

No. 22-

IN THE
Supreme Court of the United States

DIECE-LISA INDUSTRIES, INC.,

Petitioner,

v.

DISNEY STORE USA, LLC, *et al.*,

Respondents.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Petitioner Diece-Lisa Industries, Inc. owns the federally registered trademark LOTS OF HUGS for toys, which includes stuffed animals like pink teddy bears. Respondent Disney Store USA, LLC sells a pink teddy bear called “Lots-O’-Huggin” Bear. Despite evidence there is a likelihood of confusion, the appellate court found Disney’s sale of these bears to be permissible as a matter of law because respondent’s bear first appeared in a cartoon movie, *Toy Story 3*.

The questions presented are:

1. Does the First Amendment provide an infringer blanket immunity for trademark infringement across all categories of goods so long as they can claim their first use was in an “expressive work”?
2. Assuming the First Amendment provides some level of immunity against forward trademark infringement, should courts apply the test specifically crafted for **forward** confusion cases in cases of **reverse** trademark infringement?

LIST OF PARTIES TO THE PROCEEDINGS

The petitioner is Diece-Lisa Industries, Inc.

Respondents are Disney Store USA, LLC, Disney Shopping, Inc., Disney Enterprises, Inc., Disney Consumer Products, Inc., Buena Vista Home Entertainment, Inc., Walt Disney Studios Motion Pictures, Buena Vista Theatrical Group, LTD, Disney Interactive Studios, Inc., Disney Licensed Publishing-Disney Book Group, LLC, Walt Disney Records, Disney Destinations, LLC, Walt Disney Parks & Resorts U.S., Inc., Magical Cruise Co., Ltd., and Magic Kingdom, Inc.

CORPORATE DISCLOSURE STATEMENT

Petitioner Diece-Lisa Industries, Inc. certifies it has no parent corporation, and there is no publicly held corporation that owns 10% or more of its stock.

STATEMENT OF RELATED CASES

The case is related to the following cases:

Diece-Lisa Indus., Inc. v. Disney Store USA, LLC, Nos. 2:12-cv-00400 and 2:14-cv-00070, U.S. District Court for the Eastern District of Texas. Judgment entered on December 19, 2017.

Diece-Lisa Indus., Inc. v. Disney Store USA, LLC, No., 17-41268, U.S. Court of Appeals for the Fifth Circuit. Judgment entered November 19, 2019.

Diece-Lisa Indus., Inc. v. Disney Store USA, LLC, No. 2:20-cv-09147, U.S. District Court for the Central District of California. Judgment entered July 1, 2021.

Diece-Lisa Indus., Inc. v. Disney Store USA, LLC, No., 21-55816, U.S. Court of Appeals for the Ninth Circuit. Judgment entered June 9, 2022.

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OPINIONS BELOW

The order of the court of appeals affirming the district court's grant of summary judgment in favor of respondent is unreported and available at *Diece-Lisa Indus., Inc. v. Disney Store USA, LLC*, No. 21-55816, 2022 WL 2072727 (9th Cir. June 9, 2022). Pet. App. 1a-3a. The opinion of the district court granting summary judgment to respondent is unreported and available at *Diece-Lisa Indus., Inc. v. Disney Enterprises, Inc.*, No. CV2009147TJHJCX, 2021 WL 3355284 (C.D. Cal. July 7, 2021). Pet. App. 4a-11a.

STATEMENT OF JURISDICTION

The judgment of the court of appeals was entered on June 9, 2022. The court of appeals denied a timely petition for rehearing *en banc* on July 20, 2022. Pet. App. 12a. This Court has jurisdiction under 28 U.S.C. §1254(1).

RELEVANT STATUTORY AUTHORITY

The First Amendment to the Constitution of the United States of America provides “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.” U.S. Const. amend I.

15 U.S.C. § 1114 provides, in relevant part:

- (1) Any person who shall, without the consent of the registrant—

- (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1125(a) provides, in relevant part:

- (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
 - (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
 - (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities,

or geographic origin of his or her or another person's goods, services, or commercial activities,

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

STATEMENT OF THE CASE

This case stands at the intersection of a constitutional amendment and a congressional statute and presents a novel but critically important question: To what extent can an infringer escape liability for trademark infringement under the Lanham Act by claiming its infringement is actually an exercise of free speech protected by the First Amendment?

The Second Circuit first answered this question in 1989 by crafting a balancing test in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), a case that asked whether a filmmaker could use the first names of two famous performers—Ginger Rogers and Fred Astaire—in the title of a movie, “Fred and Ginger.” In *Rogers*, the balance favored the filmmaker, who was the junior user of the mark, thereby immunizing the film’s title from trademark liability. The “*Rogers* test,” as it came to be known, has been used since then to strike a balance between the First Amendment and the Lanham Act to ensure the Lanham Act did not inappropriately constrain artistic expression.

The Ninth Circuit first adopted *Rogers* in 2002 in *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 902 (9th Cir. 2002) (“*MCA Records*”), a case of “forward” trademark infringement. As in *Rogers*, the Ninth Circuit

had to decide whether the use of a trademark—this time BARBIE, the famous doll—could be used in the title of an artistic work—this time, a song by the band Aqua called “Barbie Girl.” As in *Rogers*, the Ninth Circuit found in an analogous factual scenario that the balance favored the junior user, again immunizing the title of an expressive work from trademark liability.

But, after 2002, the Ninth Circuit’s *Rogers* jurisprudence took an unexpected turn. With each new case, the Ninth Circuit expanded the immunity afforded to junior users under the guise of the *Rogers* test. In the Ninth Circuit, *Rogers* is now no longer limited to the book/movie/song titles nor is it limited to “culturally significant marks” (as suggested by the panel in *MCA Records*). And, because the Ninth Circuit’s threshold for what constitutes artistic expression is so low, almost anything can be immunized from trademark liability—including a dog toy, something unlikely to be considered a work of art when the First Amendment was ratified in 1788.

Today, the Ninth Circuit’s application of *Rogers* is less of a balancing test and more of a “get out of jail free” card for even willful infringers. The Ninth Circuit’s wild departure from the narrow holding of *Rogers* has now created a circuit split between the circuits and their respective district courts. Moreover, the Ninth Circuit’s tortured *Rogers* jurisprudence has led at least one district court in the Tenth Circuit to reject the *Rogers* test altogether and, instead, to craft a different, alternative test.

This case permits the Court to answer definitively a recurring question on which the courts in this country have split in the absence of prior guidance: To what

extent does the First Amendment immunize trademark infringement?

A. Statutory Framework

The Lanham Act protects the consuming public against unfair competition and deception in two ways. **First**, it permits a person to register a word, phrase, shape, numeral, letter, slogan, color and sound as a federally registered trademark. If a junior user of a similar mark uses the registered trademark, they can be held liable to the trademark owner for trademark infringement. 15 U.S.C. § 1114.

The Lanham Act does not *require* registration to accomplish its goal of protecting consumers. Rather, as a **second** alternative, a senior user can sue a junior user for “false designation of origin,” even if the mark is not registered. 15 U.S.C. § 1125.

The Lanham Act does not distinguish between “forward confusion” and “reverse confusion,” but it has been a well-accepted principle for decades that it protects the senior user in both scenarios. *E.g.*, *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 206 L. Ed. 2d 893, 140 S. Ct. 1589, 1592 (2020) (analyzing application of collateral estoppel in reverse-confusion case); *Wreal, LLC v. Amazon.com, Inc.*, 38 F.4th 114, 136 (11th Cir. 2022) (comparing likelihood-of-confusion tests applied in reverse-confusion cases in the Third, Seventh, Ninth and Tenth Circuits); *Banff, Ltd. v. Federated Dep’t Stores, Inc.*, 841 F.2d 486, 490–91 (2d Cir. 1988) (holding for first time that reverse confusion is actionable under the Lanham Act: “Were reverse confusion not a sufficient basis to obtain Lanham Act protection, a larger company could with impunity infringe the senior mark of a smaller one.”).

