

SCOTUS’s 2023 Term Provides Clarity Across the Big 3 of Intellectual Property Law

The Supreme Court’s recently concluded term featured several intellectual property cases clarifying important questions of law across trademarks, copyrights, and patents. While the opinions concerning patent enablement and trademark’s likelihood of confusion analysis were unanimous, citing fundamental and time-honored precedents for support, the opinion regarding copyright contained a spirited debate as to what constitutes transformative fair use. A summary of each opinion follows.

Trademark: *Jack Daniel’s Properties, Inc. v. VIP Products LLC*

VIP Products LLC (“VIP”) sells a novelty dog toy called the “Bad Spaniels Silly Squeaker” that closely resembles a bottle of Jack Daniel’s Old No. 7 Tennessee Sour Mash Whiskey. However, it has a few notable alterations: namely, replacing “Jack Daniel’s” with “Bad Spaniels,” “Old No. 7 Brand” with “The Old No. 2,” and “Quality Tennessee Sour Mash Whiskey” with “On Your Tennessee Carpet.” The toy also includes a cardboard hangtag that includes both the “Silly Squeakers” and “Bad Spaniels” logos.

Shortly after the toys showed up in stores, Jack Daniel’s Properties, Inc. (“Jack Daniel’s”)—the owner of the Jack Daniel’s trademark portfolio—demanded that VIP stop selling the product. VIP answered by filing suit in the Federal District Court for the District of Arizona seeking a declaratory judgment that its toy did not infringe Jack Daniel’s intellectual property rights. In its argument, VIP relied on a test commonly referred to as the *Rogers* test to assert that its mark should be awarded First Amendment protection and, therefore, found not to infringe.

Rogers v. Grimaldi established the *Rogers* test in 1989.¹ In that case, Ginger Rogers argued that the use of her name—without her consent—in a movie’s title violated her rights. The Second Circuit held that such use did not infringe her rights, and the Court developed a two-prong test that balances First Amendment interests in the context of trademark law. The test assesses whether a use of a trademark in a creative work infringes the trademark owner’s rights. The test has two prongs: first, whether the use is artistically relevant to the underlying work; and second, whether the use is explicitly misleading as to the source or content of the work. Since this test’s establishment, courts have used it with respect to a variety of intellectual property.

VIP argued that Jack Daniel's infringement claim failed the *Rogers* test because its toy was an expressive work and Jack Daniel's could not show that either the challenged use of the mark has no artistic relevance to the underlying work or that it explicitly misleads as to the source or the content of the work. The District Court rejected VIP's contentions, holding that the Court was required to address whether there was a likelihood of confusion between VIP's product and Jack Daniel's marks since VIP was using Jack Daniel's famous features to identify the source of its product. The Court of Appeals reversed, holding that the toy "communicates a humorous message" and, therefore, was an expressive work subject to the *Rogers* test.

Jack Daniel's filed a petition for a writ of certiorari requesting the Supreme Court to review its case. The Supreme Court granted certiorari and focused its opinion on the applicability of the *Rogers* test for analyzing trademark infringement.ⁱⁱ Ultimately, the Supreme Court reversed, holding that the *Rogers* test did not insulate VIP from a likelihood of confusion analysis.

The Supreme Court held that the *Rogers* test—or any other First Amendment threshold filter—does not apply when an alleged infringer "uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer's own goods." The Supreme Court remanded for further proceedings—including another likelihood of confusion analysis—in the District Court. In its arguments, VIP conceded that it both "own[s]" and "use[s]" the "'Bad Spaniels' trademark and trade dress for its durable rubber squeaky novelty dog toy[.]" That, coupled with the way the product's hangtag uses the Silly Squeakers and Bad Spaniels logos to serve as source-identifiers and VIP's similar actions with previous toys, implies VIP's intent to use the marks as source identifiers. The Supreme Court did indicate that VIP's effort to ridicule Jack Daniel's "may make a difference in the standard [likelihood of confusion] analysis" because "consumers are not so likely to think that the maker of a mocked product is itself doing the mocking."

Justice Sotomayor wrote a concurring opinion that focuses on the use of surveys in likelihood of confusion analyses. For reference, at the District Court level, Jack Daniel's used surveys to show that consumers were likely to be confused about the source of VIP's Bad Spaniels dog toy. Justice Sotomayor cautions that "surveys should be understood as merely one piece of the multifaceted likelihood of confusion analysis." Importantly for parodies, Justice Sotomayor emphasizes the "particular risk in giving uncritical or undue weight to surveys" because they may "reflect a

mistaken belief” of the law. Accordingly, parties relying on surveys in likelihood of confusion analyses should take care to afford an appropriate amount of weight to the results of surveys.

