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Hot Topics in Copyright, Trademark and Trade Dress: Notable Intellectual Property Cases in U.S. Courts

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As a result of advances in technology, evolving business practices, and an increase in corporate global expansion, intellectual property continues to be a central and dynamic field of law. This article examines recent U.S. Supreme Court decisions and notable pending cases concerning intellectual property. The issues addressed in these rulings and cases highlight some of the critical legal issues taking place in various industries from an intellectual property perspective, as well as the dynamic nature of intellectual property law in the United States.

KEY INTELLECTUAL PROPERTY CASES AT THE U.S. SUPREME COURT

In May and June 2023, the U.S. Supreme Court (Supreme Court) issued decisions in several key intellectual property cases, that carry profound implications on American businesses and intellectual property (IP) rights holders, including American companies doing business overseas.

The Supreme Court considered:

- (i) Whether humorous use of another's trademark as one's own on a commercial product is subject to the Lanham Act's likelihood-of-confusion analysis, or instead entitled to heightened First Amendment protection;¹
- (ii) Whether humorous use of another's mark as one's own on a commercial product is "non-commercial" and thus bars a matter of law a claim of dilution by tarnishment under the Lanham Act;²
- (iii) What is the proper test for whether a work is "transformative" under the first factor of the Copyright Act's fair use doctrine: purpose and character;³ and
- (iv) Whether and to what extent the federal trademark statute, known as the Lanham Act, applies to infringing conduct that takes place outside the United States.⁴

Jack Daniel's Properties v. VIP Products LLC⁵

Jack Daniel's (Jack Daniel's) is a well-known and popular brand of Tennessee whiskey produced in Lynchburg, Tennessee by the Jack Daniel's Distillery. VIP Products LLC, (VIP Products) is a company

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Figure 1



that manufactures dog toys. VIP Products created a plastic dog toy resembling Jack Daniel's iconic bottle. Rather than "Jack Daniel's," the toy reads "Bad Spaniels" and instead of "Old No. 7 Tennessee Sour Mash Whiskey" the toy reads "The Old No. 2 on your Tennessee carpet," as shown in Figure 1.

Jack Daniel's sued VIP Products alleging trademark infringement. The U.S. District Court for the District of Arizona ruled in favor of Jack Daniel's, finding that VIP Product's use of the trademark elements were not protected by the First Amendment, and diluted Jack Daniel's trademarks, and placed an injunction on VIP Products from selling the toy.⁶ VIP Products appealed the district court ruling.

The U.S. Court of Appeals for the Ninth Circuit ruled unanimously that a more demanding test was required to dismiss the dog toy as an expressive work covered by the First Amendment, finding that the *Rogers* test⁷ (which has been applied to non-commercial expressive works, and determines that the title of an artistic work is protected under free speech from the Lanham Act when (a) the title of the work has some artistic relevance to the underlying work, and (b) that the title is not explicitly misleading as to the source of the content of the work) applied to the claim of infringement.⁸ The Ninth Circuit held that the dog toys were expressive works entitled to heightened First Amendment protection from infringement claims and remanded for the district court to determine whether either prong of that test was satisfied.⁹

The Ninth Circuit also reversed the finding of dilution by tarnishment, invoking the Trademark Dilution Revision Act's exception for "noncommercial use of a mark."¹⁰ On remand, the district court, applying the *Rogers* test, held that Jack Daniel's failed to show lack of artistic relevance or explicitly misleading statements, so VIP Product's use was entitled to First Amendment protection.¹¹

The Supreme Court granted certiorari and considered: (i) whether the humorous use of another's trademark as one's own on a commercial product is subject to the Lanham Act's likelihood-of-confusion analysis,¹² or instead entitled to heightened First Amendment protection under the *Rogers* test, and (ii) whether humorous use of another's mark as one's own on a commercial product is "noncommercial" and thus bars as a matter of law a claim of dilution by tarnishment under the Trademark Dilution Revision Act.¹³

On March 21, 2023 the Supreme Court heard oral argument, whereby VIP Products maintained its position that the dog toys do not violate the Lanham act as they are a parody and that First Amendment protection shields the company from liability.¹⁴ Meanwhile, Jack Daniel's argued that the dog toys, despite the parody, nevertheless cause consumer confusion and as such infringe Jack Daniel's trademarks.¹⁵ Jack Daniel's further argued that the Ninth Circuit erred in holding that VIP's use was noncommercial because it was humorous, and instead should have applied the parody exemption. Jack Daniel's further argued that the parody exemption did not apply as the VIP Products was using the mark as a designation of source.¹⁶

The key consideration in this case was whether the *Rogers* test should apply to commercial products that may have expressive components. Amicus curiae briefs from more than thirty businesses and organizations were submitted, demonstrating the significance and wide interest in the topic at hand.

