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Jeffrey W. Strouse

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Redefining Trademark Alteration Within the Context of Aesthetic-Based Zoning Laws: A Blockbuster Dilemma

I. INTRODUCTION

In 1978, a Nevada Federal District Court permitted the Nevada Real Estate Advisory Commission to regulate the registered service mark\(^1\) of Century 21, a national franchisor of real estate bro-

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1. Century 21's service mark was a "modern building logo bordered on top with the words 'Century 21.'" Century 21 Real Estate Corp. v. Nevada Real Estate Advisory Comm'n, 448 F. Supp. 1237, 1239 (D. Nev. 1978), aff'd mem., 440 U.S. 941, superseded by 15 U.S.C. § 1121(b) (1994). For purposes of convenience, this Note will use the terms "trademark" and "mark" to include both service marks and trademarks. These terms are often used interchangeably. See, e.g., FORUM ON FRANCHISING, A.B.A., THE FRANCHISE TRADEMARK HANDBOOK: DEVELOPING AND PROTECTING YOUR TRADEMARKS AND SERVICE MARKS 2 (Louis T. Pirkey ed., 1994) ("The term mark includes both trademarks and service marks. However, laypeople (and even lawyers) often
Prior to this state regulation, Century 21's mark occupied approximately 80 percent of the surface area of any given display, while the name of the local franchisee covered the remaining 20 percent. To prevent consumer confusion, the Commission required that the 80:20 ratio be changed to a 50:50 ratio, effectively making the franchisee's logo as large as its counterpart. Century 21 objected to this mandate, arguing in part that such a regulation would dilute its registered mark and thereby violate the Lanham Act. The Court rejected this argument by holding that the regulation fell squarely within the purposes of the Lanham Act.

After the Nevada decision, other states adopted similar regulations. Ultimately, however, courts found these rules burdensome on the franchisor-franchisee relationship and invalidated the regulation.

Trademark is defined by the Lanham Act as: "any word, name, symbol, or device, or any combination thereof (1) used by a person, or (2) which a person has a bona fide intention to use in commerce . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127.

See Century 21, 448 F. Supp. at 1239.


While the court never directly cites to any explicit purpose for the Commission's regulation, it alludes to it in its discussion of the Lanham Act and, to a certain extent, renders it implicit in its final holding. See Century 21, 448 F. Supp. at 1241; see also infra note 7.

Section VII of the Rules and Regulations of the Nevada Real Estate Advisory Commission states, in part, that "(4) Any broker who operates under or uses a franchise name shall: . . . (b) incorporate in the franchise name and logotype his own name; however, the broker's name may not be less than 50 percent of the surface area of the entire combined area . . . ." Century 21, 448 F. Supp. at 1239. This regulation applied to all modes and mediums of the mark's display: "signs, letterheads, business cards, brochures, uniforms, name tags, folders, checks, forms, memo pads, desk plates, display materials, marketing materials, advertisements, etc." Payless ShoeSource, Inc. v. Town of Penfield, 934 F. Supp. 540, 543 (W.D.N.Y. 1996) (discussing Century 21).


The court noted that the purpose of the Lanham Act was twofold: "first, to ensure that the public gets what it thinks it is getting when it buys a name brand; and second, to protect trademark holders from pirates and cheats." Id. (citing S. REP. No. 1333 (1946)).

These rules inhibited nationwide advertising campaigns, increased costs, and made the franchisor-franchisee relationship less appealing. Payless ShoeSource, 934 F. Supp. at 543.
In addition, some states "considered and rejected such rules as being anticompetitive, arbitrary, and onerous." Subsequently, Congress amended the Lanham Act with the passage of § 1121(b). Section 1121(b) consists of two clauses: the first prohibits any state or political subdivision from "altering" a registered mark and the second forbids states from requiring additional marks from being incorporated into the original mark. While Congress's solution to the aftereffects of Century 21 apparently embodies both clauses of § 1121(b), the Ninth Circuit in Blockbuster Videos, Inc. v. City of Tempe described only the second clause as the remedy and thus rendered the first clause a rider. Effectively, the court not only expanded § 1121(b) beyond the facts of Century 21, but it left unclear the extent to which the Lanham Act preempts municipal zoning ordinances.

This issue is especially poignant when municipalities enact aesthetic-based zoning ordinances that deny exterior sign permits to vendors who desire to display their federally registered trademarks on their storefront signs. Invariably, such ordinances create a conflict between the federal government's interest in regulating trademarks and the states' traditional police powers in governing the use of property. As discussed in Part II, constitutional law generally recognizes "that a town, pursuant to its police power, may impose sign restric-

11. The amendment provides that:
   No state or other jurisdiction of the United States or any political subdivision or any
   agency thereof may require alteration of a registered mark, or require that additional
   trademarks, service marks, trade names, or corporate names that may be associated with
   or incorporated into the registered mark be displayed in the mark in a manner differing
   from the display of such additional trademarks, service marks, trade names, or corporate
   names contemplated by the registered mark as exhibited in the certificate of registration
   issued by the United States Patent and Trademark Office.

13. See Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1295, 1299 (9th Cir. 1998). The court noted that since the first clause was not necessary to address the post-Century 21 franchisor-franchisee relationship, it is "apparent, therefore, that Congress added [it] to cover situations in which a state, local political subdivision, or agency might require other types of changes in a registered mark." Id.
14. Aesthetic-based zoning laws refer to regulations whose primary purpose is maintaining exterior uniformity. See infra Part II.
15. For the purposes of this Note, "to display" is defined as using a storefront sign or similar construction in order to convey or deliver the registered mark to the consumer. "Vendor" is herein defined as anyone who possesses a registered mark and wishes to display that mark on an exterior sign.
tions in order to regulate aesthetics.” On the other hand, case law also weighs heavily in favor of protecting the value of registered trademarks. Whether the latter preempts the former depends, in part, on whether the clauses of § 1121(b) are read separately or together.

Since judicial opinion remains divided over the answer to this question and until Congress acts to clarify this two-clause structure, this Note articulates a narrow interpretation of § 1121(b) and encourages that its application be restricted to situations that are substantially similar to Century 21. To that end, Part II of this Note explores the validity of municipal zoning power, and, in particular, discusses two overlapping constitutional issues within which this police power has evolved. Against this backdrop, Part III argues that § 1121(b) and its legislative history support limited preemption of aesthetic-based zoning laws. In addition, this section explains the shortcomings of the Ninth Circuit’s statutory interpretation in Blockbuster Videos, Inc. v. City of Tempe. Finally, Part IV sets forth a definition of alteration that effectively prevents the application of § 1121(b) to marks that are incidentally affected by aesthetic-based zoning regulations.

II. THE POWER TO ZONE: AN EVOLVING LICENSE

In Blockbuster, although the Ninth Circuit never explicitly examined the evolution of municipal zoning power, its ultimate rejection

16. Payless ShoeSource, 934 F. Supp. at 542 (citing People v. Goodman, 290 N.E.2d 139, 141 (N.Y. 1972)). This Note incorporates historical preservation within the meaning of aesthetic-based regulation. Zoning regulation based on historical preservation is inherently similar to aesthetic-based regulation in that it seeks to maintain what is aesthetically pleasing, albeit from a more cultural perspective. See generally Gregory A. Ashe, Reflecting the Best of our Aspirations: Protecting Modern and Post-Modern Architecture, 15 CARDOZO ARTS & ENT. L.J. 69 (1997).

17. See supra note 7 (explaining the purpose of trademark law).

18. See Blockbuster, 141 F.3d at 1299 (noting that only the second clause is relevant and holding that § 1211(b) preempted the aesthetic-based zoning regulation).

19. “[T]here appears to be a paucity of case law interpreting § 1121(b)” within the context of aesthetic-based zoning laws that regulate exterior signs. Payless ShoeSource, 934 F. Supp. at 545. Currently, only two circuit courts have reviewed this narrow issue. See Lisa’s Party City, Inc. v. Town of Henrietta, 185 F.3d 12 (2d Cir. 1999); Blockbuster, 141 F.3d 1295. To the extent that minimal case law on this dispute currently exists, Congress may await further judicial scrutiny before taking action.

20. See infra Part III.

21. Incidentally affected marks are the result of aesthetic-based zoning laws that regulate exterior signage and in no way damage or threaten acceptable use of the registered mark. Effectively, marks that are incidentally affected by such laws do not compromise their validity. See infra note 120 and accompanying text.
of aesthetic-based zoning regulations reflected a traditional view. Historically, courts were even averse to aesthetic-connected zoning laws, concluding that aesthetic considerations did not constitute a valid concern of municipal police powers. Loosely defined, these powers were consistently limited to laws that directly related to the safety, health, morals, and general welfare of the public. Thus, aesthetic-connected zoning regulations necessarily required attachment to laws that were substantially grounded within the traditional limits of the states' police powers. Gradually, however, this traditional view was replaced by a judicial posture favoring aesthetic concerns, as a number of jurisdictions began to uphold not only aesthetic-connected zoning laws, but aesthetic-based zoning laws as well. Even today, as

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22. See Blockbuster, 141 F.3d at 1298 (pointing to the clear language of the statute as the basis for rejecting Tempe's argument). While it was perhaps unnecessary for the Blockbuster court to address in great detail the significance of a municipality's police powers, the Ninth Circuit's otherwise obvious respect for a community's aesthetic values should have provoked at least minimal discussion. See Christopher Neumann, Note, FCC Preemption of Zoning Ordinances that Restrict Satellite Dish Antenna Placement: Sound Policy or Legislative Overkill?, 71 ST. JOHN'S L. REV. 635, 641 (1997). In 1992, the Ninth Circuit held that certain zoning requirements for satellite dishes were valid regulation in furthering a "city's interest in aesthetic values." See Johnson v. City of Pleasanton, 982 F.2d 350, 354 (9th Cir. 1992).

