No. 22–148

In the Supreme Court of the United States

JACK DANIEL'S PROPERTIES, INC., PETITIONER

v.

VIP PRODUCTS LLC

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR AMERICAN CRAFT SPIRITS ASSOCIATION, AMERICAN DISTILLED SPIRITS ALLIANCE, THE BEER INSTITUTE, THE BREWERS ASSOCIATION, DISTILLED SPIRITS COUNCIL OF THE UNITED STATES, AND WINE INSTITUTE AS *AMICI CURIAE* IN SUPPORT OF PETITIONER

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QUESTION PRESENTED

1. Whether humorous use of another's trademark as one's own on a commercial product is subject to the Lanham Act's traditional likelihood-of-confusion analysis, or instead receives heightened First Amendment protection from trademark-infringement claims.

2. Whether humorous use of another's mark as one's own on a commercial product is "noncommercial" under 15 U.S.C. § 1125(c)(3)(C), thus barring as a matter of law a claim of dilution by tarnishment under the Trademark Dilution Revision Act.

CORPORATE DISCLOSURE STATEMENT

Amicus American Craft Spirits Association (ACSA) is a 501(c)(6) industry association. It has no parent company, and no publicly traded company has an ownership interest in ACSA.

Amicus American Distilled Spirits Alliance (ADSA) is a d/b/a of The Presidents' Forum of the Distilled Spirits Industry (PFDSI), a Delaware nonprofit corporation, and a federally registered 501(c)(6) industry association. It has no parent company, and no publicly traded company has an ownership interest in ADSA or PFDSI.

Amicus The Beer Institute is a 501(c)(6) industry association. It has no parent company, and no publicly traded company has an ownership interest in The Beer Institute.

Amicus The Brewers Association is a 501(c)(6) industry association. It has no parent company, and no publicly traded company has an ownership interest in The Brewers Association.

Amicus Distilled Spirits Council of the United States (DISCUS) is a 501(c)(6) industry association. It has no parent company, and no publicly traded company has an ownership interest in DISCUS.

Amicus Wine Institute is a 501(c)(6) industry trade association. Pursuant to Supreme Court Rule 29.6, Wine Institute discloses the following. There is no parent or publicly held company owning 10% or more of Wine Institute's stock.

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INTRODUCTION AND STATEMENT OF INTEREST OF *AMICI CURIAE*[1]

Amici are six industry associations representing different memberships of producers and importers of alcohol beverages. They file this brief to highlight the harmful implications of the Ninth Circuit's decision for the responsible advertising of alcohol beverages—an issue in which Congress, the Federal Trade Commission (FTC), and the alcohol beverage industry have invested extensive resources.

The alcohol beverage industry embraces its duty to promote responsible use of its products. Operating under advertising codes promulgated by *amici* American Craft Spirits Association (ACSA), American Distilled Spirits Alliance (ADSA), The Beer Institute, The Brewers Association, Distilled Spirits Council of the United States (DISCUS), and Wine Institute, the industry has a robust system of self-regulation to prevent improper advertising.[2] *Amici* and their members,

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[1] All parties received timely notice of the filing of this brief under Rule 37.2 and have consented to its filing. No counsel for any party authored this brief in whole or in part, and no person other than *amici*, their counsel, and their members made a financial contribution to its preparation or submission.

[2] See ACSA, *Code of Advertising Practice of the American Craft Spirits Association* (2022), https://bit.ly/3RwJmGR (ACSA Code); ADSA, *Statement of Responsible Practices* (2020), https://bit.ly/3jZhcDz (ADSA Statement); Beer Institute, *Advertising/Marketing Code and Buying Guidelines* (2018), https://bit.ly/2EZd33g (BI Code); The Brewers Association, *Brewers Association Marketing and Advertising Code* (2022), https://bit.ly/2GCLiOt

working cooperatively with the FTC, have made great strides over the past 20 years in assuring that their advertising is responsible.

Absent this Court's review, the novel exceptions to trademark liability announced by the court below will authorize irresponsible use of known alcohol beverage trademarks and trade dress, whenever the infringing use is arguably humorous. But "humor" is subjective —different judges and juries will view the same statement differently. Under the decision below, near-immunity from Lanham Act violations will likewise differ. Left unchecked, the decision below will seriously undermine the efforts of *amici* and their members to engage in industry self-regulation. *Amici* thus urge the Court to intervene.

ACSA is the only national non-profit trade group led by and for the more than 2300 craft distilleries operating in the United States. With over 700 members nationally, ACSA is loyal to its mission to elevate and advocate for the community of craft spirits producers.

