

## High Court TM Ruling Is A Small Dog With A Big Bite

By **Robert Hunziker** (June 9, 2023, 1:09 PM EDT)

In its May 9 ruling in *Jack Daniel's Properties Inc. v. VIP Products LLC*, deciding a trademark dispute between Jack Daniel's and a dog toy company called VIP Products, the U.S. Supreme Court concluded that its "opinion is narrow."<sup>[1]</sup>

But that is only half right.

On the one hand, the court is certainly right that its primary ruling about parody is fairly narrow — indeed, it is notably fact-bound and, on remand, may or may not ultimately result in trademark infringement liability.

But on the other hand, the court's decision touches on core principles of trademark law in a way that could affect both trademark litigation and registration for years to come.



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### The Case

At the center of this case is a humble dog toy that squeaks when bitten.<sup>[2]</sup>

The Bad Spaniels variation of VIP's line of Silly Squeakers dog toys is designed to resemble a bottle of Jack Daniel's whiskey, including the bottle's distinctive shape, albeit with various aspects of the design replaced with dog-related humor — e.g., switching "Jack Daniel's" to "Bad Spaniels," and "43% POO BY VOL." instead of "40% ALC. BY VOL."<sup>[3]</sup>

After Jack Daniel's persuaded the U.S. District Court for the District of Arizona to grant summary judgment that the Bad Spaniels product infringed and diluted the corresponding Jack Daniel's trademarks, the U.S. Court of Appeals for the Ninth Circuit reversed.<sup>[4]</sup>

It held that there was no infringement under the stringent test of *Rogers v. Grimaldi* — which does not permit trademark infringement liability for use in connection with an expressive work unless the plaintiff can show that the challenged use of a mark has no artistic relevance to the underlying work, or that it explicitly misleads as to the source or the content of the work.

It also held there was no dilution in light of the product's design constituting a noncommercial use.<sup>[5]</sup> The *Rogers* test was established by the U.S. Court of Appeals for the Second Circuit in 1989.

The Supreme Court granted certiorari to review both of the Ninth Circuit's rulings.<sup>[6]</sup>

## **The Narrow Holding**

The Supreme Court rightly concludes that its two core holdings are narrow.

First, the court holds that the Rogers test cannot shield putatively expressive content from the traditional likelihood-of-confusion analysis of trademark infringement where the defendant is using the putative expression as a trademark, i.e., to identify the source of its product or service.[7]

Second, the court holds that a defendant's use of a mark cannot automatically be deemed noncommercial merely because it includes an aspect of parody.[8]

The court's conclusion on infringement is bound closely to the particular facts of the case.

The decision emphasizes that, unlike use in a movie title or on a decorative poster or t-shirt, VIP had effectively conceded it was using Bad Spaniels and other aspects of the bottle design as trademarks, both by asserting as much in its original complaint for declaratory judgment and by displaying the Bad Spaniels logo on the product's hang-tag, in the same manner as its Silly Squeaker mark.[9]

It is therefore not entirely clear whether a different manner of use a mark on a dog toy, or elsewhere, might lead to a different result.[10]

The court's holding is also limited in that it does not mark the end of the road for the case. On remand, the lower courts must decide whether, under the traditional likelihood-of-confusion factors, VIP's particular use is likely to cause consumer confusion.[11]

But this analysis must consider the context of VIP's parody effort because, as the court ponders, there may be a legitimate question as to whether a consumer would believe that Jack Daniel's is the source of this kind of product: "Self-deprecation is one thing; self-mockery far less ordinary." [12]

## **The Broader Implications**

Though the core holdings of the decision are limited, the justices discuss core aspects of trademark law in a way that could generate and develop arguments, doctrines and practices in trademark litigation, and in prosecution, before the U.S. Patent and Trademark Office for years to come.

### ***Issues surrounding parody and the Rogers test remain unresolved.***

The court left open central questions about how parody and expressive works should be treated in future cases under the Rogers test or alternative approaches.