In another 9-0 decision, the Supreme Court held that (i) when used as a designation of source (or effectively, use as a trademark for its own goods or services) the *Rogers v. Grimaldi* exception does not apply, and (ii) the Lanham Act's exclusion from liability for "[a]ny noncommercial use of a mark" does not shield parody, criticism, or commentary from a claim of trademark dilution.¹⁷ The decision appears consistent with the holding in *Rogers*, which held

that use of another's mark in a movie title is protectable under the First Amendment, so long as it does not mislead consumers as to the source or content of the work.¹⁸

Although the verdict somewhat limits free expression rights of parody artists, it is a win for trademark owners as the case essentially limits the *Rogers* test to allow for parodies that are not used as source indicators, are artistically expressive in nature, and do not explicitly mislead consumers. The parody defense is still available to product companies using parodies as a source indicator, however the defense would be subject to the likelihood of confusion analysis under the Lanham Act rather than the First Amendment analysis.

Andy Warhol Foundation for the Visual Arts, Inc. v. Lynn Goldsmith, et al.¹⁹

Andy Warhol Foundation for the Visual Arts, Inc. (the Foundation), was created in accordance with Andy Warhol's will, for advancement of the visual arts and preserving Warhol's legacy. Lynn Goldsmith (Goldsmith) is an American recording artist, film director, and photographer. The case dealt with the "Prince Series," comprised of sixteen distinct works created by Andy Warhol based on a photograph by Goldsmith of the musician Prince depicting Prince's head and a small portion of his neckline, to which Goldsmith owns a copyright. In 1984 Goldsmith granted *Vanity Fair* magazine a license to use the photograph as an artist reference. Warhol created the image that *Vanity Fair* commissioned him to create, and subsequently created fifteen additional images, which became the Prince Series. Goldsmith became aware of the Prince Series in 2016 and sues the Foundation as successor to Warhol's copyright in the Prince Series for violation of her copyright in the photo.

The district court granted summary judgement to the Foundation holding that Warhol's use of a photograph of Prince as the basis for a series of artwork was protected as fair use under the Copyright Act, as the work was transformative.²⁰ Goldsmith appealed claiming that the district court erred in its assessment and application of the four fair-use factors:

- (i) The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

- (ii) The nature of the copyrighted work;

- (iii) The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

- (iv) The effect of the use upon the potential market for or value of the copyrighted work).²¹

The U.S. Court of Appeals for the Second Circuit held that the use of the photograph was not protected as fair use, as the series was not transformative because it retained "essential elements of the Goldsmith Photograph without significantly adding to or altering those elements."²²

Notably, less than two weeks after the Second Circuit ruling, the Supreme Court overturned a Federal Circuit ruling on fair use concerning computer code in *Google LLC v. Oracle America, LLC*,²³ issuing new guidance on fair use under the Copyright Act. The Court held that "[t]he inquiry into the 'the purpose and character' of the use turns in large measure on whether the copying at issue was 'transformative,' i.e., whether it 'adds something new, with a further purpose or different character.'"²⁴ In light of the *Google* ruling, the Second Circuit reexamined its decision, but nevertheless maintained its position. The Supreme Court authorized a review of the Second Circuit's ruling in March 2022.

As it stands, there is no bright-line rule for what constitutes "transformative use," and the Supreme Court has previously highlighted the dangers of "bright-line rules" in the fair use context.²⁵ Various courts including the Supreme Court, the Ninth Circuit, and other courts of appeals have held that a work is allegedly "transformative" when it conveys a different meaning or message from its source material. Other courts have held that a work is not transformative where such work "recognizably derives from, and retains the essential elements of, its source material" (as the Second Circuit held on appeal in this case). The Supreme Court considered whether Warhol's alterations were sufficiently transformative from Goldsmith's photograph to fall within fair use.

