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Trademark Infringement is No Joke!: Jack Daniel's Properties, Inc. v. VIP Products LLC

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Today the U.S. Supreme Court ruled in favor of Jack Daniel's in a dispute over a humorous squeaky dog toy called 'Bad Spaniels.'

The Court remanded the case to the Ninth Circuit to reconsider the trademark infringement and dilution claims, holding that because VIP Products used "Bad Spaniels" as a trademark: (1) the *Rogers* test for artistic works (discussed below) does not apply; and (2) the noncommercial use exclusion – that exempts parody from dilution – also does not apply.

VIP Products (the maker of the dog toys) argued that the use of the "Bad Spaniels" mark was "noncommercial" in nature and humorous use of elements similar to Jack Daniel's trademarks and trade dress (*i.e.*, the bottle design) were protected as fair use under the First Amendment. VIP Products relied on the Ninth Circuit's test in Rogers v. Grimaldi*,* 875 F.2d 994 (2d Cir. 1989) to argue that "Bad Spaniels" is "a *pretend* trademark for a *pretend* product"; (original *emphasis* appeared in the VIP Product's February 16, 2023 brief filed with the U.S. Supreme Court). The Court in *Rogers* provides a parody fair use defense – if the trademark is not used in a trademark way, then it's not infringement. Further, if the use is artistically relevant, there is no infringement unless the use "explicitly misleads" as to the source of the product. *Rogers,* 875 F.2d at 999 (2d Cir. 1989). The U.S. Supreme Court unanimously disagreed with VIP Products, holding that VIP Products "has used a trademark as a trademark," as Justice Kagan writes in the opinion of the Court.

Among the many arguments made by Jack Daniel's, it argued that VIP Product uses both a confusingly similar mark ("Bad Spaniels") and trade dress (the bottle design) to sell real products and not *pretend* products. Jack Daniel's argued that *Rogers* conflicts with the Lanham Act (the U.S. Trademark Act), but this is not what the U.S. Supreme Court ruled; instead, the Justices ruled more narrowly that the *Rogers* case does not apply. Jack Daniel's pointed out that VIP Products "intended to capitalize on Jack Daniel's goodwill" and "infringement turns on likely confusion, not how funny the joke is." *See the reply brief* on *page 15.* All of these arguments support the brand owner's right to protect its brand.

One interesting highlight of the oral argument was when Justice Kagan and the attorney for VIP Products alluded to whether ruling for VIP Products would somehow preclude brand owners from parody of their own brand. (This concept was raised in the brief by Jack Daniel's – that brand owners often sponsor parodies or that consumers may mistakenly think there was sponsorship). The attorney for VIP Products responds to the

question of, "what's the parody?" with "the parody is to make fun of marks that take themselves seriously," though there are plenty of brands that do not "take themselves seriously," and these brands have hilarious ways of doing so. If consumers perceive something as a joke – poking fun at the brand owner – but are confused as to whether the brand owner itself or some third-party is making that joke, then that's confusion as to source – the touchstone of federal trademark infringement. While this was only one of the arguments, it raises the importance of legal counsel when choosing a trademark or slogan or responding to competitive marketing, parody, and "poking fun" in commercial speech.

This is not the first U.S. Supreme Court case examining the intersection of the Lanham Act and the First Amendment in recent years.

The Court ruled in favor of First Amendment rights in a 2017 decision in favor of The Slants (an Asian-American rock band) and in a 2019 decision in favor of Erik Brunetti (owner of the FUCT trademark for clothing products). In 2017, the Court found the disparagement provision of the Lanham Act unconstitutional and allowed The Slants to register their band name as a trademark. Previously, applicants could not register trademarks "which may bring... into contempt or disrepute" any "persons, living or dead, institutions, beliefs, or national symbols." In 2019, the Court found the scandalous provision of the Lanham Act unconstitutional and allowed registration of the FUCT mark. Previously, applicants could not register a trademark "that consists of or comprises immoral or scandalous matter."

In this series of cases, we see the First Amendment's free speech clause prevail over federal trademark law restrictions. Yet, these three cases all focus on the government's interest in restricting speech in its *registration* of trademarks. "Bad Spaniels" is not registered. (Though, I can't help but wonder what the U.S. Patent and Trademark Office would have done with an application to register it).

The Court will hear a case next term regarding whether the trademark TRUMP TOO SMALL should have been granted trademark registration. The applicant in the TRUMP TOO SMALL case seeks the right to register a trademark that criticizes a public figure, despite the provision of the Lanham Act that requires the consent of a living individual to use his or her name as a trademark.

Ultimately, it seems the source-identifying function of the "Bad Spaniels" mark convinced the Court that this type of use was not a true parody and was not excluded from the protections Jack Daniel's has under the Lanham Act. The case is *Jack Daniel's Properties, Inc. v. VIP Products LLC*, and the opinion is publicly available here: https://www.supremecourt.gov/opinions/22pdf/22-148_3e04.pdf.

We encourage anyone considering competitive advertising, parody, brands, titles, marks, or designs to seek legal counsel before launching a product and before submitting an application to register a mark. Our Trademark Team can help with the process.

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