

2018 Annual Review

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* In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this outline: *Matal v. Tam*, 137 S. Ct. 1744 (2017) (counsel for amicus curiae the American Bar Association in support of neither party); *Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc.*, 856 F.3d 416 (6th Cir.) (counsel for defendants), *cert. denied*, 138 S. Ct. 91 (2017); *LPD New York, LLC v. Adidas Am., Inc.*, No. 15CV6360MKBRLM, 2017 WL 6312849 (E.D.N.Y. Dec. 11, 2017) (counsel for defendants); *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017) (counsel for plaintiffs); *adidas Am., Inc. v. Skechers USA, Inc.*, No. 3:15-CV-01741-HZ, 2017 WL 3319190 (D. Or. Aug. 3, 2017) (counsel for plaintiffs), *affirmed in part and rev'd in part*, No. 16-35204, 2018 WL 2142648 (9th Cir. May 10, 2018); *Eyebobs, LLC v. Snap, Inc.*, 259 F. Supp. 3d 965 (D. Minn. 2017) (counsel for defendant); *In re FCA US LLC*, 126 U.S.P.Q.2d 1214 (T.T.A.B. 2018) (counsel for applicant); *TPI Holdings, Inc. v. TrailerTrader.com, LLC*, No. 92064976, 2018 WL 1942229 (T.T.A.B. April 24, 2018) (counsel for petitioner).

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I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

A. Proving Protectable Rights Through Federal Registrations

1. A panel of the Texas Court of Appeals confirmed that a federal registration is not a prerequisite for the protection of an otherwise valid mark under the Lanham Act or the common law. *See Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724, 745 (Tex. Ct. App. 2017).
2. Courts took varying approaches to the evidentiary significance of registrations on the Principal Register that had not yet become incontestable.
 - a. Consistent with the majority rule, some courts held that the “prima facie” evidence represented by a nonincontestable registration under 15 U.S.C. §§ 1057(b), 1115(a) (2012), affirmatively shifts the burden of *proof* on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See, e.g., Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400, 406 (S.D.N.Y. 2018).
 - b. Others, however, held that such a registration does nothing more than shift the burden of *production* to defendants. *See, e.g., JFJ Toys, Inc. v. Sears Holdings Corp.*, 237 F. Supp. 3d 311, 329 (D. Md. 2017) (“The presumption of validity simply shifts the burden of producing evidence that the term is generic to the party seeking to invalidate the registration.”).
3. Courts addressed the evidentiary significance of incontestable registrations on the Principal Register with less frequency, but, when they did, they properly held that the registration shifted the burden of proof on the issue of the validity of the registered mark to any challenger of that validity. *See La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, No. 3:16-CV-00527-CRS, 2018 WL 345114, at *3 (W.D. Ky. Jan. 9, 2018) (“A mark is presumed valid when it becomes “incontestable” under 15 U.S.C. § 1065. A defendant then has the burden of rebutting its validity.”); *Cornaby’s LLC v. Carnet, LLC*, No. 214CV00462JNPDBP, 2017 WL 3503669, at *17 (D. Utah Aug. 15, 2017) (“A plaintiff with an incontestable registration need not prove priority as part of its case in chief: the elements of [Section 33(b)(5)] form a defense to be proven by the defendant.” (quoting 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:53 (4th ed. 2016))), *reconsideration denied*, No. 214CV00462JNPDBP, 2017 WL 4772416 (D. Utah Oct. 20, 2017).

B. Proving Common-Law Rights

1. Proving Ownership

- a. The perennial issue of who owns the rights to the name of a musical group with a revolving cast of members took center stage in an appeal to the Eleventh Circuit. *See Commodores Entm't Corp. v. McClary*, 879 F.3d 1114 (11th Cir. 2018).
 - i. The group in question was the Commodores, which first achieved fame in the 1970s, and which was controlled by a corporation founded by the group's original members, and eventually owned by two of those members. Another original member was the guitarist Thomas McClary, who left the group in 1984 to pursue a solo career, but who, along with his own corporation, eventually began promoting his performances under the marks COMMODORES FEATURING THOMAS MCCLARY, and THE 2014 COMMODORES. Not surprisingly, the corporation controlled by his former bandmates sued, asserting infringement.
 - ii. Following a bench trial, the district court assigned to the case entered a permanent injunction against the defendants, and the Eleventh Circuit affirmed. In the process, the appellate court rejected the defense argument that McClary retained an ownership interest in the original band's THE COMMODORES mark. The court began with the proposition that "[c]ommon-law trademarks existed in the name 'The Commodores,' and the original owner of the marks was the group as a whole." *Id.* at 1132. From there, it concluded that "[o]wnership of the marks did not stay with McClary when he left the performing group. Rather, ownership of the marks began in, remained in, and could not be divided from the group, as opposed to its individual members." *Id.* There were several reasons for this, the first of which was McClary's three-decade-long absence from the band. *Id.* at 1132-33. Another was that "the unrefuted record can lead only to the reasonable conclusion that McClary lacked control over the musical venture known as 'The Commodores' after he left the band to pursue his solo career." *Id.* at 1133. Likewise, in response to the defendants' showing that McClary had on several occasions after his departure filled in as a guest guitarist, the court held that "[e]ven if the evidence could support a finding that McClary rejoined the group—and in no way

does it afford that inference—it could not support the conclusion that McClary should be able to use the group’s name while performing separately from the group.” *Id.* at 1134. The defendants’ reliance on McClary’s receipt of royalties from Commodores recordings similarly fell short because those royalties arose only from sales of songs recorded while McClary remained a formal member of the group. *Id.* at 1135-36. Finally, under the various contractual arrangements between the parties, “leaving the group meant leaving behind the group’s name.” *Id.* at 1137.

- b. A Connecticut federal district court confirmed that it is unnecessary for a claimed mark owner to use its mark on a standalone basis for the mark to qualify for protection. *CSL Silicones, Inc. v. Midsun Grp.*, No. 3:14-CV-1897 (CSH), 2018 WL 1336129 (D. Conn. Mar. 15, 2018). Specifically, use of a claimed mark only in conjunction with another can do the trick. *Id.* at *10.
- c. A Florida federal district court confirmed the boilerplate proposition that “a licensee’s use of marks does not confer ownership rights to the licensee”; instead, properly licensed use creates ownership rights in the licensor. *See Casa Dimitri Corp. v. Invicta Watch Co. of Am., Inc.*, No. 0:15-CV-21038-KMM, 2017 WL 4128050, at *12 (S.D. Fla. Sept. 15, 2017).

2. Proving Use in Commerce

For the most part, use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act’s private causes of action, *see* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2012); except where non-U.S. applicants relying on foreign filings are concerned, a showing of use in commerce also is necessary to secure a federal registration. *See id.* §§ 1051(a)-(b).

- a. Under the *Tea Rose-Rectanus* doctrine, a remote junior user adopting an otherwise infringing mark without a “design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like,” can acquire rights superior to those of the first user. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1916).
 - i. Some courts have interpreted *Hanover Star*’s language to mean that only a defendant’s bad-faith adoption of a mark will disqualify the defendant from the protection of the must have adopted its mark in bad faith to be disqualified from the *Tea Rose-Rectanus* doctrine’s protection. *See, e.g.,*

El Chico, Inc. v. El Chico Cafe, 214 F.2d 721, 726 (5th Cir. 1954).

ii. Nevertheless, in *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426 (9th Cir. 2017), the Ninth Circuit held that mere knowledge of a senior user's use will render the doctrine inapplicable. *See id.* at 437-39.

b. One court confirmed that the accessibility of a website through the United States does not create protectable rights to a mark appearing on goods sold on that site. *See Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017). As the court explained:

Simply operating a website that is accessible to every person in the United States does not confer common law trademark rights on the owner for the entire United States. For example, if an owner of a common law trademark made 1,000 sales of widgets bearing its trademark in Orlando, Florida, that owner would have a very good argument for having acquired trademark rights in Orlando, Florida—assuming that it is the senior user of the mark, of course. But if no Californians ever bought goods through the website, surely the common law trademark owner would not be able to claim ownership rights in California merely because the website is accessible by people in California. Indeed, without some affirmative interaction from the customer—i.e., downloading software or purchasing a product—a website essentially functions as an advertisement for the owner's goods.

Id. at 1370.

c. The Trademark Trial and Appeal Board has in recent years taken a hard line toward allegations of use in commerce. *See, e.g., WeaponX Performance Prods. Ltd. v. Weapon X Motorsports, Inc.*, 126 U.S.P.Q.2d 1034 (T.T.A.B. 2018) (declining to credit uncorroborated statements in website printouts as evidence of prior use). Nevertheless, in *In re Minerva Assocs.*, 125 U.S.P.Q.2d 1634 (T.T.A.B. 2018), it reversed a refusal to accept the a specimen of use for the mark used in connection with inventory management software. In doing so, the Board noted that:

[One of Applicant's specimens] features screenshots of Applicant's mark appearing on the log-in and search screens viewable by Applicant's customers utilizing the downloaded software. Because the mark appears on the login and search screens of Applicant's downloadable software when the software is in use, we find that the second substitute specimen shows the applied-for mark used in connection with the goods in Class 9 and would be perceived as a trademark identifying the source of those goods.

Id. at 1639.

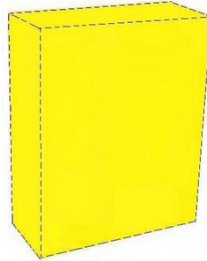
- d. The Board's new-found receptiveness to specimens of use also was apparent in *In re Pitney Bowes, Inc.*, 125 U.S.P.Q.2d 1417 (T.T.A.B 2018), in which it reversed a refusal to register based in significant part on clarifying information set forth in a declaration proffered by the applicant.

3. Proving Distinctiveness

- a. Perhaps the most doctrinally significant reported opinion bearing on distinctiveness over the past year came from a Virginia federal district court. *See Booking.com B.V. v. Matal*, No. 116CV425LMBIDD, 2017 WL 3425167 (E.D. Va. Aug. 9, 2017), *amended*, No. 116CV425LMBIDD, 2017 WL 4853755 (E.D. Va. Oct. 26, 2017). The Federal Circuit has long held that the combination of an allegedly generic term and a generic top-level domain is itself necessarily generic. *See, e.g., In re Hotels.com, L.P.*, 573 F.3d 1300, 1301 (Fed. Cir. 2009). Nevertheless, the owner of the claimed BOOKING.COM mark for hotel reservation services escaped that adverse authority by appealing the USPTO's refusal to register four versions of the mark to the United States District Court for Eastern District of Virginia, rather than the Federal Circuit. Reversing the refusals, the former court concluded that, although the individual components of the marks at issue might be generic, their combination created a descriptive (and therefore potentially registrable) mark. *See Booking.com*, 2017 WL 3425167, at *19.
- b. Although there is no bright-line under which a claimed mark must be used in commerce for a particular time before it can acquire distinctiveness, one court rejected a claim of protectability for a trade dress circulated in commerce for only a year before its

alleged misappropriation. See *EZ Pedo, Inc. v. Mayclin Dental Studio, Inc.*, 284 F. Supp. 3d 1065, 1075–76 (E.D. Cal. 2018).

- c. The Trademark Trial and Appeal Board displayed hostility toward a claim of acquired distinctiveness in the following mark for “toroidal-shaped, oat-based breakfast cereal”:



See *In re Gen. Mills IP Holdings II, LLC*, 124 U.S.P.Q.2d 1016 (T.T.A.B. 2017). Although the applicant adduced what might otherwise be an impressive showing, the Board interpreted it as bearing more on the CHEERIOS mark appearing on the applicant’s specimens than on the shade of yellow covered by the application. This was particularly true because several varieties of the applicant’s CHEERIOS-branded cereal did not feature the color:



Id. at 1018. The examiner’s showing of extensive third-party use also helped dispose of the applicant’s case: As the Board explained, “[w]hen customers see a color appearing on products from many different sources, they are less likely to expect the color to point to a single source of goods. Instead, customers are likely to perceive the color on packages as a device designed to make the packages attractive and eye-catching.” *Id.* at 1025.

- d. The Board similarly rejected a claim of acquired distinctiveness for the configuration of a wind turbine by declining to allow the applicant applying to register that design to avail itself of the “prima facie evidence” of mark distinctiveness contemplated by Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(f) (2012), in cases in which applicants enjoy five years’ worth of continuous prior use of their marks. *See In re Change Wind Corp.*, 123 U.S.P.Q.2d 1453, 1455-56 (T.T.A.B. 2017) (“Here, Applicant’s claim of distinctiveness based on five years of prior use is not sufficient to establish acquired distinctiveness of a product configuration.”).
- e. The Board concluded that the claimed SERIAL mark was generic for “entertainment in the nature of an ongoing audio program featuring investigative reporting, interviews, and documentary storytelling,” in the process rejecting the applicant’s argument that “serial” had become so archaic that its original meaning had been lost. *See In re Serial Podcast, LLC*, 126 U.S.P.Q.2d 1061 (T.T.A.B. 2017).
- f. In a different decision, the Board found the claimed MECHANICALLY FLOOR-MALTED mark generic for “malt for brewing and distilling.” *See In re Mecca Grade Growers, LLC*, 125 U.S.P.Q.2d 1950 (T.T.A.B. 2018).
- g. Nevertheless, then Board also confirmed that a generic term may be included in the claim of acquired distinctiveness as long as an accompanying disclaimer of the generic term is provided. *See In re Am. Furniture Warehouse Co.*, Serial No. 86407531, 2018 WL 1942214 (T.T.A.B. April 23, 2018). It did so in an appeal from a refusal to register the following mark for retail furniture stores:



The examiner assigned to the application maintained that the presence of the generic words “furniture warehouse” precluded the applicant from making a showing of acquired distinctiveness for the entirety of its primarily geographically descriptive mark. The Board reversed, holding instead the applicant could advance such a showing subject to a disclaimer of “furniture warehouse.”

- h. A New York federal district court determined that the factual nature of the distinctiveness inquiry prevents its resolution at the pleadings stage on a motion to dismiss. *See A.V.E.L.A., Inc. v.*

Estate of Marilyn Monroe, 241 F. Supp. 3d 461, 476-68 (S.D.N.Y. 2017).