ADSA is a non-profit trade association of 27 member companies with common interests in manufacturing, importing, and marketing distilled spirits in the United States. ADSA members represent over 60% of all distilled spirits sales in the United States.

(BA Code); DISCUS, *Code of Responsible Practices for Beverage Alcohol Advertising and Marketing* (2020), https://bit.ly/3iskWf9 (DISCUS Code); Wine Institute, *Code of Advertising Standards* (2014), https://bit.ly/33rkjOW (WI Code). Unless otherwise stated, all citations to Internet materials are as visited September 7, 2022.

The Beer Institute is the not-for-profit trade association representing America's brewers, beer importers, and suppliers. Its members today supply 85% of the volume of beer sold in the United States. The American beer industry supports more than 2.1 million jobs throughout the beer supply chain—ranging from farmers and can and bottle manufacturers to brewery workers, truck drivers, and waitstaff.

The Brewers Association is the not-for-profit trade association dedicated to small and independent American brewers, their beers, and the community of brewing enthusiasts. It has more than 5,800 U.S. brewery members, 2,600 allied trade and associate members, and 36,000 members in its affiliate, the American Homebrewers Association.

DISCUS is the principal trade association for the leading producers and importers of distilled spirits products sold in the United States. DISCUS members produce or import a majority of the distilled spirits sold in the United States.

Wine Institute is the public policy advocacy association representing more than 1,000 California wineries and affiliated businesses. More than 81% of wine production in the U.S. takes place in California, which is also responsible for 95% of U.S. wine exports.

SUMMARY OF ARGUMENT

I. The alcohol beverage industry has invested extensive resources in combatting irresponsible alcohol use. A vital part of the industry's work is self-regulation carefully crafted to ensure that all advertising that uses trademarks associated with alcohol beverages promotes responsible adult consumption—and never improperly appeals to minors.

The codes promulgated by the main industry associations preclude industry participants from advertising alcohol beverage products in ways that appeal to minors, promote underage drinking, encourage excessive or irresponsible consumption, or depict illegal activity such as drunk driving. If members violate these codes and do not take responsive action to remove or amend the advertisement(s) in question, they face expulsion from the associations.

This industry self-regulation polices alcohol beverage promotion and advertising without costly government intervention. As the FTC has noted, self-regulation "conserves limited government resources and is more prompt and flexible than government regulation, given the substantial time required to complete an investigation or adopt and enforce a regulation." FTC, *Self-Regulation in the Alcohol Industry: Report of the Federal Trade Commission* 34 (2014), https://bit.ly/3iu5ijD (2014 FTC Rep.).

For these self-regulatory efforts to succeed, however, industry participants must be able to control their trademarks. If "humorous" infringing uses of famous marks associated with alcohol beverages become exempt from the Lanham Act, infringement will render leading producers' social responsibility ineffective by allowing parties outside of the industry's self-regulatory system to use those marks to promote irresponsible drinking. Industry members cannot police all third-party promotion of irresponsible alcohol use, and infringement implying that popular brands support such activities harms the industry—and society—by associating the industry's best-known names with problematic drinking.

The Ninth Circuit's decision in this case authorizes exactly the sort of infringement that undermines industry self-regulation. The district court found, after trial, that respondent's "Bad Spaniel's" dog toys could tarnish Jack Daniel's brand—including by suggesting associations between whiskey and children—and create confusion as to the sponsor of respondent's products. Pet. 61a. Yet the Ninth Circuit held that adding scatological humor to an infringing consumer good entitles that good to broad protection from infringement liability and renders the good "noncommercial" for trademark dilution purposes. That decision opens the door to a host of supposedly humorous infringements of famous marks associated with alcohol beverages.

Indeed, the Ninth Circuit's rule would appear to protect infringing activity that takes the form of jokes about underage drinking, excessive consumption, or drunk driving. From children's toys to drinking game kits to automobile accessories, those making infringing products need only employ humor to escape liability for trademark infringement or dilution. Such a humor-based exemption from liability conflicts with both decades of trademark law in other circuits and this Court's intellectual property jurisprudence, and it threatens social harm well beyond the commercial injuries to trademark owners.

II. The Ninth Circuit's decision also warrants review because it privileges infringers' asserted interest in free expression without acknowledging, let alone properly protecting, the First Amendment rights of trademark owners. A company's trademark provides the public with vital information about the source and association of goods or services. The decision below devalues the First Amendment rights of trademark owners at the exact point when those rights should be at their zenith—when consumers are confused about the owner's associations, identity, or products.

