

Recent Developments in Trademark and Unfair Competition Law

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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: *Mission Prod. Holdings, Inc. v. Tempnology, LLC*, No. 17-1657, 2019 WL 2166392 (U.S. May 20, 2019) (counsel for amicus curiae American Intellectual Property Law Association in support of neither party); *Nantkwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018), *cert. granted*, 139 S. Ct. 1292 (2019) (counsel for amicus curiae American Bar Association in support of respondent); *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017), *cert. granted sub nom. Iancu v. Brunetti*, 139 S. Ct. 782 (2019) (counsel for amicus curiae American Intellectual Property Law Association in support of neither party); *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018) (counsel for plaintiffs); *Booking.com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171 (4th Cir. 2019), *as amended* (Feb. 27, 2019), *petition for cert. filed* (U.S. April 16, 2019) (No. 18-1309) (counsel for amicus curiae American Intellectual Property Law Association in support of petitioner); *TPI Holdings, Inc. v. Trailer-Trader.com, LLC*, 126 U.S.P.Q.2d 1409 (T.T.A.B. 2018) (counsel for petitioner); *In re FCA US LLC*, 126 U.S.P.Q.2d 1214 (T.T.A.B. 2018), *appeal docketed*, No. 2018-2069 (Fed. Cir. June 13, 2018) (counsel for applicant).

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I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

A. Proving Protectable Rights Through Federal Registrations

1. 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 registration for which a declaration of incontestability has not yet been filed under 15 U.S.C. §§ 1057(b), 1115(a) (2018), 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., Converse, Inc. v. Int’l Trade Comm’n*, 909 F.3d 1110, 1117 (Fed. Cir. 2018) (“[W]e join with the majority of circuits that have held that the presumption shifts both burdens to the party challenging secondary meaning.”); *ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441, 449 (8th Cir. 2018) (“In a trademark suit, whether a mark is registered is important because it determines which party bears the burden of persuasion. If the mark is not registered, the mark user bears the burden of showing that the mark is protected by the Lanham Act. But if a mark is listed on the PTO’s Principal Register, the party challenging the mark’s validity bears the burden of showing the mark is not protected by the Lanham Act.” (citations omitted)); *see also Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1257, 1266 (S.D. Cal. 2018).
 - b. In contrast, at least two courts applied the minority rule other courts held that the prima facie evidence of mark validity represented by a not-yet-incontestable registration merely shifted the burden of production and that, “once a defendant produces sufficient evidence to ‘burst’ the presumption [of validity], the plaintiff can no longer ‘rely on that presumption to defeat’ a motion for summary judgment.” *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825, 855 (N.D. Ill. 2018) (quoting *Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 938 (7th Cir. 1986)), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018); *see also Express Homebuyers USA, LLC v. WBH Mktg., Inc.*, 343 F. Supp. 3d 562, 567 (E.D. Va. 2018) (“[T]he effect of a successful registration of a trademark is to shift the burden of production on summary judgment to the party seeking to prove that the mark is generic.”), *appeal docketed*, No 18-2353 (4th Cir. Nov. 13, 2018).
2. The “conclusive evidence” of mark validity represented by incontestable registrations under Section 33(b), 15 U.S.C. § 1115(b), received greater

respect. For example, in finding two marks covered by such registrations protectable as a matter of law, one court explained that “[a]s a result of their incontestable nature here, the marks in the . . . registrations are ‘presumed to be at least descriptive with secondary meaning,’ regardless of whether the mark would otherwise be descriptive and regardless of its strength or weakness as a mark.” *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1264 (S.D. Cal. 2018) (quoting *Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 939 (11th Cir. 2010)).

3. A California federal district court accepted an invitation to take judicial notice of certified copies of two federal registrations along with their file-wrapper histories. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). As a technical matter, although the court might have admitted those materials as self-authenticating under Rule 902(1) of the Federal Rules of Evidence, the court invoked Rule 201(b) instead to hold it could take judicial notice of any “fact that is not subject to reasonable dispute because it (1) is generally known within the trial court’s territorial jurisdiction; or (2) can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.” *Id.* at 1252. Concluding that “[a]dministrative agency records are subject to judicial notice” and “[c]ourts routinely take judicial notice of PTO records in trademark litigation,” the court held the file-wrapper histories qualified. *Id.*

B. Proving Common-Law Rights

1. 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) (2018); 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. One of the more notable opinions to address the use-in-commerce prerequisite for trademark rights over the past year issued in an appeal to the Fifth Circuit from the entry of a preliminary injunction against the impending use of the mark THE KRUSTY KRAB in connection with restaurant services. *See Viacom Int’l v. LJR Invs., L.L.C.*, 891 F.3d 178 (5th Cir. 2018). The plaintiff was the broadcasting and cable company responsible for the animated television series *SpongeBob SquarePants*, a key location in which was a restaurant operating as THE KRUSTY KRAB. The plaintiff “extensively licensed” its mark for “many consumer products,” *id.* at 188, and that practice was a secondary consideration underlying the

court’s conclusion that the plaintiff had used the mark in commerce. The primary one, though, was the prominent role the fictional restaurant played in the plaintiff’s series. Observing that “[w]hen an element plays a more central role in a franchise, trademark protection is ordinarily granted,” *id.* at 187, the court credited the plaintiff’s argument that the claimed mark “is integral to ‘SpongeBob SquarePants,’ as it appears in over 80% of episodes, plays a prominent role in the SpongeBob films and musical, and is featured online, in video games, and on licensed merchandise.” *Id.* at 188. The plaintiff therefore had adequately established its priority of rights.

- b. A California federal district court took that proposition one step further in holding that Lucasfilm had standing to challenge use of the mark SABACC—THE HIGH STAKES CARD GAME in connection with a mobile game app based on numerous references to “Sabbac” as the name of a fictional card game throughout the Star Wars franchise. *See Lucasfilm Ltd v. Ren Ventures Ltd.*, 126 U.S.P.Q.2d 1515, 1519 (N.D. Cal. 2018).
- c. The Second Circuit tackled the issue of whether a senior user’s prior nationwide use of its mark only in certain channels of distribution allows a subsequent user of a confusingly similar mark to acquire priority of rights in other channels. *See Excelled Sheepskin & Leather Coat Corp. v. Ore. Brewing Co.*, 897 F.3d 413 (2d Cir. 2018).
 - i. There was no apparent dispute that the defendant began using its mark in connection with clothing items sold outside of “department stores and clothing-only stores” prior to the defendant’s use of its substantively identical mark for goods sold in precisely those stores. *Id.* at 418. But the plaintiff had secured federal registrations of its mark, which, coupled with the defendant’s sales of its goods to promote its primary business of selling beer, led the district court to enter summary judgment in the plaintiff’s favor.
 - ii. The Second Circuit vacated that disposition for two reasons. First, it observed, “[e]ven if [the plaintiff’s] uses were intended primarily to support [its] trademark for beer, they were nonetheless bona fide continuous nationwide sales in significant quantities and were sufficient to establish a protectable priority in use of the mark for the sale of such goods.” *Id.* at 418. Second, “[t]he law does not limit the owner’s trademark rights to the types of stores in which it has sold, leaving the mark up for grabs in any other type of store. The fact that, prior to [the plaintiff’s use], [the de-

fendant] did not sell in department stores and clothing-only stores does not mean that a new user was free to usurp [the defendant's] priority in such stores.” *Id.* The plaintiff’s registrations did not mandate a contrary result, because, as the court explained, “[a]s a general matter, registration creates no substantive trademark rights against infringement beyond the common law rights acquired through use of the mark.” *Id.* at 419.

- d. The issue of whether one plaintiff had established its priority of rights arose in the context of a claim by the defendants that the plaintiff’s marks were void *ab initio* because the plaintiff had never used them in commerce, much less prior to the defendants’ adoption of their allegedly infringing marks. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). Reviewing the summary judgment record, the court found it undisputed that the plaintiff had used all of its marks on its website, in catalogs, and at trade show booth displays; moreover, at least some of the marks also appeared on containers, shipping labels, and packing slips. *Id.* at 1282. In entering summary judgment in the plaintiff’s favor on the issue, the court found these uses sufficient to establish the plaintiff’s priority, especially because the plaintiff’s distributor-customers were exposed to the marks, even if end users of the goods associated with the marks were not. *Id.* at 1284.
- e. In contrast, a failed bid for priority came in an action by a Ukrainian limited liability company in a dispute over a domain name incorporating the plaintiff’s service mark. *See Klumba.UA, LLC v. klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018), *appeal docketed*, No. 18-1731 (4th Cir. June 29, 2018). The record developed by the parties in support of their cross-motions for summary judgment established that the plaintiff operated an online platform for the sale and exchange of children’s clothing in its home country and had secured a registration of its mark for that service from the Ukrainian trademark office. Nevertheless, although the plaintiff’s website was accessible in the United States, the court determined that:

The record makes clear that plaintiff did not provide this service in the United States or to United States citizens abroad Although plaintiff has presented evidence that persons in the United States accessed [plaintiff’s] website, mere access to the webpage is insufficient to establish that plaintiff provided any service to individuals accessing the website in the United States, or to establish that the

[claimed] mark was used in connection with any kind of business activity in the U.S.

Id. at 778. The court then addressed and rejected the plaintiff's backup argument that the plaintiff's participation in Google's AdSense program gave it protectable rights, holding instead that "the fact that plaintiff provided a service to a U.S. citizen is not enough to establish common law trademark rights in the United States" *Id.* at 779.

- f. 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 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.

- g. 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.
- h. A final notable opinion bearing on use as a prerequisite for trademark rights did so under Washington state law. *See Headspace Int'l LLC v. Podworks Corp.*, 428 P.3d 1260 (Wash. Ct. App. 2018), *review denied*, No. 96598-6, 2019 WL 1075267 (Wash. Mar. 6, 2019). The plaintiff, a California-based marijuana business, had licensed the use of a mark and a proprietary process for refining cannabis oil to a Washington business licensed by the

Washington Liquor and Cannabis Board. Reversing the dismissal of the plaintiff’s complaint for failure to state a claim, a panel of the Washington Court of Appeals held that use of the plaintiff’s mark through its licensee was sufficient to create protectable rights inuring to the plaintiff’s benefit. En route to this holding, the court rejected the defendants’ argument that the plaintiff’s exercise of control over the nature and quality of the goods produced by its licensee necessarily placed the plaintiff in violation of Washington’s Uniform Controlled Substances Act, *see* WASH. REV. CODE § 314-55-035(1):

[The plaintiff] is an out-of-state company that is not permitted to obtain a license to produce, process, or sell marijuana products in Washington. However, [the plaintiff’s] alleged licensing agreement with [its licensee] does not necessarily require that [the plaintiff] participate in [the licensee’s] processing of marijuana products. While [the defendant] asserts that the only way that [the plaintiff] could have sufficiently controlled the quality of [the licensee’s] products was to be directly involved in the processing of [the licensee’s] marijuana products, this is not so. [The plaintiff’s] alleged licensing agreement arranged for [the plaintiff] to provide [its licensee] with the formula or recipe for processing cannabis concentrates and the right to place [the plaintiff’s] mark on those concentrates [the licensee] processed using said formula or recipe. The agreement as alleged did not require [the plaintiff] to actually participate in the processing or sale of those products. Because no provision of the CSA prohibited [the plaintiff] from reaching such an agreement with [the licensee], [the defendant’s] contention that the agreement necessarily violated the CSA fails.

Headspace Int’l, 428 P.3d at 894-95.

2. Proving Distinctiveness

- a. Section 2(f) of the Lanham Act provides that the Patent and Trademark Office “may accept as prima facie evidence that [an applied-for] mark has become distinctive . . . proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.” 15 U.S.C. § 1052(f) (2018). Addressing

the significance of Section 2(f)'s five-year period in an appeal from an enforcement action by the International Trade Commission, the Federal Circuit held it relevant to claims of acquired distinctiveness in the enforcement context. *See Converse, Inc. v. Int'l Trade Comm'n*, 909 F.3d 1110, 1121 (Fed. Cir. 2018). The court then went on to hold that, to the extent a defendant can demonstrate a plaintiff's use was *not* exclusive, any third-party uses falling outside Section 2(f)'s five-year window should receive reduced weight. *Id.* (“[U]ses older than five years should only be considered relevant if there is evidence that such uses were likely to have impacted consumers’ perceptions of the mark as of the relevant date.”).

- b. Declining to follow the Federal Circuit’s case law on the subject, the Fourth Circuit affirmed a finding of descriptiveness for an allegedly generic word coupled with a top-level domain. *See Booking.com B.V. v. United States Patent & Trademark Office*, 915 F.3d 171 (4th Cir. 2019), *as amended* (Feb. 27, 2019). The mark was BOOKING.COM, used in connection with hotel booking services. The court adopted a deferential attitude toward the district court’s factual finding that the mark was potentially protectable upon a showing of secondary meaning, citing in particular the absence of popular use of the mark and the favorable results of a *Teflon* survey. *Id.* at 182-84.
- c. Addressing challenges to applications to register a variety of marks including the word “zero,” the Federal Circuit vacated and remanded a determination by the Trademark Trial and Appeal Board that that word (1) was not generic and (2) had acquired secondary meaning when used in connection with diet beverages. *See Royal Crown Co. v. Coca-Cola Co.*, 892 F.3d 1358, 1363 (Fed. Cir. 2018). As an initial matter, the court took issue with the Board’s finding that the genus of goods at issue was “soft drinks, sports drinks, and energy drinks”; instead, it observed, the Board should have considered “whether the relevant consuming public would consider the term ZERO to be generic for a subcategory of the claimed genus of beverages—i.e., the subcategory of the claimed beverages encompassing the specialty beverage categories of drinks with few or no calories or few or no carbohydrates.” *Id.* at 1367. It therefore required the Board to consider on remand “the facts that the genus of goods for which [the applicant] seeks registration of its marks clearly encompasses zero calorie beverages as a sub-group, and that [the applicant] only proposed to use ZERO in combination with beverage marks that offer zero calorie versions thereof.” *Id.* at 1368. Moreover, it advised the Board not to be distracted by the applicant’s evidence of secondary meaning, which

the court properly deemed irrelevant to the genericness inquiry. *Id.* at 1370.

