

No. 20-365

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*

REPLY BRIEF FOR PETITIONER

THEODORE H. DAVIS JR.
KILPATRICK TOWNSEND &
STOCKTON LLP
*1100 Peachtree Street NE
Suite 2800
Atlanta, GA 30309*

DENNIS L. WILSON
KILPATRICK TOWNSEND &
STOCKTON LLP
*1801 Century Park East
Suite 2300
Los Angeles, CA 90067*

LISA S. BLATT
Counsel of Record
AMY MASON SAHARIA
MATTHEW B. NICHOLSON
SURAJ KUMAR
WILLIAMS & CONNOLLY LLP
*725 Twelfth Street, N.W.
Washington, DC 20005
(202) 434-5000
lblatt@wc.com*

(Additional counsel on inside cover)

ISAAC S. CRUM
RUSING LOPEZ & LIZARDI, PLLC
16427 North Scottsdale Road
Suite 200
Scottsdale, AZ 85254

TABLE OF CONTENTS

	Page
I. The Questions Presented Now Divide the Courts of Appeals.....	2
II. The Questions Presented Are Recurring, Important, and Squarely Presented	7
III. The Decision Below Is Egregiously Wrong	8
CONCLUSION	12

II

TABLE OF AUTHORITIES

	Page
Cases:	
<i>Bolger v. Youngs Drug Prods. Corp.</i> , 463 U.S. 60 (1983)	6
<i>Campbell v. Acuff-Rose Music, Inc.</i> , 510 U.S. 569 (1994)	9
<i>Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ'g Grp., Inc.</i> , 886 F.2d 490 (2d Cir. 1989)	3
<i>Dr. Seuss Enters., L.P. v. Comicmix LLC</i> , -- F.3d --, 2020 WL 7416324 (9th Cir. Dec. 18, 2020).....	10
<i>Eli Lilly & Co. v. Nat. Answers, Inc.</i> , 233 F.3d 456 (7th Cir. 2000)	4
<i>Elvis Presley Enters., Inc. v. Capece</i> , 141 F.3d 188 (5th Cir. 1998)	3
<i>Harley-Davidson, Inc. v. Grottanelli</i> , 164 F.3d 806 (2d Cir. 1999).....	3
<i>Harper & Row, Publishers, Inc. v. Nation Enters.</i> , 471 U.S. 539 (1985)	9
<i>Integrity Staffing Sols., Inc. v. Busk</i> , 574 U.S. 27 (2014)	8
<i>Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC</i> , 507 F.3d 252 (4th Cir. 2007)	3, 5, 6, 11
<i>Mattel, Inc. v. MCA Records, Inc.</i> , 296 F.3d 894 (9th Cir. 2002)	11
<i>Mut. of Omaha Ins. Co. v. Novak</i> , 836 F.3d 397 (8th Cir. 1987)	3
<i>Nike, Inc. v. "Just Did It" Enters.</i> , 6 F.3d 1225 (7th Cir. 1993)	3, 4
<i>NLRB v. Sw. Gen., Inc.</i> , 137 S. Ct. 929 (2017)	6
<i>Parks v. LaFace Records</i> , 329 F.3d 437 (6th Cir. 2003)	4
<i>Radiance Found., Inc. v. NAACP</i> , 786 F.3d 316 (4th Cir. 2015)	4, 6, 12
<i>Rogers v. Grimaldi</i> , 875 F.2d 994 (2d Cir. 1989).....	<i>passim</i>

