

## Justices Narrow TM Infringement Carveouts For Parody

By **Dani Kass**

*Law360 (June 8, 2023, 10:28 PM EDT)* -- The U.S. Supreme Court on Thursday provided clarity to attorneys about the fuzzy line between trademark and First Amendment rights, while also giving brand owners relief by reining in a parody-based exception to infringement.

In their unanimous decision, the justices held that if a product misleads consumers about who makes or sponsors it, then it doesn't qualify for a test to evaluate whether free speech can be invoked to dodge a Lanham Act claim.

The justices said they were not taking a stand on the merits of the Second Circuit's Rogers test itself, which allows trademarks to be used without permission if they're part of a work that's "artistically expressive" and doesn't "explicitly mislead" consumers.

Having such a "bright-line rule" with a "practical approach" was a relief given that the court could have gone in several directions, said Finnegan Henderson Farabow Garrett & Dunner LLP partner Mark Sommers.

Those directions included getting rid of the Rogers test altogether, which is relied on in the entertainment industry, or making parody and humor essentially exceptions to the Lanham Act. The latter theory had attorneys representing brand owners extremely stressed.

"If the door was opened to this humorous defense, I think brand owners would jump off a cliff," said Monica Riva Talley, head of Sterne Kessler Goldstein & Fox PLLC's trademark brand protection practice. "To take away this kind of protection would be significant."

VIP Products had claimed that its poop-themed dog toy resembling a Jack Daniel's bottle was a parody of the liquor company, making fun of how seriously it takes itself, Bennett Cooper of Dickinson Wright PLLC told the Supreme Court during March oral argument.

Under the new ruling, if parodies have a source identifier concern, the seller won't be able to claim protection under the Rogers test. A parody defense is still available for accused infringers, but that will be part of a likelihood of confusion analysis under the Lanham Act.

What exactly parody product companies would need to do to make their source clear is something that will likely play out in future litigation on a case-by-case basis, said Foley & Lardner LLP partner Jean-Paul Ciardullo.

"I think this decision is in line with what many people may have expected: that there was not going to be a broad embrace of the Rogers test," he said. "That would open the door to too many potential abuses of people's trademarks and a lot of litigation and a lot of judgment calls made by judges about what constitutes an expressive work."

Ciardullo questioned whether a company putting its own name and trademark in large, bright, clearly visible wording would get the job done, or whether the company could include a disclaimer on its product and what such a disclaimer would look like.

VIP's "Silly Squeaker" brand and its "Bad Spaniels" dog toy do feature a disclaimer on the back of their packaging, noting that it is not affiliated with Jack Daniel's. Whether that's enough will be part of the likelihood of confusion analysis as the case heads back to the Ninth Circuit.

By finding that VIP was protected by the First Amendment, the Ninth Circuit was "really pushing the envelope" on how far exceptions for humor can go, said McDonnell Boehnen Hulbert & Berghoff LLP partner Manav Das.

Talley similarly said that if the Supreme Court had upheld the ruling, judges could find a parody product "can't infringe because it's funny."

"The fact that it's funny is not a defense," she added.

The Supreme Court's ruling allows artists and other creators of expressive works to maintain their Rogers protections, while also making clear that "humorous marks should be treated the same as all other marks," said Sullivan & Worcester LLP partner Michael Palmisciano.

"There is no 'get out of jail free card' for funny or otherwise expressive trademarks," he said in an email.

Justice Elena Kagan noted in the opinion that the ruling was narrow, in part because the justices didn't decide whether to adopt the Rogers test across the nation or to remove it altogether, which were both before them as options.

Rob Hunziker, special counsel at Covington & Burling LLP, said he agreed with that characterization, but added there could still be an echo as the Rogers test and parody law develop.

The justices were "not blind to the fact that they weren't dealing" with the test itself, Sommers said. He noted that Justice Neil Gorsuch had acknowledged that exact concern in a concurring opinion, telling district courts to be careful when reviewing the Rogers test and tuned into how it will be interpreted.

"Though Justice Gorsuch's concurrence invites lower courts to closely scrutinize the Rogers test in future cases, the court left open the possibility for the Rogers test to serve as a hard-to-meet threshold for trademark owners challenging expressive works," Hunziker said in an email.

Those possibilities led Jordan Feirman, counsel at Skadden Arps Slate Meagher & Flom LLP, to argue that "the unanimous opinion casts serious doubt on the viability of that test going forward."

"The court's explicit recognition that a trademark use is 'at least in part' source-identifying whenever a defendant is 'trading on the goodwill of the trademark owner to market its own goods' — even where the

trademark may also be used in an expressive or artistic fashion — sends a pretty clear message that companies making and marketing consumer goods leveraging other parties' trademarks will not be able to simply invoke the Rogers test as a shield," he said in an email.

Parties will need to review when words and logos are used as source identifiers "more clearly and carefully," said Nicole Jantzi, head of IP litigation at Fried Frank Harris Shriver & Jacobson LLP. There may also be a shift away from trademarks based on these concerns, she added.

"Consumers purchase novelty products not because of their source but because of their ornamental design or the expressions they embody — the subjects of design patent and copyright, not trademark, law," Jantzi said. "The court's decision may result in increased use of design patent and copyright protections and may engender disputes over whether particular words and logos are actually used as source identifiers."

The case is Jack Daniel's Properties Inc. v. VIP Products LLC, case number 22-148, before the Supreme Court of the United States.

--Editing by Adam LoBelia.