



BAD SPANIELS, Abitron and Redbubble – 2023's most influential US decisions

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As 2023 draws to a close, Leason Ellis partner [Karin Segall](#) revisits the five most important trademark decisions to come from US courts this year – and two to keep an eye out for in 2024.

In a banner year for trademark rulings, 2023 saw not one but two US Supreme Court decisions, as well as two precedential rulings from appeals of TTAB decisions to the Federal Circuit. Also discussed in this year-end recap is a Ninth Circuit decision and two cases to watch in 2024.

Jack Daniel's v VIP Properties

In *Jack Daniel's Properties Inc v VIP Properties Inc*, the Supreme Court rejected considering First Amendment expression in the context of a dog chew toy offered under the mark BAD SPANIELS and resembling a JACK DANIELS whiskey bottle.

Jack Daniels claimed trademark infringement and dilution and initially prevailed at the district court, but the decision was reversed on appeal due to the trial court's failure to consider the so-called '*Rogers* test'. This test hails from the Second Circuit decision in *Rogers v Grimaldi* and requires consideration of First Amendment protection as a threshold issue to protect certain expressive works from infringement claims, bypassing a likelihood of confusion analysis.

The court held that *Rogers* is inapplicable where the disputed use is being made as a trademark. The record was clear that the defendant's use, including as to BAD SPANIELS, was a source indicating trademark use and not purely an expressive use. (Traditionally, expressive uses triggering the *Rogers* test include titles of movies and songs.)

On remand, the district court was directed to conduct a likelihood of confusion analysis, which may consider whether the parody aspects of the chew toy lessen the chances of confusion. The court also reversed the lower courts' decisions finding no dilution of the Jack Daniel's marks by the disputed chew toy. The lower courts found that the parodic aspects of the toy fell under the non-commercial use exclusion for dilution.

The court held that “the non-commercial use exclusion does not shield parody... when its use of a mark is similarly source identifying”. Thus, infringement and dilution claims may be asserted against parodic uses when those uses are source identifying in nature.

Abitron v Hetronic

Reinforcing the territorial nature of trademark law, the Supreme Court in *Abitron Austria GmbH v Hetronic International Inc* held that infringement occurring outside the United States is outside the reach of the Lanham Act.

The key to determining whether the claimed infringement falls within US trademark law is where the conduct occurred, not the effects that might reach the United States, even if those effects are consumer confusion. (A concurring opinion would have found that confusion occurring in the United States was sufficient to invoke Lanham Act provisions.)

In this case, the accused infringer was a former licensed distributor of the trademark owner. Even though most of the sales at issue made under the asserted trademarks were made in Europe, the trademark owner was awarded \$96 million in damages based on all sales made anywhere and a worldwide injunction, later narrowed to certain countries.

The case was reversed and remanded for consideration of only the domestic infringement of the plaintiff's marks.

Spireon v Flex

In *Spireon Inc v Flex Ltd*, the Federal Circuit reversed and remanded the TTAB's decision sustaining an opposition to the mark FL FLEX based on asserted registrations covering the marks FLEX, FLEX (stylised) and FLEX PULSE, all for use for goods or services in the field of transportation logistics.

When analysing the strength of the opposer's marks as part of the likelihood of confusion test, the court found several errors in the TTAB's consideration of third-party registrations covering FLEX and FLEX formative marks.

The key takeaways from the decision include that third-party registrations must be considered relevant to the conceptual strength of the asserted mark, not only the commercial strength, “[a]t least where the [asserted] registrations and [the opposed] application are for non-identical marks”. In other words, such third-party registrations could show that a term “hint[s] at some attribute of the goods or services”.

Also, in its discussion of the relevance of third-party registrations to the commercial strength of the opposer's marks, the court held that once an applicant produces such registrations covering identical marks for identical goods, the burden shifts to the opposer to provide evidence that such marks are not in use.

The court explicitly left undecided who bears the burden of proof when the third-party marks are not identical to the opposer's mark, leaving trademark owners concerned that this decision could open the door to the trickier and more costly burden of proving a negative for a wide range of third-party marks.

Great Concepts v Chutter

In *Great Concepts LLC v Chutter Inc*, the Federal Circuit reversed the TTAB's cancellation of a trademark registration where the registrant had filed a fraudulent Section 15 declaration of incontestability. Specifically, the registrant had filed for incontestability knowing that the registration was the subject of pending litigation, despite including in the declaration the required statement that there is no proceeding pending involving the validity of the registration.

The court held that fraud in the filing of an incontestability declaration is not grounds for cancellation of a registration, only grounds for rescinding the incontestable status. The language in the Lanham Act grants the TTAB authority to cancel registrations where the “registration was obtained fraudulently”. Fraud in procuring or maintaining the registration during renewal is clearly grounds for cancellation. In this case, however, the alleged fraud occurred in applying for incontestable status, not in obtaining or maintaining the registration itself. As such, cancellation was not within the TTAB's power to grant.

As to whether rescinding incontestability status is sufficient to defer fraudulent filings, the court offered that “at minimum, the Board may sanction any attorney who commits fraud before it”.

Brandy Melville v Redbubble

In *YYGM SA, dba Brandy Melville v Redbubble Inc*, the Ninth Circuit joined other circuit courts in articulating a standard for contributory trademark infringement.

In this case, a jury found Redbubble, an online marketplace where artists offer apparel featuring their uploaded artwork, was liable for contributory infringement and/or willful counterfeiting of several of Brandy Melville's trademarks.

Redbubble moved for judgment as a matter of law (to undo the jury verdict). The district court reversed the jury verdict as a matter of law as to the contributory counterfeiting claim for one of the disputed marks and allowed the verdict to otherwise stand.

On appeal, the Ninth Circuit held that contributory trademark infringement on a willful blindness theory requires that the defendant be aware of specific instances of infringement or specific infringers. General knowledge of infringement on the defendant's platform, even if it relates to a particular plaintiff's trademarks, is not enough.

The case was remanded for reconsideration under the proper standard. On remand, the court must also reconsider its reversal of the jury verdict as to willful counterfeiting. The court failed to consider whether the asserted mark was sufficiently strong to cause consumer confusion when used on the products offered via the Redbubble website, even if the respective products are not "stitch-for-stitch" copies.

Additionally, the Ninth Circuit vacated the denial of a permanent injunction to Brandy Melville, finding that the district court had placed too much emphasis on the plaintiff's one-year delay in bringing suit and had failed to consider evidence demonstrating future harm to the plaintiff.

Cases to look out for

In 2024, be on the lookout for decisions in the TRUMP TOO SMALL and METABIRKINS cases.

- **Vidal v Elster** – the Supreme Court recently heard oral argument over whether registration of the phrase TRUMP TOO SMALL is prohibited under the Lanham Act's restriction of registering a living person's name or should be allowed as free speech under the First Amendment.
- **Hermès International v Rothschild** – in February, a jury found that an artist who sold MetaBirkin NFTs depicting Birkin handbags had violated Hermès' trademarks. In July, the artist filed a notice of appeal to the Second Circuit.

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