In a case of “forward confusion,” the trademark owner is concerned the infringer’s goods will be viewed by the public as sponsored by or originating from the trademark owner. *Ironhawk Techs., Inc. v. Dropbox, Inc.*, 2 F.4th 1150, 1160 (9th Cir. 2021). If the infringer’s goods are inferior, therefore, the trademark owner’s reputation would be tarnished. On the other hand, in a case of “reverse confusion,” the infringer is *not* trying to siphon off the goodwill of the trademark owner. *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1130 (9th Cir. 1998). Rather, the infringer, typically a well-known company having significant resources, overwhelms the market with its junior mark, thereby rendering the trademark owner’s senior mark unusable as a source identifier. *Ironhawk Techs.*, 2 F.4th at 1160 (“[Reverse confusion] can occur when ‘the junior user’s advertising and promotion so swamps the senior user’s reputation in the market that customers are likely to be confused into thinking that the senior user’s goods are those of the junior user[.]’”) (quoting 4 McCarthy on Trademarks and Unfair Competition § 23:10 (5th ed. 2020) (citations and footnotes omitted)).

B. Factual and Procedural Background

Randice-Lisa Altschul is the sole owner of Diece-Lisa Industries, Inc. (“DLI”), a toy and game company that principally licenses innovative concepts to third parties who, in turn, manufacture and sell licensed products to the ultimate consumer. C.A. E.R. 2:78-79, 2:183-85, 2:10. In the early- to mid-1990’s, DLI conceived of a novel idea for a wearable stuffed animal having sleeve-like openings in which the user could place their arms. Pet. App. 5a. The wearer would experience receiving a hug from the stuffed animal. *Id.* Below is a picture of DLI’s product:



DLI named its product LOTS OF HUGS, for which it obtained a federally registered trademark in 2008.¹ Pet. App. 5a.

In 2010, Disney produced the movie *Toy Story 3*. Pet. App. 6a. Despite having knowledge of DLI's mark by virtue of a trademark search, C.A. E.R. 2:29-33, 2:133, 3:472-73, Disney chose to name an integral character in the film "Lots-O'-Huggin'" Bear. C.A. E.R. 3:332. Disney's character and character-related products have saturated the toy industry, destroying the value of DLI's LOTS OF HUGS mark. C.A. E.R. 2:273, 3:339, 3:385. Below is a picture of a "Lots-O'-Huggin'" Bear product:

1. The LOTS OF HUGS trademark has been in existence far longer. In 1995, DLI licensed the right to manufacture and sell stuffed animals using its hugging technology to Happiness Express, a toy company. Pet. App. 5a. Happiness Express named the product LOTS OF HUGS and registered the word mark with the United States Patent and Trademark Office. *Id.* In 1996, Diece-Lisa acquired Happiness Express's intellectual property rights after it filed for bankruptcy. *Id.* In 2004, the USPTO cancelled the trademark registration for LOTS OF HUGS. Pet. App. *Id.* In 2007, Diece-Lisa applied to register the LOTS OF HUGS mark, which the USPTO issued on January 1, 2008. *Id.*



When the products are put side-by-side, it is easy to see why a potential third-party licensee would not want to license DLI's product (on the left) for fear it was infringing the IP rights associated with Disney's product (on the right). The two products are nearly identical.



DLI sued Disney for violating DLI's Lanham Act rights in its LOTS OF HUGS mark with a "reverse confusion" theory of liability. Pet. App. 6a. Given the similarity above and the record evidence of confusion, had Disney *only* used "Lots-O'-Huggin'" in connection with a pink, stuffed bear, the case likely would have resulted in a finding of infringement against Disney. At a minimum, it would have gone to trial.

Instead, however, the case ended prematurely at summary judgment when the district court applied the *Rogers* test, as modified by the Ninth Circuit. Under the *Rogers* test, the Lanham Act applies "to an expressive work only if the defendant's use of the mark (1) is not artistically relevant to the work or (2) explicitly misleads consumers as to the source or the content of the work." *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018). Although DLI noted the Ninth Circuit had never

applied *Rogers* in a “reverse confusion” case—and that doing so made no sense—the district court viewed *Rogers* as controlling precedent Pet. App. 9a-10a.

On appeal, DLI sought hearing *en banc*, advocating for several changes to the Ninth Circuit’s *Rogers* test given the Ninth Circuit’s *Rogers* jurisprudence had gone too far; alternatively, DLI argued the *Rogers* test should be modified in “reverse confusion” cases. Hearing *en banc* was denied, and the three-judge panel summarily affirmed the summary judgment grant without considering any modifications to *Rogers*, including in reverse confusion cases, holding it “[was] constrained by existing circuit precedent.” *Diece-Lisa Indus., Inc.*, 2022 WL 2072727, at *1. Pet. App. 2a.

DLI petitioned for rehearing *en banc*. Pet. App. 12a. That too was summarily denied. *Id.*

REASONS FOR GRANTING THE PETITION

In 1989, upon encountering the thorny issue of how to balance an artist’s rights to expressive speech with a trademark holder’s intellectual property rights, the Second Circuit crafted a narrowly tailored test (the “*Rogers* test”) to resolve a very unique situation: the use of a well-known celebrity’s name in a film title. Notably, there was sufficient dicta in that opinion to expand the test to other circumstances involving other expressive works of art. Over time, courts around the country invoked *Rogers* to analyze other fact patterns involving expressive works.

But one circuit’s expansion of *Rogers* has gone too far. The Ninth Circuit has turned a “balancing” test into

a bulletproof trademark defense in many cases of forward confusion and every single reverse confusion case. In doing so, it has caused an irreconcilable circuit split in two different ways.

First, the courts have split on whether a *Rogers* analysis should be considered in conjunction with an analysis of likelihood of confusion. The Second Circuit says “yes,” finding that a highly persuasive case of confusion might outweigh certain First Amendment concerns. On the other hand, the Ninth Circuit says “no,” using *Rogers* as a threshold hurdle considered in advance of likelihood of confusion. If the plaintiff cannot clear *Rogers*, the claim fails, irrespective of confusion in the marketplace. As a result, even in the most egregious case of willful trademark infringement, *Rogers* can potentially immunize an infringer from liability.

Second, the courts have split on the scope of *Rogers* protection to different types of goods. Certain courts have held that the First Amendment does not apply to “mundane” goods such as t-shirts and coffee mugs. But, under Ninth Circuit law, even the mundane, ordinary consumer goods—such as dog toys—have been deemed expressive works meriting First Amendment protection.

Notably, this is not the only case seeking this Court’s review because of the Ninth Circuit’s overzealous application of *Rogers*. In *VIP Prods. LLC v. Jack Daniel’s Properties, Inc.*, 953 F.3d 1170 (9th Cir. 2020), after VIP was found at trial to have infringed Jack Daniel’s trademark by using it to sell dog toys, the Ninth Circuit reversed, deeming the infringing dog toy “an expressive work,” and remanded to the district court with instructions to apply the *Rogers* test. *Id.* at 1176. On

remand, the district court begrudgingly found VIP's use of Jack Daniel's mark to be immunized under *Rogers*, *VIP Prod. LLC v. Jack Daniel's Properties Inc.*, No. CV-14-02057-PHX-SMM, 2021 WL 5710730, at *6 (D. Ariz. Oct. 8, 2021), which the Ninth Circuit summarily affirmed. *VIP Prod. LLC v. Jack Daniel's Properties, Inc.*, No. 21-16969, 2022 WL 1654040, at *1 (9th Cir. Mar. 18, 2022), *petition for cert. filed*, 2022 WL 3561781 (Aug. 5, 2022) (No. 22-148).

