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Supreme Court Ruling Confirms Limits on Parody Defenses to Trademark Claims

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On June 8, 2023, the US Supreme Court issued a unanimous decision in *Jack Daniel's Properties, Inc. v. VIP Products* that confirms limits on the scope of parody defenses in certain trademark cases. The Supreme Court held that the *Rogers* test for identifying protected fair uses of trademarks in "expressive works" does not apply if the challenged mark is used "as a mark." That is, if a trademark infringement claim is based on how an alleged infringer designates the source of its own goods or services, then a court must conduct the standard likelihood of confusion analysis for trademark infringement, even where the alleged infringement constitutes a parody or other commentary. Relatedly, if a trademark dilution claim is based on the use of a challenged mark "as a mark," then it is not protected by the statutory noncommercial exclusion to trademark dilution, even if that challenged use is parody.

Background

VIP Products manufactures dog toys, including plush toys in the shape of bottles and cans that consist of well-known beverage brands reimagined for dogs. One such product is a dog toy that looks like a bottle of Jack Daniel's whiskey. The toy is the same shape as a bottle of Jack Daniel's and around the same size as the original, with a black label with white stylized text that mimics elements of the Jack Daniel's label. Notable changes include "Bad Spaniels" for "Jack Daniel's," "Old No. 2 On Your Tennessee Carpet" for "Old No. 7 Brand Tennessee Sour Mash Whiskey," and "43% poo by vol." and "100% smelly" for "40% alc. by vol. (80 proof)."

Jack Daniel's demanded that VIP stop selling the Bad Spaniels toy. In response, VIP sued Jack Daniel's, seeking a declaratory judgment that the Bad Spaniels dog toy neither infringed nor diluted the Jack Daniel's trademarks. Jack Daniel's countersued for trademark infringement and trademark dilution by tarnishment, alleging that the toy's association with dog excrement would harm the reputation of Jack Daniel's mark. VIP argued that the *Rogers* test required dismissal of Jack Daniel's infringement claim, and because the Bad Spaniels toy was a parody of the Jack Daniel's trademarks, it fit within a statutory exception to dilution for noncommercial uses of a mark.

Critically, VIP alleged in its complaint that it owned and used the Bad Spaniels' trademark and trade dress to indicate the source of VIP's own products.

Limiting the *Rogers* test

The *Rogers* test originated in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), and has been applied by many courts in various circuits. When applied, *Rogers* requires dismissal of a trademark infringement claim regarding the use of a mark in an "expressive work" as fair use, unless the complainant can show one of the following:

- The challenged use of a mark has no artistic relevance to the underlying work.
- The challenged use of a mark explicitly misleads as to the source or content of the work.

In its June 8 decision reversing the fair use ruling of the US Court of Appeals for the Ninth Circuit, the Supreme Court held that the *Rogers* test does not apply when a mark is used to designate the source of goods or services. Because VIP used features of the Jack Daniel's marks to identify VIP's own products,the Supreme Court rejected application of the *Rogers* test and remanded for a standard analysis regarding likelihood of confusion.

Dilution by tarnishment

Dilution by tarnishment is an association that arises from the similarity between a famous mark and a second mark that harms the famous mark's reputation, 15 USC § 1125(c). There are several statutory exceptions to dilution, including noncommercial use of a mark.

VIP argued that because its Bad Spaniels dog toy is a parody, it constitutes noncommercial use of the Jack Daniel's marks under the dilution statute. The Supreme Court did not need to determine whether the toy is, in fact, a parody of Jack Daniel's marks. Instead, the Supreme Court found that the noncommercial exclusion of liability for dilution does not apply if the challenged mark is used to identify the person's own goods or services, regardless of whether the challenged mark is a parody.

Significance

The Supreme Court's decision limits the defenses available to companies that engage in parodies in some contexts. Those who intend to use parodies should be aware that they may not be able to simply sidestep the standard trademark infringement and dilution analyses by invoking the *Rogers* test to argue that their expressive works are fair use. If a company uses a mark to identify its own goods or services, the *Rogers* test will not apply, even if that mark is part of a parody. A trademark infringement claim involving such parody marks will turn on whether there is a likelihood of confusion about the source of a product or service. Further, those who use parodies to identify their own goods or services will be unable to claim that the noncommercial exception to dilution applies.

Importantly, the Supreme Court's decision does not limit fair use arguments where the parody itself is not functioning as a trademark – e.g., where a parody conveys an informational message without indicating the source of goods or services. The decision also does not limit the argument in infringement cases that parody makes consumer confusion less likely, nor does it limit the argument in dilution by tarnishment cases that parody will not harm the reputation of a famous mark.

If you have questions about this decision, please contact us.

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Key Contacts

John Paul Oleksiuk New York	jpo@cooley.com +1 212 479 6363
Juliana Finley Santa Monica	jfinley@cooley.com +1 310 883 6563

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