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MSCHF in Applying *Jack Daniel's*?: The Second Circuit's Decision in *Vans, Inc. v. MSCHF Product Studio, Inc.*

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This client alert provides an update on case law following the Supreme Court's decision in *Jack Daniel's Properties, Inc. v. VIP Products LLC*. For the prior client alert on the *Jack Daniel's* decision, click here.

On December 5, the Second Circuit issued a decision in *Vans, Inc. v. MSCHF Product Studio, Inc.*, a trademark case involving a sneaker product purporting to parody the Vans Old Skool shoe.[1] This published, per curiam decision marks the first federal Court of Appeals decision to substantively apply the Supreme Court's decision in *Jack Daniel's Properties, Inc. v. VIP Products LLC*,[2] to assess when the speech-protective "*Rogers* test" applies to trademark claims.

Background

The plaintiffs, Vans, Inc., and VF Outdoor, LLC (collectively, "Vans"), claimed rights in a set of trademarks and trade dress associated with Vans's "Old Skool" shoes, depicted below.[3]

The defendant, Brooklyn-based art collective MSCHF Product Studio, Inc. ("MSCHF"), created and marketed the "Wavy Baby" shoe, a warped version of the Old Skool sneaker, in collaboration with musical artist Tyga.[4] The Wavy Baby shoe (depicted below) had a limited release of 4,306 shoes and sold out in one hour.[5]

Vans sought a temporary restraining order and preliminary injunction from the Eastern District of New York.[6] Among other arguments, MSCHF invoked a First Amendment defense grounded in the Second Circuit's seminal 1989 decision in *Rogers v. Grimaldi*.[7] *Rogers* held that in light of the First Amendment concerns associated with applying the Lanham Act to artistic works, the Lanham Act "should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."[8] Courts applying the "*Rogers* test" look to whether the defendant's alleged use of a mark has no artistic relevance to the underlying work, or, if it has "some artistic relevance," whether the alleged use "explicitly misleads as to the source or the content of the work."[9] If the alleged use is artistically relevant and not explicitly misleading, the First Amendment disfavors trademark liability; if either requirement is not met, the traditional multi-factor likelihood-of-confusion analysis applies instead.

The district court rejected MSCHF's First Amendment defense on the grounds that the Wavy Baby product lacked an "element of satire, ridicule, joking or amusement" that would clearly indicate that it was not connected with the owner of the trademark being parodied.[10] The district court ultimately found that Vans had shown a likelihood of success on its trademark claim, based in part on the directly competitive nature of the products, the "striking visual similarities" between the products, and evidence that consumers had misunderstood the Wavy Baby product as a collaboration between MSCHF and Vans.[11] The court granted Vans an injunction prohibiting MSCHF from further fulfilling orders for or marketing the shoes.[12] MSCHF appealed.

After the district court's decision, the Second Circuit held the case in abeyance pending the Supreme Court's anticipated decision in *Jack Daniel's*. That decision, issued in June, considered whether a trademark claim brought by Jack Daniel's against VIP Products related to VIP's "Bad Spaniels" dog toy, purporting to parody a bottle of Jack Daniel's, should be evaluated by applying the more speech-protective *Rogers* test or the traditional likelihood-of-confusion test for infringement.[13] The Supreme Court did not address the merits of the *Rogers* test writ large, but held narrowly that "any threshold First Amendment filter" (such as the *Rogers* test) does not apply when a trademark is used "as a designation of source for the infringer's own goods"—that is, "as a mark."[14] This restriction applies even when the use of the mark can be said to have "other expressive content" beyond being source-identifying, such as conveying a humorous or parodic message.[15] Because VIP used the "Bad Spaniels" name and appearance as a mark, it was not entitled to heightened protection under the First Amendment.[16]

Although the *Vans* appeal had already been argued when the *Jack Daniel's* decision was issued, the Second Circuit accepted supplemental briefing on the impact of *Jack Daniel's* before reaching its decision.

The Second Circuit's Application of *Jack Daniel's*

In *Vans*, the Second Circuit applied *Jack Daniel's* to hold that MSCHF's use of the Vans Old Skool marks was source-identifying, and so heightened First Amendment protection did not apply. It reached this conclusion for a few interrelated reasons.

