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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

VIP Products, LLC,) No. CV-14-2057-PHX-SMM

10 Plaintiff,

No. CV-14-2057-PHX-SMM

11 | vs.

MEMORANDUM OF DECISION AND ORDER

12 || Jack Daniel's Properties, Inc.,

Defendant.

14
15 And Related Counterclaim

17 Pending before the Court is Plaintiff VIP Products, LLC’s (“VIP”) motion for
18 summary judgment. (Doc. 110.) VIP contends that it is entitled to judgment as a matter of
19 law on its Amended Complaint that contains three claims for declaratory relief. (*Id.*) VIP
20 further contends that it is entitled to judgment as a matter of law on all of the claims that
21 Defendant Jack Daniel’s Properties Inc.’s (“JDPI”) brought as Counterclaims in its Answer.
22 (*Id.*) The matter is fully briefed.

23 Also pending is JDPI's motion for partial summary judgment. (Doc. 101.) At issue,
24 JDPI moves for partial summary judgment regarding VIP's second and third claims. (*Id.*) The
25 matter is fully briefed.

Finally, there are pending motions associated with the parties' cross-motions for summary judgment, which are also fully briefed.

28 The Court will deny VIP's motion for summary judgment, grant JDPI's motion for

1 partial summary judgment, and resolve all of the pending motions associated with the parties' 2 cross-motions for summary judgment.¹ The Court will set a status hearing for the parties in 3 order to discuss the remaining matters that must be adjudicated at trial.

4 **FACTUAL BACKGROUND**

5 The Court will summarize the basic factual background here. In its discussion of the 6 particular claims, the Court will discuss certain relevant and material facts that arise in 7 conjunction with those particular legal claims at issue.

8 VIP designs, manufactures, markets, and sells chew toys for dogs. VIP sells various 9 brands of dog chew toys, including the "Tuffy's" line (durable sewn/soft toys), the "Mighty" 10 line (durable toys made of a different material than the Tuffy's line), and the "Silly" 11 Squeakers" line (durable rubber squeaky novelty toys). (Doc. 110 at 2.) In July of 2013, VIP 12 introduced its latest novelty dog toy, the "Bad Spaniels" durable rubber squeaky novelty dog 13 toy. (Doc. 158.) The Bad Spaniels toy is in the shape of a liquor bottle and features a 14 wide-eyed spaniel over the words "Bad Spaniels, the Old No. 2, on your Tennessee Carpet." 15 (Id.) The design for the Bad Spaniels toy has many similarities to the bottle design for Jack 16 Daniel's Tennessee Sour Mash Whiskey ("Old No. 7 Brand"). (Doc. 157.) These similarities 17 include the shape of the product, the use of white lettering over a black background, and font 18 styles. Nevertheless, on the back of the Silly Squeakers packaging for the Bad Spaniels toy, 19 it states: "This product is not affiliated with Jack Daniel's." (Doc. 158.)

20 JDPI promptly demanded that VIP stop selling the new toy. (Doc. 47.) VIP responded 21 by filing this suit seeking a declaratory judgment. (Doc. 49.) In Claim 1, VIP alleged that its 22 use of the Bad Spaniels' name and trademark does not infringe or dilute any claimed 23 trademark rights that JDPI may claim in its Jack Daniel's trademark for its Tennessee sour 24 mash whiskey and/or any other product. (Id. at 9.) In Claim 2, VIP alleged that neither the 25

26 ¹Both parties have requested oral argument. Based on the parties' extensive legal 27 memoranda and submitted supporting evidence, the Court will not set oral argument on the 28 parties' cross-motions as it would not aid the Court's decisional process. See e.g., Partridge v. Reich, 141 F.3d 920, 926 (9th Cir. 1998).

1 Jack Daniel's trade dress nor the Jack Daniel's bottle design are entitled to trademark
 2 protection because they are functional; they contain merely ornamental and decorative
 3 features; they are generic; and they are non-distinctive. (Id. at 9-10.) In Claim 3, VIP alleges
 4 that Jack Daniel's bottle design is not entitled to Patent and Trademark Office ("PTO")
 5 registration because it is functional, generic, and non-distinctive. (Id. at 10-11.) The PTO
 6 registration states that JDPI's trademark consists of a three-dimensional configuration of the
 7 square shaped bottle container for the goods having an embossed signature design comprised
 8 of the words, "Jack Daniel." (Doc. 49 at 5.) VIP contends that JDPI's trademark registration
 9 should be cancelled. (Id. at 10-11.)

10 In response, JDPI answered VIP's complaint and filed nine separate counterclaims:
 11 (1) Infringement of JDPI's federally-registered trademarks and trade dress under the Lanham
 12 Act, 15 U.S.C. § 1114, 1116-18; (2) Trade dress infringement in violation of federal law, 15
 13 U.S.C. § 1114, 1116-18 and 1125; (3) Dilution by tarnishment of the JDPI trademarks under
 14 15 U.S.C. § 1125(c); (4) Dilution by tarnishment of the Jack Daniel's trade dress under 15
 15 U.S.C. § 1125(c); (5) Trademark infringement in violation of Arizona law, A.R.S. §§ 44-
 16 1451 et seq.; (6) Infringement of the JDPI trademarks and unfair competition at common law;
 17 (7) Infringement of the Jack Daniel's trade dress at common law; (8) Dilution of the JDPI
 18 trademarks under A.R.S. § 44-1448.01; and (9) Dilution of the Jack Daniel's trade dress
 19 under A.R.S. § 44-1448.01. (Doc. 12.)