Further, even separate and apart from the problems with the Ninth Circuit's application of *Rogers* overall, stands another problem: its refusal to modify *Rogers* in cases of reverse trademark confusion. As discussed below, *Rogers* and its progeny arose in cases involving forward trademark confusion. Thus, the test was crafted in that context to specifically address the harm forward confusion causes. But, when applied without modification in a reverse confusion case, the junior user (i.e., the infringer) is *guaranteed* to win, as the lack of decisions finding in favor of reverse confusion-victims demonstrates. In reverse confusion cases, *Rogers* is less of a balancing test and more of a death knell.

This Court should grant review to determine the extent to which the First Amendment can immunize an expressive work from trademark infringement and craft a test for making that determination that is suitable for both forward and reverse confusion cases.

I. The Second Circuit Initially Crafted a Narrowly-Tailored Test to Govern Very Limited Circumstances.

The Second Circuit initially developed the *Rogers* test to counterbalance the interests under the Lanham Act of protecting a celebrity's name and preventing consumer

confusion, on the one hand, against the First Amendment right of free artistic expression to use that name in a title, on the other. *Rogers*, 875 F.2d at 996.

In *Rogers*, the Second Circuit considered a challenge brought by actress Ginger Rogers regarding a film entitled *Ginger and Fred*. *Id.* The film told the story of two (fictional) Italian cabaret dancers who imitated the well-known duo of Ginger Rogers and Fred Astaire and who were known in Italy as Ginger and Fred. *Id.* at 996-97. Rogers argued the use of her name in the title of the film created “the false impression that the film was about her or that she sponsored, endorsed, or was otherwise involved in the film.” *Id.* at 997. In other words, *Rogers* presented a traditional case of forward confusion involving the very narrow issues of potentially confusing “titles.” *Id.* at 998 (noting the “artistic and commercial elements of titles are inextricably intertwined,” and therefore, the “expressive element of titles requires more protection than the labeling of ordinary commercial products.”).

The Second Circuit conceded the title may well cause confusion among some consumers, *see id.* at 1001, but nevertheless construed the Lanham Act “narrowly” to protect the producer’s artistic use of the name in the title, *id.* at 998 (“Because overextension of Lanham Act restrictions in the area of titles might intrude on First Amendment values, we must construe the Act narrowly to avoid such a conflict.”) (citation omitted). The court formulated the *Rogers* test specifically for cases involving (i) the use of a celebrity name in (ii) the title of a work:

In the context of allegedly misleading titles using a celebrity’s name, that balance

will normally not support application of the [Lanham] Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.

Id. at 999 (emphasis added).

The Second Circuit noted, however, its narrow construction of the Lanham Act should *not* apply in all circumstances, including, for example, to “misleading titles that are confusingly similar to other titles,” because the “public interest in sparing consumers this type of confusion outweighs the slight public interest in permitting authors to use such titles.” *Id.* at 999 n.5. In other words, *Rogers* expressly recognized and proscribed the scenario in which, as here, infringers might attempt to shield themselves from *garden-variety infringement claims* under the guise of artistic expression. *See also Silverman v. CBS Inc.*, 870 F.2d 40, 49 (2d Cir. 1989) (“Trademark protection is not lost simply because the allegedly infringing use is in connection with a work of artistic expression.”).

Under the *Rogers* test, a junior user is required to show its alleged infringing use was part of an expressive work. *See Rogers*, 875 F.2d at 999–1000. Upon making such a showing, the burden shifts to the senior user to show it had a valid and protectable mark and that the defendant’s use of the accused mark was either (1) not artistically relevant to the underlying work; or (2) explicitly misleading as to the source or content of the work. *Id.* at 1000–01.

II. The Ninth Circuit’s Transmogrification of the *Rogers* Test Over Time.

A. Early Decisions Correctly Focused on Titles and the “Cultural Significance” of the Trademark at Issue.

The Ninth Circuit first adopted the *Rogers* test in 2002 in the forward confusion case of *MCA Records*, 296 F.3d at 902. As the Second Circuit had in *Rogers*, the Ninth Circuit applied the test to the use of a name in the title of a song and ultimately held a producer’s use of BARBIE in the song, “Barbie Girl,” a musical commentary on the cultural values Barbie dolls represent, was protected by the First Amendment. *Id.* at 901–02.

At a high level, the *MCA Records* court considered the broad issue of how to address allegations of trademark infringement in the context of a trademark that had transcended its role as a source identifier and had become part of our cultural lexicon and everyday vocabulary:

The problem arises when trademarks transcend their identifying purpose. Some trademarks enter our public discourse and become an integral part of our vocabulary. How else do you say that something’s “the Rolls Royce of its class”? What else is a quick fix, but a Band–Aid? Does the average consumer know to ask for aspirin as “acetyl salicylic acid”? Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions. Once imbued with such expressive value, the trademark becomes a word in our language and

assumes a role outside the bounds of trademark law.

Our likelihood-of-confusion test, *see AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir.1979), generally strikes a comfortable balance between the trademark owner’s property rights and the public’s expressive interests. But when a trademark owner asserts a right to control how we express ourselves—when we’d find it difficult to describe the product any other way (as in the case of aspirin), or when the mark (like Rolls Royce) has taken on an expressive meaning apart from its source-identifying function —applying the traditional test fails to account for the full weight of the public’s interest in free expression.

Id. at 900 (citation omitted). *MCA Records* therefore highlighted the Ninth Circuit’s concern about the intersection between the right to expressive speech guaranteed by the First Amendment and the exclusive property rights granted by our intellectual property statutes.

Though the issue was weighty and the dicta broad, *MCA Records*’ holding is

narrow. Like the *Rogers* court, *MCA Records* focused on the uniqueness of a *title*:

At first glance, *Rogers* certainly had a point. Ginger was her name, and Fred was her dancing partner. If a pair of dancing shoes had

been labeled Ginger and Fred, a dancer might have suspected that Rogers was associated with the shoes (or at least one of them), just as Michael Jordan has endorsed Nike sneakers that claim to make you fly through the air. But *Ginger and Fred* was not a brand of shoe; it was the title of a movie and, for the reasons explained by the Second Circuit, deserved to be treated differently. A title is designed to catch the eye and to promote the value of the underlying work. Consumers expect a title to communicate a message about the book or movie, but they do not expect it to identify the publisher or producer.

Id. at 901–02 (citation omitted). In adopting the *Rogers* test, the *MCA Records* decision again noted the narrow application of the *Rogers* test to titles:

Rogers concluded that literary titles do not violate the Lanham Act “unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.” We agree with the Second Circuit’s analysis and adopt the *Rogers* standard as our own.

Id. at 902 (citation omitted).

In December 2003, the scope of protection for Mattel’s BARBIE came before the Ninth Circuit in a second forward confusion case. That time, Mattel objected to the use of Barbie dolls in a series of 78 provocative

photographs taken by Thomas Forsythe a/k/a Walking Mountain Productions. *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 796 (2003).