III

	Page
Cases—continued:	
<i>Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.</i> , 588 F.3d 97 (2d Cir. 2009)	6, 11
<i>Tommy Hilfiger Licensing, Inc. v. Nature Labs,</i> <i>LLC</i> , 221 F. Supp. 2d 410 (S.D.N.Y. 2002)	5
<i>U.S. Pat. & Trademark Off. v. Booking.com B.V.</i> , 140 S. Ct. 2298 (2020)	9
<i>Westchester Media v. PRL USA Holdings, Inc.</i> , 214 F.3d 658 (5th Cir. 2000)	4
Constitution and statutes:	
U.S. Const. amend. I	2, 4, 5, 10
Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946)	<i>passim</i>
Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1731	11
15 U.S.C. § 1125(c)(3)(A)(ii)	6, 11
§ 1125(c)(3)(C)	6, 10
Miscellaneous:	
Stacey L. Dogan & Mark A. Lemley, <i>Parody as</i> <i>Brand</i> , 47 U. Cal. Davis L. Rev. 473 (2013)	6, 8
Bill Donahue, <i>Top 10 Trademark Rulings of 2020</i> , <i>Law360</i> (Dec. 16, 2020)	8
J. Thomas McCarthy, <i>McCarthy on Trademarks</i> <i>and Unfair Competition</i> (5th ed. 2020)	5, 8, 11

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*

REPLY BRIEF FOR PETITIONER

For consumers and mark owners alike, a brand is a priceless asset; a name lies at the heart of one's identity and reputation. The decision below, however, renders one's name a free-for-all for profiteers looking to make money off a joke. The decision guts the Lanham Act by giving heightened protection from infringement liability to any commercial rip-off of a trademark as long as a court deems the rip-off funny. Worse still, under the decision below, that same commercial use of a mark becomes "non-commercial" and thus immune from dilution liability. This Court should not sit idly by while the Ninth Circuit rewrites the Lanham Act.

Respondent struggles mightily to paint the decision below as consistent with authority applying the Second

Circuit’s test in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), to infringement claims involving artistic works. But respondent identifies no other circuit that has applied *Rogers* where, as here, an infringer uses a trademark to identify the source of a commercial product. Six other circuits apply the traditional likelihood-of-confusion analysis, and three of those circuits expressly *reject* heightened protection for commercial parodies. Pet. 18-22. Even the Second Circuit rejects application of *Rogers* in this context—something respondent ignores.

Respondent’s arguments with respect to dilution are equally meritless. The Ninth Circuit’s construction of the “noncommercial” exclusion eliminates dilution liability in all cases of commercial-but-humorous tarnishment. It also renders the more specific exclusion for parody—applied by the Second and Fourth Circuits in similar cases—impermissibly superfluous, another point that respondent ignores.

Respondent barely contests the importance of these frequently litigated and case-dispositive questions. If allowed to stand, the Ninth Circuit’s outlier decision will permit infringers to confuse customers with near impunity, impede mark holders’ ability to control commercial use of their marks, and promote forum shopping. The wide range of amici that have lined up both for and against the decision below underscores the importance of the questions presented. The Court should grant the petition.

I. The Questions Presented Now Divide the Courts of Appeals

1. a. The circuits are divided on whether humorous use of a trademark to identify the source of a commercial product is subject to the same likelihood-of-confusion analysis applicable to other uses under the Lanham Act, or must receive heightened First Amendment protection

from infringement claims. Pet. 17-23; INTA Br. 15-21. Respondent does not dispute that six other circuits have applied the likelihood-of-confusion analysis in these circumstances. And the Second, Seventh, and Eighth Circuits expressly rejected the argument, adopted by the Ninth Circuit below, that commercial parody products deserve heightened protection. See *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812-13 (2d Cir. 1999); *Nike, Inc. v. “Just Did It” Enters.*, 6 F.3d 1225, 1228 (7th Cir. 1993); *Mut. of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987)); see also *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 261 (4th Cir. 2007) (holding that “[t]he finding of a successful parody *only* influences the way in which the [likelihood-of-confusion] factors are applied” (emphasis added)).

Respondent (at 9) argues that these cases predated or failed to consider *Rogers*. But as just discussed, numerous courts reject heightened protection for commercial parody comparable to the protection the Second Circuit conferred on artistic movie titles in *Rogers*.