First, MSCHF used Vans's marks in "much the same way" that VIP used the Jack Daniel's marks—as evocative of the original trademarks and trade dress.[17] Although MSCHF did include its own branding on the sneaker, "even the design of the MSCHF logo evokes the Old Skool logo."[18] The Second Circuit focused on the fact that "MSCHF used Vans' trademarks—particularly its red and white logo—to brand its own products, which constitutes 'quintessential "trademark" use' subject to the Lanham Act."[19]

Second, and relatedly, the Second Circuit noted that unlike VIP in *Jack Daniel's*, MSCHF did not include any disclaimer dissociating "Wavy Baby" from Vans or Old Skool shoes.[20]

And *third*, the court determined that MSCHF's use of Vans's marks traded on the good will associated with Vans's brand. MSCHF had argued that it built the Wavy Baby product on Vans's marks because of those marks' specific cultural significance, in that "[n]o other shoe embodies the dichotomies—niche and mass taste, functional and trendy, utilitarian and frivolous—as perfectly as the Old Skool."[21] The Second Circuit concluded that this argument indicated an intention to benefit from the "good will" that Vans had built over decades, citing language from *Jack Daniel's* to the effect that the use of a mark is source-identifying where "the alleged infringer was 'trading on the good will of the trademark owner to market its own goods.'"[22]

Once it determined that heightened protection under the *Rogers* test did not apply, the Second Circuit affirmed the district court's finding that Vans was likely to succeed on its trademark claim, emphasizing the degree to which the Wavy Baby was marketed and sold as a wearable sneaker in competition with Vans's own special-edition products.[23] It affirmed the district court's decision to enjoin the marketing and sale of the Wavy Baby, and further affirmed the district court's decision requiring MSCHF to place into escrow its earnings from sales of the offending shoes.[24]

Lessons Learned

Notably, the *Vans* case is similar to the dispute at issue in *Jack Daniel's* in that the maker of a consumer product sued the maker of a putative parody *product* for trademark infringement, and the defendant invoked the *Rogers* test on the theory that the product itself was an expressive work. This

type of dispute is far from the core of the *Rogers* doctrine—which emerged as a dispute over a movie title,[25] and has since been applied to the titles, packaging, and contents of other quintessentially expressive works like films, television shows, songs, books, and video games.[26] *Vans*—and *Jack Daniel's* itself—offers no reason to disturb how courts have historically applied *Rogers* to these types of uses.

Nonetheless, the *Vans* case is the first Court of Appeals case to assess, following *Jack Daniel's*, whether the use of a mark is "source-identifying" and thus bars application of *Rogers*. *Jack Daniel's* reached the conclusion that the "Bad Spaniels" marks were source-identifying based on a series of fairly idiosyncratic, fact-bound considerations: VIP's concession that it was using the "Bad Spaniel's" marks as a source identifier, its placement of multiple logos on hangtags for its products, and trademark rights that it had asserted in other, similar toys it manufactured.[27] *Vans* provides more insight into how courts may apply the source-identifier requirement where these factors are not present.

Vans suggests that trademark litigants—and anyone looking to invoke a *Rogers* defense, particularly as the maker of a consumer product—should be mindful of a few considerations:

- **"Evocative" uses of marks are not immunized:** *Vans* makes clear that, at least in the context of consumer products, "evoking" another's trademarks for the sake of parody can be source-identifying.[28] Indeed, the opinion suggests that if the maker of a parody product uses a set of trademarks (like the Old Skool trademarks here) in exactly the same way as the original marks (*eg.*, as a logo in the same places as the original logo would appear), then a court is likely to find that the use was source-identifying.

