

## **APPENDIX**

<b>APPENDIX A:</b>	Order Denying Rehearing, United States Court of Appeals for the Ninth Circuit, No. 21-16969, May 10, 2022 .....1a
<b>APPENDIX B:</b>	Order, United States Court of Appeals for the Ninth Circuit, No. 21-16969, March 18, 2022.....2a
<b>APPENDIX C:</b>	Final Judgment, United States District Court for the District of Arizona, No. CV-14-2057, Oct. 27, 2021 .....3a
<b>APPENDIX D:</b>	Memorandum of Decision and Order, United States District Court for the District of Arizona, No. CV-14-2057, Oct. 8, 2021 .....5a
<b>APPENDIX E:</b>	Order Denying Petition for Writ of Certiorari, United States Supreme Court, No. 20-365, Jan. 11, 2021 .....20a
<b>APPENDIX F:</b>	Order Denying Rehearing, United States Court of Appeals for the Ninth Circuit, No. 18-16012, June 3, 2020.....21a
<b>APPENDIX G:</b>	Opinion, United States Court of Appeals for the Ninth Circuit, No. 18-16012, Mar. 31, 2020.....22a

<b>APPENDIX H:</b>	Permanent Injunction and Final Judgment & Order, United States District Court for the District of Arizona, No. CV-14-2057, May 2, 2018 .....35a
<b>APPENDIX I:</b>	Findings of Fact, Conclusions of Law, and Order, United States District Court for the District of Arizona, No. CV-14-2057, Jan. 30, 2018 .....45a
<b>APPENDIX J:</b>	Memorandum of Decision and Order, United States District Court for the District of Arizona, No. CV-14-2057, Sept. 27, 2016 ...77a
<b>APPENDIX K:</b>	Excerpts of Record filed in the Ninth Circuit depicting VIP Products' dog toys .....125a
<b>APPENDIX L:</b>	Statutory Provisions Involved ..131a

**APPENDIX A**

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

VIP PRODUCTS LLC, an  
Arizona limited liability  
company,  
  
Plaintiff-counter-  
defendant-Appellee,  
  
v.  
  
JACK DANIEL'S  
PROPERTIES, INC., a  
Delaware corporation,  
  
Defendant-counter-  
plaintiff-Appellant.

No. 21-16969

D.C. No. 2:14-cv-  
02057-SMM  
District of Arizona,  
Phoenix

ORDER

Before: TASHIMA, HURWITZ, and MILLER, Circuit  
Judges.

Judges Hurwitz and Miller voted to deny the petition for rehearing en banc, and Judge Tashima so recommended. The full court has been advised of the petition for rehearing en banc and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35. The petition for rehearing en banc, **Dkt. 26**, is **DENIED**.

**APPENDIX B**

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

VIP PRODUCTS LLC, an  
Arizona limited liability  
company,

Plaintiff-counter-  
defendant-Appellee,

v.

JACK DANIEL'S  
PROPERTIES, INC., a  
Delaware corporation,

Defendant-counter-  
plaintiff-Appellant.

No. 21-16969

D.C. No. 2:14-cv-  
02057-SMM  
District of Arizona,  
Phoenix

ORDER

Before: TASHIMA, HURWITZ, and MILLER, Circuit  
Judges.

Appellant's motion for summary affirmance, **Dkt. 14**,  
is granted. *See* Ninth Cir. R. 3-6; *United States v. Hooton*,  
693 F.2d 857 (9th Cir. 1982) (per curiam).

The judgment of the district court is **AFFIRMED**.

**APPENDIX C**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

VIP Products LLC,  
  
Plaintiff/Counter-  
Defendant

v.

Jack Daniel's Properties  
Incorporated,  
  
Defendant/Counter-  
Plaintiff.

No. CV-14-02057-PHX-  
SMM

**FINAL JUDGMENT**

In accordance with the Court's Memorandum of Decision and Order dated October 8, 2021 (Doc. 305) and the Ninth Circuit Court of Appeal's decision in this matter (Doc. 287),

**IT IS HEREBY ORDERED, ADJUDGED and DECREED** that **JUDGMENT** is entered in favor of Plaintiff/Counter-Defendant VIP Products LLC and against Defendant/Counter-Plaintiff Jack Daniel's Properties Incorporated such that a declaratory judgment is entered in favor of VIP Products LLC and against Jack Daniel's Properties Incorporated declaring as follows:

1. VIP Products LLC, by its use of the BAD SPANIELS mark and trade dress, has been found not to infringe on Jack Daniel's Properties Incorporated's marks or trade dress.

4a

2. VIP Products LLC, by its use of the BAD SPANIELS mark and trade dress, has been found not to dilute Jack Daniel's Properties Incorporated's marks or trade dress.

**IT IS FURTHER ORDERED, ADJUDGED and DECREED** that Jack Daniel's Properties Incorporated's claims against VIP Products LLC are **DISMISSED WITH PREJUDICE**.

Dated this 27th day of October, 2021.

/s/ Stephen M. McNamee  
Honorable Stephen M. McNamee  
Senior United States District Judge

**APPENDIX D****IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

VIP Products LLC,

Plaintiff/Counter-  
Defendant

v.

Jack Daniel's Properties  
Incorporated,Defendant/Counter-  
Plaintiff.No. CV-14-02057-PHX-  
SMM**MEMORANDUM OF  
DECISION AND  
ORDER**

This matter is before the Court on remand from the Ninth Circuit Court of Appeals. (See Doc. 287.) The Court held a status conference on March 17, 2021, and directed the parties to brief the issues remaining on remand. (Docs. 296-97.) In response, Plaintiff/Counter-Defendant VIP Products LLC (“VIP”) filed a brief requesting that the Court enter summary judgment in its favor on Defendant/Counter-Plaintiff Jack Daniel’s Properties Inc.’s (“JDPI”) remaining claim for trademark infringement. (Doc. 300.) The motion has been fully briefed and is now before the Court. (Docs. 302-04.)

**I. BACKGROUND**

VIP designs, manufactures, markets, and sells chew toys for dogs. In approximately 2007, VIP launched its Silly Squeakers line of dog toys, which includes a variety

of toys in the shapes of beer, wine, soda, and liquor bottles. (Doc. 236 at 31-38.) VIP's President, Steven Sacra, intended the Silly Squeakers line of toys to be a creative parody on existing products. (Id. at 45-47, 56.) In July of 2013, VIP introduced its latest novelty dog toy, the "Bad Spaniels" durable rubber squeaky novelty dog toy (the "Bad Spaniels Toy"). (Doc. 158.) The Bad Spaniels Toy is in the shape of a liquor bottle and features a wide-eyed spaniel over the words "Bad Spaniels, the Old No. 2, on your Tennessee Carpet." (Id.) At the bottom of the Bad Spaniels Toy, it reads: "43% POO BY VOL." and "100% SMELLY." (Id.) On the back of the Silly Squeakers label for the Bad Spaniels Toy, it states: "This product is not affiliated with Jack Daniel Distillery." (Id.)

VIP's intent behind designing the Bad Spaniels Toy was to match the bottle design for Jack Daniel's Tennessee Sour Mash Whiskey ("Old No. 7 Brand"). (Doc. 157.) These design elements include the size and shape of the product, the use of white lettering over a black background, and font styles. Mr. Sacra originally coined the name "Bad Spaniels," and then requested Designer Elle Phillips to work on a proposed design. (Doc. 236 at 55-56.) Ms. Phillips understood that "Bad Spaniels" was a reference to "Jack Daniel's." (Doc. 233-1 at 47, 49-50.) Ms. Phillips was familiar with that brand and had consumed Jack Daniel's Tennessee Whiskey in bars and in her home. (Id. at 52-53.) She referenced the Jack Daniel's bottle "every now and then throughout the [design] process." (Id. at 66-67.) Ms. Phillips wanted her sketch to be close to the same as the Jack Daniel's bottle. (Id. at 67.) When finished, the "Bad Spaniels" product featured all the elements of the Jack Daniel's trade dress, including the bottle shape, color scheme, and trademark

stylization, as well as the word “Tennessee,” and the font and other graphic elements. (Doc. 158.)

JDPI promptly demanded that VIP stop selling the Bad Spaniels Toy. (Doc. 47 at 2.) VIP responded by filing this suit seeking a declaratory judgment that its use of the Bad Spaniels name and trademark does not infringe or dilute any claimed trademark rights that JDPI may claim in its Jack Daniel’s trademark for its Tennessee sour mash whiskey and/or any other product. (Doc. 49 at 9.) VIP also alleged that neither the Jack Daniel’s trade dress nor the Jack Daniel’s bottle design are entitled to trademark protection. (Id. at 9-11.) JDPI filed several counterclaims for trademark and trade dress infringement as well as trademark dilution. (Doc. 50.)

In October 2015, JDPI moved for partial summary judgment on VIP’s claims challenging the validity of JDPI’s trademarks. (Doc. 101.) VIP then moved for summary judgment on its request for declaratory judgment that its Bad Spaniels Toy does not infringe or dilute JDPI’s trademark or trade dress. (Doc. 110.) VIP also sought summary judgment on each of JDPI’s counterclaims and VIP’s affirmative defenses of nominative fair use and First Amendment fair use. (Id.) The Court ruled in favor of JDPI, granting its motion for partial summary judgment and affirming the validity of JDPI’s trademarks. (Doc. 171.) The Court also rejected VIP’s nominative fair use defense and First Amendment fair use defense. (Id.) In rejecting VIP’s First Amendment defense, the Court found that the Bad Spaniels Toy was not an artistic or expressive work and therefore was not entitled to protection under the First Amendment. (Id. at 9-11.) The Court then held a four-day trial on JDPI’s claims for infringement and dilution and

issued a Findings of Fact, Conclusions of Law, and Order finding that the Bad Spaniels Toy infringed JDPI's trademark and trade dress and diluted JDPI's trademark and trade dress by tarnishment under state and federal law. (Doc. 245.) The Court entered a permanent injunction prohibiting VIP from selling the Bad Spaniels Toy. (Doc. 262.)

VIP appealed. (Doc. 276.) The Ninth Circuit Court of Appeals affirmed the Court's holding regarding the validity of JDPI's trademarks and VIP's nominative fair use defense. (Doc. 287-1 at 8.) However, it reversed the Court's finding of dilution, holding that the sale of the Bad Spaniels Toy was used to convey a humorous message and that message was protected by the First Amendment. (*Id.* at 12.) Therefore, VIP is entitled to judgment in its favor on JDPI's federal and state law dilution claims. The Ninth Circuit also vacated the Court's finding of trademark infringement. (*Id.*) The Ninth Circuit found that the Bad Spaniels Toy was an expressive work; therefore, JDPI was required to establish one of the two requirements in the test set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), before the Court could consider whether Bad Spaniels infringed under the likelihood-of-confusion test set forth in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). (*Id.* at 8-12.) The Ninth Circuit remanded for the Court to consider in the first instance whether JDPI can satisfy the *Rogers* test to defeat VIP's First Amendment argument, and reapplication of the likelihood-of-confusion test if JDPI succeeds. (*Id.* at 12.)

The Court held a status conference on March 17, 2021, to discuss the path forward following remand. (Doc. 296.) Based on the discussion at the status conference, the Court ordered the parties to file separate briefs

addressing the issues remaining on remand. (Doc. 297.) VIP was directed to file the first brief, and JDPI was directed to file a response. (Id.)

VIP used its brief to move for summary judgment dismissing JDPI's claim for trademark infringement on the grounds that JDPI cannot satisfy either prong of the Rogers test.<sup>1</sup> (Doc. 300.) VIP did not follow the procedural requirements of Local Rule of Civil Procedure 56.1 in filing its motion. Most notably, it did not submit a statement of facts. JDPI filed its response, opposing summary judgment, arguing that there remain genuine issues of fact regarding application of the Rogers test, and asking the Court to set this case for a second trial. (Doc. 302.) VIP then filed a reply brief, which was not authorized by the Court's previous order. (Doc. 303.) JDPI then filed an unauthorized sur-reply, noting that VIP's reply was not authorized and asking the Court to either disregard VIP's second brief or consider JDPI's sur-reply. (Doc. 304 at 4.) In the interest of preserving judicial resources, the Court will consider all four briefs.

Having reviewed each brief, the Court finds that summary judgment should be entered in favor of VIP on JDPI's claim for trademark infringement.

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<sup>1</sup> VIP also argues that JDPI should be judicially estopped from arguing that VIP is not protected by the First Amendment under the Rogers test because JDPI argued in its previous motion for summary judgment that VIP would effectively be immune from infringement claims under the Rogers test. (Doc. 300 at 8-9 (citing Doc. 142 at 10).) “[J]udicial estoppel is an equitable doctrine invoked by a court at its discretion.” New Hampshire v. Maine, 532 U.S. 742, 750 (2001) (citation and quotation marks omitted). Because the Court reaches the same result through consideration of the merits as it would through judicial estoppel, the Court declines to consider the applicability of judicial estoppel here.

## II. LEGAL STANDARD

“A party may move for summary judgment, identifying each claim or defense – or the part of each claim or defense – on which summary judgment is sought.” Fed. R. Civ. P. 56(a). A court must grant summary judgment if the pleadings and supporting documents, viewed in the light most favorable to the nonmoving party, show “that there is no genuine dispute as to any material fact and that the movant is entitled to judgment as a matter of law.” Id.; see Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986); Jesinger v. Nev. Fed. Credit Union, 24 F.3d 1127, 1130 (9th Cir. 1994). Substantive law determines which facts are material. See Anderson v. Liberty Lobby, 477 U.S. 242, 248 (1986); see also Jesinger, 24 F.3d at 1130. “Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.” Anderson, 477 U.S. at 248. The dispute must also be genuine, that is, the evidence must be “such that a reasonable jury could return a verdict for the nonmoving party.” Id.; see Jesinger, 24 F.3d at 1130.

A principal purpose of summary judgment is “to isolate and dispose of factually unsupported claims.” Celotex, 477 U.S. at 323-24. Summary judgment is appropriate against a party who “fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” Id. at 322; see also Citadel Holding Corp. v. Roven, 26 F.3d 960, 964 (9th Cir. 1994). The moving party need not disprove matters on which the opponent has the burden of proof at trial; instead, the moving party may identify the absence of evidence in support of the opposing party’s claims. See Celotex, 477

U.S. at 317, 323-24.

### III. ANALYSIS

Generally, courts in the Ninth Circuit apply the likelihood-of-confusion test as outlined in Sleekcraft, to analyze claims of trademark infringement under the Lanham Act. Gordon v. Drape Creative, Inc., 909 F.3d 257, 264 (9th Cir. 2018) (citing Twentieth Century Fox Television v. Empire Distrib., Inc., 875 F.3d 1192, 1196 (9th Cir. 2017); Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 806-07 (9th Cir. 2003)). However, where the allegedly infringing use is part of an expressive work, courts apply the Rogers test to determine if the expressive work is protected by the First Amendment. Id. Only if the work is not protected by the First Amendment does the Court proceed to the likelihood-of-confusion test. Id. “Under the Rogers test, the trademark owner does not have an actionable Lanham Act claim unless the use of the trademark is ‘either (1) not artistically relevant to the underlying work or (2) explicitly misleads consumers as to the source or content of the work.’” Dr. Seuss Enters., L.P. v. ComicMix LLC, 983 F.3d 443, 462 (9th Cir. 2020) (quoting VIP Prods. LLC v. Jack Daniel’s Prods., Inc., 953 F.3d 1170, 1174 (9th Cir. 2020)). The defendant – here, VIP as Counter-Defendant – bears the burden of showing that the allegedly infringing use is an expressive work. Gordon, 909 F.3d at 264. Once that burden is met, the burden shifts to the plaintiff claiming trademark infringement – JDPI – to satisfy at least one of the two prongs of the Rogers test. Id.

The Ninth Circuit unequivocally held that the Bad Spaniels Toy was an expressive work and remanded to this Court for application of the Rogers test. (Doc. 287-1 at 11-12.) The Court now applies the Rogers test to

determine if JDPI can satisfy one of the two prongs. While most of the Court's legal conclusions were reversed by the Ninth Circuit, the Court's previous findings of fact made at trial and in ruling on the previous motions for summary judgment remain untouched and the Court will rely on those findings here. (See Docs. 171, 245.)

### A. Artistic Relevance

Under the Rogers test, “only the use of a trademark with *no* artistic relevance to the underlying work *whatsoever* does not merit First Amendment protection.” E.S.S. Ent. 2000, Inc. v. Rock Star Videos, Inc., 547 F.3d 1095, 1100 (9th Cir. 2008) (emphasis in original) (quotation marks omitted) (quoting Mattel, Inc. v. MCA Recs., Inc., 296 F.3d 894, 902 (9th Cir. 2002)). “[T]he level of relevance merely must be above zero.” Id. This means a scant or de minimis amount of evidence is sufficient to show relevance.

Here, the Bad Spaniels Toy imitates, yet alters, JDPI's trade dress to make a joke about a dog defecating on the carpet. The Ninth Circuit found on appeal that the Bad Spaniels Toy “communicates a ‘humorous message,’ . . . by ‘juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.’” (Doc. 287-1 at 10 (quoting Gordon, 909 F.3d at 268-69; L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 34 (1st Cir. 1987)).) JDPI's trade dress “is the punchline on which the [Bad Spaniels Toy's] humor turns.” Gordon, 909 F.3d at 269. Therefore, JDPI's trade dress is relevant, if not central, to VIP's message.

JDPI nonetheless opposes summary judgment, arguing there remain material issues of fact as to whether VIP's use of JDPI's trade dress was intended to comment

on JDPI, its business, or its whiskey, or whether “it is nothing more than a marketing ploy for a competing product.”<sup>2</sup> (Doc. 302 at 8.) JDPI asserts that the junior use of a mark must relate to and comment on the meaning associated with the senior use in order to satisfy the relevance inquiry of the Rogers test. (Id. at 13 (citing Rebelution, LLC v. Perez, 732 F. Supp. 2d 883, 888-89 (N.D. Cal. 2010); Warner Bros. Ent. v. Glob. Asylum, Inc., No. CV 12-9547 PSG (CWX), 2012 WL 6951315, at \*16 (C.D. Cal. Dec. 10, 2012)).) “Uses that ‘merely borrow another’s property to get attention’ lack artistic relevance.” (Id. (citing Warner Bros. Ent. 2012 WL 6951315, at \*16).) This, however, is not the legal standard for relevance. The Ninth Circuit has clearly held that reference to the senior user of a mark is not a prerequisite for relevance under the Rogers test. Empire Distribution,

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<sup>2</sup> JDPI does not identify any new evidence it would produce at trial that it has not already presented on the previous motions for summary judgment and at the previous trial. At the status conference following remand, counsel for JDPI did suggest that it might seek to reopen discovery for expert testimony regarding the explicitly misleading standard. (Doc. 296.) JDPI has not renewed its request for additional expert testimony in its briefing and the Court considers the request abandoned.

In its sur-reply, JDPI does argue that it is entitled to take supplemental discovery regarding VIP’s representations to the United States Patent and Trademark Office that the names of other products in its Silly Squeakers line are source identifiers for VIP’s products. (Doc. 304 at 4-5.) JDPI contends such discovery is relevant to VIP’s claim that the Bad Spaniels Toy is a commentary on “companies . . . that take their brands too seriously,” and whether VIP’s use of JDPI’s mark has any artistic relevance under Rogers. (Doc. 304 at 5.) However, the Court finds there is no need to reopen discovery for this purpose because it would not alter the outcome. As outlined below, whether VIP is commenting on other brands with the Bad Spaniels Toy has no bearing on the relevance inquiry.

875 F.3d at 1199. Therefore, VIP need not be commenting on JDPI or its business in any manner in order for the mark to be artistically relevant.

In fact, the Ninth Circuit recently held in Dr. Seuss Enterprises, L.P. v. ComicMix LLC that where a junior user modifies and plays upon a senior user's mark to communicate a message – as VIP has done here – then the artistic relevance requirement is met, even if the message is wholly unrelated to the senior user's mark. 983 F.3d at 448. In ComicMix, the Ninth Circuit was considering whether an illustrated book that copied the title, typeface, and style of illustration of Dr. Seuss's Oh, the Places You'll Go! (“Go!”) infringed the trade dress of Go!. The book was a “mash-up,” which utilized the stylistic elements of Go! to tell a story about Star Trek characters and communicate the message that “life is an adventure but it will be tough.” Id. at 448-49. In determining relevance under the Rogers test, the Ninth Circuit made no inquiry into whether the junior user was commenting on the business practices or quality of Dr. Seuss's work or whether the junior user was borrowing another's property to get attention. Id. at 462. The Court simply concluded that because the book was a mash-up of Go! and Star Trek, Dr. Seuss's trademarks in the title, the typeface, and the style of Go! were relevant to achieving the junior user's artistic expression. Id.

A parody functions just like a mash-up. It modifies and plays with the elements of an original work to express something new and different. Accordingly, ComicMix governs the outcome here. As JDPI recognizes elsewhere in its brief, VIP's imitations of JDPI's trademark and trade dress are the “centerpiece” of the Bad Spaniels Toy. (Doc. 302 at 20.) VIP is making a joke, and the joke turns on mimicking JDPI's trade dress. This is more than

adequate to satisfy the “above zero” relevance required by the Ninth Circuit’s interpretation of the Rogers test.

Thus, because the material issues of fact identified by JDPI have no bearing on the legal question before the Court, the Court concludes VIP is entitled to summary judgment as to the relevance inquiry under the Rogers test.

### **B. Explicitly Misleads**

The second Rogers prong “requires that the use be *explicitly* misleading to consumers.” Brown, 724 F.3d at 1245-46 (emphasis in original). This “is a high bar that requires the use to be an explicit indication, overt claim, or explicit misstatement about the source of the work.” ComicMix, 983 F.3d at 462 (quotations omitted) (quoting Brown, 724 F.3d at 1245). “[T]he mere use of a trademark alone cannot suffice to make such use explicitly misleading.” Rock Star Videos, 547 F.3d at 1100 (citing MCA Recs., 296 F.3d at 902). The focus of this inquiry is on the nature of the behavior of the junior user; the consumer’s perception or confusion is irrelevant. Brown, 724 F.3d at 1246. Relevant considerations in determining whether a mark is explicitly misleading are: “(1) ‘the degree to which the junior user uses the mark in the same way as the senior user’ and (2) ‘the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself.’” ComicMix, 983 F.3d at 462-63 (quoting Gordon, 909 F.3d at 270-71).