Respondent’s assertion is also incorrect. In *Harley-Davidson*, the Second Circuit (in an opinion by *Rogers*’ author) specifically distinguished *Rogers*; it explained that while it has “accorded considerable leeway” to parodists using trademarks in “expressive works,” it has “not hesitated to prevent” an infringer from “using an alleged parody of a competitor’s mark to sell a competing product.” 164 F.3d at 811. It thus denied heightened protection to an infringer who (like respondent here) used a mark “somewhat humorously to promote his own products and services.” *Id.* at 813. Similarly, the Seventh Circuit in *Nike* and the Fifth Circuit in *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188 (5th Cir. 1998), cited a Second Circuit case applying *Rogers*, *Cliffs Notes, Inc. v.*

Bantam Doubleday Dell Publ'g Grp., Inc., 886 F.2d 490 (2d Cir. 1989), but nonetheless analyzed commercial parodies under the likelihood-of-confusion analysis.¹

b. Respondent identifies no case outside the Ninth Circuit applying *Rogers* to protect an infringer's humorous use of a trademark to designate the origin of its commercial product. To support its claims of a "uniform" rule (at 15-17, 18), respondent cites cases giving heightened First Amendment protection to magazines or music. *E.g.*, *Radiance Found., Inc. v. NAACP*, 786 F.3d 316, 320 (4th Cir. 2015) (article); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 664 (5th Cir. 2000) (magazine title); *Parks v. LaFace Records*, 329 F.3d 437, 443 (6th Cir. 2003) (song title). But again, other than the Ninth Circuit, no court has extended such protection to the humorous use of trademarks to identify the source of commercial products.

Respondent claims (at 1 & n.1) that no one disputes that Bad Spaniels is "expressive." That is wrong: the district court correctly held that "VIP's dog toy is not entitled to protection under the First Amendment because it is not an expressive work." Pet. App. 68a. To the extent Bad Spaniels communicates any message, it does so by ripping off the communicative message that Jack Daniel's has spent decades developing and using that message as its own designation of source. *See* Campari Br. 5-11.

Respondent invokes the McCarthy trademarks treatise for the proposition that "[t]he Second Circuit's *Rogers*

¹ Respondent erroneously suggests (at 14) that the Seventh Circuit agrees with the Ninth Circuit. After *Nike*, the Seventh Circuit again rejected the argument that parody is "entitled to some heightened form of protection from trademark liability." *Eli Lilly & Co. v. Nat. Answers, Inc.*, 233 F.3d 456, 462-63 (7th Cir. 2000).

balancing test is now widely used by almost all courts.” Br. in Opp. 11 (quoting 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31:144.50 (5th ed. 2020)). But that treatise expressly states that “[t]he *Rogers* test is not applicable if the mark is used in a ‘commercial’ setting.” 6 McCarthy, *supra*, § 31:153. In a section addressing “Parody Used in a Commercial Setting as Defendant’s Mark,” the treatise identifies *no* case applying *Rogers* and instead cites cases applying the likelihood-of-confusion factors, including the Fourth Circuit’s decision in *Louis Vuitton*, then-Judge Mukasey’s decision in *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410 (S.D.N.Y. 2002), and the district court’s decision below. 6 McCarthy, *supra*, § 31:154 n.23; *see* Pet. 26, 29.

c. Respondent ignores altogether the Trademark Trial and Appeal Board (TTAB) decisions applying the likelihood-of-confusion analysis to similar uses of marks. Pet. 22. The decision below clashes with those decisions in addition to the circuit decisions addressed above. *See* Pet. 22.