Without any analysis of whether *MCA Record*'s holding was limited to titles, the *Walking Mountain* court applied *Rogers* to both the titles **and** descriptions of the Forsythe photographs on Forsythe's website to absolve Forsythe of liability. *Id.* at 807. While *Walking Mountain* seemed uninterested in the importance of titles, it **was** focused on the cultural significance of the senior user's mark:

As we recently recognized in *MCA*, however, when marks “transcend their identifying purpose” and “enter public discourse and become an integral part of our vocabulary,” they “assume[] a role outside the bounds of trademark law.” Where a mark assumes such cultural significance, First Amendment protections come into play. In these situations, “the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function.” As we determined in *MCA*, Mattel's “Barbie” mark has taken on such a role in our culture.

Id. at 807 (citation omitted).

Had the Ninth Circuit stopped here, its jurisprudence would stand on safer ground, and a circuit split could have been avoided. Moreover, petitioner would have survived summary judgment below. Respondent did not

use petitioner’s LOTS OF HUGS mark as the title of an expressive work nor has the LOTS OF HUGS mark become an “integral part of our vocabulary.” Rather, respondent used a similarly confusing mark as the name of a movie character destined to become a toy—the precise type of good covered by petitioner’s mark.

B. In Later Cases, the Ninth Circuit Vastly Expanded *Rogers* Immunity.

Starting in 2008, the Ninth Circuit radically expanded the *Rogers* test well beyond titles and culturally significant marks. In *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008), the plaintiff sued for trade dress and trademark infringement, alleging the defendant inappropriately utilized the distinctive logo and trade dress of its “Play Pen” strip club in Los Angeles in the *Grand Theft Auto: San Andreas* video game containing a cartoon-style strip club called the “Pig Pen.” *Id.* at 1097–98.

Curiously, the *E.S.S.* court acknowledged the narrowness of *Rogers*’ holding but then applied it broadly without analysis. *E.S.S.*, 547 F.3d at 1099 (“Although this test traditionally applies to uses of a trademark in the title of an artistic work, there is no principled reason why it ought not also apply to the use of a trademark in the body of the work.”). Also, curiously, there was no discussion in the *E.S.S.* decision as to whether the PLAY PEN mark and/or trade dress had entered the popular vernacular or become culturally significant—a principle that had played a significant role in both *MCA Records* and *Walking Mountain*.

Perhaps the *E.S.S.* court expanded *Rogers* because both parties *conceded* to the extension of the doctrine. *E.S.S.*, 547 F.3d at 1099 (“The parties do not dispute such an extension of the doctrine.”). Or perhaps the court was persuaded to absolve the defendant of liability because the use of the accused mark, “Pig Pen,” was *de minimis*. *Id.* at 1100-01 (“Whatever one can do at the Pig Pen seems quite incidental to the overall story of the Game. A reasonable consumer would not think a company that owns one strip club in East Los Angeles, which is not well known to the public at large, also produces a technologically sophisticated video game like San Andreas.”). While the facts (and concessions) in *E.S.S.* may have militated in favor of an expansion of *Rogers*, from a more fundamental doctrinal perspective, such an extension has proven unsound.

Indeed, once *E.S.S.* untethered the *Rogers* test from cases involving titles of works or culturally significant marks, there was no stopping *Rogers* from ending any number of trademark lawsuits. In *Brown v. Electronic Arts, Inc.*, 724 F.3d 1235 (9th Cir. 2013), the Ninth Circuit applied *Rogers* to foreclose the claims of the plaintiff, renowned football player Jim Brown, who had sued the defendant for using his likeness in the *Madden NFL* series of video games. *Id.* at 1238–39.

And again, in 2017, the Ninth Circuit expanded *Rogers* in *Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192 (9th Cir. 2017) (“*Empire*”). There, Empire Distribution, a well-known record label, was the senior mark holder of the “Empire” mark since 2010. *Id.* at 1195. In 2015, broadcasting company Fox premiered a television show called “Empire” about a fictional hip hop

music label called “Empire Enterprises.” *Id.* Despite the similarity of both the mark and the goods, the district court concluded the First Amendment protected Fox’s use of “Empire.” *Id.* at 1195. The Ninth Circuit affirmed. *Id.* at 1200.

In some respects, *Empire* was a more “traditional” *Rogers* case. It involved the title of a work, in that case a television show, and the mark itself was a common dictionary word, not the (somewhat) unique name of a strip club or the uber-unique facial visage of a professional football player. In fact, by 2010, the word “empire” had already found itself into the titles of other artistic works such as *The Empire Strikes Back* (1980) (referring to the Galactic Empire under the control of Darth Sidious) and Jay-Z’s *Empire State of Mind* (2009) (referring to New York, the Empire state).

But the *Empire* decision also expanded *Rogers* in two significant ways. **First**, *Empire* made clear that while the “cultural significance of a mark may often be relevant to the first prong of the *Rogers* test,” it was not a prerequisite. *Id.* at 1198. Rather, “the only threshold requirement for the *Rogers* test is an attempt to apply the Lanham Act to First Amendment expression.” *Id.* **Second**, *Empire* expanded First Amendment protection to the use of the mark in items *other* than the expressive work itself:

... Empire Distribution asserts that Fox’s use of the mark “Empire” extends well beyond the titles and bodies of these expressive works. Specifically, Empire Distribution points to Fox’s use of the “Empire” mark “as an umbrella brand to promote and sell music and other

commercial products.” These promotional activities under the “Empire” brand include appearances by cast members in other media, radio play, online advertising, live events, and the sale or licensing of consumer goods.

Although it is true that these promotional efforts technically fall outside the title or body of an expressive work, it requires only a minor logical extension of the reasoning of *Rogers* to hold that works protected under its test may be advertised and marketed by name, and we so hold.

Id. at 1196–97. According to *Empire*, such an expansion was necessary, otherwise “[t]he balance of First Amendment interests struck in *Rogers* and [*MCA Records*] could be destabilized if the titles of expressive works were protected but could not be used to promote those works.” *Id.* at 1197. This reasoning is both deeply flawed and has high potential for abuse. One could easily foresee the creation of “artistic works” using others’ marks solely for the purpose of gaining trademark-immunity, which would (per the Ninth Circuit) extend to any merchandising that followed even though no First Amendment concerns were implicated. This concern is particularly true today. Whereas the creation and distribution of shows and films were once the exclusive domain of the major Hollywood studios, today’s technology allows anyone to create a video production with the phone in their pocket. Amateur filmmakers can, in turn, publish such videos for worldwide distribution through websites like YouTube, Vimeo, and Patreon, to name a few.

C. The Ninth Circuit’s Expansion of *Rogers* Reaches Physical Toys.

What began as a test applicable to titles of expressive works ultimately expanded to physical toys. In *VIP Prods. LLC v. Jack Daniel’s Properties, Inc.*, 953 F.3d 1170 (9th Cir. 2020), the iconic whiskey maker sued VIP Products for its “Bad Spaniels Silly Squeaker,” a dog toy resembling a bottle of Jack Daniel’s Old No. 7 Black Label Tennessee Whiskey (with dog-related alterations). *Id.* at 1172. Although the district court initially ruled in Jack Daniel’s favor after a four-day trial, the Ninth Circuit vacated and remanded after holding the *Rogers* test applied.

Primarily at issue was whether a dog toy product could be considered an “expressive work.” In its analysis, the Ninth Circuit noted:

In determining whether a work is expressive, we analyze whether the work is “communicating ideas or expressing points of view.” A work need not be the “expressive equal of *Anna Karenina* or *Citizen Kane*” to satisfy this requirement, and is not rendered non-expressive simply because it is sold commercially.

