Jack Daniel's says a dog toy company is ripping off its brand. What will the Supreme Court say?

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Published 5:04 PM EDT, Tue March 21, 2023

FROM THE SUPREME COURT OF THE UNITED STATES

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Lawyers for Jack Daniel's will argue to the Supreme Court on Wednesday that a dog toy company violated federal trademark law when it parodied the distiller's bottle to sell a "Bad Spaniels Silly Squeaker" toy replete with poop-themed jokes.

The case pits the rights of a famous trademark holder against the First Amendment rights of a company that wants to use those marks to sell a humorous product.

At the center of the case is a squeaky toy created by VIP Products that is strikingly similar to Jack Daniel's bottles. Apart from the general shape of the toy, the plastic bottle, like its glass counterpart, has a similar font style and uses a black label.

VIP borrows Jack Daniel's "Old No. 7 Brand Tennessee Sour Mash Whiskey" to sell "The Old No. 2 On Your Tennessee Carpet," a reference to dog excrement. And it changes the liquor bottle's "40% ALC. BY VOL. (80 PROOF)" with "43% POO BY VOL." and "100% SMELLY."

A tag affixed to the toy notes that it's "not affiliated with Jack Daniel Distillery."

That, however, was not enough to keep Jack Daniel's from suing the company to take the toy off the market. The distiller argues VIP violates federal trademark law and that the toy, especially the references to dog excrement, damage its reputation because it could confuse consumers into thinking the product belongs to the "oldest registered distillery in the United States."

"To be sure, everyone likes a good joke," lawyers for Jack Daniel's wrote in court papers. "But VIP's profit-motivated 'joke' confuses consumers by taking advantage of Jack Daniel's hard-earned goodwill."

Depending on how they rule, the justices could strip away some trademark protections by giving entities cover to legally use registered marks not belonging to them so long as they do so in a way that expresses humor.

A district court ruled in favor of Jack Daniel's, finding that the toy infringed on the distiller's trademark. But an appeals court later sided with VIP Products, invoking a court-created test used to determine whether a potential trademark infringement in non-commercial instances enjoys constitutional protection.

The court said VIP's use of Jack Daniel's trademark was non-commercial and that because it was done humorously for an "expressive work," it's protected by the First Amendment.

The case "deals with a very common thing of pitting somebody who has trademark rights … against another who is saying, 'I'm entitled to (use those marks) under the First Amendment because it is parody. And I need to take enough of the mark in order to make it funny. People have to get the joke,'" said Mark Sommers, a trademark attorney based in Washington, DC.

Sommers added that the justices' decision in the matter has the potential to be a landmark ruling if they "help define that line that exists between the First Amendment right of expression – be that parody, be that art, whatever you want to express – versus the important trademark issues that are here where brand owners who have invested a tremendous amount of goodwill don't want their trademarks used in a manner which could result in potential confusion among the consuming public."

Attorneys for Jack Daniel's told the justices in court papers that the appeals court ruling "gives copycats free license to prey on unsuspecting consumers and mark holders," and warned that if it wasn't reversed, companies could use trademarks they don't own to flood the markets with allegedly unserious products.

"No one disputes that VIP is trying to be funny. But alcohol and toys don't mix well, and the same is true for beverages and excrement," they wrote. "The next case could involve more troubling combinations – food and poison, cartoon characters and pornography, children's toys and illegal drugs, and so on."

VIP argues consumers can easily distinguish between the two products, with lawyers for the Arizona-based company writing in court papers that it "has never sold whiskey or other comestibles, nor has it used 'Jack Daniel's' in any way (humorously or not). It merely mimicked enough of the iconic bottle that people would get the joke."

“This is a case about speech, and a popular brand’s attempts to control that speech by weaponizing the Lanham Act,” they wrote, referring to the federal trademark law at the center of the dispute.

“It is ironic that America’s leading distiller of whiskey both lacks a sense of humor and does not recognize when it – and everyone else – has had enough,” the toy company told the court.

The Biden administration had urged the justices to take the case, with the Justice Department siding with Jack Daniel’s in the dispute.

“The First Amendment does not confer any right to use another person’s trademark, or a confusingly similar mark, as a source identifier for goods sold in commerce,” the department wrote in court papers. “Indeed, the absence of any such right is a basic animating premise of trademark-infringement law. If such a right existed, states and the federal government might lack authority to prohibit trademark infringement.”

Several major companies also filed briefs to the court in support of Jack Daniel’s, including Nike and Levi Strauss & Co.

“Though defendants will often have an incentive to label it as such, not every humorous use of another’s trademark is a parody,” Nike wrote in its brief. “Courts therefore should take a disciplined approach to this important classification in cases where ‘parody’ is claimed.”

The Supreme Court is expected to rule later this term in another high-profile intellectual property law case, with the justices having heard arguments last year in a copyright infringement case concerning the late Andy Warhol and the late musician Prince. During those arguments, the justices attempted to determine when a new work based on a prior piece is substantially transformative, and when it simply amounts to a copycat version of an existing work subject to copyright rules.