SPECIAL EDITION – SUPREME COURT DECISION

***Jack Daniel's Properties, Inc. v. VIP Products LLC*, No. 22-148 (June 8, 2023) (9-0, Opinion by Justice Kagan)**

Key point(s):

- When an alleged infringer uses a trademark as a designation of source for the infringer's own goods, the *Rogers* test does not apply. (*Rogers v. Grimaldi*, 875 F. 2d 994 (2nd Cir))
- The Lanham Act's exclusion from dilution liability for "[a]ny non-commercial use of a mark," does not shield parody, criticism, or commentary when an alleged diluter uses a mark as a designation of source for its own goods. §1125(c)(3)(C).

Facts/Background: VIP makes a squeaky, chewable dog toy designed to look like a bottle of Jack Daniel's whiskey with a few alterations. On the toy, for example, the words "Jack Daniel's" becomes "Bad Spaniels." Additionally, "Old No. 7 Brand Tennessee Sour Mash Whiskey" turns into "The Old No. 2 On Your Tennessee Carpet." These jokes did not impress Jack Daniel's, which owns trademarks in the distinctive Jack Daniel's bottle and in many of the words and graphics on its label. Soon after the Bad Spaniels toy hit the market, Jack Daniel's demanded that VIP stop selling it. VIP filed suit, seeking a declaratory judgment that Bad Spaniels neither infringed nor diluted Jack Daniel's trademarks. Jack Daniel's counterclaimed for infringement and dilution. VIP argued that Jack Daniel's infringement claim failed under the *Rogers* test from the Second Circuit, which held that the use of another's mark in an expressive work does not violate the Lanham Act unless the challenged use of the mark has no artistic relevance to the underlying work or that it explicitly misleads as to the source or the content of the work. Further, VIP argued that Jack Daniel's could not succeed on its dilution claim because Bad Spaniels was a parody of Jack Daniel's and therefore VIP made fair use of the Jack Daniel's marks. However, the district court rejected both of VIP's arguments because VIP used the copied Jack Daniel's features as trademarks to identify the source of its own products. On appeal, the Ninth Circuit reversed, concluding that the *Rogers* test did apply for the infringement claim; and also denied the dilution claim because the Bad Spaniel's parody of Jack Daniel's fell under the non-commercial use exclusion of the Lanham Act. The Court granted a *writ of certiorari* to determine whether an alleged infringer's use of a trademark as a designation of source for its own goods prevents the use of the *Rogers* test or the Lanham Act's non-commercial use exclusion.

Holding: Vacated and Remanded. A unanimous court concluded that when an alleged infringer uses a trademark as a designation of source for its own goods, neither the *Rogers* test nor the Lanham Act's non-commercial use exclusion applies. In reaching its conclusion concerning the *Rogers* test, the Court held that even if a mark has other expressive content, it is not entitled to the *Rogers* test if it denotes the source of the alleged infringer's product. VIP conceded that it used the Bad Spaniels trademarks and trade dress as source identifiers, thus the *Rogers* test does not apply. The Court remanded the question of whether the Bad Spaniels trademarks are likely to cause confusion. As to the dilution claim, the Court held that even though the Lanham Act carves out an exclusion from dilution liability for any non-commercial use of a mark, this does not shield parody, criticism, or commentary when an alleged diluter uses a mark as a designation of source for its own goods. The Court concluded that because VIP used the Bad Spaniels marks as a designation of source for its own goods, it was not eligible for this Lanham Act exclusion.