Id. at 1174–75 (cleaned up). Because the dog toy at issue, with its dog-related alterations, communicated a “humorous message,” the Ninth Circuit deemed it an expressive work. *Id.* at 1175. It therefore vacated the finding of trademark infringement in Jack Daniel’s favor and remanded the case for an analysis of the *Rogers* test. *Id.* at 1176.

On remand, the district court entered summary judgment for VIP, lamenting that the Ninth Circuit's *Rogers* test “excuses nearly any use less than slapping another’s trademark on your own work and calling it your own” and urging Jack Daniel’s to “seek relief” from the Supreme Court. *VIP*, 2021 WL 5710730, at *6. The Ninth Circuit summarily affirmed. *VIP*, 2022 WL 1654040, at *1. Jack Daniel’s filed a Petition for a Writ of Certiorari on August 5, 2022. Petition for a Writ of Certiorari, *Jack Daniel’s Properties v. VIP Prod. LLC*, 2022 WL 3561781 (Aug. 5, 2022) (No. 22-148).

III. The Courts of Appeals Are Now Divided in Two Ways Over the First Question Presented.

While *Rogers* attempts to address a weighty issue—in what way should a federal statute, the Lanham Act, bend to a constitutional amendment—one might be forgiven for wondering whether it has created more problems than it has solved. Other circuits, including the Fifth, Sixth, and Eleventh Circuits, have adopted *Rogers* but have done so in different ways. As a result, federal courts are now divided on how to apply *Rogers*.

First, the courts have divided on whether a *Rogers* analysis should be conducted in conjunction with a likelihood-of-confusion analysis or as a threshold test. For example, in the Second Circuit, district courts start by applying the likelihood of confusion factors set forth in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (the “*Polaroid*” factors), to **first** determine if there is likelihood of infringement. See *Twin Peaks Prods., Inc. v. Pubs. Int’l, Ltd.*, 996 F.2d 1366, 1379 (2d. Cir. 1993). A “particularly compelling” finding of

likelihood of confusion can outweigh the First Amendment concerns recognized in *Rogers*. *Id.*

In sharp contrast, the Ninth Circuit flips the analysis, requiring a plaintiff to first survive a *Rogers* threshold challenge before even getting to a likelihood of confusion analysis. *VIP*, 953 F.3d at 1176 (“We therefore vacate the district court’s finding of infringement and remand for a determination by that court *in the first instance* of whether JDPI can satisfy a prong of the *Rogers* test.”) (emphasis added). Thus, even compelling evidence of actual confusion “changes nothing” after *Rogers* is deployed. *Brown*, 724 F.3d at 1245.

Second, there is a split as to what type of products merit *Rogers*’ protection. For example, the Eleventh Circuit seemingly draws a line between fine art and the mundane. In *Univ. of Alabama Bd. of Trs. v. New Life Art, Inc.*, 683 F.3d 1266 (11th Cir. 2012) (“*New Life II*”), the accused works included paintings, prints, and calendars depicting “the University’s football uniforms (showing the University’s crimson and white colors)[.]” *Id.* at 1275. The Eleventh Circuit did not hesitate to apply *Rogers* to plaintiff’s claims of forward confusion.

Notably, though, the accused products **also** included mugs, cups, flags, towels, t-shirts, and other “mundane” products. *See id.* at 1279. As to those products, the district court had concluded they did **not** deserve First Amendment protection. *See Univ. of Ala. Bd. of Trs. v. New Life Art, Inc.*, 677 F. Supp. 2d 1238, 1241 (N.D. Ala. 2009) (“*New Life I*”) (“It is the court’s further conclusion that neither [artistic expression or the First Amendment] nor the Fair Use defense defeat plaintiff’s claims regarding

mini-prints, t-shirts, calendars, mugs and other mundane articles.”). The district court reached that conclusion by drawing a line between “fine art” and more utilitarian products. *Id.* (“The court is of the opinion that it made it clear that its conclusions with regard to protection were different as to the fine art and the mundane articles because the Artistic Expression, First Amendment and Fair Use defenses are applicable to one, but not the other.”). The defendant did not challenge that conclusion on appeal, *see New Life II*, 683 F.3d at 1280, and, so, the district court’s determination on this issue still stands.

The Fifth Circuit draws a similar line between “expressive” works and “ordinary” commercial products. In *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000), the court grappled with the use of the trademark POLO for a title of the magazine, noting “a magazine title is a hybrid between commercial and artistic speech. Here, the speech is expressive to an appreciable degree, and it requires more protection than the labeling of ordinary commercial products.” *Id.* at 672 (citation omitted). That distinction finds support in *Rogers* itself, which draws a distinction between expressive “[m]ovies, plays, books, and songs” and other “more utilitarian products.” *Rogers*, 875 F.2d at 997.

This differentiation between “fine art,” which merits full First Amendment protection, and calendars, t-shirts, and “mundane articles,” which merit no protection—conflicts with the Ninth Circuit’s jurisprudence. The Ninth Circuit does not require a work be “fine art,” but instead, only that it “communicate an idea.” *VIP*, 953 F.3d at 1175 (“In determining whether a work is expressive, we analyze whether the work is ‘communicating ideas or expressing

points of view.’ A work need not be the ‘expressive equal of *Anna Karenina* or *Citizen Kane*’ to satisfy this requirement, and is not rendered non-expressive simply because it is sold commercially.”) (citations omitted); *cf. Gordon*, 909 F.3d at 268–69 (greeting card held to be expressive work). Indeed, as set forth above, under Ninth Circuit precedent, even a dog toy can be “expressive.” *VIP.*, 953 F.3d at 1175.

Lastly, the Tenth Circuit may eschew *Rogers* and strike out on its own path altogether. Motivated by “legitimate concerns about whether *Rogers* tilts too far in favor of the junior user’s First Amendment interests,” one district court in the Tenth Circuit reconfigured the inquiry as a factor-test weighing six non-exclusive considerations. *Stouffer v. Nat’l Geographic Partners, LLC*, 460 F. Supp. 3d 1133, 1140 (D. Colo. 2020); *see also Stouffer v. Nat’l Geographic Partners, LLC*, 400 F. Supp. 3d 1161, 1178 (D. Colo. 2019) (“*Stouffer I*”), 400 F. Supp. 3d at 1178 (“This Court has the luxury of thirty years of court decisions applying *Rogers*, demonstrating its strengths and weaknesses. The *Parks* and *Gordon* decisions, in particular, convince the Court that *Rogers* should not be adopted as-is.”).

This irreconcilable circuit split must be put to an end. While trademark owners continue to enjoy the protections afforded by the Lanham Act despite the First Amendment’s restrictions in some circuits, those protections have been nearly eviscerated in the Ninth Circuit. Consequently, the odds of prevailing on a trademark infringement claim now depend on both the underlying substance of the claim and the venue in which it is raised. Had DLI raised its claims against Disney’s ordinary consumer good (e.g.,

toys, calendars, etc.) in the Eleventh Circuit, DLI would have survived summary judgment. The validity of federal claims should not depend on the courthouse in which they are filed, and only this Court can rectify the split.

IV. The Ninth Circuit’s Refusal to Modify the *Rogers* Test in Reverse Confusion Cases Is Egregiously Wrong.

The Second Circuit crafted the *Rogers* test in a prototypical forward-confusion case: the senior user (Ginger Rogers) was concerned consumers would believe she was sponsoring, endorsing, or otherwise affiliated with the junior user and its movie. *Rogers*, 875 F.2d at 997. The Second Circuit therefore looked to balance the junior user’s right to free expression against the harm to the senior user caused by consumer confusion. *See id.* at 999–1000.