JDPI argues that the question of whether the Bad Spaniels Toy is explicitly misleading cannot be decided as a matter of law. (Doc. 302 at 17-22.) Relying heavily on the Ninth Circuit’s opinion in Gordon v. Drape Creative, Inc., JDPI contends that because JDPI also sells dog

products and JDPI's trade dress is the centerpiece of the Bad Spaniels Toy, the explicitly misleading question must be referred to the factfinder to decide on a fully developed trial record. (Id. (citing Gordon, 909 F.3d 257, throughout).

In Gordon, the plaintiff was a comedian who popularized the phrases, "Honey Badger Don't Care" and "Honey Badger Don't Give a S---" through YouTube videos featuring footage of honey badgers overlaid with the plaintiff's narration. 909 F.3d at 261. The plaintiff also registered "Honey Badger Don't Care" with the United States Patent and Trademark Office. Id. at 261-62. The plaintiff then negotiated a licensing deal for a number of honey-badger themed products, including greeting cards. Id. at 262. Following the plaintiff's popular success, the defendants developed and marketed their own line of greeting cards that featured variations of the "Honey Badger Don't Care" and "Honey Badger Don't Give a S---" taglines over images of honey badgers. Id. at 262-63. The plaintiff sued alleging trademark infringement. The Ninth Circuit found the greeting cards to be expressive works and the honey-badger trademark to be relevant to the artistic expression of the greeting cards. Id. at 268-69. However, the Ninth Circuit found that it could not conclude as a matter of law that the defendants' greeting cards were not explicitly misleading because the defendants used the mark with "minimal artistic expression of their own, and used it in the same way that [the plaintiff] was using it." Id. at 271.

There are parallels with VIP's use here. The Court previously found that JDPI had licensed its trademark and trade dress rights for use with dog products. (Doc. 245 at 21.) Thus, VIP, just as the defendants in Gordon,

uses JDPI's trade dress in the same manner as JDPI – i.e., to market dog products. Additionally, JDPI's trade dress is the centerpiece of the Bad Spaniels Toy, just as the “Honey Badger Don't Care” tagline was central to the defendants' greeting cards in Gordon. However, there is a critical difference between the greeting cards in Gordon and the Bad Spaniels Toy. The defendants in Gordon put the “Honey Badger Don't Care” tagline and its variations onto pictures of honey badgers with little to no alteration that would indicate the cards were created by anyone other than the trademark holder. Here, while VIP heavily imitated JDPI's trade dress, it also altered nearly every element with its own expressive content. As a result, the Bad Spaniels Toy is more similar to the mashup in ComicMix, than the greeting cards in Gordon.

In ComicMix, the Ninth Circuit distinguished Gordon, by stating that Gordon demonstrated the “outer limits” of Rogers, “where the defendant's expressive work consisted of the mark and not much else.” 983 F.3d at 462. The language suggests that any use of another's mark with a minimal degree of expressive content cannot be explicitly misleading under the Rogers test. The Ninth Circuit in ComicMix went on to find as a matter of law that the defendant's Dr. Seuss/Star Trek mashup was not explicitly misleading, even though it was an illustrated book like Go! and looked nearly identical to Go!, because the defendant added its own “expressive content to the work beyond the mark itself,” conspicuously listed authors other than Dr. Seuss, and included a disclaimer stating that it was not associated with or endorsed by Dr. Seuss. Id. at 463 (quoting Gordon, 909 F.3d at 270). Here, the Bad Spaniels Toy similarly alters JDPI's trade dress in a way that creates new expressive content. It also

identifies itself as a Silly Squeaker toy on the label, and it disclaims any association with Jack Daniel's. While the "Silly Squeakers" label is partially obscured and the miniscule disclaimer on the back of the label is difficult to see, the combination of these elements with the new expressive content is enough to remove the Bad Spaniels Toy from the "outer limits" of the Rogers test identified in Gordon and force the court to conclude as a matter of law that the Bad Spaniels toy is not explicitly misleading.

Because JDPI cannot carry its burden to create a material issue of fact as to either of the Rogers prongs under Ninth Circuit precedent, the Court must conclude that the Bad Spaniels Toy is entitled to First Amendment protection and JDPI's claim for trademark infringement must fail. However, it appears nearly impossible for any trademark holder to prevail under the Rogers test. Where relevance need be merely "above zero" – which is to say, relevance can be scant or de minimis – it is difficult to imagine what creative junior use would not pass the Rogers test. In fact, in the seven cases in which the Ninth Circuit has applied the Rogers test, it has never once found a mark irrelevant to a junior use. See MCA Records, 296 F.3d at 902; Walking Mountain Prods., 353 F.3d at 807; Rock Star Videos, 547 F.3d at 1100; Brown v. Elec. Arts, Inc., 724 F.3d 1235, 1243 (9th Cir. 2013); Empire Distribution, 875 F.3d at 1199; Gordon, 909 F.3d at 269; ComicMix, 983 F.3d at 462. Similarly, the "explicitly misleading" standard essentially displaces the likelihood-of-confusion test with a standard that excuses nearly any use less than slapping another's trademark on your own work and calling it your own. The likelihood-of-confusion test provided a multi-factor consideration of the effects of a junior use on a senior user's mark; the

explicitly misleading test is unconcerned with the real-world effects on a senior user's mark. Thus, while JDPI finds the depiction of a dog relishing a bowel movement on a carpet distasteful and an abuse of its mark, in the final analysis, JDPI has no means to protect the viability of its trademark. Yet, the Court is bound by Ninth Circuit precedent. For JDPI or similarly situated trademark holders to obtain a different outcome, they must seek relief before the United States Supreme Court or the United States Congress.

Accordingly, the Court will enter judgment for VIP on JDPI's trademark infringement claim.

#### IV. CONCLUSION

Based on the foregoing,

**IT IS HEREBY ORDERED** granting Plaintiff/Counter-Defendant VIP Products LLC's motion for summary judgment. (Doc. 300.)

**IT IS FURTHER ORDERED** dismissing with prejudice Defendant/Counter-Plaintiff Jack Daniel's Properties Inc.'s claim for trademark infringement.

**IT IS FURTHER ORDERED** that Plaintiff/Counter-Defendant VIP Products LLC shall file with the Court on or before October 22, 2021, a proposed final judgment, including any declaratory relief to which Plaintiff/Counter-Defendant is entitled.

Dated this 8th day of October, 2021.

/s/ Stephen M. McNamee  
Honorable Stephen M. McNamee  
Senior United States District Judge

20a

**APPENDIX E**

**JACK DANIEL'S PROPERTIES,  
INC., Petitioner,**

**v.**

**VIP Products LLC.  
No. 20-365.**

Supreme Court of the United States

January 11, 2021

Case below, 953 F.3d 1170.

Petition for writ of certiorari to the United States  
Court of Appeals for the Ninth Circuit denied.

**APPENDIX F**

**UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT**

VIP PRODUCTS LLC, an  
Arizona limited liability  
company,

Plaintiff-counter-  
defendant-Appellant,

v.

JACK DANIEL'S  
PROPERTIES, INC., a  
Delaware corporation,

Defendant-counter-  
plaintiff-Appellee.

No. 18-16012

D.C. No. 2:14-cv-  
02057-SMM  
District of Arizona,  
Phoenix

**ORDER**

Before: TASHIMA, HURWITZ, and MILLER, Circuit  
Judges.

The panel has voted to deny the petition for panel  
rehearing. Judges Hurwitz and Miller have voted to deny  
the petition for rehearing en banc, and Judge Tashima so  
recommends.

The full court has been advised of the petition for  
rehearing en banc and no judge has requested a vote on  
whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for panel rehearing and rehearing en  
banc, Dkt. 63, is **DENIED**.

**APPENDIX G**

**FOR PUBLICATION**

**UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT**

VIP PRODUCTS LLC, an  
Arizona limited liability  
company,

*Plaintiff-Counter-  
Defendant-Appellant,*

v.

JACK DANIEL'S PROPERTIES,  
INC., a Delaware corporation,  
*Defendant-Counter-  
Plaintiff-Appellee.*

No. 18-16012

D.C. No.  
2:14-cv-02057-SMM

OPINION

Appeal from the United States District Court  
for the District of Arizona  
Stephen M. McNamee, District Judge, Presiding

Argued and Submitted February 7, 2020  
Arizona State University, Phoenix

Filed March 31, 2020

Before: A. Wallace Tashima, Andrew D. Hurwitz, and  
Eric D. Miller, Circuit Judges.

Opinion by Judge Hurwitz

**SUMMARY\*****Trademark**

The panel affirmed in part, vacated in part, and reversed in part the district court's judgment after a bench trial and permanent injunction in favor of Jack Daniel's Properties, Inc., in a trademark suit brought by VIP Products, LLC, concerning VIP's "Bad Spaniels Silly Squeaker" dog toy, which resembled a bottle of Jack Daniel's Old No. 7 Black Label Tennessee Whiskey but had light-hearted, dog-related alterations.

The panel affirmed the district court's summary judgment in favor of Jack Daniel's on the issues of aesthetic functionality and distinctiveness. The panel held that the district court correctly found that Jack Daniel's trade dress and bottle design were distinctive and aesthetically nonfunctional, and thus entitled to trademark protection. Accordingly, the district court correctly rejected VIP's request for cancellation of Jack Daniel's registered trademark. The district court also correctly rejected VIP's nominative fair use defense because, although the Bad Spaniels toy resembled Jack Daniel's trade dress and bottle design, there were significant differences between them, most notably the image of a spaniel and the phrases on the Bad Spaniels label.

Vacating the district court's judgment on trademark infringement, the panel concluded that the Bad Spaniels

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\* This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

dog toy was an expressive work entitled to First Amendment protection. Accordingly, the district court erred in finding trademark infringement without first requiring Jack Daniel's to satisfy at least one of the two prongs of the *Rogers* test, which requires a plaintiff to show that the defendant's use of a mark is either (1) not artistically relevant to the underlying work or (2) explicitly misleads consumers as to the source or content of the work.

The panel reversed the district court's judgment on claims of trademark dilution by tarnishment. Although VIP used Jack Daniel's trade dress and bottle design to sell Bad Spaniels, they were also used to convey a humorous message, which was protected by the First Amendment. VIP therefore was entitled to judgment in its favor on the federal and state law dilution claims.

In summary, the panel affirmed the district court's summary judgment in favor of Jack Daniel's on the issues of aesthetic functionality and distinctiveness, affirmed the judgment as to the validity of Jack Daniel's registered mark, reversed the judgment on the issue of dilution, vacated the judgment after trial on the issue of infringement, and remanded for further proceedings. The panel also vacated the permanent injunction prohibiting VIP from manufacturing and selling the Bad Spaniels dog toy.

#### **COUNSEL**

David G. Bray (argued), David N. Ferrucci, and Holly M. Zoe, Dickinson Wright PLLC, Phoenix, Arizona, for Plaintiff-Counter-Defendant-Appellant.

D. Peter Harvey (argued), Harvey & Company, San Francisco, California; Isaac S. Crum, Rusing Lopez &

Lizardi PLLC, Tucson, Arizona; for Defendant-Counter-Plaintiff-Appellee.

### OPINION

HURWITZ, Circuit Judge:

VIP Products sells the “Bad Spaniels Silly Squeaker” dog toy, which resembles a bottle of Jack Daniel’s Old No. 7 Black Label Tennessee Whiskey, but has light-hearted, dog-related alterations. For example, the name “Jack Daniel’s” is replaced with “Bad Spaniels,” “Old No. 7” with “Old No. 2,” and alcohol content descriptions with “43% POO BY VOL.” and “100% SMELLY.” After Jack Daniel’s Properties, Inc. (“JDPI”) demanded that VIP cease selling the toy, VIP filed this action, seeking a declaration that the toy did not infringe JDPI’s trademark rights or, in the alternative, that Jack Daniel’s trade dress and bottle design were not entitled to trademark protection. JDPI counterclaimed, asserting trademark infringement and dilution. After ruling on cross-motions for summary judgment and conducting a four-day bench trial, the district court found in favor of JDPI and issued a permanent injunction enjoining VIP from manufacturing and selling the Bad Spaniels toy.

We affirm the district court’s summary judgment in favor of JDPI on the issues of aesthetic functionality and distinctiveness. However, because the Bad Spaniels dog toy is an expressive work entitled to First Amendment protection, we reverse the district court’s judgment on the dilution claim, vacate the judgment on trademark infringement, and remand for further proceedings.

**I****A. Factual Background**

VIP designs, markets, and sells “Silly Squeakers,” rubber dog toys that resemble the bottles of various well-known beverages, but with dog-related twists. One Silly Squeaker, for example, resembles a Mountain Dew bottle, but is labeled “Mountain Drool.” VIP’s purported goal in creating Silly Squeakers was to “reflect” “on the humanization of the dog in our lives,” and to comment on “corporations [that] take themselves very seriously.” Over a million Silly Squeakers were sold from 2007 to 2017.

In July of 2013, VIP introduced the Bad Spaniels squeaker toy. The toy is roughly in the shape of a Jack Daniel’s bottle and has an image of a spaniel over the words “Bad Spaniels.” The Jack Daniel’s label says, “Old No. 7 Brand Tennessee Sour Mash Whiskey;” the label on the Bad Spaniels toy instead has the phrase “the Old No. 2, on your Tennessee Carpet.” A tag affixed to the Bad Spaniels toy states that the “product is not affiliated with Jack Daniel Distillery.”

**B. Procedural History**

In 2014, JDPI “demand[ed] that VIP cease all further sales of the Bad Spaniels toy.” VIP responded by filing this action, seeking a declaration that the Bad Spaniels toy “does not infringe or dilute any claimed trademark rights” of JDPI and that Jack Daniel’s trade dress and bottle design are not entitled to trademark protection. The complaint also sought cancellation of the Patent and Trademark Office registration for Jack Daniel’s bottle design. JDPI counterclaimed, alleging state and federal claims for infringement of JDPI’s trademarks and trade

dress, *see* 15 U.S.C. §§ 1114(1), 1125(a)(1); A.R.S. §§ 44-1451, *et seq.*, and dilution by tarnishment of the trademarks and trade dress, *see* 15 U.S.C. § 1125(c); A.R.S. § 44-1448.01.

VIP moved for summary judgment, and JDPI cross-moved for partial summary judgment. The district court denied VIP's motion and granted JDPI's. The district court held that VIP was not entitled to the defenses of nominative and First Amendment fair use. The district court rejected the nominative fair use defense because VIP "did not use JDPI's identical marks or trade dress in its Bad Spaniels toy." The district court rejected JDPI's First Amendment defense because the trade dress and bottle design were used "to promote a somewhat non-expressive, commercial product."

The district court also found as a matter of law that Jack Daniel's trade dress and bottle design were distinctive, non-generic, and nonfunctional, and therefore entitled to trademark protection. This left for trial only JDPI's dilution by tarnishment claims and whether JDPI could establish the likelihood of confusion for trademark infringement. *See Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1046-47 (9th Cir. 1998) ("To state an infringement claim . . . a plaintiff must meet three basic elements: (1) distinctiveness, (2) nonfunctionality, and (3) likelihood of confusion.").

After a four-day bench trial, the district court found that JDPI had established dilution by tarnishment and infringement of JDPI's trademarks and trade dress. The court permanently enjoined VIP "from sourcing, manufacturing, advertising, promoting, displaying, shipping, importing, offering for sale, selling or distributing the Bad Spaniels dog toy."

## II

We have jurisdiction of VIP's appeal under 28 U.S.C. § 1291. We review the grant of summary judgment and the district court's conclusions of law following a bench trial de novo. *See Lenz v. Universal Music Corp.*, 815 F.3d 1145, 1150 (9th Cir. 2016); *Dolman v. Agee*, 157 F.3d 708, 711 (9th Cir. 1998). The "district court's findings of fact following a bench trial are reviewed for clear error." *Id.* at 711.

### A. Aesthetic Functionality and Distinctiveness

To obtain trademark protection, a product's trade dress or design must be nonfunctional and distinctive. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210 (2000); *Talking Rain Beverage Co., Inc. v. S. Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003). "[T]he proper inquiry is not whether individual features of a product are functional or nondistinctive but whether the whole collection of features taken together are functional or nondistinctive." *Kendall-Jackson Winery*, 150 F.3d at 1050.

The district court correctly found Jack Daniel's trade dress and bottle design are distinctive and aesthetically nonfunctional. Although whiskey companies use many of the individual elements employed by JDPI on their bottles, the Jack Daniel's trade dress "is a combination [of] bottle and label elements," including "the Jack Daniel's and Old No. 7 word marks," and the district court correctly found that these elements *taken together* are both nonfunctional and distinctive. *See Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 785 (9th Cir. 2002) (stating that "an assurance that a particular entity made, sponsored, or endorsed a product, . . . if incorporated into

the product’s design by virtue of arbitrary embellishment” is not functional (quoting *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 774 (9th Cir. 1981)).

VIP also failed to rebut the presumption of nonfunctionality and distinctiveness of the Jack Daniel’s bottle design, which is covered by Trademark Registration No. 4,106,178. See *Tie Tech*, 296 F.3d at 783 (“[T]he plaintiff in an infringement action with a registered mark is given the prima facie or presumptive advantage on the issue of validity, thus shifting the burden of production to the defendant to prove otherwise.”). None of the evidence cited by VIP demonstrates that, “taken together,” the elements of the bottle design registration—including “an embossed signature design comprised of the word ‘JACK DANIEL’”—are functional or nondistinctive. The district court therefore correctly rejected VIP’s request for cancellation of the registered mark.

### **B. Nominative Fair Use Defense**

The district court also correctly rejected VIP’s nominative fair use defense. Although the Bad Spaniels toy resembles JDPI’s trade dress and bottle design, there are significant differences between them, most notably the image of a spaniel and the phrases on the Bad Spaniels label. These differences preclude a finding of nominative fair use. See *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002); *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008) (finding nominative fair use defense did not apply where mark was “not identical to the plaintiffs’ mark”).

### **C. First Amendment Defense**

“In general, claims of trademark infringement under

the Lanham Act are governed by a likelihood-of-confusion test,” *Twentieth Century Fox Television v. Empire Distribution, Inc.*, 875 F.3d 1192, 1196 (9th Cir. 2017), which seeks to strike the appropriate balance between the First Amendment and trademark rights, *see Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018). The likelihood-of-confusion test requires that the plaintiff have “a valid, protectable trademark” and defendant’s “use of the mark is likely to cause confusion.” *S. Cal. Darts Ass’n v. Zaffina*, 762 F.3d 921, 929 (9th Cir. 2014) (quoting *Applied Info. Scis. Corp. v. eBAY, Inc.*, 511 F.3d 966, 969 (9th Cir. 2007)).

When “artistic expression is at issue,” however, the general likelihood-of-confusion test “fails to account for the full weight of the public’s interest in free expression.” *Gordon*, 909 F.3d at 264 (quoting *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 900 (9th Cir. 2002)). Accordingly, we have held that the Lanham Act only applies to expressive works if the plaintiff establishes one of the two requirements in the test set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989). *See MCA Records*, 296 F.3d at 902 (adopting *Rogers* test for use of a trademark in the title of an expressive work); *see also Gordon*, 909 F.3d at 267 (noting that after *MCA Records*, this Court “extended the *Rogers* test beyond a title”). *Rogers* requires the plaintiff to show that the defendant’s use of the mark is either (1) “not artistically relevant to the underlying work” or (2) “explicitly misleads consumers as to the source or content of the work.” *Gordon*, 909 F.3d at 265.

In determining whether a work is expressive, we analyze whether the work is “communicating ideas or expressing points of view.” *MCA Records*, 296 F.3d at 900 (quoting *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811

F.2d 26, 29 (1st Cir. 1987)). A work need not be the “expressive equal of *Anna Karenina* or *Citizen Kane*” to satisfy this requirement, *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1241 (9th Cir. 2013), and is not rendered non-expressive simply because it is sold commercially, see *MCA Records*, 296 F.3d at 906-07.

We recently had “little difficulty” concluding that greeting cards, which combined the trademarked phrases “Honey Badger Don’t Care” and “Honey Badger Don’t Give a S - - -” alongside announcements of events such as Halloween and a birthday, were “expressive works” entitled to First Amendment protection. *Gordon*, 909 F.3d at 261-63, 268. Even if the cards did not show great “creative artistry,” they were protected under the First Amendment because the cards “convey[ed] a humorous message through the juxtaposition of an event of some significance—a birthday, Halloween, an election—with the honey badger’s aggressive assertion of apathy.” *Id.* at 268-69.

Like the greeting cards in *Gordon*, the Bad Spaniels dog toy, although surely not the equivalent of the *Mona Lisa*, is an expressive work. See *Empire Distribution*, 875 F.3d at 1196 (“We decide this legal question de novo.”). The toy communicates a “humorous message,” see *Gordon*, 909 at 268-69, using word play to alter the serious phrase that appears on a Jack Daniel’s bottle—“Old No. 7 Brand”—with a silly message—“The Old No. 2.” The effect is “a simple” message conveyed by “juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.” *L.L. Bean, Inc.*, 811 F.2d at 34 (affording First Amendment protection to a message “that business and product images need not always be taken too seriously”). Unlike

the book in *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997), which made “no effort to create a transformative work with ‘new expression, meaning, or message,’” Bad Spaniels comments humorously on precisely those elements that Jack Daniels seeks to enforce here. *Id.* at 1401 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578, 580 (1994)). The fact that VIP chose to convey this humorous message through a dog toy is irrelevant. *See Hurley v. Irish-Am. Gay, Lesbian & Bisexual Grp. of Bos.*, 515 U.S. 557, 569 (1995)(“[T]he Constitution looks beyond written or spoken words as mediums of expression.”).

The Fourth Circuit’s decision in *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007), supports our conclusion. That opinion held that dog toys which “loosely resemble[d]” small Louis Vuitton handbags were “successful parodies of LVM handbags and the LVM marks and trade dress” and therefore did not infringe the LVM trademark.<sup>1</sup> *Id.* at 258, 260, 263. The Fourth Circuit reasoned that although “[t]he dog toy is shaped roughly like a handbag; its name ‘Chewy Vuiton’ sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM’s LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar,” “no one can doubt . . . that the ‘Chewy Vuiton’ dog toy is not the ‘idealized image’ of the mark created by LVM.” *Id.* at 260. No different conclusion is possible here.