20 JDPI alleged in its Answer that it owns a trade dress consisting of a combination of
 21 square bottle with a ribbed neck, a black cap, a black neck wrap closure with white printing
 22 bearing the OLD NO. 7 mark, and a black front label with white printing and a filigreed
 23 border bearing the JACK DANIEL'S trademark depicted in arched lettering at the top of the
 24 label, the OLD NO. 7 trademark contained within a filigreed oval design in the middle
 25 portion of the label beneath the JACK DANIEL'S trademark, and the words "Tennessee Sour
 26 Mash Whiskey" in the lower portion of the label with the word "Tennessee" depicted in
 27 script. (Doc. 12 at 5 ¶ 6; see also Doc. 101 at 9.)

28 VIP has moved for summary judgment contending that JDPI's infringement and

1 dilution claims be denied because the defenses of nominative and First Amendment fair use
 2 shield it from liability. (Doc. 110.) VIP further argues that even if those defenses do not
 3 apply, VIP is still entitled to summary judgment on all claims because JDPI cannot prove its
 4 dilution claims under the Trademark Dilution Revision Act (“TDRA”); as to JDPI’s
 5 infringement claims, that Jack Daniel’s Tennessee Whiskey (“JDTW”) trademarks and bottle
 6 dress are functional and non-distinctive. (*Id.* at 3, 15-28.)

7 JDPI moves for partial summary judgment on VIP’s Amended Complaint. (Doc. 101.)
 8 As to Claim 1, JDPI leaves for trial the issue of whether VIP’s alleged parody infringes or
 9 dilutes the Jack Daniel’s trademarks and trade dress. (*Id.* at 7.) As to Claims 2 and 3, JDPI
 10 acknowledges that it bears the burden of proof regarding the protectability of its Jack
 11 Daniel’s trade dress. (*Id.*) JDPI disputes that the Jack Daniel’s trade dress and the trademark
 12 shown in United States Trademark Registration No. 4,106,178 (See Doc. 12 at 7) are
 13 functional, contain merely ornamental and decorative features that do not function as
 14 trademarks, are generic, and are non-distinctive. (Doc. 101 at 6.)

15 **STANDARD OF REVIEW**

16 *Summary Judgment*

17 “A party may move for summary judgment, identifying each claim or defense—or the
 18 part of each claim or defense—on which summary judgment is sought.” Fed. R. Civ. P. 56(a)
 19 A court must grant summary judgment if the pleadings and supporting documents, viewed
 20 in the light most favorable to the nonmoving party, show “that there is no genuine issue as
 21 to any material fact and the movant is entitled to judgment as a matter of law.” *Id.*; see
 22 Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986); Jesinger v. Nevada Fed. Credit Union,
 23 24 F.3d 1127, 1130 (9th Cir. 1994). Substantive law determines which facts are material.
 24 See Anderson v. Liberty Lobby, 477 U.S. 242, 248 (1986); see also Jesinger, 24 F.3d at
 25 1130. “Only disputes over facts that might affect the outcome of the suit under the governing
 26 law will properly preclude the entry of summary judgment.” Anderson, 477 U.S. at 248. The
 27 dispute must also be genuine, that is, the evidence must be “such that a reasonable jury could
 28 return a verdict for the nonmoving party.” *Id.*; see Jesinger, 24 F.3d at 1130.

1 A principal purpose of summary judgment is “to isolate and dispose of factually
 2 unsupported claims.” Celotex, 477 U.S. at 323-24. Summary judgment is appropriate against
 3 a party who “fails to make a showing sufficient to establish the existence of an element
 4 essential to that party’s case, and on which that party will bear the burden of proof at trial.”
 5 Id. at 322; see also Citadel Holding Corp. v. Roven, 26 F.3d 960, 964 (9th Cir. 1994). The
 6 moving party need not disprove matters on which the opponent has the burden of proof at
 7 trial. See Celotex, 477 U.S. at 323. The party opposing summary judgment may not rest upon
 8 the mere allegations or denials of the party’s pleadings, but must set forth “specific facts
 9 showing that there is a genuine issue for trial.” See Matsushita Elec. Indus. Co. v. Zenith
 10 Radio, 475 U.S. 574, 586-87 (1986) (quoting Fed. R. Civ. P. 56(e) (1963) (amended 2010));
 11 Brinson v. Linda Rose Joint Venture, 53 F.3d 1044, 1049 (9th Cir. 1995). The non-movant’s
 12 bare assertions, standing alone, are insufficient to create a material issue of fact and defeat
 13 a motion for summary judgment. Anderson, 477 U.S. at 247-48.

14 *General Trademark Principles*

15 “A trademark is a limited property right in a particular word, phrase or symbol.” New
 16 Kids on the Block v. News Am. Publ’n, Inc., 971 F.2d 302, 306 (9th Cir. 1992). “Throughout
 17 the development of trademark law, the purpose of trademarks remained constant and limited:
 18 Identification of the manufacturer or sponsor of a good or the provider of a service.[] And
 19 the wrong protected against was traditionally equally limited: Preventing producers from
 20 free-riding on their rivals’ marks.” Id. at 305. “[T]he holder of a trademark will be denied
 21 protection if it is (or becomes) generic, i.e., if it does not relate exclusively to the trademark
 22 owner’s product.” Id. at 306.

23 To state an infringement claim, whether it be a trademark claim or a trade dress claim,
 24 a plaintiff must meet three basic elements: (1) distinctiveness, (2) nonfunctionality, and (3)
 25 likelihood of confusion. Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d
 26 1042, 1047 (9th Cir. 1998).

27 *General Trade Dress Principles*

28 “Trade dress refers generally to the total image, design, and overall appearance of

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