- d. The Eighth Circuit entertained an appeal from a finding as a matter of law that the claimed ONEPUL mark was valid and protectable when used in connection with plastic bags for picking up and disposing of canine waste. *See ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441 (8th Cir. 2018). It concluded that the summary judgment record was inconclusive on the issue: While the plaintiff had proffered its federal registration before the district court, the defendant had responded with “printouts from several websites where competitors use the phrases ‘one pull’ or ‘one-pull’ to describe their dog bags, which [the defendant] contends establishes that ‘one-pull’ is just a type of dog bag.” *Id.* at 449. Based on those conflicting showings, the appellate court held, the district court had improperly entered summary judgment in the plaintiff’s favor. *Id.* at 450.
- e. In an opinion affirming the entry of a preliminary injunction, the Ninth Circuit affirmed findings below of inherent and acquired distinctiveness for nonverbal marks. *See adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).
 - i. With respect to inherent distinctiveness, the court declined to disturb findings that the following three-stripe marks qualified as arbitrary when used in connection with athletic footwear:



The court did not elaborate on its conclusion, noting only that “[t]he Three–Stripe mark . . . features an arbitrary and distinctive design.” *Id.* at 758.

- ii. With respect to acquired distinctiveness, the court held that the district court had not erred in finding the following design protectable:



The appellate court began its analysis by noting that “[s]ome of the relevant factors for determining secondary meaning include the exclusivity, manner, and length of use of the trade dress, the amount and manner of advertising, the amount of sales, and proof of intentional copying by the defendant.” *Id.* at 754. The plaintiff’s successful showing included exclusive use since the 1970s, the expenditure of “considerable capital and human resources to promote the shoe,” and the plaintiff’s receipt of “significant but difficult-to-quantify value from placing the [shoe] with celebrities, musicians, athletes, and other ‘influencers’ to drive consumer hype and recognition of the trade dress—which, in 2014, became [the plaintiff’s] top selling shoe of all time with the 40 millionth pair sold.” *Id.* The plaintiff also benefited from the “considerable amount of unsolicited media coverage praising the [shoe’s] influence and iconic status as one of the most famous sneakers of all time,” *id.*, as well as the defendant’s intentional copying of the shoe. *Id.* at 755.

- f. An easy finding of descriptiveness came in litigation to protect the ALZHEIMER’S ASSOCIATION mark, owned by the world’s largest private non-profit funder of Alzheimer’s research. *See Alzheimer’s Disease & Related Disorders Ass’n v. Alzheimer’s Found. of Am., Inc.*, 307 F. Supp. 3d 260 (S.D.N.Y. 2018). The court’s analysis was brief and to the point: “Conceptually, the Court finds that the mark “Alzheimer’s Association” is descriptive; it describes a charitable organization that does work related to the disease called Alzheimer’s.” *Id.* at 288. Moreover, it found, as a shorthand for the organization’s formal name of Alzheimer’s Disease and Related Disorders Association, “the mark is comprised of two fairly common words. . . . Even taken together, the two words suggest nothing beyond forming a bare descriptor for an association related to Alzheimer’s.” *Id.*
- g. En route to its denial of the parties’ cross-motions for summary judgment, one court addressed a contention by the plaintiff that, because its claim of infringement sounded in reverse confusion, its burden of demonstrating acquired distinctiveness was necessarily

lower than would otherwise be the case. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). The court found that argument unconvincing because “[t]hat a smaller, senior user claims reverse confusion should not, without more, countenance a relaxation of basic requirements to show that a mark is entitled to trademark protection.” *Id.* at 1262 n.15. It did, however, hold that “a lower evidentiary burden would be more appropriate if there is direct or circumstantial evidence showing an intent by a junior, larger user to use the known mark of the smaller, senior user.” *Id.*

- h. In one of the most quixotic oppositions in recent memory, certain relatives of deceased social activist Phyllis Schlafly challenged the registrability of the SCHAFALY mark for beer, which was owned by a craft brewery controlled by certain of her other relatives. *See Schlafly v. St. Louis Brewery, LLC*, 909 F.3d 420 (Fed. Cir. 2018). Dissatisfied with the Board’s finding that the brewery had demonstrated the secondary meaning of its surname mark, thereby entitling the mark to registration under Section 2(f), 15 U.S.C. § 1052(f), the opposers called the Federal Circuit’s attention to the brewery’s failure to offer survey evidence of distinctiveness. Noting that the brewery had adduced “fifteen different forms of evidence in reaching its conclusion,” 909 F.3d at 424, the appellate court rejected that argument before turning to the opposers’ fallback position that the mark was unregistrable under a proposed “change in significance test,” whereby a surname cannot be registered as a trademark without [a] showing a change in significance to the public, from a surname to an identifying mark for specified goods.” *Id.* at 425. As the court explained, “[n]o law or precedent suggests that surnames cannot be registered as trademarks if they have acquired distinctiveness” *Id.*
- i. 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, 1071 (T.T.A.B. 2018).
- j. 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, 1957, 1960 (T.T.A.B. 2018).
- k. 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.*, 126 U.S.P.Q.2d 1400 (T.T.A.B. 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 that the applicant could advance such a showing subject to a disclaimer of “furniture warehouse.”

3. Proving Nonfunctionality

- a. The fact-intensive nature of the utilitarian functionality inquiry led some courts to hold it inappropriately resolved on a matter of law. For example, a Texas federal district court declined to grant a functionality-based motion to dismiss for failure to state a claim. *See YETI Coolers, LLC v. JDS Indus.*, 300 F. Supp. 3d 899 (W.D. Tex. 2018). In determining that the plaintiff had sufficiently pleaded the nonfunctionality of its insulated drinkware, the court held:

There are two tests to determine whether a product feature is functional. The traditional test is whether a feature is “essential to the use or purpose of the article or if it affects the cost or quality of an article.” Under this definition, “if a product feature is the reason the device works, then the feature is functional.” The second test is the “competitive necessity” test, under which a feature is functional “if the exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.” Even if individual constituent parts of a product’s trade dress are functional, “a particular arbitrary combination of functional features, the combination of which is not itself functional, properly enjoys protection.” The question, in other words, is not whether some component of a product’s trade dress is functional, but whether the entirety of a product’s trade dress is functional.

Id. at 913 (quoting *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 355, 356 (5th Cir. 2002); *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991), *aff’d*, 505 U.S. 763 (1992)). Without identifying which of the two tests it was applying, the court then held without extended analysis that, as described in the plaintiff’s complaint—“the taper of the side walls for the 30 oz. and 20 oz. tumblers, the color contrast between the tumbler or beverage holder and the lid or upper band, and the style line”—the plaintiff’s trade dress was plausibly non-functional. *Id.* at 913. Although the defendant targeted individual features of that claimed trade dress, the court concluded that “[the defendant’s] argument does no more than prove that certain features of [the plaintiff’s] trade dress are functional. Nothing in [the defendant’s] argument is evidence that the combination of features that comprise [the plaintiff’s] trade dress are [sic] not a ‘particular arbitrary combination of functional features’ that properly enjoys protection.” *Id.* at 914 (quoting *Taco Cabana Int’l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991), *aff’d*, 505 U.S. 763 (1992)).

- b. Courts found summary judgment motions wanting as well. Thus, for example, a factual dispute as to the claimed nonfunctionality of a water bottle design precluded the grant of a defense motion for summary judgment in a case before a New York federal district court. *See Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018). The defendant had a number of theories why the bottle’s shape was functional, including that it was the most efficient container from which to drink and that its circular configuration was the strongest and most easily produced. *Id.* at 407. Unfortunately for the defendant, however, it failed to back up those theories with record evidence and testimony. Worst still, it also failed to respond adequately to the plaintiff’s responsive showings that: (1) a rectangular shape would facilitate stacking; (2) the bottle’s designer had made several aesthetic choices while designing the bottles she knew would increase its cost; (3) the bottle’s “distinctive [and presumably nonfunctional] cap” was part of the plaintiff’s claimed trade dress; and (4) there might not be a “perfect mouth size” for bottles. *Id.* at 407-08. The court therefore held the defendant not entitled to prevail as a matter of law. *Id.* at 408.
- c. A South Carolina federal district court rejected as a matter of law a defense claim that the color orange, as used in connection with safe access and loading units was functional in the utilitarian sense, largely because of undisputed “record evidence demonstrat[ing] that many other competitors use metallic gray or other colors, such as yellow.” *SafeRack, LLC v. Bullard Co.*, 350 F. Supp. 3d 438,

453 (D.S.C. 2018), *report and recommendation adopted*, No. 2:17-CV-1613-RMG, 2019 WL 460699 (D.S.C. Feb. 5, 2019).

- d. The Ninth Circuit addressed the significance of alternative designs to the aesthetic functionality inquiry in an appeal bearing on the eligibility for protection of the color green for ear plugs. *See Moldex-Metric, Inc. v. McKeon Prods., Inc.*, 891 F.3d 878 (9th Cir. 2018). Reviewing the grant of a defense motion for summary judgment below, it noted that its past authority established a two-part test for functionality, one that required an examination of whether the claimed feature was functional in the utilitarian sense and, if not, whether it performed some function such that its exclusive use would put competitors at a significant non-reputation-related disadvantage. *Id.* at 884 (citing *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 (9th Cir. 2006)). Although neither prong of that test bore on the existence of alternative designs, the court next concluded that “evidence of alternative colors should be considered in deciding functionality of the mark in this case, and the district court gave insufficient recognition to the importance of the alternative colors and their evidentiary significance in evaluating the functionality of [the plaintiff’s] green color mark.” *Id.* at 886. Specifically, it found from the summary judgment record that “[the plaintiff’s] evidence that numerous color shades are equally or more visible than its bright green color and would result in the same function of visibility during compliance checks weighs against a finding of functionality, and a reasonable jury could conclude that [the plaintiff’s] green color is not functional.” *Id.* at 887.

4. Proving Ownership

- a. A battle over the legacy of the 1980s hair-metal band RATT led to a Ninth Circuit opinion addressing ownership of the band’s flagship service mark. *See WBS, Inc. v. Croucier*, No. 17-55973, 2019 WL 1076348 (9th Cir. Mar. 7, 2019) (unpublished). The lead defendant purportedly had been expelled from the partnership that controlled the band in 1997. The summary judgment record, however, demonstrated that the expulsion vote had not been unanimous as required by the partnership agreement. That meant the subsequent assignment of the disputed mark by the remaining members of the band to the lead plaintiff had been invalid, with the necessary result that the lead defendant retained a 20% ownership stake in the mark. *Id.* at *2.
- b. In contrast, the Fifth Circuit sustained the assignment of rights to the marks and trade dress associated with a particular restaurant location. *See Uptown Grill, L.L.C. v. Camellia Grill Holdings, Inc.*,

No. 18-30515, 2019 WL 1421850 (5th Cir. Mar. 29, 2019). The transaction documents conveyed the entire business to the buyer and, according to the court. “[w]hen selling an entire business, the rights to associated trademarks are necessarily sold unless at least two conditions are met: (1) the contract expressly reserves some right and interest in the trademark, and (2) the seller retains some of the business’s goodwill.” *Id.* at *4. Because neither of those exceptions applied, the buyer had received the marks and trade dress along with the rest of the business.

- c. When the members of a limited partnership fell out, a former partner who claimed he had coined a mark used by the partnership sued on the theory that he was the mark’s rightful owner. *See Sköld v. Galderma Labs.*, 917 F.3d (3d Cir. 2019). That claim was undone by a 2004 contract between the former partner and the limited partnership’s predecessor in interest in which the former partner agreed that that all trademarks “applied for or registered” by the predecessor would belong to it. *Id.* at 189. Although a subsequent agreement between the parties in 2004 modified the 2002 agreement’s treatment of “intellectual property,” the precisely worded definition of “intellectual property” in the 2004 agreement did not include “trademarks.” Accordingly, the predecessor (and therefore the limited partnership) owned the disputed mark. *See id.* at 194-95.

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) (2018).

1. Although it once was an open question whether the purchase of a competitor’s mark as a keyword for paid online advertising was actionable, courts generally have resolved that issue in plaintiffs’ favor. The latest to do so was a New York federal district court, which concluded after a bench trial the practice was actionable, at least in theory. *See Alzheimer’s Disease & Related Disorders Ass’n v. Alzheimer’s Found. of Am., Inc.*, 307 F. Supp. 3d 260, 283–84 (S.D.N.Y. 2018). It cautioned, though, that “[v]irtually no court has held that, on its own, a defendant’s purchase of a plaintiff’s mark as a keyword term is sufficient for liability.” *Id.* at 284.
2. Of course, not all averments of actionable use made the grade. One that did not came in a district court appeal from a decision in an opposition proceeding before the Trademark Trial and Appeal finding that the parties’ marks were not confusingly similar; in addition to challenging that find-

ing, the plaintiff's complaint before a Virginia federal district court asserted claims for infringement and unfair competition. *See Combe Inc. v. Dr. Aug. Wolff GmbH & Co. KG Arzneimittel*, 309 F. Supp. 3d 414 (E.D. Va. 2018). During discovery in the opposition, a defense witness testified the defendant had not sold, and would not sell, its goods (medicinal, cosmetic, and dermatological products) under the disputed mark unless and until a resolution of the plaintiff's challenge to its application was reached. Despite that testimony, however, the plaintiff claimed the Germany-based defendant had taken a number of steps to enter the United States market beyond applying to register its mark, including: (1) establishing a website containing links to third-party pharmacies selling its goods; (2) meeting with representatives of a United States-based drugstore about a potential distribution agreement; (3) providing a consultant with slides for use at an investor conference in the United States; and (4) pursuing regulatory approval for its products from the Food and Drug Administration. *Id.* at 417. Finding the defendant's motion to dismiss for failure to state a claim meritorious, the court referred to the definition of "use in commerce" set forth in Section 45 to hold as an initial matter that "the plain text of the statute makes clear that to use a mark in commerce on goods, (i) the defendant must affix the mark to the good or its container and (ii) the defendant must sell or transport a good in commerce such that it can be regulated by Congress." *Id.* at 420. "Given this definition," the court concluded, "neither the Lanham Act's use in commerce requirement, nor Virginia law's similar requirement, is satisfied where, as here, the complaint does not allege, nor does the record reflect, any facts suggesting that defendant has sold or transported . . . products [bearing its mark] in United States commerce." *Id.* This was particularly true because "[t]he complaint here does not allege, nor does the record reflect, that defendant is *imminently* preparing to market its products in the United States." *Id.* at 423.

3. A New York federal district court 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 Phoenix Entm't Partners, LLC v. J-V Successors, Inc.*, 305 F. Supp. 3d 540, 550 (S.D.N.Y. 2018).

