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The following remarks were delivered during a panel discussion on Jack Daniel's Properties v. VIP Products at Chicago-Kent's 2023 Supreme Court Intellectual Property Review

SURVEYS IN *JACK DANIEL'S v. VIP*

SHARI SEIDMAN DIAMOND*

The *Jack Daniel's v. VIP* litigation produced evaluations from four experts, two on likelihood of confusion and two on likelihood of dilution.¹ The District Court found the expert reports for the plaintiff persuasive on both claims and initially ruled in favor of Jack Daniels,² a decision that the Court of Appeals reversed.³ When the case ultimately reached the Supreme Court, the Court in a unanimous opinion identified likelihood of confusion as the “keystone” in the statutory standard for trademark infringement and tarnishment as a statutorily recognized cause of action that can occur if a defendant’s use of a mark similar to a famous mark as a designation of source is likely to harm the reputation of the famous mark.⁴ The Court found that likelihood of confusion and likelihood of dilution are primary concerns in trademark disputes if there is use as a mark, even if parody is involved. Having found that VIP used the Jack Daniel’s trademark and trade dress, the Court remanded for further proceedings. The opinion did not directly review any

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1. Declaration and Rule 26 Report of Dr. Gerald L. Ford, J.A. 105-149, *Jack Daniel's Props., Inc. v. VIP Prods., LLC*, No. 22-148, 599 U.S. 140 (2023) [hereinafter Ford]; Expert Rebuttal Report of Stephen Nowlis, J.A. 64-85, *Jack Daniel's Props., Inc. v. VIP Prods., LLC*, No. 22-148, 599 U.S. 140 (2023) (both on likelihood of confusion); Expert Report of Dr. Itamar Simonson, J.A. 87-104, *Jack Daniel's Props., Inc. v. VIP Prods., LLC*, No. 22-148, 599 U.S. 140 (2023) [hereinafter Simonson]; Expert Report of Mr. Bruce Silverman, *VIP Prods., LLC v. Jack Daniel's Props., Inc.*, No. 14-02057 (Nov. 13, 2015), ECF No. 129-1 (both on dilution).

2. *VIP Prods., LLC v. Jack Daniel's Props., Inc.* 291 F. Supp. 3d 891 (D. Ariz. 2016).

3. *VIP Prods., LLC v. Jack Daniel's Props., Inc.*, 953 F. 3d 1170 (9th Cir. 2020).

4. *Jack Daniel's Props., Inc. v. VIP Prods., LLC*, 599 U.S. 140 (2023).

of the surveys presented below. In contrast, the concurrence in the Supreme Court’s opinion by Justice Sotomayor, in which Justice Alito joined, focused explicitly on the evaluation of survey evidence, calling for caution in the treatment of surveys “in the context of parodies and potentially other uses implicating First Amendment concerns.”⁵

It is worth looking at the expert reports and the District Court’s analysis in light of these warnings. In particular, is there reason to share Justice Sotomayor’s concerns about evidence from surveys in parody cases? A first observation: I share Justice Sotomayor’s general call to “carefully assess the methodology and representativeness of surveys”, which, as she notes, “many lower courts already do.”⁶

I begin with the plaintiff’s likelihood of confusion survey. The online survey was administered to “males and females twenty-one (21) years of age or older who were likely, within the next six months, to purchase a dog toy.”⁷ The age and gender distribution was appropriately based on a national representative sample in an externally conducted survey. Half the respondents viewed a photo of a dog toy display in a store that included the VIP Bad Spaniels toy, and then viewed a photo of the front of the VIP Bad Spaniels toy and the back of its hang tag label. The other half viewed a photo of a dog toy display in a store that included the control toy and then viewed photos of a control toy bearing the name Bad Spaniels, but lacking the trade dress claimed by Jack Daniel’s (e.g., the shape and coloring of the bottle). Each respondent then answered the same four questions:

Q7: Who or what company do you believe makes or puts out this product?

Q8: What other product or products, if any, do you believe are made or put out by whoever makes or puts out this product?

