No. 22–148

In the Supreme Court of the United States

JACK DANIEL'S PROPERTIES, INC., PETITIONER

v.

VIP PRODUCTS LLC

ON 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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QUESTIONS 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 non-profit 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 beverages containing alcohol—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] 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/3QJG8A8 (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 (BA Code); DISCUS, *Code of Responsible Practices for Beverage Alcohol Advertising and Marketing* (2020), https://bit.ly/3iskWf9 (DISCUS Code);

working cooperatively with the FTC, have made great strides over the past two decades in ensuring that their advertising is responsible.

If affirmed, the novel exceptions to trademark liability announced by the court below would immunize irresponsible and infringing use of alcohol beverage trademarks and trade dress, simply because such use is arguably humorous. But "humor" is in the eye of the beholder—different judges and juries will see the same statement differently. By the Ninth Circuit's logic, immunity from Lanham Act violations turns on such differences. Unless reversed, that reasoning will seriously undermine the efforts of *amici* and their members to engage in industry self-regulation. Further, the decision below privileges infringers' alleged interest in free expression over the expressive rights of trademark owners and reads content-based distinctions into the Lanham Act—creating First Amendment problems rather than avoiding them. The Ninth Circuit's decision should be reversed.

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

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Wine Institute, *Code of Advertising Standards* (2014), https://bit.ly/33rkjOW (WI Code). Unless otherwise stated, all citations to Internet materials are as visited January 16, 2023.

United States. ADSA members represent over 60% of all distilled spirits sales in the United States.

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 beverages containing alcohol promotes responsible adult consumption—and never improperly appeals to minors.

Codes that *amici* have promulgated bar 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 change their advertisements, 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" uses become exempt from the Lanham Act, "humorous" infringement promoting irresponsible drinking will gut leading producers' efforts to ensure socially responsible advertising. Industry members will become powerless to police third-party promotion of irresponsible alcohol use. 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 Spaniels" 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. App. 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 problematic infringements of famous marks associated with alcohol beverages—on the basis that such infringing activities are supposedly just a laughing matter.

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 threatens social harm well beyond commercial injuries to trademark owners.

II. The decision below should also be reversed 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 free speech rights of trademark owners at the exact point when those rights should be at their zenith—when consumers are confused about the *trademark owner's* associations, identity, or products.

Worse, the Ninth Circuit's interpretation of the Lanham Act requires 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 decisions protect humorous speech that creates confusion as to the source of products. On the contrary, the Court has stated that 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 that has been found to infringe and dilute Jack Daniel's trademarks. And the need to prevent confusion is especially critical in the context of advertising beverages containing alcohol, where trademark infringement threatens to promote underage drinking and irresponsible consumption.

This Court should reverse.

ARGUMENT

I. The Ninth Circuit's rule would gut 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. If affirmed, the Ninth Circuit's rule would upend 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 beverages containing alcohol. 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 at 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 Commission 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 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

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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 BA Code, "Digital Media Guidelines" ii; ACSA Code, *Responsible Digital Marketing Guidelines*, https://bit.ly/3RwJmGR; DISCUS Code, *Digital Marketing Guidelines*, https://bit.ly/3iskWf9; Wine Institute, *Digital Marketing Guidelines* (2014), https://bit.ly/ 33rkjOW.

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 inappropriate 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]

These standards are not merely hortatory. Review boards for the associations enforce them,[6] publishing

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[5] See ACSA Code "Responsible Content" ii-iv (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, 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"

their decisions on their associations' websites.[7] These boards have successfully promoted compliance with these codes within the industry, on pain of being expelled from the association. Yet 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 contractually 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 ability to

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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, *Marketing and Advertising 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.

regulate itself. 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 substantial harm on Jack Daniel's reputation and famous brand. Pet. App. 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. App. 38a. That is nearly triple the threshold of confusion in the Ninth Circuit. See *P&P Imports LLC* v. *Johnson Enters., LLC*, 46 F.4th 953, 962 & n.3 (9th Cir. 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 VIP'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 efforts to regulate itself.

C. The Ninth Circuit's rule inflicts entirely unjustified harm on industry self-regulation.

1. The rule adopted below undercuts both industry self-regulation and the settled rights of trademark owners. Requiring a trademark owner who has shown that consumers would likely be confused by a defendant's use of the asserted mark to prove, in addition, 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 defendants marketing infringing goods—they need only add a "humorous" element to their infringement. Pet. App. 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. App. 33a), the Ninth Circuit created a gaping hole in protection from trademark dilution.

The Ninth Circuit's amorphous "humor" exception would gut trademark protection law. 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 reviewed for comedic value.

Trademark litigation will devolve into haggling over what is "funny"—a subjective exercise that is beyond the judiciary's core competencies and raises grave First Amendment concerns. *Infra* at 23-24.

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.