23. Aesthetic-connected zoning laws, separate from aesthetic-based, are those that anchor aesthetic considerations with other more legitimate justifications for the exercise of municipal police powers. See infra note 27 (highlighting more legitimate considerations).

24. See Ashe, supra note 16, at 74; see also ALEXANDRA D. DAWSON, LAND-USE PLANNING AND THE LAW 141 (1982) ("Early legal decisions were unfavorable to the right of governmental bodies to limit the private use of land for aesthetic reasons alone. The traditional judicial reasoning was that these controls were of less importance to the public welfare than those controls protecting public health and safety, and also that they were too subjective to be equitable."); 1 JAMES METZENBAUM, THE LAW OF ZONING 33-34 (2d ed. 1955) (discussing several cases holding aesthetic grounds alone insufficient for a nuisance finding).

25. Cf. Lochner v. New York, 198 U.S. 45, 53 (1905) (noting that the "exact description and limitation of [these powers] have not been attempted by the courts").

26. See infra note 40 and accompanying text.

27. As of 1996, states upholding aesthetic-based zoning laws included Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Tennessee, Washington, West Virginia, and Wisconsin. See Ashe, supra note 16, at 76 n.54; see also Stephanie L. Bunting, Unsightly Politics: Aesthetics, Sign Ordinances, and Homeowners' Speech in City of Ladue v. Gilleo, 20 HARV. ENVTL. L. REV. 473 (1996) ("Aesthetic zoning regulations have become extraordinarily popular in recent years... The most common aesthetic ordinances by far are those that regulate signs."); Matthew Nickerson, Signs of Times: Smaller but Tasteful, CHICAGO TRIB., May 21, 1993, at DU1 (noting that such "regulations are becoming more attractive to many suburban governments").

While many states now allow for zoning laws based solely on aesthetics, some states still require more legitimate justifications in connection with aesthetic-based zoning laws. As of 1996, these states included Idaho, Indiana, Iowa, Maine, Massachusetts, Maryland, Nebraska, North Dakota, Pennsylvania, Rhode Island, Texas, Vermont, and Virginia. See Ashe, supra note 16, at 76 n.55. Other, "more legitimate" justifications would be, for example, possible injury or a common law nuisance. See, e.g., Parkersburg Builders Material Co. v. Barrack, 191 S.E. 368, 369 (W. Va. 1937) (holding that a junk yard was not a nuisance and noting that "courts of equity..."
constitutional challenges continue to attack aesthetic-based zoning laws, judicial standards for relevant Due Process and Equal Protection claims are framed by zoning-favored presumptions. Indeed, the regulatory power exercised by local governments within this context, absent its irrational or arbitrary exercise, has been “one of the least limitable.”

A. Police Power and Aesthetics: The License

The term “police power” is amorphous. Several rights inherent to the term are generally obvious and constant, but the specific limits of municipal police powers have generally remained in flux. In fact, case law reveals that the limits of police powers have been determined

have hesitated to exercise authority in the abatement of nuisances where the subject matter is objected to by the complainants merely because it is offensive to the sight); Pacific Rys. Adver. Co v. City of Oakland, 276 P. 629, 632 (Cal. Dist. Ct. App. 1929) (concluding that the prohibition of streetcar advertising is invalid because “no threat of public injury or danger existed... which would warrant or justify the calling into play of an exercise of the police power in the broad and sweeping form which this ordinance takes”).

28. This Note discusses constitutional law only as it relates to the evolution of municipal zoning power. Other constitutional issues, such as the supremacy of federal law, arise when zoning laws are deemed to alter registered marks and thereby violate the Lanham Act. Because this Note rejects the notion that aesthetic-based zoning laws affecting only exterior signs alter registered marks, a discussion of these issues is not necessary. For an argument that zoning laws should be preempted by the Lanham Act on constitutional grounds, see generally Roberta Rosenthal Kwall, Regulating Trademarks on Exterior Signs: Should Local Law Trump the Lanham Act and the Constitution?, 71 S. CAL. L. REV. 1105 (1998).

29. See infra Part II.B.

30. See Hadacheck v. Los Angeles, 239 U.S. 394, 410 (1915) (The exercise of a state’s police power “may, indeed, seem harsh in its exercise, usually is on some individual, but the imperative necessity for its existence precludes any limitation upon it when not exerted arbitrarily.”).

31. An extensive collection of commentary has already addressed the evolution of police powers and aesthetic-based zoning regulations. See, e.g., 1 Robert M. Anderson, American Law of Zoning 93-109 (3d ed. 1986). While the following discussion is therefore kept brief, it is necessary because it illustrates the significance of municipal police powers not only throughout history, but as of today, when those powers are threatened by Lanham Act preemption.

32. See 1 Metzenbaum, supra note 24, at 90 (noting that a study of case law would “reveal the police power not as a fixed quantity, but as the expression of social, economic and political conditions. As long as these conditions vary, the police power must continue to be elastic”) (quoting Ernst Freund, The Police Power: Public Policy and Constitutional Rights 3 (1904); see also Berman v. Parker, 348 U.S. 26, 32 (1954) (noting that “[a]n attempt to define its reach or trace its outer limits is fruitless, for each case must turn on its own facts”).

33. See 1 Metzenbaum, supra note 24, at 17 (stating the police power is generally understood to include “the right to provide for... public safety, health and welfare, the supplying of water, the regulation of streets and highways [etc.]”).

34. See State ex rel. Carter v. Harper, 196 N.W. 451, 455 (Wis. 1923) (“With the passing of time, social standards conform to new ideals. As a race, our sensibilities are becoming more refined, and that which formerly did not offend cannot now be endured. That which the common law did not condemn as a nuisance is now frequently outlawed as such by the written law.”).
more by societal values than by legal precedent. Accordingly, the evolution of zoning law has reflected the norms and needs of the community, to which courts have typically deferred.

Although early legal decisions favored zoning laws in general, most courts were initially hostile to even aesthetic-connected regulations. While some courts later recognized that aesthetics might be a consideration, many courts made it abundantly clear that aesthetics alone would not suffice.

35. Judicial deference to community norms is underscored by the principle that zoning laws are presumed valid until proven otherwise. See, e.g., Rotenberg v. City of Fort Pierce, 202 So. 2d 782, 785 (Fla. Dist. Ct. App. 1967) ("It is well settled that, where a[n] . . . ordinance appears . . . to have been regularly enacted, all presumptions will be indulged in favor of its validity."); Town of Burlington v. Dunn, 61 N.E.2d 243, 245 (Mass. 1945) (noting that "validity [is] presumed until the contrary is shown"); City of Miami Beach v. Ocean & Inland Co., 3 So. 2d 364, 366 (Fla. 1941) (en banc) (noting the "accepted rules that the court will not substitute its judgment for that of the city council; that the ordinance is presumed valid"); see also 1 METZENBAUM, supra note 24, at 91-93 ("[O]n account of the . . . fact that new conditions are constantly calling into play new regulations, the courts of the states as well as the federal courts have purposely refrained from defining the limits of the 'Police Power'.").

36. In fact, Metzenbaum suggests that "[t]he term police power might well be expressed as 'The Community Power.'" 1 METZENBAUM, supra note 24, at 17; see also Georgette C. Poin Dexter, Light, Air, or Manhattanization?: Communal Aesthetics in Zoning Central City Real Estate Development, 78 B.U. L. REV. 445, 447 (1998) (noting that "modern zoning law has more to do . . . with . . . 'communal aesthetics' than it has to do with harm prevention"). Although Poin Dexter suggests that aesthetic-based regulations may be dangerous due to subjectivity and unpredictability, she later submits that "courts may justify aesthetic zoning by recognizing that it validates the collective choice of residents." Id. at 488.

37. See Berman, 348 U.S. at 32 ("[W]hen the legislature has spoken, the public interest has been declared in terms well-nigh conclusive . . . . [T]he legislature, not the judiciary, is the main guardian of the public needs to be served by social legislation . . . ."); see also Roger W. Badeker, Tell it to the Judge: Appealing a Zoning Decision, J. KAN. B. ASS'N, Sept. 1998, at 33, 34 ("Weighing heavily on the zoning authority's side of the scale is the presumption it has acted reasonably.").

38. See City of Youngstown v. Kahn Bros. Bldg. Co., 148 N.E. 842, 844 (Ohio 1925) ("Successive city councils might never agree as to what the public needs from an aesthetic standpoint . . . . The world would be at continual seesaw if aesthetic considerations were permitted to govern the use of the police power."); City of Passaic v. Paterson Bill Posting, Adver. & Sign Painting Co., 62 A. 267, 268 (N.J. 1905) ("Aesthetic considerations are a matter of luxury and indulgence rather than of necessity, and it is necessity alone which justifies the exercise of the police power . . . ."); see also DAWSON, supra note 24, at 141 ("The owner of regulated property could not know in advance what was expected of him; or, if that were clear, it might still be arbitrarily determined according to some board’s whim or taste"). Aesthetic-connected regulations, separate from aesthetic-based, are those that anchor aesthetic considerations with other traditionally recognized justifications for the exercise of police power. See infra note 40 and accompanying text.

39. See, e.g., State ex rel. Civello v. City of New Orleans, 97 So. 440, 444 (La. 1923) (indicating that the court “[d]id not observe any substantial reason for saying that [aesthetic] consideration[s] are not a matter of general welfare” and noting that other courts might have rested their holdings “as logically upon the so-called aesthetic considerations as upon the supposed other considerations of general welfare”).

