Supreme Court Tightens the Leash on Parody

Jack Daniel's Properties, Inc. v. VIP Products LLC, No. 22-148 (S. Ct., June 8, 2023)

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On June 8, 2023, the Supreme Court vacated a Ninth Circuit decision holding that a poop-themed chewable dog toy resembling a Jack Daniel's whiskey bottle was protected by the First Amendment and did not infringe Jack Daniel's trademark rights. This case makes the use of the parody exception defense—which a number of courts have relied on when applying the *Rogers* test and finding the parody to be protected speech—more challenging.

Jack Daniel's Properties ("Jack Daniel's"), a whiskey company, owns trademarks in the bottle, words, and graphics used on Jack Daniel's bottle, including JACK DANIEL'S and OLD NO. 7. VIP Products ("VIP"), a dog toy company, began selling squeaky, chewable dog toys designed to look similar to Jack Daniel's whiskey bottle but with slightly different wording: VIP replaced "Jack Daniel's" with "Bad Spaniels" and "Old No. 7 Brand Tennessee Sour Mash Whiskey" with the "The Old No. 2 On Your Tennessee Carpet."

After VIP began selling its chew toys, Jack Daniel's sent a cease-and-desist letter to VIP. In response, VIP filed a declaratory judgment that the Bad Spaniels chew toy did not infringe nor dilute Jack Daniel's trademarks. VIP moved for summary judgment, asserting (1) that the Second Circuit's *Rogers* test (which has permitted dismissal of a trademark infringement claim for "expressive works") applied to VIP's parodic use of the Jack Daniel's product and (2) that the dilution claim could not succeed because Bad Spaniels was a "parody" of Jack Daniel's and, therefore, made "fair use" of its famous marks. However, the district court rejected VIP's arguments, finding the cribbed bottle features to be essentially using Jack Daniel's trademarks for source identification and, thus, the *Rogers* test did not apply. After a bench trial, the district court found the products likely to be confused based on survey evidence and to cause reputational harm by creating "negative associations" with "canine excrement." The Ninth Circuit reversed, finding the Bad Spaniels product to be an expressive work subject to the *Rogers* test because it parodies Jack Daniel's. The Ninth Circuit also found the exclusion for "noncommercial use" shielded VIP from liability and that the "use of a mark may be 'noncommercial . . . even if used to sell a product."

The Supreme Court, agreeing with the district court, held that the *Rogers* test does not apply when a trademark infringer uses a trademark as a designation of source for the infringer's own goods, as VIP did here. VIP's use of the Jack Daniel's trademarks was more trademark use than parody for three reasons: (1) Bad Spaniels alleged that they had trademark rights in "Bad Spaniels," (2) Bad Spaniels used the Bad Spaniels mark in the top right of the product next to their other mark, Silly Squeakers, and (3) they had a line of similar products and had obtained trademark registrations on those products. The Court further held the noncommercial exclusion does not shield parody when use is source-identifying. The court noted, however, that parody and free expression considerations may still come into play in likelihood-of-confusion analyses. This case limits the applicability of the *Rogers* test to expressive works where marks are not used as source identifier and increases the risk associated with creating certain parody works that use or rely on trademarks for the intended commentary. Should a business have a work that parodies another's trademark rights, that business should be careful to avoid using the parody products to signify their own brand and avoid asserting rights in the parody work (i.e., obtaining trademark protection).