Neither the Lanham Act nor the Constitution requires protecting arguably humorous infringements, let alone at a level of protection higher than that applied to other infringement that some might say had social value as speech. If affirmed, the Ninth Circuit's rule would strip trademark holders in the alcohol beverage industry of important tools for policing dangerous uses of their trademarks. This Court should not green-light using such marks in, for example, t-shirts featuring famous alcohol brands that make light of drunk driving or binge drinking—as it would if the infringer need only claim that such infringements are "humorous" to receive Lanham Act immunity.

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 a "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.

II. This Court should interpret the Lanham Act to ensure that it protects the First Amendment interests of industry members—who have invested their creative resources in expressive trademarks.

In providing needed guidance on the "interaction between the First Amendment's protections and trade identity law"—an "unsettled" area of law (6 CALLMANN ON UNFAIR COMPETITION § 22:61 (4th ed. 2022)) —we urge the Court to adopt a likelihood-of-confusion analysis that is informed by *both parties*' expressive interests and does not privilege allegedly "humorous" ads over other sorts of infringing activities. The Ninth Circuit's reading of the Lanham Act, by contrast, both ignores the expressive interests of trademark owners and improperly reads content-based distinctions into the Act, *creating* rather than avoiding First Amendment problems.

A. Brand owners' First Amendment rights should not be devalued.

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. *Pub. 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.

The Ninth Circuit's standard, however, devalues the First Amendment interests of trademark owners whenever the defendant's activity "communicates a humorous message"—even if that message confuses consumers. Pet. App. 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. App. 30a (quotations omitted). Yet the court below never mentioned—much less accorded weight to—the countervailing First Amendment interests of the public or the mark owner, including 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). The court considered only the infringing defendants' First Amendment interests.

The Ninth Circuit sought to justify its use of a test more forgiving to defendants on the basis that VIP's product "comments humorously on precisely those elements that Jack Daniels seeks to enforce here." Pet. App. 32a. But that analysis 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. Indeed, 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.

This Court should not repeat the Ninth Circuit's mistake. Rather, it should recognize Jack Daniel's First Amendment interest in avoiding any association of its mark—commercial speech—with such messages. The Ninth Circuit's approach is untenable and threatens the harmful practical consequences set out above.

B. Ordinary likelihood-of-confusion analysis properly balances the expressive interests on both sides of the *v.* in Lanham Act cases.

The Court need not contort the Lanham Act to account for the right to free speech. Rather, ordinary likelihood-of-confusion analysis properly balances the competing interests. Assuming, *arguendo*, that the First Amendment may require a narrowing construction of the Act where movie or book titles are at issue, (see *Rogers* v. *Grimaldi*, 875 F.2d 994 (2d Cir. 1989)), no such rule is needed in the context of "ordinary commercial products," as "consumers expect an ordinary product to be what the name says it is" (*id.* at 1000).

1. This Court has repeatedly reaffirmed that the First Amendment does not immunize confusing or misleading commercial speech from regulation. One

would not know it from the decision below, but "'sales practices' that are 'misleading, deceptive, or aggressive' lack the protection of even * * * intermediate [scrutiny]." *Sorrell,* 564 U.S. at 583 (quoting *44 Liquormart, Inc.* v. *Rhode Island*, 517 U.S. 484, 501, (1996) (opinion of Stevens, J.)). Long ago, this Court established that the "Government constitutionally may regulate 'deceptive or misleading' commercial speech." *SFAA*, 483 U.S. at 535 & n.12 (quoting *Virginia State Bd. of Pharm.*, 425 U.S. at 771). Indeed, in rejecting a First Amendment challenge to Congress's assignment of exclusive rights to use "Olympic" to the United States Olympic Committee, this Court held that the "mere fact that [a defendant] 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). The First Amendment does *not* protect such use—regardless of whether it was intended to be, is or perceived as, "humorous"—where an infringing use threatens to mislead consumers as to the product's source.

2. In *Rogers* v. *Grimaldi*, the Second Circuit addressed a special case: How should courts analyze the use of trademarks in settings such as books, video games, or—in that case—movie titles? In answering that question, the court observed that an "overextension" of the Lanham Act "might intrude on First Amendment values," and it "construe[d] the Act narrowly to avoid such a conflict." 875 F.2d at 998. Yet the court was quick to distinguish using a trademark to communicate a commercial product's source from unconfusing artistic uses of marks.

As the court understood, "the danger of consumer deception [is] a legitimate concern that warrants some government regulation," and regulating misleading commercial use raises few First Amendment concerns. *Id.* at 997 (citing *Central Hudson*, 447 U.S. at 563). Moreover, "[t]hough consumers frequently look to the title of a work to determine what it is about, they do not regard titles of artistic works in the same way as the names of ordinary commercial products"; they "expect an ordinary product to be what the name says it is," and the Lanham Act applies "with some rigor to prohibit names that misdescribe such goods." *Id.* at 1000. In short, "[t]he 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." *Id.* at 997. And this intuition 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.