Because Bad Spaniels is an expressive work, the

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<sup>1</sup> The Fourth Circuit decision was based on likelihood of confusion, not the First Amendment, *see id.* at 259-60, as it had not yet adopted the *Rogers* test, *see Radiance Found., Inc. v. NAACP*, 786 F.3d 316, 329 (4th Cir. 2015) (later applying it).

district court erred in finding trademark infringement without first requiring JDPI to satisfy at least one of the two *Rogers* prongs. *See Gordon*, 909 F.3d at 265; *see also E.S.S. Entm't 2000*, 547 F.3d at 1101 (stating that “the First Amendment defense applies equally to . . . state law claims as to [a] Lanham Act claim”). We therefore vacate the district court’s finding of infringement and remand for a determination by that court in the first instance of whether JDPI can satisfy a prong of the *Rogers* test.<sup>2</sup>

#### **D. Trademark Dilution by Tarnishment**

When the use of a mark is “noncommercial,” there can be no dilution by tarnishment. 15 U.S.C. § 1125(c)(3)(C); *see A.R.S. § 44-1448.01(C)(2)*. Speech is noncommercial “if it does more than propose a commercial transaction,” *Nissan Motor Co. v. Nissan Comput. Corp.*, 378 F.3d 1002, 1017 (9th Cir. 2004) (quoting *MCA Records*, 296 F.3d at 906), and contains some “protected expression,” *MCA Records*, 296 F.3d at 906. Thus, use of a mark may be “noncommercial” even if used to “sell” a product. *See Nissan Motor Co.*, 378 F.3d at 1017; *MCA Records*, 296 F.3d at 906.

Although VIP used JDPI’s trade dress and bottle design to sell Bad Spaniels, they were also used to convey a humorous message. That message, as set forth in Part II.C above, is protected by the First Amendment. VIP therefore was entitled to judgment in its favor on the

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<sup>2</sup> If the plaintiff satisfies one of the *Rogers* elements, “it still must prove that its trademark has been infringed by showing that the defendant’s use of the mark is likely to cause confusion.” *See Gordon*, 909 F.3d at 265; *see also Louis Vuitton Malletier*, 507 F.3d at 260 (noting that the application of likelihood-of-confusion factors “depend[s] to a great extent on whether its products and marks are successful parodies”).

federal and state law dilution claims. *See Nissan Motor Co.*, 378 F.3d at 1017; *MCA Records*, 296 F.3d at 906.

### III

We affirm the district court's summary judgment in favor of JDPI on the issues of aesthetic functionality and distinctiveness, affirm the judgment as to the validity of JDPI's registered mark, reverse the judgment on the issue of dilution, vacate the judgment after trial on the issue of infringement, and remand for further proceedings. The permanent injunction is vacated.<sup>3</sup>

**AFFIRMED IN PART, REVERSED IN PART, VACATED IN PART, AND REMANDED. Each party to bear its own costs.**

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<sup>3</sup> Because we hold that VIP was entitled to judgment in its favor on the trademark dilution claims and that the judgment in favor of VIP on the infringement claims must be vacated, we do not address VIP's alternative challenges to these claims. And, because we vacate the permanent injunction, we do not address VIP's argument that the district court erred in not limiting the scope of the permanent injunction.

APPENDIX H

IN THE UNITED STATES DISTRICT COURT FOR  
THE DISTRICT OF ARIZONA

VIP Products, LLC,	) No. CV-14-2057-PHX-
Plaintiff,	) SMM
	)
vs.	)
	) <b>PERMANENT</b>
Jack Daniel’s Properties,	) <b>INJUNCTION AND</b>
Inc.,	) <b>FINAL JUDGMENT &amp;</b>
Defendant,	) <b>ORDER</b>
	)
_____	)
	)
And Related Counterclaims.)	)
_____	)

The Court held a four-day bench trial in this matter from October 2, 2017 through October 5, 2017. Pursuant to Rule 52(a) of the Federal Rules of Civil Procedure, the Court, having heard the evidence and determined the credibility of witnesses, entered its Findings of Fact, Conclusions of Law, and Order (“Order”) on January 30, 2018. (Doc. 245.) The Court found in favor of Defendant Jack Daniel’s Properties, Inc. (“Jack Daniel’s”) and against Plaintiff VIP Products, LLC (“VIP”) on all remaining claims, namely, Jack Daniel’s claims of trademark and trade dress infringement and dilution by tarnishment. (Id.) Based on VIP’s violations, the Court further determined that Jack Daniel’s was entitled to permanent injunctive relief. (Id.) Consequently, the

Court ordered Jack Daniel's to submit a proposed permanent injunction, to which VIP responded, and Jack Daniel's replied in support. (Docs. 249, 251, 257.) Also pending before the Court is VIP's motion to stay permanent injunction pending appeal. (Doc. 252.) The briefing is complete. (Docs. 255, 256.)

### **I. Scope of Permanent Injunction**

Injunctive relief “is historically designed to deter, not punish[.]” Rondeau v. Mosinee Paper Corp., 422 U.S. 49, 62 (1975) (further citation omitted). “[A] district court should only include injunctive terms that have a common sense relationship to the needs of the specific case, and the conduct for which a defendant has been held liable.” MGM Studios, Inc. v. Grokster, Ltd., 518 F. Supp. 2d 1197, 1226 (C.D. Cal. 2007) (citing NLRB v. Express Publ'g Co., 312 U.S. 426, 435 (1941)).

The Court will enjoin VIP from engaging in acts “which are the same type and class as [the] unlawful acts which the [C]ourt has found to have been committed” by VIP. Express Publ'g, 312 U.S. at 435; see Rondeau, 422 U.S. at 62 (stating that injunctive relief was designed “to permit the court to mould each decree to the necessities of the particular case”) (further citation omitted). The permanent injunction entered against VIP is set forth in full at the end of this Order. In summary,

### **II. Stay of Injunction Pending Appeal**

Pursuant to Fed. R. Civ. P. 62(e) and Fed. R. App. P. 8(a)(C), the Court has discretion to grant a stay pending appeal of the permanent injunction. Rule 62(c) provides that “[w]hile an appeal is pending from an interlocutory order or final judgment that grants, dissolves, or denies an injunction, the court may suspend, modify, restore, or

grant an injunction on terms for bond or other terms that secure the opposing party's rights." Courts have cautioned that under these rules, a stay of a permanent injunction pending appeal is a remedy granted sparingly. See Adams v. Walter, 488 F.2d 1064, 1065 (7th Cir.1973); United States v. Texas, 523 F. Supp. 703, 729 (E.D. Tex. 1981) (stating that since such an action interrupts the ordinary process of judicial review and postpones relief for the prevailing party at trial, the stay of an equitable order is a remedy granted sparingly).

The Supreme Court has identified four factors that must be considered: "(1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies." Hilton v. Braunskill, 481 U.S. 770, 776 (1987). In its evaluation of the factors required for issuance of a stay, the Ninth Circuit requires the moving party to show "*both* a probability of success on the merits and the possibility of irreparable injury." Golden Gate Restaurant Ass'n v. City and County of San Francisco, 512 F.3d 1112, 1116 (9th Cir. 2008) (emphasis added). The Ninth Circuit further requires that the moving party demonstrate both that serious legal questions are raised and that the balance of hardships tips sharply in its favor. Id.

Regarding the probability of success on the merits and that serious legal questions are raised, the Court has judged the credibility of the witnesses at trial, found the facts, and has applied binding Ninth Circuit law to the issues of dilution by tarnishment, as well as trademark and trade dress infringement, and found against VIP. See

15 U.S.C. §§ 1114, 1125. “[T]he cry of ‘parody!’ does not magically fend off otherwise legitimate claims of trademark infringement or dilution.” Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997) (further citation omitted). On appeal, the Court recognizes that the Ninth Circuit has the authority to reconsider its position on some or all issues.

Regarding the possibility of irreparable injury, the Court finds that VIP cannot make the required showing, and thus is not entitled to a stay of the permanent injunction. Although VIP alleges that the Court’s permanent injunction will cause it irreparable injury because the Order will cause the destruction of all the Bad Spaniel’s dog toys, all computer-aided design and other electronic files, and any molds from which the Bad Spaniel’s product has been made, the Court’s permanent injunction does not so order. The permanent injunction only requires VIP to gather up and control these items, pending appeal, not destroy them.

Further, under Ninth Circuit precedent, because Jack Daniel’s established a likelihood of confusion between its trademarks/trade dress and VIP’s Bad Spaniel’s product, it is presumed that Jack Daniel’s will suffer irreparable harm if injunctive relief is not granted. See Vision Sports, Inc. v. Melville Corp., 888 F.2d 609, 612 n.3 (9th Cir. 1989). Here, the evidence at trial established that there was a strong likelihood of confusion among the consuming public. Reliable survey evidence proved that over 29% of consumers thought Jack Daniel’s made, sponsored or approved the “Bad Spaniels” dog toy.

Moreover, not only did Jack Daniel’s establish a likelihood of confusion between its trademarks/trade dress and VIP’s Bad Spaniel’s product, Jack Daniel’s also

established that VIP's Bad Spaniel's product caused dilution by tarnishment to Jack Daniel's trademarks and trade dress.

Thus, the Court finds that VIP has not established that it will suffer irreparable harm from an order enjoining VIP's sale of the "Bad Spaniels" toy, and the gather-up process that must be undertaken, pending appeal.

Similarly, VIP has not established that the balance of hardships tips sharply in its favor. In evaluating the balance of hardships the Court considers the impact the permanent injunction will have on the respective enterprises. See International Jensen, Inc. v. Metrosound U.S.A., Inc., 4 F.3d 819, 827 (9th Cir. 1993). VIP acknowledged at trial that the Bad Spaniel's dog toy was not a big seller. In contrast, as Dr. Itamar Simonson testified and this Court found, by juxtaposing dog feces and defecation against a consumable product like whiskey, the Bad Spaniel's dog toy created negative mental associations in the mind of consumers, thereby tarnishing the Jack Daniel's brand. The Court finds that the balance of hardship does not tip sharply in favor of VIP; rather, the opposite is true. Thus, VIP has not established that the Order enjoining VIP's sale of the "Bad Spaniels" toy, and the gathering-up process that must be undertaken by VIP, tips the balance of hardship sharply in its favor pending appeal.

Finally, when the Court considers the public interest, the analysis for the issuance of an injunction requires consideration whether there exists some critical public interest that would be injured by the grant of injunctive relief. See Independent Living Ctr. of S. Cal., Inc. v. Maxwell-Jolly, 572 F.3d 644, 659 (9th Cir. 2009), vacated and remanded on other grounds, Douglas v. Independent

Living Ctr. of S. Cal., Inc., 565 U.S. 606 (2012). Regarding the likely public interest consequences of the injunction, “[s]uch consequences must not be too remote, insubstantial, or speculative and must be supported by evidence.” Stormans, Inc. v. Selecky, 586 F.3d 1109, 1139 (9th Cir. 2009).

Here, the public interest served by the permanent injunction is in the nature of preventing continued consumer confusion and deception caused by the Bad Spaniel’s product.

Therefore, based on an evaluation of all the Hilton factors, VIP has failed to establish that it is entitled to a stay of the permanent injunction pending appeal. The Ninth Circuit requires the moving party to show “*both* a probability of success on the merits and the possibility of irreparable injury.” Golden Gate Restaurant, 512 F.3d at 1116. There is no possibility of irreparable injury to VIP. The Court’s permanent injunction will not destroy all the Bad Spaniel’s dog toys, or the computer-aided design and other electronic files, or the molds from which the Bad Spaniel’s product has been made; the permanent injunction enjoins the sale of the infringing/tarnishing product and only requires VIP to gather up and control the product, pending appeal, not destroy. Furthermore, VIP has failed to establish that the balance of hardship tips sharply in its favor or that the public interest favors VIP.

### **III. Injunction Bond on Appeal**

Rule 62(c) provides authority for issuance of an injunction bond pending appeal, “on terms that secure the opposing party’s rights.” Fed. R. Civ. P. 62(c). Federal case law confirms that an injunction bond requirement has

several important purposes. First, an injunction bond provides a fund for the compensation of an enjoined party who may suffer from an injunction not upheld on appeal. See National Kidney Patients Assoc. v. Sullivan, 958 F.2d 1127, 1134 (D.C. Cir. 1991). As a rule, courts presume damages against the bond if the injunction is not upheld. See Hoxworth v. Blinder, Robinson & Co., 903 F.2d 186, 210 (3rd Cir. 1990). Secondly, the bond provides the injunction holder with notice of the maximum extent of its potential liability since the amount of the bond is the limit of the damages a party can obtain for an injunction not upheld on appeal. See Continuum Co. v. Incepts, Inc., 873 F.2d 801, 803 (5th Cir.1989) (citing Buddy Systems, Inc. v. Exer-Genie, Inc., 545 F.2d 1164, 1168 (9th Cir. 1976)).

The Court's permanent injunction enjoins the sale of the infringing/tarnishing product and requires that VIP gather up all remaining Bad Spaniel's dog toys, all computer-aided design and other electronic files, and any molds from which the Bad Spaniel's product has been made. Therefore, pursuant to Rule 62(c), the Court will require that the injunction holder, Jack Daniel's, establish an injunction bond in the amount of \$50,000.

#### **IV. Conclusion**

**IT IS HEREBY ORDERED** granting Defendant Jack Daniel's Properties Inc. a Permanent Injunction and Final Judgment against Plaintiff VIP Products LLC.

Pursuant to Fed. R. Civ. P. 52(a), the Court heard the evidence, determined the credibility of witnesses, and entered its Findings of Fact, Conclusions of Law, and Order. The Court found in favor of Defendant Jack Daniel's Properties, Inc. and against Plaintiff VIP Products, LLC on all remaining claims, namely, Jack

Daniel's claims of trademark and trade dress infringement and dilution by tarnishment regarding VIP's Bad Spaniels dog toy. Pursuant to Fed. R. Civ. P. 65(d), based on VIP's violations, the Court finds that Jack Daniel's is entitled to permanent injunctive relief, as follows:

1. VIP and its agents, servants, officers, directors, owners, representatives, employees, successors, attorneys, assigns and all other persons in active concert or participation with them, or any of them, who receive actual notice of this injunction by personal service or otherwise, are hereby PERMANENTLY ENJOINED, effective as of the date of this Permanent Injunction and Final Judgment, from sourcing, manufacturing, advertising, promoting, displaying, shipping, importing, offering for sale, selling or distributing the Bad Spaniels dog toy, as depicted below:



2. By **Friday, June 22, 2018**, VIP shall remove from public viewing any and all catalogues, website pages, literature, brochures, business cards, promotional materials, advertising, T-shirts, and any other goods, products and materials depicting or bearing any other reference to VIP's Bad Spaniels product.

3. By **Friday, June 22, 2018**, VIP shall account to the Court and to Jack Daniel's as to the number of units and

the location of all remaining inventory of the Bad Spaniel's toy.

**4. By Friday, July 6, 2018**, VIP shall, pursuant to 15 U.S.C. § 1118 and A.R.S. § 44-1451(B)(5), gather up and control all of the remaining inventory of the Bad Spaniels toys, together with all labels, signs, prints, packages, wrappers, receptacles and advertisements bearing the trade dress of the Bad Spaniels toy, and all plates, molds, matrices and other means of making the same.

**5. By Friday, July 6, 2018**, VIP shall also gather up and control from its supplier of the Bad Spaniels product all computer-aided design and other electronic files and any molds from which such products are made.

**6. By Friday, July 20, 2018**, VIP shall file with the Court and serve on counsel for Jack Daniel's a report, in writing, under oath, setting forth in detail the manner and form in which it has complied with this injunction pursuant to 15 U.S.C. § 1116. Said report shall attest to the Court and to Jack Daniel's as to the details of the gathering up and control process of the products and materials ordered under paragraphs 4 and 5 hereof.

**7.** With the exception of any motion Jack Daniel's may elect to file for attorneys' fees pursuant to Section 35 of the Lanham Act, 15 U.S.C. § 1117, and to any Bill of Costs to be settled by the Clerk of Court, this Permanent Injunction and Final Judgment shall finally conclude and dispose of all claims and counterclaims in this action with prejudice, and the Clerk of Court shall terminate this case.

**8.** The Court shall retain jurisdiction over this matter to ensure that the terms and conditions of this Permanent Injunction and Final Judgment are honored and enforced.

**IT IS FURTHER ORDERED** denying VIP Products LLC's motion to stay permanent injunction pending appeal. (Doc. 252.)

**IT IS FURTHER ORDERED** setting a Fed. R. Civ. P. 62(c) Injunction Bond pending appeal in the amount of \$50,000. By **Friday, May 18, 2018**, Jack Daniel's shall post the Injunction Bond with the Clerk of Court pending disposition of VIP's proposed appeal of this matter with the Ninth Circuit Court of Appeals.

**IT IS FURTHER ORDERED** denying as moot VIP Products LLC's motion for leave to reply in support of Global Objection. (Doc. 258.)

DATED this 2nd day of May, 2018.

/s/ Stephen M. McNamee  
Honorable Stephen M. McNamee  
Senior United States District Judge

**APPENDIX I**

**IN THE UNITED STATES DISTRICT COURT FOR  
THE DISTRICT OF ARIZONA**

VIP Products, LLC,	) No. CV-14-2057-PHX-
Plaintiff,	) SMM
	)
vs.	) <b>FINDINGS OF FACT,</b>
	) <b>CONCLUSIONS OF</b>
Jack Daniel’s Properties,	) <b>LAW, AND ORDER</b>
Inc.,	)
Defendant,	)
	)
_____	)
	)
And Related Counterclaims.)	)
_____	)

In earlier proceedings, the Court resolved the parties’ cross-motions for summary judgment, denying Plaintiff’s motion for summary judgment, and granting Defendant’s motion for partial summary judgment. (Doc. 171.) The remaining claims involve trademark and trade dress dilution under federal and state law, as well as trademark and trade dress infringement under federal and state law. (Id.)

The Court held a four-day bench trial beginning on October 2, 2017. Pursuant to Rule 52(a) of the Federal Rules of Civil Procedure, having heard the evidence and determined the credibility of the witnesses, **THE COURT NOW FINDS BY A PREPONDERANCE OF THE**

**EVIDENCE THE FOLLOWING FACTS AND STATES ITS CONCLUSIONS OF LAW.**

The Court finds in favor of Defendant and against Plaintiff on all remaining claims. Consequently, the Court will grant Defendant's requests and order permanent injunctive relief.

**I. PARTIES**

1. Plaintiff VIP Products, LLC, ("VIP") designs, manufactures, markets, and sells chew toys for dogs. VIP sells various brands of dog chew toys, including the "Tuffy's" line (durable sewn/soft toys), the "Mighty" line (durable toys made of a different material than the Tuffy's line), and the "Silly Squeakers" line (durable rubber squeaky novelty toys). (Doc. 242 at 3.) VIP is an Arizona limited liability company with its principal place of business in Phoenix, Arizona. (Docs. 49 ¶ 1; 204-1, Ex. A.) President of VIP Steven Sacra and his wife are the principal owners of VIP. (Doc. 234 at 24.) Mr. Sacra is a talented entrepreneur who developed the line of VIP dog toys. (*Id.* at 30-37.) His talent and creativity often lead to "of the moment" inspiration, such as toys Mr. Sacra believes are parodies of other companies' products. (See, e.g., Doc. 237 at 102.).

2. Defendant Jack Daniel's Properties, Inc. ("Jack Daniel's") is a Delaware corporation with its principal place of business in San Rafael, California. (Docs. 1 ¶ 2, 15-1 ¶ 2.)

**II. PRE-LITIGATION FACTUAL FINDINGS**

3. Jack Daniel's owns and licenses the trademarks and trade dress used in connection with Jack Daniel's products. (Docs. 105; 204-1, Ex. A.)

4. Jack Daniel's Tennessee whiskey has been sold in the United States continuously since at least 1875, except during Prohibition. (Doc. 105; U.S. Trademark Reg. No. 42,663.)

5. Jack Daniel's Tennessee whiskey has borne the JACK DANIEL'S trademark and the OLD NO. 7 trademark since 1875. (Doc. 234 at 51-52 (discussing U.S. Trademark Reg. Nos. 42,663, 582,789, and 1,923,981).) Jack Daniel's federal registrations of its trademarks and trade dress for whiskey also includes Trademark Reg. No. 4,106,178 for the three-dimensional configuration of a square shape bottle container. (Doc. 12 at 7.) Jack Daniel's trade dress has included these trademarks for many decades. (Doc. 234 at 55-56, 68.)

6. Jack Daniel's has maintained an active brand licensing program for many years. (Docs. 105, Ex. 1; 234 at 68-69; 111-113.)

7. Jack Daniel's trademarks and trade dress have appeared on thousands of products other than whiskey, including food, apparel, and a limited number of pet products. (Doc. 230-16 thru 231-7.) Jack Daniel's offers branded dog leashes, collars, and dog houses. (Docs. 234 at 113, 230-9 thru 230-12.) Jack Daniel's has offered these dog accessories since before the events giving rise to this case. (Doc. 241 at 7.)

8. Initially launched in approximately 2007, VIP's Silly Squeakers line of dog toys includes a variety of toys in the shapes of beer, wine, soda, and liquor bottles. (Doc. 236 at 31-38.)

9. Mr. Sacra's intent behind producing the Silly Squeakers line of toys was to develop a creative parody on existing products. (*Id.* at 45-47, 56.) Mr. Sacra provided

examples of this line of toys, including “Smella R-Crotches” a parody of Stella Artois, “Heini Sniff’n” a parody of Heineken, and “Pissness” a parody of Guinness. (Doc. 237 at 96-98.) According to Mr. Sacra, these parodies are just harmless, clean fun, and are not distasteful or harmful. (Id. at 99.)

10. VIP created and marketed the “Bad Spaniels” silly squeaker dog toy. (Doc. 158.) The “Bad Spaniels” toy is in the shape of a liquor bottle and features a wide-eyed spaniel over the words “Bad Spaniels”, “the Old No. 2, on your Tennessee Carpet.” (Id.) At the bottom of the “Bad Spaniels” toy, it reads: “43% POO BY VOL.” and “100% SMELLY”. On the back of the Silly Squeakers label for the “Bad Spaniels” toy, it states: “This product is not affiliated with Jack Daniel Distillery.” (Id.)

11. VIP’s intent behind designing the “Bad Spaniels” toy was to match the bottle design for Jack Daniel’s Tennessee Sour Mash Whiskey (“Old No. 7 Brand”). (Doc. 157.) These design elements include the size and shape of the product, the use of white lettering over a black background, and font styles.

12. Mr. Sacra originally coined the name “Bad Spaniels”, and then requested Designer Elle Phillips to work on the proposed design. (Doc. 236 at 55-56.) Ms. Phillips understood that “Bad Spaniels” was a reference to “Jack Daniel’s.” (Doc. 233-1 at 47, 49-50.) Ms. Phillips was familiar with that brand and had consumed Jack Daniel’s Tennessee whiskey in bars and in her home. (Id. at 52-53.)