4. Proving Nonfunctionality

a. Utilitarian Nonfunctionality

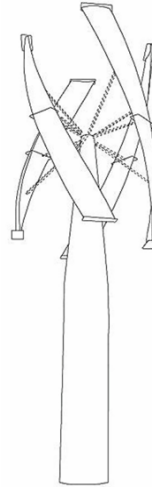
- i. The Sixth Circuit had the opportunity to address the perennial question of whether individually functional elements of a claimed trade dress can become protectable if arranged in a nonfunctional way. *See Leapers, Inc. v. SMTS, LLC*, 879 F.3d 731 (6th Cir. 2018). It did so in an action to protect the appearance of the handles of adjustable rifle scopes allegedly made in a unique “knurling” pattern. There was no dispute that knurling generally allowed users “to grip the products more easily and to make fine-tuned adjustments,” *id.* at 733, and that led the district court to grant summary judgment to the defendant. In vacating that disposition, the Sixth Circuit noted as an initial matter that “[t]he burden of proving nonfunctionality is unusual because it requires a party to introduce affirmative evidence that a quality is *not* present—to introduce ‘evidence of an absence’ rather than merely an absence of evidence.” *Id.* at 736. It then held the district court had erred in holding the pattern of the plaintiff’s knurling as a matter of law, resting that conclusion on the plaintiff’s showings that: (1) it was unaware of any functional benefit associated with its pattern, *id.* at 738; (2) it had chosen the pattern for purely aesthetic purposes, *id.* at 739; (3) “its competitors apply knurling to their rifle scopes’ adjustment knobs in a wide variety of patterns, many of which are more effective than Plaintiff’s design at making the knobs’ adjustment surfaces graspable,” *id.* at 738-39; (4) one of the defendants had sought a design patent in China covering the same pattern to which the plaintiff claimed trade dress protection, *id.* at 740; and (5) a representative from that defendant had refused to testify on the same subject. *Id.* at 739. From this evidence,” the court concluded, “a jury properly could conclude that Plaintiff’s design is purely ornamental and therefore nonfunctional.” *Id.* at 740.
- ii. In contrast, a finding of utilitarian functionality came on an unsuccessful motion for a preliminary injunction motion after the plaintiff unsuccessfully argued that individually functional element of its claimed trade dresses could in combination make up a nonfunctional whole. *See AMID*,

Inc. v. Medic Alert Found. United States, Inc., 241 F. Supp. 3d 788 (S.D. Tex. 2017). The trade dresses at issue consisted of various materials used to promote the plaintiff’s medical-information jewelry, including a display easel to which product samples and a pad with tear-off sheets were attached. In holding the plaintiff not entitled to preliminary injunctive relief, the court applied the “traditional definition” of functionality, namely, “if a product feature is the reason the device works, then the feature is functional. The availability of alternative designs is irrelevant.” *Id.* at 819 (quoting *Eppendorf Netheler Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 355 (5th Cir. 2002)). That definition allowed the court to dispose of the plaintiff’s proffered evidence of alternative designs, and the plaintiff’s case also suffered from the court taking judicial notice of related utility patents, as well as the court’s acceptance of the defendant’s showing that “[t]he placement of attached samples on the displays is also functional. If a sample is included, it must be attached to a place on the display so the display does not topple over.” *Id.* at 820. That left the plaintiff’s argument that “the combination of functional elements somehow adds up to a nonfunctional whole,” *id.*, which the court rejected because:

[I]n order to receive trade dress protection for the overall combination of functional features, those features must be configured in an arbitrary, fanciful, or distinctive way. . . . In other words, where individual functional components are combined in a nonarbitrary manner to perform an overall function, the producer cannot claim that the overall trade dress is non-functional.

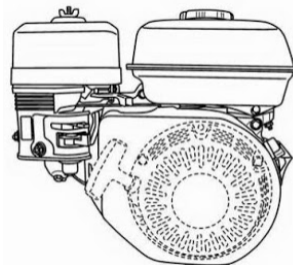
Id. at 821 (alterations in original) (quoting *Clearline Techs. Ltd. v. Cooper B-Line, Inc.*, 948 F. Supp. 2d 691, 701 (S.D. Tex. 2013)).

- iii. The Trademark Trial and Appel Board displayed its characteristic hostility toward applications to registered product designs.
 - (A) For example, the Board found the following claimed mark functional for wind turbines:



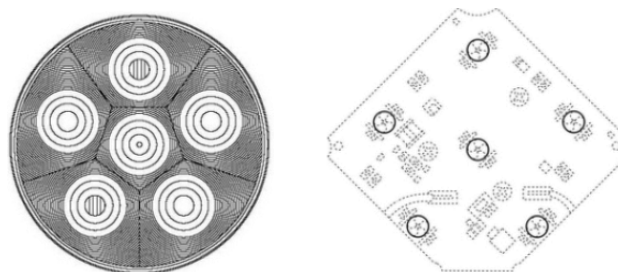
See In re Change Wind Corp., 123 U.S.P.Q.2d 1453 (T.T.A.B. 2017). It did so by applying the four factors set out in *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, (C.C.P.A. 1982), and finding that the following favored a finding of unregistrability: (1) the disclosure of a related utility patent, *Change Wind*, 123 U.S.P.Q.2d at 1456-60; and (2) the absence of distinguishable alternative designs, *id.* at 1465-66. Although the record was inconclusive as to whether the applicant’s advertising had touted the utilitarian advantages of its design, *id.* at 1460-62, and whether the design was cheaper to manufacture, *id.* at 1466, that inconclusiveness failed to save the application.

- (B) The Board also rejected an application to register the following mark for “engines for use in construction, maintenance and power equipment” after finding it functional:

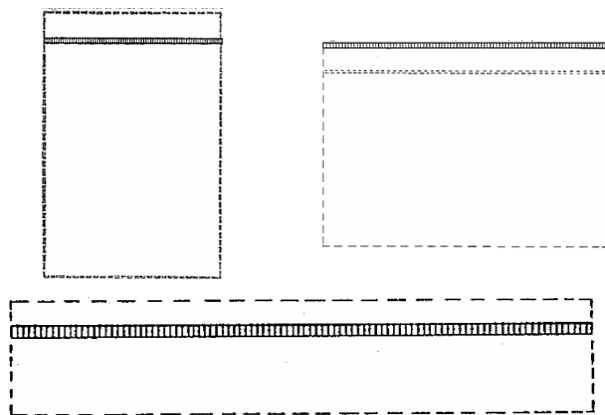


See Kohler Co. v. Honda Giken Kogyo K.K., 125 U.S.P.Q.2d 1468 (T.T.A.B. 2017).

- (C) An additional finding of functionality came in *In re Grote Indus. v. Truck-Lite Co.*, 126 U.S.P.Q.2d 1197 (T.T.A.B. 2017), in which the Board affirmed a finding the following marks were unregistrable as functional for “lighting products for vehicles, namely, a combined stop-turn-tail lamp,” for “electric lighting fixtures, namely, lights for vehicles,” respectively:



- (D) Finally, the following claimed “zipper flange” marks for plastic bags fell victim to findings of functionality in a cancellation action:



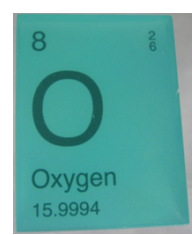
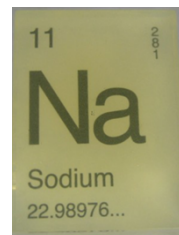
See *Poly-Am., L.P. v. Ill. Tool Works Inc.*, 124 U.S.P.Q.2d 1508 (T.T.A.B. 2017).

b. Aesthetic Nonfunctionality

- i. Opinions addressing claims of aesthetic functionality were comparatively infrequent, but they did occur. One came from the Sixth Circuit, which vacated the grant of a defense motion for summary judgment in a case turning on the protectability of a “knurling” pattern on adjustable telescopic rifle sights. See *Leapers, Inc. v. SMTS, LLC*, 879 F.3d 731 (6th Cir. 2018). The court introduced the subject by observing that “a party’s initial burden to show that a design lacks aesthetic functionality is not substantial; the

plaintiff need only show that the design is not a competitive necessity such that ‘exclusive use . . . would put competitors at a significant non-reputation related disadvantage.’” *Id.* at 737 (quoting *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 37 (2001)). It then credited the plaintiff’s showing that “competition in the rifle scope industry is not based on the visual appeal of knurling or of adjustment knobs more generally; instead, rifle scope manufacturers design their knobs in ways that allow them to be better gripped to perform the function of adjustment.” *Id.* at 739. It also found probative an expert report proffered by the plaintiff showing numerous alternative designs that the court determined “cast doubt on [the defendants’] assertion of a design constraint and would allow a jury to find that the variety of knurling patterns that can be applied to an adjustment knob is effectively unlimited” *Id.* The logical conclusion was that, “[f]inding no ‘scarcity’ or ‘depletion’ of available designs, the jury could then conclude that exclusive use of Plaintiff’s design would not put competitors at a significant, non-reputation related disadvantage.” *Id.*

- ii. A Kentucky federal district court rejected a defense argument that “a mere desire to match, alone, is sufficient for a finding of aesthetic functionality.” *Deere & Co. v. FIMCO Inc.*, 239 F. Supp. 3d 964, 1000 (W.D. Ky. 2017). That holding came in an action by Deere & Co. to protect marks consisting of the combination of the colors green and yellow.
- iii. In contrast, a New York federal district court delivered up the most aggressive finding of aesthetic functionality in recent memory, one that came as a matter of law on a motion to dismiss for failure to state a claim. *See Bubble Genius LLC v. Smith*, 239 F. Supp. 3d 586 (E.D.N.Y. 2017). The plaintiff before that court claimed trade dress protection in the appearance of bars of hand soap corresponding to entries on the periodic table of elements:



Citing standard Second Circuit authority, the court introduced its consideration of the defendant's motion by holding that "[a] product design is functional when certain features of the design are essential to effective competition in a particular market, *id.* at 594 (quoting *Cartier, Inc. v. Sardell Jewelry, Inc.*, 294 F. App'x 615, 620 (2d Cir. 2008)), and, additionally, "where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection." *Id.* (alteration omitted) (quoting *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc.*, 696 F.3d 206, 217 (2d Cir. 2012)). Narrowly defining the relevant market, it then held as a matter of law that "plaintiff's trade dress is aesthetically functional because it is purely ornamental, and the trade dress' design features are necessary for competition in the market for periodic table inspired novelty soaps." *Id.* at 595. Specifically, "competitors in this market would be placed at a 'significant non-reputation-related disadvantage' if plaintiff had exclusive rights to produce and sell soaps that mimic publicly available periodic tables." *Id.* at 597 (quoting *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 32 (2001)).

II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

A. Proving Actionable Uses in Commerce by Defendants

To trigger liability, each of the Lanham Act's statutory causes of action requires that a defendant use the challenged mark in commerce. *See* 15 U.S.C. §§ 1114, 1125(a), 1125(c), 1125(d)(1)(D) (2012).

1. The Ninth Circuit opined on the question of whether the unauthorized use of karaoke sound tracks constitutes an actionable use in commerce of the trademarks associated with them, with the court answering that question in the negative. *See Slep-Tone Entm't Corp. v. Wired for Sound Karaoke & DJ Servs., LLC*, 845 F.3d 1246, 1249-50 (9th Cir. 2017).
2. That holding was followed by one to similar effect by a New York federal district court. In contrast, a successful invocation of *Dastar* disposed of causes of action of a plaintiff engaged in the karaoke business. *See Phoenix Entm't Partners, LLC v. J-V Successors, Inc.*, No. 1:16-CV-9451-GHW, 2018 WL 1633848, at *4 (S.D.N.Y. Mar. 31, 2018).
3. In contrast, the owner of marks used in connection with contract staffing services not only escaped a motion to dismiss its challenge to alleged uses

in commerce of those marks by a competitor, it succeeded in proving the actionable nature of those uses on its own motion for a preliminary injunction. *See Express Franchise Servs., L.P. v. Impact Outsourcing Sols., Inc.*, 244 F. Supp. 3d 1368 (N.D. Ga. 2017). The Georgia federal district court hearing the action held as an initial matter that “the Eleventh Circuit has instructed that ‘[t]he term “use in commerce” as used in the Lanham Act denotes Congress’s authority under the Commerce Clause rather than an intent to limit the Lanham Act’s application to profit making activity.’” *Id.* at 1375 (alteration in original) (quoting *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1194 (11th Cir. 2001)). The court then held a number of the plaintiff’s allegations averments satisfied that standard, including those that the defendant had misleadingly: (1) described itself in postings aimed at job seekers as “part of a larger family of companies” that included the plaintiff, *quoted in id.* at 1376; (2) distributed training materials and seminar documents representing it had been working with the plaintiff to prepare a “career pathing program,” *quoted in id.*; and (3) displayed the plaintiff’s marks alongside its own marks when promoting webinars and at job fair booths. *Id.* at 1378.

B. Proving Likelihood of Confusion

1. As always, some defendants’ invitations to courts to resolve the likelihood-of-confusion inquiry on motions to dismiss for failure to state a claim generally failed. *See, e.g., YETI Coolers, LLC v. JDS Indus.*, No. 1:17-CV-424-RP, 2018 WL 1277752, at *3 (W.D. Tex. Mar. 12, 2018); *Military Certified Residential Specialist, LLC v. Fairway Indep. Mortg. Corp.*, 251 F. Supp. 3d 750, 756 (D. Del. 2017).
2. In contrast, one such motion succeeded after the court concluded the plaintiffs had failed to aver the defendants had used the exact mark covered by the plaintiffs’ registration. *See Old S. Apparel, LLC v. JEB Designs, Inc.*, 272 F. Supp. 3d 734, 738 (E.D.N.C. 2017) (“Plaintiffs possess a registered federal trademark in the term ‘Old South Apparel.’ But no such reproduction, counterfeit, copy or imitation of plaintiffs’ registered trademark is present here. Plaintiffs do not possess a registered federal trademark in ‘Old South,’ which is what was printed on the shirts in question.”).
3. Two tribunals adopted contrasting approaches to the question of whether likelihood of confusion can exist between a mark used in connection with goods and one used in connection with services.
 - a. Although acknowledging prior controlling authority reaching the contrary conclusion, the Eleventh Circuit questioned the existence of “any basis for extending service mark rights to goods.” *See*

Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc., 872 F.3d 1256, 1265 (11th Cir. 2017).

- b. In contrast, the Trademark Trial and Appeal Board properly concluded that confusion can indeed be likely between trademarks and service marks. *See Tao Licensing, LLC v. Bender Consulting Ltd. d/b/a Asian Pacific Beverages*, Cancellation No. 92057132, slip op. (T.T.A.B. Dec. 7, 2017) (precedential).
4. A North Carolina federal district court placed undue reliance on a certificate of registration proffered by the lead plaintiff before it. *See Old South Apparel, LLC v. JEB Designs, Inc.*, 272 F. Supp. 3d 734 (E.D.N.C. 2017). That registration was of the OLD SOUTH APPAREL mark for clothing, while the defendants had sold clothing bearing the OLD SOUTH mark. In dismissing the plaintiff's Section 32 cause of action for failure to state a claim, the court observed, "Plaintiffs possess a registered federal trademark in the term 'Old South Apparel.' But no such reproduction, counterfeit, copy or imitation of plaintiffs' registered trademark is present here. Plaintiffs do not possess a registered federal trademark in 'Old South,' which is what was printed on the shirts in question." *Id.* at 738.
5. The Fifth Circuit declined to hold that a defendant's continued use of a challenged mark after learning of the plaintiff's superior rights constitutes a bad-faith intent to infringe. *See Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440, 456 (5th Cir. 2017). As the court explained:

Intent to confuse cannot be inferred from [the defendant's] failure to investigate [the plaintiff] or otherwise take any action because [the plaintiff] offered no evidence that, after learning about [the plaintiff], [the defendant] did anything differently in an attempt to "pass off" its products as [the plaintiff's]. We have recognized that a company may have a non-nefarious intent in using a mark with awareness of the senior user's mark. And the majority rule amongst jurisdictions is that a defendant's continued use of a mark even after it receives a cease and desist letter cannot be construed as evidence of intent to confuse.

