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Pity for Parody – SCOTUS Decision Sides with Jack Daniel's

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Key Take-Aways

Infringers/diluters who are using another's mark to identify the source of their own good or service cannot rely on *Rogers* (to shield from application of the likelihood of confusion factors) or “fair use” (to shield from application of dilution analysis).

Background

VIP Products makes a squeaky, chewable dog toy designed to look like a bottle of Jack Daniel's whiskey, replacing “Jack Daniel's” with “Bad Spaniels” and “Old No. 7 Brand Tennessee Sour Mash Whiskey” with “The Old No. 2 On Your Tennessee Carpet.”

Jack Daniel's Properties (“JDP”) sent a cease and desist. VIP responded with a complaint for declaratory judgment that Bad Spaniels does not infringe or dilute JDP's various trademarks and trade dress in its bottle, trademarks, and graphics. JDP counterclaimed for infringement and dilution.

The Rogers Test

The Supreme Court's decision examines the applicability of the *Rogers* test to likelihood of confusion claims. *Rogers* is a threshold test developed by the Second Circuit pursuant to which “expressive works” are protected by First Amendment principles (even when they incorporate another's trademark) unless use of the mark “has no artistic relevance to the underlying work” or “explicitly misleads as to source.” If the *Rogers* standard is met, there is no infringement, and the court need not analyze the likelihood of confusion factors.

The opinion also examined the applicability of the “fair use” exclusion to a dilution claim where the mark is used commercially, as an identifier of source.

The District Court

The District Court (in denying VIP's motion for summary judgment of the infringement claim) held that *Rogers* is inapplicable where another's trademark is being used as a source identifier (as opposed to being used for some other expressive purpose).

The District Court likewise denied VIP's motion for summary judgment of the dilution claim for the same reason—holding that “fair use” by way of parody does not apply where a famous mark is being used (commercially)

to identify the source of the alleged diluter's product.

After a bench trial, VIP was found liable for both infringement and dilution.

Ninth Circuit & Remand

The Ninth Circuit reversed, finding *Rogers* does apply to the infringement claim and remanding to the District Court for application of that test. The Ninth Circuit also found for VIP with respect to dilution, holding that the "fair use" exception applied because the use constituted parody.

The Supreme Court's Holdings

- **Infringement Claim: *Rogers* does not apply where a mark is used to designate source.** The *Rogers* threshold test does not apply to a claim of infringement where the alleged infringer is using the mark as a designation of source for the infringer's own goods (as opposed to use for some other expressive function, for example, use of the Barbie name in a band's song "Barbie Girl"). Where use of the mark is to designate source, the likelihood of confusion factors must be applied. The infringement claim was remanded for analysis using the likelihood of confusion factors.
- **Dilution Claim: The "fair use" exception does not apply where a mark is used to designate source.** Pursuant to the Lanham Act's language, the "fair use" exclusion protects uses "parodying, criticizing, or commenting upon" a famous mark owner, but does not apply when the use is as a designation of source for the person's own offerings.

Effect

Infringers/diluters who are using another's mark to identify the source of their own good or service cannot rely on *Rogers* (to shield from application of the likelihood of confusion factors) or "fair use" (to shield from application of dilution analysis). As such, it will also be more difficult for "parodists" to dismiss these cases early on summary judgment, which should create more leverage in general.

That said:

- Note that where the use is expressive or humorous in a way that is contextually obvious, it will still generally be more difficult to show likelihood of confusion if consumers are likely to "get the joke" and not assume association with the trademark owner.
- And, where the use is more borderline artistic as opposed to commercial (like the ongoing Wavy Baby shoe case, which was suspended pending the Supreme Court's decision in Jack Daniels), application of *Rogers* is still less clear.