The Supreme Court previously addressed fair use in 1994 in *Campbell v. Acuff-Rose Music*,²⁶ holding that the central question for assessing whether the second work is "transformative" is whether it "adds something new, with a further purpose or different

character, altering the first with new expression, meaning, or message.”²⁷ During oral argument Goldsmith argued that this definition is too vague and allows copyists to find a way to claim fair use. Goldsmith proposed interpreting *Campbell* more narrowly, where for fair use to apply, the copying of a work must be necessary for an artist to express his or her meaning or message (focusing on the fact pattern of *Campbell*, where it was necessary to use component of the song to make the parody), whereas in the case at hand Warhol could have created his artwork without using Goldsmith’s original work.²⁸

The Foundation took the position that the work is transformative and constitute fair use because it portrays a significantly different message than Goldsmith’s original photograph. Furthermore, the Foundation asserted that the Second Circuit’s decision undermines the entire purpose of copyright law, which aims to promote creative progress. Goldsmith maintained her position that since her photograph is recognizable in Warhol’s prints and the works share the same purpose, the prints are not fair use but rather infringe her copyright in her photo. At oral argument, the Foundation suggested that the iconic status of Warhol himself, and his unmistakable style, contributes to his copying being fair use. Goldsmith objected arguing that fame should not allow iconic artists to trample other artists’ copyrights.²⁹

In considering the “purpose and character” of the Andy Warhol Foundation’s particular commercial use of Lynn Goldsmith’s photograph, the Court held that the purpose and character did not favor a “fair use” defense to copyright infringement. The holding limits the fair use defense for those using copyrighted materials for commercial purposes, and emphasized the commercial “purpose and character” factor of the four factor fair use test. This deviated from the Court’s approach in *Google*, where the Court considered and focused on the artistic differences. The decision therefore narrows fair use protection and departs somewhat from prior precedent because many artistic works are at some level commercial (as was the software code in *Google* and the song in *Campbell*).

While the Supreme Court did not offer a clear cut rule as to what constitutes a “transformative” work, it offered some guidance as to the purpose and character prong of the copyright fair use test.

The decision raises various concerns for artists who in light of the decision may be more inclined to seek licenses for transformative use of copyrighted work that might have previously been considered fair use.

Abitron Austria GmbH v. Hetronic International, Inc.³⁰

Hetronic International, Inc. (Hetronic), is a U.S. company which manufactures radio remote controls and heavy-duty construction equipment. Austria GmbH (Abitron), a group of German and Austrian companies, distributed Hetronic’s products almost exclusively in Europe under agreement. As the relationship deteriorated, Hetronic terminated its contractual relationship with Abitron, however, Abitron continued to manufacture and sell the products generating tens of millions of dollars in profits. Hetronic filed suit against Abitron in the Western District of Oklahoma, where a jury awarded over \$100 million dollars in damages on trademark infringement claims, and the district court entered a world-wide injunction against Abitron concerning the infringing products.³¹

Abitron appealed the decision, and the U.S. Court of Appeals for the Tenth Circuit affirmed the district court’s decision regarding the extraterritorial application of the Lanham Act, but limited the injunction.³²

Hetronic filed petition for a writ of certiorari with the Supreme Court. The Supreme Court granted certiorari and considered whether, and to what extent, the Lanham Act applies to infringing conduct that takes place outside the United States.

On March 21, 2023, the Supreme Court heard oral argument where Hetronic maintained the position that Lanham Act extends to virtually all uses of trademarks abroad, while Abitron argued that the law can be invoked only if the defendant shipped infringing products directly into this country.³³

The extraterritorial application of the Lanham Act dates back to 1952. In *Steele v. Bulova Watch Co.*,³⁴ the Supreme Court held that the Lanham Act covered infringing conduct in Mexico on the grounds that the United States government should govern the worldwide conduct of its citizens, and that the language in the Lanham Act suggests that it should concern all such commerce subject to Congressional regulation.

Since then, American courts have refined the presumption that Congress generally does not intend to apply federal laws outside the United States, using a two-part test to determine whether that presumption has been overcome: (i) whether there is an unmistakable indication in the statute that Congress intended to apply it to conduct abroad, and (ii) whether the law's focus requires a domestic application of the law.³⁵

The Supreme Court grappled with many issues concerning the application of the test including the constitutional ability to regulate commerce that occurs purely within a foreign country or between foreign countries. Furthermore, the Court questioned whether *Steele* applied the Lanham Act to U.S. citizens only (which would render Abitron, as a foreign corporation, immune from jurisdiction of courts in the United States), or whether *Steele* instead focused on the effect of certain conduct on domestic commerce. Ultimately, since *Steele* involved domestic conduct, and domestic likelihood of confusion, the Supreme Court did not rely on that precedent given that *Steele* did not answer to domestic applications of the relevant Lanham Act provisions.