13. Prior to starting the design for “Bad Spaniels,” Ms. Phillips recalled various Jack Daniel’s packaging features from memory, including “[t]he black and white

label, sort of a cursive font for Tennessee, simple type,” and the square shape of the bottle, as well as the use of a number on the neck label. (Id. at 53-54.)

14. Ms. Phillips then retrieved a bottle from her liquor cabinet, examined it, and placed it on her desk while she developed a sketch. (Id. at 54-55, Docs. 104-1 at 101-02, 225-17.) She referenced the Jack Daniel’s bottle “every now and then throughout the process.” (Doc. 233-1 at 66-67.) Ms. Phillips wanted her sketch to be close to the same as the Jack Daniel’s bottle. (Id. at 67.)

15. When finished, the “Bad Spaniels” product featured all the elements of the Jack Daniel’s Trade Dress, including the bottle shape, color scheme, and trademark stylization, as well as the word “Tennessee,” and the font and other graphic elements. (Doc. 158.)

16. “Bad Spaniels” was introduced in 2014 and in the VIP catalogs, the “Bad Spaniels” product appears in a bar setting alongside various hanging bottles, one of which can be recognized as a Jack Daniel’s bottle. (Docs. 227-7 and 227-8.)

### **III. LITIGATION HISTORY**

17. After VIP introduced “Bad Spaniels,” Jack Daniel’s promptly demanded that it stop selling the new toy. (Doc. 47.) VIP responded by filing a complaint seeking a declaratory judgment that “Bad Spaniels” did not infringe or dilute any trademark or trade dress rights owned by Jack Daniel’s. (Doc. 49 at 9-11.)

18. Subsequently, the parties filed dispositive motions. (Docs. 101, 110.)

19. In ruling on the motions, the Court ruled in favor of Jack Daniel’s and against VIP, rejecting VIP’s defenses

of nominative and First Amendment fair use, and that VIP failed to rebut the validity of the Jack Daniel's bottle design registration. (Doc. 171.) In addition, the Court found as a matter of law that Jack Daniel's trade dress and bottle design are distinctive, not generic, and that they are nonfunctional. (*Id.*); see Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1047 (9th Cir. 1998) (stating that whether it be a trademark or a trade dress claim, a plaintiff must meet three basic elements: (1) distinctiveness, (2) nonfunctionality, and (3) likelihood of confusion).

20. The Court left for trial the remaining issues of Jack Daniel's claim for dilution by tarnishment and Jack Daniel's claim for infringement—the remaining issue of likelihood of confusion. (Doc. 171.)

21. At this point in the litigation, VIP does not contest the validity of Jack Daniel's prior trademarks and trade dress registrations. (Doc. 242 at 33.)

#### **IV. DILUTION BY TARNISHMENT**

22. On October 6, 2006, the Trademark Dilution Revision Act of 2006 (the "TDRA"), was signed into law. See Pub. L. 109-312, 120 Stat. 1730 (Oct. 6, 2006). The TDRA defines dilution as follows:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by

tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C. § 1125(c)(1) (establishing a likelihood of dilution standard).

23. The phrase “likely to cause dilution” used in the TDRA significantly changes the meaning of the law from “causes actual harm” under the preexisting law to “likely” or “likelihood” which means probably. See V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382, 388 (6th Cir. 2010).

24. The TDRA further defines dilution by tarnishment, as follows: “For purposes of [15 U.S.C. § 1125(c)(1)], ‘dilution by tarnishment’ is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” 15 U.S.C. § 1125(c)(2)(C); Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002) (stating that generally dilution “refers to the whittling away of the value of a trademark when the mark is used to identify different products.”) (further quotation and citation omitted).

25. To prove dilution by tarnishment under the TDRA, Jack Daniel’s must prove that at least one of its asserted trademark and trade dress rights was not only valid but also famous before the accused use began, and that the accused use is likely to cause negative associations that harms the reputation of the famous mark. See 15 U.S.C. § 1125(c); A.R.S. § 44-1448.01; Jada Toys, Inc. v. Mattel, Inc., 518 F.3d 628, 634 (9th Cir. 2008); Moab Industries, LLC v. FCA US, LLC, No. CV 12-8247,

2016 WL 5859700, \*8 (D. Ariz. 2016) (stating that the “elements necessary to prove [an Arizona] state law trademark dilution counterclaim are basically identical” to federal trademark dilution claims).

**(A) *Fame***

26. A trademark or trade dress is famous if “it is widely recognized by the general consuming public of the United States as a designation of source.” 15 U.S.C. § 1125(c)(2)(A). All relevant factors may be considered, including: “the duration, extent, and geographic reach of advertising and publicity of the mark”; “the amount, volume, and geographic extent of sales of goods or services offered under the mark”; “the extent of actual recognition of the mark”; “and whether the mark [has been] registered . . . on the principal register.” 15 U.S.C. § 1125(c)(2)(A)(i)-(iv); accord A.R.S. § 44-1448.01(A)(1-8).

27. Based on the relevant fame factors, 15 U.S.C. § 1125(c)(2)(A)(i)-(iv), advertising, sales, actual recognition, and prior registration, the Court finds that Jack Daniel’s trademarks and trade dress are famous and were famous before VIP introduced “Bad Spaniels” in July 2014.

28. Regarding advertising, Jack Daniel’s spent hundreds of millions of dollars to promote Jack Daniel’s whiskey. (Docs. 234 at 55-56, 59-69, 80; see also Docs. 220, Exs. 105-24; Doc. 229-5 thru 229-9, 229-13, and 229-16.)

29. Regarding sales, Jack Daniel’s is the best-selling whiskey in the United States since 1997, exceeding 75 million cases and 10 billion dollars in sales. (Doc. 234 at 48-50.)

30. Regarding actual recognition, Jack Daniel’s

trademarks have been used continuously for over a century, except during Prohibition. (Doc. 234 at 49-52.) Jack Daniel's trademarks and trade dress have been seen by millions of Americans in movies, and television programs. (Doc. 234 at 62-66, 68; Doc. 220, Exs. 107, 109-11, and 146.) Jack Daniel's is prominently featured at jackdaniels.com, which was visited more than four million (4,000,000) times during 2014. (Docs. 234 at 66; Docs. 220, Ex. 112, and 229-8.) Jack Daniel's trade dress is prominently featured on social media pages for the brand. (Doc. 234 at 66, Doc. 229-9.) Based on Jack Daniel's internal records, aided consumer awareness of the Jack Daniel's brand is consistently around 98%.<sup>1</sup> (Doc. 234 at 50.)

31. Based on the foregoing, the Court finds that Jack Daniel's carried its burden of demonstrating that its trademarks and trade dress were famous before VIP's "Bad Spaniels" use began in July 2014. Jack Daniel's trademark and trade dress were widely recognized by the general consuming public of the United States in July 2014. Thus, Jack Daniel's established its fame under both the federal TDRA and Arizona state law, A.R.S. § 44-1448.01(A)(1-8).

***(B) Similarity***

32. Under the TDRA's likelihood of dilution standard, in order to establish similarity in a dilution by tarnishment case, a party must show only "similarity," not substantial similarity or nearly identical, between the famous mark and the accused mark. See Levi Strauss &

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<sup>1</sup> Aided brand awareness measures the number of people who express knowledge of a brand or product when prompted (brand recognition).

Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158, 1159 (9th Cir. 2011) (stating that “the ‘identical or nearly identical’ standard did not survive Congress’s enactment of the TDRA.”) Now a party only must show “similarity” between the famous mark and the accused mark. Id. at 1171.

33. The factors under consideration for determining similarity in a dilution by tarnishment case have not been clearly defined. See Nordstrom, Inc. v. NoMoreRack Retail Grp., Inc., No. CV 12-1853, 2013 WL 1196948, at \*11 (W.D. Wash. Mar. 25, 2013). To resolve the question of similarity, the Court considers “the factors of appearance, sound and meaning,” factors that are also relevant in evaluating infringement. See Nordstrom, 2013 WL 1196948, at \*11.

34. Here, VIP intended and produced a dog toy that included and was similar to Jack Daniel’s trademarks and trade dress. (Doc. 241 at 13-15.) VIP appropriated the Jack Daniel’s trade dress in every aspect: “Jack Daniel’s” became “Bad Spaniels,” “Old No. 7” became “Old No. 2,” and “Tennessee whiskey” became “Tennessee carpet.” Meanwhile, the square bottle shape, the nearly identical size of the two products, the ribbed neck, arched lettering, filigreed border, black-and-white color scheme, fonts, shapes, and styles remain virtually unchanged. “With a single glance . . . one is immediately struck by their similarity.” GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1206 (9th Cir. 2000).

35. VIP does not contest similarity; rather, despite some minor artistic variations, VIP concedes that it used Jack Daniel’s trademarks and trade dress as a model for its “Bad Spaniels” dog toy. (Doc. 242 at 31.)

36. Based on the foregoing, the Court finds that Jack Daniel's established the requisite similarity between VIP's "Bad Spaniels" and Jack Daniel's trademark and trade dress. Thus, the Court finds similarity between the two products under both the federal TDRA and Arizona state law, A.R.S. § 44-1448.01(A)(1-8).

***(C) Reputational Harm***

37. Finally, under the TDRA, the last factor focuses on reputational harm, that is, whether associations from VIP's "Bad Spaniels" product "harms the reputation of the famous mark," Jack Daniel's trademarks and trade dress. See 15 U.S.C. § 1125(c)(2)(C).

38. Reputational harm "generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product." Tiffany (NJ) Inc. v. eBay, Inc., 600 F.3d 93, 111 (2d Cir. 2010) (quoting Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994)). For example, there is a strong consensus among courts across jurisdictions that a famous mark is tarnished when it is semantically associated with a new mark that it is using to sell sex-related products. See V Secret, 605 F.3d at 388 (citing cases in support).

39. A trademark may also be tarnished if the mark loses its ability to serve as a "wholesome identifier" of the plaintiff's product. Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 110 (2d Cir. 2009) (citing Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 507 (2d Cir. 1996)). The Second Circuit found that the relevant inquiry is how the junior mark's product affects the positive impressions about the famous mark's

product, and not whether a consumer simply associates a negative sounding junior mark with the famous mark. Starbucks, 588 F.3d at 110.

40. Regarding reputational harm, both parties engaged experts. The determination of an expert's credibility and the weight to be given expert testimony and evidence is a matter within the discretion of the trier of fact, which in a bench trial like the instant case, is a matter for the Court. See Fox v. Dannenberg, 906 F.2d 1253, 1256 (8th Cir. 1990). This Court decides how much weight to give the evidence and the testimony presented. Id.

41. Jack Daniel's engaged Dr. Itamar Simonson, a Professor of Marketing at Stanford University. (Doc. 234 at 154-62.) Dr. Simonson, relying on consumer psychology research, concluded that VIP's introduction of "Bad Spaniels" into the marketplace resulted in Jack Daniel's trademarks and trade dress being diluted by tarnishment. (Id. at 162-74.)

42. VIP engaged Mr. Bruce Silverman, an advertising, marketing, and branding consultant for the past 40-50 years, to rebut the opinion of Dr. Simonson and his findings. (Doc. 238 at 9-31.)

*Dr. Itamar Simonson, Credentials and Findings*

43. Dr. Simonson has served as an expert witness on numerous occasions, providing testimony on issues related to marketing, consumer behavior, trademark-related matters, false advertising, and branding. (Doc. 234 at 161.)

44. Dr. Simonson has conducted, supervised, or evaluated over one thousand marketing research studies.

(Id. at 155-59, 61-62.) Such studies related to consumer behavior, consumer information processing, brand equity, trademarks, branding, marketing strategies, and advertising. (Id.)

45. Dr. Simonson's opinions here are supported by empirical studies in which there are two stages to establish a likelihood of dilution by tarnishment. (Id. at 162-63.) One, whether the allegedly diluting product will bring to mind or call to mind the allegedly diluted mark, and two, assuming that the allegedly diluting product does call to mind the allegedly diluted mark, has it affected the brand equity and brand association of the allegedly diluted mark. (Id.)

46. The first stage was satisfied because the whole point of VIP's product was to bring "Jack Daniel's Old No. 7 to mind." (Id. at 163.)

47. Consumer psychology research utilized to evaluate the second stage was based on numerous empirical studies: The Court credits that the studies relied upon by Dr. Simonson support certain conclusions that apply to all products and services regarding the impact of adding a negative association onto the association of the existing brand. (Id.)

48. The Associative Network Model has been empirically tested and verified numerous times since the 1970's. (Id. at 164-66.) Regarding application of the Associative Network Model, the Court credits Dr. Simonson that when consumers are evaluating brands certain mental associations come to mind. (Id. at 164.)

49. In accordance with the Associative Network Model and based upon Dr. Simonson's review of Jack Daniel's commercials and advertisements, his

understanding about the Jack Daniel's brand, and the key messages Jack Daniel's communicates regarding its brand values (namely authenticity, integrity, independence, loyalty), the Court credits Dr. Simonson's testimony of documented positive mental associations that come to mind when evaluating Jack Daniel's before VIP introduced the "Bad Spaniels" dog toy. (Doc. 234 at 169-70.)

50. Based upon the Associative Network Model, the Court credits Dr. Simonson's conclusion regarding the effects of "Bad Spaniels" and the negative mental associations that come to mind when you include defecation, feces, and poo upon consumers who are evaluating Jack Daniel's whiskey. (Id. at 170-72.)

51. Dr. Simonson relied on consumer psychology research to establish that when you associate any food or beverage with defecation, you are creating disgust in the mind of the consumer with respect to that food or beverage associated with defecation. (Id. at 172-74, 180.) Well documented empirical research supports that the negative associations of "Old No. 2" defecation and "poo by weight" creates disgust in the mind of the consumer when the consumer is evaluating Jack Daniel's whiskey. (Id. at 171-72.)

52. Dr. Simonson relied on consumer psychology research in his evaluation of the second phase regarding likelihood of dilution by tarnishment. (Id.)

53. Based on the Associative Network Model, the Court credits Dr. Simonson that the "Bad Spaniels" product is likely to tarnish the Jack Daniel's trademarks and trade dress by creating negative associations, either consciously or unconsciously, and undermining the pre-

existing positive associations with its whiskey (“Old No. 2 on your Tennessee carpet”). (Doc. 234 at 172-74, 220.)

54. The Court credits Dr. Simonson’s conclusion that such negative associations are particularly harmful for a company such as Jack Daniel’s because the goods it offers for sale involves human consumption and human consumption and canine excrement do not mix. (*Id.* at 172-74.) Further, because Jack Daniel’s brand name along with its equity is a very important asset. (*Id.* at 160.)

*Mr. Bruce Silverman, Credentials and Findings*

55. VIP engaged its own expert, Bruce Silverman, to rebut the opinion of Dr. Simonson and his findings. (Doc. 238 at 31.) Mr. Bruce Silverman has been an advertising, marketing, and branding consultant for the past 40-50 years. (*Id.* at 9-31.) He has worked with companies that manufacture or produce goods and services, as well as his main work with advertising and public relations agencies. (*Id.*)

56. In West Los Angeles, Mr. Silverman arranged four focus groups<sup>2</sup> to test consumer reactions to “Bad Spaniels” which according to Mr. Silverman had an overall favorable impression of Jack Daniel’s upon discussing the “Bad Spaniels” dog toy. (*Id.* at 44-50.)

57. Mr. Silverman’s reliance on the West Los Angeles focus groups is flawed because the groups were initially directed by the moderator that the product under

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<sup>2</sup> Focus groups are a research method whereby consumers from a target market are led through a discussion regarding a particular topic and give insight as to why and how consumers use a product or service, what is important to them in choosing a particular brand, what they like and don’t like about various products or services, and any special needs they might have that aren’t being satisfied.

evaluation, “Bad Spaniels”, was a joke, a spoof product, and as a result the focus groups produced predetermined results. (Doc. 234 at 181, 183.) This tainted the group’s conclusions. Moreover, Mr. Silverman did not have expertise or specialized knowledge in trademark dilution matters; rather, his experience was in advertising. (*Id.* at 208.)

58. Finally, Jack Daniel’s trademarks and trade dress are tarnished by associating them with toys, particularly the kind of toys that might appeal to children. (Doc. 238 at 96-97, 110-11.) The Court finds that while an association with toys may not ordinarily cause reputational harm, Jack Daniel’s is in the whiskey business, and does not market to children, does not license goods for children, and does not license goods that might appeal to children. (*Id.*)

59. Here, the Court credits and gives prevailing weight to Dr. Simonson’s specialized knowledge and specific expertise in consumer psychology to evaluate and conclude a likelihood of dilution by tarnishment regarding the effect of the “Bad Spaniels” dog toy upon the Jack Daniel’s trademarks and trade dress. (Doc. 234 at 172-74, 184-87; see Eastman Kodak Co. v. Rakow, 739 F. Supp. 116, 118 (W.D.N.Y. 1989) (stating that it does not matter whether this association is humorous or intended as such and enjoining use of the stage name KODAK by a stand-up comedian); Grey v. Campbell Soup Co., 650 F. Supp. 1166, 1175 (C.D. Cal. 1986) (enjoining use of DOGIVA and CATIVA as harmful to Campbell’s GODIVA business reputation because of the negative association the public makes between Godiva’s premium quality food products and animal treats); Steinway & Sons v. Robert Demars & Friends et al., 210 U.S.P.Q. 954 (C.D. Cal. 1981) (enjoining

sale of clip-on beverage can handles under the name STEIN-WAY, finding that such association will inevitably tarnish Steinway's reputation and image with the public as sponsoring only products of taste, quality and distinction); see generally Chemical Corp. of Am. v. Anheuser-Busch, Inc., 306 F.2d 433, 436-38 (5th Cir. 1962) (enjoining use of "Where there's life ... there's bugs!" slogan); Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031, 1039 (N.D. Ga. 1986) (tarnishment "occurs when a defendant uses the same or similar marks in a way that creates an undesirable, unwholesome, or unsavory mental association with the plaintiff's mark").

60. Accordingly, Dr. Simonson established that, the "Bad Spaniels" product is likely to tarnish the Jack Daniel's trademarks and trade dress by creating negative associations, either consciously or unconsciously, and undermining the pre-existing positive associations with its whiskey ("Old No. 2 on your Tennessee carpet"). (Doc. 234 at 172-74, 220.) This negative association is particularly harmful for a company such as Jack Daniel's because the goods it offers for sale involves human consumption and human consumption and canine excrement do not mix. (Id. at 172-74.)

61. The Court further finds that dilution by tarnishment will occur due to Jack Daniel's trademarks and trade dress being associated with toys, particularly the kind of toys that might appeal to children; Jack Daniel's is in the whiskey business and its reputation will be harmed due to the negative mental association of evoking whiskey with children, something Jack Daniel's has never done. (Id. at 96-97, 110-11.)

62. Thus, under the federal TDRA and Arizona state

law, A.R.S. § 44-1448.01(A)(1-8), Jack Daniel's has established the requisite reputational harm to its trademarks and trade dress as a result of VIP's creation and introduction of "Bad Spaniels" into the pet toy market.

***(D) Conclusion–Dilution by Tarnishment***

63. The Court finds that Jack Daniel's established by a preponderance of the evidence all the requisite elements for dilution by tarnishment: fame, similarity, and reputational harm, caused by VIP's "Bad Spaniels" against Jack Daniel's trademark and trade dress under both the federal TDRA and Arizona state law, A.R.S. § 44-1448.01(A)(1-8).

**V. TRADEMARK/TRADE DRESS  
INFRINGEMENT**

64. Whether a trademark or trade dress claim, Jack Daniel's must meet three elements in order to establish infringement: (1) distinctiveness; (2) nonfunctionality, and (3) the likeliness of confusion. See Kendall-Jackson, 150 F.3d at 1047.

65. This Court previously ruled as a matter of law that Jack Daniel's trademarks and trade dress are distinctive and nonfunctional. The issue remaining at trial is likelihood of consumer confusion. (Doc. 171.)

66. To prevail on its trademark and trade dress infringement claims under federal and state law, Jack Daniel's must show ownership, meaning that at least one of its asserted rights was valid before VIP's alleged infringing use began, and VIP's use caused a "likelihood of confusion." See 15 U.S.C. §§ 1114, 1125(a); Brookfield Commc'ns v. West Coast Entm't Corp., 174 F.3d 1036,

1046 n.8 (9th Cir. 1999); Kendall-Jackson, 150 F.3d at 1047; Angel's Gate Inc. v. All-Star Grand Canyon Tours Inc., No. CV 12-8181, 2013 WL 12114580, \*2 (D. Ariz. 2013) (“Because Arizona’s trademark infringement statute mirrors the Lanham Act, 15 U.S.C. § 1125(a), cases interpreting the Lanham Act guide the interpretation of A.R.S. § 44-1451.”)

67. Here, the Court found that Jack Daniel’s asserted rights are senior and valid because they have appeared on the Principal Register of the United States Patent and Trademark Office since before VIP’s use began. (See Docs. 224-25); 15 U.S.C. §§ 1057(b), 1115(a); see Brookfield, 174 F.3d at 1047. Furthermore, all the asserted rights are conclusively senior and valid pursuant to the provisions of 15 U.S.C. § 1065.

68. At issue is whether VIP’s “Bad Spaniels” product caused a “likelihood of confusion” about the source of the product. Pursuant to AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979), in the Ninth Circuit “likelihood of confusion” is assessed by weighing the following eight non-exclusive factors, often referred to as the Sleekcraft factors: the strength of the plaintiff’s mark; the proximity or relatedness of the goods; the similarity of the parties’ marks; evidence of actual confusion; marketing channels used; the type of goods and degree of care likely to be exercised by the buyer; the defendant’s intent in adopting the junior mark; and likelihood of expansion of the parties’ product lines. Id.

69. “The Sleekcraft factors are intended as an adaptable proxy for consumer confusion, not a rote checklist.” Network Automation, Inc. v. Advanced Sys. Concepts, 638 F.3d 1137, 1145 (9th Cir. 2011). “Some factors are much more important than others, and the

relative importance of each individual factor will be case-specific.” Brookfield, 174 F.3d at 1054.

70. In some cases, a small number of the factors carry great weight in assessing the likelihood of confusion. See Dreamwerks Prod. Group, Inc. v. SKG Studio, 142 F.3d 1127, 1129 (9th Cir. 1998) (stating that “[t]he [Sleekcraft] factors should not be rigidly weighed; we do not count beans.”). “Rather, the factors are intended to guide the court in assessing the basic question of likelihood of confusion.” Id. (internal citation omitted).