Even accepting *Rogers* on its own terms, the court there did not go nearly as far as the decision below—effectively immunizing "humorous" expressive works from Lanham Act claims. In fact, the court in *Rogers* rejected an approach, taken by the district court there, that would have "create[d] a nearly absolute privilege * * * insulating [works] from Lanham Act claims as long as the film itself is an artistic work, and the title is relevant to the film's content." 875 F.2d at 997. The logic of *Rogers* is simply that, when expressive use puts First Amendment interests on the scale, the mark owner bears a correspondingly heavier burden to demonstrate a likelihood of confusion. And as the Second Circuit has held in later cases, even when the alleged infringement constitutes an expressive work, infringement still turns on an application of the likelihood-of-confusion factors. *Twin Peaks Prods., Inc.* v.

Publ'ns Int'l, Ltd., 996 F.2d 1366, 1379 (2d. Cir. 1993). The difference, when an expressive work is involved, is that "the finding of likelihood of confusion must be particularly compelling to outweigh the First Amendment interest recognized in *Rogers*." *Ibid.* That intuition makes some sense, but still leaves likelihood of confusion as the "ultimate test" of infringement under the Lanham Act.

3. To the extent that this Court believes that lower courts must in some cases balance Congress's interest in preventing confusion with the defendants' asserted interest in free expression, that approach should not govern in cases involving ordinary products that compete against each other. In those cases, the ultimate question should remain whether consumers are likely to be confused or misled. If they are, the Lanham Act may regulate the misleading or deceptive commercial speech. See *Sorrell*, 564 U.S. at 583; *SFAA*, 483 U.S. at 535 & n.12; *Virginia State Bd.*, 425 U.S. at 771. If they are not confused—*e.g.*, if the defendant's expressive use sufficiently distinguishes its product from the plaintiff's—there is no Lanham Act violation. This calls for a straightforward case-by-case likelihood-of-confusion analysis. And the commercial context is key. As the Second Circuit put it in *Twin Peaks*: "It is a fair question whether a title that might otherwise be permissible under *Rogers* violates the Lanham Act when displayed in a manner that conjures up a visual image prominently associated with the work bearing the mark that was copied." 996 F.2d at 1380.

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.*

Such an approach is likewise appropriate in trademark cases. In some uses, such as a short clip in a long 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, there is no need to interfere with the defendant's expression. But where, as here, substantial evidence shows that, despite the alleged "expressive use," consumers actually thought the infringing good came from the trademark owner, then the owner's interests in preventing that confusion should 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).

C. The Ninth Circuit's rule interprets the Lanham Act to draw unconstitutional content-based distinctions between infringing products and must be rejected.

Interpreting the Lanham Act to elevate "humorous" infringement over other types of infringing speech is not just bad statutory interpretation—it *creates* First Amendment problems. Reading the 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]"). Of course, in contexts where government regulations are "agnostic as to content," or where the "substance of the message itself is irrelevant" to whether it is subject to regulation, "there is no content-discriminatory classification." *City of Austin*, 142 S. Ct. at 1471-1472. But laws that "appl[y] to particular speech because of the topic discussed or the idea or message expressed" are plainly content-based. *Reed*, 576 U.S. at 163. For example, the government cannot categorize signs based on their "communicative content" and then subject the categories—*e.g.*, "convey[ing] the message of directing the public to church" or a message "designed to influence the outcome of an election"—to different types of regulations. *Id.* at 164 (citations and quotations omitted).

The Ninth Circuit's interpretation of the Lanham Act is anything but "agnostic" as to the content of the defendant's infringing use. Rather, the court's entire approach turns on the "communicative content" of that infringing use. And if the government cannot regulate signs differently based on whether they direct parishioners to church, neither can it regulate trademark infringements differently based on whether they might make someone chuckle.

The Ninth Circuit never explained why the Lanham Act requires making content-based distinctions among infringing activities. It pointed to nothing in the Act's text, history, or purpose that requires such a result. Nor is that surprising. Humor is often in the eye of the beholder: whereas some find portrayals of drunkenness funny, others find them inappropriate or appalling. Reasonable jurists, and jurors, will disagree—and confusion will abound over which set of rules to apply. Moreover, the courts have no special competence in the highly subjective and controversial judgement of what is "funny." 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).

This Court should not, in the name of free speech, adopt 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. *Reed*, 576 U.S. at 163. 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 government 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.

As discussed above (at 21-23), standard likelihood-of-confusion analysis properly balances the competing First Amendment values without creating suspect content-based distinctions. Under that approach, 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). But if the humorist's use is unlikely to confuse consumers, 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."

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.

This Court should confirm that the First Amendment does not require privileging the expressive interests of trademark infringers over those of trademark owners where, as here, the infringing speech threatens to confuse consumers.

CONCLUSION

For the foregoing reasons, the judgment below should be reversed.

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