40. See Perlmuter v. Greene, 162 N.E. 5, 6 (N.Y. 1932) ("[B]eauty may at least shelter herself under the wing of safety, morality, or decency").
This limitation, whereby aesthetic-connected regulations were necessarily enveloped by other, more justified zoning restrictions, began to change with the Supreme Court's ruling in Berman v. Parker. Although the case involved an action to enjoin the condemnation of an owner's property, Justice Douglas' remarks regarding the concept of public welfare are pertinent:

The concept of the public welfare is broad and inclusive. The values it represents are spiritual as well as physical, aesthetic as well as monetary. It is within the power of the legislature to determine that the community should be beautiful as well as healthy, spacious as well as clean, well-balanced as well as carefully patrolled.

Subsequently, other courts began upholding aesthetic-based zoning laws. In 1974, the Supreme Court reaffirmed the validity of such regulations and, in dicta, arguably carried them a step forward. As a result, a majority of states have since supplemented the traditional uses of zoning power with an evolving sense that aesthetics...
matter, if not alone, then at least in conjunction with other legitimate justifications.45 In any event, courts have been willing to embrace the notion that communities value the way they look.46 While certain regulations reflecting this message may come under constitutional attack, as illustrated by the following discussion, they may also fall under the principle that what benefits the community likewise benefits each of its members.47

B. Due Process and Equal Protection: The Limits48

The legal evolution of this rather broad, community-based zoning power would be only half-complete absent an exploration of relevant constitutional challenges.49 While traditionally many zoning cases have involved issues of due process and equal protection,50 these constitutional limitations are especially pertinent to aesthetic-based zoning laws that specifically regulate storefront signs.51 The following observation explains the basic requirements of reasonableness under the Fourteenth Amendment, both substantively and procedurally:52

45. The Goodman court, for example, concedes that "not every artistic conformity or nonconformity is within the regulatory ambit of the police power. Indeed, regulation in the name of aesthetics must bear substantially on the economic, social and cultural patterns of the community or district." Goodman, 290 N.E.2d at 142.

46. This may be explained, in part, by the fact that "authorities recognize neighborhood aesthetics to be integrally bound to property values." City of Coral Gables v. Wood, 305 So. 2d 261, 263 (Fla. Dist. Ct. App. 1974).

47. Cf. Hadacheck v. Los Angeles, 239 U.S. 394, 410 (1915) ("There must be progress, and in its march private interests are in the way they must yield to the good of the community.").

48. While constitutional challenges undoubtedly impose limits on the exercise of police power, one court has declared that police power existed prior to any constitution. See Inhabitants of York Harbor Village Corp. v. Libby, 140 A. 382, 385 (Me. 1928) ("[Police power] is not the offspring of constitutions. It is older than any written constitution. It is the power which the states have not surrendered to the nation . . . .").

49. While this Note focuses on due process and equal protection challenges to aesthetic-based zoning, a plethora of commentary traces other constitutional concerns, including those that come under the First and Fifth Amendments. While these challenges are extremely relevant with respect to zoning in general (especially aesthetic-based zoning that regulates the erection of billboards and residential signs), they are less pertinent to the narrower issue herein presented. For an illustration of these other constitutional concerns, see generally Boos v. Barry, 485 U.S. 111 (1988) (addressing First Amendment issues) and Penn Cent. Transp. Co. v. New York City, 438 U.S. 104 (1978) (highlighting the Fifth Amendment takings issue). See also Dawson, supra note 24, at 141; Kwall, supra note 28, at 1158-66.

50. See 1 Metzenbaum, supra note 24, at 187.

51. See generally Lisa's Party City, Inc. v. Town of Henrietta, 185 F.3d 12, 16-17 (2d Cir. 1999) (holding that a zoning regulation which restricted the use of color in exterior signs in shopping centers did not violate a franchisees' Equal Protection or Due Process rights).

52. The Fourteenth Amendment, in relevant part, states: "nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." U.S. Const. amend. XIV, § 1.
[State laws] must be reasonable—must not disfavor some as against others in the same class; must not create unfair discriminations; must not deprive persons of equality before the Law; must not be so arbitrary in their terms or in their administration as to make the granting or the withholding of permission to use property subject to the mere will of some officials; must not deprive of time-honored procedure and rights which have become ingrained as part of the “Law.”

While the law generally recognizes that one may not be deprived of property without due process of law, it also acknowledges that one “may be restricted in the use of it when that is necessary to the common good.” Since aesthetic-based zoning laws effectively regulate the use of property and not its ownership, challenges based on Due Process alone generally struggle with a judicial reluctance to limit otherwise appropriate municipal powers.

Three overlapping legal doctrines frame a court’s substantive Due Process analysis and confirm a judicial posture favoring the validity of zoning laws. First, a regulation is presumed valid, and the party attacking it has the burden of proving otherwise. Second, a regulation will be upheld if its validity is reasonably debatable.

53. See 1 METZENBAUM, supra note 24, at 187.
54. City of Miami Beach v. Ocean & Inland Co., 3 So. 2d 364, 366 (Fla. 1941). This echoes the notion that, especially with respect to aesthetic-based zoning regulations, use of the property, and not its ownership, is the crux of such regulation. See 1 METZENBAUM, supra note 24, at 12 (“Indeed the ‘use’ limitation may be said to be the cardinal and primary motif of comprehensive zoning; not its ownership.”).
55. Judicial deference to municipal zoning powers was reflected in the Florida Supreme Court’s reluctance to substitute its judgment for that of the state legislature or city councils. See Ocean & Inland, 3 So. 2d at 366.
56. While these doctrines are literally separate, they naturally overlap and are sometimes utilized together. Note, for example, how the second doctrine effectively increases the burden of the first.
57. See Samuel Bufford, Beyond the Eye of the Beholder: A New Majority of Jurisdictions Authorize Aesthetic Regulation, 48 UMKC L. REV. 125, 129 (1980). Bufford suggests that these doctrines are relevant to whether a zoning ordinance achieves its objective. He notes that “the ordinance is given the benefit of [these] doctrines that are difficult to overcome.” Id.; see also People v. Stover, 191 N.E.2d 272, 275 (N.Y. 1963) (“Once it be conceded that aesthetics is a valid subject of legislative concern, the conclusion seems inescapable that reasonable legislation designed to promote that end is a valid and permissible exercise of the police power. If zoning restrictions . . . are to be stricken as invalid, it should be . . . solely because the restrictions constitute ‘unreasonable devices of implementing community policy.’”) (quoting J.J. Dukeminier, Jr., Zoning for Aesthetic Objectives: A Reappraisal, 20 LAW & CONTEMP. PROBS. 218, 231 (1955)).
58. See Ocean & Inland, 3 So. 2d at 366 (noting that the ordinance is presumed valid).
59. See Village of Belle Terre v. Boraas, 416 U.S. 1, 4 (1974) (“The line ‘which in this field separates the legitimate from the illegitimate assumption of power is not capable of precise delimitation . . . . A nuisance may be merely a right thing in the wrong place, —like a pig in the parlor instead of the barnyard . . . . If the validity of the legislative classification for zoning purposes be fairly debatable, the legislative judgment must be allowed to control.’”) (quoting Village of Euclid v. Ambler Realty Co., 272 U.S. 365, 387-88 (1926)).
Third, a regulation will withstand judicial scrutiny, unless it is clearly arbitrary and capricious.60

In Lisa's Party City, Inc. v. Town of Henrietta, the Second Circuit, relying on a test that primarily reflected the first and third doctrines, held that the plaintiff's substantive due process rights were not violated by an ordinance mandating that the plaintiff's mark satisfy the requirements of the center's sign package.61 The court's test was comprised of two prongs. First, the plaintiff had to "establish that it had a valid 'property interest' in a benefit ... entitled to constitutional protection."62 Second, the plaintiff "had to show that the Town's action in depriving it of that interest was 'so outrageously arbitrary as to be a gross abuse of governmental authority.'"63 In proving that such zoning actions were arbitrary and irrational, the plaintiff had to prove that there was no legitimate reason for such action.64

Under both prongs of this test, the court concluded that a zoning ordinance prohibiting the display of a mark on a storefront sign did not violate the plaintiff's Due Process rights.65 Moreover, the municipality had a legitimate reason for its decision to deny the permit, and the plaintiff was in no way deprived of any property interest.66 The plaintiff's due process attack on substance, therefore, failed.67

Zoning regulations within this context also give rise to questions of equal protection.68 A plaintiff who attacks an ordinance on

60. In effect, this rule requires reasonableness. If a regulation is reasonable, a court is likely to uphold it. See Ambler Realty, 272 U.S. at 395 ("[I]t must be said before the ordinance can be declared unconstitutional, that such provisions are clearly arbitrary and unreasonable ... "); People v. Goodman, 290 N.E.2d 139, 141 (N.Y. 1972) ("Our inquiry ... is limited to determining whether, under all the circumstances, the means adopted in this ordinance are reasonably related to the community policy sought to be implemented ... "); Stover, 191 N.E.2d at 275 ("[W]hether such a statute or ordinance should be voided should depend upon whether the restriction was an arbitrary and irrational method of achieving an attractive, efficiently functioning, prosperous community ... ") (quoting Dukeminier, supra note 57, at 231).

61. See Lisa's Party City, Inc. v. Town of Henrietta, 185 F.3d 12, 17 (2d Cir. 1999). In this case, a zoning ordinance prevented plaintiffs from using their federally registered multi-color trademark on their storefront sign. See id. at 12-14.