71. Utilizing the Sleekcraft factors, likelihood of consumer confusion may be established by (1) forward confusion or (2) reverse confusion. See JL Beverage Co., LLC v. Jim Beam Brands Co., 828 F.3d 1098, 1106 (9th Cir. 2016). “Forward confusion occurs when consumers believe that goods bearing the junior mark came from, or were sponsored by, the senior mark holder.” Id. (further citation omitted). Reverse confusion, on the other hand, “occurs when consumers dealing with the senior mark holder believe that they are doing business with the junior one.” Id.

**(A) Actual Confusion**

72. Regarding proof of actual confusion, in the Ninth Circuit, proof of “actual confusion is not necessary to a finding of likelihood of confusion.” Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc., 944 F.2d 1446, 1456 (9th Cir. 1991); accord, Sleekcraft, 599 F.2d at 353.

73. Instances of actual confusion in the marketplace are often difficult to find, particularly where, as here, the sales volume of the accused product is small and the marketing is thin. “[D]ifficulties in gathering [such]

evidence of actual confusion makes its absence generally unnoteworthy.” Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc., 457 F.3d 1062, 1077 (9th Cir. 2006) (“In this case, which involves a national market and a low degree of consumer care, nothing suggests that the lack of evidence of confusion should be particularly noteworthy.”).

74. “[T]he cry of ‘parody!’ does not magically fend off otherwise legitimate claims of trademark infringement or dilution.” Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir. 1997) (further citation omitted).

75. In lieu of marketplace evidence of actual confusion, courts regularly accept the results of properly-designed consumer surveys as surrogate evidence of actual confusion. See Playboy Enter., Inc. v. Netscape Comm’n Corp., 354 F.3d 1020, 1026 n.28 (9th Cir. 2004) (stating that “[s]urveys are commonly introduced as probative evidence of actual confusion.”)

76. Both parties engaged experts on the issue of likelihood of confusion and both experts testified via deposition. (Docs. 233-2 (Ford) and 233-3 (Nowlis).)

77. Jack Daniel’s engaged the late Dr. Gerald Ford to conduct a likelihood of confusion survey regarding the two products, the Jack Daniel’s Tennessee whiskey bottle, with its trademarks and trade dress, and VIP’s “Bad Spaniels” product. (Doc. 233-2 at 18-19.)

78. VIP engaged Dr. Stephen Nowlis to rebut the likelihood of confusion survey conducted by Dr. Ford. (Doc. 233-3.)

*Dr. Gerald Ford, Credentials and Findings*

79. Until his death in 2015, Dr. Ford was engaged in

commercial marketing research and consulting for 40 years. (Doc. 230-3 at 2.) Over the past 40 years, Dr. Ford has been qualified and accepted as an expert in marketing and marketing research in more than 60 trials before federal and state courts and administrative government agencies, including the Trademark Trial and Appeal Board. (Id. at 33-35.)

80. Dr. Ford was retained by a variety of firms. (Id.) Approximately one-half of his engagements involved the design and execution of marketing research surveys. (Id.) Dr. Ford designed and executed surveys relating to intellectual property matters, including trademark, false advertising, patent, and other related matters. (Id.) Dr. Ford was familiar with accepted principles of survey research, as well as the tests for trustworthiness of properly conducted surveys or polls. (Id.)

81. In this matter, Dr. Ford designed an internet survey to measure whether the “Bad Spaniels” product is likely to confuse consumers. (Id. at 3.) Dr. Ford’s internet survey utilized the Ever-Ready<sup>3</sup> survey format, described as the prevailing standard when conducting a likelihood of confusion survey. (Doc. 235 at 7-8.)

82. Dr. Ford conducted a double-blind survey, meaning that not only is the interviewer unaware of the purpose of the survey, the interviewing firm is also unaware, and also the supervisor who instructs the interviewers is unaware of the purpose or the sponsor of the survey. (Id. at 8, Doc. 230-3 at 6.) In addition, the

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<sup>3</sup> See Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 382 (7th Cir. 1976); J. McCarthy, McCarthy on Trademarks and Unfair Competition, § 32:174 (4th ed. 2017) (“McCarthy”) (stating that the Ever-Ready survey format has become a widely accepted format for likelihood of confusion surveys).

responding consumers were not informed that this was being done for this or that company. (Doc. 230-3 at 6.) Dr. Ford’s designed internet survey was a neutral survey. (Id.)

83. The stimuli Dr. Ford utilized in his survey’s test cell were photographs of VIP’s “Bad Spaniels” dog toy. (Doc. 230-3 at 4.) The stimuli Dr. Ford utilized in his survey’s control cell were photographs of a fictitious dog toy bearing the “Bad Spaniels” name, with none of the claimed Jack Daniel’s indicia or trade dress. (Id.)

84. After viewing these photographs, all responding consumers were asked a series of open-ended and non-leading questions about who had made, sponsored, or approved the product pictured. (Id. at 13-18.)

85. In the results of Dr. Ford’s survey, over 29% of those in the test cell—who had been shown the “Bad Spaniels” product—identified Jack Daniel’s in response as to who had made, sponsored, or approved the product pictured. (Id. at 19-30.) By contrast, almost none of those in the control cell—who had been shown the fictitious dog toy—identified Jack Daniel’s in response to these questions. (Id. at 31.)

86. The Court credits and gives prevailing weight to Dr. Ford’s conclusion that “approximately twenty-nine percent . . . of potential purchasers . . . are likely to be confused or deceived by the belief that Plaintiff’s Bad Spaniels dog toy is made or put out by Jack Daniel’s, or made or put out with the authorization or approval of Jack Daniel’s, or that whoever makes or puts out Plaintiff’s dog toy has a business affiliation or business connection with Jack Daniel’s, and that such confusion is due in particular to Plaintiff’s use of Jack Daniel’s indicia or trade dress on

the Bad Spaniels dog toy.” (Id. at 4, 33.)

87. The Court credits that Dr. Ford’s survey establishes likelihood of confusion in this case. The survey followed the Ever-Ready format, considered the prevailing standard for trademark survey research in cases involving strong marks. See E&J Gallo v. Proximo Spirits, Inc., No. CV 10-411, 2012 WL 273076, at \*5 (E.D. Cal. Jan. 30, 2012); accord McCarthy, § 32:174 (stating that the Ever-Ready survey format has become a standard and widely-accepted format).

88. Dr. Ford’s survey results that 29% of potential purchasers were likely confused is nearly double the threshold to show infringement. (Doc. 230-3 at 19-30); see McCarthy, § 32:188 n.4 (collecting cases); Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharmaceuticals Co., 290 F.3d 578, 594 (3d Cir. 2002) (“15% confusion is sufficient to demonstrate actual confusion”); James Burroughs Ltd. v. Sign of the Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976) (15% confusion “evidences a likelihood of confusion.”).

*Dr. Stephen Nowlis, Credentials and Findings*

89. VIP hired Dr. Stephen Nowlis to prepare an expert rebuttal report regarding the likelihood of confusion survey conducted by Dr. Ford. (Doc. 128, and admitted at trial as Ex. 256, Doc. 221 at 5.) Dr. Nowlis holds a Ph.D. in Marketing and a Master’s degree in Business Administration (MBA) from the University of California at Berkeley. (Doc. 128.)

90. Although Dr. Nowlis objected to Dr. Ford’s control stimulus, Dr. Nowlis did not support this view by conducting a survey or by conducting independent research; he simply couched his opinion regarding lack of

confusion through generalized objections to Dr. Ford's report.

91. Therefore, the Court does not credit Dr. Nowlis's generalized objections. Moreover, the Court finds that Dr. Nowlis has never written any articles on trademark surveys, or trademark survey design, or on the issue of likelihood of confusion in trademark law which undercuts his opinions. (Doc. 233-3 at 14.)

92. The Court rejects VIP's assertion that Jack Daniel's was somehow obligated to establish actual confusion which Sleekcraft does not require. (Doc. 242 at 26.)

93. VIP did not commission or disclose a survey of its own.

94. Based on the foregoing, the actual confusion factor strongly favors Jack Daniel's.

***(B) VIP's Intent***

95. It is undisputed that in designing and marketing "Bad Spaniels," VIP's intent was to copy the Jack Daniel's trademarks and trade dress for the purpose of parody. (Doc. 233-1 at 56-57, 62, 66-67; Doc. 242 at 29.)

96. VIP's intent was to capitalize on Jack Daniel's goodwill.

97. Dr. Ford's survey establishes a very high rate of consumer confusion regarding the source of the products.

98. Thus, the intent factor favors Jack Daniel's.

***(C) Parody***

99. A defendant's claim of parody will be disregarded where the purpose of the similarity is to capitalize on a

famous mark's popularity for the defendant's own commercial use. See Grey, 650 F. Supp. at 1175.

100. Here, VIP's intent was clear that it sought to capitalize on Jack Daniel's popularity and good will for its own gain, and therefore its claim of parody is disregarded.

***(D) Similarity***

101. Regarding the factor of similarity between the two marks, "[t]he greater the similarity between the two marks . . . the greater the likelihood of confusion." GoTo.com, 202 F.3d at 1206. For a similarity evaluation, the marks must be considered in their entirety and as they appear in the marketplace; second, similarity is analyzed in terms of appearance, sound, and meaning; and third, the similarities between the products are weighed more heavily than differences. Id. (citation and quotation omitted).

102. Considering a mark in its entirety and how it appears in the marketplace requires consideration of the mark as a parody product. A junior mark must "conjure up the original . . . for there to be a parody at all." Tommy Hilfiger Licensing v. Nature Labs, 221 F. Supp. 2d 410, 417 (S.D.N.Y. 2002).

103. Here, VIP intended to produce a dog toy that included and was similar to Jack Daniel's trademarks and trade dress so that its "Bad Spaniels" dog toy would call to mind Jack Daniel's Tennessee whiskey. VIP appropriated the Jack Daniel's Trade Dress in every aspect: "Jack Daniel's" became "Bad Spaniels," "Old No. 7" became "Old No. 2," "Tennessee whiskey" became "Tennessee carpet." Meanwhile, the square bottle size and shape, ribbed neck, arched lettering, filigreed border, black-and-white color scheme, fonts, shapes, and styles

remain virtually unchanged.

104. Various retailers that sell Jack Daniel's licensed merchandise also sell VIP's "Bad Spaniels" product, including Walmart, Amazon.com, and Boozingear.com. (Doc. 237 at 135-37, 231-19, 231-21.)

105. VIP cannot dispel confusion with a disclaimer, particularly a disclaimer in tiny font on the reverse side of its product packaging. See E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1292 n.6 (9th Cir. 1992) (disclaimer had no significant impact). "Courts have been justifiably skeptical of such devices—particularly where exact copying is involved." Au-Tomotive Gold, 457 F.3d at 1077.

106. Based on this evidence, the Court finds that there is the requisite similarity between the two products and also how they appear in the marketplace causes a likelihood of confusion about the source of the products. Thus, the similarity factor favors Jack Daniels.

***(E) Strength***

107. Regarding the factor of the strength of the Jack Daniel's trademarks and trade dress, "[t]he stronger a mark—meaning the more likely it is to be remembered and associated in the public mind with the mark's owner—the greater the protection it is accorded by the trademark laws." La Quinta Worldwide LLC v. Q.R.T.M. SA de CV, 762 F.3d 876, 874 (9th Cir. 2014); "The more 'famous' and 'well known' a [trade] mark, the greater the likelihood that use on noncompetitive products will cause confusion." McCarthy, § 24:49.

108. Here, Jack Daniel's asserted trademark and trade dress protection are extremely strong: the Jack

Daniel's trademarks have been used continuously for over a century, except during Prohibition (Doc. 234 at 49-52); Jack Daniel's Tennessee whiskey has been the best-selling whiskey in the United States since 1997 (*id.*); and between 1997 and April 30, 2015, Jack Daniel's whiskey sales in the United States exceeded seventy-five million (75,000,000) cases of various sizes, and resulting revenues exceeded ten billion dollars (\$10,000,000,000) (*id.* at 50).

109. According to Jack Daniel's internal records, aided consumer awareness of the Jack Daniel's brand is consistently around 98%. (Doc. 234 at 50.)

110. Taken together, this is compelling evidence of strength. Thus, the strength factor strongly favors Jack Daniel's.

***(F) Proximity/Relatedness***

111. Regarding the factor of proximity and relatedness of the goods, related goods are those "products which would be reasonably thought by the buying public to come from the same source if sold under the same mark." *Sleekcraft*, 599 F.2d at 348 n.10.

112. Here, the parties' goods can be said to be related. Jack Daniel's licensed its trademark and trade dress rights for use with certain dog products. (Doc. 234 at 113.) VIP's "Bad Spaniels" dog toy is a related pet product to Jack Daniel's dog leashes, dog collars, and dog houses. See *International Kennel Club of Chicago v. Mighty Star, Inc.*, 846 F.2d 1079, 1089 (7th Cir. 1988) (dog shows and dog toys related); (Docs. 230-9 thru 230-12.)

113. Although Jack Daniel's is primarily a producer and seller of whiskey, the consuming public observes Jack Daniel's trademarks and trade dress on a wide variety of

merchandise, from prepared meats to barbeque sauces, from cigarette lighters to belt buckles and cufflinks, and from charcoal to clothing, due to an extensive and long-running licensing program. (Docs. 230-16 thru 231-7.)

114. Thus, the “relatedness of goods” factor favors Jack Daniels regarding likelihood of confusion about the source of the products.

***(G) Marketing Channels***

115. Regarding marketing channels, “[m]arketing channels can converge[,] even when different submarkets are involved[,] so long as ‘the general class[es] of . . . purchasers exposed to the products overlap.’” Pom Wonderful LLC v. Hubbard, 775 F.3d 1118, 1130 (9th Cir. 2014) (quoting Sleekcraft, 559 F.2d at 353).

116. “Bad Spaniels” and Jack Daniel’s merchandise are not only sold to the same class of purchasers, but also in some of the same stores, such as Walmart, Amazon.com, and Boozingear.com. (Doc. 237 at 135-137, 231-19, 231-21.) Moreover, VIP has also promoted an association by featuring Jack Daniel’s Tennessee whiskey in its marketing materials for the “Bad Spaniels” dog toy. (Docs. 231-19, 231-21.)

117. Thus, for these reasons, the marketing channels factor tips in favor of Jack Daniel’s.

***(H) Consumer Degree of Care***

118. “[L]ow prices imply correspondingly low consumer care.” Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., 778 F.3d 1059, 1070-71 (9th Cir. 2015).

119. “[P]urchasers are unlikely to bother to inform the trademark owner when they are confused about [the source of] an inexpensive product.” See Beer-Nuts v.

Clover Club Foods Co., 805 F.2d 920, 928 (10th Cir. 1986); Au-Tomotive Gold, 457 F.3d at 1077.

120. Consumers are not likely to exercise significant care and attention when purchasing the “Bad Spaniels” product due to its retail value of approximately \$15. Although the price of “Bad Spaniels” may be expensive as a dog toy, \$15, because its relative price is not expensive, consumers are more likely to be confused as to the source of the product. See Playboy, 354 F.3d at 1028 (stating that the lack of significant consumer care increases the likelihood of confusion).

121. Based on this evidence, the consumer care factor also favors Jack Daniel’s.

***(I) Product Line Expansion***

122. Finally, regarding the likelihood of expansion of the parties’ product lines, when parties in trademark cases do not offer goods or services in the same field, this factor assesses their likelihood of doing so.

123. “Inasmuch as a trademark owner is afforded greater protection against competing goods, a ‘strong possibility’ that either party may expand his business to compete with the other will weigh in favor of finding that the present use is infringing.” Network Automation, 638 F.3d at 1153 (further citation omitted).

***(J) Conclusion – Likelihood of Confusion***

124. Upon applying the Sleekcraft factors to the facts of this matter and giving them due weight, there is a likelihood of consumer confusion and thus trademark and trade dress infringement under both federal law, 15 U.S.C. §§ 1114, 1125(a), and A.R.S. § 44-1451.

**VI. ENTITLEMENT TO INJUNCTIVE RELIEF**

125. Having prevailed on its trademark and trade dress claims, Jack Daniel's is entitled to an injunction "subject to the principles of equity." 15 U.S.C. §§ 1025(c)(1), 1116(a).

126. According to the principles of equity, a claimant must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that the balance of hardships tips in its favor; and (4) that the public interest would not be disserved by a permanent injunction. eBay, Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006). "Injunctive relief is the preferred remedy in trademark infringement . . . cases because there is no adequate remedy at law for the injury caused by a defendant's continuing infringement." Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175, 1180 (9th Cir. 1988).

127. Jack Daniel's merits a permanent injunction in this case. The "Bad Spaniels" product has caused a likelihood of confusion and reputational harm. Thus, permitting continued infringement and tarnishment of the Jack Daniel's trademarks and trade dress imposes a significant hardship on Jack Daniel's, but would not impose a legitimate hardship on VIP. Finally, a permanent injunction will serve the public interest by preventing continued consumer confusion.

## VII. CONCLUSION

On the basis of the foregoing,

**IT IS HEREBY ORDERED** finding in favor of Defendant and against Plaintiff on all remaining claims. Plaintiff is liable on all claims asserted by Defendant in this case.

76a

**IT IS FURTHER ORDERED** that Defendant is directed to file a proposed form of injunction by **Friday, February 23, 2018**.

**IT IS FURTHER ORDERED** denying as moot Defendant's Fourth and Fifth Motions in Limine. (Docs. 194, 195.)

DATED this 29th day of January, 2018.

/s/ Stephen M. McNamee  
Honorable Stephen M. McNamee  
Senior United States District Judge

## APPENDIX J

**IN THE UNITED STATES DISTRICT COURT FOR  
THE DISTRICT OF ARIZONA**

VIP Products, LLC, Plaintiff,	)	No. CV-14-2057-PHX-
	)	SMM
	)	
vs.	)	<b>MEMORANDUM OF</b>
	)	<b>DECISION AND ORDER</b>
Jack Daniel's Properties, Inc., Defendant,	)	
	)	
	)	
	)	
	)	
And Related Counterclaim.	)	
	)	

Pending before the Court is Plaintiff VIP Products, LLC's ("VIP") motion for summary judgment. (Doc. 110.) VIP contends that it is entitled to judgment as a matter of law on its Amended Complaint that contains three claims for declaratory relief. (Id.) VIP further contends that it is entitled to judgment as a matter of law on all of the claims that Defendant Jack Daniel's Properties Inc.'s ("JDPI") brought as Counterclaims in its Answer. (Id.) The matter is fully briefed.

Also pending is JDPI's motion for partial summary judgment. (Doc. 101.) At issue, JDPI moves for partial summary judgment regarding VIP's second and third claims. (Id.) The matter is fully briefed.

Finally, there are pending motions associated with the parties' cross-motions for summary judgment, which are also fully briefed.

The Court will deny VIP's motion for summary judgment, grant JDPI's motion for partial summary judgment, and resolve all of the pending motions associated with the parties' cross-motions for summary judgment.<sup>1</sup> The Court will set a status hearing for the parties in order to discuss the remaining matters that must be adjudicated at trial.

### **FACTUAL BACKGROUND**

The Court will summarize the basic factual background here. In its discussion of the particular claims, the Court will discuss certain relevant and material facts that arise in conjunction with those particular legal claims at issue.

VIP designs, manufactures, markets, and sells chew toys for dogs. VIP sells various brands of dog chew toys, including the "Tuffy's" line (durable sewn/soft toys), the "Mighty" line (durable toys made of a different material than the Tuffy's line), and the "Silly Squeakers" line (durable rubber squeaky novelty toys). (Doc. 110 at 2.) In July of 2013, VIP introduced its latest novelty dog toy, the "Bad Spaniels" durable rubber squeaky novelty dog toy. (Doc. 158.) The Bad Spaniels toy is in the shape of a liquor bottle and features a wide-eyed spaniel over the words "Bad Spaniels, the Old No. 2, on your Tennessee Carpet."

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<sup>1</sup> Both parties have requested oral argument. Based on the parties' extensive legal memoranda and submitted supporting evidence, the Court will not set oral argument on the parties' cross-motions as it would not aid the Court's decisional process. See e.g., Partridge v. Reich, 141 F.3d 920, 926 (9th Cir. 1998).

(Id.) The design for the Bad Spaniels toy has many similarities to the bottle design for Jack Daniel's Tennessee Sour Mash Whiskey ("Old No. 7 Brand"). (Doc. 157.) These similarities include the shape of the product, the use of white lettering over a black background, and font styles. Nevertheless, on the back of the Silly Squeakers packaging for the Bad Spaniels toy, it states: "This product is not affiliated with Jack Daniel's." (Doc. 158.)

JDPI promptly demanded that VIP stop selling the new toy. (Doc. 47.) VIP responded by filing this suit seeking a declaratory judgment. (Doc. 49.) In Claim 1, VIP alleged that its use of the Bad Spaniels' name and trademark does not infringe or dilute any claimed trademark rights that JDPI may claim in its Jack Daniel's trademark for its Tennessee sour mash whiskey and/or any other product. (Id. at 9.) In Claim 2, VIP alleged that neither the Jack Daniel's trade dress nor the Jack Daniel's bottle design are entitled to trademark protection because they are functional; they contain merely ornamental and decorative features; they are generic; and they are non-distinctive. (Id. at 9-10.) In Claim 3, VIP alleges that Jack Daniel's bottle design is not entitled to Patent and Trademark Office ("PTO") registration because it is functional, generic, and non-distinctive. (Id. at 10-11.) The PTO registration states that JDPI's trademark consists of a three-dimensional configuration of the square shaped bottle container for the goods having an embossed signature design comprised of the words, "Jack Daniel." (Doc. 49 at 5.) VIP contends that JDPI's trademark registration should be cancelled. (Id. at 10-11.)

In response, JDPI answered VIP's complaint and filed

nine separate counterclaims: (1) Infringement of JDPI's federally-registered trademarks and trade dress under the Lanham Act, 15 U.S.C. § 1114, 1116-18; (2) Trade dress infringement in violation of federal law, 15 U.S.C. § 1114, 1116-18 and 1125; (3) Dilution by tarnishment of the JDPI trademarks under 15 U.S.C. § 1125(c); (4) Dilution by tarnishment of the Jack Daniel's trade dress under 15 U.S.C. § 1125(c); (5) Trademark infringement in violation of Arizona law, A.R.S. §§ 44-1451 et seq.; (6) Infringement of the JDPI trademarks and unfair competition at common law; (7) Infringement of the Jack Daniel's trade dress at common law; (8) Dilution of the JDPI trademarks under A.R.S. § 44-1448.01; and (9) Dilution of the Jack Daniel's trade dress under A.R.S. § 44-1448.01. (Doc. 12.)