For example, different circuits have treated the considerations at the heart of Rogers differently, with some applying Rogers as a threshold inquiry before getting to the issue of a likelihood of confusion,[13] and others incorporating its principles into the multifactor analysis of likelihood of confusion.[14]

Though the court's instruction for the lower courts to factor in VIP's parodic message on remand more closely resembles the latter approach,[15] the decision expressly declines to decide whether a threshold test could be appropriate in some circumstances.[16]

The issue is likely to receive significant attention from lower courts and litigants given that a threshold test can fundamentally alter the course of a litigation — e.g., by ending a lawsuit at the motion to dismiss stage instead of the summary judgment stage — and that Justice Neil Gorsuch, in concurrence, essentially invites lower courts to reconsider the viability of Rogers as a threshold test moving forward.[17]

***Trademark use is likely to see increased attention.***

The court's decision centered around VIP's use of its expression as a trademark.[18]

Various interrelated threads have developed over the years on the issue of when something qualifies as use of a mark, and whether and how that determination affects the application of trademark law.

For example, some courts have observed that use of a mark is a necessary prerequisite for infringement, such that use of a mark in some other way may allow for dismissal of a trademark claim at an early stage.[19]

As another example, the USPTO has developed an entire doctrine around the unregistrability of putative marks that do not actually function as a trademark, such as where the content is merely decorative or conveys a common message or sentiment rather than information about the source of product or service.[20]

Now that the Supreme Court has endorsed the notion that trademark use is closely tied to trademark law's cardinal sin of source confusion,[21] these threads will almost certainly grow and develop more rapidly.

Enterprising litigators will raise more defenses to trademark infringement claims on the ground that defendants are not actually using trademarks in a trademark sense.

Even where trademark use is not squarely at issue, courts may see an increased number of motions to dismiss in light of the court's observation that if "a plaintiff fails to plausibly allege a likelihood of confusion, the district court should dismiss the complaint under Federal Rule of Civil Procedure 12(b)(6)."[22]

Trademark practitioners may similarly see more refusals by the USPTO on the ground that the applied-for mark does not function as a trademark.

***Courts may retrain their focus on the source of confusion.***

In recent years, courts have increasingly interpreted the Lanham Act broadly as supporting trademark liability where there is confusion of virtually any kind relating to a trademark.[23]

But the Supreme Court's decision may be read to reaffirm that trademark infringement claims should focus primarily on whether consumers are likely to be confused as to the source of product or service. The court observed that the primary mission of trademark law is to prevent the cardinal sin of confusion about source.[24]

This is because a core function of a trademark is to "quickly and easily assure[] a potential customer that this item — the item with this mark — is made by the same producer as other similarly marked

items that he or she liked (or disliked) in the past," according to the Supreme Court's 1995 ruling in *Qualitex Co. v. Jacobson Products Co.*[25]

To be sure, the Lanham Act encompasses some other forms of consumer confusion, such as confusion about whether a product is sponsored by —if not actually put out by — a company.[26] But the court's decision could curtail arguments that other more tangential forms of confusion are actionable under trademark.

For example, Justice Sonia Sotomayor warned in her concurrence that courts should be wary of confusion derived from a misunderstanding of the law.[27]

A survey respondent who states "I'm sure the dog toy company that made this toy had to get Jack Daniel's permission and legal rights to essentially copy their product in dog toy form" reflects not confusion as to source, but instead a "misunderstanding of the legal framework" of trademark law.[28]

### ***Surveys may receive more judicial scrutiny.***

In her concurrence, Justice Sotomayor essentially instructs lower courts to review survey evidence with care and without affording undue weight.[29]

Her observation that those courts must "ensure surveys do not completely displace other likelihood-of-confusion factors, which may more accurately track the experiences of actual consumers in the marketplace"[30] is a notable departure from some prior lower court opinions giving survey evidence significant weight.[31]

It is fair to wonder whether the court may have some lingering questions about surveys in light of its recent experience with survey evidence suggesting that the term "washingmachine.com" is a brand.[32]

### **Conclusion**

Though the court sought to hand down a narrow decision on the issue of how the Rogers test should apply to a dog toy, its decision may prove important on a number of far-ranging issues in trademark law for years to come.