B. Proving Likelihood of Confusion

1. As always, 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., Rothys, Inc. v. JKM Techs., LLC*, No. 3:18-CV-00067, 2018 WL 6710028, at *9 (W.D. Va. Dec. 20, 2018) (denying motion to dismiss allegations of trade dress infringement grounded in alleged similarities between appearances of parties' ballet slippers); *Anthem Sports, LLC v. Under the Weather, LLC*, 320 F. Supp. 3d 399, 416-17 (D. Conn. 2018) (holding, without extensive discussion, that plaintiffs had adequately alleged likely confusion between their SPORTPOD mark for

tents and the defendants' SPORTSPOD mark for directly competitive goods); *Silvertop Assocs. v. Kangaroo Mfg., Inc.*, 319 F. Supp. 3d 754, 771, 772 (D.N.J. 2018) (holding, without extensive discussion, that plaintiff had adequately alleged likely confusion in action to protect trade dress of banana costume based on conclusion that "the [parties'] products are almost identical in look and feel"), *appeal docketed*, No. 18-2266 (3d Cir. June 11, 2018); *YETI Coolers, LLC v. JDS Indus.*, 300 F. Supp. 3d 899, 912 (W.D. Tex. 2018) (declining to dismiss allegations of the confusing similarity of insulated drinkware).

2. In a Ninth Circuit opinion upholding the entry of a preliminary injunction, adidas America and an affiliate successfully defended two findings of infringement by the district court. *See adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

a. The first was a finding of likely confusion between the adidas model shown below on the left, and the competitive model shown below on the right:



Citing the "unmistakable" similarities between the parties' respective designs, the court not surprisingly concluded that that consideration favored the district court's finding of liability, *id.* at 755, as did the competitive proximity of the parties' goods, the "tremendous commercial success and market recognition" of the plaintiff's shoe, and the defendant's bad-faith intent. *Id.* at 756. The last of these considerations was documented by the defendant's copying of the plaintiff's shoe and its use of metatags to divert consumers searching for the plaintiff's shoe to the defendant's website. *Id.* at 755.

b. The court then turned to a second claim of infringement advanced by the plaintiff, namely, that the plaintiff's registered three-stripe design mark for footwear, shown below on the left, was infringed by the parallel stripes on the defendant's shoe on the right:



The court noted the existence of some distinctions between the designs, which "include[ed] a difference in the thickness of the

stripes, the inclusion of a strip between the three stripes on the [defendant's shoe], and the fact that the stripes do not continue to the sole of the shoe," but the district court had been within its rights to discount them when finding the parties' uses similar. *Id.* at 757. The plaintiff additionally benefitted from the conceptual and commercial strength of its mark, which arose from the mark's arbitrary nature, "a long history of marketplace recognition," and the plaintiff's "significant investment of resources to advertise the mark." *Id.* at 758. Finally, citing the parties' prior litigation history, the court declined to disturb a finding below the defendant had acted in bad faith with the observation that "[w]hen one party knowingly adopts a mark similar to another's, reviewing courts presume that the defendant will accomplish its purpose, and that the public will be deceived." *Id.* (quoting *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1456 (9th Cir. 1991)). "Taken together," the court concluded, those considerations justified the district court's finding of likely confusion. *Id.*

3. Although the use of closely similar designations in connection with directly competitive goods ordinarily might preclude a successful defense motion for summary judgment, the Eighth Circuit held otherwise in affirming the grant of such a motion. *See ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441 (8th Cir. 2018). The plaintiff in the action before that court owned a federal registration of its ONEPUL mark for "wicket bags" used to collect canine waste, while the defendant described its own wicket bags with the phrase "one-pull." *Id.* at 445. The defendant might well have prevailed on the theory that its use was a descriptive fair one, but the court's holding that confusion was unlikely as a matter of law obviated the need for such an analysis. That holding acknowledged the "clear similarity" of the parties' uses, but considered that similarity outweighed by the defendant's sale of its goods on a website emblazoned with its name, *id.* at 446-47; the same circumstance also diminished the significance of the "low-cost" and "fungible" nature of the parties' goods, which led consumers of them to exercise "minimal care" when making purchases. *Id.* at 448. With the plaintiff having failed to adduce evidence of the commercial strength of its "conceptually weak" mark, *id.* at 447, a bad-faith intent on the defendant's part, *id.*, or the existence of actual confusion, *id.* at 448, its infringement claim fell short as a matter of law.
4. 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.

5. In *B & B Hardware, Inc. v. Hargis Industries*, 135 S. Ct. 1293 (2015), the Supreme Court held that, under certain circumstances, a finding of likely confusion can have issue-preclusive effect in later district court litigation between the same parties, but what if the sequence of events is reversed and an initial finding of no likelihood of confusion is made by a district court? The Board addressed this question in *In re FCA US LLC*, 126 U.S.P.Q.2d 1214 (T.T.A.B. 2018), in which the applicant previously had successfully defended an infringement suit brought by the owner of a registration cited against an application to register the same mark challenged in the earlier suit. The Board declined to give the district court’s determination of noninfringement issue-preclusive or otherwise dispositive effect. According to the Board, the applicant’s victory after a bench trial rested on a finding that the applicant’s “specific alleged marketplace activities did not infringe Registrant’s rights.” *Id.* at 1217. In contrast, it observed:

[L]ikelihood of confusion [in the registration context] 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. . . . [W]here an application contains no such restrictions, examining attorneys and the Board must read the application to cover all goods of the type identified, to be marketed through all normal trade channels, and to be offered to all normal customers therefor. . . . Parties that choose to use identifications of goods in their trademark applications that are broader than their actual goods will be held to the broader scope of the application.

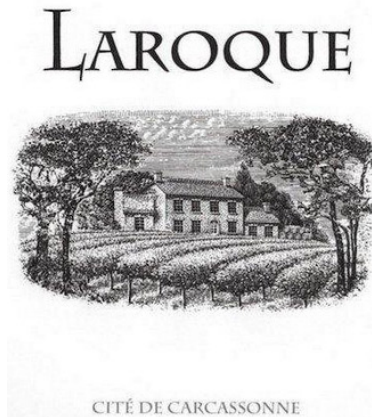
Id.

6. In *In re Aquitaine Wine USA, LLC*, 126 U.S.P.Q.2d 1181 (T.T.A.B. 2018), the Board elaborated on the methodology properly employed when reviewing a finding of likely confusion between a mark presented in standard-character format, on the one hand, and another presented in design or composite form:

We hold that when we are comparing a standard character mark to a word + design mark for [likelihood-of-confusion]

purposes, we will consider variations of the depictions of the standard character mark *only with regard to* “font style, size, or color” of the “words, letters, numbers, or any combination thereof.” We hasten to add, however, that where, as here, we are comparing a mark in standard characters to a mark that includes a pictorial representation of that term, the fact that the word + design mark includes such a pictorial representation will be taken into account to determine likelihood of confusion in terms of the marks’ overall connotation and commercial impression.

Id. at 1187 (quoting *Citigroup Inc. v. Cap. City Bank Grp.*, 637 F.3d 1344, 1348 (Fed. Cir. 2011); 37 C.F.R. § 2.52(a) (2017)). Applying this standard, it ratified the examiner’s citation of a prior registration of the CHATEAU LAROQUE mark for “wines having the controlled appellation Saint-Emilion Grand Cru” against an application to register the following mark for “wine of French origin protected by the appellation of the origin Cité de Carcassonne,” *id.* at 1183:



C. Proving Passing Off and Reverse Passing Off

1. As one opinion demonstrated, the Supreme Court’s restrictive interpretation of Section 43(a)(1)(A) of the Act in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), reduces that section’s utility in challenges to reverse passing off unless defendants have taken physical goods originating with plaintiffs and sold them as their own. *See Nicassio v. Viacom Int’l, Inc.*, 309 F. Supp. 3d 381 (W.D. Pa. 2018), *appeal docketed*, No. 18-2085 (3d Cir. May 16, 2018). That holding arose in an action in which the plaintiff, a romance novelist, alleged that another author had copied one of the plaintiff’s works and claimed it as her own. The plaintiff’s success in asserting copyright infringement against that defendant helped sink her concomitant reverse passing off causes of action under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (2018), and the Pennsylvania common law. Specifically, because those causes of action

were grounded in the copying of the plaintiff's work, they did not contemplate the extra element for liability necessary to avoid preemption. *Id.* at 396.

2. *Dastar* also proved the downfall of a challenge by the producer of karaoke accompaniment tracks in which its mark was embedded to the unauthorized use of those tracks by a pair of defendants. *See Phoenix Entm't Partners, LLC v. Sullivan*, 126 U.S.P.Q.2d 1362 (D. Colo. 2018). Granting the defendant's motion to dismiss for failure to state a claim, the court invoked prior decisions holding "claims of an unauthorized use of the content of [the plaintiff's] karaoke accompaniment tracks [to be] essentially claims of unauthorized copying and . . . not cognizable trademark claims under the Lanham Act." *Id.* at 1367. From them, it concluded that "*Dastar* extends to the karaoke context; and as a matter of law, there is no possibility of consumer confusion over the goods mark display." *Id.* It then similarly disposed of the plaintiff's service mark claims because "[a]t most, patrons are likely to be confused about whether [the plaintiff] authorized [the defendants] to copy and use its accompaniment tracks. The unauthorized copying and display of a creative work is a copyright claim, however, and not a trademark claim." *Id.* at 1368; *see also Phoenix Entm't Partners, LLC v. Ryco Enters.*, 306 F. Supp. 3d 1121 (E.D. Mo. 2018) (same disposition of similar claims by same plaintiff); *Phoenix Entm't Partners, LLC v. Sports Legends, LLC*, 306 F. Supp. 3d 1112 (E.D. Mo. 2018) (same); *Phoenix Entm't Partners, LLC v. Kwench, LLC*, 306 F. Supp. 3d 1102 (E.D. Mo. 2018) (same).
3. In contrast, the Ninth Circuit affirmed a finding of liability for reverse passing off in an action in which the defendants secured sample tires produced by the plaintiffs' molds and then sold them as their own. *See OTR Wheel Eng'g, Inc. v. W. Worldwide Servs., Inc.*, 897 F.3d 1008 (9th Cir. 2018). That scenario, the court held, presented a classic case of reverse passing off within the meaning of *Dastar*'s definition of the tort: "Passing off . . . occurs when a producer misrepresents his own goods or services as someone else's. 'Reverse passing off,' as its name implies, is the opposite: The producer misrepresents someone else's goods or services as his own." *Id.* at 1016 (alteration in original) (quoting *Dastar*, 539 U.S. at 27 n.1).

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. *See, e.g., Springboards to Educ., Inc. v. Houston Indep. Sch. Dist.*, 912 F.3d 805, 810 (5th Cir. 2019) (affirming rejection on defense motion for summary judgment of claim of fame for Read a Million Words, Million Dollar Reader, Millionaire Reader, and

Millionaire’s Reading Club marks when used in connection with the promotion of literacy among low-income and English-as-a-second-language students and related promotional goods), *as revised* (Jan. 29, 2019), *as revised* (Feb. 14, 2019); *Helpful Hound, L.L.C. v. New Orleans Bldg. Corp.*, 333 F. Supp. 3d 593, 602 (E.D. La. 2018) (granting motion to dismiss federal dilution claim to protect allegedly famous ST. ROCH MARKET for public market).

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., 300 F. Supp. 3d 899 (W.D. Tex. 2018). In taking that step, the court cited favorably to the plaintiff’s allegations of the extensive and continuous promotion of its designs throughout the United States, voluminous sales volume, and “publicity and attention” paid to the designs, *id.* at 914-15; the same allegations sufficed to defeat the defendants’ challenge to the plaintiff’s claim for relief under the Texas dilution statute, TEX. BUS. & COM. CODE § 16.103(a).

- ii. A New York federal district court reached an actual finding of mark fame in an action to protect the MoMA mark programs and activities aimed at educating the public about modern and contemporary art. *See Museum of Modern Art v. MOMACHA IP LLC*, 339 F. Supp. 3d 361, 381 (S.D.N.Y. 2018). Fifty years' worth of use, the extensive publicity of the plaintiff's services, and the plaintiff's ownership of a number of registrations helped produce that result. *Id.*
- iii. A far less defensible finding of mark fame came in a case in which the eligibility for protection under Section 43(c) and the Arkansas dilution statute, ARK. CODE ANN. § 4-71-213(a) (WEST 2016), of the V-RAY mark for computer software was at issue. *See Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018). In failing to establish the existence of a factual dispute as to the mark's fame, the counterclaim defendant was hindered by numerous admissions against interest by its principal, who readily admitted the popularity of the counterclaim plaintiff's software at the time the counterclaim defendant undertook its challenged conduct. Independent of his ill-advised deposition testimony, the counterclaim plaintiffs adduced evidence of "nearly \$10 million" in worldwide annual sales and the counterclaim plaintiffs' receipt of an Academy Award after its software was to produce "several blockbuster movies" (even if, as the court acknowledged, the Academy Award came after the counterfeit defendants' first use). *Id.* at 624.

2. Proving Liability

- a. Although the Trademark Trial and Appeal Board once routinely rejected claims of dilution under the former Section 43(c), it has become far more receptive to claims of liability under the statute's current iteration. For example, in *TiVo Brands LLC v. Tivoli, LLC*, 129 U.S.P.Q.2d 1097 (T.T.A.B. 2018), it found that the TIVOTAPE mark for electric lighting fixtures was likely to blur the distinctiveness of the TIVO mark for various services (and associated promotional goods).
- b. New York City's Museum of Modern Art successfully pursued a claim of likely dilution under Section 43(a). *See Museum of Modern Art v. MOMACHA IP LLC*, 339 F. Supp. 3d 361 (S.D.N.Y. 2018). The subject of MoMA's ire was the defendant's operation of an art gallery and café under the MOMA and MOMACHA marks. Although granting the plaintiff's preliminary injunction

motion, the court did not explain the theory of likely dilution on which it relied.