But in a reverse confusion case, the harm is very different. The junior user is *not* looking to ride the coattails of the senior user. *Dreamwerks*, 142 F.3d at 1130. Rather, the harm arises when “consumers doing business with the senior user might mistakenly believe that they are dealing with the junior user.” *Id.* Or, alternatively, a much larger company’s use of a junior mark so overwhelms the market that the senior mark is rendered useless. *Ironhawk*, 2 F.4th at 1160 (“[T]he result of reverse confusion ‘is that the senior user loses the value of the trademark—its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets.’”) (quoting *Ameritech, Inc. v. Am. Info. Techs. Corp.*, 811 F.2d 960, 964 (6th Cir. 1987)); *see also Commerce Nat’l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432,

445 (3d Cir. 2000) (“[T]he doctrine of reverse confusion is designed to prevent the calamitous situation [where] a larger, more powerful company usurp[s] the business identity of a smaller senior user.”).

In either event, “there is no question of palming off, since neither junior nor senior user wishes to siphon off the other’s goodwill.” *Dreamwerks*, 142 F.3d at 1130.

In light of these differences, the Ninth Circuit has acknowledged the need to modify its *Sleekcraft* test—the multi-factor test used to determine likelihood of confusion. As one example, in a forward confusion case, the “strength of mark” factor focuses on the senior mark. In a reverse confusion case, however, the primary focus is on the strength of the junior mark. *Dreamwerks*, 142 F.3d at 1130 n.5 (9th Cir. 1998) (“In an infringement case involving ‘forward’ confusion, a more well-known senior mark suggests greater likelihood of confusion because a junior user’s mark is more likely to be associated with a famous mark. ***In a reverse confusion case, however, we must focus on the strength of the junior user’s mark.***”) (emphasis added); see also *JL Beverage Co. v. Jim Beam Brands Co.*, 828 F.3d 1098, 1108–09 (9th Cir. 2016) (explaining “strong market presence” of junior mark supports reverse confusion claim).²

Similarly, the *Sleekcraft* intent factor is modified because, as the Ninth Circuit acknowledged:

Our assessment of the *Sleekcraft* intent factor
 . . . is different when we consider a forward

2. That is not to say the strength of the senior mark is completely irrelevant in a reverse confusion case.

confusion theory than it is when we consider a reverse confusion theory, because the relevance of intent varies with the underlying theory of confusion. . . . When considering forward confusion, we ask “whether defendant in adopting its mark intended to capitalize on plaintiff’s good will.” . . . **However, in the case of reverse confusion, typically “neither junior nor senior user wishes to siphon off the other’s goodwill.”**

Marketquest v. BIC Corp., 862 F.3d 927, 934 (9th Cir. 2017) (emphasis added) (quoting *Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1043 (9th Cir. 2010), and *Dreamwerks*, 142 F.3d at 1130). In other words, the Ninth Circuit has acknowledged that, because the junior user in a reverse confusion case is *not* seeking to palm off the goodwill of the senior user, an analysis of “intent” in reverse confusion cases *must* be different than in forward confusion cases.

In light of these modifications to the *Sleekcraft* test, logic also supports modifying the *Rogers* test in reverse confusion cases. Otherwise, it is nearly impossible for a plaintiff to prevail in a reverse confusion case in the Ninth Circuit.

Because the *Rogers* test is a threshold test in the Ninth Circuit, once a defendant makes a showing the infringement was part of an expressive work, the burden shifts to the plaintiff to show the use of the infringing mark “has no artistic relevance to the underlying work whatsoever,” or if it does have some artistic relevance, that it “explicitly misleads as to the source or the content

of the work.” *Rogers*, 875 F.2d at 999. But the bar for “artistic relevance” is so low it is almost nonexistent. *Brown*, 724 F.3d at 1243 (“[T]he level of artistic relevance of the trademark or other identifying material to the work merely must be above zero for the trademark or other identifying material to be deemed artistically relevant.”) (cleaned up).

Conversely, showing that a work is “explicitly misleading” is “a high bar that requires the use be an explicit indication, overt claim, or explicit misstatement about the source of the work.” *Dr. Seuss Enterprises, L.P. v. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020) (internal quotations omitted), *cert. denied*, 210 L. Ed. 2d 933 (June 21, 2021). In fact, the district court noted this “high bar” in granting respondent’s motion for summary judgment. *Diece-Lisa*, 2021 WL 3355284, at *2 (Pet. App. 9a).

This “explicitly misleading” prong, which makes perfect sense in a forward confusion scenario the *Rogers* test was crafted for, makes absolutely no sense in a reverse confusion case. As explained above, in a reverse confusion case, the junior user is *not* trying to siphon off the goodwill of the senior user. Therefore, it would be highly (if not completely) implausible that the junior user would make *any* overt statement about the source of the work, much less a misleading one. Without a modification of the *Rogers* test to account for that fact, the junior user in a reverse confusion case always prevails under the traditional *Rogers* analysis. Therefore, just like the *Sleekcraft* test, the *Rogers* test must be modified in reverse confusion cases.

Courts have adopted the *Rogers* test in an effort to strike an appropriate **balance** between “the public interest in avoiding consumer confusion” and the “public interest in free expression.” *Rogers*, 875 F.2d at 999. But the reflexive application of *Rogers* in a reverse confusion case such as this one transforms a “balancing test” into the ultimate “get out of jail free card” and creates an exception to trademark infringement that swallows the rule. There is no “balance” in a situation where the junior user *always* wins.

As a panel of the Ninth Circuit stated in rejecting the reflexive application of the *Rogers* test other panels had employed:

Indeed, the potential for explicitly misleading usage is especially strong when the senior user and the junior user both use the mark in similar artistic expressions. Were we to reflexively apply *Rogers*’s second prong in this circumstance, an artist who uses a trademark to identify the source of his or her product would be at a significant disadvantage in warding off infringement by another artist, merely because the product being created by the other artist is also “art.” That would turn trademark law on its head.³

3. *Gordon* represents the rare case where a senior user escaped summary judgment despite the application of the *Rogers* test. But, as one district court noted, “*Gordon* is analytically messy” because it is “constrained by precedent” ultimately “mak[ing] its point through an awkward attempt to avoid looking like it is overruling what it does not have the power to overrule.” *Stouffer I*, 400 F. Supp. 3d at 1178–79.

Gordon, 909 F.3d at 270; *see also* 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 10:17.10 (5th ed., Mar. 2020 update) (“Application of the *Rogers* balancing test is just that: a balancing of competing interests. It does not mean that a junior user producer of an expressive work can ignore a senior user and create probable confusion just because the title has some ‘artistic relevance’ to the accused expressive work and the junior user does not falsely assert that there is an affiliation.”).

V. **Thirty Years of Jurisprudence Can Help This Court Craft a Better Test.**

Rogers was a good starting point, but as the *Stouffer* court noted, thirty years of jurisprudence have laid both its strengths *and* weaknesses bare. There is a better approach.

First, rather than erecting *Rogers* as a threshold hurdle, the trial court should start by simultaneously examining both the First Amendment arguments *and* likelihood of confusion to determine what the junior user must show.

Second, First Amendment concerns can be examined through a robust multi-factor test providing a more fulsome examination of the relevant issues previously identified in jurisprudence:

- Is the junior user using the mark in an expressive work?
- Does the mark have artistic relevance to the work (and, if so, to what extent)?

- Has the junior user made an explicit misstatement as to the source of the work?
- Is the senior user attempting to control public discourse by, for example, restricting use of an ordinary, dictionary word?
- Has the senior user's mark transcended its source identifying purpose and become culturally significant?
- Is the junior user using a culturally relevant mark as part of some commentary on the culture?
- Is the junior user using the allegedly infringing mark to refer to the plaintiff or its mark?
- Has the junior user added their own expressive content to the work beyond the mark itself (and, if so, to what extent)?
- Has the junior user used a disclaimer to disclaim an association to the senior user?