Id. at 456 (citations omitted).

6. The Fourth Circuit declined to hold that accusations by third parties that a defendant is infringing constitute evidence of actual confusion: Instead, it held, "[t]he reasonable inference from this evidence is not that consumers would confuse the [parties'] products but instead that they could differentiate between them." *Grayson O Co. v. Agadir Int'l LLC*, 856 F.3d 307, 320 (4th Cir. 2017).

7. The Federal Circuit has for years encouraged—often in sharply worded language—the Trademark Trial and Appeal Board to accept consent agreements submitted by applicants. *See, e.g., In re Four Seasons Hotels Ltd.*, 987 F.2d 1565, 1566 (Fed. Cir. 1993) (“Not for the first time, the misguided efforts of the PTO have led the Board to mistakenly take it upon itself to prove facts, quite unnecessarily and by reasoning entirely its own, to establish a case of likelihood of confusion when not asked to do so.”). Nevertheless, as the Board concluded, those opinions apply only when an applicant can proffer an actual written agreement: In the absence of such a document, the Board is not obligated to accept the applicant’s representations that an informal agreement exists between the applicant and a prior registrant. *See In re USA Warriors Ice Hockey Program, Inc.*, 122 U.S.P.Q.2d 1790 (T.T.A.B. 2017).
8. The Board confirmed that it lacks the authority to read a limitation into a prior-filed claim even if an examiner has improperly failed to require such a limitation. *In re Solid State Design Inc.*, 125 U.S.P.Q.2d 1409 (T.T.A.B. 2018). The prior-filed claim at issue was a registration reciting “downloadable mobile applications for mobile phones and mobile electronic devices, primarily software for travel and destination marketing organizations and travel marketing professionals” as its identification of goods. Although the applicant against whom the registration was cited argued that that, under the T.M.E.P., the identification of goods should have been narrowed during the registration process, the Board instead held that “[w]e fully acknowledge the issues arising from the unrestricted identification of goods in the registration, but we lack the authority to read limitations into the identification” *Id.* at 1414.
9. Having prevailed in an infringement action, one defendant sought to bootstrap its victory into a finding in the registration context that confusion was unlikely between its mark and that of the unsuccessful plaintiff, the latter of which was covered by a registration. *See In re FCA US LLC*, 126 U.S.P.Q.2d 1214 (T.T.A.B. 2018). The Board rejected the argument that the outcome in the earlier district court litigation should have dispositive effect with the explanation that:

Although there is some overlap between Applicant’s defense and counterclaims in the federal court action and the basis of refusal of Applicant’s application, they also raise discrete issues. In other words, the issues are not identical. In [the earlier action], Applicant, in the position of defendant, sought — and obtained — a finding that specific alleged marketplace activities did not infringe Registrant’s rights in [its] mark It also sought — but did not obtain — cancellation of the [cited] Registration and a more general declaration of noninfringement.

In the registration context, likelihood of confusion is determined by the marks, the goods and services, and the usages disclosed in the application and the cited registration. Evidence of actual marketplace usages that seeks to limit or alter the usages encompassed by the marks, goods and services, or usages listed in the application and registration are not considered in assessing likelihood-of-confusion in the registration context.

Id. at 1217.

C. Proving Passing Off and Reverse Passing Off

1. The Supreme Court’s opinion in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), did not bar a false advertising action before a California federal district court in which the defendants allegedly affixed a false copyright notice to a line of bobbleheads depicting Hillary Clinton in prison garb. *See Bobbleheads.com, LLC v. Wright Bros.*, 259 F. Supp. 3d 1087 (S.D. Cal. 2017). *Dastar* arose from an allegedly false claim the defendant owned the copyright covering of series of videos originally produced by the plaintiffs; in contrast, the copyright notice at issue before the California court appeared on the defendants’ website and read, “(c) Donald J. Trump.” *Quoted in id.* at 1096. The plaintiff’s complaint characterized the notice as part of a larger scheme by the defendants to create the false impression their bobbleheads had the endorsement of then-candidate Trump—the complaint also accused the defendants of claiming to produce “[t]he official bobble head doll of the 2016 Donald Trump Presidential campaign,” *quoted in id.* at 1093—and that proved dispositive in the court’s denial of the defendants’ motion to dismiss. Specifically, it held, “this claim of false endorsement is unrelated to the authorship or origin of Defendants’ bobbleheads, and thus *Dastar* does not bar Plaintiff’s Lanham Act claim.” *Id.*
2. The Ninth Circuit disposed of a claim of passing off brought by manufacturer of karaoke accompaniment tracks. *See Slep-Tone Entm’t Corp. v. Wired for Sound Karaoke & DJ Servs., LLC*, 845 F.3d 1246 (9th Cir. 2017). According to the plaintiff, the defendants’ practice of using the plaintiff’s registered marks in connection with unauthorized “media shifted” copies of tracks originating with the plaintiff constituted passing off. The Ninth Circuit, however, held that the plaintiff’s complaint alleged “possible confusion over the source of content,” rather than over the source of a tangible good. *Id.* at 1249. Even accepting the facts alleged in it as true, the complaint’s passing off cause of action therefore was fatally defective. *Id.* at 1250.

D. Proving Actual and Likely Dilution

1. Proving Mark Distinctiveness and Fame

- a. As always, many candidates for protection against likely dilution under the federal statute, 15 U.S.C. § 1125(c), failed to make the grade.
 - i. For example, one court went so far as to hold that the owner of the following mark for warranty programs had failed to state a claim of mark fame in its complaint:



- See TrueNorth Cos. v. TruNorth Warranty Plans of N. Am., LLC*, No. C17–31–LTS, 2018 WL 794700 (N.D. Iowa Feb. 21, 2018). As it explained, “[the plaintiff]’s allegations, even when accepted as true, fall well short of stating a plausible claim of mark dilution based on the “rigorous standard” of a famous mark.” *Id.* at *7.
- ii. Likewise, a California federal district court properly held that niche market fame is insufficient to qualify a mark for protection under Section 43(c). *See Aegis Software, Inc. v. 22nd Dist. Agric. Ass’n*, 255 F. Supp. 3d 1005 (S.D. Cal. 2017). In light of that threshold determination, the unregistered SAN DIEGO SPIRITS FESTIVAL and SAN DIEGO INTERNATIONAL SPIRITS BOTTLE COMPETITION marks for an annual specialty cocktail and spirits festival held in San Diego not surprisingly failed to make the grade. *Id.* at 1011.
 - iii. Similarly, a different California federal district court rejected a claim that the KING OF THE BEACH and QUEEN OF THE BEACH marks for volleyball tournaments and related goods were sufficiently famous to warrant federal protection. *See Miramar Brands Grp. v. Fonoimoana*, No. CV164224PSGRAOX, 2017 WL 2903256 (C.D. Cal. June 13, 2017). As the court noted in granting a defense motion for summary judgment on the issue:

Courts, however, have rejected similar arguments, finding that the mere existence

of federally registered trademarks and evidence of sales and advertising, is insufficient to raise a genuine dispute of fact about a mark's fame. Moreover, although [the plaintiff] attests that its marks are well-recognized among volleyball consumers and fans, [the plaintiff] has presented no consumer surveys or other evidence that its marks are recognized by the general consuming public.

Id. at *10 (citations omitted).

- iv. Yet another mark falling short of a finding of fame was the stylized mallard duck logo found in the following marks, registered by a waterfowl and wetlands conservation group for conservation services and “[s]uch goods [as] duck calls, hats, cups, coffee mugs, trailer hitch covers, knives, bags, cell phone covers, can koozies, firearms, and home décor”:



See Ducks Unlimited, Inc. v. Boondux, LLC, No. 214CV02885SHMTMP, 2017 WL 3579215, at *3, 4 (W.D. Tenn. Aug. 18, 2017). Noting that “[m]arks considered famous enough to be accorded protection under the TDRA include those owned by such brands as Buick, DuPont, Kodak, Budweiser, Camel, Nissan, Nike, Pepsi, Audi, and Victoria’s Secret,” *id.* at *35, the court determined the plaintiff’s marks were not in the same category. Specifically, it found from the summary judgment record that “[the plaintiff’s] corporate officers acknowledged that [the plaintiff] targets a specific niche audience. Both its target members and its target consumers include those interested in wetlands conservation, hunting, fishing, and the outdoors generally.” *Id.* at 36. Based on these and other considerations, it held as a matter of law that “[t]he [plaintiff’s] Logo is a strong mark that is worthy of protection against trademark infringement and other forms

of unfair competition. It is not, however, a famous mark under [federal law].” *Id.*

b. In contrast, other courts were more receptive to claims of mark fame.

i. For example, a Texas federal district court declined to find as a matter of law at the pleadings stage of the case before it that the configurations of the following insulated drinkware products were not so famous they could not possibly qualify for protection under Section 43(c):



See YETI Coolers, LLC v. JDS Indus., No. 1:17-CV-424-RP, 2018 WL 1277752, at *9 (W.D. Tex. Mar. 12, 2018)

ii. A jury found the following product designs famous for purposes of the federal statute, and the district court hearing the case declined to disturb that finding following post-trial briefing:



See Blumenthal Distrib., Inc. v. Herman Miller, Inc., No. EDCV1401926JAKSPX, 2017 WL 3271706, at *16-17 (C.D. Cal. Aug. 1, 2017).

2. Proving Liability

- a. In a dispute involving nontraditional marks, the defendant argued that the following shoe designs were so dissimilar that its design (shown below on the right) was unlikely as a matter of law to dilute the distinctiveness of the plaintiffs' design (shown below on the left):



See Adidas Am., Inc. v. Skechers USA, Inc., No. 3:15-CV-01741-HZ, 2017 WL 3319190 (D. Or. Aug. 3, 2017), *affirmed in part and rev'd in part*, No. 16-35204, 2018 WL 2142648 (9th Cir. May 10, 2018). The court disagreed, and it therefore denied the defendant's motion for summary judgment. *Id.* at *21-22.

- b. In contrast, a Texas federal district court rejected as a matter of law a claim that the allegedly famous mark for portable toilets shown on the left below was likely to be tarnished by the mark for directly competitive goods shown on the right:



See Texas Outhouse Inc. v. Fresh Can, LLC, No. 4:16-CV-01502, 2017 WL 3008590, at *5 (S.D. Tex. July 14, 2017) (granting defense motion for summary judgement because "Plaintiffs have provided no evidence showing harm to the reputation of their mark").

E. Proving Liability for Counterfeiting

1. Findings defendants have trafficked in counterfeit imitations of certification marks are rare, but a California federal district court reached such a conclusion as a matter of law in a case in which the defendants used UL's marks on their hoverboards without authorization. *See UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 608 (C.D. Cal. 2017).
2. In contrast, a New York federal district court found a counterfeiting cause of action so deficient as to merit dismissal at the pleadings stage. *See Fischer v. Forrest*, 122 U.S.P.Q.2d 1201 (S.D.N.Y. 2017). The basis of that disposition was the court's understandable determination the defendant's NATURAL HONEY HARVESTER mark for honey harvesting services was distinguishable as a matter of law from the plaintiff's registered BEE QUICK mark for the same services. *Id.* at 1206-07.
3. Another court rejected a claim of counterfeiting in a case in which there was no dispute the parties used the EVERLASTING LIFE mark in connection with a food market. *See Yah Kai World Wide Enters. v. Napper*, No. 11-cv-2174 (KBJ) (D.D.C. Feb. 21, 2018). It did so based on the differing presentations of the plaintiffs' registered mark, shown below on the left, and the defendant's mark, shown on the right:



As it explained, “[t]hese images do not come close to meeting the ‘identical’ or ‘substantially indistinguishable’ standard that characterizes a counterfeit mark.” *Id.* at *19.

4. In a case of first impression under Georgia law, the Supreme Court of Georgia held that a criminal defense attorney was not constitutionally ineffective when he advised defendant, a Nigerian citizen, that he “could be” deported, rather than informing him that he “would be” deported if he pled guilty to one count of offer for sale of counterfeit goods. *See State v. Aduka*, 812 S.E.2d 266, 270 (Ga. 2018).

F. Proving Cybersquatting

Where in personam actions are concerned, the Anticybersquatting Consumer Protection Act generally provides for civil liability if a plaintiff can prove (1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and

(3) the defendant acted with a bad-faith intent to profit from that mark. The last of these requirements is governed by nine factors found in Section 43(d)(1)(B)(i) of the Lanham Act, 15 U.S.C. § 1125(d)(1)(B)(i)(I)–(IX), and is subject to a carve-out found in Section 43(d)(1)(B)(ii), which provides that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.” *Id.* § (d)(1)(B)(ii).

1. One opinion interpreting the ACPA was decidedly pro-defendant. *See Ariel Invs., LLC v. Ariel Capital Advisors LLC*, 230 F. Supp. 3d 849 (N.D. Ill. 2017), *appeal dismissed*, No. 17-1504, 2017 WL 4003698 (7th Cir. Mar. 17, 2017), and *appeal dismissed*, No. 17-1516, 2017 WL 4174942 (7th Cir. June 20, 2017). The plaintiff owned a number of federally registered marks beginning with the word “Ariel,” under which it provided a family of mutual funds and other financial services, while the defendant offered personalized financial advice to individuals under the ARIEL CAPITAL ADVISORS mark. In denying the parties’ cross-motions for summary judgment on the plaintiff’s likelihood-of-confusion-based causes of action, the court found a factual dispute concerning the defendant’s intent based on the defendant’s knowledge of the plaintiff’s prior rights when adopting its mark, on the one hand, and testimony from the defendant’s principal he had named his company after his daughter and a ministry in which he and his wife participated, on the other. *Id.* at 864. That dispute did not preclude the defendant from prevailing on the plaintiff’s ACPA cause of action as a matter of law, though:

Cybersquatting typically occurs when a person registers a domain name of a well-known trademark and then attempts to profit from this either by “ransoming the domain name back to the trademark holder or by using the domain name to divert business from the trademark holder to the domain name holder.” [The plaintiff] cites its evidence that [the defendant’s principal] was aware of [the plaintiff] and its marks when he established [the defendant], but in the Court’s view this falls short of evidence from which a reasonable jury could infer a “bad faith intent to profit from” [the plaintiff’s] marks.

Id. at 865 (citation omitted) (quoting *DaimlerChrysler v. Net Inc.*, 388 F.3d 201, 204 (6th Cir. 2004)).