Q9: Do you believe this product:

- _____ 1. is being made or put out with the authorization or approval of any other company or companies;
- _____ 2. is not being made or put out with the authorization or approval of any other company or companies; or
- _____ 3. don’t know or have no opinion?

5. *Id.* at 164. Justice Sotomayor’s skepticism about survey evidence in another context was expressed earlier in another concurrence (“Flaws in a specific survey design, or weaknesses inherent in consumer surveys generally, may limit the probative value of surveys in determining whether a particular mark is descriptive or generic in this context.”). *U.S. Pat. and Trademark Office v. Booking.com B.V.*, 140 S.Ct. 2298 (2020).

6. *Id.* at 163.

7. Ford, *supra* note 1 at 110.

Q10: Do you believe that whoever makes or puts out this product:

- _____ 1. has a business affiliation or business connection with any other company or companies;
- _____ 2. does not have a business affiliation or business connection with any other company or companies; or
- _____ 3. don't know or have no opinion?

Follow-up questions to Q9 and Q10 asked respondents who chose response 1 to indicate the company they said gave the maker authorization or approval or had a business affiliation or business connection with the maker.

Based on the responses to these questions, the expert concluded that $62/211 = 29.4\%$ of respondents in the test cell gave answers indicating confusion, which resulted in a net of 28.9% after adjusting for the $1/207 = 0.5\%$ confusion rate in the control cell.⁸ Courts have generally considered that percentage to provide significant evidence of likelihood of confusion, assuming a competent survey.⁹

Justice Sotomayor was concerned that some respondents might have had the mistaken belief “that all parodies require permission from the owner of the parodied mark.”¹⁰ If so, the responses to Q 9 would have been tainted. My review of the 62 responses in the test cell revealed that 33 of the respondents gave a Jack Daniel's response to one of the other questions. If only those responses are considered evidence of confusion, the net confusion rate drops to 15.1% ($15.6\% - 0.5\%$), a rate still suggesting evidence of confusion.

But is Justice Sotomayor correct to be concerned that the survey question about authorization or approval may artificially prompt confusion responses, creating an “effective veto over mockery.”? The language of the survey question is consistent with the language in the statute: Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) explicitly includes claims alleging confusion as to the “origin, sponsorship, or *approval* of his or her goods, services, or commercial activities.” [italics added]. Some scholars have suggested that this breadth not only does not have a precise meaning, but also that it has invited claims alleging confusion regarding almost any imaginable relationship.¹¹ Perhaps it is the statute that is at fault.

8. Note that both the test and control cells used the name “Bad Spaniels” for the product, so the survey did not test confusion based on the trademark “Jack Daniels” by itself, but instead tested the confusion produced by the trade dress that differed between the test and control cells. The miniscule rate of confusion responses in the control cell, which used the name Bad Spaniels but not the trade dress of the Jack Daniel's product, suggests that the mark “Bad Spaniels” did not by itself cause confusion.

9. For a review of cases, see Matthew G. Ezell & AnnaBelle Sartore, *Survey Percentages in Lanham Act Matters*, in TRADEMARK AND DECEPTIVE ADVERTISING SURVEYS 317, 219-320 (Shari Diamond and Jerre Swann, eds., 2nd ed. 2022).

10. Jack Daniel's Props., Inc. v. VIP Prods., LLC, 599 U.S. 140, 164 (2023).

11. Mark A. Lemley & Mark P. McKenna, *Irrelevant Confusion*, 59 STAN. L. REV. 413, 428 (2010).

That is not to say that the plaintiff's survey had no deficiencies that might have affected the results and the defense expert criticized the plaintiff's survey on a number of grounds. The District Court was not impressed by the criticisms, however, in part because VIP had not conducted its own survey to support the expert's critique. Should an opposing survey be expected? Should its absence count against the defendant when the plaintiff has the burden of proof? Courts tend to differ in their response.