In a 9-0 opinion, the Justices held, applying the presumption against extraterritoriality, that the two provisions of the Lanham Act that prohibit trademark infringement³⁶ are not extraterritorial and extend only to claims where the infringing “use in commerce” is domestic.³⁷

To evaluate extraterritoriality of the Lanham Act, the Court applied the aforementioned two-part test to determine whether that presumption has been overcome. First, the Supreme Court considered (i) whether the presumption against extraterritoriality has been rebutted, and (ii) whether there was a domestic application of the statute. The Court found that (i) the Lanham Act did not rebut the presumption (statute does not give a clear, affirmative indication that it applies extraterritorially), and (ii) that any domestic application of the Lanham Act's causes of action turned on whether infringing uses in commerce occurred in the United States. As such the Court remanded for further proceedings consistent with this interpretation of the Lanham Act.

Given that the infringing products were almost exclusively distributed in Europe, Hetric is unlikely to prevail on its claims under the Lanham Act. Companies doing business abroad, must

therefore ensure to monitor infringing use under the applicable foreign trademark laws, as they will not be able to rely on the Lanham Act as a basis for infringement claims concerning extraterritorial activities.

KEY INTELLECTUAL PROPERTY CASES TO WATCH IN THE LOWER COURTS

Music Copyright

Dua Lipa's (Lipa) hit song “Levitating” has reached 753 million views on YouTube.³⁸ While the song became an instant hit, the song also became the center of attention for alleged copyright infringement. Two lawsuits were filed against Lipa within the span of one week claiming copyright infringement by two different parties. The first lawsuit was filed on March 1, 2022, on behalf of Artikal Sound System (Artikal) in California. The second, was filed just a few days later in New York on behalf of L. Russell Brown and Sandy Linzer by Larball Publishing Co (Larball).

Copyright infringement in the field of music is notoriously complex particularly as artists often take inspiration from one another and work with certain elements of genres and styles when creating music. In order to prevail on a copyright infringement claim, the plaintiff must demonstrate (i) that the defendant had access to the work, and (ii) that the work is “substantially similar” to protected aspects of the plaintiff's work.³⁹

The key consideration in these cases is whether the respective works are “substantially similar.” Notably, the Second Circuit and the Ninth Circuit apply different tests as discussed below.

*Cope v. Warner Records Inc.*⁴⁰

Lipa is an English and Albanian singer and songwriter, signed by Warner Bros. Records. Artikal Sound Group (Artikal) is a Floridian reggae band comprising of five members, Chris Montague (guitar), Fabian Acuña (bass), Christopher Cope (keys), Adam Kampf (drummer), and Logan Rex (vocalist). The complaint concerns Lipa's “Levitating” song, and alleged copyright infringement of Artikal's 2017 song “Live Your Life.”⁴¹ Artikal filed suit in the U.S. District Court for the Central District of California, which follows the Ninth Circuit substantial similarity test.

In order to prevail, Artikal must show that (i) Lipa had access to “Live Your Life,” and (ii) that “Levitating” is “substantially similar” thereto.

Access may be shown through allegations that either (1) that plaintiff’s work was “widely disseminated” such that a factfinder could reasonably assume the alleged infringer had encountered the work in the relevant timeframe, or (2) describing a specific “chain of events linking the plaintiff’s work and the defendant’s access.”⁴²

Meanwhile, the “substantial similarity” test as applied in the Ninth circuit is more stringent than in the Second Circuit. The Ninth Circuit applies an “extrinsic” and “intrinsic” test to analyze substantial similarity, both which must be satisfied for a successful claim.⁴³ The extrinsic test focus on the objective similarities of only the protectable elements of plaintiff’s expression.⁴⁴ The intrinsic test is more subjective and looks to whether there is substantial similarity in the “total concept and feel”⁴⁵ and considers the “ordinary person’s subjective impressions of the similarities between the works” and is “exclusively the providence of the jury”⁴⁶ On a motion to dismiss or for summary judgment, a court’s inquiry is limited to questions of extrinsic substantial similarity.⁴⁷ Meanwhile, when assessing substantial similarity, courts in the Second Circuit first filter out similarities that result from unprotectable aspects of the original work, such as facts, public domain material, and stock plot elements, and examine the “total concept and feel, theme, characters, plot, sequence, pace and setting” of the similarities that remain to determine whether similarities rise to the level of “substantial.”⁴⁸ Unlike the Ninth Circuit, the Second Circuit has held that a court can determine as a matter of law whether the two works are substantially similar, including the subjective question of whether there is shred total concept and feel.⁴⁹ In fact, dismissals of copyright claims for lack of substantial similarity are very common in the New York federal courts and frequently affirmed by summary order.