Worse, the Ninth Circuit did so by interpreting the Lanham Act to require courts to draw content-based distinctions among different sorts of infringing speech —a presumptively unconstitutional exercise. Nothing in the text, history, or purpose of the Lanham Act supports such an approach. But even if Congress had endorsed it, reading the Lanham Act to favor "humor" over other infringing speech *creates*—rather than solves—First Amendment problems. None of this Court's cases involving humorous speech protect infringing speech that creates confusion as to the source of products. And even if "[an accused infringer] claims an expressive, as opposed to a purely commercial, purpose," that "does not give it a First Amendment right to 'appropriate to itself the harvest of those who have sown.'" *San Francisco Arts & Athletics, Inc.* v. *U.S. Olympic Comm.*, 483 U.S. 522, 541 (1987) (*SFAA*) (citation omitted). Here, of course, VIP *is* selling a product. And the need to prevent confusion is especially critical when it comes to advertising alcohol beverages, where trademark infringement threatens to promote underage drinking and irresponsible consumption.

This Court should grant review and reverse.

ARGUMENT

I. The Ninth Circuit's decision threatens the alcohol beverage industry's ability to promote responsible advertising that does not harm children.

The alcohol beverage industry has long invested in self-regulation efforts designed to ensure that all advertising of its products is responsible and does not appeal to children. Review is warranted to prevent the decision below from upending those efforts.

A. The industry, in cooperation with the Federal Trade Commission, has made extensive investments in the responsible advertising of alcohol beverages.

1. The alcohol beverage industry began working with the FTC in the 1990s to improve the standards for advertising alcohol beverages. Congress then raised "concerns about the impact of alcohol advertising on underage drinking" and directed the FTC to "investigate when problematic practices are discovered, encourage the development of effective voluntary advertising codes, and report their findings." H.R. Rep. No. 105-405 p. 185 (1997), 143 Cong. Rec. H10860 (November 13, 1997) (quoted in FTC, *Self-Regulation in the Alcohol Industry: A Review of Industry Efforts to Avoid Promoting Alcohol to Underage Consumers* 4 (1999), https://bit.ly/2SqaNVP (1999 FTC Rep.)).

In response, the FTC issued a report endorsing industry self-regulation as the best strategy for addressing concerns about the advertising of beverages containing alcohol. The agency found that industry self-regulation provides an efficient, effective, and less complicated solution to the issues raised, stating:

> Self-regulation is a realistic, responsive and responsible approach to many of the issues raised by underage drinking. It can deal quickly and flexibly with a wide range of advertising issues and brings the accumulated experience and judgment of an industry to bear without the rigidity of government regulation. The Commis-

> sion regards self-regulation as particularly suitable in this area, where government restriction —especially if it involves partial or total advertising bans—raises First Amendment issues.

1999 FTC Rep. 2.

While strongly endorsing the concept of self-regulation, the FTC had concerns about the efficacy of then-existing industry programs. "[F]or the most part," the Commission explained, "members of the industry comply with the current standards set by the voluntary advertising codes, which prohibit blatant appeals to young audiences and advertising in venues where most of the audience is under the legal drinking age." *Id*. at 3. At the same time, the agency called for improved "code standards and implementation." *Ibid*. The agency called for adopting third-party review of complaints concerning violations of industry codes, strengthening ad placement standards, and implementing practices "that reduce the likelihood that [alcohol beverage] advertising and marketing will reach —and appeal to—underage consumers." *Ibid*.

2. The alcohol beverage industry listened. In particular, the Beer Institute, DISCUS, and Wine Institute, working together with the FTC, strengthened their existing codes. (The ACSA, ADSA, and the Brewers Association did not yet exist.)

For example, the industry raised the standards for ad placement, requiring that at least 70% of the target audience for any forum where alcohol beverage advertising appeared consist of adults over 21 years-old, a 20% increase over the prior standard. FTC, *Alcohol Marketing and Advertising: A Report to Congress* i-ii (2003). https://bit.ly/3jq0Pjb. This helps ensure that alcohol is not improperly marketed to underage individuals. In addition, the industry associations created external review boards to resolve claims of potential advertising code violations. FTC, *Self-Regulation in the Alcohol Industry: Report of the Federal Trade Commission* ii (2008), https://bit.ly/3jvHhdj. Moreover, the Beer Institute and DISCUS implemented media buying guidelines to guide members in the responsible use of their advertising expenditures. 2014 FTC Rep. 12.[3] The associations have also adopted guidelines specific to digital media advertising. *Id.* at 15-16.[4]

By 2014, the FTC found that, "[s]ince 1999, the alcohol industry has substantially improved in self-regulation." 2014 FTC Rep. 34-35. In particular, more than 90% of ad placements and more than 97% of ad impressions (*i.e.*, individual ad views) met the heightened requirements for target audience age. *Id.* at i. Industry associations and their members continue to cooperate with the FTC on implementing standards for responsible advertising, and the FTC refers consumers to the Beer Institute, DISCUS, and Wine Institute for handling complaints about potentially in-

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[3] https://www.ftc.gov/system/files/documents/reports/self-regulation-alcohol-industry-report-federal-trade-commission/140320alcoholreport.pdf.