Justice Gorsuch also wrote a short concurring opinion in which he emphasized that lower courts should handle the *Rogers* test with care. In supporting this assertion, Justice Gorsuch indicated his skepticism as to the origin and applicability of the *Rogers* test, as noted in the Solicitor General’s *Amicus Curiae* brief and by the Court’s refusal to address certain aspects of the test.

The holding here is an important development for the safe harbors and fair use exceptions to trademark law because it limits First Amendment protection for parodic uses of brand owners’ marks. While relatively fact-specific, it likely will affect how district and appellate courts review these exceptions because humor alone does not guarantee First Amendment protection.

Since the Supreme Court’s opinion’s release on June 8, 2023, a California District Court has withdrawn a decision and set the matter for re-argument and the Ninth Circuit Court of Appeals has vacated a District Court judgment and remanded for further proceedings consistent with the Supreme Court’s opinion in *Jack Daniel’s Properties, Inc. v. VIP Products LLC*. However, as of the writing of this article, it is yet to be seen how lower courts apply the holding of *Jack Daniel’s*.

Copyright: *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*

The first case in our discussion, *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, marked the Supreme Court’s first foray into copyright fair use this century.ⁱⁱⁱ The lower court took an expansive view of the fair use doctrine, a position consistent with initial speculation on the merits of the case. However, the Court of Appeals for the Second Circuit reversed this ruling, and the Supreme Court affirmed, holding that the first fair use factor weighed in the copyright owner’s favor.

In the 1980s, Vanity Fair obtained a license in a Lynn Goldsmith photograph and hired Andy Warhol to create an illustration based thereon. However, instead of a single illustration, Warhol created several works, referred to herein as the “Prince Series works.” The Andy Warhol Foundation, holding the copyrights to the Prince Series works, licensed one of the works for use in a magazine. A dispute arose, and the Andy Warhol Foundation brought an action for declaratory judgment of noninfringement or, in the alternative, fair use against Goldsmith.

The District Court for the Southern District of New York granted summary judgment finding that Warhol's works were "transformative" because they had a different character, provided new expression, and employed new aesthetics with creative and communicative results distinct from Goldsmith's original work. On appeal, the Second Circuit reversed and shifted the focus to whether the secondary work's use of its source material was in service of a fundamentally different and new artistic purpose and character. The Andy Warhol Foundation filed a petition for a writ of certiorari, to which the Supreme Court granted.

The Supreme Court similarly held that, in the context of the challenged use, the first fair use factor favored Goldsmith. The Court focused on whether the transformativeness analysis under the first factor takes into account the specific use of the secondary work or the content of the secondary work itself. The Court concluded that the inquiry must focus on whether the specific use of the secondary work was transformative, noting that the first factor asks whether *and to what extent* the use at issue has a purpose or character different from the original work. However, the Court added that the degree of transformation must be weighed against the commercial nature of the use. Simply put, if the original and secondary uses share the same purpose, and the secondary use is commercial, the first fair use factor will likely weigh against fair use. However, the Court made sure to point out that the commercial nature of the use, while relevant to analysis under the first factor, is not dispositive.

Regarding the facts at issue, the Court found that Goldsmith's original work, that being the Prince photograph, and the Andy Warhol Foundation's use of the photograph in the Prince Series work that was licensed to a magazine, shared substantially the same commercial purpose. Thus, the first fair use factor weighs in favor of Goldsmith.

The Court focused on the underlying theory of the Copyright Act, noting the balance struck between encouraging creativity by granting to authors of original works certain rights, and protecting the interest of the public to enjoy and use creative works. The Court wrestled with how best to carry out this principle, resulting in several blows being exchanged between the majority and dissent. Justice Kagan, authoring the dissenting opinion, feared the decision left the first fair use factor inquiry in "shambles" and resulted in a "doctrinal shift" that ill-serves copyright's core purpose. Moreover, Justice Kagan warned that the decision would "stifle creativity of every sort," "impede new art," and "thwart the expression of new

ideas.” Justice Sotomayor, writing for the majority, remarked that the dissent “misse[d] the forest for a tree” and ignored the value of original works. The majority reiterated that the degree of transformation required to make “transformative” use of an original work must go beyond that required to qualify as a derivative work, thus protecting the rights of the original work’s author. The decision, as Justice Sotomayor argued, is consistent with longstanding principles of fair use, striking a balance between original works and secondary uses.