JDPI alleged in its Answer that it owns a trade dress consisting of a combination of square bottle with a ribbed neck, a black cap, a black neck wrap closure with white printing bearing the OLD NO. 7 mark, and a black front label with white printing and a filigreed border bearing the JACK DANIEL'S trademark depicted in arched lettering at the top of the label, the OLD NO. 7 trademark contained within a filigreed oval design in the middle portion of the label beneath the JACK DANIEL'S trademark, and the words "Tennessee Sour Mash Whiskey" in the lower portion of the label with the word "Tennessee" depicted in script. (Doc. 12 at 5 ¶ 6; see also Doc. 101 at 9.)

VIP has moved for summary judgment contending that JDPI's infringement and dilution claims be denied because the defenses of nominative and First Amendment fair use shield it from liability. (Doc. 110.) VIP further argues that even if those defenses do not apply, VIP is still

entitled to summary judgment on all claims because JDPI cannot prove its dilution claims under the Trademark Dilution Revision Act (“TDRA”); as to JDPI’s infringement claims, that Jack Daniel’s Tennessee Whiskey (“JDTW”) trademarks and bottle dress are functional and non-distinctive. (*Id.* at 3, 15-28.)

JDPI moves for partial summary judgment on VIP’s Amended Complaint. (Doc. 101.) As to Claim 1, JDPI leaves for trial the issue of whether VIP’s alleged parody infringes or dilutes the Jack Daniel’s trademarks and trade dress. (*Id.* at 7.) As to Claims 2 and 3, JDPI acknowledges that it bears the burden of proof regarding the protectability of its Jack Daniel’s trade dress. (*Id.*) JDPI disputes that the Jack Daniel’s trade dress and the trademark shown in United States Trademark Registration No. 4,106,178 (*See* Doc. 12 at 7) are functional, contain merely ornamental and decorative features that do not function as trademarks, are generic, and are non-distinctive. (Doc. 101 at 6.)

### **STANDARD OF REVIEW**

#### *Summary Judgment*

“A party may move for summary judgment, identifying each claim or defense—or the part of each claim or defense—on which summary judgment is sought.” Fed. R. Civ. P. 56(a) A court must grant summary judgment if the pleadings and supporting documents, viewed in the light most favorable to the nonmoving party, show “that there is no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law.” *Id.*; *see Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986); *Jesinger v. Nevada Fed. Credit Union*, 24 F.3d 1127, 1130 (9th Cir. 1994). Substantive law determines which facts

are material. See Anderson v. Liberty Lobby, 477 U.S. 242, 248 (1986); see also Jesinger, 24 F.3d at 1130. “Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.” Anderson, 477 U.S. at 248. The dispute must also be genuine, that is, the evidence must be “such that a reasonable jury could return a verdict for the nonmoving party.” Id.; see Jesinger, 24 F.3d at 1130.

A principal purpose of summary judgment is “to isolate and dispose of factually unsupported claims.” Celotex, 477 U.S. at 323-24. Summary judgment is appropriate against a party who “fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” Id. at 322; see also Citadel Holding Corp. v. Roven, 26 F.3d 960, 964 (9th Cir. 1994). The moving party need not disprove matters on which the opponent has the burden of proof at trial. See Celotex, 477 U.S. at 323. The party opposing summary judgment may not rest upon the mere allegations or denials of the party’s pleadings, but must set forth “specific facts showing that there is a genuine issue for trial.” See Matsushita Elec. Indus. Co. v. Zenith Radio, 475 U.S. 574, 586-87 (1986) (quoting Fed. R. Civ. P. 56(e) (1963) (amended 2010)); Brinson v. Linda Rose Joint Venture, 53 F.3d 1044, 1049 (9th Cir. 1995). The non-movant’s bare assertions, standing alone, are insufficient to create a material issue of fact and defeat a motion for summary judgment. Anderson, 477 U.S. at 247-48.

#### *General Trademark Principles*

“A trademark is a limited property right in a particular word, phrase or symbol.” New Kids on the

Block v. News Am. Publ'n, Inc., 971 F.2d 302, 306 (9th Cir. 1992). “Throughout the development of trademark law, the purpose of trademarks remained constant and limited: Identification of the manufacturer or sponsor of a good or the provider of a service.[] And the wrong protected against was traditionally equally limited: Preventing producers from free-riding on their rivals’ marks.” Id. at 305. “[T]he holder of a trademark will be denied protection if it is (or becomes) generic, i.e., if it does not relate exclusively to the trademark owner’s product.” Id. at 306.

To state an infringement claim, whether it be a trademark claim or a trade dress claim, a plaintiff must meet three basic elements: (1) distinctiveness, (2) nonfunctionality, and (3) likelihood of confusion. Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1047 (9th Cir. 1998).

*General Trade Dress Principles*

“Trade dress refers generally to the total image, design, and overall appearance of a product.” Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 765 n.1 (1992). It may include the packaging, the “dress” of a product or the design of a bottle. See Fiji Water Co. v. Fiji Mineral Water U.S., LLC, 741 F. Supp. 2d 1165, 1172-74 (C.D. Cal. 2010). A product’s trade dress or packaging is protectable under trademark law so long as the trade dress is nonfunctional and distinctive. See Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 210 (2000); Kendall-Jackson, 150 F.3d at 1047. “[T]he proper inquiry is not whether individual features of a product are functional or nondistinctive but whether the whole collection of features taken together are functional or nondistinctive.” Kendall-Jackson, 150 F.3d at 1050.

The trade dress of a product is “distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning.” Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992). Broadly speaking, trade dress is inherently distinctive if it is so “unique, unusual, or unexpected in this market that one can assume without proof that it will automatically be perceived by consumers as an indicator of origin[.]” Fiji Water, 741 F. Supp. 2d at 1176 (citing Seabrook Foods, Inc. v. Bar-Well Foods Ltd., 568 F.2d 1342, 1344 (C.C.P.A. 1977)). Trade dress may also acquire distinctiveness through secondary meaning, that is, when the trade dress “has come through use to be uniquely associated with a specific source.” Two Pesos, 505 U.S. at 766 n.4 (quoting Restatement (Third) of Unfair Competition § 13 (1995)).

The trade dress of a product is functional if the trade dress is essential to the use or purpose of the product or affects the cost or quality of the product. See Disc Golf Ass’n v. Champion Discs, Inc., 158 F.3d 1002, 1006 (9th Cir. 1998). The Ninth Circuit utilizes four factors to consider whether a product feature is functional: (1) whether the design yields a utilitarian advantage; (2) whether alternative designs are available; (3) whether advertising touts the utilitarian advantages of the design; and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture. See Disc Golf, 158 F.3d at 1006. No one factor is dispositive; all are to be weighed collectively. See International Jensen, Inc. v. Metrosound U.S., Inc., 4 F.3d 819, 823 (9th Cir. 1993).

Alternatively, under the aesthetic functionality test, trade dress may be functional if “protection of the [trade

dress] as a trademark would impose a significant non-reputation related competitive disadvantage.” AuTomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1072 (9th Cir. 2006) (citing TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 32-33 (2001)). This means that trade dress is aesthetically functional when it “serve[s] an aesthetic purpose wholly independent of any source-identifying function, or in other words, where the consumer is driven to purchase the product based on how it looks.” Fiji Water, 741 F. Supp. 2d at 1173 (further quotation and citation omitted).

## DISCUSSION

The Court will first discuss VIP’s motion for summary judgment. (Doc. 110.)

### I. VIP’s Defenses

VIP first contends that all of JDPI’s counterclaims for infringement and dilution must be denied because VIP’s defenses of nominative fair use and First Amendment fair use shield it from liability. (Doc. 110 at 3.)

#### *Nominative Fair Use*

Trademark law recognizes a defense where a registered trademark is used only “to describe the goods or services of a party, or their geographic origin. See New Kids, 971 F.2d at 306. “The ‘fair use’ defense, in essence, forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods.” Id. (further citation omitted).

To establish nominative fair use, first, “the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the

mark or marks may be used as is reasonably necessary to identify the product or service;[] and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” Id. at 308.

VIP argues that its product constitutes nominative fair use of the JDTW Marks and Bottle Dress because: (1) the JDTW Marks and Bottle Dress are not readily identifiable without using several of their elements. Given the medium of the parody, a three-dimensional dog toy, VIP argues that it had to utilize several key components of the JDTW Marks and Bottle Dress; (2) VIP used only so much of the JDTW Marks and Bottle Dress that were reasonably necessary to identify the bottle. VIP otherwise states that it did not specifically use any of JDPI’s registered marks; and (3) VIP did nothing to suggest that JDPI had sponsored or endorsed the VIP Product. (See Doc. 110 at 4.)

JDPI contends that the nominative fair use defense does not apply because this defense only applies where a defendant uses the plaintiff’s identical mark or trade dress. (Doc. 142 at 10-11.) Here, VIP did not identically use JDPI’s trademarks or trade dress. (Id.) According to JDPI, the nominative fair use doctrine applies only “where a defendant has used the plaintiff’s mark to describe the plaintiff’s product, even if the defendant’s ultimate goal is to describe his own product,” citing Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 (9th Cir. 2002) (finding that it was necessary for the defendant to use the name and likeness of Princess Diana to refer to its “Diana-related” merchandise). (Doc. 142 at 10-11.)

The Court does not find that VIP is entitled to be shielded from liability based on its nominative fair use

defense. VIP's Bad Spaniels toy closely imitates the Jack Daniel's Trade Dress and marks, but it did not use any of JDPI's registered marks, including the Jack Daniel's name; the number 7; the embossed Jack Daniel's signature on the bottle; the same filigree design on the label; the three-sided body label, or the identical combination of elements constituting the trade dress. Under the New Kids test, when a defendant uses a trademark nominally, the trademark will be identical to the plaintiff's mark, at least in terms of the words in question. 971 F.2d at 308. As further stated in Playboy Enter., Inc. v. Welles, 279 F.3d 796, 801 (9th Cir. 2001), it is the defendant's very use of the plaintiff's identical trademark that makes the nominative fair use analysis necessary rather than application of AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979) which utilizes eight factors to focus on the similarity of the trademarks used by the plaintiff and the defendant in order to determine liability for likelihood of confusion in the marketplace. Because it is undisputed that VIP did not use JDPI's identical marks or trade dress in its Bad Spaniels toy, the nominative fair use doctrine does not apply as matter of law.

*First Amendment Fair Use*

Next, VIP argues that JDPI's infringement and dilution claims must fail because VIP's Bad Spaniels' parody use of the JDTW Marks and Bottle Dress is protected speech under the First Amendment. (Doc. 110 at 6.) VIP states that its dog toy parody qualifies as an expressive work under the First Amendment. (Id.) VIP argues that in order to qualify as "expressive use," first a defendant must have used the mark "beyond its source-identifying function" (Id. at 6 (citing Mattel Inc. v. MCA

Records, Inc., 296 F.3d 894, 900 (9th Cir. 2002)), and second, its parody form of expression must not be part of a commercial transaction. (Id. at 6-7, (citing Nissan Motor Co. v. Nissan Comput. Corp., 378 F.3d 1002, 1017 (9th Cir. 2004)).)

JDPI contends that VIP's dog toy is not entitled to protection under the First Amendment. (Doc. 142 at 13.) In MCA Records, 296 F.3d at 902, JDPI states that the Ninth Circuit adopted the Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989), standard for determining the balancing of interests between trademark law and the First Amendment. According to JDPI, the Rogers standard applies to artistic or expressive works and requires courts to construe trademark law only where the public interest in avoiding consumer confusion outweighs the public interest in free expression. Rogers, 875 F.2d at 999. Because the VIP dog toy is not an artistic or expressive work, JDPI contends that the Rogers balancing test is not applicable. (Doc. 142 at 14-15.) Rather, JDPI contends that the VIP dog toy falls into those cases construing parody products—cases which have uniformly applied the standard trademark likelihood of confusion analysis. (Id.)

The Court finds that VIP's dog toy is not entitled to protection under the First Amendment because it is not an expressive work. See Brown v. Elec. Arts, Inc., 724 F.3d 1235 (9th Cir. 2013) (stating that the Rogers test is reserved for expressive works). In Rogers, the court dealt with the intersection of trademark law and the title of a motion picture. 875 F.2d at 997. The Rogers court went on to find that movies, plays, books, and songs are works of “artistic expression” and thus subject to the balancing between trademark law and the protections of the First Amendment. Id.; see also E.S.S. Entm't 2000

Inc. v. Rock Star Videos, Inc., 547 F.3d 1095, 1099 (9th Cir. 2008) (stating that the Rogers balancing test only applies to artistic works). Although Rogers dealt with a motion picture; the Ninth Circuit has also applied the Rogers balancing test to a song (MCA Records), photographs (Mattel Inc. v. Walking Mountain Prods., 353 F.3d 792 (9th Cir. 2003), and video games (E.S.S. and Brown).

In this case, the Court finds that the standard trademark likelihood of confusion analysis, not Rogers, is appropriate. See Sleekcraft Boats, 599 F.2d at 348-49 (establishing the eight factors applicable to likelihood of confusion analysis). Under likelihood of confusion principles, confusion exists where there is a likelihood that an appreciable number of ordinary prudent purchasers will be misled or confused as to the source of goods, or where consumers are likely to believe that the trademark's owner sponsored, endorsed, or otherwise approved of the defendant's use of the trademark. Id. Based on the facts here, the First Amendment affords no protection to VIP because it is trademark law that regulates misleading commercial speech where another's trademark is used for source identification in a way likely to cause consumer confusion. See Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC, 221 F. Supp. 2d 410, 415 (S.D.N.Y. 2002) (refusing First Amendment protection to "Timmy Holedigger" an alleged parody "dog perfume" in favor of the owner of the Tommy Hilfiger trademarks for clothing). Here, as was similarly the case in Tommy Hilfiger, VIP is using an adaptation of the Jack Daniel's trademark and trade dress for the dual purpose of making an alleged expressive comment as well as the commercial selling of a non-competing product. See

Tommy Hilfiger, 221 F. Supp. 2d at 415. The Court agrees with the analysis in Tommy Hilfiger that because the adaptation of the Jack Daniel's trademark and trade dress mark are being used, at least in part, to promote a somewhat non-expressive, commercial product, the First Amendment does not extend to such use. See id. at 415-16.

In conclusion, the Bad Spaniels dog toy is not an expressive work for purposes of the application of the Rogers test because VIP makes trademark use of its adaptations of JDPI's trademarks and the Jack Daniel's trade dress to sell a commercial product, its novelty dog toy. The novelty dog toy is not an expressive work like those to which the Rogers test has been applied in the Ninth Circuit. In this case, where the adaptation of the Jack Daniel's trademark and trade dress were engaged for the dual purpose of making an alleged expressive comment as well as the commercial selling of a non-competing product, the First Amendment does not establish protection.

## **II. VIP's Motion for Summary Judgment Re: JDPI's Counterclaims for Trade Dress Infringement**

In JDPI's Answer to VIP's Complaint for Declaratory Judgment, JDPI asserted nine counterclaims against VIP. (Doc. 12.) In five of those claims, JDPI asserted either trademark or trade dress infringement. (Id.) In the other four claims, JDPI asserted trademark and trade dress dilution. (Id.) In VIP's motion for summary judgment, it alleged entitlement to summary judgment on each of JDPI's counterclaims. (Doc. 110.) As a threshold matter, VIP contended that it is entitled to summary judgment on all of JDPI's counterclaims because the nominative fair use defense and the First Amendment fair

use defense shield it from liability. (Id. at 3.)

The Court has found that neither nominative fair use nor First Amendment fair use provides a defense for VIP. Consequently, the Court turns to the merits of VIP's arguments that it is entitled to summary judgment.

*Infringement Claims*

To state an infringement claim, whether it be a trademark claim or a trade dress claim, a plaintiff must meet three basic elements: (1) distinctiveness, (2) nonfunctionality, and (3) likelihood of confusion. See Kendall-Jackson, 150 F.3d at 1047. VIP alleges that the bottle dress of the Jack Daniel's Tennessee whiskey bottle and the "Jack Daniel" embossed signature bottle design lacks distinctiveness and is functional. (Doc. 110 at 15-28.)

*Lack of Distinctiveness*

*Generic*

VIP first argues that JDPI has not proven that the JDTW bottle dress is a source identifier for Jack Daniel's whiskey. Rather, VIP argues that the JDTW bottle dress is only a generic identifier of Kentucky Bourbon/Tennessee Whiskey, not Jack Daniel's whiskey in particular. (Doc. 110 at 18.) In order for JDPI to prove that its JDTW bottle dress is not generic, VIP argues that JDPI must show more than a subordinate meaning that applies to its trade dress. (Id.) It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. (Id.)

JDPI contends that VIP's expert, Martin Wolinsky, has already conceded that the JDTW bottle dress is not generic, but a source identifier for Jack Daniel's whiskey.

(See Doc. 104-5 at 23, Deposition of Martin Wolinsky (“Q: Do you consider the Jack Daniel’s packaging to be generic? . . . A: I do not consider the Jack Daniel’s package to be generic.”))

The Court finds that the JDTW bottle dress is a source identifier for Jack Daniel’s whiskey. The JDTW bottle dress is a combination bottle and label elements. It includes the Jack Daniel’s and Old No. 7 word trademarks. (See Doc. 12 at 5, ¶6.) Under Kendall-Jackson, the inquiry is not whether individual features of the trade dress are nondistinctive, but whether the whole collection of features taken together are nondistinctive. See 150 F.3d at 1050. No reasonable trier of fact could find that the JDTW Bottle Dress, as a “whole collection of features taken together,” *id.*, including the Jack Daniel’s and Old No. 7 trademarks, merely serves as an identifier for any Kentucky Bourbon/Tennessee Whiskey. The Court finds that the JDTW Bottle Dress is a source identifier for Jack Daniel’s whiskey; it is not generic as a matter of law.

#### *Inherent Distinctiveness*

Next, VIP argues that JDPI’s infringement counterclaims fail because it cannot prove that the JDTW bottle dress is inherently distinctive. (Doc. 110 at 18, 21-23.) JDPI acknowledges that its JDTW bottle dress is not inherently distinctive. (Doc. 142 at 30.)

#### *Acquired Distinctiveness-Secondary Meaning*

Next, VIP argues that JDPI’s infringement counterclaims fail because it cannot prove that the JDTW Bottle Dress has acquired distinctiveness through secondary meaning. (Doc. 110 at 23-28.) In support, VIP contends that JDPI has not established any direct

evidence of acquired distinctiveness through secondary meaning. (*Id.* at 24.) Further, VIP contends that JDPI's circumstantial evidence is also lacking. (*Id.* at 25-28.) VIP argues that although JDPI relies on extensive sales and advertising, extensive consumer recognition, billions of dollars in revenue, and allegedly being one of the most iconic consumer products in American history, JDPI has failed to substantiate these vague claims with actual, probative evidence. (*Id.*) Accordingly, VIP contends that the JDTW bottle dress has not acquired distinctiveness through secondary meaning. (*Id.*)

In support of acquired distinctiveness through secondary meaning, JDPI contends that it has both direct and circumstantial evidence in support. Regarding direct evidence, JDPI contends that VIP intentionally copied aspects of the JDTW bottle dress. (Doc. 142 at 31-32.) JDPI also contends that Dr. Gerald Ford's likelihood of confusion survey is directly probative of secondary meaning. (*Id.* at 32-33.) In further support, JDPI contends that its circumstantial evidence is probative of secondary meaning. (*Id.* at 33-37.) JDPI cites the success of its advertising, it being the best-selling US whiskey for almost 20 years, and significant media exposure of its overall product packaging. (*Id.*)

*Secondary Meaning-Direct Evidence*

"[A] mark has acquired distinctiveness, . . . if it has developed secondary meaning, which occurs when 'in the minds of the public the primary significance of a [mark] is to identify the source of the product rather than the product itself.'" *Wal-Mart*, 529 U.S. at 211. "It is well established that trade dress can be protected under federal law. The design or packaging of a product may acquire a distinctiveness which serves to identify the

product with its manufacturer or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods.” TrafFix Devices, 532 U.S. at 28.

The Court finds that JDPI has established direct evidence of secondary meaning. VIP admits that it intentionally copied the JDTW bottle dress, and that it did so precisely to enable consumers to instantly recognize Jack Daniel’s whiskey as the “target” of the Bad Spaniels alleged parody. (See Doc. 110 at 2 (VIP stating that it designed the Bad Spaniels dog toy to be a comical parody of a Jack Daniel’s whiskey bottle).) VIP’s copying of the identifiable parts of the JDTW bottle dress was indisputably an attempt to capitalize and free ride upon the success of Jack Daniel’s existing secondary meaning. In this case, intentional copying by VIP supports an inference of secondary meaning. See Vision Sports v. Melville Corp., 888 F.2d 609, 615 (9th Cir. 1989) (stating that proof of copying strongly supports an inference of secondary meaning); Lisa Frank, Inc. v. Impact Int’l, Inc., 799 F. Supp. 980, 989 (D. Ariz. 1992) (same). Thus, JDPI has established direct evidence of secondary meaning.

Next, the Court also finds that JDPI has established circumstantial evidence of acquired distinctiveness through secondary meaning. Between 1997 and 2015, sales of Jack Daniel’s whiskey in the United States exceeded 75 million cases, and advertising expenditures were in the hundreds of millions of dollars. (Doc. 105 at 1-6.) The sales, advertising, and public exposure of JDTW is greater than the facts that established secondary meaning in Fiji Water. Between 1997, when FIJI water

was first sold, and 2010, Fiji sold nearly 65 million cases worldwide and expended more than \$65 million in advertising. 741 F. Supp. 2d at 1177. JDTW has been sold and advertised in the Jack Daniel's Trade Dress for more than 30 years longer than FIJI water. (See Doc. 106 at 1-6, Docs. 106-1 through 106-4.) Between 1997 and April 30, 2015, JDPI states that total unit sales of JDTW in the United States in various sizes exceeded 75 million units, resulting in revenues exceeding ten billion dollars. (Doc. 105 at 1-6.) JDPI further states that the vast majority of these sales were in packaging bearing the Jack Daniel's Trade Dress. (Id.)

Furthermore, VIP admits that through JDPI's advertising it has created significant customer recognition of Jack Daniel's whiskey. (See Doc. 104-2 at 34, Deposition of Stephen Sacra, Chief Executive Officer of VIP, "Q: Do you agree that the Jack Daniel's trademark is very well known in the United States? . . . A: I think that Jack Daniel's is more recognizable than other brands. But they've spent a lot of money to make that recognition.") Mr. Sacra further acknowledged that "the success of the Bad Spaniels toy "comes from the fact that people are familiar with Jack Daniel's . . . and have seen it before, and will get the parody." (Id.) Based on all of the above, the Court finds that JDPI's circumstantial evidence also demonstrates acquired distinctiveness through secondary meaning.