An examination of *all* of these considerations provides a far better picture of whether the senior user's attempt to restrict the use of their mark offends the First Amendment.

CONCLUSION

The petition for a writ of certiorari should be granted.

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APPENDIX

1a

**APPENDIX A — MEMORANDUM OF THE
UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT, FILED JUNE 9, 2022**

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 21-55816

D.C. No. 2:20-cv-09147-TJH-JC

DIECE-LISA INDUSTRIES, INC.,

Plaintiff-Appellant,

v.

DISNEY STORE USA, LLC; *et al.*,

Defendants-Appellees.

MEMORANDUM*

Appeal from the United States District Court for the
Central District of California. Terry J. Hatter, Jr.,
District Judge, Presiding.

June 7, 2022**, Submitted

June 9, 2022, Filed

* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

** The panel unanimously concludes this case is suitable for decision without oral argument. See Fed. R. App. P. 34(a)(2).

Appendix A

Before: M. SMITH, BADE, and VANDYKE, Circuit Judges.

Plaintiff Diece-Lisa Industries, Inc. (DLI) appeals from the district court’s grant of summary judgment in favor of defendant Disney.¹ We have jurisdiction pursuant to 28 U.S.C. § 1291, and affirm.

The parties’ familiarity with the record is assumed. DLI does not meaningfully contest that its claims are barred by our existing precedents adopting and applying *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), *see, e.g., VIP Prods. LLC v. Jack Daniel’s Props., Inc.*, 953 F.3d 1170, 1174-75 (9th Cir. 2020), arguing instead that we should overturn or modify those decisions. DLI requests that we hear this case initially en banc so that our court can reconsider its use of the *Rogers* test wholesale. In a concurrently filed order, we deny this request. We also decline DLI’s invitation to “modify” the *Rogers* test. At bottom, we are constrained by existing circuit precedent. *See, e.g., Silva v. Garland*, 993 F.3d 705, 717 (9th Cir. 2021). DLI identifies no apposite authority that would permit us to add a significant, novel wrinkle to our *Rogers* jurisprudence. *Cf. Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192, 1198 (9th Cir. 2017) (rejecting effort to invent new legal requirement that did “not appear in the text of the *Rogers* test”).

¹ The complaint names Disney Store USA, LLC and numerous related entities as defendants. We refer to them collectively in our disposition as “Disney.”

Appendix A

Because DLI's briefing is directed almost entirely to arguing that we should change existing precedent, it has likely waived any assertion that our existing *Rogers* case law allows its claims to go forward. *See, e.g., Paladin Assocs., Inc. v. Mont. Power Co.*, 328 F.3d 1145, 1164 (9th Cir. 2003). In any event, we agree with the district court that Disney's alleged use of DLI's trademark was protected by the First Amendment pursuant to the *Rogers* test. *Rogers* allows the application of federal trademark protection "to an expressive work only if the defendant's use of the mark (1) is not artistically relevant to the work or (2) explicitly misleads consumers as to the source or the content of the work." *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018). There is no genuine dispute that Disney's use of the LOTS OF HUGS mark was relevant to the plot of a work of artistic expression, *Toy Story 3*, or that Disney's use of the mark was not explicitly misleading within the meaning of the *Rogers* test. *See id.* at 264 ("[T]he level of artistic relevance under *Rogers*'s first prong need only exceed zero."); *Dr. Seuss Enters., L.P. v. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020) (to satisfy *Rogers*'s second prong, there generally must be "an explicit indication, overt claim, or explicit misstatement about the source of the work," which is a "high bar" (citation and internal quotation marks omitted)).

Consequently, *Rogers* bars DLI's claims. Because we affirm based on the *Rogers* test, we do not address Disney's argument that alternative grounds for affirmance exist.

AFFIRMED.

4a

**APPENDIX B — ORDER AND JUDGMENT OF
THE UNITED STATES DISTRICT COURT FOR
THE CENTRAL DISTRICT OF CALIFORNIA,
WESTERN DIVISION, FILED JULY 7, 2021**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

CV 20-09147 TJH (JCx)

DIECE-LISA INDUSTRIES, INC.,

Plaintiffs,

v.

DISNEY ENTERPRISES, INC., *et al.*,

Defendants.

July 7, 2021, Decided
July 7, 2021, Filed

ORDER AND JUDGMENT

[332][JS-6]

The Court has considered the motion for summary judgment or, in the alternative, partial summary judgment filed by Defendants Disney Store USA, LLC; Disney Shopping, Inc.; Disney Enterprises, Inc.; Disney Consumer Products, Inc.; Buena Vista Home Entertainment, Inc.; Walt Disney Studios Motion Pictures; Buena Vista Theatrical Group, Ltd.; Disney Interactive Studios, Inc.;

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Disney Licensed Publishing - Disney Book Group, LLC; Walt Disney Records; Disney Destinations, LLC; Walt Disney Parks & Resorts U.S., Inc.; Magical Cruise Co., Ltd.; and Magic Kingdom, Inc. [collectively, “Disney Defendants”], together with the moving and opposing papers.

In 1994, Plaintiff Diece-Lisa Industries, Inc. [“Diece-Lisa”] conceived of a wearable stuffed animal, with sleeve-like openings into which a person could place their arms, allowing the wearer to hug another individual, simulating a hug from an animal. Diece-Lisa patented this “hugging technology.” In February, 1995, Diece-Lisa licensed the right to manufacture and sell stuffed animals using its hugging technology to Happiness Express, a toy company. Happiness Express named the product “Lots of Hugs,” and registered the word mark with the United States Patent and Trademark Office [“USPTO”].

In 1996, Diece-Lisa acquired Happiness Express’s intellectual property rights after it filed for bankruptcy. In 2004, the USPTO cancelled the trademark registration for “Lots of Hugs.” In 2007, Diece-Lisa applied to register the “Lots of Hugs” mark, which the USPTO issued on January 1, 2008.

In 1992, Pixar began developing ideas for its first feature-length motion picture – Toy Story – including an inwardly angry but outwardly cuddly stuffed bear character named “Lots-o’-Lovin’ Bear” and nicknamed “Lotso.” Lotso, ultimately, did not appear in Toy Story.

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In 2006, during the development of *Toy Story 3*, Pixar revived the idea of Lotso as a principal antagonist. Pixar changed Lotso's full name to "Lots-o'-Huggin' Bear," as well as other aspects of his appearance and character. In 2010, Pixar released *Toy Story 3* theatrically and on home video. Lotso, also, appeared in, *inter alia*, books and videos games, and as a toy.

In 2012, Diece-Lisa filed this trademark infringement action against the Disney Defendants in the Eastern District of Texas. Between 2012 and 2020, the case bounced between the Eastern District of Texas and the Fifth Circuit. On March 23, 2020, the Eastern District of Texas granted the Disney Defendant's motion to transfer venue. In October, 2020, the action was transferred to this Court. On February 12, 2021, Diece-Lisa filed its Fifth Amended Complaint, alleging claims for: (1) Unfair competition, in violation of 15 U.S.C. § 1125(a); (2) Trademark infringement, in violation of the Lanham Act, 15 U.S.C. § 1051, *et seq.* ["Lanham Act"]; and (3) Common law unfair competition.

The Disney Defendants, now, move for summary judgment on all of Diece-Lisa's claims.