Tarnishment was the second claim by Jack Daniel's. It too produced two opposing expert reports. Although surveys of the fame of the senior mark and association between the plaintiff's and defendant's marks are relevant in assessing likelihood of dilution, neither the fame of the Jack Daniel's trademark and trade dress nor the association between the plaintiff's and defendant's marks were in dispute, which meant that the remaining question was whether the reputation of the Jack Daniel's marks was likely to be harmed by exposure to the marks on the VIP Bad Spaniels dog toy. The plaintiff's expert relied on the associative network memory model to argue that consumers exposed to the Bad Spaniels dog toy would experience disgust, which then would be linked to the Jack Daniel's mark and trade dress, tarnishing the brand in the mind of the consumer. The plaintiff's expert concluded that "the association between Jack Daniel's brand with the "Bad Spaniels – the Old No. 2" damages the Jack Daniel's brand, creates an image that is likely to be aversive to Jack Daniel's buyers, and interferes in Jack Daniel's ability to maintain and promote its favorable image and communications efforts."¹²

The defense expert reported on the results of four focus groups, claiming that consumers in those groups reacted positively to the Bad Spaniels dog toy. This research was flawed by its small unrepresentative sample of interacting participants, but, as the District Court noted, it was also biased by the moderator's introduction, characterizing the product under evaluation as a joke, a spoof product.¹³ In contrast, the District Court was impressed by the plaintiff's expert's explanation of the affective network memory model, and persuaded that linking dog feces with the Jack Daniel's brand would tarnish the brand.¹⁴ Note that although the plaintiff's expert provided references to empirical studies showing that disgust can affect product evaluation, he provided no survey or other empirical evidence that the Bad Spaniels dog toy would have that effect. And it is unclear whether the reactions to a toy associated with your household pet may differ from the disgust generated by, for example, watching a video clip portraying a man using a filthy toilet.¹⁵ If the

12. Simonson, *supra* n. 1 at 6 (para. 15).

13. VIP Prods., LLC v. Jack Daniel's Prods., Inc. 291 F. Supp. 3d 891, 904 (D. Ariz., 2016).

14. *Id.* at 903.

15. This was the stimulus used to evoke disgust in Seunghee Han, Jennifer S. Lerner, & Richard Zeckhauser, *The disgust-promotes-disposal effect*, 44 J. RISK & UNCERTAINTY 101, 104 (2012), which was cited in the Simonson Expert Report.

difference in context matters, generalizing may fail. Could a competent survey have tested likelihood of tarnishment in this context?

There has been some question about whether a survey can evaluate the likelihood of such harm. Courts have been willing at times to presume likely tarnishment when the use involves sexual or drug-related content. The claim is made that unlike confusion, dilution develops over time – “death by a thousand cuts” - so a contemporary survey cannot detect it. But some new survey approaches have provided evidence that a longitudinal survey method can be used to detect whether exposing respondents to a potentially tarnishing brand-product combination (versus a neutral brand-product combination) has a negative effect on their ratings of the famous brand over time.¹⁶ Indeed, Bedi and Reibstein, building on similar methods proposed by Beebe and his colleagues, tested the impact of an association with sex on the fast food chain Chick-fil-A which brands itself as a company focusing on wholesome, religious, and family values. Respondents viewed Chick-Fil-A as less wholesome and less well liked than a control after they viewed a website for an adult store called ChicksFillA, and multiple exposures (up to four) caused larger drops in ratings. A similar survey approach could have been used to assess likelihood of tarnishment in the Jack Daniel's case.

But in the end, the Supreme Court's opinion reflected less interest in the likelihood of confusion and tarnishment evidence and more interest in limiting the use of the First Amendment to cabin trademark law. Nothing in the Court's opinion, Justice Sotomayor's cautions notwithstanding, calls into question the continuing role of surveys as evidence of likelihood of confusion. And nothing prevents courts from responding favorably to emerging ways to provide evidence of likelihood of tarnishment. In fact, by emphasizing the centrality of assessing likelihood of confusion, the Court may have actually reinforced the key role that surveys can play in the determination.

16. Barton Beebe, Roy Garmano, Christopher Jon Sprigman & Joel H. Steckel, *Testing for Trademark Dilution in Court and the Law* 86 U. CHI. L. REV. 611 (2019); Sunreal Bedi & David Reibstein, *Measuring Trademark Dilution by Tarnishment*, 95 INDIANA L.J. 683 (2020).