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# On Your Mark: Strides in Trademark Infringement on Sports Merchandising

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In the realm of sports merchandising, licensing is a significant revenue source for college and professional sports teams. Typically, sports teams do not directly produce sports merchandise; instead, they engage in exclusive license agreements with third-party manufacturers, who produce and sell the goods in stores. Oftentimes, businesses who have not obtained a license will attempt to profit from products that appear to be associated with a team's trademarks.

At its core, United States trademark law protects consumers from confusion when making purchasing decisions, which in turn helps trademark owners protect the reputation or "goodwill" of their brands. The key factor in a trademark infringement case is whether the alleged infringing use is likely to cause confusion to consumers as to the source of the goods or services. In the past, some have tried to take advantage of an exception to the normal likelihood of confusion analysis by claiming the trademark at issue was being used for "expressive purposes." These expressive purposes include using the trademark for parody or criticism. Such uses are reviewed under a different analysis that takes into account heightened First Amendment protections. Now, a year after the U.S. Supreme Court decision lowered the hurdles trademark owners must clear to prove infringement in cases involving artistic or expressive uses, the law continues to shift.

On June 8, 2023, the Supreme Court ruled unanimously in favor of the petitioner in *Jack Daniel's Properties, Inc. v. VIP Products, LLC*, a case involving a parody "Bad Spaniels" dog toy produced by VIP. The toy closely resembles the well-known design of a Jack Daniel's bottle, mirroring everything from the bottle shape to the black-and-white label. In 2014, VIP filed the lawsuit after receiving a cease-and-desist letter from Jack Daniel's. In response, Jack Daniel's filed counterclaims for trademark infringement and dilution.

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The U.S. District Court for the District of Arizona found the Bad Spaniels toy infringed on Jack Daniel's trademark, as VIP's use of a nearly identical trade dress was likely to cause confusion as to the source of the products. The Ninth Circuit subsequently reversed, holding that the district court failed to apply the test in *Rogers v. Grimaldi* to find an expressive nature of the toy. The Second Circuit created the *Rogers* test in 1988 to balance First Amendment interests against Lanham Act rights in trademark infringement cases. The *Rogers* test is ordinarily confined to cases where a trademark is not used to identify the source of a work, but instead is used "solely to perform some other expressive function." Under the *Rogers* test, when "expressive works" are at issue, use of another's trademark in that expressive work is not infringement unless (i) the alleged infringing use of the trademark has no artistic relevance to the underlying work or (ii) the underlying work is explicitly misleading as to the work's source or content.

The U.S. Supreme Court vacated the Ninth Circuit's decision and remanded. Specifically, the Court held that the *Rogers* test does not apply when an alleged infringer uses a trademark, at least in part, to identify the source of the goods. This holds true even if the alleged infringer is also making an expressive comment. According to the Court, because VIP admitted to using the Bad Spaniels imitation of the Jack Daniel's trademarks and trade dress as indicators of the source for its toy, *Rogers* did not apply. Consequently, while the expressive nature of the toy could be considered during the infringement analysis, the analysis must include whether there is a likelihood of confusion.

Although the Court expressly said the opinion "is narrow," the *Jack Daniel's* ruling will likely make potential infringers think twice about coopting other brands and relying on the expressive works argument. The *Rogers* test is no longer a safe haven from infringement, if expressive use of another's trademark also serves a source-identifying function.

Within the initial six months of the ruling, several courts applied *Jack Daniel's* right out of the gates. In *Vans, Inc. v. MSCHF Prod. Studio, Inc.*, MSCHF altered the features of an Old Skool sneaker by distorting the Vans trademark and trade dress, claiming it was a parody of the Vans product. MSCHF referred to the parody product as "Wavvy Baby." In determining the appropriate analysis, the Second Circuit held that *Rogers* is limited to cases where the alleged infringing trademark is used "*solely* to perform some other expressive function." Even if a trademark is used to parody a product, *Rogers* does not apply if the alleged infringing trademark is used "at least in part for source identification." Because MSCHF used the distorted Vans shoe design — including the Vans trademark and trade dress — as source identifiers, *Rogers* did not apply, despite the alleged expressive nature of the MSCHF shoe.

At least one court has considered the holding in *Jack Daniel's* in the sports merchandising context. In *Pennsylvania State University v. Vintage Brand, LLC*, the university filed a suit for trademark infringement against Vintage Brand for selling unauthorized apparel bearing its logos. During summary judgment, the district court sought supplemental briefing about the implication of the *Jack Daniel's* decision and whether

it applied to the case before the court. Ultimately, the district court did not directly address whether *Jack Daniel's* applied in the *Vintage Brand* case. Though not fully considered, *Vintage Brand* indicates that the application of *Jack Daniel's* to sports merchandising may arise in the near future.

As evidenced by cases like *Vans* and *Vintage Brand*, the sports world will continue to see litigation addressing trademark use and protection in the context of sports trademarks on commercial consumer goods, with a clearer guide as to when the *Rogers* test will apply. The extent to which the *Jack Daniel's* decision impacts trademarks in the sports world will likely turn on a court's understanding of what constitutes expressive works and what constitutes trademark use, which would preclude application of the *Rogers* test.

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