- c. In a cursory treatment of the issue, an Arkansas federal district court reached a finding of likely blurring as a matter of law under Section 43(c) and the dilution statute of that state despite the counterclaim plaintiffs' failure to identify for the court's benefit under which of the two theories of likely dilution it was proceeding. *See Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018). The summary judgment record established that the counterclaim defendant had purchased a domain name comprising the counterclaim plaintiffs' mark and a generic top-level domain and then continued to use it without authorization following the termination of a reseller agreement between the parties. In reaching a finding of liability as a matter of law, the court observed that "[the counterclaim plaintiffs'] summary judgment motion focuses on the issue of whether [their] . . . mark is 'famous,' and does not specify whether [they are] proceeding under a theory of tarnishment, blurring, or both." *Id.* at 624. Despite that conspicuous omission, the court concluded:

[T]here is no material dispute of fact that [the counterclaim defendant] has caused a lessening of the [counterclaim plaintiffs'] mark's capacity to distinguish between services, given the un rebutted evidence that [the counterclaim plaintiffs] [have] received repeated customer complaints about technical problems with the vray.com website that [the counterclaim plaintiffs] [have] no capacity to address, and that consumers sometimes incorrectly believed that [the counterclaim defendant], rather than [the counterclaim plaintiffs], is the developer of [the counterclaim plaintiffs' software].

Id. at 625 (citations omitted).

E. Proving Liability for Counterfeiting

1. The past year produced the usual findings of civil liability for the trafficking in goods associated with counterfeit imitations of federally registered marks. *See, e.g., John Wiley & Sons, Inc. v. Book Dog Books, LLC*, 327 F. Supp. 3d 606, 622–23 (S.D.N.Y. 2018) (counterfeit marks affixed to books); *Spin Master Ltd. v. Alan Yuan's Store*, 325 F. Supp. 3d 413, 422 (S.D.N.Y. 2018) (counterfeit marks affixed to toys).
2. One defendant attempted to defend itself against an allegation of counterfeiting by arguing that the low quality of its goods necessarily tipped off

consumers to the goods' unauthorized status. *See H-D U.S.A., LLC v. SunFrog, LLC*, 311 F. Supp. 3d 1000 (E.D. Wis. 2018), *appeal dismissed*, No. 18-2073, 2018 WL 6039900 (7th Cir. July 19, 2018). The court was unconvinced, holding instead that “ a counterfeiter cannot escape liability simply by reproducing protected marks on poor products. This would create perverse incentives for infringers and leave [the plaintiff] without the power to police the use of its marks in many instances.” *Id.* at 1028.

3. 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 his client, a Nigerian citizen, that he “could be” deported, rather than informing the client that he “would be” deported if he pleaded guilty to one count of trafficking in goods bearing counterfeit marks. *See State v. Aduka*, 812 S.E.2d 266, 270 (Ga. 2018).

F. Proving Cybersquatting

The Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam actions in challenges to domain names that allegedly misappropriate trademarks and service marks. *See* 15 U.S.C. § 1125(d) (2018). If a prior arbitration proceeding under the Uniform Dispute Resolution Policy (UDRP) has resulted in the suspension, transfer, or disabling of a domain name, the ACPA also authorizes what is effectively a mechanism for the domain name registrant to appeal the outcome of the UDRP action by bringing a cause of action for reverse domain name hijacking. *See id.* § 1114(2)(D)(v).

1. Whether because in rem claims under the ACPA generally lead to defaults or for other reasons, reported opinions addressing those claims have declined precipitously in recent years. An exception to that general rule came from a clash before a Virginia federal district court in which two intervenors not only appeared to defend registration of the disputed domain name but prevailed as a matter of law as well. *See Klumba.UA, LLC v. klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018), *appeal docketed*, No. 18-1731 (4th Cir. June 29, 2018).
 - a. The record on the parties' cross-motions for summary judgment established beyond dispute that the plaintiff was a Ukrainian limited liability company, which used the KLUMBA mark in its home company and operated an on-line platform for the sale and exchange of children's clothing accessible at the klumba.ua domain name. One of the plaintiff's four members registered the klumba.com domain name, and consumers accessing it were initially redirected to the plaintiff's site. After a falling out among the plaintiff's four members, however, the registrant of the klumba.com domain name and one other member arranged for the redirection of traffic associated with to a different site they controlled.

- b. In the in rem action under the ACPA that followed, the dissident members of the LLC intervened on behalf of the klumba.com domain name, in the process overcoming the plaintiff’s argument that they lacked standing to do so. *Id.* at 776-77. They then successfully moved the court for summary judgment by arguing the plaintiff had failed to establish its ownership of any trademark rights the registration and use of the disputed domain name might violate. As a threshold matter, the court noted that “[i]mportantly, unregistered or common law marks are entitled to protection under the ACPA. But equally importantly, common law trademark rights are acquired only through actual use of the mark in a given market in the United States.” *Id.* at 777 (citations omitted). Because the plaintiff could not identify any such use—its activities were limited to the Ukraine—the defendant’s motion for summary judgment was meritorious, while the plaintiff’s was not. *Id.* at 780.
2. A different court found no factual disputes that might preclude a finding of liability as a matter of law against the counterclaim defendant before it. *See Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018). According to the record assembled by the parties in support of their cross-motions for summary judgment, the counterclaim defendant had secured a prior-registered domain name consisting of the counterclaim plaintiffs’ flagship mark and a generic top-level domain. The counterclaim defendant may have done so in good faith in anticipation of reselling the counterclaim plaintiffs’ software, but that circumstance changed once the counterclaim plaintiffs terminated the parties’ resale agreement and a license allowing use of the domain name. At that point, the counterclaim defendant’s continued use of the domain name became one in bad faith, especially in light of evidence the counterclaim defendant’s principal “has previously registered or acquired multiple other domain names that he knows are identical or confusingly similar to marks of others.” *Id.* at 623.

III. PROVING FALSE ADVERTISING

- A. Courts differed on the proper test for liability for false advertising.
 1. Most 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., SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53, 61 (E.D.N.Y. 2018); *Fischer v. Stiglitz*, 302 F. Supp. 3d 457, 459 (D. Mass.

2018); *Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 969 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018); *Howard v. Lowe's Home Ctrs.*, 306 F. Supp. 3d 951, 960 (W.D. Tex. 2018), *appeal docketed*, No. 18-50156 (5th Cir. Cir. Feb. 28, 2018).

2. The Seventh Circuit, however, held that “[t]o prevail on a deceptive-advertising claim under the Lanham Act, a plaintiff must establish that (1) the defendant made a material false statement of fact in a commercial advertisement; (2) the false statement actually deceived or had the tendency to deceive a substantial segment of its audience; and (3) the plaintiff has been or is likely to be injured as a result of the false statement.” *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375, 381–82 (7th Cir. 2018).
3. Likewise, the Sixth Circuit also applied a tripartite test, one that required plaintiffs to prove defendants had “(1) made false or misleading statements of fact about their products, (2) which actually deceived or had a tendency to deceive a substantial portion of the intended audience, and (3) likely influenced the deceived consumers’ purchasing decisions.” *Wysong Corp. v. APN, Inc.*, 889 F.3d 267, 270 (6th Cir. 2018).

B. 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.*, 889 F.3d 267 (6th Cir. 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 271-72 (citations omitted) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

2. In contrast, a Tennessee federal district court held that the use of a doctored photograph showing a woodpecker allegedly nesting in a hole in wooden siding of a house was not excusable as puffery. *See Louisiana-Pac. Corp. v. James Hardie Bldg. Prods., Inc.*, 335 F. Supp. 3d 1002, 1012 (M.D. Tenn. 2018), *appeal docketed*, No. 18-5913 (6th Cir. Aug. 31, 2018).
- C. Courts generally agreed on the two ways in which challenged advertising could be false: (1) it could be literally false; or, alternatively, (2) it could be literally true but misleading in context. *See, e.g., Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375, 382 (7th Cir. 2018); *Wysong Corp. v. APN, Inc.*, 889 F.3d 267, 270-71 (6th Cir. 2018); *Lokai Holdings LLC v. Twin Tiger USA LLC*, 306 F. Supp. 3d 629, 638 (S.D.N.Y. 2018).
1. As always, some plaintiffs advancing claims of false advertising successfully demonstrated their opponents had disseminated literally false claims, or, alternatively, literally true but misleading ones.

- a. The parties in one dispute leading to a finding of liability competed in the dental supply industry, and, according to the counterclaim plaintiffs, the counterclaim defendant had disseminated false statements falling into several general categories. *See SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (E.D.N.Y. 2018), *reconsideration denied*, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2018). Those included representations that: (1) claims that customers would save a certain percentage (or “over” or “more than” a certain percentage) if they made purchasers from the counterclaim defendant; and (2) claims concerning the title of one of its employees and the number of the rest. Reviewing the summary judgment record, the court concluded that the statements in the first category were literally false because, although the counterclaim defendant unambiguously represented that customers switching to its goods enjoyed savings of 33%, 35%, 40%, or 42%, “[b]oth parties’ experts concluded that the data underlying those projections showed an average savings of closer to 19% than 35%.” *Id.* at 63. The statements in the second category also were literally false as a matter of law because the employee in question was not (as claimed) the counterclaim defendant’s Vice President of Product Sourcing and Supplier Relations and because the counterclaim defendant did not have the ten part-time employees it represented it had. *Id.* at 65.
- b. A different finding of literal falsity was made by a jury in a lawsuit brought by one participant in the self-service, automatic key duplication industry against a competitor. *See Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 978 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018). The challenged statement underlying the parties’ dispute was an accusation of patent infringement made by the defendant’s personnel to a retailer that referenced particular claims in a utility patent owned by the defendant. Had the defendant brought a counterclaim for patent infringement, the district court would necessarily have construed the patent’s claims as a matter of law before submitting the question of infringement to the jury. *See generally Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). Nevertheless, beyond instructing the jury to give a disputed phrase in the claims of the defendant’s patent “its plain meaning,” *quoted in Hillman Grp.*, 317 F. Supp. 3d at 971. the court held that step unnecessary. Citing the easily understood nature of the disputed phrase—“fully automatic”—it explained, “[t]he Court did not engage in a claim construction *because one was not needed.*” *Id.* at 973. Moreover, the absence of that step did not impermissibly “convert the jury’s deliberation into a claim construction.” *Id.*

- c. Two plaintiffs prevailed in their challenges to literally true but allegedly misleading advertising. See *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018). They included a manufacturer of a bovine growth hormone, recombinant bovine somatotropin (rbST), and the manufacturer’s subsidiary, which together filed suit against a pair of purveyors of milk produced by cows not exposed to rbST.
- i. The promotional campaign triggering that suit included a television commercial in which a seven-year-old girl opined that “[r]bST has razor sharp horns. It’s so tall that it could eat clouds. You may want to pet it but the fur is electric.” *Quoted in id.* at 380. The plaintiffs argued that this characterization of rbST, along with the defendants’ representations that their milk contained “no weird stuff,” constituted false advertising, and they successfully sought a preliminary injunction from the district court. *Id.*
- ii. The Seventh Circuit affirmed. It first disposed of the plaintiffs’ claim the disputed advertising was literally false by pointing out that “[the defendants’] ads make no explicit false claims about the composition of or dangers posed by milk from rbST-treated cows. Indeed, the explicit statements about rbST are factually accurate: RbST is an artificial growth hormone given to some cows, and [the defendants do] not use milk from those cows.” *Id.* at 382. The story was different with respect to the plaintiffs’ backup theory, however, for the court affirmed the finding below that the defendants’ advertising was impermissibly misleading. One basis of that outcome was the defendants’ acknowledgement that rbST was not a threat to human health. Another was guidance from the Food and Drug Administration to the effect that “when a food advertisement states that the product is made ‘from cows not treated with rbST,’ . . . the ad [should] also include the following disclaimer: ‘No significant difference has been shown between milk derived from rbST-treated and non-rbST-treated cows.’” *Id.* at 383. The defendants’ advertising included the recommended disclaimer, but only in “tiny print,” *id.*, and the plaintiffs also benefitted from evidence that “a major cheese producer decided to cease using milk from rbST-treated cows based in part on [the defendants’] ads.” *Id.* The district court’s interlocutory finding of liability therefore was well-founded:

Given [the defendants’] concession that rbST-derived dairy products are no different than other dairy products, all the available

evidence at this stage—the ads themselves, the FDA’s regulatory guidance, and the evidence of decreased demand—points in the same direction: [The plaintiffs have] a reasonable likelihood of success on the merits of [their] Lanham Act claim.

Id.

2. Some courts were less impressed with accusations of falsity.
 - a. One found a claim of false advertising meritless at the pleadings stage. *See Anthem Sports, LLC v. Under the Weather, LLC*, 320 F. Supp. 3d 399 (D. Conn. 2018). The parties were competitors in the market for small tents for viewing outdoor sporting events during inclement weather. Early in their relationship, the lead defendant supplied the lead plaintiff with tents for resale, but, following price increases by the lead defendant, the lead plaintiff began to source its tents from another supplier. This led a principal of the lead defendant to represent to the public that the lead plaintiff’s tents were “illegal knockoffs and very poor quality,” *quoted in id.* at 407, an allegation that led the plaintiffs to assert a cause of action for false advertising. Unfortunately for the plaintiff, that cause of action failed to survive the defendants’ motion to dismiss for failure to state a claim. Not only did the challenged statement amount to nothing more than an opinion, it was nonactionable puffery as well. *Id.* at 415-16; *see also id.* at 419-20 (reaching identical conclusion under Connecticut law).
 - b. In a battle arising in the literary world, one romance novelist unsuccessfully accused another of literally false advertising. *See Nunes v. Rushton*, 299 F. Supp. 3d 1216 (D. Utah 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 1239.

- c. Ambiguity proved fatal to the false advertising claim under Section 43(a) of a supplier of dental products. *See SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (E.D.N.Y. 2018), *reconsideration denied*, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2018). The counterclaim defendant targeted by that claim had boasted to potential customers of its dental products of its ability to leverage its relationships with state dental associations into savings of either “over 32%” or “more than 35%.” *Quoted in id.* at 65-66. The counterclaim plaintiffs challenging that representation asserted it was literally false for three reasons: (1) because the counterclaim defendant did not have volume-based pricing with its suppliers, it did not have the leverage it claimed; (2) there was no evidence the counterclaim defendant dropped prices as sales increased; and, as summarized by the court (3) “each [leveraging] statement in context states or necessarily implies that the 35% savings was derived purely from leveraging the buying power of the association, when in fact state dental association members only saved 5% more than members of the general public using [the counterclaim defendant’s] website.” *Id.* at 66. The court rejected each of these theories because the challenged statements were ambiguous, a status that saved them from findings of literal falsity. It noted with respect to the leverage issue that:

Even assuming [the counterclaim plaintiffs] are correct about the lack of volume-based supply agreements (a fact [the counterclaim defendant] disputes), reasonable customers could interpret [the counterclaim defendant’s] statement to mean that the prices available to members of dental associations that had endorsed [the counterclaim defendant] were lower than the prices than they would otherwise have paid. The prices for members of state dental associations were therefore “leveraged” based on the predicted increased sales volume of association members.