2. The conflict between the Ninth Circuit’s approach to dilution and that of other circuits is equally stark. The Ninth Circuit did not, as respondent suggests (at 23-24), apply the Fourth Circuit’s multi-factored test to determine whether respondent’s use of Jack Daniel’s trademark and trade dress was “noncommercial.” *See* Pet. 24. The Ninth Circuit reasoned that, even though respondent used Jack Daniel’s trademark and trade dress “to sell Bad Spaniels” (*i.e.*, for a commercial purpose), its use qualified as “noncommercial” because the First Amendment protected respondent’s “humorous message.” Pet. App. 13a. That bright-line reasoning is the antithesis of the Fourth Circuit’s multi-factored approach grounded in this

Court's commercial-speech cases. *See Radiance Found.*, 786 F.3d at 331-32; *see also Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 66-68 (1983).

The Ninth Circuit's application of the noncommercial exclusion to "humorous" dilution would render the dilution-by-tarnishment statute a dead letter in any case involving alleged humor, such as the frequently occurring situation of tarnishment by sexual innuendo. *See* Pet. 24-25; *see also* Stacey L. Dogan & Mark A. Lemley, *Parody as Brand*, 47 U. Cal. Davis L. Rev. 473, 489 n.71 (2013) (identifying examples of "arguable parodies that may tarnish because of their offensive or sexual content"). Respondent does not dispute that point, nor does it cite any other case categorically protecting humorous tarnishment. Respondent ignores cases imposing dilution liability in similar circumstances, and it offers the Court no basis to distinguish those cases from this one. Pet. 25.

Finally, respondent concedes (at 29-30) that other circuits have refused to apply the parody exclusion to humorous uses of famous marks where, as here, the infringer used the mark "as a designation of source." 15 U.S.C. § 1125(c)(3)(A)(ii); *see Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 113 (2d Cir. 2009); *Louis Vuitton Malletier*, 507 F.3d at 266. (Respondent ignores the similar decision of the TTAB. *See* Pet. 26.) Respondent dismisses those cases because they did not address the separate exclusion for noncommercial use under section 1125(c)(3)(C). But a fundamental canon of construction dictates that "the specific"—here, the parody exclusion—"governs the general"—here, the noncommercial exclusion. *NLRB v. Sw. Gen., Inc.*, 137 S. Ct. 929, 941 (2017); *see also* pp. 10-12, *infra*. That no other court entertained respondent's argument just highlights how egregiously the Ninth Circuit misread the statute.

II. The Questions Presented Are Recurring, Important, and Squarely Presented

1. The wide array of amici supporting the petition—within and outside the alcohol beverage industry and trademark plaintiffs and defendants—confirms the importance of the questions presented. Amici explain that the decision below will hinder alcohol manufacturers’ ability to control commercial use of their marks in order to ensure fair advertising and discourage underage drinking. Alcohol Beverage Indus. Ass’ns Br. 13-18; *see* Constellation Brands Br. 10 (identifying infringing products that “expressly link Corona with children”). The district court echoed that point, finding “that dilution by tarnishment will occur due to Jack Daniel’s trademarks and trade dress being associated with toys, particularly the kind of toys that might appeal to children.” Pet. App. 41a-42a.

The effects of the decision below will sweep far beyond the alcohol industry; the decision forces any mark holder to satisfy a heightened evidentiary burden to avoid association with potentially offensive and misleading products. Take Campbell Soup’s recent effort to “halt[] a third party’s sale of T-shirts depicting a red and white Campbell’s soup label but adding the words ‘Bat Soup’ and ‘Now With COVID-19.’” Campbell Soup Br. 8. Only the Ninth Circuit would accord that T-shirt heightened protection against infringement liability no matter the likelihood of consumer confusion. That outlier approach will encourage rampant forum-shopping. Pet. 27; Campbell Soup Br. 7 n.2; Constellations Brands Br. 3.

The questions presented arise frequently in trademark cases, and respondent does not demonstrate otherwise. Although it begins its brief (at 1) by referencing a “small number of cases” and “infrequently raised issues,” respondent later acknowledges (at 7 n.2) that “[p]arody

products are ubiquitous in the dog product industry,” quoting the McCarthy treatise. That the McCarthy treatise discusses trademark issues related to parody pet products should tell the Court all it needs to know about how frequently parties litigate these issues, both with respect to pet products and other parody products. Pet. 27-28; *see also* Campbell Soup Br. 10-11 (citing cases).

