

FRIDAY, MAY 30 2025

Back in the doghouse: Parody and trademarks post-Jack Daniel's

A recent ruling by the U.S. District Court for the District of Arizona in *VIP Products LLC v. Jack Daniel's Properties Inc.* clarified that while VIP's "Bad Spaniels" dog toy does not infringe Jack Daniel's trademarks due to its humorous contrasts as a parody, it does dilute the brand by tarnishment—offering key guidance on how courts may interpret parody and trademark law following the Supreme Court's 2023 decision.

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The U.S. District Court for the District of Arizona has issued a consequential ruling in *VIP Products LLC v. Jack Daniel's Properties Inc.*, marking yet another significant development in the ongoing legal battle over the "Bad Spaniels" dog toy. This decision, following the Supreme Court's landmark ruling in *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023), addresses trademark dilution and infringement claims under the Lanham Act, and clarifies the intersection of trademark law and parody, determining that VIP Products' "Bad Spaniels" dog toy does not infringe Jack Daniel's trademarks despite finding trademark dilution by tarnishment. It offers important guidance on how courts may interpret the Supreme Court's decision to analyze parody in trademark infringement cases. VIP Products has appealed the tarnishment finding to the Ninth Circuit Court of Appeals.

Background

VIP Products, LLC, an Arizona-based company, designs and markets novelty dog toys, including the "Bad Spaniels" toy, which mimics the iconic Jack Daniel's Tennessee Whiskey bottle while replacing key elements with dog-related humor. The toy, bearing the label "Bad Spaniels" instead of "Jack Daniel's," includes modifications like "The Old



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No. 2 on your Tennessee Carpet" (instead of "Old No. 7 Tennessee Whiskey"), "43% POO BY VOL.," and "100% SMELLY." Jack Daniel's contended that the toy infringed upon and diluted its trademarks and trade dress under the Lanham Act. The district court originally ruled in favor of Jack Daniel's, granting an injunction against VIP's sale of "Bad Spaniels."

However, the Ninth Circuit reversed, finding that "Bad Spaniels" was an expressive work entitled to heightened First Amendment pro-

tections under the *Rogers v. Grimaldi* test. The Supreme Court, in turn, rejected the Ninth Circuit's reliance on *Rogers*, holding that heightened First Amendment protections do not apply when an allegedly infringing mark is used as a source identifier, and remanded for further proceedings. In our previous article, we explored how other district courts have interpreted the Supreme Court's ruling, narrowing First Amendment protections when a trademark is used as a source identifier.

Key findings from the District of Arizona *Trademark Dilution by Tarnishment*

The district court reaffirmed that "Bad Spaniels" likely tarnished Jack Daniel's brand under the Trademark Dilution Revision Act (TDRA). The court emphasized three key factors:

- 1. Fame of Jack Daniel's mark** - The court found that Jack Daniel's trademarks and trade dress are widely recognized by the general public, satisfying the statutory fame requirement under 15 U.S.C. § 1125 (c) (2) (A).
- 2. Similarity between the marks** - The court held that "Bad Spaniels" closely mimicked Jack Daniel's distinctive bottle shape, font, and label elements, creating an association between the products.
- 3. Reputational harm** - The court credited expert testimony that associating Jack Daniel's brand with defecation-related humor (e.g., "Old No. 2 on Your Tennessee Carpet") created negative consumer associations, thus tarnishing the brand's reputation.

The Parody Analysis

The court adopted a two-part analysis before proceeding to the traditional Sleekcraft factors—the Ninth Circuit's decision in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979) that governs likelihood of confusion analysis:

1. Whether the parody successfully evokes the original (which was undisputed); and

2. Whether it creates sufficient contrasts through humor to dispel confusion.

The court rejected Jack Daniels' argument that a parody must specifically ridicule or comment on the famous mark. Instead, the court determined that "a parody need not contain some message of ridicule directed at Jack Daniel's in order to succeed" and concluded that the "Bad Spaniels" product successfully creates contrasts with Jack Daniel's through humorous juxtaposition.

Impact on likelihood of confusion analysis

Having ruled as a matter of law that Jack Daniels' trademarks and trade dress are distinctive and nonfunctional, the court's application of the Sleekcraft factors was significantly altered by the parody context:

1. Similarity of marks: While similarity typically favors the plaintiff, the court found this factor favored VIP because similarities are necessary for successful parody.

2. Strength of mark: Counter-intuitively, the court concluded that Jack Daniel's strong mark favored VIP, as "it is precisely because of the mark's fame and popularity that confusion is avoided."

3. Intent: The court found VIP's intent to create a parody, not deceive

consumers, rendered this factor neutral rather than favoring Jack Daniel's.

While some factors still favored Jack Daniel's (proximity of goods, marketing channels, consumer care), the court concluded that Jack Daniel's had not proven likelihood of confusion by a preponderance of the evidence when properly accounting for parody.

The trademark dilution paradox

The court highlighted a paradox in trademark law: the same crude and irreverent qualities that help "Bad Spaniels" succeed as a non-confusing parody are precisely what make it impermissible under dilution by tarnishment. As the court noted, "the more distasteful and crude[r] the parody, the less likely it is that the public will mistakenly think that the trademark owner has sponsored or approved it." The court explained that trademark infringement and dilution serve distinct purposes—the former protecting against consumer confusion, the latter protecting the selling power and positive associations of a mark. A product can avoid infringement by creating sufficient contrasts while simultaneously diluting a mark by creating negative associations.

Implications and takeaways

As we previously reported, some courts have upheld certain First Amendment arguments in trademark disputes, but the district court's current ruling highlights that parodic

use of a famous trademark does not inherently shield an alleged infringer from liability under the Lanham Act. But, it also provides valuable guidance for trademark attorneys advising clients on parody products:

1. Successful parodies need not specifically comment on or ridicule the famous mark;

2. Traditional likelihood of confusion factors may invert in parody cases;

3. Creating sufficient humorous contrasts helps avoid infringement claims; and

4. However, crude or vulgar parodies may still be vulnerable to dilution by tarnishment claims.

This case underscores the complex balancing of interests in trademark parody cases and is likely to shape future litigation involving trademark parodies, setting a precedent for lower courts navigating the post-Jack Daniel's landscape. For brand owners, this decision reinforces the strength of dilution and infringement claims against commercial parodies that closely mimic famous marks. For businesses engaged in parody products, it signals the importance of distinguishing their works from the original marks in a way that does not function as a source identifier.

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