In this case, plaintiffs allege that Lipa had access to the song as it was in public domain, and it was highly unlikely that Lipa’s “Levitating” was created independently without referencing plaintiff’s “Live Your Life.” The initial complaint did not make specific allegations to show how the works are substantially similar and did not allege any direct

evidence of copyright. On September 29, 2022, plaintiffs filed an amended complaint to address the issues of access and substantial similarity.

First, plaintiffs argued access on the theory of “widespread dissemination,” arguing that it was widely available via streaming platform, performed at various live performances (mostly in Florida), and sold several hundred physical copies of the CD on which the track appears. Plaintiffs also claimed that their song was featured in Billboard’s Reggae chart, one Jamaican newspaper, and a video advertisement for a Delray Beach summer event called “2018 Beerfest.”

Plaintiffs argued under the “chain of events theory, asserting that:

- (1) That individual songwriter-defendant Coffee worked with a writer named Ali Tamposi on a different song in the same album in which Levitating appears;
- (2) That Tamposi was “taught guitar” by plaintiff Cope’s brother-in-law; and
- (3) That Tamposi and Cope were connected on Facebook so that Tamposi would have seen posts about Cope’s band.⁵⁰

On November 14, 2022, defendants filed a motion to dismiss arguing that the plaintiffs’ amended complaint failed to allege that the songwriters had access to “Live Your Life” prior to creating Levitating, and that any similarities between the songs constitute common place expression that cannot be monopolized by any writer and any such similarities are not actionable.⁵¹ Simultaneously, defendants also moved to transfer the case to the U.S. District Court for the Southern District of New York (as noted, the forum is more favorable to defendants).⁵²

The court granted the parties’ request to rule on the motion to transfer before the motion to dismiss, however, it declined to rule on the motion to transfer. The court pointed out that while defendants gave consent to personal jurisdiction in the Southern District, transfer is not proper to a district court which lacks personal jurisdiction over each of the defendants, even if defendants consent to suit under 28 U.S.C. § 1404(a).⁵³ The court allowed the parties to submit supplemental briefing in connection with the motion to transfer, to explain why

proposed transfer satisfied personal jurisdiction and venue requirements.

On June 5, 2023, the district court issued an order denying the transfer of the case to the Southern District of New York on grounds that defendants failed to establish jurisdiction in New York and dismissing the suit, finding that the plaintiffs failed to show how Lipa or her songwriters had access to the plaintiffs' work, on either the "widely disseminated" or the "chain of events" theories of access.⁵⁴ On the theory of "widespread dissemination," the court concluded that the plaintiffs' factual contentions were too generic or insubstantial to show access stating:

These allegations are not, either independently or taken together, enough to plead wide dissemination. Plaintiffs' failure to specify how frequently they performed "Live Your Life" publicly during the specified period, where these performances took place, and the size of the venues and/or audiences precludes the Court from finding that Plaintiffs' live performances of the song plausibly contributed to its saturation of markets in which Defendants would have encountered it. Their vague allegations concerning CD sales are similarly deficient. . . . Finally, the Court rejects Plaintiffs' premise that their song's availability through Internet streaming services offers meaningful support for an inference of access.⁵⁵

Meanwhile, on the theory of "chain of events" the court held that these "attenuated links" bear little connection to either of the two musical compositions at issue and therefore do not suggest a reasonable likelihood that defendants actually encountered plaintiffs' song during the relevant time period.⁵⁶

Larball Publishing Co v. Lipa⁵⁷

Songwriters Sandy Linzer and L. Russell Brown are composers of Cory Daye's 1979 disco song "Wiggle and Giggle All Night" and "Don Diablo." Larball Publishing Co (Larball) filed suit on their behalf against Lipa concerning her song "Levitating," claiming copyright infringement of plaintiff's "signature melody" featured in "Wiggle and Giggle All Night" and "Don Diablo."

As discussed below, to prevail on copyright infringement, Larball must show (i) that Lipa had

access to the work, and (ii) that the work is "substantially similar" to the allegedly infringing work. In this case, Larball argued access as "Wiggle and Giggle All Night" and "Don Diablo" as both songs are internationally popular.⁵⁸ The complaint submits evidence comparing the notes of Lipa's "Levitating" to the notes in "Wiggle and Giggle All Night" and "Don Diablo" in support of substantial similarity. Additionally, plaintiff alleged social media evidence of ordinary observers noticing commonality between their copyrighted works and "Levitating."

Defendants filed a motion to dismiss based on failure to state a claim upon which relief can be granted, on grounds that plaintiffs fail to plead access and adequately allege substantial similarity.⁵⁹ The case is currently being briefed.

