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ALERT

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Supreme Court Limits the Parody Defense in Trademark Infringement Claims

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The U.S. Supreme Court, in a unanimous decision, vacated a decision by 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 Second Circuit 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 Tennessee 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 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.

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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." Generally, to establish trademark infringement, the plaintiff must show that the defendant's use of its 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 right 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 (e.g. the use of the trademark BARBIE as the title of the song "Barbie Girl").

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 following is a link to the Supreme Court decision in Jack Daniel's Properties, Inc. v. VIP Products, LLC.

If you have any questions regarding the matter raised in this Alert, please feel free to contact Michael Schwab at mschwab@moritthock.com.

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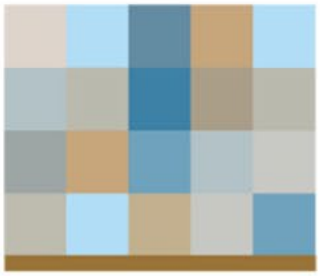

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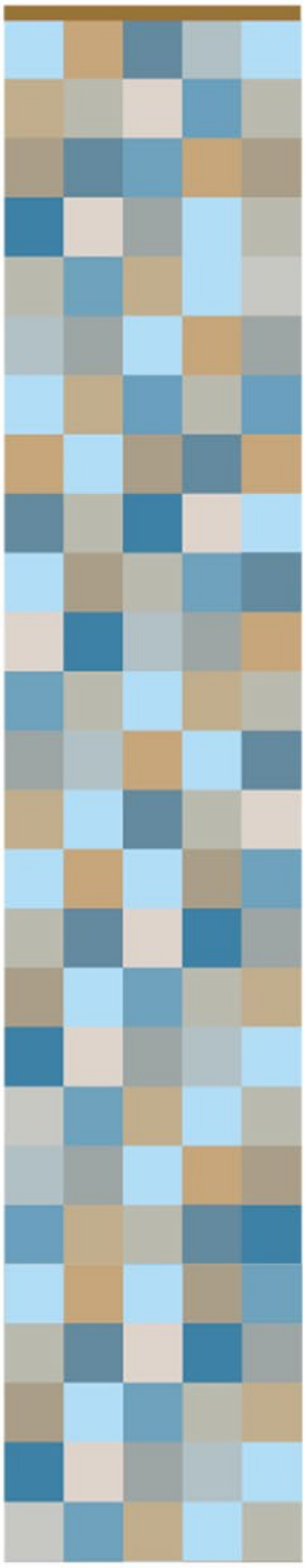

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