

No. 22-148

IN THE
SUPREME COURT OF THE UNITED STATES

JACK DANIEL'S PROPERTIES, INC.,
Petitioner,

v.

VIP PRODUCTS LLC,

Respondent.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Ninth Circuit**

**BRIEF OF CONSTELLATION BRANDS, INC.
AS *AMICUS CURIAE* IN SUPPORT
OF PETITIONER**

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INTEREST OF *AMICUS CURIAE*¹

Constellation Brands, Inc. is a market leader in consumer packaged goods. Founded in 1945 in upstate New York, Constellation has achieved its enviable position by creating powerful brands and delivering best-in-class customer experiences and consumer products. Constellation’s portfolio of beer, wine, and spirits products includes many well-known consumer brands, including Corona, Pacifico, Modelo Especial, Robert Mondavi, Svedka, and High West. Each of these products embodies Constellation’s core mission: build brands and products that people love.

Constellation has a significant interest in this case because the Ninth Circuit’s decision in *VIP Prod. LLC v. Jack Daniel’s Properties, Inc.*, 953 F.3d 1170 (9th Cir. 2020), Pet. App. 22a-34a, will likely lead to an endless stream of third-party products that infringe and trade off the hard-won reputations of popular brands, such as those that make up Constellation’s packaged goods portfolio. Unless that decision is reversed, manufacturers of competing commercial products will legally be able to confuse the public and trick them into buying their inferior goods simply by marketing their competing products as “humorous” knock-offs of famous brands.

¹ No counsel for a party authored this brief in whole or in part, and no person other than Constellation, its members, or its counsel made a monetary contribution to fund its preparation or submission. Counsel of record for the parties received timely notice of Constellation’s intent to file this brief under Rule 37(2)(a). All counsel consented to the filing of the brief.

This “infringement loophole” exists because the Ninth Circuit has now declared humorous products essentially exempt from the infringement provisions of the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, as a matter of law. *See* Pet. App. 30a. Left to stand, that unprecedented decision will turn the Ninth Circuit into a safe haven for infringement, enticing infringers to file declaratory judgment actions out west and obtain judicial blessing for nationwide infringement—just as Respondent did here. *Id.* at 49a.

This Court should grant certiorari to restore the proper interpretation of the Lanham Act and to protect consumers from confusion and economic harm. The Lanham Act was meant to create a uniform set of fair rules governing trademarks. The Ninth Circuit’s rogue ruling and split from the precedent of other Circuits threatens to tear that asunder.

SUMMARY OF ARGUMENT

Congress enacted the Lanham Act to protect consumers from being misled and harmed. Under that venerable law, a manufacturer may not use a colorable imitation of a competitor’s trademark or trade dress on its own product if doing so would likely confuse consumers and trick some of them into buying the manufacturer’s product by mistake. This system has worked well for more than seventy-five years.

The Ninth Circuit, though, disagrees. The new loophole the panel below created makes consumer deception acceptable, provided the companies who profit from the public’s confusion make a joke while

doing so. The fact that some consumers will waste their money buying products they never wanted is just the price the public evidently will have to pay.

The Ninth Circuit's new rule is as an outlier among the Circuits and if allowed to stand will upset the careful balance courts have long maintained between protecting commercial speech and protecting consumers from market harm. A company has every right to poke fun at its competitors when selling its products, and it may even reference the competitors' trademarks while doing so. To make a sale, however, a company cannot go so far that consumers wind up believing the products *come from* the competitor.

There is a line. Just as the right to swing one's arm ends where another's nose begins, the right to mock a competitor and its trademarks to make a sale must yield when *the public* starts to suffer harm. That is why every Circuit to have addressed this issue until now has considered a company's use of humor on commercial utilitarian goods (such as those at issue here) *within* the context of the traditional "likelihood of confusion" analysis rather than as a *per se* exception to the Lanham Act, contrary to the panel below.

A modern economy cannot effectively function if shoppers can legally be tricked into buying goods that they think actually come from someone else. The Court should resolve the split among the Circuits and clarify that the using humor to sell a product does not automatically exempt a company's actions from potential liability under the Lanham Act; it is just one of many factors for courts to consider when assessing whether consumers are likely to be confused.

ARGUMENT

I. The Ninth Circuit’s decision will harm the public by permitting consumer confusion, thwarting the purpose of the Lanham Act.

Trademarks protect consumers by serving to identify and distinguish one company’s goods from the goods made or sold by another, 15 U.S.C. § 1127, thus allowing the public to rely on those source-identifying designations to make informed purchasing decisions.

If companies were allowed to use a competitor’s trademarks with their *own* goods, consumers would inevitably be confused. The public today trusts that a soft drink sold in the famous “COKE” bottle originates from the Coca-Cola Company. However, if others could also use that same design, many consumers would be deceived into making erroneous purchasing decisions and market transaction costs would rise.