Id. The court then rejected what it called the counterclaim plaintiffs’ “cause-and-effect interpretation” of the counterclaim defendant’s representations, which it concluded was not the only interpretation possible. *Id.* Rather, “[r]easonable customers could interpret these two statements to be asserting separate facts: first, that the prices available to members of dental associations . . . were lower than the prices than they would otherwise have paid, and second, that those association members would save an average of 35%.” *Id.*

- D. Courts generally tied the prerequisite of actual or likely deception to the type of falsity demonstrated by plaintiffs.
1. Some held that a finding of literal falsity creates a presumption of actual or likely deception. *See AECOM Energy & Constr., Inc. v. Morrison Knudsen Corp.*, 748 F. App'x 115, 119 (9th Cir. 2018) (“Because [the defendants’ representations] are literally false, we need not consider the impact on the buying public.”); *Magnesita Refractories Co. v. Tianjin New Century Refractories Co.*, No. 1:17-CV-1587, 2019 WL 1003623, at *13 (M.D. Pa. Feb. 28, 2019) (“An advertisement that is proved ‘unambiguous and literally false’ is presumed to be deceptive or tending to deceive.” (quoting *Pernod Ricard USA, LLC v. Bacardi U.S.A., Inc.*, 653 F.3d 241, 248 (3d Cir. 2011))); *Select Comfort Corp. v. Baxter*, No. CV 12-2899 (DWF/SER), 2018 WL 6529493, at *9 (D. Minn. Dec. 12, 2018) (“If a statement is literally false, no extrinsic evidence of consumer deception is required.”), *appeal docketed* No. 19-1178 (8th Cir. Jan. 25, 2019).
 2. In contrast, others made the point that plaintiffs claiming literally true but misleading advertising by defendants were required to demonstrate deception through extrinsic evidence or, alternatively, a deliberate intent to deceive. *See, e.g., Magnesita Refractories*, 2019 WL 1003623, at *13 (“When an advertisement conveys a message that is ‘literally true or ambiguous,’ a plaintiff must “prove actual deception or a tendency to deceive.” (quoting *Pernod Ricard*, 653 F.3d at 248)); (*Select Comfort*, 2018 WL 6529493, at *9 (“When a claim is not literally false, but misleading, proof that the advertising actually conveyed the implied message and deceived a significant portion of the recipients is critical, and the success of such a claim normally turns on consumer survey evidence.”)).
 - a. Nevertheless, an opinion from the Seventh Circuit rejected a challenge to a preliminary injunction issued without any of these showings. *See Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018). The injunction targeted advertising the district court found literally true but misleading, and the appellate court explained that, in such a scenario, “the plaintiff ordinarily must produce evidence of actual consumer confusion in order to carry its burden to show that the challenged statement has ‘the tendency to deceive a substantial segment of its audience.’” *Id.* at 382 (quoting *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 819 (7th Cir. 1999)). Nevertheless, it excused the failure of the plaintiffs before it to offer that evidence to the district court, observing that “[i]t’s not feasible to require a Lanham Act plaintiff to conduct full-blown consumer surveys in the truncated timeframe between filing suit and seeking a preliminary injunction. . . . Consumer surveys were unnecessary.” *Id.*

- b. An Ohio federal district court similarly declined to disturb a jury finding of actual or likely deception, even though the jury had not had the benefit of survey evidence. *See Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 978 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018). The advertising found false by the jury accused the plaintiff of infringing a utility patent owned by the defendant and was disseminated to a major third-party retailer weighing a purchase from one party or the other. Although the retailer opted for the plaintiff's goods even after its receipt of the defendant's false statement into account, the court rejected the defendant's argument that the plaintiff was required to prove the retailer had changed its purchasing decision because of the advertising. Rather, it held, the jury reasonably could have found in the plaintiff's favor based on testimony and evidence that the retailer had made a short-lived (and eventually reversed) decision to purchase the defendant's goods and also had requested the plaintiff to confirm the plaintiff's indemnification of the retailer in the event of a patent infringement lawsuit by the defendant. *Id.* at 976-78.
- E. The requirement of materiality does not often pose an insurmountable obstacle to liability for false advertising, but it did in some cases over the past year.
1. For example, one court went so far as to dismiss a false advertising cause of action for failure to state a claim in light of the counterclaim plaintiff's failure adequately to aver materiality. *See Lokai Holdings LLC v. Twin Tiger USA LLC*, 306 F. Supp. 3d 629 (S.D.N.Y. 2018). The counterclaim defendant successfully pursuing that outcome promoted its sales of bracelets by representing to consumers the bracelets had beads "carr[ying] water" from Mt. Everest. *Quoted in id.* at 638. The counterclaim plaintiffs averred that claim was either literally or impliedly false because it suggested the water would never escape from the beads. Although accepting the veracity of that argument for purposes of the counterclaim defendant's motion, the court seized upon a fatal flaw in it. Interpreting the materiality requirement for liability as requiring a showing that "the false belief [among consumers] is 'likely to influence purchasing decisions,'" *id.* at 639 n.3 (quoting *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 63 (2d Cir. 2016)), the court concluded that the counterclaim plaintiffs had failed to aver facts establishing such an influence. *Id.* at 639.
 2. The parties in another false advertising dispute competed in the dental supply industry, and the court found as a matter of law the counterclaim defendant had falsely claimed that its customers enjoyed certain savings, that one of its employees had a particular title, and that it had a certain number of support personnel. *See SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (S.D.N.Y. 2018). The literal falsity of those statements, however, did not lead to a finding of liability, however; in-

deed, the contrary held in light of the counterclaim plaintiffs' failure to establish the materiality of the misrepresentations. The court's analysis of the counterclaim defendant's savings-related claims yielded the following conclusion:

[I]t is not sufficient for [the counterclaim plaintiffs] to presume materiality simply on the basis that purchasers generally like to spend less instead of more. . . . Purchasers who see a product that they have purchased advertised for 33% less, but who have received excellent customer service from their current seller, might be well inclined to take an "if it ain't broke, don't fix it," approach. On the other hand, the same or other customers might also decide that it would be worth switching to a new distributor for even a 10-15% savings.

Perhaps there is some level where materiality can be found as a matter of law—e.g., where customers were promised 90% savings over a competing product. But in the absence of that kind of obvious disparity, [the counterclaim plaintiffs] were required to introduce some form of evidence—usually, although not necessarily, survey evidence or expert testimony based on it—to raise a factual question as to whether the differential between advertised and actual prices was material in this market.

Id. at 65. Turning to the counterclaim defendant's false claims about its personnel, the court determined the counterclaim plaintiffs had similarly failed to create a factual dispute as to whether those claims had affected consumers' purchasing decisions in any way. *Id.* at 68.

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

- A. A Ninth Circuit opinion drove home the point that the use of another party's persona in commercial advertising or promotion is actionable under Section 43(a)'s cause of action for false endorsement and corresponding state-law causes of action for violation of that party's right of publicity only if the use is unauthorized. *See Hicks v. PGA Tour, Inc.*, 897 F.3d 1109 (9th Cir. 2018). It did so in a case brought by a group of professional golfing caddies, who objected to the PGA Tour's requirement that they wear bibs featuring advertising by sponsors of the tournaments in which they caddied. Because the caddies' employment agreements committed them to comply with the Tour's regulations and because the regulations provided "unambiguous authorization for the Tour to require that the Caddies wear bibs," the district court properly had dismissed the caddies' causes of action under Section 43(a) and California law for failure to state claims. *Id.* at 1119.

- B. A Massachusetts federal district court similarly dismissed a claim of false endorsement under Section 43(a) at the pleadings stage. *See Fischer v. Stiglitz*, 302 F. Supp. 3d 457 (D. Mass. 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 e-mail, 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 459. The plaintiff’s corresponding cause of action under Massachusetts law suffered the same fate. *Id.* at 460.
- C. Although the descendibility of the cause of action for false endorsement is not litigated nearly as often as the issue of whether the state-law rights of publicity survive their owners’ deaths, a New York federal district court picked up the issue in a case in which a successor in interest to Marilyn Monroe was the lead counterclaim plaintiff. *See A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, No. 12 CIV. 4828 (KPF), 2019 WL 367842 (S.D.N.Y. Jan. 30, 2019). Weighing the parties’ cross motions for summary judgment, the court held that Monroe’s death did not extinguish the right of her successor to bring a claim under Section 43(a). *Id.* at *7.

V. DEFENSES

A. Legal Defenses

1. 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.

a. Abandonment Through Nonuse

- i. One opinion made the obvious point that a mark cannot be abandoned through nonuse if it remains in use. Thus, for example, although a pair of defendants asserted this theory of abandonment in response to an infringement action against them, they were forced to concede after discovery that the plaintiff had, in fact, used its four marks in the three years before the plaintiff moved the court for summary judgment on the issue. *See Marketquest Grp. v. BIC*

Corp., 316 F. Supp. 3d 1234 (S.D. Cal. 2018). The defendants argued the marks had not been affixed to the plaintiff's goods, and the uses in question therefore were not in commerce, but the court disagreed. On the contrary, it held in granting the plaintiff's motion for summary judgment that appearances of the marks on sample goods and shipping labels, on trade show displays, in catalogs, and on the plaintiff's website did the job. *Id.* at 1283-88. Moreover, it also rejected the defendant's claim that the evolution of one of the marks from THE ALL IN ONE LINE to ALL IN ONE constituted an abandonment of the plaintiff's rights to the former. *Id.* at 1290-91.

- ii. A different court similarly rejected a defense argument that, because the plaintiff used the mark to which it claimed protectable rights in conjunction with a house mark, it necessarily had abandoned the first mark. *See CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 349 (D. Conn. 2018).
- iii. In another case, in which the Board reached an actual 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.*, 126 U.S.P.Q.2d 1526 (T.T.A.B. 2018). 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 1538 (citations omitted) (quoting *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 1581 (Fed. Cir. 1990)).

b. Abandonment Through Naked Licensing

- i. A New York federal district court reached a rare finding of abandonment through naked licensing. *See Gym Door Repairs, Inc. v. Young Equip. Sales, Inc.*, 331 F. Supp. 3d 221 (S.D.N.Y. 2018), *reconsideration denied*, No. 15-CV-4244 (JGK), 2018 WL 5650004 (S.D.N.Y. Oct. 30, 2018). The plaintiffs, which included the ill-fated licensor, argued in response to a defense motion for summary judgment that the licensor allowed use of the mark in question by only its authorized dealers and that it sent demand letters to alleged infringers. Those showings did not impress the court, which held the licensor had forfeited the rights to its claimed mark by failing to police the mark’s use by its licensee (a co-plaintiff):

[T]his says nothing about [the licensor’s] naked licensing to [the licensee]. If [the licensor] keeps others from using the mark, there still may be a naked license to [the licensee]. The plaintiffs do not offer any evidence regarding whether [the licensor] monitors the quality of products made by [the licensee] that bear the [claimed] trademark, which is the “critical question” in determining whether there is a naked license. And it would not be possible for [the licensor] to monitor [the licensee] because [the licensor] has no employees.

Id. at 251 (quoting *Can’t Stop Prods., Inc. v. Sixuvus, Ltd.*, 295 F. Supp. 3d 381, 392 (S.D.N.Y. 2018)).

- ii. One court confirmed that a licensor need not enjoy complete control over its licensee’s activities to avoid a finding of abandonment through naked licensing. *See Yoe v. Crescent Sock Co.*, 314 F. Supp. 3d 892, 927 (E.D. Tenn. 2018).

2. Descriptive Fair Use

- a. A Sixth Circuit opinion demonstrated the sometimes blurred line between the affirmative defense of descriptive fair use and its nominative fair use cousin in affirming the grant of a defense motion for summary judgment based on the former. *See Sazerac Brands LLC v. Peristyle, LLC*, 892 F.3d 853 (6th Cir. 2018). The plaintiffs owned the rights to the OLD TAYLOR and COLONEL E.H. TAYLOR marks for distilled spirits, and they objected to descriptions of a distillery owned by the defendants as located at “Former Old Taylor Distillery” and as “Old Taylor.” Although those uses were clearly of the plaintiff’s marks *as* marks, the court nevertheless concluded they were permissible because they were used descriptively and in good faith, *id.* at 857: Indeed, under the court’s reading of Section 33(b)(4), “the fair use defense has two elements. The defendant must (i) use the [challenged term or phrase] in a descriptive or geographic sense and (ii) do so fairly and in good faith,” *id.*; the express third requirement under Section 33(b)(4) of the Act—that a challenged use be otherwise than as a mark to qualify for the defense—went unnoticed and unmentioned.
- b. In a holding more faithful to the methodology required by Section 33(b)(4)’s text, an Illinois federal district concluded that uses of “the sports fuel company” such as the following were protected under the statute, in part because they were non-trademark in nature:



See SportFuel, Inc. v. PepsiCo, Inc., No. 16 C 7868, 2018 WL 2984830 (N.D. Ill. June 14, 2018). In reaching this conclusion, the court was untroubled by the plaintiff’s prior acquisition of a federal registration covering the larger GATORADE THE SPORTS FUEL COMPANY mark because, as the court noted, “sports fuel company” during the application process. *Id.* at *5.

- c. A California federal district court declined to grant a defense motion for summary judgment grounded in the theory that the challenged use was a fair descriptive one. *See Yaros v. Kimberly Clark Corp.*, No. 17CV1159-GPC(BGS), 2018 WL 3729520 (S.D. Cal. Aug. 6, 2018). The key evidence adduced by the plaintiff was an advertisement that featured the challenged use in larger font than the text the plaintiff claimed was the actual mark for its goods. That prominence, the court concluded, created a factual dispute as to whether the challenged use was one “otherwise than as a mark,” as well as whether the defendant had adopted it in good faith. *Id.* at *7-8.