2. A second reported opinion granting a defense motion for summary judgment came from a Virginia federal district court. *See Valador, Inc. v. HTC Corp.*, 241 F. Supp. 3d 650 (E.D. Va. 2017). The plaintiff owned the VIVE mark for computer software applications facilitating three-dimensional presentations and for services related to that software, while

the defendants used the HTC HIVE mark for a headset capable of running virtual reality games. The defendants also had registered and were using three domain names based on their mark, namely, www.htcvive.com, www.vive.com, and www.viveport.com, and that led the plaintiff to assert a claim under the ACPA, as well as a more conventional one for infringement. The court disposed of both causes of action as a matter of law, concluding of the ACPA claim that “no reasonable juror, given the totality of circumstances as reflected in the undisputed factual record, could find that [the defendant] had a bad faith intent to profit from plaintiff’s mark.” *Id.* at 672. “To begin with,” the court found, “the undisputed record reflects that [the lead defendant] has intellectual property rights in, and independently selected, the ‘VIVE’ mark.” *Id.* The plaintiff similarly failed to identify a factual dispute concerning the lead defendants’ alleged intent to divert the plaintiff’s customers or the actual diversion of those customers. *Id.* Finally, there was no record evidence or testimony that the defendants ever had attempt to sell the disputed domain names to the plaintiff or that they had provided false information during the application process. *Id.* Thus, “[t]he undisputed factual record further confirms that HTC Corporation had a good faith basis for registering its domain names.” *Id.* at 673.

III. PROVING FALSE ADVERTISING

- A. Courts generally applied the standard five-part test for false advertising over the past year, requiring plaintiffs to show: (1) a false or misleading description of fact or representation of fact by the defendant in a commercial advertisement about its own or another’s good or service; (2) the materiality of the misrepresentation; (3) actual or likely deception of a substantial segment of its audience; (4) placement of misrepresentation in interstate commerce; and (5) actual or likely injury of the plaintiff, either by direct diversion of sales or by a lessening of goodwill associated with its products. *See, e.g., Verisign, Inc. v. XYZ.COM LLC*, 848 F.3d 292, 298–99 (4th Cir. 2017); *Fischer v. Stiglitz*, No. 4:16 CV 40075-TSH, 2018 WL 1477137, at *1 (D. Mass. Mar. 26, 2018); *Spruce Envtl. Techs., Inc. v. Festa Radon Techs., Co.*, 248 F. Supp. 3d 316, 320 (D. Mass. 2017).
- B. One court confirmed that a cause of action for false advertising will not lie if the challenged statement is objectively true. *See LuxSoma LLC v. Leg Res., Inc.*, 289 F. Supp. 3d 514, 526 (S.D.N.Y. 2018).
- C. The Third Circuit confirmed that a cause of action sounding in an alleged false association between the parties is inappropriately styled as one for false advertising. *See Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 226 (3d Cir. 2017).
- D. Adopting the minority rule among courts addressing the issue, one court held that “a false advertising claim under the Lanham Act that is grounded in or sounds in

fraud must meet the heightened pleading standards of Rule 9(b).” *Bobbleheads.com, LLC v. Wright Bros.*, 259 F. Supp. 3d 1087, 1094-95 (S.D. Cal. 2017).

- E. A threshold issue in any false advertising action is whether the defendant has made an actionable objectively verifiable statement of fact, or, alternatively, set forth an opinion or mere puffery, neither of which is actionable.
1. In affirming the dismissal of false advertising causes of action for failure to state claims, the Sixth Circuit concluded that photographs of meat and other items can constitute mere puffery. *See Wysong Corp. v. APN, Inc.*, No. 17-1975, 2018 WL 2050449 (6th Cir. May 3, 2018). That holding arose from a dispute between manufacturers of pet food in which the plaintiff accused the defendants of misrepresenting the nature and quality of their goods through photographs such as the following:



Specifically, the plaintiff argued that the appearance of the apparently high-quality ingredients on the defendants’ packaging misled consumers that those ingredients actually were incorporated into the defendants’ pet food, rather than the byproducts the food actually contained. According to the court:

[R]easonable consumers know that marketing involves some level of exaggeration—what the law calls “puffery.” Courts thus view Lanham Act claims challenging hyperbolic advertising with a skeptical eye. This is especially so where, as here, the challenged practice seems to be industry standard. Think, for instance, of the reasonable consumer at the fast-food drive-through. Does he expect that the hamburger he receives at the window will look just like the one pictured on the menu? Of course not. He knows that puffery is a fact of life. The same is true here. Without more facts and explanation than [the plaintiff’s] complaints provide, it is not

plausible that reasonable consumers believe most of the (cheap) dog food they encounter in the pet-food aisle is in fact made of the same sumptuous (and more costly) ingredients they find a few aisles over in the people-food sections. [The plaintiff's] allegations thus fail to nudge its theory of deception "across the line from conceivable to plausible."

Id. at *2 (citations omitted) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

2. The Fourth Circuit reached the same outcome in an appeal arising from a dispute between two registrars of top-level domain names. *See Verisign, Inc. v. XYZ.COM LLC*, 848 F.3d 292 (4th Cir. 2017). Seeking to spur demand for its .xyz top-level domain, the lead defendant and its principal (also a named defendant) questioned the availability of domain names from the plaintiff, the registrar of the .com top-level domain, with such statements as "[w]ith over 120 million .coms registered today, it's impossible to find the domain name you want" and "[a]ll the good real estate is taken. The only thing that's left is something with a dash or maybe three dashes and a couple of numbers in it." *Quoted in id.* at 297.
 - a. In the false advertising suit that followed, the Fourth Circuit affirmed the district court's grant of the defendants' motion for summary judgment. With respect to the first of the statements reproduced above, the court focused on the "indefinite nature referenced 'you' to hold that "[w]hether an anonymous 'you' can find the domain name of his or her choosing is not something that can be proven true or false." *Id.* at 303. "Instead," the court observed, "taken as a whole—with the exaggerated 'impossible' and the implied supposition about what 'you' might want—the statement conveys an opinion about consumer preferences, a blustery assertion of the subjective value (or lack thereof) of available .com names that qualifies as puffery, or some combination of the two." *Id.*
 - b. The same was true with respect to the defendants' "real estate" statement. Reading the two sentences comprising that statement together, the court concluded that "we think that the overall message must be construed as one of subjective opinion: The available .com names are not 'good' because they involve dashes and numbers." *Id.* Although the speaker "may have exaggerated" when he characterized "something with a dash or maybe three dashes and a couple of numbers in it" as the "only" .com domain names remaining, "that is precisely the kind of puffery or bluster on which no reasonable consumer would rely." *Id.* Moreover, that the statement had been spoken rendered it all the more puffery

because “when it comes to spoken statements . . . , which may be offered more casually than their written counterparts, we must take care not to label as ‘literally false’ what really is no more than a colloquial exaggeration, readily understood as such.” *Id.* The district court therefore had correctly dismissed the plaintiff’s challenge to the statements.

3. An Arizona federal district court similarly reached a determination of puffery in a case in which the defendant referred to its lighting product as a “genius idea” and “very elegant solution.” *See OptoLum, Inc. v. Cree, Inc.*, 244 F. Supp. 3d 1005 (D. Ariz. 2017). Moreover, the court concluded, “[t]he same is true with respect to [the defendant’s] assertion that its LED bulbs have the ‘look and feel’ of traditional lights, and its boasting about the bulbs’ ‘long useful life’ and ‘energy efficiency and low cost.’” *Id.* at 1011-12.

F. The Eleventh Circuit took a dim view of the attempts by a physician, his medical corporation, and his professional liability company to recover for false advertising allegedly contained in two articles by another physician criticizing the plaintiffs for using a drug in a manner not approved of by FDA. *See Tobinick v. Novella*, 848 F.3d 935 (11th Cir. 2017).

1. Apparently unaware of the Supreme Court’s holding in *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014), that direct competition is not a prerequisite for standing under Section 43(a), the court held as an initial matter that commercial advertising or promotion within the meaning of that statute included: (1) commercial speech; (2) by a defendant in direct competition with the plaintiff; (3) for the purpose of influencing consumers to buy the defendant’s goods and services; and (4) disseminated sufficiently to the relevant purchasing public to constitute advertising or promotion within that industry. *Tobinick*, 848 F.3d at 950. Then, with respect to the first of these four inquiries, the court held that whether the speech in question was, in fact, commercial turned on a separate tripartite test taking into account whether: (1) the defendant conceded the challenged speech consisted of an advertisement; (2) it referred to a specific product; and (3) the speaker had an economic motivation for distributing the challenged speech. *Id.*
2. The summary judgment record failed to create a factual dispute as to the noncommercial nature of the defendants’ speech, and the plaintiffs’ claim for false advertising necessarily failed as a result. Not only did the challenged not propose a commercial transaction, it failed to pass muster under each of the factors of the court’s three-part test. “First,” the court held, “[the defendants] do not concede the articles are advertisements, nor can they reasonably be construed as such.” *Id.* at 951. Second, the articles did not discuss any goods or services for sale by the defendants, but

instead only mentioned the lead defendant's medical practice for context. *Id.* Finally, the plaintiffs had not demonstrated an economic motivation by the defendants, even though the challenged articles were placed next to revenue-generating advertising; rather, "magazines and newspapers often have commercial purposes, but those purposes do not convert the individual articles within these editorial sources into commercial speech subject to Lanham Act liability." *Id.* at 952. The district court therefore properly had disposed of the plaintiffs' Section 43(a) claim as a matter of law. *Id.*

- G. In a battle arising in the literary world, one romance novelist unsuccessfully accused another of literally false advertising. *See Nunes v. Rushton*, No. 214CV00627JNPDBP, 2018 WL 1271446 (D. Utah Mar. 9, 2018). According to the plaintiff, the defendant had violated Section 43(a) by posting favorable online reviews of her own work while also posting negative reviews of the plaintiff's work. The court disagreed, and it granted summary judgment to the defendant:

[The defendant] did not misrepresent the essential characteristics of the books she reviewed. Instead, she claimed that her books were good while [the plaintiff's] books were boring and outdated. Such statements are a matter of opinion and cannot be proven true or false. Accordingly, the court finds that [the defendant's] online reviews are not literally false on their face or by necessary implication.

Id. at *15.

- H. One court held that the misuse of a copyright symbol could support a claim for false advertising. *See Bobbleheads.com, LLC v. Wright Bros.*, 259 F. Supp. 3d 1087, 1099 (S.D. Cal. 2017).

IV. PROVING RIGHT-OF-PUBLICITY VIOLATIONS AND FALSE ENDORSEMENT

- A. The Ninth Circuit affirmed a holding that Section 301(a) of the federal Copyright Act, 17 U.S.C. 301(a) (2012), preempted the claims of former NCAA student-athletes. *See Maloney v. T3Media, Inc.*, 853 F.3d 1004 (9th Cir. 2017). The plaintiffs in the appeal before that court were members of a basketball team that had won the Division III national championship game. They objected to the defendant's licensing of photographs taken during the game, which included their images. The district court granted the defendant's motion to strike the plaintiff's right of publicity cause of action in an application of the California anti-SLAPP statute, CAL. CIV. PROC. CODE § 425.16(b)(1), and the Ninth Circuit affirmed.
1. In the process, the latter tribunal rejected the plaintiffs' argument that photographs of individuals fell outside the scope of copyright protection for purposes of Section 301(a):

[A] publicity-right claim may proceed when a likeness is used non-consensually on merchandise or in advertising. But where a likeness has been captured in a copyrighted artistic visual work and the work itself is being distributed for personal use, a publicity-right claim is little more than a thinly disguised copyright claim because it seeks to hold a copyright holder liable for exercising his exclusive rights under the Copyright Act.

Maloney, 853 F.3d at 1016.

2. From there, it was a short step to the conclusion that “Plaintiffs’ position . . . would give the subject of every photograph a de facto veto over the artist’s rights under the Copyright Act, and destroy the *exclusivity* of rights that Congress sought to protect by enacting the Copyright Act.” *Id.* at 1019. Because “Plaintiffs . . . do not identify any use of their likenesses independent of the display, reproduction, and distribution of the copyrighted material in which they are depicted,” Section 301 preempted their California cause of action. *Id.*
- B. Whether the cause of action for false endorsement set forth in Section 43(a) can be asserted on a post-mortem basis historically has not attracted much judicial attention, but two courts addressed it.
1. Apparently because the defendants did not raise the issue, one court allowed such a post-mortem cause of action to proceed. *See Estate of Barré v. Carter*, 272 F. Supp. 3d 906, 940-44 (E.D. La. 2017).
 2. In contrast, a Minnesota federal district court squarely addressed the question of whether the right of publicity cause of action under the law of that state was descendible. *See Paisley Park Enters. v. Boxill*, No. 17-CV-1212 (WMW/TNL), 2017 WL 4857945 (D. Minn. Oct. 26, 2017). The court concluded it was, and it therefore allowed the successor in interest to the entertainer Prince to challenge the release of recordings of musical performances by him that were not released during his lifetime. *Id.* at *4-6.
- C. Somewhat unusually, one court dismissed a claim of false endorsement under Section 43(a) at the pleadings stage. *See Fischer v. Stiglitz*, No. 4:16 CV 40075-TSH, 2018 WL 1477137 (D. Mass. Mar. 26, 2018). The case before that tribunal originated in an email, allegedly from the plaintiff, that criticized a book on beekeeping authored by the lead defendant. Claiming he had not drafted the email, the plaintiff argued the defendants’ dissemination of it violated Section 43(a), but the court disagreed, concluding instead that “I do not find that any of the complained of postings would have confused online participants as to any affiliation of [Plaintiff] with the Defendants. Most of the references to [Plaintiff] reflect only his disapproval of the Defendants’ methods, and there is no intimation

that [Plaintiff] endorsed any goods or services.” *Id.* at *1. The plaintiff’s corresponding cause of action under Massachusetts law suffered the same fate. *Id.* at *2.

- D. Of course, not all courts chose to reach final decisions on the merits of the Section 43(a) claims before them. One such claim arose after Beyoncé sampled two YouTube videos created by performance comedian and music artist Anthony Barré and incorporated snippets of them into her song *Formation*. *See Estate of Barré v. Carter*, 272 F. Supp. 3d 906 (E.D. La. 2017). In the lawsuit that followed, Barré’s estate and his heir coupled allegations of copyright infringement with a Section 43(a) cause of action. Beyoncé and her co-defendants moved to dismiss that cause of action on two theories, namely, that the brief use of a copyrighted work did not imply an affiliation with the creator of that work and that performers such as Barré could not assert trademark rights in a performance. The court denied the motion, relying on the plaintiffs’ allegations that the defendants had misappropriated Barré’s actual voice at times and imitated it at others in a way creating confusion as to whether Barré and his estate were involved with or endorsed the defendants’ work. “Accordingly,” the found, “Plaintiffs have alleged sufficient facts to state a claim for false endorsement under the Lanham Act.” *Id.* at 944.

