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Bottled in Bone: Court Sides with Jack Daniel's in Dog Toy Dispute – Trademark Fair Use is Limited

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On June 8, 2023, the United States Supreme Court unanimously ruled in favor of liquor distiller Jack Daniel's in its dispute over a dog toy designed to emulate the recognized whiskey bottle. Through this ruling, the Court clarifies the standards applicable to marks that are both expressive and used to designate source.

At the Supreme Court, humor can only get you so far. Unfortunately for dog toy manufacturer VIP Products LLC, and its witty "Bad Spaniels" dog toy, based on Jack Daniel's Tennessee whiskey, a unanimous Court doggedly weighted Jack Daniel's trademark rights over VIP's attempt at parody.

Background

In 2014, VIP produced the "Bad Spaniels" dog toy, which was designed after the Jack Daniel's Tennessee whiskey bottle. Much like the iconic whiskey bottle, the toy features a black label with a stylized border and white text that replaces the name "Jack Daniel's" with "Bad Spaniels" and the words "Old No. 7 Brand Tennessee Sour Mash Whiskey" with "The Old No. 2 On Your Tennessee Carpet."

Shortly after VIP released the "Bad Spaniels" toy, Jack Daniel's issued a demand letter to VIP, requesting that it stop selling the product. Thereafter, VIP filed suit, seeking a declaratory judgment that Bad Spaniels neither infringed nor diluted Jack Daniel's trademarks. Notably, in its complaint, VIP asserted its ownership of all rights in the Bad Spaniels trademark and trade dress in connection with its novelty dog toy. Jack Daniel's responded to VIP's lawsuit by filing counterclaims under the Lanham Act for trademark infringement and trademark dilution by tarnishment.

Court of Appeals Holdings

The Ninth Circuit Court of Appeals found that the Bad Spaniels toy was an "expressive work" that "communicates a humorous message" and was therefore subject to protection under *Rogers v. Grimaldi,* whereby a trademark infringement claim must be dismissed unless the use of a mark (1) "has no artistic relevance to the underlying work" or (2) "explicitly misleads as to the source or the content of the work."

The Ninth Circuit further found, because Bad Spaniels "parodies" and "comments humorously" on Jack Daniel's, VIP's use of the mark was "noncommercial" and was thus excluded from liability for dilution under § 1125(c)(3)(C) of the Lanham Act (which provides an exclusion from dilution liability for any noncommercial use of a mark). *See* § 15 U.S.C. 1125(c)(3)(C).

The U.S. Supreme Court's Reversal

The U.S. Supreme Court reversed the Ninth Circuit's holdings on both counts. As for infringement, the Court held that when an alleged infringer uses a trademark as a designation of source for the infringer's own goods, the *Rogers* test is inapplicable. The Court further found that, because VIP (by its own admission) uses its Bad Spaniels marks to identify the source of its products, the infringement claim at issue turns on whether the use of the marks creates a likelihood of confusion. In reaching this conclusion, the Court noted that while the so-called expressive nature of the Bad Spaniels marks was insufficient to justify an application of the *Rogers* test,

a mark's expressive or parodic message may properly figure in assessing whether a likelihood of confusion exists.

As for trademark dilution, The Supreme Court held that the Lanham Act's exclusion for the noncommercial use of a mark does not exempt from dilution liability a parody, commentary, or criticism when the alleged diluter uses the mark as a designation of source for its own goods. In reaching this conclusion, the Court recognized that "the use of a mark does not count as noncommercial just because it parodies, or otherwise comments on, another's products." The Court further observed that such an expansive view would place the noncommercial use exclusion at odds with the Lanham Act's fair-use exclusion, which specifically protects the use of a mark in connection with "parodying, criticizing, or commenting upon" a famous mark owner, but does not apply when the mark is being used "as a designation of source for the person's own goods or services." *See* 15 U.S.C. § 1125(c)(3)(A). The Court found, given the caveat to the fair-use provision, "parody is exempt from liability only if ***not*** used to designate source." Thus, the Court concluded, because VIP used the Bad Spaniels marks as designations of source, it was not protected under the fair-use exclusion for parody.

The Court declined to decide whether the *Rogers* test is ever appropriate, nor did the Court address how far the "noncommercial use" exclusion may extend. Rather, the Court simply held that *Rogers* is inapplicable when the challenged use of a mark is as a source identifier and that the noncommercial exclusion from dilution liability does not shield parody or other commentary when its use of a mark serves a source-identifying function.

Takeaways/Implications

Following the Supreme Court's decision in *Jack Daniel's Properties, Inc. v. VIP Products LLC*, (Slip Op. No. 22-148, June 8, 2023), the safe harbors of "expressive use" and parody will be more difficult to secure, particularly in instances where a trademark is being used as a source identifier. The Court's decision in *Jack Daniel's* confirms that even an expressive mark will not be insulated from standard trademark scrutiny if the mark is being used to indicate the source or origin of one's good or service. However, the Court's decision makes clear that the expressive or parodic nature of a mark may properly be considered for purposes of determining whether a likelihood of confusion exists. Ultimately, the Court's decision in *Jack Daniel's* further illustrates that the protections and risks associated with one's use of a mark will depend largely upon the nature in which the mark is being used.

For more information on this or other intellectual property matters please contact Benjamin W. Janke, Ed Lanquist, Addie Guida, Dominic Rota, or a member of Baker Donelson's Intellectual Property team.