This is why the Lanham Act (15 U.S.C. §§ 1051 *et seq.*) is considered in part a consumer protection statute. Under this well-established law, a company may not use another party’s trademark (or a colorable imitation thereof) on its own goods if doing so would be “likely to cause confusion ... [or] mistake” among consumers or otherwise deceive them. 15 U.S.C. § 1125(a). The purpose of this enforcement provision is to protect consumers from confusion and harm. *See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992) (quoting *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985) [citing S. Rep. No. 1333, 79th Cong., 2d Sess, 3-5 (1946)]).

Under the new rule announced by the Ninth Circuit, however, consumer harm is now sanctioned, provided some people can smile about it. The Ninth Circuit held that “humorous” commercial products are now exempt from a “likelihood of confusion” review provided a separate two-part test is met. In the context of commercial goods, however, that judge-made two-part “limitation” is essentially meaningless, as the trial court rightly observed. *See* Pet. App. 18a (“it appears nearly impossible for any trademark holder to prevail under the [applicable] test”).

To qualify for the Ninth Circuit’s new infringement loophole, a company wanting to exploit a competitor’s trademark while selling its own goods need only create a “humorous” product—thereby qualifying it in the Ninth Circuit (and nowhere else) as an “expressive work.” *See id.*, 30a-32a. And once that “expressive” threshold has been met, sales of those goods can **only** be enjoined if the company’s use of its competitor’s mark has zero “artistic relevance” to the goods or is “explicitly misleading,” *see id.*, a “high bar that requires the use to be an explicit indication, overt claim, or explicit misstatement” about the source of the goods. *See Dr. Seuss Enters., L.P. v. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020) (quote omitted); *see also* Pet. App. 12a, 15a.

The degree to which consumers are confused or harmed is irrelevant to the Ninth Circuit’s analysis. Now, according to the Ninth Circuit, the Lanham Act only applies to humorous goods “**if** the plaintiff establishes one of the two [further] requirements[.]” Pet. App. 30a (emphasis added). And even the junior party’s *intent* is ignored. Under the Ninth Circuit’s

rule, a company can act with the express goal of hoping to confuse consumers for profit and they will *still* be protected if their product is humorous and, thus, deemed “expressive.” *See id.*, 15a, 18a.

The public should not be expected to subsidize commercial profit through mistaken purchases. Ironically, the two-part test (“the *Rogers* test”) the Ninth Circuit panel applies to justify competitors engaging in infringement was (according to another panel within the Ninth Circuit) “designed *to protect consumers* from the risk of consumer confusion—the hallmark element of a Lanham Act claim.” *In re NCAA Student-Athlete Name & Likeness Licensing Litigation*, 724 F.3d 1268, 1280 (9th Cir. 2013) (emphasis added). Through its decision below, however, the panel has broadened the once-narrow *Rogers* test—which the Second Circuit created only to protect the titles of “indisputably artistic works” (such as “movies, plays, books, and songs”), *see Rogers v. Grimaldi*, 875 F.2d 994, 997 (2d Cir. 1989)²—so far,

² When it developed the *Rogers* test, the Second Circuit was focused on “indisputably artistic works,” rather than “more utilitarian products[.]” *Rogers*, 875 F.2d at 997 (2d Cir. 1989). The court reasoned that because unrestricted application of the traditional infringement test “in the area of titles” could “intrude on First Amendment values,” the Lanham Act should be “construe[d] ... narrowly” when applied to titles “to avoid such a conflict.” *Id.* at 998. Nonetheless, the Second Circuit was still concerned about confusion, noting that even with respect to titles, “where the public interest in avoiding consumer confusion *outweighs* the public interest in free expression,” the Lanham Act would still fully apply. *Id.* at 999 (emphasis added). The dog toys at issue below, of course, are not “artistic works,” nor do they involve the use of titles. The goods are “utilitarian.”

the test is now being used to *encourage* the same confusion and harm it was meant to prevent.

II. There is a split among the Circuit Courts over whether humorous goods are exempt from a claim under the Lanham Act.

The Ninth Circuit’s exemption for humorous utilitarian goods is categorical. Provided a company’s use of its competitor’s trademark has “some” artistic relevance to the goods sold and is not “explicitly misleading”—a test so easy to meet it “excuses nearly any use less than slapping another’s trademark on your own work and calling it your own,” Pet. App. 18a—the sale of those goods will not trigger Lanham Act liability regardless of the amount of consumer confusion that may result, the company’s commercial motives, or even clear bad faith. *Cf. id.*, 30a, 33a.