Given the decision in the *Cope* case, it will be interesting to see how plaintiffs argue the case and how the court will rule with respect to plaintiff's claimed signature melody and whether defendants had access and whether there is substantial similarity to amount to copyright infringement. Music copyright cases that reach trial may amount to a "battle of the experts," with each side proffering expert testimony over whether the allegedly infringing work demonstrates signs of actual copying, as opposed to using melodies or harmonies that are too generic to be the identifiable work of a particular artist.

Artificial Intelligence (AI) Copyright

Thaler v. Perlmutter⁶⁰

This case concerns ownership and copyright registrability of creative works created by artificial intelligence. On November 3, 2018, The Artificial Inventor Project (AIP), a global initiative which conducts pro bono legal test cases seeking intellectual property rights for AI-generated output, filed a copyright application on behalf of Steven Thaler to register work created by AI with the United States Copyright Office (USCO) (listing the AI as the author, and the AI's owner, Steven Thaler, as claimant). The USCO rejected the application because it lacked human authorship, which according to the USCO is a prerequisite of copyright protection in the United States.

Subsequently, on June 2, 2022, AIP filed a lawsuit against the USCO on behalf of Thaler raising various issues surrounding copyright ownership of AI-generated works. Thaler, moved for summary

judgement arguing that the AI-generated works are subject to copyright protection and that he is copyright owner of the image given his ownership of the AI system. Alternatively, Thaler claimed that the work should be registrable under the “work for hire” doctrine. The USCO filed a cross-motion for summary judgement arguing that copyright protection does not extend to non-human authors as supported by the language of the Copyright Act, Supreme Court precedent, and various federal court decisions and, as such, the USCO is entitled to summary judgment in this case. The case is currently being briefed.

With artificial intelligence generated content on the rise with new programs and platforms such as ChatGPT, copyright protection will be in flux, with many questions of law concerning authorship and copying. As AI is becoming an everyday tool used by companies, the growth of AI related litigation is expected to be dramatic.

KEY INTELLECTUAL PROPERTY (IP) CASE TO WATCH IN THE LOWER COURTS: TRADEMARK AND COPYRIGHT

Getty Images (US), Inc. v Stability AI, Inc.⁶¹

In February, 2023 Getty Images (Getty) filed a lawsuit against Stability AI Inc. (Stability) alleging

that Stability copied more than 12 million images to train its AI system without authorization. Stability generated various images based on Getty’s copyrighted images many of which contained its trademarked watermark. Getty argued that the generative images contained modified versions and lower image quality of its trademark as shown below.⁶² Getty alleges, inter alia, copyright infringement, trademark infringement, trademark dilution and tarnishment. Figure 2 is an example of what was provided in the complaint.

The case is currently being briefed.

Although artificial intelligence in intellectual property is a developing area of the law, as this case demonstrates, companies and individuals using AI-generated artwork should navigate issues around licensing and infringement.

KEY IP CASE TO WATCH IN LOWER COURTS: TRADE DRESS





Nike, Inc. v. USAPE LLC⁶³

Nike, Inc. (Nike) is an American multinational corporation that is engaged in the design, development, manufacturing, and worldwide marketing and sales of footwear, apparel, equipment, accessories, and services. USAPE LLC (USAPE) is the owner of Japanese streetwear company, A Bathing Ape (Bape).

Figure 2



Figure 3⁶⁸

Nike's Trademarked Designs	Genuine Nike Products	BAPE's Infringing Products
 U.S. Reg. No. 3,451,905	 Air Force 1 Low	 BAPE STA
 U.S. Reg. No. 3,451,906	 Air Force 1 Mid	 BAPE STA Mid
 U.S. Reg. No. 3,711,305	 Dunk Low	 SK8 STA
 U.S. Reg. No. 5,820,374	 Air Force 1 Midsole Design	 BAPE STA
 U.S. Reg. No. 6,386,694	 Air Jordan 1 High	 COURT STA High
 U.S. Reg. No. 6,368,691	 Air Jordan 1 Low	 COURT STA

On January 25, 2023, Nike filed a lawsuit against the streetwear brand in the Southern District of New York on trademark infringement, false designation of origin, common law trademark infringement and unfair competition, and dilution claims. Nike seeks injunctive relief to prevent Bape from continuing to manufacture, market and distribute the allegedly infringing footwear, and monetary damages, including an award of three times the

amount of compensatory damages and increased profits.