While some observers fear a doctrinal shift in the fair use analysis, others believe the decision may be construed narrowly due to its focus only on the specific use of the secondary work as a magazine cover that Goldsmith challenged. Notably, the Court did not review the creation of the secondary work or other potential uses of the secondary work. What we do know is that copyright fair use will continue to be a fact-intensive inquiry. Furthermore, this decision indicates that analysis under the first fair use factor moving forward will focus on the actual use of the secondary work, asking whether *and to what extent* the use at issue has a purpose or character different from the original work. The specific use must be weighed against other factors, though, such as the commercial nature of the use.

Patent: *Amgen v. Sanofi*^{iv}

The Supreme Court’s opinion in *Amgen v. Sanofi* focused on patent enablement and underscored the necessity for a patent’s specification to describe in full, clear, concise, and exact terms sufficient information necessary to practice the **full scope** of the claimed invention. After the trial court in the District Court of Delaware granted Judgment as a Matter of Law (JMOL) of lack of enablement—which the Federal Circuit affirmed on appeal—the Supreme Court affirmed and held that the full scope of Amgen’s claims were neither supported by the specification’s 26 exemplary antibodies nor was there enough direction provided beyond a simple trial-and-error method for finding functional antibodies.

The law of enablement, found in 35 U.S.C. § 112(a), requires patent specifications to provide sufficient information for a skilled artisan to make and use the claimed invention without undue experimentation. After a patent challenger seeking invalidation for lack of enablement has put forth evidence that *some* degree of experimentation is required to practice the claims, the *Wands*^v factors are analyzed to determine whether that amount of experimentation is “undue” or is instead sufficiently routine such that an ordinarily skilled artisan would reasonably be expected to carry it out.

As a technical introduction, elevated low-density lipoprotein (“LDL”) cholesterol levels are associated with an increased risk of heart disease. LDL receptors play a crucial role in maintaining healthy cholesterol levels by removing LDL cholesterol from the bloodstream. However, the proprotein convertase subtilisin/kexin type 9 (“PCSK9”) enzyme interferes with this process by binding to LDL receptors and causing their degradation, leading to a reduction in the number of LDL receptors on the cell’s surface. Antibodies can be used to bind to and block PCSK9, allowing LDL receptors to function effectively in regulating the levels of circulating LDL cholesterol. Relevant here, Amgen owned two patents which describe antibodies that bind to the PCSK9 protein and lower LDL levels by blocking PCSK9 from binding to LDL receptors. An illustrative claim from one of Amgen’s patents is included below with emphasis on the claimed functions.

1. An isolated monoclonal antibody, wherein, when bound to PCSK9, *the monoclonal antibody binds to at least one of the following residues: S153, I154, P155, R194, D238, A239, I369, S372, D374, C375, T377, C378, F379, V380, or S381 of SEQ ID NO:3, and wherein the monoclonal antibody blocks binding of PCSK9 to LDLR.*

The Supreme Court first found that Amgen’s claims were broad and covered an entire class of antibodies defined by their function—every antibody that both binds to particular areas of the sweet spot of PCSK9 and blocks PCSK9 from binding to LDL receptors. For this aspect, the Court noted that claims defined, not by structure, but by broad functional limitations, “pose high hurdles in fulfilling the enablement requirement.” The Court also emphasized the importance of the patent “bargain,” which grants inventors limited-term protection in exchange for disclosing their inventions for the benefit of the public. Older opinions from *O’Reilly v. Morse (The Telegraph Patent Case)*^{vi}, *The Incandescent Lamp Patent*^{vii}, and *Holland Furniture Co. v. Perkins Glue Co.*^{viii} reinforce the requirement that if an entire class of subject matter is claimed, especially when defined by its function, the specification must enable a person skilled in the art to make and use *the entire class*. The Court noted that an inventor might meet such a requirement if the specification discloses “‘some general quality . . . running through’ the class that gives it ‘a peculiar fitness for the particular purpose.’” Thus, patent applicants seeking to define their invention by its function rather than by its structure should proceed with caution and aim to identify a general quality permeating through the class directly related to its claimed function.