62. See id. at 17.

63. See id. (quoting Natale v. Town of Ridgefield, 170 F.3d 258, 263 (2d Cir. 1999)). The reasonableness inquiry is clearly reflected in the court's second prong. The first prong, however, only reflects the other legal rules to the extent that it places the burden of proof on the plaintiff.

64. See id. (affirming the district court's holding that the Town had a legitimate reason for the zoning regulation).

65. See id. at 17-18.

66. The court noted that sign restrictions based on aesthetics are a valid exercise of police power. See id. at 17.

67. See id.

68. See 1 METZENBAUM, supra note 24, at 187 (suggesting that it is essential to consider both Due Process and Equal Protection provisions of the Fourteenth Amendment "because [this
equal protection grounds has the burden of showing that selective treatment occurred, and that it was “‘based on impermissible considerations such as race, religion, intent to inhibit or punish the exercise of constitutional rights, or malicious or bad faith intent to injure a person.’”

A plaintiff must show selective treatment in comparison with “similarly situated” individuals. The meaning of “similarly situated” in effect “grandfathers in” establishments that existed prior to the current ordinance. This interpretation is necessary to prevent zoning laws from being retroactive, which is generally considered unconstitutional. In Lisa’s Party City, for example, plaintiff failed to cite even one similarly situated establishment. Instead, the plaintiff generally pointed to establishments that existed long before the current ordinance. Thus, the plaintiff’s only evidence of selective treatment rested on comparisons with establishments that were not similarly situated. The court therefore held that the plaintiff “failed to show an issue of material fact requiring trial of its equal protection claims.”

Thus, while equal protection concerns are always present with respect to aesthetic-based zoning laws, such claims are, like questions of due process, subject to heavy burdens of proof and zoning-favored presumptions. Against this backdrop, a court, in attempting to preempt an otherwise valid exercise of municipal police power, must

69. Lisa’s Party City, 185 F.3d at 16 (quoting LaTrieste Restaurant & Cabaret Inc. v. Village of Port Chester, 40 F.3d 587, 590 (2d Cir. 1994) (quoting LeClair v. Saunders, 627 F.2d 606, 609-10 (2d Cir. 1980))). While the court in Lisa’s Party City appeared to regard both prongs of the test with equal significance, the plaintiff’s failure to prove selective treatment made it easy for the court to determine whether such treatment was in fact based on impermissible considerations, malice, or bad faith. The court stated that “[o]n these facts, the appellant’s assertion that the Town enforced the ordinance against it with an impermissible motivation is sheer ‘conjecture and speculation’ that is insufficient to withstand the Town’s motion for summary judgment.” Id. at 17 (quoting Kerzer v. Kingly Mfg., 156 F.3d 396, 400 (2d Cir. 1998)).

70. Id. at 16. While the language in People v. Goodman, 290 N.E.2d 139 (N.Y. 1972), does not explicitly include this notion of similar situations, this conclusion is a natural extension of Goodman’s rule requiring intentional discrimination. After all, such intent can only be found by comparing the plaintiff to those who are similarly situated.

71. Jones v. City of Los Angeles, 295 P. 14, 17-18 (Cal. 1930) (“Zoning . . . holds that an ounce of prevention is worth a pound of cure . . . . [It] looks to the future, not the past, and it is customary to allow buildings and businesses already in the district to remain . . . .”) (first alteration in original) (quoting J.P. Chamberlain & S. Pierson, Zoning Laws and Ordinances, 10 A.B.A. J. 185, 185 (1924)).

72. See id. at 18.
73. See Lisa’s Party City, 185 F.3d at 17.
74. See id.
75. See id.
76. See id. at 16.
logically ground its decision on something other than a constitutional challenge. To illustrate this, the next section explores the Ninth Circuit's effort to instead base its holding on the language of § 1121(b).

III. BLOCKBUSTER SIGNS AND SEMANTICS

A. District Court Decision

In 1996, Blockbuster Videos, Inc. and Video Update, Inc. applied to the city of Tempe, Arizona, for permits to display storefront signs that would incorporate their registered service marks. Pursuant to Tempe's zoning ordinance, both applications were subject to the review and approval of the Tempe Design Review Board ("the Board"). According to the ordinance, all exterior signs in a shopping center must conform to the center's specific sign package, which regulates, inter alia, color, size, and the location of signs. The Board determined that Video Update's and Blockbuster's registered marks fell outside the centers' sign packages and rejected their applications, requiring both entities to display exterior signs that would comply with the appropriate requirements.

Blockbuster and Video Update each unsuccessfully appealed the Board's decision to the Tempe City Council; both companies thereafter separately sued the City of Tempe. The district court granted a preliminary injunction, requiring Tempe to allow both companies to

77. The companies are separate entities with no connection other than the consolidation of their respective cases. See Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1295, 1297 (9th Cir. 1998).
78. See id. at 1296-97. Video Update has one mark: the words "Video Update" in red lettering which is wider at the bottom and narrower at the top. Blockbuster has two marks: a torn ticket with a blue background and yellow lettering and a blue awning with the words "Blockbuster Video" in yellow block letters. See id.
79. See id. at 1297.
80. While the court never explicitly defines exterior, its holding and relevant dicta indicate that exterior means any space or area outside the actual store, even if this designated outside is in fact part of a center's indoor walking area. See id. at 1297-1300.
81. See id. at 1297 (noting that the owner of a shopping center creates the sign package, subject to the review and approval of the Board).
82. The Board actually approved Blockbuster's torn ticket sign, but did not allow the installation of the awning. See id.
83. See id. The Board allowed Video Update's red letters on a sign facing the street, but it did not allow the red letters on the exterior sign within the shopping center. This discrepancy might exist because the specific sign package controlled only the signs within the center's interior common area, which probably can be described as an exterior area. See id.
84. The district court consolidated the two cases. See id. at 1297.
display their marks as registered and as requested. Tempe appealed the decision.\textsuperscript{45}

\textbf{B. The Ninth Circuit Analysis: Signs of Confusion}

The Ninth Circuit, relying heavily on the plain language of the statute itself\textsuperscript{46} and in part on its legislative history,\textsuperscript{47} held that § 1121(b) prohibits a municipality from enforcing a zoning ordinance that requires the alteration of a registered mark.\textsuperscript{48} The court noted, however, that nothing in the statute prevents a municipality from prohibiting a mark altogether.\textsuperscript{49} The court thereby affirmed the district court's order insofar as it precluded Tempe from altering the companies' marks.\textsuperscript{50} But the court simultaneously reversed the district court's order to the extent that the lower court left Tempe powerless. Effectively, Tempe retained the power to completely prohibit the mark.\textsuperscript{51} While the practical effects of this decision are puzzling, the legal premises on which the court bases its decision provoke further analysis.

1. Premise Number One: Unequivocal Clarity

The \textit{Blockbuster} court afforded the first clause of § 1121(b) substantial consideration.\textsuperscript{52} This clause states that "no State... or any political subdivision or any agency thereof may require alteration of a registered mark."\textsuperscript{53} The court defined "to alter" as "to cause to become different in some particular characteristic... without chang-

\begin{itemize}
\item \textsuperscript{45} See id. at 1296.
\item \textsuperscript{46} See id.
\item \textsuperscript{47} See id. at 1297 (citing Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 194 (1985)).
\item \textsuperscript{48} The court noted that while it included an analysis of the legislative history, it need not do so since the plain meaning of the statute was clear enough to end its inquiry. See id. at 1298 (citing Connecticut Nat'l Bank v. Germain, 503 U.S. 249, 253-54 (1992)).
\item \textsuperscript{49} See id. at 1301.
\item \textsuperscript{50} See id.; see also infra Part III.B.2.b (explaining in greater detail the contours of this prohibition loophole).
\item \textsuperscript{51} See id. Since Tempe's ordinance was, in part, deemed a requirement that vendors modify their marks, it would therefore have to permit both companies to incorporate their registered marks, even if doing so meant a diversion from the center's uniform design. See id. at 1300.
\item \textsuperscript{52} See id. ("Precluding display of a mark for zoning purposes is permissible; requiring alteration of a mark is not."). This effectively allowed Tempe to prohibit Blockbuster's awning as Tempe originally desired, but simultaneously forced Tempe to allow Video Update to use its federally-registered red lettering. See id. at 1300-01.
\item \textsuperscript{53} See id. at 1297-98.
\item \textsuperscript{54} 15 U.S.C. § 1121(b) (1994).
\end{itemize}
TRADEMARK ALTERATION

ing into something else; to change or modify. The court, therefore, concluded that a zoning ordinance requiring a vendor to comply with a center’s sign package effectively compels that vendor to change his mark and thereby alter it under the language of § 1121(b).

At least half of § 1121(b) seems to support the court’s conclusion. Once this definition is applied to the first clause of § 1121(b), however, the second clause arguably becomes superfluous. The second clause states that “[n]o State ... or any political subdivision... thereof may require ... that additional trademarks, service marks, trade names, or corporate names... be displayed... in a manner differing from the display of such additional trademarks... contemplated by the registered mark.” Any such requirement would most likely alter a mark, as defined by the majority, and thus fall under the general umbrella of the first clause. But this would fail to make sense in light of the majority’s clear indication that only the second clause was written in response to Century 21. A literal approach to half of § 1121(b) cannot logically render the other half superfluous when the latter half is simultaneously purported to reflect a distinct and separate purpose. This suggests that perhaps the question should be not how the literal meaning of “alteration” defines the purpose of the first clause, but rather how the purpose behind both clauses when read together defines “alteration.” This analysis, which indicates that the literal meaning of the statute is not as clear as the majority concluded, necessarily invokes an examination of the statute’s legislative history.

