

Insights: Alerts

The Supreme Court Modifies the Relationship Between Free Speech and Trademark Rights in *Jack Daniel's Properties, Inc. v. VIP Products LLC*

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Introduction

The test for trademark and service mark infringement first set forth in *Rogers v. Grimaldi*¹ has played an increasingly significant role in challenges to the titles and contents of creative works since its articulation. Despite differences in its application by some courts, *Rogers* generally holds that the First Amendment requires a demonstration that the alleged imitation of a plaintiff's mark in the title or content of such a work either has no artistic relevance to the underlying creative work or, if it does have artistic relevance, it is explicitly misleading.² A plaintiff asserting infringement under *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the Ninth Circuit) or as part of the inquiry into whether the defendant's use is explicitly misleading (as in the Second Circuit).³

In *Jack Daniel's Properties, Inc. v. VIP Products LLC*,⁴ the Supreme Court held that *Rogers* does not apply if the challenged use is of a source indicator, or, in other words, if that use is as a mark for the defendant's own goods and services; instead, courts should employ an unmodified likelihood-of-confusion test for infringement in such a scenario. Moreover, the same opinion also restricted defendants' access to the noncommercial use "exclusion" from liability for likely dilution recognized by Section 43(c)(3)(C) of the Lanham Act.⁵ The result is a modified framework for evaluating the relationship between the First Amendment and trademark protection that merits content providers and trademark owners alike consulting with counsel to determine their respective rights in particular cases.

The Jack Daniel's Litigation

The case reviewed by the Supreme Court arose from a declaratory judgment action in which the producer of JACK DANIEL'S-branded whiskey asserted counterclaims challenging the imitation of its marks and trade dress by VIP Products, the manufacturer of novelty pet products, including dog chew toys, with scatological themes. For comparison, the parties' products are shown here:



Critically for the ultimate outcome, the district court found on summary judgment that VIP used its imitations of Jack Daniel's marks and trade dress as source indicators for VIP's own goods, a determination that led it to reject VIP's attempted reliance on *Rogers*,⁶ as well as on Section 43(c)(3)(C)'s exclusion of "[a]ny noncommercial use of a mark" from liability for likely dilution.¹⁰ The district court then found in Jack Daniel's favor following a bench trial in which that court applied the Ninth Circuit's standard multifactor test for likely confusion and a straightforward likely-dilution-by-tarnishment analysis.⁷

On appeal, the Ninth Circuit took issue with both findings of liability. It held the district court had erred by finding that VIP's product was not a creative work eligible for *Rogers*'s protection.⁸ Because the district court had reached a finding of infringement without first deciding whether Jack Daniel's could meet either prong of *Rogers*, the appellate court remanded the matter for an application of those prongs.⁹ Moreover, the Ninth Circuit also held that VIP's use fell within the scope of Section 43(c)(3)(C), thereby foreclosing (at least in the short term) Jack Daniel's pursuit of a likelihood of dilution-based cause of action.

On remand, the district court applied the *Rogers* test to enter summary judgment of noninfringement,¹¹ which the Ninth Circuit summarily affirmed.¹² The Supreme Court then granted a petition for a writ of certiorari presenting two questions, the first of which was "[w]hether 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, or instead receives heightened First Amendment protection from trademark-infringement claims."¹³ In answering that

question, the Court vacated the Ninth Circuit's opinion by holding that the trademark nature of VIP's uses disqualified those uses from protection under *Rogers*:

Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer's own goods. VIP used the marks derived from Jack Daniel's in that way, so the infringement claim here rises or falls on likelihood of confusion.¹⁴

The court further explained that:

[T]he *Rogers* test has applied only to cases involving “non-trademark uses”—or otherwise said, cases in which “the defendant has used the mark” at issue in a “non-source-identifying way.” The test has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks, “to identify or brand [a defendant's] goods or services.”¹⁵

Moreover, with respect to the role of the First Amendment in infringement inquiries on a going-forward basis, the Court held that “[w]hen a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression.”¹⁶

The Court offered at least some guidance on how that inquiry should be conducted in cases involving alleged parodical imitations of plaintiffs' marks such as those at issue in *Jack Daniel's*. “A parody,” it observed, “must ‘conjure up’ ‘enough of [an] original to make the object of its critical wit recognizable.’”¹⁷ At the same time, however, the Court confirmed that a successful parody must so contrast with the plaintiff's own marks “that its message of ridicule or pointed humor comes clear”;¹⁸ in other words, a parody will succeed only if it does not result in likely confusion. “So,” the Court concluded with respect to Jack Daniel's infringement claims, “although VIP's effort to ridicule Jack Daniel's does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis.”¹⁹

The Court's disposition of the second question presented by Jack Daniel's petition—“Whether humorous use of another's mark as one's own on a commercial product is “noncommercial” under 15 U.S.C. § 1125(c)(3)(C), thus barring as a matter of law a claim of likely dilution by tarnishment under the Trademark Dilution Revision Act”²⁰—was similar. The Court answered that question in the negative, citing as the primary basis of its decision another exclusion from liability established by Section 43(c)(3)(A)(ii) of the Act.²¹ That exclusion covers:

Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with. . . identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.²²

Reviewing the exclusion's language and purpose, the Court held that “[t]he problem with the Ninth Circuit's approach is that it reverses that statutorily directed result, as this case illustrates.”²³ It continued in a holding meriting reproduction at length:

Given the fair-use provision's carve-out, parody (and criticism and commentary, humorous or otherwise) is exempt from liability only if not used to designate source. Whereas on the Ninth Circuit's view, parody (and

so forth) is exempt always—regardless [of] whether it designates source. The expansive view of the “noncommercial use” exclusion effectively nullifies Congress’s express limit on the fair-use exclusion for parody, etc. Just consider how the Ninth Circuit’s construction played out here. The District Court had rightly concluded that because VIP used the challenged marks as source identifiers, it could not benefit from the fair-use exclusion for parody. The Ninth Circuit took no issue with that ruling. But it shielded VIP’s parodic uses anyway. In doing so, the court negated Congress’s judgment about when—and when not—parody (and criticism and commentary) is excluded from dilution liability.²⁴

Holding that “the noncommercial exclusion does not shield parody or other commentary [from dilution-based liability] when [a defendant’s] use of a mark is . . . source-identifying,” the Court remanded the matter for further proceedings.

Conclusion

Jack Daniel’s marks a significant development in the relationship between speech protected under the First Amendment, on the one hand, and trademark rights, on the other. Potential plaintiffs and defendants in cases challenging the alleged infringement and likely dilution of marks by claimed parodies or creative works therefore should consult with counsel to determine the potential effects of the decision on their respective claims and defenses.

Footnotes

¹ 875 F.2d 994 (2d Cir. 1989).

² *Id.* at 999.

³ *Compare* Gordon v. Drape Creative, Inc., 909 F.3d 257, 265 (9th Cir. 2018) (“If the plaintiff satisfies both elements, it still must prove that its trademark has been infringed by showing that the defendant’s use of the mark is likely to cause confusion.”) *with* Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd., 996 F.2d 1366, 1379 (2d Cir. 1993) (“This determination must be made, in the first instance, by application of the venerable *Polaroid* [likelihood-of-confusion] factors.”).

⁴ 143 S. Ct. 1578 (2023).

⁵ 15 U.S.C. § 1125(c)(3)(C) (2018).

⁶ See *VIP Prods., LLC v. Jack Daniel’s Prods., Inc.*, No. CV-14-2057-PHX-SMM, 2016 WL 5408313, at *5 (D. Ariz. Sept. 27, 2016) (“*VIP Prods. I*”) (“[T]he First Amendment affords no protection to VIP because it is trademark law that regulates misleading commercial speech where another’s trademark is used for source identification in a way likely to cause consumer confusion.”), *later proceedings*, 291 F. Supp. 3d 891 (D. Ariz. 2018) (“*VIP Prods. II*”), *reversed in part and vacated in part*, 953 F.3d 1170 (9th Cir. 2020)) (“*VIP Prods. III*”), *cert. denied*, 141 S. Ct. 1054 (2021), *on remand*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730 (D. Ariz. Oct. 8, 2021) (“*VIP Prods. IV*”), *aff’d*, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022) (“*VIP Prods. V*”), *vacated*, 143 S. Ct. 1578 (2023).

⁷ See *VIP Prods. II*, 291 F. Supp. 3d at 905, 911.

⁸ See *VIP Prods. III*, 953 F.3d at 1176–77.

⁹ *Id.* at 1177.

¹⁰ 15 U.S.C. § 1125(c)(3)(C) (2018). The court then reached the same conclusion with respect to the Arizona dilution statute, Ariz. Rev. Stat. § 44-1448.01, which similarly provides that noncommercial uses by defendants are “not actionable.” *VIP Prods. III*, 953 F.3d at 1176.

¹¹ *VIP Prods. IV*, 2021 WL 5710730, at *6.

¹² *VIP Prods. V*, 2022 WL 1654040, at *1.

¹³ Petition for Certiorari at (I), *Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 143 S. Ct. 1578 (2023) (No. 22-148), 2020 WL 5632652, at *(I).

¹⁴ *Jack Daniel’s*, 143 S. Ct. at 1587.

¹⁵ *Id.* at 1588–89 (second alteration in original) (first quoting Stacy Dogan & Mark Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669, 1684 (2007); and then quoting *id.* at 1683).

¹⁶ *Jack Daniel’s*, 143 S. Ct. at 1591.

¹⁷ *Id.* at 1591–92 (alteration in original) (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588 (1994)).

¹⁸ *Id.* at 1592.

¹⁹ *Id.*; see also *id.* at 1587 (“[The likelihood-of-confusion] inquiry is not blind to the expressive aspect of the VIP’s toy that the Ninth Circuit highlighted. Beyond source designation, VIP uses the marks at issue in an effort to ‘parody’ or ‘make fun’ of Jack Daniel’s. And that kind of message matters in assessing confusion because consumers are not so likely to think that the maker of a mocked product is itself doing the mocking.”).

²⁰ Petition at (I), *Jack Daniel’s Props., Inc. v. VIP Prods. LLC*, 143 S. Ct. 1578 (2023) (No. 22-148), 2020 WL 5632652, at *(I).

²¹ 15 U.S.C. § 1125(c)(A)(ii) (2018).

²² *Id.*

²³ *Jack Daniel’s*, 143 S. Ct. at 1592.

²⁴ *Id.*

²⁵ *Id.*

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