Thus, JDPI has established acquired distinctiveness through secondary meaning both with direct and circumstantial evidence. Therefore, VIP's motion for summary judgment regarding JDTW bottle dress's lack of distinctiveness will be denied.

*Nonfunctionality*

To state an infringement claim, whether it be a trademark claim or a trade dress claim, JDPI must establish the element of nonfunctionality. VIP argues that the JDTW bottle is functional; JDPI contends otherwise.

*Utilitarian Functionality*

“The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.” Qualitex Co. v. Jacobson Prod. Co., 514 U.S. 159, 164 (1995). The Ninth Circuit asks four questions to test utilitarian functionality: (1) whether the trade dress yields a utilitarian advantage; (2) whether alternative designs are available; (3) whether advertising touts the utilitarian advantages of the design; and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture. See Disc Golf, 158 F.3d at 1006. No one factor is dispositive; all are to be weighed collectively, that is, whether the whole collection of elements are functional. See International Jensen, 4 F.3d at 822-23. Given the functionality doctrine’s underlying purpose, the Ninth Circuit applies it with somewhat less force in product packaging cases, as opposed to cases involving product configuration. See Clicks Billiards Inc. v. Sixshooters Inc., 251 F.3d 1252, 1261 (9th Cir. 2001) (stating that a wide range of available packaging and design options allows a producer to appropriate a distinctive identity without unduly hindering his competitor’s ability to compete).

In support of JDTW bottle dress’s utilitarian

functionality, VIP makes two arguments: (1) that its features are “essential to the use or purpose of the article [or] affects [its] cost or quality” citing Inwood Labs. v. Ives Labs., Inc., 456 U.S. 844, 850, n.10 (1982); and (2) based on VIP’s expert John Howard’s report, VIP argues that the Jack Daniel’s embossed-signature bottle design is one of the several utilitarian features used in the JDTW bottle dress. (Doc. 116 at 85-95.) VIP contends that because JDPI has not offered controverting testimony, other than the opinions of interested parties (i.e., JDPI employees), this design feature is clearly functional under Disc Golf. (Doc. 110 at 16.)

JDPI responds that the JDTW bottle dress reflects aesthetic design choices and embodies branding features that focus on the historical identification of the product, and that such are wholly unrelated to utility. (Doc. 142 at 25 (citing Doc. 101 at 20-22 in support of lack of utilitarian functionality).) JDPI states that it only seeks to protect the square “shape of the bottle, together with aesthetic elements” of the JDTW bottle dress, nothing more. (Doc. 101 at 20.) JDPI contends that its advertising does not tout any utilitarian advantage of the JDTW bottle design, rather, its advertising focuses on the quality and history of JDTW. (Id.) Finally, JDPI contends that its JDTW bottle dress is not a comparatively simple or inexpensive method of manufacture, given its manufacture of a square bottle and the use of an embossed signature on all four sides of the bottle. (Id. at 27-28.)

Based on VIP’s arguments regarding utilitarian functionality of the JDTW bottle dress, the Court finds that VIP is not entitled to summary judgment. The Court notes that based on the four factors set forth in Disc Golf, VIP chose not to address how each factor supports its

contention that the JDTW bottle dress is functional. See International Jensen, 4 F.3d at 822-23 (stating that the four factor review considers whether the whole collection of product packaging are functional).

Initially, the Court finds that JDPI's advertising does not tout any utilitarian advantage of the JDTW bottle design, rather, its advertising has focused on the quality and history of JDTW. (Doc. 105 at 4, 105-2 at 1-116.) VIP's expert, John Howard, acknowledged that advertising for Jack Daniel's whiskey did not tout any utilitarian advantages of the Jack Daniel's bottle design. (Doc. 104-4 at 64-65.)

Next, the Court must look at product packaging as a whole, with a particular focus on whether JDPI's particular integration of the various elements on the packaging leaves competitors with commercially-feasible alternatives. See Clicks Billiards, 251 F.3d at 1261 (explaining that utilitarian functionality in packaging-type cases evaluates whether the "particular integration of elements leaves a multitude of alternatives to [competitors in the] industry that would not prove confusingly similar"). As shown in Doc. 104-7 at 22, 24, and admitted by VIP (See Doc. 104-7 at 5, 22, 24, and 30-31), there are many, many alternative trade dresses available for use by the competition for whiskey. VIP acknowledged that some companies use elements of the Jack Daniel's trade dress, including a square bottle, and graphic features such as filigree and arched lettering, but none combine all of these elements together with the other elements of the Jack Daniel's trade dress. (See Doc. 104-3 at 17-18.) "Since competitors routinely use alternative designs in packaging their [whiskey], protecting the particular combination of elements in the

[Jack Daniel’s] packaging will not hinder competition in the [spirits] industry.” Fiji Water, 741 F. Supp. 2d at 1174.

Based on the foregoing, VIP has not demonstrated that it is entitled to summary judgment that the JDTW Bottle Dress has utilitarian functionality.

*Aesthetic Functionality*

“[P]urely aesthetic product features may be protected as a trademark where they are source identifying and are not functional.” Au-Tomotive Gold, 457 F.3d at 1064. Under the aesthetic functionality test, trade dress may be functional if “protection of the [trade dress] as a trademark would impose a significant non-reputation-related competitive disadvantage.” Id. at 1072. In practice, aesthetic functionality thus has been limited to product features that serve an aesthetic purpose wholly independent of any source-identifying function. Id. (stating that there was no evidence that consumers buy Auto Gold’s products solely because of their intrinsic aesthetic appeal; instead the alleged aesthetic function is indistinguishable from and tied to the mark’s source-identifying nature—Audi and VW Logos).

VIP argues that in order to evaluate aesthetic functionality, the Court should utilize the comparable-alternatives test or the effective-competition test. (Doc. 110 at 17-18.) Regarding the comparable-alternatives test, VIP argues that the focus is on the existence of feasible alternative designs, meaning how difficult it would be for JDTW’s competitors to compete in the market if they were precluded from using the JDTW’s design, and were instead required to transition to a new design, citing competitive use of square bottles. (Id. at

17.) Next, regarding the effective-competition test, VIP argues that the focus is on whether a particular design feature is a pre-requisite for market participation. If, for whatever reason, the cost of protection renders JDTW's competitors unable to compete in the relevant market, then the feature is not protectable, citing the square bottle, black-and-white label, number designation, arched text, and filigree design. (Id. at 18.)

JDPI cites to Au-Tomotive Gold as the proper Ninth Circuit standard and its holding that aesthetic functionality inquires into whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage. 457 F.3d at 1072. In response to VIP, JDPI contends that its competitor's trade dress demonstrates that multiple comparable alternatives exist and are in use, and that the use of the combination of features in the JDTW bottle dress for decades has had, and will have, no impact on the ability of competitors to use individual features, singly or in part-combination. (Doc. 142 at 27.) JDPI further contends that "[s]ince competitors routinely use alternative designs in packaging their [whiskey], protecting the particular combination of elements in the [Jack Daniel's] packaging will not hinder competition in the [spirits] industry" (Id. at 28 (quoting Fiji Water, 741 F. Supp. 2d at 1174).)

The Court agrees with JDPI; based on the submitted evidence, the Court first finds that VIP is not entitled to summary judgment based on the argument that consumers buy Jack Daniel's Tennessee Whiskey because of its intrinsic aesthetic appeal. See Au-Tomotive Gold, 457 F.3d at 1073. Rather, as the court stated in Fiji Water, "[c]onsumers do not buy [whiskey] based on how

its packaging looks, but rather on how the [whiskey] tastes or how much it costs.” Fiji Water, 741 F. Supp. 2d at 1174.

As to JDTW’s packaging, “[s]ince competitors routinely use alternative designs in packaging their [whiskey], protecting the particular combination of elements in the [Jack Daniel’s] packaging will not hinder competition in the [spirits] industry” Id. Rather, the combination of the trademarks and the aesthetic elements merely source-identify JDTW bottle dress as JDTW.

*Lack of Confusion*

The Court has found that VIP is not entitled to summary judgment regarding the first two elements of JDPI’s counterclaim regarding trade dress infringement, rejecting VIP’s contention that the JDTW bottle dress is functional and non-distinctive. VIP’s motion for summary judgment fails to argue lack of confusion. (Doc. 110.) In its reply in support of summary judgment, VIP reiterated that it need not undertake an analysis of the Sleekcraft likelihood of confusion factors in its motion for summary judgment because VIP is not required to rebut confusion in order to receive protection under the fair use defenses. (Doc. 163 at 7.)<sup>2</sup> However, in this case, the Court has rejected VIP’s nominative and First Amendment fair use defenses.

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<sup>2</sup> Although VIP argues the Sleekcraft factors in its Reply (Doc. 163 at 8-10), the Court will not consider arguments raised for the first time in a Reply. “It is well established that issues cannot be raised for the first time in a reply brief.” Gadda v. State Bar of Cal., 511 F.3d 933, 937 n.2 (9th Cir. 2007). The Court need not belabor the point that VIP could have raised alternative arguments regarding Sleekcraft in its motion for summary judgment; it chose not to raise such arguments.

Under Sleekcraft, the Court analyzes eight factors to determine likelihood of confusion: (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) VIP's intent in selecting the mark; and (8) likelihood of expansion of the product lines. See 599 F.2d at 348-49.

The material facts are construed in favor of the non-moving party, JDPI. JDPI contends that there are material facts in its favor from which a reasonable trier of fact could find for JDPI on its infringement claims under Sleekcraft. JDPI argues that it established VIP's intentional copying of various aspects of its trade dress, the close similarity between the Bad Spaniels' trademark and trade dress to the Jack Daniel's trademarks and trade dress, and the longstanding and extensive sales, advertising, and public exposure of Jack Daniel's whiskey.

In general, likelihood of confusion is often a fact-intensive inquiry, and therefore courts are reluctant to decide this issue at the summary judgment stage. See Au-Tomotive Gold, 457 F.3d at 1075. The Court finds that VIP is not entitled to summary judgment on the likelihood of confusion element regarding JDPI's counterclaims for trade dress infringement.

### **III. VIP's Motion for Summary Judgment RE: JDPI's Counterclaim for Trade Dress Dilution**

On October 6, 2006, the Trademark Dilution Revision Act of 2006 (the "TDRA"), was signed into law. See Pub. L. 109-312, 120 Stat. 1730 (Oct. 6, 2006). The TDRA defines dilution as follows:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C. § 1125(c)(1).

In JDPI's Answer to VIP's Complaint, it raised four counterclaims related to dilution: dilution by tarnishment of JDPI's trademarks under federal law; dilution by tarnishment of Jack Daniel's trade dress under federal law; and trademark and trade dress dilution under Arizona law. (Doc. 12 at 3-21.)

VIP claims that it is entitled to summary judgment on Jack Daniel's trade dress dilution claim under federal law because: (1) the alleged Jack Daniel's trade dress is not "famous" under the TDRA; (2) the VIP Product is not similar enough to the Jack Daniel's trade dress to dilute; (3) the VIP Product is not likely to cause dilution by tarnishment; and (4) even if JDPI were able to meet its burden under the TDRA, VIP is not liable for dilution by tarnishment because VIP's Product is exempted by TDRA's fair-use provision. (Doc. 110 at 9.)

JDPI initially notes that VIP only challenges one of its dilution counterclaims, its Jack Daniel's trade dress

dilution by tarnishment claim under federal law. (Doc. 142 at 19; see Doc. 12 at 16-17 and at 5 ¶ 6) (picturing Jack Daniel's trade dress.) JDPI responds that VIP's challenge to this claim is without merit. (Doc. 142 at 9.)

*Federal Trade Dress Dilution-Tarnishment*

The TDRA provides for injunctive relief for dilution by tarnishment claims under 15 U.S.C. § 1125(c)(1). The TDRA further defines dilution by tarnishment, as follows: "For purposes of [15 U.S.C. § 1125(c)(1)], 'dilution by tarnishment' is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." 15 U.S.C. § [1125](c)(2)(C).

*VIP's Fair Use Defense*

Under the TDRA, VIP claims its parody product, which satirizes JDPI's product, is not actionable under an anti-dilution statute because of its fair use defense. (Doc. 110 at 15.)

JDPI claims that VIP's argument is without merit under the TDRA. (Doc. 142 at 24.) Under the TDRA, § 1125(c)(3)(A) provides an exclusion for liability for "[a]ny fair use . . . other than as a designation of source for the person's own goods or services, including use in connection with . . . (ii) parodying . . . ." Thus, according to JDPI, "[u]nder the statute's plain language, parodying a famous mark is protected by the fair use defense only if the parody is not 'a designation of source for the person's own goods or services'." (Doc. 142 at 24-25 (quoting Louis Vuitton Malletier S.A. v. Haute Diggity Dog LLC, 507 F.3d 252, 266 (4th Cir. 2007)).) JDPI contends that the fair use exclusion was not available to the defendant in Louis Vuitton because the defendant used its parody dog

toy, Chewy Vuitton, as a trademark to designate the source. (*Id.* at 25 (citing Louis Vuitton, 507 F.3d at 267).) In the same manner, JDPI states that the fair use defense is not applicable here because VIP uses its Bad Spaniels trademark and trade dress as source identifiers of its dog toy.

The Court finds that the language of the statute and its application in Louis Vuitton is directly applicable here and compel the result that the fair use defense is not available to VIP and its alleged parody product. *See* Louis Vuitton, 507 F.3d at 267. Under the facts here, VIP did use its Bad Spaniels trademark and trade dress as source identifiers of its dog toy, which takes its alleged parody product outside the fair use defense under the TDRA.

*Fame of Jack Daniel's Trade Dress*

On the merits, VIP challenges Jack Daniel's trade dress dilution by tarnishment claim under the FDRA. VIP alleges that Jack Daniel's trade dress, separate and apart from the possible fame of the JDTW trademarks, is not famous, that is, not being widely recognized by the general consuming public as a designation of the source of the goods of the trademark's owner. (Doc. 110 at 9-10.) According to VIP, Jack Daniel's trade dress is not famous enough to support its dilution claim because Jack Daniel's trade dress is not a source identifier. (*Id.* at 10 (citing the competition's use of many of the same design elements in their trade dresses, especially the use of square bottles).)

VIP further alleges that Jack Daniel's trade dress is not famous due to lack of actual recognition. According to VIP, the only direct evidence JDPI presented to show national fame is the Ford Survey, but Dr. Gerald Ford

admitted that his survey did not test for fame. (Id. at 11.) Further, VIP argues that even if the Ford Survey had tested for fame, it would not be probative because the survey respondents were not representative of the general consuming public in the United States. (Id.)

With regard to the factors listed at 15 U.S.C. § 1125(c)(2)(A)(i)-(iv), VIP alleges that JDPI's advertising and promotional evidence is not probative because it is not specific to Jack Daniel's trade dress. (Id. at 12.) Regarding sales, VIP alleges that without evidence of actual consumer recognition, the evidentiary value of Jack Daniel's Tennessee whiskey's sales is non-existent. Regarding federal registration, VIP alleges that JDPI must prove that its unregistered trade dress is famous, independent of its registered trade marks. (Id.)

JDPI responds that in analyzing trade dress for all purposes, the focus is "not on the individual elements, [like square bottles,] but rather the overall visual impression that the combination and arrangement of those elements create." Clicks Billiards, 251 F.3d at 1259. JDPI argues that Jack Daniel's trade dress as a whole is widely recognized by the general consuming public as a designation of the source of the goods of the trademark's owner, that is, that it is a source identifier for Jack Daniel's Tennessee whiskey.

Regarding lack of direct evidence of fame, JDPI contends that all relevant factors should be considered including indirect evidence of fame such as advertising or sales. According to JDPI, evidence of actual recognition of fame, such as a survey, is not required. JDPI contends that based upon VIP's deliberate copying, the undisputed success of sales, advertising, and public exposure of Jack Daniel's Tennessee Whiskey, which is packaged in the

Jack Daniel's trade dress, provide sufficient indirect evidence from which a reasonable trier of fact could find the fame of the Jack Daniel's trade dress.

The Court determines that a reasonable trier of fact could find that Jack Daniel's trade dress as a whole serves as a source identifier for Jack Daniel's Tennessee Whiskey. See Clicks Billiards, 251 F.3d at 1259 (stating the Clicks Billiards could claim as its mark the particular combination and arrangement of design elements that distinguish it from others using the same concept); see also Wal-Mart, 529 U.S. at 215 (stating that overall product packaging is the typical form of trade dress and it normally is taken by the customer to indicate origin).

Next, based on consideration of the statutory factors, see 15 U.S.C. § 1125(c)(2)(A)(i)-(iv), it is undisputed that the sales, advertising, and public exposure of Jack Daniel's whiskey packaged in the Jack Daniel's trade dress provide substantial indirect evidence of fame. Between 1997 and 2015, sales of Jack Daniel's whiskey packaged in the Jack Daniel's trade dress exceeded 75 million cases in the United States, yielding revenues in excess of \$10 billion dollars and advertising expenditures in the hundreds of millions of dollars (Doc. 101 at 15); cf. Mattel Inc. v. MGA Ent. Inc., 782 F. Supp. 2d 911, 942 (C.D. Cal. 2011) (finding that MGA had presented no evidence, direct or indirect, of the fame of its trade dress); Vallavista Corp. v. Amazon.com, Inc., 657 F. Supp. 2d 1132, 1138-39 (N.D. Cal. 2008) (finding that the limited evidence of use, coupled with very modest sales and advertising expenditures, was insufficient to prove fame); Clearly Food & Bev. Co. v. Top Shelf Bevs., Inc., No. CV 13-1763, 2015 WL 1926503, \*17 (W.D. Wash. Apr. 28, 2015) (finding that the product bearing the allegedly

famous mark had been out of production for six years, only negligible sales were still occurring, and the defendant's survey showed very low recognition of the mark). Thus, as a whole, the Court determines that a reasonable trier of fact could find that Jack Daniel's trade dress is famous. (See Doc. 12 at 5 (picturing Jack Daniel's trade dress at ¶ 6).)

*VIP's Motion to Exclude Testimony of JDPI's Expert, Dr. Itamar Simonson*

Prior to the Court's resolution of the remaining elements of JDPI's dilution by tarnishment claim, VIP moves to exclude the report and the testimony of JDPI's dilution expert, Dr. Itamar Simonson. (Doc. 92.) According to VIP, JDPI's expert purports to opine on the issue of whether, and how, consumers associate VIP's product with JDPI's product and whether that association dilutes JDPI's trade dress by harming its reputation. (*Id.*) VIP contends that Dr. Simonson's reported opinion is lacking in both methodology and conceptual support that would permit admissibility as a scientific expert opinion. (*Id.* at 2.) In further support of exclusion, VIP argues that Dr. Simonson does not qualify as an "experienced-based" expert because an experience-based expert is someone with relevant real world experience, not someone who fails to follow scientific methodology. (*Id.* at 3.) Based on Daubert v. Merrell Dow Pharmaceuticals, Inc., 509 U.S. 579 (1993) and Fed. R. Evid. 702, VIP contends that the Court should exercise its gatekeeping function and deny admissibility to both Dr. Simonson's report and his testimony at trial. (*Id.*)

JDPI contends that the opinions and testimony of its dilution expert, Dr. Itamar Simonson, should be admitted. (Doc. 96.) According to JDPI, Dr. Simonson has been

retained as an expert witness to testify regarding the implication(s) of the association between the Bad Spaniels toy and Jack Daniel's whiskey on JDPI's trade dress and trademarks and the meaning of the mark/brand to consumers. (Id. at 6.)

In summary of Dr. Simonson's expert report (Doc. 96 at 3 (citing Doc. 92-1)), JDPI states that Dr. Simonson will assist the finder of fact by discussing the following at trial:

1) The basics of consumer behavior and "how marks such as famous trade dress are represented in memory." (Doc. 92-1 at 4, 7-9);

2) The basics of the "associative network memory model" which are accepted by experts in the consumer behavior field. (Id. at 4-5);

3) The application of the "associative network memory model" to the instant case. (Id. at 10-12); and

4) The conclusion that VIP's Bad Spaniels toy causes negative implication for JDPI's trade dress and marks and thus is likely to tarnish them. (Id. at 10-14.)

JDPI contends that Dr. Simonson's report and testimony are admissible and will assist the trier of fact because Dr. Simonson is eminently qualified to provide his expert opinions and because his opinions are relevant and reliable based upon his specialized knowledge. (Doc. 96 at 2.) JDPI argues that its dilution expert is not required to quantify findings through prescribed "scientific" methodology, rather, his conclusions may be based on his specialized knowledge and principles that are accepted within his relevant area of expertise. (Id. at 2-3 (citing Hangarter v. Provident Life & Acc. Ins. Co., 373 F.3d 998, 1017 (9th Cir. 2004) (stating that the Daubert

factors (peer review, publication, error rate, etc.) are not applicable to expert testimony whose reliability depends heavily on the knowledge and experience of the expert, rather than the methodology or theory behind it.)

In opposition to Dr. Simonson's exclusion, JDPI further cites Visa Int'l Serv. Ass'n v. JSL Corp., No. CV 01-294, 2006 WL 3248394, at \*3-4 (D. Nev. Nov. 7, 2006), in which the Nevada District Court admitted Dr. Itamar Simonson as a dilution expert and allowed his expert testimony based on his presentation of "specialized knowledge evidence" rather than scientific evidence.<sup>3</sup>

The Court will deny VIP's motion to exclude Dr. Simonson and allow the admissibility of Dr. Simonson's report and his expert testimony to assist the trier of fact. Rule 702 is to be applied with a liberal thrust favoring admission. See Messick v. Novartis Pharm. Corp., 747 F.3d 1193, 1196 (9th Cir. 2014).