[4] See also ACSA Code, "Responsible Content" ¶ 24; BA Code, *Digital Media Guidelines*, https://bit.ly/3RwJmGR; DISCUS Code, *Digital Marketing Guidelines*, https://bit.ly/3iskWf9; Wine Institute, *Digital Marketing Guidelines* (2014), https://bit.ly/ 33rkjOW.

appropriate advertisements. FTC, *Alcohol Advertising* (2013), https://www.consumer.ftc.gov/articles/0391-alcohol-advertising.

B. Responsible advertising efforts depend on strong trademark protections.

1. Each industry code restricts advertising practices in ways that implicate the use of industry participants' trademarks. For example, the Beer Institute directs that "[n]o beer identification, including logos, trademarks, or names should be used or licensed for use on clothing, toys, games or game equipment, or other materials intended for use primarily by persons below the legal drinking age." BI Code ¶ 3(f). Likewise, DISCUS prohibits "brand identification—including logos, trademarks, or names—on clothing, toys, games, game equipment, or other items intended for use primarily by persons below the legal purchase age." DISCUS Code 6. More generally, each industry code prohibits ads marketing alcohol beverages from promoting underage use, drunk driving, and other irresponsible uses. *Amici* also stress the need to follow contemporary standards of good taste in advertising. All of this presumes that industry members can control the use of their trademarks and trade dress.[5]

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[5] See ACSA Code "Responsible Content" 2-4 (prohibiting advertising to minors and advertising portraying excessive consumption or drunk driving); ADSA Statement (member commitment to marketing products for responsible consumption and to direct marketing to adults of legal drinking age); BI Code ¶¶ 2 & 3 (prohibiting ads portraying excessive drinking or drunk driving and ads that appeal primarily to under-age consumers); BA Code ¶ (1)(a)-(j) (prohibiting beer marketing that, among other things, condones driving and drinking, depicts excessive consumption,

These standards are not merely hortatory. Review boards for the associations enforce them,[6] publishing their decisions on their associations' websites.[7] These

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portrays illegal activity, or promotes underage drinking); DISCUS Code 5 (requiring that advertisements primarily appeal to adults of legal age, promote responsible drinking, and not portray drunk driving); WI Code "Code of Advertising Standards," ¶¶ 1, 3, & 4 (prohibiting advertising that promotes excessive drinking, appeals to under-age consumers, or connects drinking wine to vehicle use).

[6] See ACSA, *Advertising Complaint Review Process* (2017) (Advertising Review Panel to adjudicate advertising complaints), https://bit.ly/30X1ilF; BI Code 9 (Code Compliance Review Board "composed of individuals with a variety of experience who are independent of the brewing industry," and brewers found to have violated the code are "expected" to "promptly revise" or "withdraw" any offending advertising); The Brewers Association, "Advertising Complaint Review Process," https://bit.ly/2GCLiOt (standing panel of three experts otherwise unaffiliated with the Association to review Advertising and Marketing Code Complaints); DISCUS Code 8-9 (Code Review Board comprising members appointed by DISCUS's Board of Directors, which will "urge[] the advertiser to revise or withdraw" any advertisement that violates DISCUS's Code); Wine Institute, *Complaint Review Process* (2005), https://bit.ly/33rkjOW (Internal Review Committee that initially resolves complaints about advertisements, with appeal available to an Independent Third Party Reviewer).

[7] See The Beer Institute, *Code Compliance Review Board*, https://bit.ly/3nT91ei; The Brewers Association, *Advertising and Marketing Code Complaint Process*, https://bit.ly/33T9Dca; DISCUS, *DISCUS Code Review Board Decisions*, https://bit.ly/30Zx959; Wine Institute, *Wine Institute's Code of Advertising Standards*, https://bit.ly/3lBRTrF.

boards have successfully promoted compliance with these codes within the industry, on pain of being expelled from the association. But the boards have no ability to address irresponsible use of industry participants' trademarks and trade dress by those *outside* the industry, whose marketing is not subject to industry rules. Association rules bind only the association's members, so non-members have no obligation to abide by them.