According to the complaint, Bape originally began selling the infringing footwear in the United States in 2005.⁶⁴ Nike claims that the original activity was de minimis and too inconsistent to warrant suit.⁶⁵ In 2009 Nike contacted Bape to address the issue, after which according to Nike Bape significantly diminished its US activities, closing all but one

U.S. store.⁶⁶ In 2016, Bape redesigned the footwear. However, on February 6, 2021, Bape once again reintroduced the infringing designs in the U.S. market and drastically increased the volume and scope of infringement.⁶⁷

Nike's complaint highlights the copious similarities between Bape designs like the Bape Sta, the Sk8 Sta, and their corresponding Nike inspirations – the Air Force 1, Dunk Low, and the Jordan 1, respectively – for which Nike has registered and common law trade dress rights, as demonstrated in its complaint with Figure 3.

On May 17, 2023 USAPE filed a motion to dismiss on grounds that Nike has failed to identify its trade dress, supported by the fact that it took nearly 15 years for Nike to file the instant action. USAPE argued that Nike's trade dress registration and photos of sneakers are not sufficient to describe Nike's trade dress with specificity and therefore the suit should be dismissed. Nike filed a reply arguing that it satisfies that pleadings requirement as Nike's federally registered trade dress rights are not only presumed protectable, but "should be afforded the utmost protection."⁶⁹

While Nike provides some compelling arguments as to why it took no action during the fifteen years of ongoing conflict with Bape, it seems relevant that Nike only began filing for trade dress protection in 2006,⁷⁰ likely in response to the activities by Bape. Since then, Nike has filed several such trade dress applications, including as recently as July 2020.⁷¹

The decision in this case will likely have implications for trademark owner's enforcement practices and may dictate whether an aggressive approach is required on the part of the trademark owner to police its rights or whether a more laid-back approach is appropriate particularly where the infringement is de minimis.

CONCLUSION

These intellectual property cases demonstrate the need to actively monitor, protect, and enforce trademark rights. The decisions in these cases will continue to shape how trademark holders and intellectual property attorneys strategize brand protection in a globalized market.

Notes

1. Jack Daniel's Props., Inc v. VIP Prods. LLC, 599 U. S. ____ (2023).

2. Id.
3. Andy Warhol Foundation for the Visual Arts, Inc. v. Lynn Goldsmith, 598 U.S. ____ (2023).
4. Abitron Austria GmbH v. Hetronic International, Inc., 600 U.S. ____ (2023).
5. Jack Daniel's Properties v. VIP Products LLC, 599 U.S. ____ (2023).
6. VIP Prod., LLC v. Jack Daniel's Properties, Inc., 291 F. Supp. 3d 891 (D. Ariz. 2018), rev'd in part, vacated in part, 953 F.3d 1170 (9th Cir. 2020).
7. Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989) (Rogers).
8. VIP Prod. LLC v. Jack Daniel's Properties, Inc., 953 F.3d 1170 (9th Cir. 2020).
9. Id. at 1175-6.
10. Id., at 1176.
11. VIP Prod. LLC v. Jack Daniel's Properties Inc., No. CV-14-02057-PHX-SMM, 2021 WL 5710730, at *6 (D. Ariz. Oct. 8, 2021), aff'd, No. 21-16969, 2022 WL 1654040 (9th Cir. Mar. 18, 2022), cert. granted, 214 L. Ed. 2d 271, 143 S. Ct. 476 (2022).
12. The Lanham Act, 15 U.S.C. § 1125(a)(1).
13. Trademark Dilution Revision Act, 15 U.S.C. § 1125(c)(3)(C).
14. Oral Argument, Jack Daniel's Properties v. VIP Products LLC, No. 22-148, https://www.supremecourt.gov/oral_arguments/audio/2022/22-148.
15. Id.
16. 15 U.S.C. § 1125(c)(3)(A).
17. Jack Daniel's Props., Inc v. VIP Prods. LLC, 599 U. S. ____ (2023).
18. Rogers.
19. Andy Warhol Foundation for the Visual Arts, Inc. v. Lynn Goldsmith, et al., No. 21-869.
20. Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 382 F. Supp. 3d 312, 331 (S.D.N.Y. 2019), rev'd and remanded, 992 F.3d 99 (2d Cir. 2021), opinion withdrawn and superseded on reh'g sub nom. Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith, 11 F.4th 26 (2d Cir. 2021), and rev'd in part, vacated in part sub nom. Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith, 11 F.4th 26 (2d Cir. 2021).
21. The Copyright Act, 17 U.S.C.S. § 107.
22. Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith, 11 F.4th 26, 43 (2d Cir. 2021), cert. granted, 212 L. Ed. 2d 402, 142 S. Ct. 1412 (2022).
23. Google LLC v. Oracle Am., Inc., 141 S. Ct. 1183 (2021).
24. Id. at 1188 (emphasis added).
25. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994).
26. Id.
27. Id. at 579.