As many fans of Jack Daniel's whiskey well know, big things may come in small packages.

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[1] *Jack Daniel's Props., Inc. v. VIP Prods. LLC*, 599 U.S. \_\_, \_\_ (2023) (slip op. at 20).

[2] *Id.* (slip op. at 6).

[3] *Id.* (slip op. at 6–7).

[4] *Id.* (slip op. at 6–7).

[5] *Id.* (slip op. at 8–9); *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

[6] *Jack Daniel's*, 599 U.S. at \_\_\_ (slip op. at 10).

[7] *Id.* (slip op. at 2).

[8] *Id.* (slip op. at 19–20).

[9] *Id.* ("In its complaint, VIP alleged that it both 'own[s]' and 'uses' the Bad Spaniels trademark and trade dress for its durable rubber squeaky novelty dog toy.") (cleaned up) (slip op. at 17–18).

[10] See, e.g., *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007) (finding no infringement from use of CHEWY VUITTON on dog toys).

[11] *Jack Daniel's*, 599 U.S. at \_\_\_ (slip op. at 18–19).

[12] *Id.* (slip op. at 18).

[13] See, e.g., *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018).

[14] *Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225, 1228 (7th Cir. 1993) (treating parody as "an additional factor in the analysis").

[15] *Jack Daniel's*, 599 U.S. at \_\_\_ ("But a trademark's expressive message—particularly a parodic one, as VIP asserts—may properly figure in assessing the likelihood of confusion.") (slip op. at 18–19).

[16] *Id.* ("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.").

[17] *Id.* (Gorsuch, J., concurring) (underscoring that lower courts should apply Rogers "with care" given its uncertain roots) (slip op. at 1).

[18] See, e.g., *id.* (slip op. at 2, 14).

[19] See, e.g., *Sazerac Brands, LLC v. Peristyle, LLC*, 892 F.3d 853, 859 (6th Cir. 2018).

[20] See, e.g., Trademark Manual of Examining Procedure (July 2022) §§ 1202.03 (Refusal Based on Ornamentation), 1204.04(b) (Widely Used Messages), 1301.02(a) ("Matter that Does Not Function as a Service Mark").

[21] *Jack Daniel's*, 599 U.S. at \_\_\_ (slip op. at 14).

[22] *Id.* (slip op at 15 n.2).

[23] See, e.g., *Beacon Mut. Ins. Co. v. OneBeacon Ins. Grp.*, 376 F.3d 8 (1st Cir. 2004) (confusion among non-purchasers); *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111 (6th Cir.

1996) (confusion among plaintiff's suppliers); *Rainforest Cafe, Inc. v. Amazon, Inc.*, 86 F. Supp. 2d 886, 901 (D. Minn. 1999) (finding relevant an inquiry as to whether the defendant "had gotten the idea for the décor . . . from" the plaintiff).

[24] *Jack Daniel's*, 599 U.S. at \_\_ (slip op. at 14).

[25] *Id.* (slip op. at 3).

[26] 15 U.S.C. § 1125(a)(1)(A).

[27] *Id.* (Sotomayor, J., concurring) (slip op. at 1–2).

[28] *Id.*

[29] *Id.*

[30] *Id.*

[31] See, e.g., *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 793, n.4 (5th Cir. 1983) ("Survey evidence is often critically important in the field of trademark law."); *Gimix, Inc. v. JS&A Grp., Inc.*, 1982 WL 52164 (N.D. Ill. 1982) ("Neither side in this case has produced any consumer surveys or other similar evidence. Both sides are at fault for such laxness.").

[32] *USPTO v. Booking.com B.V.*, 140 S. Ct. 2298, 2314 (2020) (Breyer, J., dissenting).