

Jack Daniel's Decision Clarifies Balance Between First Amendment and Trademark Rights

By Michael Schwab

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The U.S. Supreme Court, in a unanimous decision, vacated a decision by the U.S. Court of Appeals for the Ninth Circuit that in effect barred trademark infringement and dilution claims against the use of a trademark that parodies the plaintiff's trademark.

In so doing, the court made it clear that the "Rogers Test," a standard developed by the U.S. Court of Appeals for the Second Circuit and adopted by some, but not all the Federal Circuit Courts of Appeal, to identify protected fair use of trademarks in "artistic works," does not apply if the alleged infringer is using another's trademark "as a mark" to identify and distinguish the alleged infringer's own goods. Therefore, even if the use of another's trademark is claimed to be part of an artistic work or parody, if the alleged infringing mark is used as an indication of source, the standard likelihood of confusion analysis must be used to determine if such use constitutes trademark infringement.

VIP Products makes and sells a dog chew toy called "Bad Spaniels," which is designed to look like a bottle of Jack Daniel's whiskey labeled with humorous statements "cribbed" from the actual label for the whiskey. For example, the toy contained the statement "Old No. 2 on your Tennessee Carpet" instead of "Old No. 7 Tennes-



Source: Adobe Stock

see Sour Mash Whiskey" and "43% poo by vol." and "100% Smelly" instead of "40% alc. by vol. (80 Proof)."

Jack Daniel's, which owns trademarks for its bottle design and many of the words and graphics on its label, sued VIP Products for trademark infringement and dilution, alleging the toy was likely to cause consumer confusion and diluted the reputation of Jack Daniel's famous marks by portraying them in a distasteful context—in connection with dog excrement.

The U.S. Court of Appeals for the Ninth Circuit, relying on the Rogers Test, held that the First Amendment barred the trademark infringement claim because the toy was an "expressive work" and rejected the dilution claim on the basis

that because the toy communicated a parodic message its use of trademarks owned by Jack Daniel's was "non-commercial." Jack Daniel's appealed and the Supreme Court reversed.

The court held that the Rogers Test does not apply, and the First Amendment does not preclude liability for trademark infringement when the alleged infringer uses a trademark to designate the source of its own goods, that is, when the alleged infringer uses a "trademark as a trademark." With respect to dilution, the court clarified that the parodic use of another's trademark may be exempt from liability, but only if the mark is not used as an indication of source.

A trademark is any word, name, device or combination of them that distinguishes and identifies the source of a good or service. "A [trademark] tells the public who is responsible for the product." Trademark law is designed to ensure that trademark owners' benefit from the goodwill associated with the use of their trademarks, and that consumers are not confused regarding the source of the goods they purchase. The standard for trademark infringement is "likelihood of confusion." To establish trademark infringement, the plaintiff must show that the defendant's use of the plaintiff's mark is likely to cause confusion as to the source, sponsorship or affiliation of the defendant's goods.

However, under the Rogers Test (named after a case involving Ginger Rogers), a different standard is applied when the alleged infringing use is as the title of an "artistic work." Under the Rogers Test, use of a trademark in the title of an artistic work is protected by the First Amendment and does not implicate trademark rights unless the use of the trademark has no "artistic relevance" to the underlying work, or the use explicitly misleads the public as to the source or content of the underlying work.

Over time, lower courts that have adopted the Rogers Test have generally confined its use to

cases in which a trademark is used, not to designate the source of the work, but to perform some other artistic or expressive function.

For example, the Rogers Test was used to prevent Mattel, the owner of the trademark BARBIE for dolls and other goods, from stopping a music group's use of the term "BARBIE GIRL" as the title of a song. As explained by Justice Elena Kagan, the author of the court's opinion, the use did not violate Mattel's trademark rights because "a consumer would no more think that the song was produced by Mattel" than they would think that Janis Joplin and Mercedes Benz had "entered into a joint venture" when they heard "Janis Joplin croon 'Oh Lord, won't you buy me a Mercedes Benz.'"

In its decision in the dispute between Jack Daniel's and VIP Products, the Ninth Circuit expanded the scope of the Rogers Test to include situations in which a trademark is used in a humorous or parodic manner, not as the title of an artistic work, but as an indication of the source of the goods on which it is used. According to the Ninth Circuit, VIP Products' Bad Spaniels toy was automatically entitled to Rogers' protection and did not infringe Jack Daniel's trademark rights simply because it "communicate[d] a humorous message."

The Supreme Court found that the Ninth Circuit went too far and "was mistaken to believe that the First Amendment demanded such a result." The court has now made it clear that the Rogers Test is only applicable (if at all) in certain limited situations . . . when a trademark is used for a clearly artistic purpose (such as the title of an artistic work).

The Rogers Test is not applicable and should not be used when the alleged infringer uses a trademark to designate the source of its own goods. In these circumstances, the traditional likelihood of confusion analysis for trademark infringement must be utilized.

The implications of the court's decision on the fashion industry are significant. The decision will likely embolden brand owners to aggressively seek to stop any use of their trademarks, even if such use is intended to be used not as a trademark, but for an artistic purpose. Any fashion designer who wants to use another's trademark to express a parody or for another artistic purpose should proceed with caution. Significant costs and expenses could be incurred in defending such use and the results will be difficult to predict. This is because in its decision the court suggests that the Rogers Test is open for future challenges and did not define a standard or test for determining when the use of another party's trademark will be deemed to be "use as mark."

In its briefs and at oral argument, Jack Daniel's urged the court to reject the Rogers Test, arguing it has no basis in the constitution or statutory law. The court expressly declined to consider the validity of the test in situations in which a mark is used in an expressive work. The Rogers Test, therefore, remains the law in the circuits where it has been adopted.

However, Justice Neil Gorsuch in a concurring opinion joined by Justice Clarence Thomas and Amy Coney Barrett, warned that the district courts "should handle [the Rogers Test] with care" because "it is not clear where the Rogers test comes from" and "it is not obvious that Rogers is correct in all its particulars. . ."

This appears to invite future challenges to the Rogers Test, even in cases involving traditional expressive works. For example, with the release (and wide success) of the Barbie movie, Mattel may be committed to producing further artistic content and enter into other "joint ventures" that involve the artistic or expressive use of the

trademark BARBIE, as well as trademarks for its other toys. This may expand the types of artistic or expressive uses of Mattel's marks, which may be found to cause a likelihood of confusion or be used to reduce the applicability of the Rogers Test.

If the Rogers Test is invalidated, any defense to the use of another's trademark will solely be based on a claim that there is no likelihood of confusion because the mark is not being used as a trademark. It may be difficult to predict the outcome of such a case because the court did not define a clear test for determining the issue.

The court's opinion advises that a trademark is used as a trademark when it is used to identify the source of a product. However, the issue of whether VIP Products' used trademarks owned by Jack Daniel's as trademarks was not in dispute because VIP Products' admitted that it used its trademarks to identify the source of and distinguish its dog toys. The court's opinion did not articulate how other courts should determine whether a trademark is used as a source identifier when the issue is not conceded. The issue will be determined by a detailed factual analysis of how the marks are used as well as their intended purpose.

Given these factual issues, regardless of whether the Rogers Test is applied, dismissal of a dispute on the pleadings or at summary judgment will only apply where there is no plausible likelihood of confusion. Most cases will need to be decided by a jury.

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