V. CONSTITUTIONAL ISSUES

A. The First Amendment

1. For only the second time in the history of the republic, the Supreme Court invoked the Constitution to invalidate an intellectual property statute, namely, the prohibition on the registration of potentially disparaging matter found in Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a) (2012). *See Matal v. Tam*, 137 S. Ct. 1744 (2017).
 - a. *Tam* arose from the USPTO’s rejection of an application to register the mark THE SLANTS for entertainment services because the mark potentially disparaged Asian-Americans despite the membership of the applicant, Simon Tam, in that group. In an appeal from that action, the full Federal Circuit invalidated Section 2(a)’s “may disparage” prohibition as fatally inconsistent with the First Amendment. *See In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015) (en banc), *as corrected* (Feb. 11, 2016), *affirmed sub nom. Matal v. Tam*, 137 S. Ct. 1744 (2017). Despite the absence of a circuit split, the Supreme Court agreed to answer the following question: “Whether the disparagement provision in 15 U.S.C. [§] 1052(a) is facially invalid under the Free Speech Clause of the First Amendment.” Brief for the Petitioner at i, *Matal v. Tam*, 137 S. Ct. 1744 (2017).

- b. The Supreme Court affirmed. As an initial matter, the Court unanimously rejected Tam’s argument that Section 2(a)’s reference to “persons” did not apply to racial and ethnic groups, noting such a reading would be inconsistent with the rest of the clause, which also applies to “institutions” and “beliefs,” and would lead to absurd results. *Tam*, 137 S. Ct. at 1756 n.4. The Court’s opinion also confirmed several basic propositions of trademark law, including that (1) a determination of mark unregistrability does not restrict the mark owner’s right to use the mark in commerce; and (2) such a determination also does not mean the mark at issue is ineligible for registration on the USPTO’s Principal Register does not necessarily render that mark invalid and unprotectable; but also that (3) owners of marks registered on the Principal Register enjoy certain substantive and procedural advantages in litigation to protect their marks that are unavailable to the owners of unregistered marks. *Id.* at 1752-53.
- c. The Court then addressed whether the decision to register a particular mark constitutes government speech immune from First Amendment scrutiny. The Court unanimously held it does not, calling the argument “far-fetched.” *Id.* at 1758. In doing so, the Court distinguished its earlier opinion in *Walker v. Texas Division, Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239 (2015), in which it had classified messages on specialty license plates as government speech. The Court determined none of the elements present in *Walker*—the states’ long-standing practice of using license plates to convey messages, the public’s identification of license plates with states, and the states’ direct control over the messages conveyed on specialty plates—was present in *Tam*. *Tam*, 137 S. Ct. at 1760.
- d. Just as all Justices agreed on these points and that the statutory language at issue therefore was subject to First Amendment scrutiny, they were also unanimous that the portion of Section 2(a) at issue was not viewpoint-neutral, even if it evenhandedly prohibited the potential disparagement of all groups. To Justices Kennedy, Ginsberg, Sotomayor, and Kagan, the lack of viewpoint neutrality meant the prohibition on registration necessarily invoked “heightened scrutiny.” *Tam*, 137 S. Ct. at 1767 (Kennedy, J., concurring in part and concurring in the judgment). They would have held the prohibition invalid without additional analysis, despite the commercial nature of trademarks: “Unlike content based discrimination, discrimination based on viewpoint, including a regulation that targets speech for its offensiveness, remains of serious concern in the commercial context.” *Id.* at 1766.

- e. In contrast, Justice Alito, joined by Chief Justice Roberts and Justices Thomas and Breyer addressed “the Government’s argument that this case is governed by cases in which this Court has upheld the constitutionality of government programs that subsidized speech expressing a particular viewpoint.” *Matal v. Tam*, 137 S. Ct. 1744, 1760 (2017) (opinion of Alito, J.).
 - i. Alito’s opinion rejected the assertion that government programs subsidizing speech expressing a particular viewpoint are necessarily constitutional. Alito distinguished prior case law from the Court suggesting otherwise, noting that “the decisions on which the Government relies all involved cash subsidies or their equivalent,” *id.*, while the subsidy the government claimed in this case was the non-monetary benefit of trademark registration. Alito also rejected the government’s attempt to create a “government program” doctrine under which to analyze the disparagement clause, concluding, similar to Kennedy, the issue to be a simple matter: Viewpoint-based discrimination is impermissible. *Id.* at 1763.
 - ii. Finally, Alito considered whether trademarks are commercial speech, and thus if restrictions on their registrability should receive a lower level of scrutiny under *Central Hudson Gas & Electric Corp. v. Public Service Comm’n of New York*, 447 U.S. 557 (1980). Nevertheless, Alito’s opinion did not decide whether trademarks qualified for that treatment, determining only that, if so, the potential disparagement clause could not withstand even *Central Hudson* review, which requires that a restriction on commercial speech serve “a substantial interest” and be “narrowly drawn.” *Id.* at 1764. Alito concluded the disparagement clause was neither, writing that any intention to prevent offense “strikes at the heart of the First Amendment” and that, in any event, the statutory language could not be “narrowly drawn” to exclude from registration marks that support “invidious discrimination.” *Id.* at 1764-65. Significantly, however, Alito and the three Justices joining his opinion expressly left open “the question whether *Central Hudson* provides the appropriate test for deciding free speech challenges to provisions of the Lanham Act.” *Id.* at 1764 n.17. Consequently, not a single Justice fully committed himself or herself to *Central Hudson*’s viability in this context.

2. Within a few months of the Supreme Court’s invalidation of the prohibition against registration of potentially disparaging marks, the Federal Circuit similarly invalidated Section 2(a)’s corresponding prohibition on the registration of immoral and scandalous marks. *See In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017). It did so in an appeal from the USPTO’s rejection of an application to register the FUCT mark for various items of apparel.

- a. Although the government argued the prohibition was not viewpoint discriminatory as was the prohibition at issue in *Tam*, that contention failed to sway the court. Rather:

While different provisions of the Lanham Act may appropriately be classified as targeting a mark’s source-identifying information—for example, § 2(e)’s bar on registering marks that are “merely descriptive” or “geographically descriptive”—the immoral or scandalous provision targets a mark’s expressive message, which is separate and distinct from the commercial purpose of a mark as a source identifier.

Id. at 1349.

- b. Moreover, even if the prohibition was merely content-discriminatory, it could not be justified under the intermediate scrutiny test applicable to commercial speech set out in *Central Hudson Gas & Electric Corp. v. Public Service Commission*, 447 U.S. 557 (1980). Specifically:
 - i. the government could not demonstrate a substantial interest underlying the prohibition because:
 - (A) “the government does not have a substantial interest in promoting certain trademarks over others,” *Brunetti*, 877 F.3d at 1350;
 - (B) “the government’s general interest in protecting the public from marks it deems ‘off-putting,’ whether to protect the general public or the government itself, is not a substantial interest justifying broad suppression of speech,” *id.* at 1351; and
 - (C) “the government does not have a substantial interest in protecting the public from scandalousness and profanities,” *id.* at 1352;

- ii. the prohibition did not advance the asserted interest (whatever that might be) because marks denied registration under it could still be used in commerce, *id.* at 1353; and
 - iii. the USPTO's inconsistent application of the prohibition meant it could not be considered narrowly tailored. *Id.* at 1353-54.
3. A panel of the California Court of Appeal invoked the First Amendment while affirming the dismissal of *Gone With the Wind* star Olivia de Havilland's persona-based challenge to a television miniseries depicting de Havilland's alleged rivalry with another actress. *See de Havilland v. FX Networks, LLC*, 230 Cal. Rptr. 3d 625 (Ct. App. 2018). As the court explained:

Producers of films and television programs may enter into agreements with individuals portrayed in those works for a variety of reasons, including access to the person's recollections or "story" the producers would not otherwise have, or a desire to avoid litigation for a reasonable fee. But the First Amendment simply does not require such acquisition agreements.

Id. at 639.

4. The Ninth Circuit has long applied the Second Circuit's test for liability in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), in cases involving artistic works, and the court did so in a declaratory judgment action for noninfringement brought by the producers of a television series named *Empire*, which chronicled the story of a music mogul. *See Twentieth Century Fox Television v. Empire Distrib. Inc.*, 875 F.3d 1192 (9th Cir. 2017).
- a. The counterclaim plaintiff alleged the title violated its rights to the EMPIRE, EMPIRE DISTRIBUTION, EMPIRE PUBLISHING, and EMPIRE RECORDINGS marks, used in connection with music production and distribution services. Affirming the counterclaim defendants' victory on summary judgment, the court invoked *Rogers* to hold the counterclaim defendants' title nonactionable unless it had no artistic relevance to the underlying work or, it had some artistic relevance, unless it explicitly misled consumers as to the source or content of the series, *id.* at 1196; neither circumstance, the court held, was present in the case before it.
 - b. This outcome required the court to address three arguments by the counterclaim plaintiff that distinguished the case from the average

application of *Rogers*. First, the counterclaim defendants asserted that *Rogers* did not apply because the counterclaim defendants allegedly had used the EMPIRE mark “as an umbrella brand to promote and sell music and other commercial products,” *Quoted in id.* at 1196. but the court held instead that “[a]lthough it is true that these promotional efforts technically fall outside the title or body of an expressive work, it requires only a minor logical extension of the reasoning of *Rogers* to hold that works protected under its test may be advertised and marketed by name, and we so hold.” *Id.* at 1196-97. The counterclaim defendants next argued that the first prong of the *Rogers* test required the counterclaim defendants’ work to refer to the counterclaim plaintiff, which the court rejected because “[t]his referential requirement does not appear in the text of the *Rogers* test, and such a requirement would be inconsistent with the purpose of the first prong of *Rogers*.” *Id.* at 1198. The counterclaim plaintiff’s final argument—one whose applicability to the facts of the case was unclear—rested on a footnote in *Rogers* suggesting the holding of that case did not apply in disputes involving allegedly conflicting titles (as opposed to allegedly conflicting titles and marks), *Rogers*, 875 F.2d at 999 n.5; that footnote, the Ninth Circuit observed, “may be ill-advised or unnecessary” and in any case conflicted with the court’s own precedents. *Twentieth Century Fox*, 875 F.3d at 1197.

5. *Rogers* also proved the downfall of a challenge brought by Seuss Enterprises to a one-woman play styled as a parody of the classic Dr. Seuss book, *How the Grinch Stole Christmas*. See *Lombardo v. Dr. Seuss Enters.*, 279 F. Supp. 3d 497 (S.D.N.Y. 2017). The play was written in Seuss-like verse, and the court viewed the assertion that that convention violated Seuss Enterprises’ trademark rights with skepticism. Nevertheless, it also concluded those associated with the play were entitled to judgment on the pleadings. In its estimation, “the *Rogers* balancing test in the context of parody . . . ‘allows greater latitude for works such as parodies, in which expression, and not commercial exploitation of another’s trademark, is the primary intent, and in which there is a need to evoke the original work being parodied.’” *Id.* at 514 (quoting *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Grp.*, 886 F.2d 490, 495 (2d Cir. 1989)).
6. Not all applications of *Rogers* disposed of allegations of liability. When Beyoncé sampled two YouTube videos created by performance comedian and music artist Anthony Barré and incorporated snippets of them into her song *Formation*, the result was a lawsuit by Barré’s estate and his heir. *Estate of Barré v. Carter*, 272 F. Supp. 3d 906 (E.D. La. 2017). Beyoncé and her co-defendants invoked *Rogers*, and argued in a motion to dismiss that the unauthorized borrowing was protected by the First Amendment’s

right to free speech. Notwithstanding the notorious difficulty faced by plaintiffs seeking to satisfy the *Rogers* test on the merits, the court declined to decide the issue at the pleadings stage. Instead, it court concluded that “[h]ere, Plaintiffs have sufficiently alleged that Defendants’ use of Anthony Barré’s voice and words ‘explicitly misleads as to the source or content of the work,’ and thus the *Rogers* test does not bar their Lanham Act claim.” *Estate of Barré*, 272 F. Supp. 3d at 945.

B. The Seventh Amendment

Two courts addressed the issue of whether the request for an accounting of profits by a prevailing plaintiff triggers a right to a jury trial under the Seventh Amendment. Both reached the same conclusion.

1. In *Tiffany & Co. v. Costco Wholesale Corp.*, 274 F. Supp. 3d 216 (S.D.N.Y. 2017), the court noted the absence of controlling authority on point but nevertheless concluded that, because an accounting is an equitable remedy, no right to a jury trial exists when that remedy is requested. *Id.* at 220.
2. Likewise, the second court concluded that “[a] request for accounting and disgorgement . . . does not give rise to the right to a jury trial [because] disgorgement is an equitable remedy, and “the specific issue of profit determination cannot be said to be traditionally tried to a jury.” *JL Beverage Co., LLC v. Beam Inc.*, No. 211CV00417MMDCWH, 2017 WL 5158661, at *2 (D. Nev. Nov. 7, 2017) (quoting *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1075 (9th Cir. 2015)).

VI. DEFENSES

A. Abandonment

Trademark law contemplates two scenarios in which a mark owner can lose the rights to its mark through abandonment: (1) a discontinuance of use coupled with an intent not to resume use; and (2) conduct by the mark owner that causes the mark to lose its significance as an indicator of source, *e.g.*, the grant of so-called “naked licenses,” under which the mark owner does not control the nature and quality of the goods and services provided under the licensed mark.

1. Abandonment Through Nonuse

- a. A Florida federal district court declined to reach a finding of abandonment after a bench trial. *See Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017). The trial record established that the counterclaim plaintiff, which owned a registration of a mark putatively used in connection with a variety of clothing items, had at times run out of certain of those

goods. Over the counterclaim defendant's objections, the court found that circumstance could not support a finding of abandonment: "[T]he Court is not persuaded that [the counterclaim plaintiff] abandoned [its] Mark by failing to keep in stock all of the goods listed in its trademark registration, so long as [the counterclaim plaintiff] intended to sell those goods within the reasonably foreseeable future." *Id.* at 1364.

- b. Although the Board acknowledged that the testimony of single witness could, at least in theory, rebut prima facie evidence of abandonment through nonuse, that would not be the case if the witness's testimony was "characterized by contradictions, inconsistencies, and indefiniteness." *Executive Coach Builders, Inc. v. SPV Coach Co.*, 123 U.S.P.Q.2d 1175, 1184 (T.T.A.B. 2017) (quoting *B.R. Baker Co. v. Lebow Bros.*, 150 F.2d 580, 583 (C.C.P.A. 1945)). The particular testimony before the Board failed to make the grade; indeed, to the contrary, the Board found it "indefinite and internally inconsistent; unsupported by documentary evidence; and contradicted by the documentary evidence that is of record, as well as by the clear and consistent testimony of eight other trial witnesses." *Id.*
- c. In another case in which the Board reached a finding of abandonment, the petitioner for cancellation successfully established that the registered mark in question had not been used for three years, a showing that constituted prima facie evidence of abandonment. *See Yazhong Inv. Ltd. v. Multi-Media Tech. Ventures, Ltd.*, No. 92056548, 2018 WL 2113778 (T.T.A.B. May 7, 2018) (precedential). The respondent introduced responsive declaration testimony by its principal, but the Board rejected it because:

The statement by [the witness] in his declaration that Respondent's predecessor . . . never had an intention to abandon the mark is of little importance. For the intent element of abandonment under the Trademark Act, the relevant question is not whether Respondent intended to abandon the mark, but whether or not it intended to resume use. Thus, to support a finding of intent to resume use of the mark, the owner must do more than simply assert a vague, unsubstantiated intent to make use of the mark at some unspecified time in the future. Rather, the owner must build a record "with respect to what activities it engaged in during the nonuse period or what outside events occurred from which

an intent to resume use during the nonuse period may reasonably be inferred.”