- **Disclaimers may be probative:** Although the Supreme Court in *Jack Daniel's* did not treat the *presence* of a disclaimer as determinative,[29] *Vans* indicates that the *absence* of a disclaimer can support the conclusion that the use of a mark is source-identifying.[30]

- **Future decisions may hinge on a "good will" analysis:** One of the more cryptic elements of the Second Circuit's opinion is its focus on whether the Wavy Baby shoe was meant to benefit from Vans's "good will."[31] As noted above, this is an extrapolation of *Jack Daniel's* comment that a mark is used for "source identification" when a defendant is "trading on the good will" of a mark owner to market the defendant's own goods.[32] However, it is not clear how future courts will draw the line in assessing whether a defendant is trading on a mark owner's goodwill. Trademark plaintiffs may seize on this language to argue that where a more quintessentially expressive work evokes the plaintiff's mark, it is doing so to capture and benefit from consumer goodwill (such as through portraying a well-known product in a sentimental way in a movie). Trademark defendants seeking to rely on *Rogers* will need to argue that they nevertheless have not used the plaintiff's mark to "market [their] own goods." Of

course, this leaves open questions about how this standard applies to promotional materials marketing expressive works like movies or television shows.

Although *Vans* was the first Court of Appeals decision to address what *Jack Daniel's* means for the *Rogers* test, it will not be the last. For example, the Ninth Circuit has recently remanded several cases to district courts for further consideration in light of *Jack Daniel's*,[33] and it recently withdrew its opinion in a dispute between an event planning company and an online news publication over the "Punchbowl" name.[34] In the near term, as courts continue to flesh out what it means for a mark to be used as a source identifier for purposes of a *Rogers* analysis, precisely when *Rogers* applies remains uncertain.

Footnotes

[1] --- F.4th ----, No. 22-1006, 2023 WL 8385065 (2d Cir. Dec. 5, 2023) (per curiam).

[2] 599 U.S. 140 (2023)

[3] *Vans, Inc.*, 2023 WL 8385065, at *1.

[4] *Id.* at *2.

[5] *Id.* at *1.

[6] *Vans, Inc. v. MSCHF Prod. Studio, Inc.*, 602 F. Supp. 3d 358, 364 (E.D.N.Y. 2022).

[7] 875 F.2d 994 (2d Cir. 1989).

[8] *Id.* at 999.

[9] *Id.*

[10] *Vans, Inc.*, 602 F. Supp. 3d at 370–71.

[11] *Id.* at 367–70.

[12] *Id.* at 373.

[13] *See Jack Daniel's*, 599 U.S. at 148–51.

[14] *Id.* at 153 & n.1, 153, 159.

[15] *Id.* at 157–58.

[16] *Id.* at 160.

[17] *Vans, Inc.*, 2023 WL 8385065, at *7.

[18] *Id.*

[19] *Id.*

[20] *Id.*

[21] *Id.*

[22] *Id.* at *1, 7 (quoting and citing *Jack Daniel's*, 599 U.S. at 156).

[23] *Id.* at *7–10.

[24] *Id.* at *10–11.

[25] *See Rogers*, 875 F.2d at 996.

[26] *Vans, Inc.*, 2023 WL 8385065, at *5 (collecting cases); *see also, e.g.*, *JTH Tax LLC v. AMC Networks Inc.*, --- F. Supp. 3d ----, No. 22-cv-6526, 2023 WL 6215299, at *7 (S.D.N.Y. Sept. 25, 2023) (applying *Rogers* to alleged use of trademarks and trade dress in contents of television show, and concluding that *Jack Daniel's* does not bar application of *Rogers* where marks are used "in furtherance of [a show's] plot").

[27] *Jack Daniel's*, 599 U.S. at 159–60.

[28] *Vans, Inc.*, 2023 WL 8385065, at *7.

[29] *See Jack Daniel's*, 599 U.S. at 150.

[30] *Vans, Inc.*, 2023 WL 8385065, at *7.

[31] *Id.*

[32] *Jack Daniel's*, 599 U.S. at 156.

[33] *See, e.g.*, *Activision Publ'g, Inc. v. Warzone.com, LLC*, No. 22-55831, 2023 WL 7118756 (9th Cir. Oct. 25, 2023); *Diece-Lisa Indus., Inc. v. Disney Store USA, LLC*, No. 21-55816, 2023 WL 5541556 (9th Cir. Aug. 25, 2023).

[34] *Punchbowl, Inc. v. AJ Press, LLC*, 78 F.4th 1158 (9th Cir. Sept. 1, 2023).

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