The Ninth Circuit’s unnuanced handling of situations where one company uses for itself a parody of another’s trademarks (or, as here, trade dress) on humorous goods conflicts with the approach adopted by every other Circuit to address this issue, including the Second Circuit, which created the *Rogers* test. In the Second, Fourth, Fifth, Seventh, Eighth, and Tenth Circuits, a company’s humorous use of a competitor’s trademark or trade dress on utilitarian, commercial goods is considered *within* the traditional likelihood of confusion test, rather than creating an exception to it. *See Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 813-14 (2d Cir. 1999); *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 261 (4th Cir. 2007); *Elvis Presley Enter., Inc. v. Capece*, 141 F.3d 188, 198-99 (5th Cir. 1998); *Nike, Inc. v. “Just Did It” Enter.*,

6 F.3d 1225, 1228 (7th Cir. 1993); *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 401-02 (8th Cir. 1987); *Jordache Enter. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1485-86 (10th Cir. 1987). As the Seventh Circuit has succinctly explained, “The ultimate question ... is whether [the] goods confuse customers. Parodies do not enjoy a dispensation from this standard.” *Nike*, 6 F.3d at 1228; *cf. also Rogers*, 875 F.2d at 997 (“Poetic license is not without limits. The purchaser of a book, like the purchaser of a can of peas, has a right not to be misled as to the source of the product.”).

Fundamentally, these courts all recognize that although the use of humor *may* reduce the likelihood of consumer confusion, it is just one factor to consider. After all, if the average consumer “gets” the joke when they encounter a parody product, they likely won’t be confused—they will understand that the product is a parody and that it was not put out by the trademark owner. But, on the other hand, if a manufacturer has designed its “parody” product to mimic the original so closely it confuses consumers, the fact a few people might also find it funny does not excuse the harm.

Just as there is a line between impression and impersonation, there is a line between acceptable and unacceptable parodies—something the Ninth Circuit used to understand. As that court once explained, “parody is not really a separate ‘defense’ as such, but merely a way of phrasing the traditional response that consumers are not likely to be confused[.]” *Dr. Seuss Enter., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (1997) (citing *Mutual of Omaha*); *see also id.* at 1405-06 (“[T]he cry of ‘parody!’ does not magically fend off otherwise legitimate claims of

trademark infringement or dilution. There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use of someone else's trademark. A non-infringing parody is merely amusing, not confusing.” (quoting 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 31.38 (rev. ed. 1995)).

Now, however, the Ninth Circuit no longer recognizes any distinction between “confusing and non-confusing parodies.” With its decision below, the Ninth Circuit stands as the only jurisdiction where parody goods are, by definition, exempt from Lanham Act claims, unless one of two narrow exceptions (zero artistic relevance, explicitly misleading) applies. This is a significant Circuit split affecting substantive trademark law that, respectfully, should be resolved.

III. The split among the Circuit Courts will increase the strain on the federal courts and lead to unabashed forum shopping

When Circuit Courts are split on a substantive issue of law it undermines uniformity, consistency, and predictability. Depending on the jurisdiction in which a case is heard, similarly-situated litigants can experience different outcomes, which not only raises concerns about overall fairness, it can lead parties to alter pre-litigation behavior and to forum shop.

These concerns weigh especially heavy in the field of intellectual property. Unlike claims that are more geographically linked (*e.g.*, torts, contracts, land use), patent, trademark, and copyright cases can often be brought in any of *several* federal jurisdictions

(usually any place the accused product is sold), either by the rights owner or the potential defendant (under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 *et seq.*). Thus, meaningful differences in substantive Circuit trademark law (which we now have here) will inevitably incentivize parties to forum shop.

Indeed, it was just such a concern regarding the inconsistent application of national patent laws (and the concomitant effect of party forum shopping) that led Congress to create the Court of Appeals for the Federal Circuit forty years ago. *See* S. Rep. No. 275, 97th Cong., 1st Sess. 1-7, *reprinted in* April 1982 U.S. Code. Cong. & Ad. News 11-17. The Federal Circuit, however, was only given exclusive jurisdiction over patents and a few other matters. 28 U.S.C. § 1295. The regional Circuits are still the provenance of most substantive trademark infringement law.

A Circuit split in whether humorous products are subject to the traditional likelihood of confusion test will also lead parties to alter their pre-litigation behavior, with negative knock-on results. To protect themselves, manufacturers of parody products will be advised to incorporate (or have a subsidiary) within the Ninth Circuit and to pursue declaratory judgment actions against trademarks owner before shipping product. Meanwhile, rights owners will learn to sue in a preferred forum before daring even to *contact* a party about a potential infringement, lest good faith, pre-filing negotiations give the potential defendant an opportunity to haul them before a disfavored court.

As a result, the strain on the federal judiciary will surely increase as parties jockey for jurisdictional

position, filing unnecessary “placeholder” suits and treating any dispute over forum as potentially case-dispositive (with good reason). The breakdown in pre-filing communications will also make the parties less likely to resolve their disputes before going to court.

This is both inefficient and unnecessary. The Ninth Circuit has gone rogue by adopting a near *per se* rule that ignores the text and thrust of the Lanham Act and puts the Circuit squarely at odds with other Circuits (as well as its own precedent). This Court should step in to resolve this split and ensure uniformity and consistency in trademark law.

CONCLUSION

The petition for writ of certiorari should be granted.

Respectfully submitted,

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