95. See Blockbuster, 141 F.3d at 1297-98 (quoting WEBSTER’S THIRD NEW INTERNATIONAL DICTIONARY 63 (1986)).
96. See id. at 1298.
97. The second clause is rendered superfluous because the prohibition of modification or change to a registered mark under the first clause would encompass that which is prohibited under the second clause. Somewhat circularly, the court addressed the second clause, but only within the context of its legislative history, which the court already dismissed as unnecessary to the court’s holding. See id. at 1299-1301.
99. This assumes that the statute is already applicable to the given situation. Such applicability inevitably depends on the purpose of the entire statute. See infra Part III.B.2.
100. See Blockbuster, 141 F.3d at 1299.
101. A literal meaning of “alter,” as already suggested, renders the second clause superfluous. Thus, the “natural interpretation is that together, the two clauses were designed to prevent alterations to registered marks of the kind required by the Nevada Real Estate Advisory Commission.” See id. at 1303 (Browning, J., concurring in part and dissenting in part) (emphasis added).
102. See infra note 107.
Although the Blockbuster majority acknowledged that § 1121(b) was enacted as a result of Century 21, by implication the court took the untenable position that the “plain language” of the first clause somehow circumvented the legislative history that framed its counterpart. Judge Browning’s separate opinion in Blockbuster and a New York district court, however, avoided this separate clause distinction and interpreted § 1121(b) as a whole according to its legislative history. While the majority downplayed its exploration of this history, the court’s subtle endeavor generally gave rise to its second premise.

2. Premise Number Two: Broad Federal Preemption

a. Revisiting Century 21: The Protagonist of the Story

In Century 21, the court concluded that the “Lanham Act contains no manifestation of a Congressional intent... to control all aspects of the trademark field.” The court held, therefore, that the Nevada Real Estate Advisory Commission’s regulations of Century 21’s registered service mark were not in violation of the Lanham Act. Other states thereafter adopted similar regulations that likewise applied to all items on which the trademark appeared: signs, business cards, advertisements, etc. These rules ultimately proved detrimen-

103. See Blockbuster, 141 F.3d at 1303 (Browning, J., concurring in part and dissenting in part).

104. See id. at 1299 (“The first clause... was not necessary to address the Century 21 problem because that problem was addressed by the second clause.”).

105. See id. at 1303 (Browning, J., concurring in part and dissenting in part) (“The majority... inexplicably concludes that only the second clause of [the provision] was intended to respond to the Century 21 problem. There is no support for this distinction in the language or legislative history.”); Payless ShoeSource, Inc. v. Town of Penfield, 934 F. Supp. 540, 543 (W.D.N.Y. 1996) (“The plain language of § 1121(b) arguably supports plaintiff’s position that the Town may not require any alteration of its mark. However, the precise meaning of the term ‘alteration’ and whether aesthetic zoning constitutes such an alteration are not entirely clear from the language of the statute. ‘[W]here the scope of a statutory provision is not made crystal clear by the language of the provision, it is appropriate to turn to the legislative history of the statute.’”) (quoting Berger v. Heckler, 771 F.2d 1556, 1571 (2d Cir. 1985)).

106. See Blockbuster, 141 F.3d at 1288.

107. The majority’s incidental reference to Century 21 as the protagonist of the story should be enough reason, in itself, to explore the entire story, which would include the legislative history. See id. (“The protagonist in the story of the enactment of section 1121(b) is Century 21...”).


109. See id. at 1241; see also supra note 5 and accompanying text.

110. See Payless ShoeSource, 934 F. Supp. at 543.
eral, and Congress sought to preempt these regulations with § 1121(b). Although House Report 778 generally underscores the purpose of § 1121(b), legislative hearings conducted by the House Subcommittee on Courts, Civil Liberties, and the Administration of Justice, which is part of the House Judiciary Committee, clarify the scope of § 1121(b). Congressman Barney Frank raised several questions regarding the extent to which states would retain the power to enforce their respective zoning laws. Congressman Jerry Patterson, author of the bill, addressed Frank's concerns and, in doing so, summarized the statute's scope. He remarked:

The legislation . . . is narrowly written so that it merely reaffirms the intent of the act in that it expressly prohibits only State regulations that directly interfere with the use of a trademark or service mark as registered. The language does not interfere with nor question the validity of other State regulations that only indirectly affect the use of a trademark . . . .

Thus, the meaning of “alteration” is illustrated by the distinction between direct and indirect interference and the subsequent effect this has on the preemption of local zoning laws.

111. See H.R. Rep. No. 97-778, at 2 (1982), reprinted in 1982 U.S.C.C.A.N. 2621, 2621 (“[The result of these regulations has been the kind of confusion in uses of trademarks from one jurisdiction to another which the Lanham Trademark Act of 1946 was designed to eliminate.”); see also supra note 10 and accompanying text.
112. See Payless ShoeSource, 934 F. Supp. at 543.
113. See H.R. Rep. No. 97-778, at 2, reprinted in 1982 U.S.C.C.A.N. at 2622 (“The purpose of [this statute] is to eliminate this confusion and to restore the preemptive nature of federal Trademark law.”) (emphasis added). While the “preemptive nature of federal Trademark law” seems to support the Blockbuster majority's analysis, the specific confusion that preemption seeks to remedy is that which existed in Century 21. In fact, the House Report later states that the statute would not in any way restrict the zoning or historic site protection laws or regulations of the states. See id.
115. See id. at 10-11.
116. See id. at 12-13.
117. Id. at 13 (emphasis added). Senator Hatch has also pointed to this notion of “other State regulations” during a Senate hearing regarding this amendment. See 128 CONG. REC. 25,867 (1982):
It is the traditional right of State and local governments to protect the health, welfare, and safety of their citizens by enacting laws and ordinances designed to protect historic landmarks, scenic beauty, and environmental quality. H.R. 5154 would not conflict with that traditional authority since those worthy interests can be protected without mandating alterations in federally registered trademarks.
118. See Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1295, 1304 (9th Cir. 1998) (Browning, J., concurring in part and dissenting in part) (“Regulation that directly alters the mark itself is quite different from [a] regulation that defines permissible aesthetic characteristics for signage in specific shopping centers and affects registered trademarks only indirectly”) (emphasis added); see also Payless ShoeSource, Inc. v. Town of Penfield, 934 F. Supp. 540, 543
Direct interference is similarly demonstrated by the facts of Century 21. The Nevada ordinance, for example, affected more than the mere use of a trademark; it attacked the mark itself. Thus, a mark holder subject to the Nevada ordinance would in effect be left with a different mark than that which was filed with the Patent and Trademark Office. Indeed, this mark holder would thereby possess two marks: one that is registered, but unusable and one that is unregistered, but required.

Indirect interference, on the other hand, affects only isolated use of the mark, not the mark itself. Subsequent use of the mark is thereby unaffected. If the Nevada ordinance, for example, required Century 21 to display “for sale” signs at least twenty feet from the street (maybe for purposes of safety), this law would only interfere with its mark indirectly; Century 21 would still possess a mark that is both registered and useable.

A distinction drawn between trademarks on the one hand and exterior signs on the other further illustrates this point. Simply stated: a storefront sign is not necessarily a trademark. It may

(W.D.N.Y. 1996) (“The section simply was not intended 'to interfere with local aesthetic or hist[o]ric-type zoning,' but was aimed only at prohibiting the actual alteration of the mark itself.”) (quoting Hearings, supra note 114, at 10 (Statement of Rep. Barney Frank)).

119. See Blockbuster, 141 F.3d at 1304 (Browning, J., concurring in part and dissenting in part) (“The term 'alteration' was used by the bill's author to describe state-mandated changes in the mark itself, which are, of necessity, reflected in every subsequent display of that mark....

120. See id. at 1302 (“[L]ocal aesthetic zoning regulations affect only specific, isolated applications of federally registered trademarks .... and do not alter the trademarks themselves in a manner that is reflected whenever they are used.”).

121. Subsequent use of the mark is defined here as any use of the mark other than for purposes of exterior signage. Thus, for all other uses, a holder will be able to maintain a mark as contemplated by his official registration. This privilege is what Nevada vendors lost in Century 21 and what Congress attempted to restore with the enactment of § 1121(b). See Payless ShoeSource, 934 F. Supp. at 546 (“Plaintiff, unlike Century 21, can [still] use its trademark ... on its bags, boxes, stationery, letterhead, indoor displays, etc.”). For an illustration of the difference between the mark itself and its delivery vehicle, see infra note 124 and accompanying text.

122. See Payless ShoeSource, 934 F. Supp. at 546 ("[P]laintiff has confused its sign with its trademark. The fact that plaintiff would prefer to use its trademark as its sign should not preclude the Town from enforcing valid aesthetic zoning regulations.").