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28. Oral Argument, *Andy Warhol Foundation for the Visual Arts, Inc. v. Lynn Goldsmith, et al.*, No. 21-869, https://www.supremecourt.gov/oral_arguments/audio/2022/21-869 (Oct. 12, 2022).
 29. *Id.*
 30. *Abitron Austria GmbH v. Hetronic International, Inc.*, 600 U.S. ____ (2023).
 31. *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, No. CIV-14-650-F, 2020 WL 1941309 (W.D. Okla. Apr. 22, 2020), *aff'd in part, rev'd in part and remanded*, 10 F.4th 1016 (10th Cir. 2021).
 32. *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016 (10th Cir. 2021).
 33. Oral Argument, *Abitron Austria GmbH v. Hetronic International, Inc.*, No. 21-1043 (March 21, 2023).
 34. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 73 S. Ct. 252, 97 L. Ed. 319 (1952).
 35. *RJR Nabisco, Inc. v. Eur. Cmty.*, 136 S. Ct. 2090, 2102 (2016).
 36. 15 U.S.C. § 1114(1)(a) and § 1125(a)(1).
 37. *Abitron*.
 38. *Dua Lipa - Levitating Featuring DaBaby* (Official Music Video), <https://www.youtube.com/watch?v=TUVcZfQe-Kw> (last accessed, July 3, 2023).
 39. *Feist Publications, Inc. v. Rural Tel. Serv. Co. Inc.*, 499 U.S. 340, 361 (1991).
 40. *Cope v. Warner Records, Inc.*, Case 2:22-cv-01384 (C.D. Cal. 2022).
 41. *Artikal Sound System - You're your Life* (Official Audio) <https://www.google.com/search?q=artikal+song+live+your+life#fpstate=ive&vld=cid:0225465f,vid:IKfGeCLAsvI> (last accessed, April 4, 2022).
 42. Decision, pg. 7 (June 5, 2023).
 43. *Funky Films, Inc. v. Time Warner Entertainment Co.*, 462 F.3d 1072, 1077 (9th Cir. 2006).
 44. *Cavalier v. Random House, Inc.*, 297 F.3d 815, 822 (9th Cir. 2002).
 45. *Id.* at 822.
 46. *Funky Films*, at 1077.
 47. *Id.*
 48. *Williams v. Crichton*, 84 F.3d 581, 588 (2d Cir. 1996).
 49. *Peter F. Gaito Architecture, LLC v. Simone Development Corp.*, 602 F.3d 57, 64-65 (2d Cir. 2010).
 50. FAC at ¶¶ 25, 26.
 51. Notice of Motion and Motion to Dismiss Case (Dkt. 54). Nov. 14, 2022.
 52. Notice of Motion and Motion to Dismiss Case (Dkt. 53). Nov. 14, 2022.
 53. Order Declining to Rule on Defendant's Motion to Transfer and Ordering a Supplement Briefing (Dkt. 53) (Dkt. 62). Feb. 16, 2023.
 54. *Cope et al. v. Warner Records Inc. et al.*, case number 2:22-cv-01384.
 55. Decision, pg. 9.
 56. *Id.* pg. 10.
 57. *Larball Publ'g Co., Inc. v. Dua Lipa*, Case 1:22-cv-01872 (S.D.N.Y. 2022).
 58. See Complaint at ¶ 35, *Larball Publ'g Co., Inc. v. Dua Lipa*, Case 1:22-cv-01872 (S.D.N.Y. 2022).
 59. Motion to Dismiss First Amended Complaint (Dkt. 53). (November 30, 2022).
 60. *Thaler v. Perlmutter*, case number 1:22-cv-01564.
 61. *Getty Images (US), Inc. v. Stability AI, Inc.*, D. Del., No. 1:2023cv00135.
 62. Complaint, para 52.
 63. *Nike, Inc. v. USAPE LLC*, No. 1:23-cv-00660.
 64. See Complaint at ¶ 3, *Nike, Inc. v. USAPE LLC*, No. 1:23-cv-00660. (S.D.N.Y. 2023).
 65. *Id.*
 66. *Id.* ¶ 45.
 67. *Id.* ¶ 4.
 68. *Id.* ¶ 2.
 69. Nike's Opposition To Defendant USAPE LLC's Motion to Dismiss, pg. 5 (June 7, 2023).
 70. Reg. No. 3,41,905.
 71. Reg. No. 6,368,691.

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