

What the Supreme Court's *Jack Daniel's* decision could mean for the future of sports merchandising

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In an article earlier this year (<https://reut.rs/48aj9X3>), we evaluated the recent decision in *Pennsylvania State University v. Vintage Brand, LLC*, regarding sports merchandising, emphasizing the narrowness of the district court's holding while inquiring as to whether trademark owners should be concerned about potential implications for intellectual property enforcement. Little did we know that the crux of that holding — whether the sports names and logos at issue were source-identifying — would implicate the holding in the Supreme Court's June 8, 2023, decision in *Jack Daniel's Properties, Inc. v. VIP Products LLC*. In fact, in connection with now-pending motions for summary judgment, the *Vintage Brand* court required the parties to brief the impact of *Jack Daniel's*.

Yet while the court correctly identified the importance of *Jack Daniel's* to a case involving unauthorized sports merchandise, the court's questioning to the parties indicated potential confusion about the Supreme Court's ruling. Nevertheless, *Vintage Brand* appears poised to be the first post-*Jack Daniel's* case involving sports merchandise to reach a decision on the merits, providing an occasion to evaluate the future of *Jack Daniel's* in this context.

Background

Vintage Brand concerns unauthorized apparel bearing Pennsylvania State University ("PSU") logos. Facing trademark infringement claims, Vintage Brand attacked the validity of PSU's trademarks, and argued its own use on apparel was "ornamental" — *i.e.*, not identifying PSU as the source of products, but only decoration signaling support for the team.

In a July 2022 decision denying PSU's motion to dismiss, the district court rejected the school's argument that its symbols necessarily indicated approval by the university, noting that "[w]hether consumers believe that a university is a source, sponsor, or authorizer of merchandise bearing its marks should — minimally — turn on just that: what the consumers believe." But the court also anticipated "fulsome briefing of the issue" as the litigation progressed and, in dicta, expressed concerns about "exclusive right[s] to control merchandise" bearing marks when "the mark itself is the product." In Spring 2023, the parties filed summary judgment motions.

During the briefing, the Supreme Court issued the *Jack Daniel's* decision. There, the court held that a heightened trademark

infringement standard applied by many courts where trademark uses serve artistic purposes — originally articulated in 1989 by the Second Circuit in *Rogers v. Grimaldi* — does not apply where a defendant uses a trademark as a designation of source for the infringer's own goods.

Under the so-called "*Rogers* test," if the defendant's work incorporating the trademark is "expressive," the plaintiff must demonstrate that the defendant's use of the trademark either (i) is *not artistically relevant*, or (ii) is *explicitly misleading* as to the source or content of the work.

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In *Jack Daniel's*, a unanimous court made clear that the *Rogers* test "has always been a cabined doctrine: It has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks." As such, the *Rogers* analysis only "kicks in when a suit involves solely 'nontrademark uses of [a] mark — that is, where the trademark is not being used to indicate the source or origin' of a product, but only to convey a different kind of message."

By contrast, "*Rogers* has no proper role" where a trademark use is "at least in part" for "source identification," which the court suggested exists where a defendant "may be trading on the good will of the trademark owner to market its own goods."

The motion to dismiss ruling in *Vintage Brand* did not address *Rogers*, but on summary judgment the district court sought supplemental briefing regarding whether *Jack Daniel's* "stands for the proposition that an alleged infringer's noncommercial use of a trademark infringement plaintiff's marks is just one factor to consider in the likelihood-of-confusion analysis, or whether it is an

independent and dispositive defense to trademark infringement.” Both parties sought clarification, to which the court responded:

The Court clarifies that its use of the term “noncommercial use” means “nontrademark use.” The Court’s understanding of *Jack Daniels Properties* is that when an accused infringer is not using a protected mark for a trademark purpose (i.e., to indicate source, association, endorsement, or approval), then the infringement plaintiff must meet a threshold test for expressive works espoused by the United States Court of Appeal for the Second Circuit in *Rogers v. Grimaldi* ... before the traditional likelihood-of-confusion analysis. Vintage brand appears to suggest that a similar framework applies to this matter with respect to the issue of ornamentality/aesthetic functionality.

The parties submitted supplemental briefing in early October.