When considering a motion for summary judgment, where the nonmoving party has the burden of proof at trial on a claim or issue, summary judgment should be granted when the nonmoving party fails to produce evidence to establish a *prima facie* case. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S. Ct. 2548, 91 L. Ed. 2d 265, (1986). The moving party, however, has the initial burden to show

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that the nonmoving party does not have enough evidence to establish a *prima facie* case. *See Williams v. Gerber Prods. Co.*, 552 F.3d 934, 938 (9th Cir. 2008). If the moving party's burden is met, then the burden shifts to the nonmoving party to establish, with admissible evidence, a *prima facie* case. *See Celotex*, 477 U.S. at 322.

At this juncture, the Court cannot weigh evidence or make credibility determinations. *Anderson v. Liberty Lobby*, 477 U.S. 242, 255, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). Further, the Court must accept the nonmoving party's facts as true and draw all reasonable inferences in that party's favor. *Liberty Lobby*, 477 U.S. at 255.

The underlying basis for all of Diece-Lisa's claims is that the Disney Defendants infringed on its Lots of Hugs trademark, in violation of the Lanham Act. Under the Lanham Act, infringement turns on whether the defendant's alleged use of the mark is likely to cause consumer confusion. *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018). Here, Diece-Lisa argued that consumers are likely to be confused under a reverse confusion theory – that the Disney Defendants' Lots-o'-Hugging Bear flooded the market and “swallowed up [Diece-Lias's Lots of Hugs] mark,” thereby confusing consumers into thinking Diece Lisa's mark came from the Disney Defendants.

The Disney Defendants argued that before the Court can consider whether their alleged use of Diece-Lisa's mark was likely to confuse consumers, the Court must, first, consider whether the First Amendment bars this

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action because the alleged use of the mark was within an artistic expression. Where an artistic expression is at issue, “the traditional [likelihood of confusion] test fails to account for the full weight of the public’s interest in free expression” under the First Amendment. *Gordon*, 909 F.3d at 264. To strike an appropriate balance between First Amendment interests in protecting artistic expression and the Lanham Act’s purpose of protecting trademark rights, the Ninth Circuit adopted the Second Circuit’s test in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), to determine whether the First Amendment bars a trademark action. *See Gordon*, 909 F.3d at 264.

Under *Rogers*, the Disney Defendants must make a threshold legal showing that its alleged infringing use was part of an expressive work protected by the First Amendment. *See Gordon*, 909 F.3d at 264. Here, the Disney Defendants established, and Diece-Lisa does not dispute, that their alleged infringement was part of an expressive work – *inter alia*, *Toy Story 3*. *See Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1241 (9th Cir. 2013). Consequently, the burden shifts to Diece-Lisa to prove that it has a valid, protectable trademark and that the mark is either: (1) Not artistically relevant to the underlying work; or (2) Explicitly misleading as to the source or content of the work. *See Gordon*, 909 F.3d at 264-265. If Diece-Lise can meet its burden, then the First Amendment does not bar this action. *See Gordon*, 909 F.3d at 264.

The Disney Defendants do not meaningfully dispute that Diece-Lisa has a valid, protectable trademark and Diece-Lisa does not meaningfully dispute that the alleged

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infringement was artistically relevant to an expressive work. *See Gordon*, 909 F.3d at 263-265. Accordingly, whether the First Amendment bars Diece-Lisa's claims turns on whether the Disney Defendant's alleged use of the mark was explicitly misleading as to the source or content of the work. *See Gordon*, 909 F.3d at 264-265.

Whether the Disney Defendants' alleged use of Diece-Lisa's mark was explicitly misleading as to the source or content of the work turns on whether the Disney Defendants acted in a way that would mislead consumers into thinking that Diece-Lisa endorsed or sponsored the Disney Defendants' alleged use of the mark. *See Dinkinson v. Ryan Seacrest Enter. Inc.*, 839 F. App'x. 110, 111 (9th Cir. 2020). This prong is a "high bar that requires the use to be an explicit indication, overt claim, or explicit misstatement about the source of the work." *See Dr. Seuss Enter., L.P. v. ComicMix LLC*, 983 F.3d 443, 462 (9th Cir. 2020). The use of the trademark, alone, is not necessarily determinative, and the Court must consider "all the relevant facts and circumstances" surrounding the use of the mark, including, but not limited to, the degree to which the Disney Defendants, as the junior user, used the mark in the same way as Diece-Lisa, as the senior user, and the extent to which the junior user added their own expressive content to the work beyond the mark itself. *See Gordon*, 909 F.3d at 269-271.

Diece-Lisa argued that the Court, here, cannot apply this prong of *Rogers* as stated by the Second or Ninth Circuits because it is inherently incompatible with reverse confusion cases. Diece-Lisa argued that because

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the Ninth Circuit recognized, generally, that in reverse confusion cases neither mark holder seeks to siphon off the other's good will, *see Marketquest*, 862 F.3d at 934, plaintiffs in reverse confusion cases can rarely establish that defendants explicitly misled consumers regarding the source or the content of the work. Accordingly, Diece-Lisa urged this Court to modify *Rogers*, arguing that doing so would not be an invitation to stray from precedent because the Ninth Circuit recognized that some applications of *Rogers* may “turn trademark law on its head.”

The Ninth Circuit did not condition its adoption of *Rogers* on the type of trademark action. Indeed, other district courts, including one in the Central District of California, have held that *Rogers* applies without modification in reverse confusion cases. *See Caiz v. Roberts*, 382 F. Supp. 3d 942 (C.D. Cal. Apr. 17, 2019). Moreover, Diece-Lisa failed to cite to any precedent – and the Court could find none – that would allow this Court to deviate from *Rogers*.

Here, Diece-Lisa failed to set forth any admissible evidence that the Disney Defendants explicitly misled consumers about the source or content of the work and therefore, failed to carry its burden, here. *See Celotex*, 477 U.S. at 322. Indeed, despite the fact that the Disney Defendants pointed out Diece-Lisa's failure to carry its burden as to this prong, Diece-Lisa's opposition brief argued only that the Court should modify the prong, which it cannot.

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Accordingly, the First Amendment bars Diece-Lisa's trademark claim. *See Gordon*, 909 F.3d at 265-266.

Because Diece-Lisa's unfair competition claims are predicated on her trademark infringement claim, summary judgment is, also, appropriate as to those claims. *See Celotex*, 477 U.S. at 322.

Accordingly,

It is Ordered that the Disney Defendants' motion for summary judgment be, and hereby is, **Granted**.

It is further Ordered, Adjudged and Decreed that Judgment be, and hereby is, Entered in favor of Defendants and against Plaintiff.

It is further Ordered, Adjudged and Decreed that Plaintiff shall take nothing from Defendants.

Date: July 7, 2021

/s/ Terry J. Hatter, Jr.
Terry J. Hatter, Jr.
Senior United States District Judge

**APPENDIX C — DENIAL OF REHEARING OF
THE UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT, FILED JULY 20, 2022**

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 21-55816
D.C. No. 2:20-cv-09147-TJH-JC
Central District of California,
Los Angeles

DIECE-LISA INDUSTRIES, INC.,

Plaintiff-Appellant,

v.

DISNEY STORE USA, LLC; *et al.*,

Defendants-Appellees.

ORDER

Before: M. SMITH, BADE, and VANDYKE, Circuit
Judges.

The panel has voted unanimously to deny the petition for rehearing en banc. Dkt. No. 56. The full court has been advised of the petition for rehearing en banc and no judge of the court has requested a vote on en banc rehearing. *See* Fed. R. App. P. 35(f). The petition for rehearing en banc is denied.