Commentators also have written about the trademark issues implicated by parodic commercial products. *See* Dogan & Lemley, *supra*. The decision below was recently recognized as one of the most important trademark decisions of 2020. *See* Bill Donahue, *Top 10 Trademark Rulings of 2020*, Law360 (Dec. 16, 2020). Conspicuously, prominent law professors who typically oppose the interests of mark holders filed a certiorari-stage amicus brief supporting respondent. Br. of Trademark Law Professors. Both industry and academics are closely watching this case.

2. This case could not be a better vehicle to decide both questions. Respondent does not dispute that the questions are case-dispositive. Pet. 30. And, although respondent invokes (at 17) the “interlocutory” posture as a ground to deny certiorari, that posture results entirely from the Ninth Circuit’s reversal of the district court’s *final judgment in favor of Jack Daniel’s*. The interlocutory nature merely underscores the mischief created by the decision below. If this Court reverses, the case will be over. The case’s posture is no bar to certiorari. *See, e.g., Integrity Staffing Sols., Inc. v. Busk*, 574 U.S. 27, 30 (2014).

III. The Decision Below Is Egregiously Wrong

1. a. Respondent does not ground the Ninth Circuit’s decision in the Lanham Act’s text or structure. Pet. 30-

31. The Ninth Circuit’s rule permits an infringer to escape liability even where, as here, the mark holder *satisfies* the statutory likelihood-of-confusion test. Pet. App. 48a. Nothing in the Act allows that result; when Congress wanted to exclude certain uses of a mark from liability, it did so expressly. Pet. 31.

Nor does respondent attempt to reconcile the Ninth Circuit’s bright-line rule with this Court’s precedent rejecting that blunt approach in trademark and copyright cases. Pet. 32-34; *see U.S. Pat. & Trademark Off. v. Booking.com B.V.*, 140 S. Ct. 2298, 2306-07 (2020); *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 581 (1994); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985). Just as the flexible likelihood-of-confusion test rendered unnecessary the PTO’s “unyielding legal rule” regarding trademark registration in *Booking.com*, 140 S. Ct. at 2307, that test adequately protects the free-speech considerations that motivated the Ninth Circuit to apply *Rogers* below. Pet. 33-34.

The Ninth Circuit’s inflexible rule places a heavy thumb on the scale in favor of the infringer’s junior use of a mark for purportedly communicative purposes, discounting the mark holder’s senior use of the mark, which is every bit as communicative. Campari Br. 11-16. Here, that approach privileges a crass, juvenile dog toy over an evocative, well-known brand that conveys sophistication and refinement. Pet. 8-9, 11. Respondent fails to explain why courts should create a special rule favoring one communicative use of a mark over another.

b. Respondent wrongly argues (at 19) that the *Rogers* test merely construes the statutory phrase “likely to cause confusion.” To the contrary, the Ninth Circuit applied *Rogers* to determine whether “[t]he Lanham Act [] applies” at all. Pet. App. 10a. The court reiterated that

point just last week: “The *Rogers* test . . . determine[s] whether the Lanham Act applies,” and a trademark holder who cannot satisfy either prong “does not have an actionable Lanham Act claim,” and “evidence of consumer confusion . . . does not change the result.” *Dr. Seuss Enters., L.P. v. Comicmix LLC*, -- F.3d --, 2020 WL 7416324, at *12 (9th Cir. Dec. 18, 2020). That holding confirms just how far the Ninth Circuit has changed the law.

