

Supreme Court Limits First Amendment Protection in Trademark Parody Case

June 23, 2023

By Stephenie Wingyuen Yeung 楊穎苑

Decision

Jack Daniel's Properties, Inc. v. VIP Products LLC, No. 22-148 (U.S. 2023).

This month, the Supreme Court clarified the interplay between the First Amendment's protection of freedom of expression and the Lanham Act's protection against trademark infringement in a case that dealt with a manufacturer of dog toys modeled off of famous liquor bottles. In *Jack Daniel's Properties, Inc. v. V.I.P. Products L.L.C.*, No. 22-148 (U.S. 2023), the Supreme Court ultimately held that when analyzing the propriety of the use of another's trademark, the critical question is whether the trademark is being used for "source identification"—i.e., to communicate the maker, manufacturer, or creator of the work in question. If so, then there is no threshold First Amendment inquiry and an infringement claim can proceed as usual, regardless of whether the use of the trademark had been intended as a parody.

Background of Case

Jack Daniel's is a case about "dog toys and whiskey," Justice Kagan writes in the very first sentence of the Court's opinion. The dispute began when V.I.P. Products began manufacturing a dog toy primarily modeled after the famous Jack Daniel's Whiskey bottle called "Bad Spaniels." Although the toy largely borrowed the trappings of the iconic Jack Daniel's bottle and label,

it altered the words "Jack Daniel's" to "Bad Spaniels," "40% ALC. BY VOL" to "43 percent poo," and "Old No. 7 Brand Tennessee Sour Mash Whiskey" to "Old No. 2 On Your Tennessee Carpet." The toy also disclaimed that it was "not affiliated with Jack Daniel's Distillery."

Shortly after the Bad Spaniels chew toy hit the market, Jack Daniels demanded V.I.P. cease its sale. Rather than comply, V.I.P. sought a declaratory judgment in the District Court of Arizona, asserting: (a) it was protected from an infringement claim under the First Amendment according to the test set out for artistic works in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) (adopting a two-pronged threshold test for the Lanham Act to apply: (1) determining whether use has "artistic relevance"; and (2) if so, whether the use is "explicitly misleading" as to the source or content of the work); and (b) it was protected from a dilution claim because the toy was a parody and qualified as fair use under 15 U.S.C. § 1125(c)(3)(A). Jack Daniel's countersued, asserting trademark infringement (based on consumer confusion) and dilution.

Lower Court Decisions

At first, the District Court rejected V.I.P.'s arguments. It held that because the use of Jack Daniel's trademark identified the alleged source of V.I.P.'s product, First Amendment protections did not apply. The district court also refused the parody defense to dilution for essentially the same reason—i.e., the exclusion did not apply when the use of the mark identified the source of the alleged diluter's product.

After a bench trial, the district court found "consumers were likely to be confused about the source of the Bad Spaniels toy and that the toy's negative associations with dog excrement (e.g., "The Old No. 2") would harm Jack Daniel's reputation."

The Ninth Circuit reversed. The appellate Court determined the threshold First Amendment Rogers test did apply "because Bad Spaniels is an expressive work" and "communicates a humorous message." In addition to remanding the case on the infringement claim, the Court of Appeals also rejected the dilution claim, reasoning that since the work "parodies and comments humorously on Jack Daniel's," it was protected under the "exclusion for noncommercial use" per 15 U.S.C. § 1125(c)(3)(C).

On remand, the District Court applied the Ninth Circuit's analysis and granted summary judgment in favor of V.I.P. on the infringement claim. After the Ninth Circuit affirmed the second judgment, the Supreme Court accepted Jack Daniel's appeal on the infringement and dilution claims.

The Supreme Court's Decision

Reversing and remanding, the Supreme Court largely agreed with the District Court's original analysis. Generally, it held that the threshold First Amendment Rogers test does not apply when someone uses a trademark as a trademark—that is, to identify the source of a product. In so doing, the Court provided several examples to help explain when trademark use is source-identifying versus when it is used to convey another expressive function. For example, the band Aqua's use of Mattel's trademark "Barbie" in the song "Barbie Girl" did not speak to the song's origin but was used to promote a message of positive body image. Another example is the use of "Louis Vuitton" in the film *The Hangover: Part II*, where a character uses the mark to describe his luggage but mispronounces the name. The use was to convey something about the character – he wants to be seen with the luxury brand but doesn't know how to pronounce its name. These marks were not used to identify the source of the goods but to perform another expressive function, and the Rogers test would apply. On the other hand, when the use "at least in part [is] for source identification," as here where V.I.P. has used trademarks and trade dress derived from Jack Daniel's registrations as a designation of the source to promote its products, then the First Amendment Rogers does not apply because the "defendant may be trading on the goodwill of the trademark owner." For similar reasons, the Court also rejected the Ninth Circuit's decision about the noncommercial exclusion to dilution for "parody" and "fair use."

Ultimately, the Court held that neither the First Amendment nor the "noncommercial exclusion" exception to liability applied. Thus, the lawsuit was remanded for further proceedings.

Key Takeaways

Brand owners have kept a close watch on Jack Daniels, as many were concerned that the Court would significantly expand the immunizing power of parody and humor in trademark infringement cases, allowing a potential infringer to dodge litigation by invoking Rogers. The Court's decision quells those fears. By drawing a clear line under the applicability of the Rogers test in disputes involving trademarks that contain expressive elements, the Court upheld the central tenet of trademark law: those using a mark that is similar to or evokes another's trademark as a source identifier to promote its goods or services will be subject to the likelihood of confusion inquiry under the Lanham Act, even if the use is in parody or overtly humorous. The First Amendment considerations do not create a safe harbor for those who trade on the goodwill of another's trademark to gain an advantage.

To be clear, the Court's holding does not eviscerate the role of parody. Jack Daniel's only makes the Rogers test unavailable as an escape hatch to achieve a summary dismissal of the infringement action. Satire remains a viable defense in the context of a standard likelihood of confusion inquiry. As the Court noted, "a parody is not often likely to create confusion. Self-deprecation is one thing; self-mockery, far less ordinary."

In sum, Jack Daniels refocuses the inquiry on the likelihood of consumer confusion. Companies are encouraged to consider these considerations as they evaluate new trademarks or trade dress during product and brand development.

This summary of legal issues is published for informational purposes only. It does not dispense legal advice or create an attorney-client relationship with those who read it. Readers should obtain professional legal advice before taking any legal action.