In light of the review boards' limited authority, industry self-regulation of advertising can succeed only if industry members can control the use of their trademarks and trade dress. Because the system lacks the enforcement mechanisms of governmental regulation, it relies on industry members' desire to maintain their reputations—both within the industry and in society at large—to drive adherence to the rules and compliance with review board decisions. If non-industry participants can infringe members' marks in a manner that promotes irresponsible drinking, that loss of control directly undermines the industry's self-regulation. In short, policing such misconduct requires rigorous trademark enforcement and robust legal protection of members' marks.

2. Even allegedly "humorous" knock-offs can confuse consumers as to what messaging and products well-known alcohol beverage brands endorse—and thus undermine the industry's credibility. After trial here, the district court credited expert testimony that respondent's "Bad Spaniels" dog toy inflicted significant harm on Jack Daniel's reputation and famous brand. Pet. 61a. Moreover, that harm flows directly from being associated with underage drinking. As the court explained, "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." *Ibid.* The court further found that some 29% of consumers surveyed would likely be confused as to whether Jack Daniel's endorses respondent's "Bad Spaniels" dog toy. Pet. 38a. That is nearly triple the threshold of confusion in the Ninth Circuit. See *P&P Imports LLC* v. *Johnson Enters., LLC*, ___ F.4th ___, 2022 WL 3642116, at *7 & n.3 (9th Cir. Aug. 24, 2022).

That is why industry members must be able to maintain control over the use of their trademarks. The dissonance between the sophisticated, adult image that Jack Daniel's invests in and the childishness of respondent's infringing use not only harms Jack Daniel's commercial interests, but tarnishes a prominent whiskey brand with the very associations that the entire industry has worked to eliminate from its advertising. This in turn undermines the industry's reputation, by creating the perception that the industry accepts associating its products with children. And if a line of dog toys can create that perception, one can only imagine what children's toys, apparel, drinking game sets, or other infringing products could do. The facts here thus highlight the overwhelming importance of strong trademark protections to the alcohol beverage industry's self-regulation efforts.

C. The decision below inflicts entirely unjustified harm on industry self-regulation.

1. The Ninth Circuit's ruling deals a major blow to both industry self-regulation and the settled rights of trademark owners. Requiring a trademark owner to prove that a so-called "humorous" use of its marks is "not artistically relevant to the underlying work" or "explicitly misleads consumers as to the source or content of the work" largely immunizes parties marketing infringing goods—they need only add a humorous element to the goods. Pet. 24a. But "humor" is in the eye of the beholder. And by holding that using a mark for ordinary consumer goods becomes "noncommercial" when the use has an element of humor (Pet. 33a), the Ninth Circuit created a gaping hole in protection from trademark dilution.

These amorphous standards threaten to gut trademark protection. Some see humor in the sheer audacity of a knock-off product, and an infringer can point to the irresponsibility of its infringing use as evidence of irony. This means nearly all infringing uses must be scrutinized for comedic value. Trademark litigation will devolve into haggling over what constitutes "humor"—a subjective exercise that is both beyond the judiciary's core competencies and raises grave First Amendment concerns. *Infra* at 21-25.

2. The Ninth Circuit's holdings threaten to inflict massive commercial harm on trademark owners, especially in the alcohol beverage industry. As a quick internet search confirms, jokes about unsafe drinking—such as losing time to blackouts or using alcohol as a substitute for mental health services—are unfortunately all too common. Despite the industry's work

to promote safe consumption, some inevitably find humor in alcohol abuse.

By immunizing humorous infringements that neither the Lanham Act nor the Constitution requires protecting, the Ninth Circuit has stripped trademark holders in the alcohol beverage industry of important tools for policing dangerous uses of their trademarks. The ruling below green-lights using such marks in, for example, t-shirts featuring famous alcohol brands to make light of drunk driving or binge drinking; the infringer need only claim that such infringements are "humorous."

The risk of harm, however, does not stop there, as other industries have similar advertising sensitivities. From children's toys incorporating tobacco company logos to pill boxes promoting misuse of branded pharmaceutical products, it takes little imagination to see how the Ninth Circuit's "humor" exception threatens to permit infringers to associate well-known brands with illegal or irresponsible behavior. Indeed, this case has implications for every industry in which participants must balance the use of humor in advertising with social responsibility.