Vintage Brand reflects potential confusion arising out of the *Jack Daniel’s* decision

It remains to be seen how the *Vintage Brand* court will address trademark use and protection in the context of “expressive” marks such as sports logos, and which legal doctrines the court will rely on to do so — e.g., source-identification, ornamentality, aesthetic functionality, and *Rogers*. But the court’s questions suggested potential confusion about *Jack Daniel’s*.

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The court’s initial reference to “noncommercial use” appears to be drawn from *Jack Daniel’s* discussion of a statutory exemption to *dilution* liability, rather than *infringement* and the application of *Rogers*; the Supreme Court did not suggest that application of *Rogers* turns on commercial use. Moreover, the district court seemingly has extrapolated the Supreme Court’s holding that *Rogers* does *not* apply to source-identifying uses to mean that the *Rogers* test *must* apply to *non*-source-identifying uses. But the Supreme Court expressly disclaimed ruling on *Rogers* outside the source-identifying context.

The district court was certainly right to fixate on *Jack Daniel’s* application to Vintage Brand’s use of sports symbols. Although couched in terms of “ornamentation,” the motion to dismiss ruling concerned the question at the center of *Jack Daniel’s*: Is the defendant’s use of marks for source-identification, for something else, or for both?

What happens now?

Vintage Brand will be watched closely by stakeholders in the sports apparel industry. But however the district court rules on summary judgment, the decision will not be the last word on *Jack Daniel’s* and sport merchandising. Even now there are reasonable assessments that can be made about the decision’s impact.

As an initial matter, *Jack Daniel’s* likely enhances brand owners’ ability to protect their intellectual property. The Supreme Court made clear that “expressive” use of a trademark does not immunize against liability; if a defendant’s use is “at least in part” source-identifying, the standard likelihood of confusion analysis applies. Accordingly, the mere fact that a defendant’s use of a sports logo may express fandom does not give license to misappropriate. If use of sports symbols also serve a source-identifying function, infringement may lie.

The extent to which *Jack Daniel’s* impacts sports merchandise may turn on courts’ understanding of what constitutes “trademark use” precluding application of the *Rogers* test. For example, the Supreme Court’s definition of trademark use as “trading on the good will of the trademark owner to market [defendant’s] own goods” could loom large. Applying that language, PSU could argue that Vintage Brand is doing precisely that: trading on the good will of PSU for purposes of selling apparel, independent of whatever PSU logos otherwise communicate.

Indeed, in *Vans v. MSCHF Product Studio*, the 2nd U.S. Circuit Court of Appeals recently picked up on this concept, concluding that the defendant’s “wavy” version of Vans sneakers “sought to benefit from the ‘good will’ that Vans ... had generated over a decades-long period,” and thus defendant could not claim heightened protections against infringement liability despite its use being potentially “parodic.”

In addition, *Jack Daniel’s* suggests that the fact-specific nature of a use of a sports trademark is critical to determining infringement. As the Supreme Court recognized, certain uses may indicate to a factfinder a reduced likelihood of confusion, such as “mockery” of the brand that a trademark represents: “Self-deprecation is one thing; self-mockery far less ordinary.” *Vintage Brand* would present a different question (albeit still one requiring a factual determination about confusion) if the defendant was marketing apparel critical of PSU rather than simply displaying PSU logos alone.

Regardless, in many cases, courts will not be in the strongest position to determine whether *Rogers* should apply until after discovery (often including consumer surveys) creates a record from which the court or fact-finder can determine whether a defendant’s trademark use is “at least in part” source-identifying. Courts therefore may be understandably wary of applying the *Rogers* test at the pleading stage, rendering it more difficult for defendants to secure a quick dismissal on grounds that their unauthorized uses of trademarks are protected forms of expression.

Conclusion

Vintage Brand presents the first opportunity for a court to weigh in on the application of *Jack Daniel’s* to sports trademarks, and we will soon see whether (and if so, how) the district court addresses the issue. Nothing about *Jack Daniel’s*, however, suggests that sports trademarks are inherently entitled to less protection than other forms of trademarks, let alone supports the *Vintage Brand* court’s previous dicta that sports licensing regimes may be a “house ... built on sand.” To the contrary, *Jack Daniel’s* provides good reason for increased caution by parties inclined to make unauthorized use of sports trademarks on commercial consumer goods.

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