3. Nominative Fair Use

- a. A defense claim of nominative fair use failed in an application of Ninth Circuit doctrine by a California federal district court. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). Although some Ninth Circuit opinions have held the doctrine is not an affirmative defense so much as it is something for plaintiffs to overcome as part of their prima facie cases, *See, e.g., Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-83 (9th Cir. 2010), the court teed up its discussion of the issue by invoking the familiar three-factor *New Kids on the Block* test in the following manner:

To establish a nominative fair use defense, the defendant must prove three elements: (1) the [plaintiff’s] product or service in question must be one not readily identifiable without use of the trademark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the [plaintiff’s] product or service; and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

Marketquest, 316 F. Supp. 3d at 1297 (alterations in original) (citing *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.3d 302, 308 (9th Cir. 1992)). It then entered summary judgment in the plaintiff’s favor based on the absence of any evidence or testimony the defendants used the challenged verbiage at the heart of the case as a nominative allusion to the plaintiff; instead, the defendants’ witnesses uniformly testified that those uses were descriptive references to their own goods, a showing more suited to a descriptive fair use defense. *Id.* at 1297.

- b. In contrast, a successful invocation of the nominative fair use doctrine on a motion to dismiss came in the context of a false endorsement claim under Section 43(a). *See Basil v. New Razor & Tie Enters.*, 126 U.S.P.Q.2d 1046 (C.D. Cal. 2018). The pro se plaintiff falling victim to it was one-hit wonder Toni Basil, known for her circa-1982 song *Mickey*. Having long since assigned her rights to the song, Basil objected to the defendants' use of it in a promotional video and an accompanying press release referencing her as the song's vocalist. Without addressing the question of the proper categorization of nominative fair use as an affirmative defense or something else, the court applied the *New Kids on the Block* factors in concluding that Basil had failed to state a claim. Specifically, "Basil and the song cannot be described except by using her name and the song's title, and the [complaint] does not allege any well-pleaded facts suggesting that defendants used more of the marks than reasonably necessary or do anything that would suggest sponsorship or endorsement." *Id.* at 1050.

B. Equitable Defenses

1. Laches

- a. As always, statements of the test for the affirmative defense of laches differed in reported opinions.
 - i. For example, one court opined that 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. *See CSL Silicones, Inc. v. Mid-sun Grp.*, 301 F. Supp. 3d 328, 364 (D. Conn. 2018).
 - ii. In the Ninth Circuit, however, "[t]o establish that laches bars a claim, a defendant must 'prove both an unreasonable delay by the plaintiff and prejudice to itself.'" *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018) (quoting *Evergreen Safety Council v. RSA Network Inc.*, 697 F.3d 1221, 1226 (9th Cir. 2018)); *accord Marketquest Grp. v. BIC Corp.*, No. 11-CV-618-BAS-JLB, 2018 WL 2933518, at *37 (S.D. Cal. June 12, 2018). With respect to the first of these prongs, the Ninth Circuit invoked the following factors when determining whether a claimant had impermissibly slept on its rights: "(1) strength and value of trademark rights asserted; (2) plaintiff's diligence in enforcing mark;" (3) harm to senior user if relief denied; (4) good faith ignorance by junior user; (5) compe-

tition between senior and junior users; and (6) extent of harm suffered by junior user because of senior user's delay." *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018)).

iii. Some courts referred to state statutes of limitations for comparable torts as benchmarks for determining whether plaintiff's delays were presumptively excusable or inexcusable. *See, e.g., Excelled Sheepskin & Leather Coat Corp. v. Ore. Brewing Co.*, 897 F.3d 413, 419 (2d Cir. 2018) (six years under New York law); *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018) (three years under Washington law); *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018) (four years under California law); *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1292 (S.D. Cal. 2018) (same); *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 365 (D. Conn. 2018) (three years under Connecticut law).

b. The most notable opinion to address the defense of laches over the past year came from the Ninth Circuit, which addressed the question of whether laches can bar a request for the cancellation of a registration on the Principal Register that has not yet passed its fifth anniversary. *See Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018). Prior to that anniversary, of course, such a registration may be cancelled on any of the grounds that would have prevented its registration in the first place, *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091 (Fed. Cir. 1984). which are set forth in Sections 1, 2, and 14 of the Act. 15 U.S.C. §§ 1051, 1052, 1064 (2018). Immediately upon the registration's fifth anniversary of issuance, however, it may be cancelled only on the limited grounds set forth in Section 14(3) of the Lanham Act, *Id.* § 1064(3). regardless of whether the registrant has filed a declaration or affidavit of incontestability under Section 15. *Id.* § 1065; *see also Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 n.5 (Fed. Cir. 1990); *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 761 n.6

i. The potential significance of the five-year period defined by Section 14(3) lies in two Supreme Court opinions, one in a copyright action and the other in a suit for utility patent infringement. In the first, *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014), the Court held that the three-year statute of limitations in Section 701(b) of the Copyright Act, 17 U.S.C. § 701(b) (2018), trumps the equitable defense of laches with respect to any copyright action

brought within three years of the alleged violation: “To the extent that an infringement suit seeks relief solely for conduct occurring within the limitations period, . . . courts are not at liberty to jettison Congress’ judgment on the timeliness of suit.” *Petrella*, 572 U.S. at 667. In the second of its two opinions, *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954 (2017), the Court interpreted the six-year statute of limitations on claims for monetary relief found in Section 286 of the Patent Act, 35 U.S.C. § 286 (2018), to similar effect. *See SCA Hygiene*, 137 S. Ct. at 967 (“Laches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by § 286.”).

- ii. In the appeal before the Ninth Circuit, a challenge to a registration owned by the defendant led the defendant to respond with a laches defense. Citing both *Petrella* and *SCA Hygiene*, the plaintiff argued that Section 14(3) rendered the defense unavailable, but the court disagreed. It noted that Sections 34(a), 15 U.S.C. § 1116(a) (2018), and 35(a), *id.* § 1117(a)—two provisions having nothing to do with registrability disputes—authorized courts to enter injunctive and monetary relief “subject to the principles of equity.” More convincingly, it also cited Section 19, which “expressly makes laches a potential defense ‘[i]n *all* inter partes proceedings’ before the PTO, including cancellation proceedings.” *Pinkette Clothing*, 894 F.3d at 1023 (alteration in original) (quoting 15 U.S.C. § 1069 (2018)). Confusing Section 14(3)’s time limit on cancellation actions with the concept of incontestability under Section 15, the court concluded:

Nothing in § [14] alters the straightforward application of § [19] to permit laches as a defense to cancellation. There is no question that § [14] is not a statute of limitations in the usual sense of barring an action entirely once a defined period expires. Incontestability merely limits the grounds on which cancellation may be sought.

Id. Especially because “[n]otwithstanding the long pedigree of the rule in *Petrella* and *SCA Hygiene*, the TTAB has repeatedly reached the same conclusion we do today and applied laches to bar trademark cancellation claims brought within five years of the relevant registration,” *id.* at 1024 (citing *Ava Ruha Corp. v. Mother’s Nutritional Ctr.*, 113

U.S.P.Q.2d 1575 (T.T.A.B. 2015)), the defendant was entitled to assert the defense. *Id.* at 1025.

- c. Without reference to the potential significance of *Petrella* and *SCA Hygiene*, the Trademark Trial and Appeal Board similarly reached a determination of laches in a cancellation action based on the petitioner's four-year delay in challenging the respondent's registration. *See TPI Holdings, Inc. v. TrailerTrader.com, LLC*, 126 U.S.P.Q.2d 1409 (T.T.A.B. 2018),

2. Acquiescence

- a. One federal district court explained the affirmative defense of acquiescence in the following manner:

To establish a defense of acquiescence, defendant must prove that: “(1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.” Acquiescence implies active consent, which can be shown by “conduct on the plaintiff's part that amounts to an assurance to the defendant, express or implied, that the plaintiff would not assert his trademark rights against the defendant.”

CSL Silicones, Inc. v. Midsun Grp., 301 F. Supp. 3d 328, 367 (D. Conn. 2018) (quoting *ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy P.C.*, 314 F.3d 62, 67, 68 (2d Cir. 2002)); *accord Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1121 (9th Cir. 2018).

- b. Weighing the parties' cross-motions for summary judgment, an Arkansas federal district court split the judicial baby on the issue of the counterclaim defendant's claim of acquiescence. *See Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018). Although the counterclaim plaintiffs arguably had taken a number of actions to encourage the conduct they later claimed was unlawful, the court held as a matter of law that any resulting acquiescence did not bar the counterclaim plaintiffs' request for injunctive relief: “The defense of acquiescence is not available against injunctive relief where there is intentional infringement. This is because the *public* also has an interest in not being deceived.” *Id.* at 627 (citation omitted). Nevertheless, it also held as a matter of law that “[the counterclaim plaintiffs] will be estopped from collecting any money damages on [their] trademark

claims against [the counterclaim defendant] in this case.” *Id.* at 628.

- c. In contrast, a California federal district court rejected outright an acquiescence defense as a matter of law. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). Reviewing the defendants’ response to the plaintiff’s motion for summary judgment, the court found the defendants had failed to establish the first prerequisite for the defense because “Defendants cannot show that [Plaintiff] affirmatively acted to induce the belief that it had abandoned its infringement claims or consented to Defendants’ uses of the marks.” *Id.* at 1294. Indeed, the plaintiff had delayed only a few months before filing suit, a consideration that precluded the defendants from establishing both consent and the required delay. *Id.* Having reached these conclusions, the court did not address the issue of whether the plaintiff’s modest delay prejudiced the defendants in any way.
- d. This outcome notwithstanding, and although acquiescence is an equitable defense ultimately reviewable under an abuse-of-discretion standard, the Ninth Circuit confirmed that factual disputes can preclude successful motions for summary judgment bearing on it. *See Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109 (9th Cir. 2018). The dispute leading to that confirmation was brought by a supplier to the Whole Foods chain of markets, which objected to Whole Foods’ licensed use of a mark reminiscent to one covered by registrations owned by the plaintiff. The plaintiff did not object to that use immediately upon discovering it, but instead wrote to Whole Foods describing the use as “fantastic to see.” *Quoted in id.* at 1113. The same correspondence and subsequent communications proposed a sale of the plaintiff’s mark to Whole Foods; it was only when those overtures failed to bear fruit that the plaintiff adopted a more menacing tone and eventually filed suit. The Ninth Circuit agreed with the district court that the plaintiff’s initial reaction constituted an affirmative gesture of consent sufficient to satisfy the first requirement for a determination of acquiescence as a matter of law, but it faulted the lower tribunal for giving the third requirement short shrift. In vacating entry of summary judgment in favor of Whole Foods, it explained that, even if Whole Foods could substantiate its claims of prejudice, “[r]eliance is a separate but necessary component of the prejudice analysis, and the district court must determine whether the defendant relied on the plaintiff’s active representations, to what extent it relied on those representations, and whether that reliance was reasonable.” *Id.* at 1121.

3. Estoppel

- a. In addressing, and then dismissing on summary judgment, a claim of estoppel, one court explained of the defense that “estoppel is any conduct, express or implied, which reasonably misleads another to his prejudice so that a repudiation of such conduct would be unjust in the eyes of the law. It is grounded not on subjective intent but rather on the objective impression created by the actor’s conduct.” *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1295 (S.D. Cal. 2018) (alteration omitted) (quoting *Yoshida v. Liberty Mut. Ins. Co.*, 240 F.2d 824, 829–30 (9th Cir. 1957)). It required the defendants asserting it to make four showings:

(1) [Plaintiff] knew Defendants were potentially infringing . . . (2) [Plaintiff’s] actions or failure to act led Defendants to reasonably believe that [Plaintiff] did not intend to enforce its trademark rights against Defendants; (3) Defendants did not know that [Plaintiff] actually objected to its potential infringement of the marks; and (4) due to their reliance on the [Plaintiff’s] conduct, Defendants will be materially prejudiced if [Plaintiff] is allowed to proceed with its claims.

Id. Reviewing the summary judgment record before it, the court found the plaintiff’s approximately four-month delay in bringing suit precluded the defendants from establishing an estoppel barring assertion of the plaintiff’s rights. *Id.*

- b. In contrast, a different court denied the bid of the plaintiff before it for the dismissal as a matter of law of an equitable estoppel defense. *See CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018). The summary judgment record disclosed that the plaintiff had petitioned for the cancellation of a registration covering the defendant’s mark years earlier, only to dismiss it voluntarily. The plaintiff argued it had never affirmatively withdrawn its objections to the defendant’s mark, but the court declined to give that contention any meaningful weight. As it concluded while denying the plaintiff’s motion, “[the defendant] has raised a triable issue of material fact as to whether [the plaintiff’s] withdrawal of its Petition to Cancel was a material representation upon which [the defendant] reasonably relied to its detriment.” *Id.* at 366.

4. Unclean Hands

- a. One court explained that “a court may deny relief based on the unclean hands doctrine “where the party applying for such relief is

guilty of conduct involving fraud, deceit, unconscionability, or bad faith related to the matter at issue to the detriment of the other party.” *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 363 (D. Conn. 2018) (quoting *Gidatex, S.r.L. v. Campaniello Imps., Ltd.*, 82 F. Supp. 2d 126, 131 (S.D.N.Y. 1999)). It further observed, “[a]pplication of the unclean hands doctrine rests in the discretion of the court, which is “not bound by formula or restrained by any limitation that tends to trammel the free and just exercise of discretion.” *Id.* (quoting *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 245–46 (1933)).

- b. Applying the Ninth Circuit rule on the subject, a California federal district court held that “only a showing of wrongfulness, willfulness, bad faith, or gross negligence, proved by clear and convincing evidence, will establish sufficient culpability for invocation of the doctrine of unclean hands.” *Certified Nutraceuticals, Inc. v. Avicenna Nutraceutical, LLC*, No. 316CV02810BENBGS, 2018 WL 3618243, at *3 (S.D. Cal. July 30, 2018) (quoting *Pfizer, Inc. v. Int’l Rectifier Corp.*, 685 F.2d 357, 359 (9th Cir. 1982)), *appeal docketed*, No. 18-56631 (9th Cir. Dec. 12, 2018)).
- c. A characteristic judicial rejection of unclean hands came in an opinion from a Ninth Circuit panel in an action in which the plaintiff, rather than the defendant, accused its opponent of unclean hands in an attempt to defeat the defendant’s claim of laches. *See Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018). According to the plaintiff, the defendant had necessarily adopted and registered its mark in the United States with a bad-faith intent because of a prior finding by the Canadian Intellectual Property Office that the parties’ marks conflicted with each other. In declining to hold the district court’s rejection of the plaintiff’s argument an abuse of discretion, the appellate court pointed to testimony by the defendant’s principals that they believed their company’s mark did not infringe that of the plaintiff and, additionally, that the failure of their Canadian application had not led them to a contrary conclusion. *Id.* at 1028. Under the circumstances, it held, “there was no clear and convincing evidence of wrongfulness, willfulness, bad faith, or gross negligence on [the defendant’s] part.” *Id.* at 1029.
- d. Another claim of unclean hands rested on a different basis, but it failed in similar fashion. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). According to a pair of defendants accused of infringing several marks covered by federal registrations, unclean hands barred the plaintiff’s claims because the plaintiff had procured its registrations through fraudulent filings in the USPTO. The defendants’ fraud-based challenge to the plain-

tiff's registrations failed as a matter of law, however, and that failure took their unclean hands defense with it: As the court held in granting the plaintiff's motion for summary judgment, "Defendants' unclean hands defense fails because the Court has granted summary judgment to Plaintiff on the only allegedly inequitable conduct identified by Defendants, *i.e.*, the alleged fraudulent procurement of certain registrations." *Id.* at 1295.