3. Other circuits recognize that case-by-case analysis focused on likelihood of confusion, rather than a *per se* shield for potentially humorous infringements, strikes the proper balance between the interests of trademark owners and the First Amendment. As the Eighth Circuit (following the Second Circuit) has observed, "There is no simple, mechanical rule by which courts can determine when a potentially confusing parody falls within the First Amendment's protective reach. Thus, "in deciding the reach of the Lanham Act

in any case where an expressive work is alleged to infringe a trademark, it is appropriate to weigh the public interest in free expression against the public interest in avoiding consumer confusion.'" *Anheuser-Busch, Inc.* v. *Balducci Publ'ns*, 28 F.3d 769, 776 (8th Cir. 1994) (quoting *Cliffs Notes, Inc.* v. *Bantam Doubleday Dell Publ'g Grp., Inc.*, 886 F.2d 490, 494-495 (2d Cir. 1989)) (internal citation omitted). "This approach takes into account the ultimate test in trademark law, namely, the likelihood of confusion as to the source of the goods in question." *Ibid.*

This Court has adopted a similar case-by-case approach to parodies in the copyright context. Rejecting the claim that parodies necessarily constitute fair use, the Court has held that "parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law." *Campbell* v. *Acuff-Rose Music, Inc.*, 510 U.S. 569, 581 (1994) (citation omitted). "The fact that parody can claim legitimacy for some appropriation does not * * * tell either parodist or judge much about where to draw the line. Like a book review quoting the copyrighted material criticized, parody may or may not be fair use, and petitioners' suggestion that any parodic use is presumptively fair has no more justification in law or fact than the equally hopeful claim that any use for news reporting should be presumed fair." *Ibid.* In short, "[t]he [Copyright] Act has no hint of an evidentiary preference for parodists over their victims, and no workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its creative artifacts, or that a work may contain both parodic and nonparodic elements." *Ibid.*

Trademark law calls for the same approach. In some uses, like a short clip in a film, the association between the work and the trademark-protected product may be so attenuated that the alleged infringement causes little likelihood of confusion. In those circumstances, free expression becomes paramount. But where, as here, substantial evidence shows that consumers actually thought the infringing good came from the trademark owner, the owner's interests in preventing that confusion outweigh the infringer's expressive interest. "[W]hen the particular content or method of the advertising suggests that it is inherently misleading or when experience has proved that in fact such advertising is subject to abuse, the [government] may impose appropriate restrictions. Misleading advertising may be prohibited entirely." *In re R.M.J.*, 455 U.S. 191, 203 (1982).

4. Beyond the foregoing circuit conflict, the decision will have a sweeping impact. States in the Ninth Circuit account for nearly 20% of the U.S. population, and are home to many producers of alcohol beverages.

Moreover, the gap between the Ninth Circuit's *per se* protection of so-called "humorous" infringement and other circuits' case-by-case approach will inevitably lead to forum shopping. Indeed, respondent appears to have filed preemptive declaratory judgment actions in Arizona because it earlier lost on similar facts in Missouri. See *Anheuser-Busch, Inc*. v. *VIP Prods., LLC*, 666 F. Supp. 2d 974, 986 (E.D. Mo. 2008) (preliminarily enjoining respondent's "Buttwiper" dog toy as infringing BUDWEISER mark, "find[ing] that VIP's parody argument does not defeat the likelihood of confusion").

This incentive to forum shop will lead infringers to rush to courts in the Ninth Circuit to avoid accountability for their infringements. While venue and transfer provisions may provide some relief in egregious cases, not every forum-shopped case will meet the standard for dismissal or transfer.

The decision below thus creates a legally unjustified problem of national scope for the entire alcohol beverage industry. This Court should grant review and clarify that claims of humor do not immunize flagrant Lanham Act violations.

II. The First Amendment interests of industry members who have invested their creative resources in expressive trademarks further support granting review.

Granting certiorari is also warranted because this case provides an opportunity for the Court to provide needed guidance on the "interaction between the First Amendment's protections and trade identity law." 6 CALLMANN ON UNFAIR COMPETITION § 22:61 (4th ed. 2022). Even before the decision below, that area of law was "unsettled." *Ibid.* But the Ninth Circuit's expansion of the rights of infringers threatens further confusion, and outright ignores the First Amendment interests of those whose creative labors craft trademarks, particularly in the alcohol beverage industry.

A. The Ninth Circuit's decision ignores and devalues brand owners' First Amendment rights.

We begin with a point that should be obvious, but was neglected below: There are First Amendment interests on both sides of this case. A "company's trademark comprises the most important message which is communicated to the public." 6 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:139 (5th ed.). In other words, trademarks are not just property—they are commercial speech entitled to constitutional protection. *E.g.*, *Virginia State Bd. Of Pharm.* v. *Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 762-765 (1976) (discussing First Amendment interests in advertising). By providing consumers with critical information—such as a product's identity, source, or association with its manufacturer—trademarks perform an important "informational function" in "the marketplace of ideas." *Sorrell* v. *IMS Health Inc.*, 564 U.S. 552, 583 (2011) (quoting *Central Hudson Gas & Elec. Corp.* v. *Public Serv. Comm'n*, 447 U.S. 557, 563 (1983)). Such "[c]ommercial expression not only serves the economic interest of the speaker, but also assists consumers and furthers the societal interest in the fullest possible dissemination of information." *Central Hudson*, 447 U.S. at 561-562.

