In the
United States Court of Appeals
For the Second Circuit

August Term, 2022

(Argued: September 28, 2022 Decided: December 5, 2023)

Docket No. 22-1006

VANS, INC., VF OUTDOOR, LLC.,

Plaintiffs-Appellees,

–v.–

MSCHF PRODUCT STUDIO, INC.,

Defendant-Appellant.

Before: JACOBS, CHIN, and ROBINSON, *Circuit Judges*.

Defendant-Appellant MSCHF Product Studio, Inc. ("MSCHF"), the creator of the Wavy Baby sneaker, appeals from the April 29, 2022 order of the United States District Court for the Eastern District of New York (Kuntz, *J.*) granting the request by Plaintiffs-Appellees Vans, Inc., and VF Outdoor, LLC (collectively "Vans") for a temporary restraining order and preliminary injunction enjoining MSCHF's use of Vans' trademark and trade dress in the Wavy Baby sneakers.

On appeal, MSCHF argues that the district court erred by failing to apply enhanced First Amendment protections in its likelihood-of-confusion analysis under the Lanham Act and in assessing the likelihood of confusion; the preliminary injunction is an unconstitutional prior restraint on MSCHF's free expression; the district court erred in requiring MSCHF to place its Wavy Baby revenues in escrow; and the district court erred by failing to make a bond determination.

The main issues in this appeal are governed by the United States Supreme Court's recent decision in *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023). Applying *Jack Daniel's*, we conclude that Vans is likely to prevail in arguing that MSCHF's Wavy Baby shoes used Vans' marks and trade dress as source identifiers, and thus no special First Amendment protections apply to protect MSCHF against Vans' trademark infringement claim. As such, the district court did not err in concluding that Vans is likely to prevail on the merits of its trademark infringement claim in light of the likelihood of confusion as to the source of the Wavy Baby shoes. We further conclude that the district court did not err in requiring MSCHF to escrow its revenues from Wavy Baby sales, and that the district court was not required to make a bond determination because MSCHF never requested security. We therefore AFFIRM.

DAVID H. BERNSTEIN (Megan K. Bannigan, Debevoise & Plimpton LLP, New York, NY; William D. Patterson, Swanson, Martin & Bell, LLP, Chicago IL, *on the brief*), *for Defendant-Appellant*.

LUCY JEWETT WHEATLEY, McGuire Woods LLP, Richmond, VA (Philip A. Goldstein, McGuire Woods LLP, New York, NY; Tanya L. Greene, McGuire Woods LLP, Los Angeles, CA, *on the brief*), *for Plaintiffs-Appellees*.

Vivek Jayaram, Jayaram Law Group, Chicago, IL, *for Amicus Curiae Daniel Arsham in Support of Defendant-Appellant*.

Ronald D. Coleman, Dhillon Law Group Inc., Newark, NJ, *for Amici Curiae Emmanuel Perrotin, Jean-Paul Engelen in Support of Defendant-Appellant.*

Mark A. Lemley, Lex Lumina PLLC, New York, NY, *for Amici Curiae Intellectual Property Professors in Support of Plaintiffs-Appellees.*

John P. O'Herron (Zachary D. Cohen, Rachel W. Adams, *on the brief*), ThompsonMcMullan, P.C., Richmond, VA, *for Amici Curiae American Apparel & Footwear Association, Footwear Distributors & Retailers of America, Council of Fashion Designers of America, Inc., and Accessories Council in Support of Plaintiffs-Appellees.*

Stanley Panikowski, DLA Piper LLP (US), San Diego, CA (Tamar Y. Duvdevani, DLA Piper LLP (US), New York, NY, *on the brief*), *for Amicus Curiae Nike, Inc., in Support of Plaintiffs-Appellees.*

Vijay K. Toke, Rimon P.C., San Francisco, CA (Martin Schwimmer, Leason Ellis LLP, White Plains, NY; David Donahue, Fross Zelnick Lehrman & Zissu, P.C., New York, NY, *on the brief*), *for Amicus Curiae International Trademark Association in Support of neither party.*

Rhett O. Millsaps II, Lex Lumina PLLC, New York, NY (Mark P. McKenna, Christopher J. Sprigman, Rebecca Tushnet, *on the brief*), *for Amici Curiae Authors Alliance, Mason Rothschild, Alfred Steiner in Support of neither party.*

PER CURIAM:

In this case, defendant-appellant MSCHF Product Studio, Inc. ("MSCHF"), created a sneaker, the Wavy Baby, that purported to parody the Old Skool shoe, created and marketed by plaintiff-appellee Vans, Inc. ("Vans"), and thereby comment on the consumerism inherent in sneakerhead culture. MSCHF altered the features of an Old Skool sneaker by distorting Vans' trademarks and trade dress, resulting in a shoe that was "exceedingly wavy." After MSCHF engaged in an online marketing campaign, it sold 4,306 pairs of the Wavy Baby in one hour. Vans, unsurprisingly, was not amused.

The central issue in this case is whether and when an alleged infringer who uses another's trademarks for parodic purposes is entitled to heightened First Amendment protections, rather than the Lanham Act's traditional likelihood of confusion inquiry.

The Supreme Court recently addressed this issue in *Jack Daniel's Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023). There, the Court held that, even if an alleged infringer used another's trademarks for an expressive purpose, special First Amendment protections did not apply if the trademarks were used for source identification—that is, if the alleged infringer was "trading on the good will of the trademark owner to market its own goods." *Id.* at 156 (citation omitted). Applying

Jack Daniel's, we conclude that no special First Amendment protections apply to insulate MSCHF against Vans' trademark infringement claim.[1] As to those trademark infringement claims, the district court did not err in concluding that Vans is likely to prevail on the merits. We further conclude that the district court did not err in requiring MSCHF to escrow its revenues from Wavy Baby sales, and that the district court was not required to make a bond determination because MSCHF never requested security. We therefore AFFIRM.

BACKGROUND[2]

I. Facts

A. *Vans*

Vans is a globally known footwear and apparel company that specializes in skateboard-friendly shoes and sneakers. The company, founded in 1966, originally catered to customers in Southern California. Vans became popular among skateboarders, celebrities, and the public. One of Vans' most recognizable products is its "Old Skool" shoe, shown below:

[1] After we heard oral argument, we held the case pending a decision by the Supreme Court in *Jack Daniel's*. After the Supreme Court ruled, the parties submitted supplemental briefing.
[2] This account is drawn from the record relied upon by the district court, comprising the parties' declarations and exhibits.

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