123. See id. This immediately draws into question Blockbuster's awning: Is this protected by trademark law? While the awning itself is not a trademark as defined herein, a blue awning with the word "Blockbuster" written across in yellow letters is deemed Blockbuster's "trade dress," which itself is a mark which can be protected. Clearly, other vendors are capable of using awnings, probably even those which are blue. But Blockbuster's specific blue awning displaying the words "Blockbuster Video" in yellow letters would be off limits to other vendors. See SECTION OF INTELLECTUAL PROPERTY LAW, supra note 1, at 5 (noting that "a product's 'trade dress' ... may also be protected"); Sheldon H. Klein, Introduction to Trademarks, in UNDERSTANDING BASIC TRADEMARK LAW 1998, at 8, 14 (PLI Patents, Copyrights, Trademarks & Literary Property Course Handbook Series No. G-528, 1998) (illustrating that "trade dress"
incorporate a trademark, similar to other items on which the mark appears, but such incorporation does not automatically protect the delivery vehicles on which the mark is carried. Moreover, this notion reflects well-settled law that a municipality, pursuant to its police power, may regulate local aesthetics. The incidental displacement of one, albeit noticeable, delivery vehicle does not preempt local zoning powers. An opposite conclusion would necessarily render aesthetic zoning meaningless.

b. Avoiding the Purpose: Blockbuster’s Own “Can of Worms”

Blockbuster’s analysis of § 1121(b)’s legislative history is generally tainted by two diversions. First, the court avoided addressing the obvious implications of the statute’s legislative history by implicitly concluding that an absence of statutory language in support of limited preemption thereby revealed an opposite intent. Second, the court escaped the guidance of legislative hearings by drawing a

includes such things as “package designs, product configurations, [and] restaurant decor”). Although the majority held that Tempe could properly prohibit the awning, the underpinnings of the court’s argument are dubious at best. See infra text accompanying notes 154-61.

124. Delivery vehicle is herein defined as anything on which the mark is attached or with which it is connected. See Payless ShoeSource, 934 F. Supp. at 546. For example, a business card on which a mark appears is the delivery vehicle for that mark.

125. See, e.g., People v. Goodman, 290 N.E.2d 139, 141 (N.Y. 1972) (A “[s]tate and its political subdivisions may regulate the erection and maintenance of outdoor advertising under the police power. It is now settled that aesthetics is a valid subject of legislative concern and that reasonable legislation designed to promote the governmental interest in preserving the appearance of the community represents a valid and permissible exercise of the police power.”); see also Suffolk Outdoor Adver. Co. v. Hulse, 373 N.E.2d 263, 265 (N.Y. 1977); 128 CONG. REC. 25,869 (1982) (“The legislation was carefully drafted so as to avoid any conflict with the traditional state right to regulate such matters.”). For a more detailed discussion of municipal zoning powers, see generally Part H.

126. While such displacement may be annoying to vendors, they are presumably aware of the particular sign packages prior to applying for zoning permits. The problem emerges only when vendors insist that they “ha[ve] the absolute right to use [their] trademark[s] as [their] outdoor sign[s] regardless of the Town’s uniform sign regulations.” Payless ShoeSource, 934 F. Supp. at 546.

127. Blockbuster, 141 F.3d at 1304 (Browning, J., concurring in part and dissenting in part) ("Those who testified before the House Subcommittee uniformly agreed that under Section 1121(b), state and local governments would continue to be free to enforce aesthetic zoning restrictions applicable to signage, even if that regulation affected the display of registered trademarks."). Congressman Patterson stated that the “legislation is not intended to limit the right of States to regulate signs... merely because they may involve registered trademarks.” Id. (quoting Hearings, supra note 114, at 13).

128. Payless ShoeSource, 934 F. Supp. at 546 (“If a proprietor’s preference could defeat regulations such as this, virtually all aesthetic zoning would be ineffectual.”).

129. See Blockbuster, 141 F.3d at 1298. While this conclusion more explicitly turns upon the clarity of the statute, the court implicitly conveyed that there was an obvious absence of any language regarding limited preemption.
dubious distinction between prohibition and alteration. As explained below, this distinction ironically allows municipalities to draft zoning regulations in a way that effectively harm both the vendor and the consumer.

The first diversion is caused by the court's reliance on a familiar principle: "when Congress wants to make its intentions clear, it does so in the language of the statute." The court pointed to a provision of the Copyright Act to illustrate its point. The provision states, in relevant part, that "[n]othing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to . . . State and local landmarks, historic preservation, [or] zoning." The court inferred that since Congress enacted this provision to ensure that the Copyright Act would not affect states' zoning powers, it would have written a similar exemption in § 1121(b) to effect the same intent.

Close examination, however, reveals the weakness of this inference. As enacted, § 301(b)(4) more specifically states that nothing within the Copyright Act will annul or limit zoning rights "relating to architectural works protected under [17 U.S.C.] section 102(a)(8)." In interpreting this section, the Blockbuster court not only failed to include the latter part of this provision in its analysis, but it conveniently excluded any discussion of the Architectural Works Copyright Protection Act ("AWCPA"), the vehicle by which the provision came into existence.

The AWCPA amended the Copyright Act by establishing, for the first time, federal copyright protection for architectural works. While the AWCPA sought to fully protect works of architecture, the
scope of its protection was effectively quite limited. Against the backdrop of these limitations, Congress included § 301(b)(4) to protect zoning interests not for the sake of zoning interests, but for the sake of architectural works. Thus, the absence of similar language in § 1121(b) does not imply that Congress intended for broad Lanham Act preemption; it only reveals that Congress chose not to import the language of one act into another.

The court's second diversion from the obvious implications of § 1121(b)'s legislative history is fueled by a reliance on the less obvious distinction between prohibition and alteration. The court relied on

140. See Raphael Winick, Note, Copyright Protection for Architecture After the Architectural Works Copyright Protection Act of 1990, 41 DUKE L.J. 1698, 1622 (1992) (pointing to the ways in which the AWCPA limits the copyright holder's derivative work right).

141. See id. at 1623-24. The AWCPA severely limits the copyright holder's derivative works right .... Congress viewed this limitation as a practical necessity. In order to perform its utilitarian functions, a building must be able to adapt and change. Conditioning changes on the approval of the original architect may lead to frustrating delays .... [L]ocal landmark and historic preservation laws will protect a work whose aesthetic appearance is considered too valuable to alter. Local landmark and historic preservation laws are an often overlooked, but increasingly important, legal protection for architectural works. These laws will help make up for the AWCPA's failure to prevent alteration or modification of the buildings thought by the local community to be of the most aesthetic or historic worth. The AWCPA explicitly upholds such local laws .... As a practical matter, this means that state law will continue to play an important role in regulating the construction, modification, and destruction of architectural works.

142. See Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1295, 1305 (9th Cir. 1998) (Browning, J., concurring in part and dissenting in part) ("[T]he majority was wrong to draw an inference regarding the absence of an exemption in the Lanham Act from the presence of an exemption in the Copyright Act."). The weakness of the inference may explain why the majority offered only a brief analysis regarding congressional intent. See id. at 1299.

143. See id. at 1298. The majority's insistence on separating these concepts creates a phenomenon this Note will describe as the prohibition loophole. See infra Part III.B.2.c.i-ii (illustrating the impact of the prohibition loophole).

Judge Browning found that this distinction also created a division between zoning laws that regulate architectural features and those that regulate only color. See Blockbuster, 141 F.3d at 1303 (Browning, J., concurring in part and dissenting in part). The former would be possible because a town could prohibit it altogether; the latter would not be possible because a change in color would be an alteration and, therefore, a violation of the Lanham Act. While this Note advocates Judge Browning's position, insofar as it recognizes the limits of Lanham Act preemption, it rejects the architecture/color distinction. Careful review of the majority's opinion reveals that the court never made this distinction. See id. at 1298-1300. The court clearly indicated that a municipality is free to decide whether and where all signs may be placed. Therefore, according to the majority, prohibition of marks—whether in the form of architecture or color—is permissible. See id.

Professor Kwall argues that there is a distinction between "less established trademarkable properties," such as size and shape, and more "mainstream trademarkable properties," such as color and lettering. See Kwall, supra note 28, at 1146. The former, according to Kwall, should invoke broad Lanham preemption, while the latter should not be preempted at all. See id. While this argument seems consistent with the outcome in Blockbuster, it is dubious at best, because the majority clearly held that a municipality could prohibit all marks. The majority noted that "allowing a municipality to regulate storefront signs in the way Tempe seeks to regulate
the assumption that a broad zoning exception to § 1121(b) would in effect defeat the purpose of the Lanham Act." To illustrate this point, the court briefly explored the nature of the trademark in general and the need for its protection. In doing so, it emphasized the connection between the trademark itself and its visibility. Moreover, it suggested that "[i]n order for a trademark to be a symbol that customers will recognize, it must have a uniform appearance, not only in design, but also in color."

Although these notions of visibility and uniformity—facets of trademark law that are advantageous to both the consumer and the vendor—are not underestimated, the court's distinction between prohibition and alteration actually undermines their role. While the impact of Blockbuster's holding the answer to this question inevitably depends on how municipalities in the Ninth Circuit respond to this distinction, it is already clear that it does not fit squarely within the

appellees' signs . . . would allow [it] to require a change in the appellees' registered service marks . . . . We hold that a zoning ordinance may not require a change in a . . . mark. [It] may, however, preclude the display of a mark . . . . " Blockbuster, 141 F.3d at 1300 (emphasis added).

The majority, therefore, made no distinction between types of marks. The only distinction drawn by the court was rooted "in the way" Tempe drafted its regulation. Tempe impermissibly drafted a requirement with respect to Video Update, but it legally drafted a prohibition with respect to Blockbuster. See id.


145. See Blockbuster, 141 F.3d at 1300 ("A trademark is a symbol, which carries customer recognition and goodwill: 'The protection of trade-marks is the law's recognition of the psychological function of symbols.'") (quoting Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942)).

146. The court explained:

If it is true that we live by symbols, it is no less true that we purchase goods by them . . . . The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which [the mark] appears.

Blockbuster, 141 F.3d at 1300 (quoting Mishawaka Rubber & Woolen, 316 U.S. at 205).

147. Id.

148. Once the court allowed for the prohibition of a mark, its arguments for the usefulness of trademarks as visible symbols with which consumers connect become less convincing. See infra Part III.B.2.c.i (using a hypothetical to show the extent to which the prohibition loophole undermines the court's otherwise valid conclusions regarding the usefulness of trademarks).