Before the decision below, the courts generally—if imperfectly—balanced the interests of defendants who contended that their alleged trademark infringement was protected speech with the expressive interests of those who created the trademark at issue by applying a straightforward likelihood-of-confusion analysis. *Supra* at 15-17. Where, as here, an infringing use threatened to mislead consumers as to the product's source, the courts generally held that the First Amendment does *not* protect such use—regardless of whether it was intended to be, or perceived as, "humorous." See Pet. 23-24 (discussing cases). Nor is this surprising. As this Court held, "'sales practices' that are 'misleading, deceptive, or aggressive' lack the protection of even * * * intermediate [scrutiny]." *Sorrell*, 564 U.S. at 583.

Rogers v. *Grimaldi*, 875 F.2d 994 (2d Cir. 1989), and its progeny, address a special case: How should courts analyze the use of trademarks in *transformative* settings, such as titles, books, movies, or video games? In deciding whether a movie title could violate the Lanham Act, *Rogers* sought to avoid "overextension" of the Lanham Act that "might intrude on First Amendment values," and thus "construe[d] the Act narrowly to avoid such a conflict." *Id.* at 998. This approach mediates between the "free speech policy of the First Amendment and the Lanham Act policy of preventing deception and confusion" in the context of expressive artistic works. 6 MCCARTHY § 31:144.50. But as this Court has recognized, "[t]he mere fact that [an accused infringer] claims an expressive, as opposed to a purely commercial, purpose does not give it a First Amendment right to 'appropriate to itself the harvest of those who have sown.'" *SFAA*, 483 U.S. at 541 (citation omitted).

Enter the Ninth Circuit's decision, which devalues the trademark owner's First Amendment interests—even when the defendant's use confuses consumers—whenever the defendant's activity "communicates a humorous message." Pet. 31a (citation and quotation omitted). Under that approach, the standard "likelihood-of-confusion test fails to account for the full weight of the public's interest in free expression," meaning courts must subject trademark infringement claims to heightened constitutional scrutiny. Pet. 30a (quotations omitted). But the Ninth Circuit's decision does not mention—much less accord weight to—the countervailing First Amendment interests, such as the "societal interest in the free flow of commercial information" or the trademark owner's rights as a "speaker." See *First Nat'l Bank of Boston* v. *Bellotti*, 435 U.S. 765, 783 (1978) (quotations omitted).

For example, the court assessed VIP's infringement under a test more forgiving to defendants because the product "comments humorously on precisely those elements that Jack Daniels seeks to enforce here." Pet. 32a. The decision below thus suggests that *amici*'s members must tolerate infringement *precisely because* it sends a message that is the opposite of their own efforts to avoid promoting underage drinking. Moreover, the very aspects of alcohol beverage consumption that are most likely to be seen as humorous by some are the aspects of drinking that are irresponsible, and the cartoonish nature of ads makes them especially likely to appeal to children. Yet the decision below makes no room for Jack Daniel's First Amendment interest in avoiding any association of its mark—commercial speech—with such messages. That approach is untenable and threatens harmful practical consequences.

B. The Ninth Circuit's ruling requires courts to draw unconstitutional content-based distinctions between infringing products.

The Ninth Circuit's view that courts applying the Lanham Act must elevate "humorous" infringement over other sorts of infringing speech is not just a bad idea—it *creates* First Amendment problems. Reading the Lanham Act to require courts to distinguish between humorous and non-humorous trademark infringement "singles out specific subject matter for differential treatment"—"a paradigmatic example of content-based discrimination." See *Reed* v. *Town of Gilbert*, 576 U.S. 155, 169 (2015). Moreover, content-based distinctions "are presumptively unconstitutional"—they are valid "only if * * * narrowly tailored to serve compelling state interests." *Id.*, at 163.