Id. at *12 (citations omitted) (quoting *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 1581 (Fed. Cir. 1990)).

2. Abandonment Through Naked Licensing

- a. Rejecting a claim of naked licensing, one court confirmed a licensor need not inspect the final merchandise produced under the license to avoid a finding of a naked license. *See LPD New York, LLC v. adidas Am., Inc.*, No. 15CV6360MKBRLM, 2017 WL 6312849 (E.D.N.Y. Dec. 11, 2017). Rather, a finding of abandonment under this theory requires a showing the licensor exercised no control over the goods’ production. *Id.* at *6, 10.
- b. In another case in which a naked licensing-based claim of abandonment fell short, the defendants produced newspapers under the licensed mark. *See Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061 (C.D. Cal. 2017). Although the defendants argued the plaintiff had not exercised any control over the nature and quality of the newspapers, the court found otherwise based on the receipt of each issue by companies controlled by the plaintiff.
- c. Finally, one New York federal district court rejected a naked licensing-based challenge in a case arising out of the decades-long conflict over the rights to the VILLAGE PEOPLE marks for entertainment services and related goods. *See Can’t Stop Prods., Inc. v. Sixxvux, Ltd.*, No. 17-CV-6513 (CS), 2018 WL 1684413 (S.D.N.Y. Mar. 6, 2018). The plaintiff, which owned rights to the marks, previously had licensed the defendants to use them in an oral transaction before revoking the license in favor of another licensee. In pursuing a preliminary injunction against the plaintiff’s alleged interference with their use of the marks, the defendants argued the plaintiff had failed to exercise any control over the quality of their performances.
 - i. Addressing the issue of whether it should apply the doctrine as a matter of policy, the court noted that:

Here, the record shows and the parties agree that Defendants at all times produced a high-quality product with which Plaintiff was happy, and thus the public was not at risk of being misled or of obtaining a lower-quality product from Defendants than it would have

gotten from Plaintiff. The absence of any alleged quality deficiency in Defendants' use of the Village People marks demonstrates that the public interest served by their naked-licensing challenge is minimal.

Id. at *7. "On the other hand," the court noted, "there is [a] strong public interest in protecting the reliance that contracts induce." *Id.* at *8 (alteration in original) (quoting *HSW Enters. v. Woo Lae Oak, Inc.*, No. 08-CV-8476, 2009 WL 4823920, at *4 (S.D.N.Y. Dec. 15, 2009). Consequently, there were no policy-based obstacles to barring the defendants from challenging the validity of the plaintiff's marks.

- ii. Turning to the merits of the defendants' attack on the license, the court found it unconvincing. To begin with, the absence of an express quality-control provision in the oral license was of no consequence because "there is no requirement that a licensing agreement expressly provide for quality control." *Id.* at *9. Moreover, the preliminary injunction record was replete with examples of the Plaintiff's actual control over the quality of the defendants' performances. For example, "[u]ndisputed testimony shows that Plaintiff and its agents monitored Defendants' performances by attending live shows; reviewing media content on the Internet; and requiring that new members sign contracts and that Defendants periodically provide itineraries and set lists for upcoming performances." *Id.* at *11. Moreover, "Plaintiff remixed the backing tracks used in Defendants' performances to promote the sound quality of their shows and made other efforts to ensure that Defendants were well-received during their tours." *Id.* Finally:

The evidence further demonstrates that Defendants' performances as Village People were consistent with the original Village People performances and did not change in a significant manner during the license period, adhering to the artistic vision of its founders . . . and the essentials of the showmanship that originally made Village People so popular. Although Defendants modestly modified their costumes and choreography

over the years, they retained the six Village People characters and dance numbers, and, by all accounts, never strayed far from the manner in which Plaintiff wanted the marks to be utilized.

Id. The defendants therefore did not deserve the preliminary injunction they sought.

B. Laches

1. One court offered the following standard explanation of the test for laches:

The equitable defense of estoppel by laches may be applied to bar claims for trade dress or trademark infringement brought under the Lanham Act. Though the doctrine is an equitable doctrine that should be applied flexibly, a defendant must demonstrate the presence of three elements in order to successfully assert laches as a defense: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted.

Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC, 256 F. Supp. 3d 1248, 1254 (N.D. Ala. 2017) (quoting *Kason Indus. v. Component Hardware Grp.*, 120 F.3d 1199, 1203 (11th Cir. 1997)).

2. A Kentucky federal district court properly recognized that laches is a personal defense: Accordingly, a plaintiff's delay in challenging a third party is irrelevant to the laches inquiry unless the defendant asserting laches is in privity with that third party. *See Deere & Co. v. FIMCO Inc.*, 239 F. Supp. 3d 964, 103-05 (W.D. Ky. 2017).
3. The Trademark Trial and Appeal Board rarely reaches findings of laches in the cancellation context, but it did so in *TPI Holdings, Inc. v. TrailerTrader.com, LLC*, No. 92064976, 2018 WL 1942229 (T.T.A.B. April 24, 2018) (precedential), based on the petitioner's four-year delay in challenging the respondent's registration.

C. Acquiescence

1. Most courts applied the standard test for acquiescence, namely, whether: (1) the senior user actively represented it would not assert a claim; (2) the senior user's delay between the representation and the assertion of its claim was inexcusable; and (3) the delay was inexcusable. *See, e.g., Covertch Fabricating, Inc. v. TVM Bldg. Prod., Inc.*, 855 F.3d 163, 175 (3d Cir. 2017).

2. One adopted a forgiving approach a claim of acquiescence in a case in which the defendant could not point to an affirmative assurance of consent to the defendant's alleged infringement. *See Deere & Co. v. FIMCO Inc.*, 239 F. Supp. 3d 964 (W.D. Ky. 2017). Instead, the defendant argued that the parties had promoted their goods at the same trade shows and that "company representatives 'were always walking around' at the shows looking at other companies' booths." *Id.* at 1005. Moreover, it claimed, its sales personnel often took product brochures and information on its goods when visiting the plaintiff's dealerships. Although the plaintiff denied any of its employees with responsibility for trademark enforcement had knowledge of the defendant's conduct, the court declined to accept that testimony at face value for purposes of the plaintiff's motion for summary judgment on the issue. Rather, it concluded:

Drawing all inferences in favor of [the defendant] as the nonmoving party, the Court is persuaded that a reasonable fact finder could find that [the plaintiff] was aware of [the defendant's] use . . . prior to 2011 [when the plaintiff first objected to that use] such that its failure to assert its rights amounted to an implied assertion that it would not assert those rights, or "intentional misleading silence."

Id. at 1006 (citation omitted) (quoting *Nartron Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 412 (6th Cir. 2002)).

3. A more convincing gesture of consent underlay an actual holding of acquiescence on the merits. *See Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 239 F. Supp. 3d 1128 (D.S.D. 2017). During a jury trial, the defendants presented evidence and testimony the plaintiff had for over years purchased goods bearing allegedly the infringing marks and resold them in its own gift shop. That action and the plaintiff's subsequent failure to file suit for four years and ten months after sending a demand letter to the defendants constituted both implied consent and the requisite delay, leaving only the question of whether the defendants had relied on the plaintiff's inaction to their detriment. The court found they had, concluding:

[The lead defendant] expanded its employee workforce from only family members to 20 employees by the time of the complaint] and invested heavily in its [branded] products. The evidence shows it was more probable than not had [the plaintiff and its predecessor] asserted their rights back in 1999 [when the plaintiff's purchases began] or shortly thereafter, the growth and expansion by the . . . defendants would not have occurred to the extent it did. The . . . defendants have shown significant prejudice.

Id. at 1155 (citations omitted). Significantly, however, the plaintiff's acquiescence barred only its recovery of monetary, and not injunctive, relief. *Id.* at 1162.

D. Unclean Hands

1. One assertion of unclean hands failed when the plaintiff asserting could not adduce supporting evidence or testimony other than its showing the defendants had infringed its marks in the first place. *See Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, 239 F. Supp. 3d 1128 (D.S.D. 2017). According to the plaintiff, that showing barred the defendants from prevailing on their equitable defenses, but the court disagreed. Crediting the defendants' proof of myriad third-party users of similar marks and of their belief the salient component of the plaintiff's mark was generic, the court explained:

[A] defendant's mere awareness of a plaintiff's claim to the same mark . . . [does not] establish[] the bad intent necessary to preclude the availability of the laches defense. . . . The plaintiff's burden, therefore, is heavy. To foreclose the laches and acquiescence defenses, the plaintiff must offer something more than mere objective evidence to demonstrate that the defendant employed the allegedly infringing mark with the wrongful intent of capitalizing on its goodwill.

Id. at 1161 (alterations in original) (quoting *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985)).

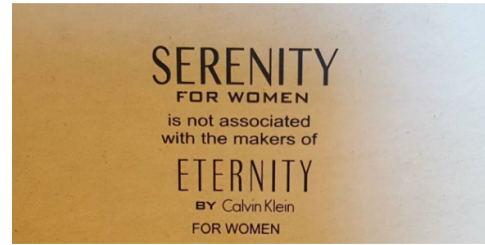
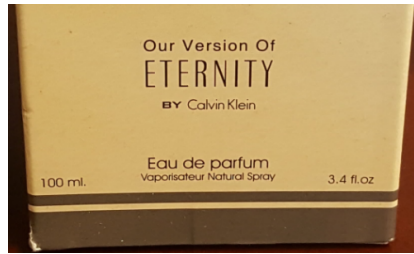
2. In a rare example of the successful invocation of the unclean hands doctrine, at least in response to a motion for summary judgment, the defendant in a false advertising action demonstrated the plaintiff had engaged in precisely the same advertising in which the defendant had engaged. *See, Spruce Envtl. Techs., Inc. v. Festa Radon Techs., Co.*, 248 F. Supp. 3d 316 (D. Mass. 2017). As the court explained, "because [the plaintiff] has engaged in misconduct directly related to the equitable relations between the parties and the merits of this case, [its false advertising] claim is barred by the doctrine of unclean hands and summary judgment is unwarranted." *Id.* at 322.
3. A Utah federal district court held that "the unclean hands defense only applies to claims for equitable relief." *Cornaby's LLC v. Carnet, LLC*, No. 214CV00462JNPDBP, 2017 WL 3503669, at *10 (D. Utah Aug. 15, 2017), *reconsideration denied*, No. 214CV00462JNPDBP, 2017 WL 4772416 (D. Utah Oct. 20, 2017). As a consequence, it could not be invoked to bar the recovery of the legal remedy of an award of actual damages. *Id.*

E. Descriptive Fair Use

1. In an opinion vacating the grant of a defense motion for summary judgment, the Ninth Circuit distinguished between the issue of the defendant's intent for purposes of the infringement inquiry, on the one hand, and for purposes of the affirmative defense of descriptive fair use: "In fair use, good faith is an element of the defense, not merely a factor to consider when it is relevant in a given case." *Marketquest Grp. v. BIC Corp.*, 862 F.3d 927, 937 (9th Cir. 2017). In the process, it reminded the district court that "[w]hile summary judgment on the fair use defense in a trademark case is possible, we reiterate that 'summary judgment is generally disfavored' in trademark cases, due to 'the intensely factual nature of trademark disputes.'" *Id.* at 934 (quoting *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1031 (9th Cir. 2010)).
2. Another opinion served up a reminder that non-trademark use is a prerequisite for the successful assertion of the descriptive fair use defense. *See adidas Am., Inc. v. Skechers USA, Inc.*, No. 3:15-CV-01741-HZ, 2017 WL 3319190 (D. Or. Aug. 3, 2017). Based on undisputed evidence the challenged use was, in fact, in the nature of a trademark, it therefore held the plaintiffs entitled to prevail on the defense as a matter of law. *Id.* at *22.

F. Nominative Fair Use

1. With the Supreme Court declining to review and resolve the issue, *see Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 137 S. Ct. 624 (2017) (denying petition for writ of certiorari), the nature of the nominative fair use doctrine continued to confuse courts. Although the Ninth Circuit previously has held the doctrine is something for plaintiffs to overcome as part of their prima facie cases of liability, *see Toyota Motor Sales v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010), a California federal district court characterized it as an affirmative defense. *See UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 612 (C.D. Cal. 2017).
2. In *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017), the court struck a blow against producers of imitation perfumes styled as "our versions" of leading brands. The following graphics are representative examples of packaging produced by the defendants and featuring that language and a disclaimer of affiliation with the leading brand being emulated:



The court did not agree with the defendants they had merely made nominative fair uses of the plaintiffs' marks, and it therefore granted the plaintiffs' motion for summary judgment. The court explained this outcome in the following manner:

[T]he manner in which [the defendant] displays [the lead plaintiff's] source identifiers belies its argument that it is merely using the marks to inform consumers that it is not the manufacturer of the original fragrance. [The defendant's] fair use argument would be on firmer ground if it sold its fragrances in generic bottles and cartons, picked fragrance names that were unrelated to any of [the lead plaintiff's], included its disclaimers without prominently displaying [the lead plaintiff's] typesetting or marks, and marketed its own brand on the packaging in a noticeable manner. But it did none of that. Instead, [the defendant] sought to mirror [the lead plaintiff's] fragrances' appearance in nearly every way possible, it chose product names that mimicked or evoked the names of [the lead plaintiff's] fragrances, it prominently displayed [the lead plaintiff's] house and fragrance marks under the guise of its "Our Version Of" and "Not Associated With" legends, and it hid its own brand name on top of the box where consumers were unlikely to see it.

Id. at 457.

VII. REMEDIES

A. Injunctive Relief

1. As usual, the prerequisite of irreparable harm for the entry of injunctive relief took center stage in a number of cases.
 - a. A number of courts applied the traditional rule that a showing of infringement or unfair competition creates a presumption of irreparable harm for the purpose of injunctive relief. *See, e.g., Redbox Automated Retail, LLC v. Xpress Retail LLC*, No. 17 C 5596, 2018 WL 1240345, at *2 (N.D. Ill. Mar. 9, 2018) ("The

Seventh Circuit traditionally has applied a presumption of irreparable harm in false advertising and trademark infringement suits.”); *Maids Int’l, Inc. v. Maids on Call, LLC*, No. 8:17CV208, 2017 WL 4277146, at *8 (D. Neb. Sept. 25, 2017) (“[The plaintiff] established irreparable harm on its trademark infringement claims by showing likelihood of success on the merits.”); *CrossFit, Inc. v. Quinnie*, 232 F. Supp. 3d 1295, 1316 (N.D. Ga. 2017) (“[T]he lack of control over one’s mark ‘creates the potential for damage to...reputation[, which] constitutes irreparable injury for the purpose of granting a preliminary injunction in a trademark case.’” (quoting *Ferrellgas Partners, L.P. v. Barrow*, 143 F. App’x 180, 190 (11th Cir. 2005))).