149. After all, some municipalities may interpret the court's holding by drawing on Judge Browning's distinction between color and architecture. See Blockbuster, 141 F.3d at 1303 (Browning, J., concurring in part and dissenting in part). They may believe that they can prohibit marks that are only architectural in nature. This, however, would be drawing distinctions between trade dress and trademarks, and the court never embraced such differences.
The purpose of trademarks as set out by the court. Further consideration of the distinction itself will clarify this conclusion and explain why a limited application of § 1121(b) is therefore the correct approach for two interests invariably in conflict.

The court acknowledged Congressman Frank's concerns regarding possible preemption of aesthetic and historic zoning laws. The court stated, however, that Frank's concerns were adequately addressed by his own statement that a vendor might be barred from displaying its mark on exterior signage: "They could say, 'real estate' outside; inside the protected registered trademark would be allowed." This, the court noted, illustrates the difference between prohibition and alteration. The former reflects merely a passive law that in no way affects the mark, while the latter affirmatively requires the mark to change.

The court's characterization of Frank's statement as the answer to his question suggests that the court would endorse what might be called prohibition by substitution. Prohibition by substitution allows municipalities to prohibit the vendor from displaying its registered mark on its exterior sign, while permitting the vendor to use a generic substitute.

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See supra note 143 (elaborating on this Note's rejection of any distinction between color and architecture).

150. On the one hand, the court explained the significance of trademarks, drawing largely on the notion of visibility. But on the other hand, the court provided a way for municipalities to easily destroy that visibility. In its attempt to balance trademark interests against zoning interests, the court ultimately made it harder for both to achieve their objectives. Trademark interests are hurt by the prohibition loophole; zoning interests face the preemption of any regulation not labeled a prohibition. See infra note 159. According to Blockbuster, a municipality simply must draft its regulations with the proper language in order to avoid preemption. While this seems to ultimately benefit zoning interests, the practical effect is equally detrimental to them. See infra text accompanying notes 168-69. Under the court's holding, therefore, both sides inevitably lose.

151. See Blockbuster, 141 F.3d at 1299.

152. Id. (quoting Hearings, supra note 114, at 11).

153. See Blockbuster, 141 F.3d at 1299.

154. Outright prohibition is also possible; the court's order allowing Tempe to prohibit Blockbuster's awning might be considered an example of outright prohibition. But the practical effects of this sort of prohibition are puzzling. If a vendor only has one mark (for example, the business's name) and wishes to display that mark via an exterior sign, its outright prohibition would render the vendor signless. While the court explicitly states that "a state . . . remains free to regulate where and whether signs may be placed and how large they may be," the court's later acknowledgement and interpretation of Frank's statement, coupled with the practical dilemmas that a signless vendor (and consumers) would face, support the more practical notion of prohibition by substitution. Id. (emphasis added).

155. As noted above, the sign's incorporation of the mark may in effect be the entire sign, in which case it may be deemed trade dress. See supra note 123.

156. The mark itself, therefore, remains unaltered. Recall that the exterior sign is not the mark itself, but one of many delivery vehicles. See supra note 124. When trade dress serves as
The implications for subsequent interpretations of this alternative are obvious: if a municipality permits only generic lettering, this zoning regulation may be said to require generic signs or, simultaneously, prohibit non-generic ones. According to the court, the former, constituting alteration, would presumably be forbidden while the latter, constituting prohibition, would generally be allowed. As the court’s distinction is swallowed by semantics, its justifications for broad Lanham preemption are likewise defeated.

Ultimately, prohibition by substitution might be better described as a prohibition loophole that in effect actually undermines the tenets of trademark law revered by the majority. While this alone might suggest that mere conflict between zoning interests on one hand and trademark interests on the other should not automatically trigger broad Lanham preemption, a more convincing reason might be that vendors are more threatened by the prohibition loophole than by otherwise legitimate zoning regulations. The following hypothetical illustrates this point.

c. Video Plus: A Tale of Two Cities

Assume Video Plus (“Video”), a store that sells and rents videos and all types of electronic equipment, wishes to do business in Hopeless, Arizona and Hopeful, New York. It applies to the Zoning Board (the “Board” or “Boards” of both towns, respectively) for permission to use the only exterior sign, the so-called sign itself would theoretically be the mark. Like other trademarks, however, it remains separate from its delivery vehicle and therefore interacts similarly with zoning law. For example, assuming that Blockbuster’s only registered mark is its awning, the awning would be the mark while the delivery vehicle would be the building on which the awning is attached. A regulation that prohibits use of the awning on the building has the same effect of a regulation that prohibits use of a mark on a building’s sign. That effect should be characterized not as alteration, but as displacement, a result that is common in zoning regulation. See supra text accompanying note 128.

157. Judge Browning’s separate opinion concurred with the majority’s prohibition of Blockbuster’s awning, but not because it is a prohibition rather than an alteration. This distinction, Browning argued, is purely semantic: while the majority’s holding rested on the fact that Blockbuster was prohibited from doing one thing while Video Update was required to do another, “[i]t could just as easily be said that Tempe required that Blockbuster display a flat sign and prohibited Video Update from using colors other than white.” Blockbuster, 141 F.3d at 1303 (Browning, J., concurring in part and dissenting in part).

158. See id. at 1299-1300.

159. Prohibition is a loophole because it allows a town to escape the preemptive effect of the Lanham Act if its zoning regulations are dubbed prohibitions rather than requirements. Effectively, the court’s error not only made the court’s holding easily avoidable, but it left the mark holder (and even the consumer) in perhaps a worse position. See infra Part III.B.2.c.i-ii.

160. See Blockbuster, 141 F.3d at 1300.

161. See supra Part II (explaining that zoning laws have a presumption of validity).
display its mark as registered: the word “Video” in bright orange stylized lettering set against a bright yellow and much larger “plus” symbol. The Boards of both towns, noting their long-standing regulations, deny Video the permit.

At this point the fate of Video’s business essentially becomes a function of geography. The following differences in the judicial landscape indicate the extent that broad Lanham preemption would be detrimental to vendors.

i. Hopeless, Arizona: The Prohibition Loophole

In denying Video its permit, the Board of Hopeless, Arizona reminds Video that it prohibits all signs that are not aesthetically uniform with the town’s historic design.63 Accordingly, the Board informs Video that a generic sign on its storefront could serve as a substitute.63 The proposed generic sign will simply state: “Videos.”64

While the displacement of Video’s mark65 is not literally required by this regulation,66 the Board’s treatment of it through prohibition by substitution produces a similar result. After all, forbidding Video from incorporating its mark on its storefront sign necessarily requires it to do something else, such as accepting the sign package and thereby choosing to display the generic alternative.67 Further consideration reveals the more subtle effects of this prohibition loophole.

The only sign Video can presumably hang is one that reads: “Videos.”68 While Video is able to display its mark within the store, it

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62. See Blockbuster, 141 F.3d at 1300 (“Precluding display of a mark for zoning purposes is permissible . . . .”). This hypothetical illustrates the inherent connection between aesthetic uniformity and historic design. A sign or construction that falls outside the realm of historic design will fail to be aesthetically uniform. Thus, although these regulations pursue separate goals, their enforcement logically overlap.

63. See id.

64. Generally, any substitute under the Blockbuster court’s reasoning will have to be genuinely generic. Simply writing “Video Plus” in generic lettering would not be generic enough for these purposes because “Video Plus” written in any style or font other than that contemplated by its official registration is an alteration, which according to the majority would be in violation of the Lanham Act. See id.

65. See id.

66. Recall that the hypothetical mark, as registered, is the word “video” in bright orange lettering against a bright yellow “plus” symbol.

67. Recall that if such displacement were required by the regulation, it would be preempted by Blockbuster. The point is that even though displacement was not in fact required, the effect of prohibition by substitution logically required at least two things from Video: inaction with respect to its registered mark and a decision with respect to the mark’s generic substitute.

68. See supra note 164.
will be of little help for the uninformed consumers who wish to shop at Video Plus but assume that "Videos" is merely a video rental store. It may take weeks, maybe months, before Hopeless residents realize, by way of costly advertisements, that "Videos" is in fact a Video Plus store.\textsuperscript{169}

\textit{ii. Hopeful, New York: A Zoning Exception}

Hopeful, New York is similar to Hopeless, Arizona in that it too regulates zoning pursuant to considerations of historic design and aesthetic uniformity.\textsuperscript{170} But when Video is denied a permit to display its mark as registered, the Board does not employ this curious prohibition by substitution. Instead, it reminds Video of the simple style and subtle colors used by all of Hopeful's vendors, and grants Video a permit upon its acceptance of this uniform sign package.

Although Video must in effect substitute the display of its mark with a sign that simply states "Video Plus," this latter display does not in any way alter Video's original mark, which is noticeably displayed throughout the store and on its shopping bags. Indeed, Video's registered mark remains completely intact. Moreover, consumers who want audio equipment may be motivated by the exterior sign that clearly indicates the word "plus" to at least enter the store, wherein they are introduced to—or perhaps reacquainted with—the Video Plus franchise.\textsuperscript{171} In either case, the result is that the store will benefit from its trademark while the community, for a variety of reasons,\textsuperscript{172} continues to maintain its aesthetic uniformity. The tenets of

\textsuperscript{169} This assumes that the advertisements exist and are effective.

\textsuperscript{170} For a description of the presumptive importance of the aesthetic-based zoning regulations, see supra Part II.