Similarly misplaced is respondent’s attempt (at 20) to justify the Ninth Circuit’s approach as a “rule of construction” to “avoid constitutional difficulties.” As just noted, the Ninth Circuit applies *Rogers* as a threshold inquiry to determine *whether* to apply the Lanham Act. Pet. App. 10a. No one is construing ambiguous statutory language. Nor did the Ninth Circuit explain *why* the likelihood-of-confusion factors are inadequate to protect respondent’s claimed interest. The Ninth Circuit just blindly applied the *Rogers* test after concluding that humor renders a dog toy “expressive.” Pet. App. 12a-13a.

Respondent identifies no logical stopping point to that approach. If humor renders Bad Spaniels “expressive,” then any infringer could try to obtain heightened protection from liability simply by adding a modicum of humor (or any form of communication) to its infringing use—no matter the likelihood of consumer confusion. The First Amendment does not require that wholesale revision of the Lanham Act or obliteration of Jack Daniel’s own First Amendment interests.

2. The Ninth Circuit even more blatantly erred with respect to dilution. Respondent has no answer to the fatal problem with the Ninth Circuit’s reasoning: by reading the noncommercial exclusion of section 1125(c)(3)(C) to permit humorous use of famous marks to sell products,

Pet. App. 13a, the Ninth Circuit rendered the more specific parody exclusion of section 1125(c)(3)(A)(ii)—which applies only when the mark is used “other than as a designation of source”—superfluous. Pet. 35.

Respondent does not address this superfluity problem. Instead, respondent offers platitudes (at 28-29) about the alternative and overlapping nature of the statutory exclusions. Oddly, respondent relies almost entirely on *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002), for this proposition, but that case *predated* Congress’ enactment of the parody exclusion in the Trademark Dilution Revision Act of 2006. *See* Pub. L. No. 109-312, § 2, 120 Stat. 1731. Cases predating the 2006 amendment are of limited utility to dilution claims involving parody. *Starbucks*, 588 F.3d at 112; *see also* 4 McCarthy, *supra*, § 24.126. Respondent cites no other case considering a parody claim under the noncommercial exclusion since the 2006 amendment. The only dilution cases the Ninth Circuit cited below predated the amendment as well. Pet. App. 13a.

Invoking the McCarthy treatise, respondent argues that the overlapping statutory exclusions “provide for free speech concerns that the federal anti-dilution law would be used to silence ‘noncommercial’ critics.” Br. in Opp. 29 (citation omitted). But that treatise nowhere supports the notion that parodic use of a mark *as a designation of source* is noncommercial and thus avoids dilution liability.² It strains credulity to characterize respondent’s poop-humored dog toy as noncommercial criticism of Jack

² McCarthy makes the commonsense point that parody bears on whether use of a famous mark causes dilution by blurring or tarnishment in the first place. 4 McCarthy, *supra*, § 24.90 (citing *Louis Vuitton Malletier*, 507 F.3d at 266-67).

Daniel's whiskey. *Cf. Radiance Found.*, 786 F.3d at 330 (article using NAACP trademark to criticize NAACP's stance on abortion satisfied the noncommercial exception). Respondent cites no case holding a product branded with a humorous-but-tarnishing version of a famous mark to be "noncommercial" and thus excluded from tarnishment liability.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

THEODORE H. DAVIS JR.
KILPATRICK TOWNSEND &
STOCKTON LLP
*1100 Peachtree Street NE
Suite 2800
Atlanta, GA 30309*

DENNIS L. WILSON
KILPATRICK TOWNSEND &
STOCKTON LLP
*1801 Century Park East
Suite 2300
Los Angeles, CA 90067*

ISAAC S. CRUM
RUSING LOPEZ & LIZARDI,
PLLC
*16427 N. Scottsdale Rd.
Suite 200
Scottsdale, AZ 85254*

LISA S. BLATT
Counsel of Record
AMY MASON SAHARIA
MATTHEW B. NICHOLSON
SURAJ KUMAR
WILLIAMS & CONNOLLY LLP
*725 Twelfth Street, N.W.
Washington, DC 20005
(202) 434-5000
lblatt@wc.com*

DECEMBER 23, 2020