- b. In contrast, some courts questioned the viability, after *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), and *Winter v. Natural Resources Defense Council*, 555 U.S. 7 (2008), of the traditional presumption. See, e.g., *Mitsubishi Motors N. Am. Inc. v. Grand Auto., Inc.*, No. CV18814SJFSIL, 2018 WL 2012875, at *6 (E.D.N.Y. Apr. 30, 2018) (“[I]rreparable injury can no longer be presumed”); *Harman Int’l Indus. v. Pro Sound Gear, Inc.*, No. 217CV06650ODWFFMX, 2018 WL 1989518, at *8 (C.D. Cal. Apr. 24, 2018) (“[P]ost-*eBay*, a court may no longer presume irreparable injury from the bare fact of liability in a trademark or trade dress case”); Perhaps the most notable example was the Ninth Circuit, which applied its usual rule that *eBay* and *Winter* have done away with the presumption altogether and overturned a factual finding of irreparable harm grounded in a post-sale confusion theory. See *adidas Am., Inc. v. Skechers USA, Inc.*, No. 16-35204, 2018 WL 2142648 (9th Cir. May 10, 2018).
- c. Some courts found that plaintiffs seeking injunctive relief had successfully demonstrated irreparable harm as a factual matter independent of the presumption, often by relying on alleged threats to their reputations. See, e.g., *Express Franchise Servs., L.P. v. Impact Outsourcing Sols., Inc.*, 244 F. Supp. 3d 1368, 1384 (N.D. Ga. 2017) (“Irreparable harm has previously been found to exist based on a substantial threat of customer confusion and the resulting harm to the plaintiff’s reputation and goodwill.”); see also *Jones v. Am. Council on Exercise*, 245 F. Supp. 3d 853, 869 (S.D. Tex. 2017); *Ariel Invs., LLC v. Ariel Capital Advisors LLC*, 238 F. Supp. 3d 1009, 1031 (N.D. Ill. 2017), *appeal dismissed*, No. 17-1504, 2017 WL 4003698 (7th Cir. Mar. 17, 2017), and *appeal dismissed*, No. 17-1516, 2017 WL 4174942 (7th Cir. June 20, 2017).

- d. As always, some courts declined to find irreparable harm in light of plaintiffs' delay in seeking injunctive relief. *See, e.g., Primo Broodstock, Inc. Am. Mariculture, Inc.*, 121 U.S.P.Q.2d 1338, 1340 (M.D. Fla. 2017) (denying ex parte motion for temporary restraining order based on plaintiff's delay in filing motion); *AMID, Inc. v. Medic Alert Found. United States, Inc.*, 241 F. Supp. 3d 788, 821-22 (S.D. Tex. 2017) (citing plaintiff's delay as basis for denial of preliminary injunction motion).
2. The Eleventh Circuit confirmed that the successor in interest to a business subject to an injunction is itself subject to the injunction. *See ADT LLC v. Northstar Alarm Servs., LLC*, 853 F.3d 1348 (11th Cir. 2017). Nevertheless, the court also concluded that a successor in interest cannot be held in contempt under these circumstances unless it is aware of the injunction. *See id.* at 1353-54.
3. Unusually, the Eighth Circuit affirmed the denial of injunctive relief based on the defendants' representations they had discontinued the use of the challenged marks. *See Martinizing Int'l, LLC v. BC Cleaners, LLC*, 855 F.3d 847, 852 (8th Cir. 2017).
4. A Kentucky federal district court held that injunctive relief can extend beyond the precise goods and services found to bear infringing copies of the plaintiff's marks. *See Deere & Co. v. FIMCO Inc.*, No. 5:15-CV-00105-TBR, 2018 WL 1410843, at *3 (W.D. Ky. Mar. 21, 2018). ("[C]ourts issuing injunctions after finding trademark infringement and trademark dilution have not limited those injunctions only to the exact goods or services that were found to use the protected trademark in an infringing manner.").

B. Monetary Relief

1. Accountings of Profits

- a. Section 35 of the Lanham Act provides that, in the accounting inquiry, "[i]n assessing profits[,] the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed." 15 U.S.C. § 1117(a) (2012). The breadth of that language allowed Tiffany & Co. to recover not only the direct profits enjoyed by Costco after the latter company sold diamond rings inaccurately labeled "Tiffany" but also profits attributable to Costco's sale of memberships. *See Tiffany & Co. v. Costco Wholesale Corp.*, 274 F. Supp. 3d 216 (S.D.N.Y. 2017). As the court explained, "a plaintiff is not entitled to profits demonstrably not attributable to the unlawful use of his mark, but . . . the burden of proving any deduction for sales not based on the infringing mark falls upon the infringer." *Id.* at 223 (quoting *Int'l*

Star Class Yacht Racing Ass’n v. Tommy Hilfiger U.S.A., 146 F.3d 66, 72 (2d Cir. 1998)). It then found:

In light of the role of the membership fees in Costco’s business model and of its use of Tiffany’s mark in selling fine jewelry, which is prominently displayed at the entrance of the stores to catch the eye of the customer, the Court finds it necessary and appropriate as an equitable matter to impute a sufficient portion of the membership revenue to the sale of these rings to bring the recoverable profit margin on the rings into the profit margin range of a typical run-of-the-mill jewelry store, which is approximately 50–100%.

Id. at 224. Finally, based on a jury finding that Costco had trafficked in jewelry promoted through counterfeit imitations of Tiffany’s registered marks, the court trebled the resulting accounting. *Id.* at 224-25.

- b. For the most part, courts addressing the issue applied the historical rule that willful misconduct is a prerequisite for an accounting of a defendant’s profits. *See Nat’l Prod., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042, 1056 (W.D. Wash. 2018) (requiring showing of willful misconduct); *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337, 356 (D.D.C. 2018) (“[B]efore a court may award a plaintiff the defendant’s profits, the plaintiff must demonstrate that the defendant acted in ‘bad faith’ or with ‘willful’ disregard of the plaintiff’s trademark rights.”).

2. Actual Damages

- a. The Fifth Circuit took a skeptical view of one expert’s testimony on the subject of actual damages. *See Streamline Prod. Sys., Inc. v. Streamline Mfg., Inc.*, 851 F.3d 440 (5th Cir. 2017).
 - i. Following a trial, a jury awarded the plaintiff \$230,000 in lost royalties. In overturning that award, the court observed that although Section 35 of the Lanham Act does not expressly recognize awards of actual damages based on lost royalties, “we have permitted trademark infringement damages on the basis of the royalty rate normally charged for licensing the unauthorized use of the mark, on the logic that the plaintiff sustained damages equal to the profit they could have made from such a license.” *Id.* at 459. The absence from the trial record of evidence the parties had ever discussed a licensing relationship (whether with each

other or third parties) meant the jury's award rested entirely on testimony from the plaintiff's expert. The problem, the appellate court held in an apparent conflation of the legal remedy of the plaintiff's actual damages with the equitable remedy of an accounting of the defendant's profits, was that "the expert did not discuss the portion of [the defendant's] profits that were attributable to its infringing use, let alone suggest that all of [the defendant's] profits were attributable to its infringement." *Id.* at 461. Beyond that, "the expert also did not discuss the scope of [the defendant's] infringing use relative to the rights it would have received via a license." *Id.* Specifically, [the defendant's] infringing use was likely not as extensive as the rights that a license would have bestowed because . . . [the defendant] did not use a mark identical to [the plaintiff's]." *Id.* In the final analysis, "the royalty award does not bear a rational relationship to [the defendant's] infringing use, and thus we conclude that there is insufficient evidence to support the royalty award." *Id.*

ii. The court then aim at another award by the jury in the same amount, that one for the defendant's alleged unjust enrichment. Applying Texas law, the court held as an initial matter that "[u]njust enrichment occurs when a person has wrongfully secured a benefit or has passively received one which it would be unconscionable to retain." *Id.* at 462 (quoting *Eun Bok Lee v. Ho Chang Lee*, 411 S.W.3d 95, 111 (Tex. Ct. App. 2013)). From there, the court concluded from the trial record that "[the defendant] was independently successful and the majority of its customers came from its principals' preexisting relationships. [The plaintiff] cites no support for the proposition that merely by showing the benefits of eased market entry and referral business, without showing any lost profits, a plaintiff is entitled to an unjust enrichment award." *Id.* at 463. This was especially true in light of the plaintiff's failure to prove the defendant had benefitted from fraud, duress, or unfair advantage. *Id.*

b. As always, some courts found it appropriate to augment awards of actual damages in light of defendants' failures to participate in discovery or other misconduct. For example, one court found that a prevailing plaintiff had suffered actual damage arising from the defendant's infringement, but that the quantum of that damage did not lend itself to easy calculation, especially where the plaintiff's claims for lost future profits were concerned. *See Yah Kai World*

Wide Enters. v. Napper, 292 F. Supp. 3d 337 (D.D.C. 2018). It therefore trebled the damages it believed the plaintiff had proven. *Id.* at 369; *see also OmniGen Research, LLC v. Yongqiang Wang*, No. 6:16-CV-268-MC, 2017 WL 5505041, at *17 (D. Or. Nov. 16, 2017); *Prinzo's Ronaldo Designer Jewelry, Inc. v. Prinzo*, No. 5:14-CV-73-DCB-MTP, 2017 WL 3588806, at *3 (S.D. Miss. Aug. 21, 2017).

3. Statutory Damages

- a. In the absence of express guidance on how to calculate statutory damages, a California federal district court took the increasingly popular approach of considering factors from the copyright context. *See UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596 (C.D. Cal. 2017). It therefore took into the following when entering an award of \$1,000,000:

(1) the expenses saved and the profits reaped by the defendant; (2) the revenues lost by the plaintiff; (3) the value of the copyright; (4) the deterrent effect on others besides the defendant; (5) whether the defendant's conduct was innocent or willful; (6) whether a defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant.

Id. at 614 (quoting *Coach, Inc. v. Diva Shoes & Accessories*, No. 10-cv-5151-SC, 2011 WL 1483436, at *6 (N.D. Cal. Apr. 19, 2011)).

- b. Another California court, however, adopted the following test for calculating the proper quantum of statutory damages:

To determine a reasonable amount of statutory damages, "courts generally consider a number of factors . . . , including the egregiousness or willfulness of the defendant's cybersquatting, the defendant's use of false contact information to conceal its infringing activities, the defendant's status as a 'serial' cybersquatter . . . and other behavior by the defendant evidencing an attitude of contempt towards the court of the proceedings."

SNUBA Int'l, Inc. v. Green, No. 2:16-CV-1834 KJM DB, 2017 WL 2929224, at *4 (E.D. Cal. July 10, 2017) (quoting *Wecosign*,

Inc. v. IFG Holdings, Inc., 845 F. Supp. 2d 1072, 1086 (C.D. Cal. 2012)).

- c. And yet another alternative test came courtesy of a Missouri federal district court:

[C]ourts have wide discretion in determining the appropriate amount of statutory damages, based on three main factors: (1) “the expenses saved and profits reaped by the defendants in connection with the infringements;” (2) “the revenues lost by the plaintiffs as a result of the defendants’ conduct;” and (3) “the infringers’ state of mind whether willful, knowing, or merely innocent.”

Cards Against Humanity, LLC v. Skkye Enters., No. 4:16-CV-01534 AGF, 2017 WL 3671020, at *3 (E.D. Mo. Aug. 9, 2017) (quoting *W. Coast Prods., Inc. v. Garrett*, No. 4:12CV01551 AGF, 2014 WL 752670, at *2 (E.D. Mo. Feb. 25, 2014)).

4. Attorneys’ Fees

- a. The Supreme Court’s interpretations of the test for awards of attorneys’ fees under Section 285 of the Patent Act, 35 U.S.C. § 285 (2012), in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), continued to play a significant role in interpretations of Section 35(a), which, like Section 285, codifies an “exceptional case” standard. a case appealed to the Eleventh Circuit, a doctor dissatisfied with an online article questioning the efficacy of a treatment pioneered by the doctor launched a blunderbuss complaint against several defendants, including the article’s author (also a doctor). See *Tobinick v. Novella*, 884 F.3d 1110 (11th Cir. 2018). Having secured summary judgment in their favor, the defendants successfully pursued reimbursement of their fees from the district court, which applied *Octane Fitness* at the expense of the Eleventh Circuit’s historical (and stricter) standard declined to apply pre-*Octane Fitness* case law. In affirming that outcome, the Eleventh Circuit held that:

In this case, we are asked to consider whether the exceptional case standard from the Patent Act, as defined in *Octane Fitness*, also applies to cases brought under the Lanham Act. Every circuit to have considered the issue has said that it does.

We think this result correct. The language in the two provisions is identical. Beyond that, courts

generally “have looked to the interpretation of the patent statute for guidance in interpreting” the attorney’s fees provision in the Lanham Act.

Id. at 1117-18 (citations omitted) (quoting *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 315 (3d Cir. 2014)); *see also* *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337, 366 (D.D.C. 2018) (“Because the language in section [35(a)] is identical to the language that the Supreme Court interpreted in *Octane Fitness*, the *Octane Fitness* standard seemingly also applies to requests for attorney fees under the Lanham Act.”).

- b. Two federal courts differed on whether the fraud of an opposing party in prosecuting an application to register its mark necessarily renders a case “exceptional” under Section 35(a).
 - i. The Fifth Circuit held that the fraudulent procurement of a registration does not, as a bright-line rule, require the imposition of attorneys’ fees against the former registrant. *See Vetter v. McAtee*, 850 F.3d 178 (5th Cir. 2017). According to the court, “[a]s with most statutes authorizing attorneys’ fees, the Lanham Act’s fee-shifting provision vests significant discretion in the district courts to grant or deny attorneys’ fees on a case-by-case basis depending on each’s particular facts.” *Id.* at 187. As a consequence, “[i]t would . . . be inappropriate to single out a broad swath of trademark cases in which attorneys’ fees must be awarded.” *Id.*
 - ii. In contrast, a California federal district court held that fraudulent procurement of a registration *does* entitle the party against which the registration is asserted to reimbursement of its fees. *Amusement Art, LLC v. Life is Beautiful, LLC*, No. 214CV08290DDPJPR, 2017 WL 2259672, at *3–4 (C.D. Cal. May 23, 2017). This result held despite the losing plaintiff’s surrender of the challenged registrations during the pendency of the litigation.
- c. As one applicant for federal registration discovered to its detriment over the past year, Section 21(b)(3) of the Lanham Act, 15 U.S.C. § 1071(b)(3) (2012), provides for an automatic award of the USPTO’s “expenses,” including attorneys’ and paralegals’ fees, if an unsuccessful ex parte appeal from an adverse Trademark Trial and Appeal Board decision is taken to the U.S. District Court for the Eastern District of Virginia. *See Booking.com B.V. v. Matal*,

No. 116CV425LMBIDD, 2017 WL 4853755, at *4-6 (E.D. Va. Oct. 26, 2017). Significantly, this applies even if the appeal is successful.

