# Bad Spaniel's: barking the line between permitted parody and trademark infringement

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**FEBRUARY 15, 2023**

Next month the Supreme Court will hear argument in *Jack Daniel's Properties, Inc. v. VIP Products LLC*, a case examining the First Amendment right to humorous expression in a commercial setting.

VIP Products LLC is a company that manufactures dog toys. VIP created and sells a plastic chew toy that resembles Jack Daniel's iconic whisky bottle. Instead of "Jack Daniel's," the toy's mock label says "Bad Spaniel's" and in place of the "Old No. 7" and "Tennessee Sour Mash Whiskey" descriptors it says "The Old No. 2 on your Tennessee Carpet."

Jack Daniel's sued the toy company for violation of its trademarks. VIP counterclaimed that Jack Daniel's bottle shape and overall appearance should not have trademark protection in the first place, and that those trademarks should be canceled. Specifically, VIP argued that the bottle shape and label were not sufficiently distinctive to be protected independently of the "Jack Daniel's" word mark.

*Under the* Rogers *test, a trademark can be used without authorization as long as it meets a minimal level of artistic expression and does not explicitly mislead consumers.*

Under the Lanham Act, using another's trademark in a manner likely to cause confusion about the origin, sponsorship, or approval of a good is infringement. *See* 15 U.S.C. §§ 1114(1), 1125(a)(1). The likelihood of confusion depends on factors such as the trademark's strength, relatedness of the goods, similarity of the parties' marks, the defendant's intent, and evidence of actual confusion.

Alternatively, the owner of a "famous" trademark may prevent another's use of a mark likely to cause "dilution by blurring" or "dilution by tarnishment," whether or not the use actually confuses any consumers. 15 U.S.C. §1125(c)(1). Blurring is where another's use of the mark makes the original mark lose some of its distinctive value. Tarnishment is when the "association" due to the "similarity between a mark or trade name and a famous mark ... harms the reputation of the famous mark." *Id.* §1125(c)(2)(C).

One exception to these protections against trademark infringement is called fair use. Fair use of famous marks includes noncommercial uses and parody. The fair-use exemption is strictly limited to uses "other than as a designation of source for" the defendant's "own goods or services." *Id.* §1125(c)(3)(A). In addition to arguing for cancellation of Jack Daniel's trademarks, VIP also asserted a fair use defense, arguing that the toys were a parody of Jack Daniel's products.

*The outcome of this case has far-reaching implications for gag gifts, novelty T-shirts, and even subtler fashion products.*

The trial court found that Jack Daniel's bottle shape and trade dress were distinctive and entitled to trademark protection. The trial court held that while the dog toy is humorous, it nonetheless diluted and tarnished Jack Daniel's trademarks with references like "43% poo by volume." The trial court entered an injunction prohibiting VIP from continuing to sell the toy.

VIP appealed to the 9th U.S. Circuit Court of Appeals. The 9th Circuit agreed that Jack Daniel's trade dress and bottle design were distinctive and aesthetically nonfunctional, and thus entitled to trademark protection. The panel also noted that, although the Bad Spaniel's toy resembled Jack Daniel's trade dress and bottle design, there were significant differences between them, like the image of a spaniel and different wording.

The 9th Circuit ultimately vacated the district court's judgment on trademark infringement, based on the two-part *Rogers* test. The *Rogers* test was established in the 1989 2nd U.S. Circuit Court of Appeals decision in *Rogers v. Grimaldi*, and balances trademark and free speech rights. Under this test, a trademark can be used without authorization as long as it meets a minimal level of artistic expression and does not explicitly mislead consumers.

To overcome VIP's First Amendment right to humorous expression, Jack Daniel's was required to show that VIP's use of its trademarks is either (1) not artistically relevant to the underlying work, or

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(2) explicitly misleads consumers as to the source or content of the work. The trial court did not apply the *Rogers* test as part of its analysis.

Accordingly, the 9th Circuit reversed the district court, explaining that although VIP used Jack Daniel's trade dress and bottle design to sell Bad Spaniel's toys, they were also used to convey a humorous message, which was protected by the First Amendment. The appellate court lifted the injunction, allowing VIP to once again sell and profit from the popular toys.

Jack Daniel's has now appealed to the Supreme Court of the United States. The high Court granted certiorari in November of 2022, and oral argument is scheduled for March.

The issues the Supreme Court will decide are:

(1) Whether humorous use of another's trademark as one's own on a commercial product is subject to the Lanham Act's traditional likelihood-of-confusion analysis, 15 U.S.C. § 1125(a)(1), or instead receives heightened First Amendment protection from trademark-infringement claims; and

(2) whether humorous use of another's mark as one's own on a commercial product is "noncommercial" and thus bars as a matter of law a claim of dilution by tarnishment under the Trademark Dilution Revision Act, 15 U.S.C. § 1125(c)(3)(C).

Jack Daniel's argues that the 9th Circuit should not have applied the *Rogers* test for First Amendment protection to a violation of the Lanham Act. By conflating these legal standards, the 9th Circuit granted the humorous use of a trademark a heightened protection that Congress did not intend. Jack Daniel's argues that the proper test for a humorous use of a trademark is simply a likelihood-of-confusion test, which is the test used in several other circuit courts.

Jack Daniel's also argues that the 9th Circuit erred in holding that VIP's use of its marks was noncommercial simply because it was humorous. Congress expressly excluded parodies of famous marks from dilution claims, but only when the parody is *not* used "as a designation of source" for the defendant's goods. §1125(c)(3)(A). According to Jack Daniel's, the parody exemption does not apply here because VIP used Jack Daniel's bottle shape and appearance as a designation of source — the source being Bad Spaniel's brand.

VIP counters that the First Amendment's protection of its parody use of Jack Daniel's bottle shape and appearance supersedes any commercial purpose of that use.

The 9th Circuit's application of the *Rogers* test — which has traditionally been used for expressive works like movies, music, and books — to the commercial setting has garnered the attention of attorneys and brand owners alike. The outcome of this case has far-reaching implications for gag gifts, novelty T-shirts, and even subtler fashion products.

The 2nd Circuit, for instance, is currently considering the *Rogers* test in a trademark dispute between Vans Inc., which markets and sells sneakers, and the Brooklyn art collective MSCHF Product Studio Inc., which sells shoes that it claims to be a parody of Vans' sneakers.

Despite its potential to invoke legal scholarly debate, as the U.S. Chamber of Commerce writes in an amicus brief, companies "would do well to take a joke." Though the government's brief concluded that this particular joke was commercially motivated and not expressive (and therefore not protected), the law tends to disfavor granting companies the right to stifle jokes made at those companies' expense.

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**This article was first published on Reuters Legal News and Westlaw Today on February 15, 2023.**

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