In addition to the claims' broad functional limitations, the Court found that Amgen failed to sufficiently guide the reader to the potential millions of antibodies that fell within that class beyond 26 examples specifically identified by their amino acid sequences. Because identifying each of the potential millions of antibodies by amino acid sequences was not economical, Amgen sought to guide those in the art to the antibodies covered by its claims by laying out two methods that might allow those skilled in the art to make and use the claimed antibodies: a "roadmap" and "conservative substitution." However, the Court found that each method merely directs scientists to undergo the same inventive discovery processes that Amgen's inventors went through and only covered a small portion of the functional diversity within the claims. The Court found this "guidance" amounted to unduly burdensome trial-and-error processes of discovery, even allowing for a "reasonable degree of experimentation." Though the Supreme Court didn't specify what amount of disclosure would be sufficient, inventors are encouraged to lay out specific guidance allowing those skilled in the art to ascertain the full scope of the claims beyond experimentation that can be characterized as "trial-and-error."

In the end, the Court emphasized the significance of the statutory enablement mandate and its role in maintaining the balance sought by Congress since 1790. The Court reminded us that there are no judicially created statutory exceptions to enablement, even where the underlying mechanisms of certain technologies like antibodies remain clouded by technical limitations. Applicants seeking to claim entire classes of processes, machines, manufactures, or compositions of matter should take extra care to provide sufficient support when such claims can be characterized by their functional limitations.

The Federal Circuit has already taken the Court's decision to heart and rendered two precedential opinions based on *Amgen v. Sanofi*. In *Baxalta v. Genentech*, the Federal Circuit again found claims directed to antibodies that (1) bind to a specific molecule and (2) perform a certain function as a result of that binding as not being enabled by the patent's specification.^{ix} The Federal Circuit found *Baxalta* to be "materially indistinguishable" from *Amgen*. In *Medytox v. Galderma*, the Federal Circuit applied *Amgen* to claims proposed in a Patent Trial and Appeal Board Motion to Amend.^x There, claims reciting a range of "50% or greater" were found not enabled where the specification provided only limited examples of the range extending up to 62%. Because the specification provided examples in only a portion of the claimed range, and not extending the full breadth of the claimed range, the Federal Circuit found that undue experimentation would be required to realize the full scope of the claimed

range. In federal district court, parties are using *Amgen* in their motions for judgment as a matter of law and summary judgment, with some finding success in the antibody technology area.^{xi} We can expect to see more rejections for lack of enablement from the US Patent and Trademark Office and, perhaps over time, fewer claims defined by broad functionality that the specification does not fully support.^{xii}

Conclusion

In summary, the key inquiry for whether use of a trademark qualifies as a parody and is entitled to First Amendment protection focuses on how the mark is being used and not merely that it communicates a humorous message. The analysis of the first copyright fair use factor should focus on whether the new work supersedes the objects of the original work or instead adds some new aspect with a further purpose or different character. Lastly, the Patent enablement requirement requires enablement of the full scope of the claimed invention—mere examples will be unlikely to enable an entire class of subject matter, especially when described functionally..

ⁱ 875 F.2d 994 (2d Cir. 1989)

ⁱⁱ 143 S. Ct. 1578 (2023).

ⁱⁱⁱ 143 S. Ct. 1248 (2023).

^{iv} 143 S. Ct. 1243 (2023).

^v *In re Wands*, 858 F.2d 731, 736–40 (Fed. Cir. 1988).

^{vi} 56 U.S. 62 (1853).

^{vii} *Consol. Elec. Light Co v. McKeesport Light Co*, 159 U.S. 465 (1895).

^{viii} 277 U.S. 245 (1928).

^{ix} 2023 WL 6135930 (Fed. Cir. Sept. 20, 2023).

^x 71 F.4th 990 (Fed. Cir. 2023).

^{xi} *See e.g.*, JMOL at 42-43, *Teva Pharmaceuticals International GmbH et al v. Eli Lilly and Company*, 1-18-cv-12029, 2023 WL 6282898, at *20 (D. Mass. Sept. 26, 2023); JMOL at 12, *Duke University et al v. Sandoz Inc.*, 1-18-cv-00997 (D. Colo. Sept. 21, 2023); *Orexo AB v. Sun Pharm. Indus. Ltd.*, 3-20-cv-12588, 2023 WL 4492095, at *24 (D.N.J. June 30, 2023).

^{xii} *See e.g.*, *In re Starrett*, No. 2022-2209, 2023 WL 3881360, at *4 (Fed. Cir. June 8, 2023).