However one defines a content-based distinction, a Lanham Act exception for "humorous" infringement qualifies. Compare *City of Austin* v. *Reagan Nat'l Advert. of Austin, LLC*, 142 S. Ct. 1464, 1472, 1475 (2022) (asking whether a law "single[s] out any topic or subject matter for differential treatment," whether the "substantive message itself is irrelevant to [its] application," and, if facially neutral, whether "an impermissible purpose or justification underpins" it); with *id*. at 1481 (Thomas, J., dissenting) (asking whether the speech regulation "discriminates against certain [speech] based on the message [it] convey[s]"). As noted, moreover, humor is often "in the eye of the beholder." For example, while some find portrayals of drunkenness funny, others find them inappropriate or appalling. Determining what's "funny" thus requires courts to make highly subjective and controversial judgments that they have no special competence to make. The First Amendment is designed to get the government *out* of that business. Cf. *Matal* v. *Tam*, 137 S. Ct. 1744 (2017); *Iancu* v. *Brunetti*, 139 S. Ct. 2294 (2019) (both invalidating Lanham Act provisions as viewpoint-discriminatory).

The Ninth Circuit never explained why the law requires making content-based distinctions among infringing activities. It pointed to nothing in the Lanham Act's text, history, or purpose that requires such a result. And a proper understanding of the *Rogers* test avoids—rather than provokes—conflict between the Lanham Act and the First Amendment in the context of artistic works.

In the name of free speech, therefore, the decision below adopts a reading of the Lanham Act that itself raises grave constitutional concerns. If Congress had written a "humor"-based defense into the Act, that defense would obviously have to satisfy strict scrutiny. But there is no compelling state interest in privileging humor over other infringement when the humorous infringement is crafted to sell a product by creating confusion as to its source. In the context of alcohol consumption, the state's interest in preventing illegal underage consumption suggests the very opposite, as humorous infringements would only threaten to increase such consumption. And even if there were a compelling interest in protecting artistic expression, granting an exception to the Act for "humorous" infringement is not narrowly tailored to such an interest. Why should humor that creates confusion in commercial marketing be privileged above, say, a somber prescription drug advertisement?

"Humor," after all, is just one of many approaches to advertising. And while humor, satire, and parody are important advertising tools, they must, when employed, be readily identifiable as such and not encourage or trivialize dangerous illegal activity. *E.g.*, BI Code 4. That is why *amici* devote extensive resources to ensuring that their advertising does not "appeal" to underage audiences. *E.g.*, DISCUS Code 4; WI Code; BA Code 1; ADSA Statement ("Underage Consumption"); ACSA Code 3-4. The decision below threatens to undermine those efforts.

The standard likelihood of confusion test, by contrast, properly balances the competing First Amendment values without creating suspect content-based distinctions. Under the proper view, when infringers "attempt to exploit the imagery and goodwill created by the [owner of trademarks]," enforcing "the scope of a legitimate property right in a [trademark]" does not unduly interfere with free speech. *SFAA*, 483 U.S. at 541 & n.19 (citation omitted). That is why *Rogers* has generally been applied to distinguish between using a trademark in *commercial* speech, to communicate a product's *source*, and transforming it into *art*. The common sense of these cases is that, if the humorist's use is sufficiently transformative, then confusion is unlikely to result, the trademark owner will not lose control of its commercial speech, and consumers will not receive inaccurate information. That is a far more tailored way of protecting First Amendment interests than one that calls on courts to define "humor." Yet the decision below obliterates the distinction between using a trademark to communicate the *source* of a product, and using it in *art*.

Where this Court has protected humorous speech or parody, there has been no risk of confusing consumers. In *Hustler Magazine, Inc.* v. *Falwell*, for example, the "ad parody could not reasonably be understood as describing actual facts about [Reverend Falwell] or actual events in which [he] participated." 485 U.S. 46, 49 (1988) (quotation omitted, alterations in original). And in *Acuff-Rose*, this Court noted that although a "parody must be able to 'conjure up' at least enough of that original to make the object of its critical wit recognizable," once "enough has been taken to assure identification, how much more is reasonable" depends on the parodist's additional and original contributions. 510 U.S. at 588-589. Asking whether consumers can tell the difference between the humorist and the actual producer of goods *furthers* those principles. As Professor McCarthy puts it: "There are confusing parodies and non-confusing parodies. * * * A non-infringing parody is merely amusing, not confusing." 6 MCCARTHY § 31:153. In other words, the likelihood-of-confusion test itself separates the wheat from the chaff and properly protects speech—regardless of the content of the infringement. Heightened scrutiny—let alone scrutiny that turns on the content of the infringement—is unnecessary.

In sum, this Court's review is needed to confirm that the First Amendment does not require privileging the expressive interests of trademark infringers over those of trademarks' owners where, as here, the infringing speech threatens to confuse consumers.

CONCLUSION

For the foregoing reasons, certiorari should be granted.

Respectfully submitted,

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