VIII. USPTO PRACTICE

A. Substantive Questions of Registrability

1. Even after the Federal Circuit's opinion in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), both the Trademark Trial and Appeal Board and courts alike have been called upon to address claims that applicants have pursued or maintained registrations of their marks through fraudulent filings.
 - a. As it has since *Bose*, the Board proved unsympathetic to claims of fraud.
 - i. For example, in *Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, 121 U.S.P.Q.2d 1477 (T.T.A.B. 2017), the Board rejected a fraud-based opposition grounded in the theory that the applicant had fraudulently represented to the examiner assigned to its application that the word "tequila" enjoyed "special status" as an "appellation of origin" under US trademark law and, additionally, that "[i]n terms of volume practically 100% of the tequila product sold in the world comes from a certified producer and certified brand." The Board found neither averment necessarily false and, in any case, that the applicant lacked an intent to deceive the Office. *Id.* at 1502-04.
 - ii. The Board also rejected a claim of fraud in an unpublished decision, *Pretty Pale, Inc. v. JADS Int'l, LLC*, No. 91222470, 2017 WL 4155296 (T.T.A.B. Sept. 15, 2017) (nonprecedential), in which it confirmed that the party alleging fraud bears the burden of proof by clear and convincing evidence. That burden and standard of proof, the Board held, means that "[an] [a]pplicant is not obligated to rebut allegations of fraudulent intent." *Id.* at *11.
 - iii. The difficulty in meeting that standard was apparent in another case before the Board in which there was no material dispute the applicant's averment of use in commerce was inaccurate. Nevertheless, the Board found, "Opposer did not allege, nor did it offer any proof, that even if false, Applicant's statements were made with an intent to deceive." *Marathon Tours, Inc. v. Donovan*, No. 91214916, 2017 WL 914087, at *8 (T.T.A.B. Feb. 14,

2017) (nonprecedential). It therefore found in the applicant's favor as to the opposer's fraudulent prosecution claim.

- b. The situation was arguably different where federal courts were concerned.
 - i. Consistent with the Board's hostility toward fraud claims, most rejected the claims of fraud before them. *See, e.g., Commodores Entm't Corp. v. McClary*, 879 F.3d 1114, 1140 (11th Cir. 2018) (affirming dismissal of fraud-based challenge grounded in alleged misstatement of dates of first use in applications); *CSL Silicones, Inc. v. Midsun Grp.*, No. 3:14-CV-1897 (CSH), 2018 WL 1336129, at *15 (D. Conn. Mar. 15, 2018) (rejecting argument that long-ago break in use of registered mark rendered declaration of incontestability fraudulent based on registrant's showing of continuous use for five years immediately preceding execution of declaration); *Jaguar Land Rover Ltd. v. Bombardier Recreational Prods., Inc.*, No. 16-CV-13386, 2017 WL 2472851, at *3 (E.D. Mich. June 8, 2017) (dismissing allegation of fraudulent prosecution for failure to plead details with particularity); *Balance Studio, Inc. v. Cybernet Entm't, LLC*, No. 15-CV-04038-DMR, 2017 WL 2473038, at *7 (N.D. Cal. June 8, 2017) (quoting *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 755 (9th Cir. 2006) ("[T]he 'statement of an applicant that no other person 'to the best of his knowledge' has the right to use the mark does not require the applicant to disclose those persons whom he may have heard are using the mark *if he feels that the rights of such others are not superior to his.*'").
 - ii. Nevertheless, other federal courts proved more receptive than the Board to claims of fraudulent procurement and maintenance. *See, e.g., Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334, 1359-63 (M.D. Fla. 2017) (reaching finding of fraudulent procurement after bench trial); *Smith v. Dir.'s Choice, LLP*, No. CV1500081JBSAMD, 2017 WL 2955347, at *7 (D.N.J. July 11, 2017) (denying motion to dismiss allegations of fraudulent procurement based on plaintiff's having applied to register disputed mark after adverse ruling in UDRP proceeding between parties).

2. The Board took a hostile view of an intent-to-use application to register a mark for “retail store services featuring medical marijuana” and for “dispensing of pharmaceuticals featuring medical marijuana.” See *In re PharmaCann LLC*, 123 U.S.P.Q.2d 1122 (T.T.A.B. 2017). As the Board explained, “[i]n the context of an intent-to-use application under Section 1(b) of the Trademark Act, if the identified goods or services with which the mark is intended to be used are illegal under federal law, ‘the applicant cannot use its mark in lawful commerce, and it is a legal impossibility for the applicant to have the requisite bona fide intent to use the mark.’” *Id.* at 1124 (quoting *In re JJ206, LLC*, 120 U.S.P.Q.2d 1568, 1569 (T.T.A.B. 2016), *appeal docketed*, No. 2017-1350 (Fed. Cir. Dec. 8, 2016)).
3. In *In re Construction Research & Technology GmbH*, 122 U.S.P.Q.2d 1583 (T.T.A.B. 2017), the Board declined to overturn refusals of applications to register the marks NP --- and SL--- for “sealant compounds for joints.” According to the Board, the marks were “phantom” marks because the “variable designation ---” in each mark represented up to three numeric digits. *Id.* at 1584. This was important because “there are at least 1,000 possible marks, which is nothing if not overly broad.” *Id.* at 1585.
4. The Board continued its run of findings that applied-for marks were primarily merely surnames.
 - a. In a conventional opinion, one opinion from the Board found the WEISS mark primarily merely a surname when used in connection with watches. See *In re Weiss Watch Co.*, 123 U.S.P.Q.2d 1200 (T.T.A.B. 2017).
 - b. Somewhat more surprisingly, the Board found the applied-for BELUSHI mark primarily merely a surname within the meaning of Section 2(e)(4) of the Lanham Act, 15 U.S.C. § 1052(e)(4) (2012), despite the examiner’s inability to identify more than five residents in the United States with that surname. See *In re Beds & Bars Ltd.*, 122 U.S.P.Q.2d 1546 (T.T.A.B. 2017). As the Board found, “the celebrity of John Belushi and the continuing media attention on Jim Belushi support a finding that a substantial portion of Americans know BELUSHI to be a surname.” *Id.* at 1551.
5. Applying Section 2(b) of the Lanham Act, 15 U.S.C. § 1052(b) (2012), the Board affirmed a refusal to register the following mark for medical services because an element of the mark corresponded to the Swiss flag:



In re Family Emergency Room LLC, 121 U.S.P.Q.2d 1886 (T.T.A.B. 2017).

6. In an unpublished opinion, the Sixth Circuit held that, because it is not listed in Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) (2012), a lack of use in commerce of a registered mark as of the filing date of the use-based application from which it matured is not a ground for the cancellation of a registration that has passed its fifth anniversary. *See NetJets Inc. v. IntelliJet Grp.*, 678 F. App'x 343, 349-50 (6th Cir. 2017); *accord Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334, 1371-72 (M.D. Fla. 2017).
7. Addressing arguably conflicting authority from the Trademark Trial and Appeal Board, the Sixth Circuit confronted the question of the appropriate remedy if the challenger to an intent-to-use application demonstrates the applicant did not have a bona fide intent to use its mark in connection with all the goods or services recited in its application as of the filing date. *See Kelly Servs., Inc. v. Creative Harbor, LLC*, 846 F.3d 857 (6th Cir. 2017). It resolved the issue by holding that the district court had erred by cancelling the registration in question in its entirety, rather than “cherry-picking” the problem goods and services from the registration:

[T]he district court’s interpretation would lead to perverse results. Imagine a hypothetical § 1(b) ITU applicant who submits an application listing 100 goods associated with the requested mark with a subjective intention to use the mark in connection with all of the goods. The hypothetical applicant has at least some objective documentary evidence supporting its *bona fide* intent as to all 100 goods, but a competitor nevertheless challenges the applicant’s *bona fide* intent as to ten of the goods in a declaratory action in federal district court. Under the district court[‘s] . . . interpretation . . . , the applicant is put in quite a quandary: he must either (1) voluntarily delete the challenged goods, even if the challenges lack merit; or (2) risk having his entire application voided if the district court determines that he lacked bona fide intent for even a single item. If the applicant lacks ironclad documentary evidence for even one item—which is likely in circumstances where the application lists a large number of goods and services—his incentive is to delete the challenged goods rather than risk losing the entire application. Similarly, his competitor is incentivized to bring *bona fide* intent challenges to all of the applicant’s future applications, because the competitor can likely bully the applicant into at least some concessions, and the only consequence for the competitor if

it loses is legal fees, which may be a relative pittance depending on the industry and the value of the mark.

Id. at 873-74 (footnote omitted). In the final analysis, therefore:

When a § 1(b) ITU applicant lacks bona fide intent as to some, but not all, of the goods and services listed in her application, the application should not be voided in its entirety absent fraud or other egregious conduct. Rather, the court should determine as to which goods and services the applicant lacked bona fide intent, and excise the overbroad portions of the application.

Id. at 874 (citation omitted).

B. Procedural Issues

1. In *Prospector Capital Partners, Inc. v. DTTM Operations LLC*, 123 U.S.P.Q.2d 1832 (T.T.A.B. 2017), the petitioner for cancellation challenged the registration of several marks in which Donald Trump owned an interest. After the Board granted the respondent's motion to dismiss because the petition failed to allege the petitioner's standing or its claim of abandonment, the petitioner declined to accept the Board's invitation to file and serve an amended petition, choosing instead to seek a transfer of the action to the United States District Court for the Central District of California. According to the petitioner, the Board, as an Article I tribunal, could not fairly adjudicate the matter because the Board's judges are appointed by the Secretary of Commerce, who is hired and fired by the President. The Board rejected the petitioner's suggestion the Board in its entirety should recuse itself, observing as a threshold matter that:

The Board's statutory authority to determine the rights of registration in a cancellation proceeding extends to all registrations, irrespective of the identity of the owner of a registration. The Board is not relieved of its statutory duty to determine rights to registration because a party is directly or indirectly connected with the United States government.

Id. at 1835. From there, the Board went on to conclude that:

By Petitioner's argument, there would exist entire categories of applications and registrations (those owned by, or connected to, the United States government or any of its officers or agencies) for which the Board would, per se, be unable to fulfill its statutory obligations. Such a state of

affairs would be absurd. The Board must and does adjudicate all proceedings properly brought before it.

Id. “Finally,” the Board concluded, “to the extent Petitioner is dissatisfied with whatever final decision the Board renders in this proceeding, it may seek judicial review by filing an appeal to the United States Court of Appeals for the Federal Circuit or through filing of a civil action in a federal district court.” *Id.* (footnote omitted).

2. In *In re University of Miami*, 123 U.S.P.Q.2d 1075 (T.T.A.B. 2017), the Board reversed a refusal to register based on alleged differences between the mark depicted in the applicant’s drawing, shown below on the left, and that displayed on the applicant’s specimens, shown below on the right:



Although the examiner found myriad differences between the two, the Board was less concerned: Indeed, it found the stylized ibis created its own commercial impression and therefore was registrable independent of the remaining elements shown on the specimens. *Id.* at 1078-79

3. An opinion by the Board drove home the importance of describing an applied-for mark in the original application. In *In re Calphalon Corp.*, 122 U.S.P.Q.2d 1153 (T.T.A.B. 2017), the applicant sought registration of the SharpIn mark for “cutlery knife blocks which incorporate built-in sharpeners that automatically sharpen knives,” but it described the mark as one in standard-character format, rather than in special form. The examiner determined the mark was descriptive, and the Board affirmed, holding that:

Applicant could have sought registration of its proposed mark in a particular stylized form, both initially when it filed its application and on amendment, but elected instead to seek registration of its proposed mark in standard characters. Having elected to seek registration of its proposed mark as a standard character mark . . . , Applicant must have the descriptiveness of the mark assessed without limitation to any particular depiction of that term.”

Id. at 1160.

4. The Board adopted a strict interpretation of Trademark Rule 2.120, which requires the service of written discovery requests early enough in the discovery period that responses will be due no later than the close of discovery. *See Estudi Moline Dissey, S.L. v. BioUrn Inc.*, 123 U.S.P.Q.2d 1268 (T.T.A.B. 2017). The last day of the discovery period in question was a Saturday, which led the petitioner to conclude it could serve written requests with a response date on the following Monday. The Board held otherwise:

[D]iscovery requests must be served with at least thirty-one days remaining in the discovery period, including the date of service, regardless of whether the day of service falls on a weekend or holiday. The date of service of the requests is not counted as part of the response period, so the first day of the 30-day response period is the day after service. Thus, service with no less than thirty-one days remaining in the discovery period, counting the service date, allows the responding party the full thirty days necessary to respond, and to do so no later than the close of discovery.

Id. at 1270.

5. Trademark Rule of Practice 2.127(e)(1) provides that a summary judgment motion “must be filed before the day of the deadline for pretrial disclosures for the first testimony period, as originally set or as reset,” and the Board has held that deadline applicable to motions for judgment on the pleadings. In *Shared, LLC v. SharedSpaceofAtlanta, LLC*, 125 U.S.P.Q.2d 1143 (T.T.A.B. 2017), the Board therefore denied such a motion filed after that deadline as untimely.
6. In *United States Postal Serv. v. RPost Commc’n Ltd.*, 124 U.S.P.Q.2d 1045 (T.T.A.B. 2017), the Board addressed the issue of where the cross-examination of a witness who has testified through a testimonial declaration properly should take place. The opposer submitted four such declarations, each of which came from a witness resident in the Washington, DC area. The applicant noticed depositions of the witnesses to take place at the Santa Monica, California, office of its counsel, and that led to a successful motion to quash. As the Board found, a “reasonable location” for the depositions was more properly where the witnesses resided.
7. In *Jive Software, Inc. v. Jive Commc’ns, Inc.*, 125 U.S.P.Q.2d 1175 (T.T.A.B. 2017), the Board held that a defendant’s failure to plead a compulsory counterclaim in its initial response to the plaintiff’s opening

pleading will not necessarily preclude the defendant from later amending that response to assert the counterclaim.

8. Consistent with the outcome of all other opinions to address the issue, a Maryland federal district court held that Section 37 of the Lanham Act, 15 U.S.C. § 1119 (2012), which provides that the remedy of cancellation is available in any action involving a registered mark, is not an independent basis of federal subject-matter jurisdiction. *See Protect-A-Car Wash Sys., Inc. v. Car Wash Partners, Inc.*, No. 16-CV-534-JFM, 2017 WL 3500392, at *12 (D. Md. Aug. 15, 2017).