\textsuperscript{171} The words "Video Plus," while not displayed as federally registered, may nevertheless spark a connection for the consumer who is already familiar with the franchise. See Leonard D. DuBoff, \textit{What's in a Name: The Interplay Between the Federal and Trademark Registries and State Business Registries}, 6 DePaul Bus. L.J. 15, 15 (1993) ("The importance of a name to a business cannot be overemphasized. Sales, goodwill, and perhaps the survival of a business depend, to some extent, upon the business name.").

Recall Congressman Frank's concerns with the possible enactment of § 1121(b). See supra text accompanying note 152. While his statement supports use of a generic substitute and, logically, a prohibition loophole, this Note highlighted his remarks only in furtherance of the argument that a municipality may enforce aesthetic-based zoning regulations. Moreover, it served to introduce the court's distinction between alteration and prohibition, thereby reflecting what this Note has labeled the prohibition loophole. See Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1255, 1259 (9th Cir. 1998).

\textsuperscript{172} Some of these reasons are discussed supra in Part II.A. For a specific example, see supra text accompanying notes 43-47.
trademark law, therefore, may be more protected by an implied zoning exception to the Lanham Act than by a preemptive-based loophole.

IV. REDEFINING ALTERATION: THE REPLACEMENT MODEL

In Blockbuster, the Ninth Circuit held that § 1121(b) restricts a municipality from enforcing a zoning ordinance that requires a vendor to use an exterior sign that conforms with the center's sign package. The court concluded that this resulted in the alteration of a registered mark and therefore violated the Lanham Act. The court defined "to alter" as "to cause to become different in some particular characteristic . . . to change or modify." The court noted, however, that a municipality remained free to prohibit marks altogether. Since the court construed Tempe's ordinance as in part a requirement to modify a mark and in part a prohibition from erecting one, only the latter survived attack. Thus, Tempe could do nothing to prevent Video Update from displaying its mark as registered. It could, however, prohibit Blockbuster from erecting its awning.

Thus, according to the Blockbuster court, a mark on a storefront sign is "alter[ed]" whenever a zoning ordinance displaces it, unless such displacement is the result of prohibition. And by necessity, prohibition of a mark usually results in the use of a generic substitute. This substitution inevitably reflects the difference between what the Blockbuster court wanted to achieve and what it actually accomplished.

173. See Blockbuster, 141 F.3d at 1300.
174. See id.
175. See id. at 1297-98 (quoting WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 63 (1986)).
176. See id. at 1300. Thus, the court's definition of alteration does not include prohibition.
177. See id.; see also supra text accompanying notes 154-61 (describing the effects of the prohibition loophole).
178. See Blockbuster, 141 F.3d at 1301.
179. See id.
180. See supra Part III.B.2.b. The court's definition of alteration, therefore, includes displacement to the extent that such displacement is not the product of prohibition.
181. This theory of prohibition by substitution, discussed supra text accompanying notes 154-61, is complicated in Blockbuster by the fact that the court allowed for the prohibition of an architectural feature that had no substitute. Recall, however, that Blockbuster had two marks; the prohibition of one mark did not render Blockbuster signless. If the awning were Blockbuster's only mark, it probably would have been substituted by a generic sign that conformed to the center's sign package. The point here is that the prohibition in Blockbuster is not limited to architectural features. Even a mark on a sign, implicit in the court's holding, may be prohibited. See Blockbuster, 141 F.3d at 1300.
The court wanted to achieve two goals. First, it sought to ensure that federally registered trademarks were not replaced with locally mandated new marks. Second, it wanted municipalities to retain their power to zone, at least to the extent that such power was not preempted by the Lanham Act. In pursuit of these ends, however, the court created the prohibition loophole and, in effect, undermined its own holding.

A more refined definition of alteration would be one that includes acts of replacement, but excludes all acts of displacement. While this distinction bears the risk of likewise being labeled purely semantic, it seems to overcome Blockbuster’s shortcomings and inevitably comports with the purpose of § 1121(b) and the power of municipal zoning, respectively.

While the terms “displace” and “replace” are similar and, by at least one account, synonymous, they can be viewed, at least for these purposes, as different. “Displace” is herein defined as to take X away and place it somewhere else, while “replace” is herein defined as to place Y in X’s spot. The focus of displacement is on simply moving X to a new spot, while the focus of replacement takes a more drastic step: it places Y where X once was. Thus displacement, as defined here, leaves open an empty spot for a zoning regulation to ultimately fill. Replacement, on the other hand, ushers in the new with little regard for the old; indeed, under the replacement model, Y is the focus while X is, at most, the fossil.

Displacement within this context would be permissible as the mark is simply moved from one spot to another. It is temporary in nature, and the zoning regulations focus not on the mark, but on the need to fill an empty spot left by the mark’s non-conforming nature. Replacement, on the other hand, would be impermissible, as the mark would be permanently shoved aside (if not entirely obliterated) for a new mark, one that would prevail in all subsequent uses of the mark, not only on the storefront sign.

Replacement of the mark is essentially what happened when the Nevada Real Estate Advisory Commission regulated Century 21’s mark. While clear substitution of the mark is not readily apparent in
Century 21, all subsequent use of it was nonetheless quite blatantly regulated.\textsuperscript{185} It is this sort of regulation that Congress defined as alteration and sought to prevent by enacting § 1121(b).\textsuperscript{186} Broad federal preemption, therefore, should be triggered not by mere displacement, but rather by replacement—where, for example, a regulation modifies the original mark as to create a new mark.\textsuperscript{187} This would effectively limit the application of § 1121(b) to marks that are in danger of really being changed.

Crucial to this replacement model definition is the recognition that a mark, itself, is separate from the sign that delivers it.\textsuperscript{188} Displacement of the mark, arising from zoning laws intended to impact a delivery vehicle, not the mark itself, is therefore only indirect contact with the mark. A mark holder is free to use his original mark in any other acceptable way and in connection with any other acceptable delivery vehicle.\textsuperscript{189} This ability to displace a mark effectively permits the community as a whole to regulate storefront signs and simultaneously protect the integrity of marks held by some of its members.\textsuperscript{190} In this way, the community can value its appearance without completely frustrating the purpose of trademark law.\textsuperscript{191}

The definition of “alteration,” for purposes of § 1121(b), should therefore read as follows: To replace with something of a permanent and all-inclusive nature; to change or modify as to affect every subsequent use. Any definition that requires less than this runs counter to what is otherwise an obvious reflection of congressional intent and a legitimate and constitutional exercise of municipal police power.

\textsuperscript{185} See Payless ShoeSource, Inc. v. Town of Penfield, 934 F. Supp. 540, 543 (W.D.N.Y. 1996) (noting the long, non-exclusive list of items to which the regulation applied).

\textsuperscript{186} See Blockbuster, 141 F.3d at 1302 (Browning, J., concurring in part and dissenting in part).

\textsuperscript{187} Consequently, the original mark would be useless and therefore invaluable. This result would undermine the Lanham Act.

\textsuperscript{188} See supra text accompanying notes 122-28.

\textsuperscript{189} See supra text accompanying note 121.

\textsuperscript{190} Any assessment of the value of a mark is somewhat subjective. One may argue that the value of the mark declines when even one otherwise legitimate use of the mark is restricted due to zoning laws. This could have been one of Blockbuster’s leading policy arguments. But the valuation of trademarks is beyond the scope of this Note. It is sufficient here to recognize that while value itself may be affected, the original mark, as contemplated in the official documents, remains untouched.

\textsuperscript{191} While displacement limits some visibility between the mark and the consumer, it is arguably less detrimental than the prohibition loophole to both parties as illustrated by the hypothetical. See supra Part III.B.2.c. From the perspective of protecting trademarks, displacement is the better alternative.
V. CONCLUSION

In response to the Century 21 decision, Congress amended the Lanham Act by enacting § 1121(b). While the purpose of this amendment was to “eliminate... confusion and... restore the preemptive nature of federal Trademark law,” the extent to which both clauses of § 1121(b) restored preemption was clearly limited. Indeed, the language of the statute, coupled with its legislative history, support this narrow construction.

Twenty years later, the Ninth Circuit created what might be regarded as the Blockbuster dilemma. Unlike its predecessor, which caused the replacement of franchisors’ marks and subsequently dampened the franchisor-franchisee relationship, Blockbuster, in effect, required a complete overhaul of municipal zoning power. While this power has expanded dramatically despite various constitutional constraints, the restrictions imposed by Blockbuster set forth a dubious future for state zoning boards.

Congress did not enact § 1121(b) to restrict zoning interests in this way. As noted by Judge Browning’s separate opinion in Blockbuster, “[t]he ultimate balance struck by Congress was to prohibit state and local governments from actually requiring the alteration of the registered marks themselves, while preserving local government power to restrict or prohibit particular applications of registered marks.” Indeed, the remedy for one extreme ultimately gave rise to another, and either Congress or the Court will bear the task of bal-

192. Even the Blockbuster majority conceded that Congress enacted § 1121(b) in response to Century 21. See Blockbuster Videos, Inc. v. City of Tempe, 141 F.3d 1295, 1298 (9th Cir. 1998).
194. See id.
195. See supra Part III.B.
196. See supra Part III.C.
198. See supra text accompanying notes 9-10.
199. The extent of this overhaul depends on the response to the Blockbuster holding. Nevertheless, a municipality’s power to zone will often be at the mercy of federal trademark law.
200. See supra Part II.B.
201. While the prohibition loophole effectively gives the municipality an escape hatch, carefully drafted prohibitions may later be regarded as disguised requirements.

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ancing, once again, these invariably conflicting interests. To that end, this Note articulates a narrow interpretation of § 1121(b) and encourages a restriction of its application to situations that are characteristic of *Century 21.*

*Jeffrey W. Strouse*