Under Daubert, the Court is required to maintain a gatekeeping role regarding all forms of expert testimony, not just scientific testimony. See White v. Ford Motor Co., 312 F.3d 998, 1007 (9th Cir. 2002). With regard to non-scientific testimony, the Court is required to make some kind of reliability determination to fulfill its gatekeeping function. See Hangarter, 373 F.3d at 1018. Under United States v. Hankey, 203 F.3d 1160, 1169 (9th Cir. 2000), the court admitted expert testimony on gang behavior based on the expert's extensive personal knowledge of street gangs. In exercising its gatekeeping function regarding expert specialized knowledge cases,

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<sup>3</sup> The Visa court found it uncontested that no scientific method exists for determining whether actual dilution of a trademark occurred. Id. at \*3.

the Hankey court set forth six factors to evaluate in determining admissibility: (1) whether the opinion is based on scientific, technical, or other specialized knowledge; (2) whether the opinion would assist the trier of fact in understanding the evidence or determining a fact in issue; (3) whether the expert has the appropriate qualifications to render the opinion; (4) whether the testimony is relevant and reliable; (5) whether the methodology or technique used fits the conclusions; and (6) whether the opinion's probative value is substantially outweighed by the risk of unfair prejudice, confusion of issues, or undue consumption of time.

Dr. Simonson is an recognized expert in consumer behavior. In Visa, the court concluded that Dr. Simonson's opinion as an expert would not be excluded based on the following:

Dr. Simonson, himself, is the Sebastian S. Kresge Professor of Marketing at the Stanford University Graduate School of Business and a recognized expert on consumer behavior. He has won multiple awards for his scholarship and research in the fields of marketing and consumer behavior. He relied on surveys conducted by Visa in 2000, his own validation survey, studies of on-line payments from 2000 to 2001, and his own personal expertise to reach the conclusions in his opinion. The court considers these sources and Dr. Simonson's methodology to satisfy the requirements of reliability and proper methodology for this type of evidence. In addition, the court considers Dr.

Simonson's qualifications sufficient to render him an expert in the subject at hand. Finally, the court does not see any prejudice arising out of the use of Dr. Simonson's opinion and therefore finds that the probative value of Dr. Simonson's opinion is not substantially outweighed by the potential for prejudice, confusion of the issues or undue consumption of time.

Visa, 2006 WL 3248394, at \*3-4.

The Court finds that Dr. Simonson's opinions regarding consumer behavior are not technical and therefore his report and testimony can be found reliable based on his knowledge and experience alone. The Court does not agree that post-Daubert expert opinion requires the performance of surveys, focus groups, studies or other real world tests or that Daubert would preclude an expert from applying his expertise to the facts of the case. Experience, training and education may provide a sufficient foundation for an expert's testimony. See Hangarter, 373 F.3d at 1018.

On the basis of the foregoing, the Court will deny VIP's motion to exclude the report and the testimony of JDPI's dilution expert, Dr. Itamar Simonson.

*Similarity Requirement*

Next, VIP alleges that JDPI cannot show that the VIP Product is sufficiently similar to the Jack Daniel's trade dress. (Doc. 110 at 13.) According to VIP, similarity must be considered in light of how consumers will encounter the respective products in the marketplace, as opposed to a mere side-by-side comparison of the trade dress. (Id.) In support, VIP cites lack of similarity due to: (1) the VIP

Product uses the name “Bad Spaniels” in place of the “Jack Daniel’s” name; (2) the VIP Product uses “The Old No. 2” in place of JDPI’s “Old No. 7” slogan; (3) VIP has added its SILLY SQUEAKERS® brand name to prominent locations on the VIP Product hangtag; and (4) VIP has added different design elements and omitted several key components to the VIP trade dress, citing Apple, Inc. v. Samsung Elecs. Co., 920 F. Supp. 2d 1116, 1128–29 (N.D. Cal. 2013) (holding that the parties’ trade dresses were not sufficiently similar because the phones varied in appearance, and defendant’s trade dress was missing key features of plaintiff’s trade dress—this weighed heavier than expert testimony claiming that defendant’s phone was likely to dilute; the jury’s findings on non-dilution was not against the clear weight of the evidence). (Id.) Finally, VIP alleges a lack of similarity because VIP sells its Product in a completely different market than Jack Daniel’s whiskey. (Id.)

JDPI responds that prior to the TDRA, a party had to prove that the famous mark and the accused mark were identical or nearly identical when bringing allegations of dilution, (Doc. 142 at 22, (citing Welles, 279 F.3d at 806).) Quoting Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158, 1159 (9th Cir. 2011), “the ‘identical or nearly identical’ standard did not survive Congress’s enactment of the TDRA.” Now a party only must show “similarity” between the famous mark and the accused mark. (Id.)

According to JDPI, similarity or lack of similarity is a highly fact-specific inquiry rarely found as a matter of law. (Id. (citing Nordstrom, 2013 WL 1196948, at \*14 (denying Nordstrom a preliminary injunction as a matter of law due to improbability of success on its dilution by

tarnishment claim)); Apple, Inc., 920 F. Supp. 2d at 1131 (denial of post-trial motion for judgment as a matter of law seeking to overturn jury finding of no dilution.) Thus, JDPI contends that under the TDRA it is for the fact-finder, not for the Court as a matter of law, to determine the fact-specific issue of similarity. (Id. at 23.)

Regarding the differences that VIP alleges between its Bad Spaniels toy and the Jack Daniel's trade dress, JDPI contends that rather than focusing on the discrete differences between the products, the focus is on how a consumer would see their trade dresses as a whole. (Id. at 22-23.) As a whole, JDPI argues that a reasonable trier of fact could find that the VIP product and Jack Daniel's trade dress meet the requisite similarity, an "association arising from the similarity between a mark or trade name and a famous mark. . . ." (Id. at 23 (quoting 15 U.S.C. § 1125(c)(2)(C)).)

Initially, the Court notes that under the TDRA, a party only must show "similarity," not substantial similarity or nearly identical, between the famous mark and the accused mark. Levi Strauss, 633 F.3d at 1159, 1172. However, the Ninth Circuit has not issued its guidance by providing a model jury instruction for the "similarity" standard in dilution by tarnishment claims.

At this stage, the Court will not rule as a matter of law that the products are not similar based upon the statutory dilution standards. Based on the factors stated by the parties, a reasonable trier of fact could find that the VIP product and Jack Daniel's trade dress meet the requisite similarity standard for dilution, an "association arising from the similarity between a mark or trade name and a famous mark. . . ." (Id. at 23 (quoting 15 U.S.C. § 1125(c)(2)(C)).)

*Reputational Harm*

VIP alleges that dilution by tarnishment “generally arises when the plaintiff’s trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner’s product.” (Doc. 110 at 14 (quoting Nordstrom, 2013 WL 1196948, at \*11).) In evaluating likelihood of harm, VIP contends that “[c]onsiderations such as complaints, reduction in sales, loss of customers, and negative press are all relevant to the overall determination.” (*Id.* (quoting Nordstrom, 2013 WL 1196948, at \*13; see also Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 110 (2d Cir. 2009) (stating that plaintiff failed to show likelihood of dilution by tarnishment because it did not show how “coffee named either ‘Mister Charbucks’ or ‘Charbucks Blend’ would affect the positive impressions about the coffee sold by Starbucks).

In support, VIP alleges that its expert, Dr. Bruce Silverman, arranged several focus groups to test consumer reactions to the VIP Product and that his study revealed that none of the test subjects reacted negatively to the VIP product. (Doc. 110 at 14.) VIP further contends that JDPI cannot rebut Dr. Silverman’s study because it has not disclosed any evidence of actual consumer reactions to the VIP Product. (*Id.* at 14-15.)

In response, JDPI contends that its dilution expert, Dr. Itamar Simonson, his expert report and testimony details how the VIP product tarnished JDPI’s product. (Doc. 142 at 24.) JDPI further contends that such expert evidence of alleged tarnishment is sufficient to preclude summary judgment. (*Id.* (citing Gucci Am., Inc. v. Guess?, Inc., 843 F. Supp. 2d 412, 439 (S.D.N.Y. 2012)).)

According to JDPI, the credibility of the parties' respective positions is for the trier of fact to assess at trial. After drawing all reasonable factual inferences in favor of JDPI, JDPI contends that summary judgment cannot be granted against it on this issue. Matsushita, 475 U.S. at 587.

The Court finds that summary judgment on this issue is precluded. Both parties will present expert opinions and testimony on the issue of whether the VIP product tarnished the JDPI product. VIP will have its expert, Bruce Silverman, and JDPI will have its expert, Itamar Simonson, present their evidence. It will be up to the trier of fact to assess and resolve the facts on this issue.

#### **IV. JDPI's Motion for Partial Summary Judgment**

As to Claim 1 of VIP's Amended Complaint, JDPI leaves for trial the ultimate finding of whether VIP's alleged parody infringes or dilutes the Jack Daniel's trademarks and trade dress. (Doc. 101 at 7.) Jack Daniel's trade dress and the trademark is shown in part by PTO Trademark Registration No. 4,106,178. (See Doc. 12 at 7 ¶ 11.) JDPI moves for summary judgment on VIP's second and third claim. (Doc. 101 at 6.) As to VIP's second claim, JDPI contests VIP's complaint that Jack Daniel's trade dress and the trademarks are not entitled to protection because they are functional and non-distinctive. (Id.) As to VIP's third claim, based on the same arguments as in Claim 2, JDPI contests VIP's cancellation argument for JDPI's PTO Trademark Registration No. 4,106,178. (Id.)

JDPI alleges that its protectable trade dress consists of a combination of a square bottle with a ribbed neck, a black cap, a black neck wrap closure with white printing

bearing the OLD NO. 7 mark and a black front label with white printing and a filigreed border bearing the JACK DANIEL'S mark depicted in arched lettering at the top of the label, the OLD NO. 7 mark contained within a filigreed oval design in the middle portion of the label beneath the JACK DANIEL'S mark and the words "Tennessee Sour Mash Whiskey" in the lower portion of the label with the word "Tennessee" depicted in script. (Doc. 101 at 9.) JDPI states that the Jack Daniel's Trade Dress is covered, in part, by a PTO registration (No. 4,106,178) for the three-dimensional configuration of a square shape bottle container with embossed "Jack Daniel" signature for distilled spirits. (Doc. 12 at 7 ¶ 11.)

*Distinctiveness and Functionality*

In VIP's motion for summary judgment, the Court set forth the parties' arguments as to whether the Jack Daniel's trade dress and bottle design are distinctive and whether they are non-functional. (*Supra* at 11-18.) The Court then resolved the issues finding that Jack Daniel's trade dress and bottle design have acquired distinctiveness through secondary meaning, and that Jack Daniel's trade dress and bottle design are non-functional both from a utilitarian analysis and an aesthetic analysis. (*Supra* at 11-18.) As to lack of confusion in the marketplace, VIP did not argue this element as part of its summary judgment motion and thus its resolution is left for the trier-of-fact at trial.

In JDPI's motion for partial summary judgment on these same issues, the non-movant VIP may avoid summary judgment if the pleadings and supporting documents, viewed in the light most favorable to VIP, the nonmoving party, show that there is a genuine issue as to any material fact such that JDPI would not be entitled to

judgment as a matter of law.

As to VIP's Claim 2 in its Amended Complaint, the Court has reviewed VIP's response to JDPI's motion for partial summary judgment on this claim and finds that VIP has made the same legal arguments as to acquired distinctiveness, utilitarian functionality, and aesthetic functionality that the Court previously considered in VIP's motion for summary judgment. (See Doc. 147 at 7-24.) Therefore, the Court finds that VIP may not avoid summary judgment on the Court's earlier findings that Jack Daniel's trade dress and bottle design have acquired distinctiveness through secondary meaning, and that Jack Daniel's trade dress and bottle design are non-functional both from a utilitarian functional analysis and an aesthetic functional analysis.

*Cancellation of Registration*

As to VIP's third claim, based on the same arguments that VIP raised in Claim 2, JDPI contests VIP's cancellation argument against JDPI's PTO Trademark Registration No. 4,106,178 (the "'178 Registration") (Doc. 101 at 25-35 (discussing the JDPI trademark shown in Doc. 12 at 5 ¶ 11).)

JDPI contends that the '178 Registration is prima facie evidence of a trademark's validity, shifting the burden from the registrant to the challenger. See 15 U.S.C. §§ 1057(b); 1115(a); see, e.g., Zobmondo Entm't, LLC v. Falls Media, LLC, 602 F.3d 1108, 1114 (9th Cir. 2010) (stating that a "federal registration provides 'prima facie evidence' of the mark's validity and entitles the plaintiff to a 'strong presumption' that the mark is a protectable mark"). According to JDPI, the PTO issued the '178 Registration without requiring JDPI to prove the

distinctiveness of the mark which creates a presumption that the mark is inherently distinctive. See Zobmondo, 602 F.3d at 1114. JDPI further contends that the '178 Registration creates a presumption that the mark is non-functional. Talking Rain, 349 F.3d at 603. “[T]he presumption of validity is a strong one and the burden on the defendant necessary to overcome that presumption at summary judgment is heavy.” Zobmondo, 602 F.3d at 1115.

In support of distinctiveness, JDPI relies on the testimony of VIP’s expert, John Howard, who testified that the shape of the Jack Daniel’s bottle “is part of a marketing program to make the bottle distinctive from competitors,” which has succeeded because the bottle was “very distinctive”; that the bottle has become a “classic design” for whiskey; and that the bottle shape is more eye-catching than the “Jack Daniel” signature and is what does the most to identify the product as coming from Jack Daniel’s. (Doc. 104-4 at 8-9, 15-16, 64.) Therefore, because VIP’s own expert admitted that the mark is distinctive, a reasonable trier of fact could only find that the '178 Registration is distinctive. (Doc. 101 at 26.)

In support of a lack of functionality, utilitarian and aesthetic, JDPI presents its previous arguments, and these arguments need not be restated again here. (Id. at 26-35.)

VIP contends that it has sufficient evidence to rebut the presumption of validity, citing Talking Rain, 349 F.3d at 603 (stating that once the presumption of validity afforded to a registered trademark has been rebutted, mere registration does not enable a trademark holder to survive summary judgment). (Doc. 147 at 24-25.)

In support of a lack of distinctiveness, VIP argues that the bottle design of the '178 Registration amounts to ordinary geometric shaped packaging that is widely used in the market, and therefore it is non-distinctive and protectable only upon proof of secondary meaning. (Id. at 25.)

As to distinctiveness, the Court reiterates that the presumption of validity of a trademark registration is a strong one and the burden on the defendant necessary to overcome that presumption at summary judgment is heavy. See Zobmondo, 602 F.3d at 1115. The Court finds that VIP has failed to overcome that presumption. First, and foremost, the '178 Registration includes the embossed signature, "Jack Daniel." As the Court has already concluded, the Jack Daniel's name is decidedly famous, and produces a distinctiveness on its own. Moreover, VIP's own expert, John Howard, also conceded that the '178 Registration was distinctive. (Doc. 104-4 at 8-9, 15-16, 64.)

Next, as to functionality, both utilitarian and aesthetic, both JDPI and VIP have restated a number of the functionality arguments that the Court has already considered and need not be repeated again here. (See Doc. 101 at 26-35 and Doc. 147 at 26-27.)

The Court again finds that VIP has failed to rebut the validity of the '178 Registration as it pertains to functionality, both utilitarian and aesthetic. The Court has already found that the bottle design is not functional. (See supra at 15-18.)

In conclusion, the Court finds that VIP has failed to rebut the validity of the '178 Registration. Therefore, the Court will not invalidate the '178 Registration by directing

the Commissioner of Patents and Trademarks to cancel JDPI's federal trademark registration No. 4,106,178.

*VIP's Motion to Strike*

Pursuant to Fed. R. Civ. P. 37, VIP moves to exclude the declaration submitted by JDPI in support of its Opposition to Motion to Exclude Testimony of Defendant's Expert Itamar Simonson (Doc. 96) and certain evidence that JDPI submitted in support of its Motion for Partial Summary Judgment (Doc. 101). VIP lists the evidence as follows. The Declaration of Itamar Simonson in Support of Defendant's Opposition to Plaintiff's Motion to Exclude Testimony of Itamar Simonson ("Simonson Declaration") (Doc. 97-1) and the Declaration of Phillip Epps in Support of JDPI's Motion for Partial Summary Judgment ("Epps Declaration") (Doc. 105). VIP alleges that both contain untimely disclosures, either because they are information not previously disclosed despite interrogatories and requests for production of documents that sought disclosure during the discovery period, or because they were improperly submitted after the discovery cut-off date. (Doc. 133.)

In response, JDPI contends that VIP's motion to strike should be denied for the simple reason that it was brought in violation of the local rules. (Doc. 139.) According to JDPI, LRCiv 7.2(m)(2) is clear that a party may not file a separate motion to strike evidence supporting a written motion.

The Court finds that VIP's motion to strike does not comply with the Local Rules and will be denied. LRCiv 7.2(m)(2) provides, as follows:

Objections to Admission of Evidence on  
Written Motions. An objection to (and any

argument regarding) the admissibility of evidence offered in support of or opposition to a motion must be presented in the objecting party's response or reply memorandum and not in a separate motion to strike or other separate filing.

LRCiv 7.2(m)(2). The purpose of the Local Rule is to require unitary briefs, including objections to evidence and to the propriety of arguments, within the page limits established by the Court. See Pruett v. Arizona, 600 F. Supp. 2d 1065, 1074 (D. Ariz. 2009). "Litigants may not divide their briefs and multiply their page limits by styling part of the argument as a separate motion to strike." Id. VIP violated and thus disregarded the purpose of LRCiv 7.2(m)(2) by filing a separate motion to strike; its motion to strike will be denied.

#### CONCLUSION

Accordingly, on the basis of the foregoing,

**IT IS HEREBY ORDERED** granting Defendant's motion for partial summary judgment. (Doc. 101.)

**IT IS FURTHER ORDERED** denying Plaintiff's motion for summary judgment. (Doc. 110.)

**IT IS FURTHER ORDERED** denying Plaintiff's motion to exclude the testimony of Defendant's expert, Dr. Itamar Simonson. (Doc. 92.)

**IT IS FURTHER ORDERED** denying Plaintiff's motion to exclude Defendant's supplemental declaration of Dr. Itamar Simonson and evidence offered by Phillip Epps. (Doc. 133.)

**IT IS FURTHER ORDERED** denying as moot Plaintiff's motion for clarification. (Doc. 88.) Prior to trial,

at the time the parties file their respective motions in limine, they may argue the disputed admissibility of documentary evidence that each party would present at trial.

**IT IS FURTHER ORDERED** denying as moot the parties' stipulated motion to file documents under seal. (Doc. 152.) In resolving the parties' dispositive motions, the Court only utilized the redacted portions of the referenced documents; it was not necessary for the Court to review and consider the limited sealed portion of these documents that were lodged under seal. The Clerk of Court shall maintain as lodged under seal Doc. 153 and Doc. 154. At trial, the parties must keep in mind that referencing a confidential fact or a confidential document will in fact reveal it as a matter of course.

**IT IS FURTHER ORDERED** denying as moot Defendant's motion to seal. (Doc. 162.) The parties did not reference nor did the Court consider any of these documents during resolution of the dispositive motions. The Clerk of Court shall maintain as lodged under seal Doc. 119, Doc. 119-1, and Doc. 127. At trial, the parties must keep in mind that referencing a confidential fact or a confidential document will in fact reveal it as a matter of course.

**IT IS FURTHER ORDERED** setting this matter for a status hearing on **Wednesday, October 26, 2016, at 2:00 p.m.**, in Courtroom 401, 401 West Washington Street, Phoenix, AZ before Senior Judge Stephen M. McNamee.

**DATED** this 27th day of September, 2016.

124a

/s/ Stephen M. McNamee  
Honorable Stephen M. McNamee  
Senior United States District Judge

125a

APPENDIX K

Case 1:18-cv-01571-SPK Document 1-1 Filed 10/27/17 Page 696 of 700  
**Why Does This Case Matter?**



ER 1563

**Silly Squeakers**

Who will have more fun with them...

And some fun to your household with Silly Squeakers® Treaty Beer and Soda Bottles! These soft squawky toys come in six flavors: Cagney, Pennie Shiraz, Broody, Mountain Proud, Cooles and Barks, and they're a hound on target!

Collect all six for your canine companion, and please play responsibly.

**Fourteen Fun Bottles To Choose From!**

Next time you're out picking up a bottle for yourself, bring one home for the dog to choose from. Your choice of fourteen different bottles to please all tastes.

These products are a 100% recycled soft plastic with Absoluter Barks, Inc. reserves the right to change product design, price, availability, and availability without notice. © 2015 Absoluter Barks, Inc. All rights reserved.

32

VIP000089

Case# 2:18-cv-02057-8MM Document 1-1 Filed 08/13/15 Page 136 of 382

**Silly Squeakers**

**Fourteen Fun Bottles To Choose From!**

Next time you're out for a bottle for yourself, bring the home for the dog too! Your choice of fourteen different bottles to please all tastes.

137

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The advertisement features a central image of a black and tan dog, possibly a Doberman Pinscher, holding a dark beer bottle in its mouth. The bottle has a label that reads "PILSENER". To the right of the dog is a vertical display of seven different beer bottles, each with a unique label. The labels include "DOS PERROS", "SMELLA R-SHOTCH", "PILSENER", "BLUE Cats Trippin'", and "PILSENER". The background is a blurred indoor setting with warm lighting.

12 BEZP 22 BEZP 22 BEZP 22 BEZP 22 BEZP 22 BEZP 22 BEZP

These products are not to be used with other beverages. © 2015 Anheuser-Busch, Inc. All rights reserved.





**Silly Squeakers**

*Who will have more fun with them...*

**Silly Squeakers**

**Bad Spaniels**  
The Old No. 2  
Tennessee  
CARPET

Now Ol' Grand Papa Pooch has a Silly Squeakers® Novelty Liquor Bottle made just for him! Please play responsibly.

36

The product and its design belong to VP Products. This product is not affiliated with Jack Daniel's Distillery.

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130a

**APPENDIX L**

**STATUTORY PROVISIONS INVOLVED**

15 U.S.C. § 1125(a) (Lanham Act section 43(a)),  
entitled “Civil Action,” provides:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term “any person” includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this

chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

15 U.S.C. § 1125(c), entitled “Dilution by Blurring; Dilution by Tarnishment,” provides:

(1) INJUNCTIVE RELIEF. Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) DEFINITIONS.

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

133a

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

134a

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

(vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), “dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) EXCLUSIONS. The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services;  
or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) BURDEN OF PROOF. In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that—

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) ADDITIONAL REMEDIES. In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity if—

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after October 6, 2006; and

(B) in a claim arising under this subsection—

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is

sought willfully intended to harm the reputation of the famous mark.

(6) OWNERSHIP OF VALID REGISTRATION A COMPLETE BAR TO ACTION. The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this chapter shall be a complete bar to an action against that person, with respect to that mark, that—

(A) is brought by another person under the common law or a statute of a State; and

(B)

(i) seeks to prevent dilution by blurring or dilution by tarnishment; or

(ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) SAVINGS CLAUSE. Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.