.*

147. Samuel Johnson, *quoted in* 6 BOSWELL’S LIFE OF JOHNSON 309 (George Birkbeck Hill ed., Macmillan & Co. 1887) (“No man but a blockhead ever wrote except for money . . .”).

148. See Kozinski & Banner, *supra* note 6, at 652–53.

149. Compare *Kasky v. Nike, Inc.*, 45 P.3d 243, 247 (2002) (commercial speech pertaining to a large manufacturer of athletic shoes and apparel), with *Aitken v. Commc’ns Workers of Am.*, 496 F. Supp. 2d 653 (E.D. Va. 2007) (commercial speech pertaining to pro-union activity within a company).

150. Ron Suskind, *Without a Doubt*, N.Y. TIMES MAG., Oct. 17, 2004, at 51 (discussing a presidential senior aide’s categorization of those who study reality for solutions, as opposed to the White House imperative to “create [its] own reality”).

151. See *Pitt News v. Pappert*, 379 F.3d 96, 105–06 (3rd Cir. 2004) (holding that advertising for alcoholic beverages by school-affiliated media was protected by the First Amendment).

cases, extending the commercial speech doctrine too far imperils fully-protected expression.

In conclusion, modern commercial speech doctrine remains unsettled and, at the trial court level, very uncertain. Consistency would be welcomed because uncertainty here is a deterrent to freedom of expression, even by commercial speakers. A rigorous application of current commercial speech principles, limiting commercial speech to purely transactional speech, would go a long way toward leveling the playing field between those with commercial motivations and everyone else.¹⁵²

152. See Bruce E.H. Johnson & Jeffrey L. Fisher, *Why Format, Not Content, Is the Key to Identifying Commercial Speech*, 54 CASE W. RES. L. REV. 1243, 1245, 1253–55 (2004) (arguing that commercial speech should not all be subject to one standard, but regulated based on format rather than content).