- e. In contrast, a different court chose to defer a decision on the merits of a plaintiff's claim that unclean hands barred the defendant's assertion of the equitable defenses of laches, equitable estoppel, and acquiescence. *See CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018). The plaintiff's argument rested largely on its belief that the defendant had undertaken its allegedly infringing conduct in bad faith. In rejecting the plaintiff's motion for summary judgment on the merits of its prima facie case, the court a factual dispute existed on the issue of the defendant's intent, and that dispute doomed the plaintiff's invitation to the court to find as a matter of law that the defendant had unclean hands: "It follows," concluded the court, "that whether [the defendant] may maintain its equitable defenses, in light of its potentially dirty hands, is a question to be resolved another day." *Id.* at 364.

VI. REMEDIES

A. Injunctive Relief

1. Courts differed in the proof of irreparable harm they required of plaintiffs seeking injunctive relief.
 - a. Some 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*, 310 F. Supp. 3d 949, 952 (N.D. Ill. 2018) ("The Seventh Circuit traditionally has applied a presumption of irreparable harm in false advertising and trademark infringement suits.").
 - 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 ir-

reparable injury from the bare fact of liability in a trademark or trade dress case . . .”).

c. Of the opinions addressing the prerequisite of irreparable harm for injunctive relief, perhaps the most interesting came from the Ninth Circuit, which rejected the presumption, affirmed a factual finding of irreparable harm with respect to one claim by the plaintiff, and overturned a second factual finding of irreparable harm as to a second claim. *See adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

i. That opinion arose from litigation between two manufacturers of athletic shoes that produced two findings of liability, namely, that: (1) a model of shoe offered by the defendant infringed, and was likely to dilute, the trade dress of a shoe offered by the plaintiff; and (2) a design comprising three parallel stripes and appearing on the defendant’s shoes infringed, and was likely to dilute, a federally registered three-stripe design mark owned by the plaintiff. The district court entered a preliminary injunction against the defendant’s continued distribution of both of its models, but that disposition survived only in part on appeal.

ii. Affirming the injunction as to the defendant’s violations of the plaintiff’s rights to its trade dress, the appellate court cited favorably to a number of showings of harm adduced by the plaintiff. One of the most significant was testimony of “the significant efforts [the plaintiff] invested in promoting the [shoe] through specific and controlled avenues such as social media campaigns and product placement,” while another was the unsolicited favorable of the shoe by third-party media. *Id.* at 756. “Finally,” the court noted, “[the plaintiff] produced customer surveys showing that approximately twenty percent of consumers believed [the defendant’s shoe model] was made by, approved by, of affiliated with [the plaintiff].” *Id.* Thus:

The extensive and targeted advertising and unsolicited media, along with tight control of the supply of [the plaintiff’s shoe], demonstrate that adidas has built a specific reputation around the [shoe] with “intangible benefits.” And, the customer surveys demonstrate that those intangible benefits will be harmed if the [the defendant’s shoe] stays on the market because consumers will be confused about the source of the shoes.

We find that the district court's finding of irreparable harm is not clearly erroneous.

Id. at 756-57 (quoting *Regents of Univ. of Cal. v. Am. Broad. Cos.*, 747 F.2d 511, 519 (9th Cir. 1984)).

- iii. In contrast, the court found the plaintiff's claim of irreparable harm with respect to its design mark fatally deficient. That claim rested heavily on the theory that consumers viewed the plaintiff's mark as a premium brand, while viewing the defendant's brand as a "lower-quality, discount" one. *Id.* at 759. To support it, the plaintiff proffered testimony from its own employees that it sold its shoes at higher prices than did the defendant, but, the court concluded, "[t]his generalized statement regarding [the defendant's] price point does not indicate that consumers view [the defendant] as a value brand," *id.* at 760; moreover, "the defendant's reputation among the ranks of [the plaintiff's] employees does not indicate how the general consumer views it." *Id.* The court next rejected the plaintiff's reliance on alleged harm arising from post-sale confusion between the parties' shoes, which it determined was "counterintuitive." *Id.* Because the plaintiff had failed to demonstrate irreparable harm with respect to the defendant's misappropriation of the plaintiff's design mark, the court reversed the preliminary injunction as to that mark, even while affirming that relief as to the plaintiff's trade dress. *Id.* at 761.
- d. One court rejected a claim of irreparable harm based on the plaintiff's failure to file its suit until "some eighteen months after first learning of [the defendant's alleged trade dress infringement and alleged false] and comparative advertising, and more than three months after sending [a] cease-and-desist letter to which it had received no response." See *Redbox Automated Retail, LLC v. Xpress Retail LLC*, 310 F. Supp. 3d 949, 951 (N.D. Ill. 2018). The court found that delay "standing alone" was sufficient to warrant the denial of the plaintiff's motion from a trademark perspective; moreover, that the plaintiff's personnel had discussed the possibility of a suit "many times" before bringing it was in the court's view "icing on the cake." *Id.* at 953. The court also rejected the plaintiff's argument that the defendant's advertising only became false well after the plaintiff's discovery of it and only after the plaintiff renegotiated certain of its contracts with third parties; in reality, the court found, the renegotiated contracts were relevant only to a small fraction of the challenged advertisements. *Id.* at 954-56. It therefore denied the plaintiff's motion with the observation that "the

court ‘decline[s] to manufacture a sense of urgency that is not supported by plaintiff’s own conduct.’” *Id.* at 956 (alteration in original) (quoting *Krueger Int’l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 613 (S.D.N.Y. 1996)).

2. When weighing the parties’ respective interests in securing or receiving injunctive relief, most courts held that the balance of the hardships favored plaintiffs. *See, e.g., Helpful Hound, L.L.C. v. New Orleans Bldg. Corp.*, 331 F. Supp. 3d 581, 604 (E.D. La. 2018); *La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 295 F. Supp. 3d 756, 770–71 (W.D. Ky. 2018).
3. Likewise, courts also generally held that the public interest favored the entry of injunctive relief in cases in which plaintiffs successfully demonstrate liability for infringement or unfair competition. *See, e.g., Helpful Hound, L.L.C. v. New Orleans Bldg. Corp.*, 331 F. Supp. 3d 581, 604 (E.D. La. 2018) (“[W]here plaintiffs have established a substantial likelihood of success on the merits, an injunction would serve the public interest by preventing unfair competition and protecting intellectual property. These values promoted by trademark law outweigh the public’s interest in competition and free exchange of ideas.”), *appeal docketed*, No. 18-3100 (5th Cir. Sept. 6, 2018).
4. Two opinions made apparent the wide latitude given to trial courts when crafting injunctive relief.
 - a. That latitude was apparent in a Seventh Circuit opinion declining to disturb the terms of a preliminary injunction against advertising found literally true but nevertheless unlawfully misleading. *See Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018). That advertising inaccurately suggested that milk from cows treated with a synthetic growth hormone—of which the plaintiffs were the only producers—was unsafe for human consumption. One provision of the resulting injunction referenced an exemplar of the offending advertising and barred the defendants from disseminating future advertising “substantially similar” to it; that prohibition, the court of appeals concluded, was not vague and overbroad, in significant part because “[t]he Lanham Act’s prohibition on implied falsehoods makes the use of somewhat inexact language unavoidable.” *Id.* at 384. The court was equally unsympathetic to the defendants’ challenge to a second provision, which prevented them from claiming that consumers should not feel good about eating dairy products from cows exposed to the hormone, of which the court concluded, [n]othing in the injunction prohibits [the defendants] from claiming that consumers can feel good about eating [their] own products.” *Id.* at 385.

- b. 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.*, 301 F. Supp. 3d 704, at 709 (W.D. Ky. 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. Actual Damages

- a. Awards of actual damages proved difficult to come by for most plaintiffs. For example, although rejecting the claim of infringement by a nonprofit organization, one court took the additional step of rejecting the plaintiff's bid for an award of actual damages as well. *See Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260 (S.D.N.Y. 2018). In particular, it took aim at expert witness testimony proffered by the plaintiff to the effect that all donations to the defendant's organization within thirty days of the donor's exposure to the defendant's advertising were attributable to the defendant's alleged infringement. As the court explained, “it does not necessarily follow that 100% of computer users who donate online to [the defendant] within thirty days of seeing [the allegedly infringing mark] on a search engine results page were confused.” *Id.* at 303. The court was even less receptive to testimony from another of the plaintiff's experts, who “focused on the increase in contributions to [the defendant] from 2011 through 2016 as compared to a baseline amount established in 2006,” *id.* at 282, as a proxy for the plaintiff's own lost profits: “His calculation,” the court found, “is based on the core assumption that all donations received above the 2006 baseline were caused by the at-issue behavior, an assumption for which he offers no basis.” *Id.*
- b. Awards of actual damages based on lost royalty payments for the use of an allegedly infringing mark are frequently requested but infrequently awarded, and one opinion demonstrated why. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). Granting a defense motion for summary judgment on the issue, the court held that “[i]n the absence of a prior licensing agreement between the parties, courts will permit reasonable royalty damages only if the evidence provides a sufficiently reliable basis to calculate such damages.” *Id.* at 1300. Because the plaintiff's response to the defendants' motion failed to identify any past (or potential future) licenses covering the use of its marks, as well as any basis for

a particular claimed royalty rate, the plaintiff was ineligible for that remedy. *Id.* at 1301. Based on expert testimony proffered by the plaintiff, however, the court did allow the plaintiff to continue pursuing an award of actual damages arising from alleged damage to its goodwill and reputation. *Id.*

2. Statutory Damages

- a. “In the absence of clear guidelines,” one court turned to the following factors from the copyright context when determining an appropriate quantum of statutory damages on a motion for a default judgment in a cybersquatting action:

(1) the expenses saved and the profits reaped; (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.

Delta Air Lines, Inc. v. Fly Tech, LLC, No. CV 16-2599, 2018 WL 1535231, at *4 (D.N.J. Mar. 29, 2018) (quoting *Platypus Wear v. Bad Boy Club, Inc.*, No. 08-2662, 2009 WL 2147843, at *7 (D.N.J. July 15, 2009)). Having used these considerations to tee up the ball, it then declined to grant the maximum of \$2,000,000 per offending domain name. As it noted, “[Plaintiff’s] motion contains no other affidavits or documentary evidence from which the Court can estimate either (1) the scope of Defendants’ gains or (2) the relative culpability and role of each Defendant in the overall scheme.” *Id.* It accordingly held the plaintiff’s request in abeyance pending its receipt of additional information on the subject.

- b. In contrast, an Illinois federal district court did not require any additional information to impose a statutory damage award in the amount of \$500,000 after finding the defendants had used counterfeit imitations of the plaintiff’s certification marks on the defendants’ butane heaters. *See UL LLC v. Am. Energy Prod., LLC*, No. 17 C 7178, 2019 WL 217460 (N.D. Ill. Jan. 16, 2019). That award was informed by the \$381,000 to which the plaintiff would have been entitled had it sought a trebled accounting of the defendants’ profits. *Id.* at *6. Although the plaintiff therefore received an augmented recovery, the court did not accept the plaintiff’s invitation to impose an award of \$1,000,000.

3. Accountings of Profits

- a. 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, e.g., Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1299 (S.D. Cal. 2018) (“In view of the equitable considerations that guide an award of damages [sic] under Section [35(a)], an accounting is appropriate when the trademark infringement is ‘willfully calculated to exploit the advantage of an established mark.’” (quoting *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1405 (9th Cir. 1993))).
- b. Nevertheless, the Fifth Circuit reiterated its multifactor test for an accounting, which took into account: (1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting its rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off. *See Retractable Techs., Inc. v. Becton Dickinson & Co.*, No. 17-40960, 2019 WL 1346002, at *3 (5th Cir. Mar. 26, 2019).
- c. Other courts found different reasons for denying plaintiffs' requests for accountings. *See, e.g., Safeway Transit LLC v. Disc. Party Bus, Inc.*, 334 F. Supp. 3d 995, 1007 (D. Minn. 2018) (denying accounting in part because of absence of actual confusion), *appeal docketed*, No. 18-2990 (8th Cir. Sept. 17, 2018).
- d. Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2018), provides that “[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.” Relying on this language, one court held that “[the] [p]laintiff has only the burden of establishing the defendant's gross profits from the infringing activity with reasonable certainty. Once the plaintiff demonstrates gross profits, they are presumed to be the result of the infringing activity.” *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1299 (S.D. Cal. 2018) (quoting *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (9th Cir. 1993)).

4. Attorneys' Fees

- a. A non-prevailing party obviously is in a poor position to seek reimbursement of its fees under any theory, but this proposition can be more difficult to apply in some cases than in others. For example, in one dispute underlying an appeal to the Tenth Circuit, the plaintiff had stipulated to the dismissal of its trade dress infringe-

ment claims with prejudice, leading the defendant to pursue a successful fee petition under Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2018), and the Utah Truth in Advertising Act, UTAH CODE ANN. § 13-11a-3, before the district court. *See Xlear, Inc. v. Focus Nutrition, LLC*, 893 F.3d 1227 (10th Cir. 2018). The appellate court reviewed the district court’s order under a deferential abuse-of-discretion standard, but it still determined the defendant was not a prevailing party for purposes of Section 35(a) because “a litigant must demonstrate the existence of judicial imprimatur by identifying judicial action that altered or modified the legal rights of the parties,” *id.* at 1239; this meant that “[t]he stipulation of dismissal in this case does not bear any attributes of a consent decree and did not permit the district court to retain jurisdiction to enforce any aspect of the dismissal relative to the merits of [the] case.” *Id.* at 1238. Nevertheless, although thus reversing the fee award under federal law, the court nevertheless affirmed the defendant’s entitlement to reimbursement under Utah law, which it held turned on a “‘flexible,’ ‘reasoned,’ and common-sense’ approach to whether a litigant is a prevailing party.” *Id.* at 1239 (quoting *Neff v. Neff*, 247 P.3d 380, 399, 400 (Utah 2011)). Because the district court had evaluated the appropriate quantum of fees only under the rubric of Section 35(a), the Tenth Circuit remanded the action to allow the district court an opportunity to consider that issue under state law. *Id.* at 1241.

- b. 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 (2018), 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. For example, in 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. 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)).

- c. The Fourth Circuit applied *Octane Fitness* while answering a related question, namely, whether a prevailing party need prove the existence of an exceptional case by a preponderance of the evidence or, alternatively, a showing of clear and convincing evidence is necessary. See *Verisign, Inc. v. XYZ.com LLC*, 891 F.3d 481 (4th Cir. 2018). Addressing the same issue, the *Octane Fitness* Court had concluded that “patent-infringement litigation has always been governed by a preponderance of the evidence standard,” 134 S. Ct. at 1758, and that was good enough for the Fourth Circuit as far as Section 35(a) of the Lanham Act was concerned:

The Supreme Court explained that it had “not interpreted comparable fee-shifting statutes to require proof of entitlement to fees by clear and convincing evidence,” and the plain language did not justify such a burden because the statute “demands a simple discretionary inquiry; it imposes no specific evidentiary burden, much less such a high one.” Here, the plain language of the Lanham Act is identical to that of the statute interpreted in *Octane Fitness*, and also “demands a simple discretionary inquiry” with no high evidentiary burden. The Supreme Court also noted that the preponderance of the evidence standard “is the standard generally applicable in civil actions, because it allows both parties to share the risk of error in roughly equal fashion.” We likewise see no reason to depart from this generally applicable standard in cases seeking attorney fees under the Lanham Act.

Verisign, 891 F.3d at 485 (quoting *Octane Fitness*, 134 S. Ct. at 1758)). Because the district court had denied the prevailing defendant’s fee request through an application of the clear-and-convincing evidence standard, the appellate court vacated that disposition and remanded the action for further proceedings, *id.* at 487; moreover, and further invoking *Octane Fitness*, it held that “a prevailing party need not establish bad faith or independently sanc-

tionable conduct on the part of the non-prevailing party in order to be entitled to attorney fees under the Lanham Act.” *Id.* at 489.

- d. At least one fee petition by a plaintiff failed under a standard other than that of *Octane Fitness*. See *E. Iowa Plastics, Inc. v. PI, Inc.*, 889 F.3d 454 (8th Cir. 2018) (“*E. Iowa Plastics II*”). Earlier in the proceeding, the plaintiff successfully argued before the district court that the defendant had fraudulently procured a registration, but the Eighth Circuit vacated that finding after determining that the plaintiff lacked standing to challenge the registration. See *E. Iowa Plastics, Inc. v. PI, Inc.*, 832 F.3d 899 (8th Cir. 2016), *reh’g denied* (Sept. 15, 2016) (“*E. Iowa Plastics I*”). Despite that initial defense victory, the district court determined on remand that the plaintiff owned the mark covered by the disputed registration. That led the plaintiff to seek an award of its fees under Iowa common law on the theory that the defendant’s conduct rose to the level of “oppression or connivance to harass or injure another.” *E. Iowa Plastics II*, 889 F.3d at 457 (quoting *Hockenberg Equip. Co. v. Hockenberg’s Equip. & Supply Co. of Des Moines, Inc.*, 510 N.W.2d 153, 159–60 (Iowa 1993)). The district court granted the plaintiff’s fee petition, citing the defendant’s: (1) connivance with its attorney to represent falsely during the application process that no other party enjoyed the right to use applied-for mark; (2) use of the attorney as its signatory to insulate its officers from potential liability; and (3) delay in asserting rights against the plaintiff until the registration had become incontestable. On appeal, however, the Eighth Circuit concluded that these considerations failed to establish the plaintiff’s entitlement to a fee award. To begin with, the appellate court pointed out, the defendant had sent a demand letter to the plaintiff before the registration in question had passed its fifth anniversary and therefore before the registration had become incontestable. *Id.* at 458. Moreover, “[the plaintiff’s] misrepresentation to the PTO was certainly improper, but its conduct did not rise to the level of being tyrannical, cruel, or harsh,” *id.*; nor did it “manufacture evidence to gain the upper hand in a judicial or administrative proceeding.” *Id.* In the final analysis, “[t]he evidence before the district court suggests strongly that [the plaintiff] acted in bad faith, but bad faith is not enough to support an award of Iowa common law attorney’s fees.” *Id.* at 458-59.
- e. Likewise, *Octane Fitness* did not play a role in the failure of another failed defense fee petition, one brought in an ACPA action. See *Klumba.UA, LLC v. Klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018). The plaintiff, a Ukrainian limited liability company, demonstrated to the court’s satisfaction that it owned the rights to its mark in its home country. When two dissident members of the plaintiff registered a domain name incorporating that mark, the

plaintiff sought relief under United States law, only to lose on a defense motion for summary judgment after it failed to demonstrate the prior use in commerce required for protectable rights. Nevertheless, that loss did not extend to the prevailing defendants' motion for reimbursement of their attorneys' fees. "To begin with," the court observed while denying that motion, "given the contested status of the [plaintiff's] mark in Ukraine, it was not frivolous for plaintiff to believe it may hold common law trademark rights in the United States." *Id.* at 780. "This is particularly so," the court continued, "given the open questions about the availability of common law trademark rights in the United States based on Internet commerce." *Id.* at 780. Because the plaintiff had cited controlling authority in favor of its position and otherwise had not engaged in litigation-related misconduct, an award of fees was inappropriate. *Id.* at 780-81.

- f. A final opinion addressing the propriety of an award of attorneys' fees arose from Section 21(b) of the Lanham Act, 15 U.S.C. § 1071(b) (2018), rather than the more usually invoked Section 35. action. *See Booking.com B.V. v. United States Patent & Trademark Office*, 915 F.3d 171 (4th Cir. 2019), *as amended* (Feb. 27, 2019).
 - i. Although Section 21(b) authorizes an unsuccessful applicant for registration to appeal from an adverse Trademark Trial and Appeal Board decision to the United States District Court for the Eastern District of Virginia, Section 21(b)(3) provides that "unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not." 15 U.S.C. § 1071(b)(3).
 - ii. In a case in which the district court appeal failed on the merits, the Fourth Circuit previously had interpreted the word "expenses" as covering the USPTO's attorneys' fees and costs. *See Shammass v. Focarino*, 784 F.3d 219 (4th Cir. 2015). Although the more recent appeal before the court had succeeded on the merits, the court held on the strength of its earlier decision that the appellant was still on the hook for the Office's fees and costs. *Booking.com*, 915 F.3d at 187. It did, however, more or less invite a request for rehearing en banc.
 - iii. How long that rule remains extant is an open question. Shortly before the Fourth Circuit's reaffirmation of its earlier precedent, the en banc Federal Circuit reached a contrary interpretation of the identically worded Section 145 of

the Patent Act, 35 U.S.C. § 145 (2018). After reviewing a number of other federal statutes, the court held that “these statutes encompass diverse categories of legislation and demonstrate that Congress understood the ‘ordinary, contemporary, common meaning’ of ‘expenses’ as being something other than ‘attorneys’ fees’ unless expressly specified.” *Nantkwest, Inc. v. Iancu*, 898 F.3d 1177, 1189 (Fed. Cir. 2018), *cert. granted*, , *cert. granted*, 139 S. Ct. 1292 (2019). The literal language of Section 285 therefore did not justify a departure from the so-called “American Rule,” pursuant to which “each litigant bears its own attorneys’ fees, win or lose, and a statute must use ‘specific and explicit’ language to depart from this rule.” *Id.* at 1184. Based on the split between the Fourth and the Federal Circuits’ interpretations of the identical language, the Supreme Court granted cert. to resolve the issue. *Iancu v. Nantkwest, Inc.*, , *cert. granted*, 139 S. Ct. 1292 (2019).

VII. CONSTITUTIONAL ISSUES

A. The First Amendment

1. Within a few months of the Supreme Court’s invalidation in *Matal v. Tam*, 137 S. Ct. 1744 (2017), of the prohibition against registration of potentially disparaging marks under Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a) (2018), 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) *cert. granted sub nom. Iancu v. Brunetti*, 139 S. Ct. 782 (2019). 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. Ultimately, however, the court held it unnecessary to hold the prohibition had a viewpoint-discriminatory effect to invalidate it.

b. That was because, 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.

2. 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.

3. As always, the test for liability first set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), played a significant role in trademark-based challenges to the titles and content of creative works. Although applications of that test vary from court to court, the test generally requires plaintiffs to demonstrate that challenged uses either have no artistic relevance to the underlying creative work or, if they *do* have any artistic relevance, they are explicitly misleading. *Id.* at 999.
 - a. Applications of *Rogers* usually dispose of allegations of liability, and that was the outcome in an action challenging the use of *Hidden Philadelphia* as the title of journalistic videos about rare, historic locations in Philadelphia, Pennsylvania. See *Hidden City Philadelphia v. ABC, Inc.*, No. CV 18-65, 2019 WL 1003637 (E.D. Pa. Mar. 1, 2019). The plaintiff claimed to own the HIDDEN PHILADELPHIA mark for news stories about Philadelphia history, architecture, urban planning, and other similar topics, as well as for promotional materials bearing the mark. Granting the defendant’s motion to dismiss for failure to state a claim, the court held that *Rogers*’ pro-defendant slant precluded liability as a matter of law.
 - b. Nevertheless, not all invocations of the First Amendment disposed of allegations of liability, and, indeed, even the Ninth Circuit balked at affirming one grant of a *Rogers*-based defense motion for summary judgment. See *Gordon v. Drape Creative, Inc.*, 909 F.3d 257 (9th Cir. 2018).
 - i. The plaintiff before that court was the originator of the renowned YouTube video titled *The Crazy Nastyyass Honey Badger* and known for its catchphrases “Honey Badger Don’t Care” and “Honey Badger Don’t Give a Shit, which the court rather puritanically contracted to “HBDC” and “HBDGS,” respectively. Following the video’s viral success, the plaintiff pursued, and in some cases, secured, licensing deals based on those phrases. Those deals yielded one for greeting cards, including some featuring the phrase “Honey Badger Don’t Care About Your Birthday.” When the defendants began selling competitive goods, namely, “seven different greeting cards using the HBDC or HBDGS phrases with small variations,” *id.* at 262, the plaintiff filed suit, asserting trademark infringement and related causes of action. Citing *Rogers*, the district court held the defendants

entitled to prevail as a matter of law, but the Ninth Circuit vacated that disposition on appeal.

- ii. As a threshold matter, the appellate court took the opportunity to restate its understanding of *Rogers*:

The *Rogers* test requires the defendant to make a threshold legal showing that its allegedly infringing use is part of an expressive work protected by the First Amendment. If the defendant successfully makes that threshold showing, then the plaintiff claiming trademark infringement bears a heightened burden—the plaintiff must satisfy not only the likelihood-of-confusion test but also at least one of *Rogers*'s two prongs. That is, when the defendant demonstrates that First Amendment interests are at stake, the plaintiff claiming infringement must show (1) that it has a valid, protectable trademark, and (2) that the mark is either not artistically relevant to the underlying work or explicitly misleading as to the source or content of the work. If the plaintiff satisfies both elements, it still must prove that its trademark has been infringed by showing that the defendant's use of the mark is likely to cause confusion

Id. at 264-65 (citation omitted). Construing the summary judgment record in the light most favorable to the plaintiff, the court held the district court properly had classified the defendants' cards as creative works and, and additionally, that the cards' use of the plaintiffs' marks was artistically relevant to their content. *Id.* at 268-69.

- iii. Nevertheless, the court then found a factual dispute on the question of whether the defendants' use of the plaintiff's marks was explicitly misleading. It doing so, it faulted the district court for requiring an "affirmative statement of the plaintiff's sponsorship or endorsement," *quoted in id.* at 269: "Such a statement," the court remarked, "may be sufficient to show that the use of a mark is explicitly misleading, but it is not a prerequisite." *Id.* It then identified two considerations it considered more relevant to the inquiry, namely, "the degree to which the junior user uses the mark in the same way as the senior user," *id.* at 271, and "the ex-

tent to which the junior user has added his or her own expressive content to the work beyond the mark itself.” *Id.* at 271. Taking into account those considerations, the court ultimately concluded vacated entry of summary judgment in the defendant’s favor because:

In this case, we cannot decide as a matter of law that defendants’ use of [plaintiff’s] mark was not explicitly misleading. There is at least a triable issue of fact as to whether defendants simply used [plaintiff’s] mark with minimal artistic expression of their own, and used it in the same way that [plaintiff] was using it—to identify the source of humorous greeting cards in which the bottom line is “Honey Badger don’t care.”

Id.

B. The Seventh Amendment

The Seventh Amendment provides that “[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.” The issue of whether the right to a jury trial under the amendment extends to requests for the equitable remedy of an accounting produced judicial disagreement.

1. On the one hand, the Federal Circuit observed in dictum in a patent infringement action that “[a]s for . . . trademark infringement, we have seen no support for concluding that disgorgement of profits was available at law for [that] wrong[.]” *Tex. Advanced Optoelectronic Sols., Inc. v. Renesas Elecs. Am., Inc.*, 895 F.3d 1304, 1324–25 (Fed. Cir. 2018).
2. On the other hand, however, a Texas federal district court referred the question of a prevailing plaintiff’s entitlement to an accounting to a jury. *See Ill. Tool Works Inc. v. Rust-Oleum Corp.*, 346 F. Supp. 3d 951, 958–59 (S.D. Tex. 2018).

C. Article III Case and Controversies

Both Article III of the U.S. Constitution and the federal Declaratory Judgment Act require federal courts acting under their authority to find the existence of an “actual controversy” before proceeding. U.S. CONST. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2018). According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), whether a particular dispute rises to this level properly should turn on “whether the facts alleged, under all the circumstances,

show that there is a substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” *Id.* at 127 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)) (internal quotation marks omitted). The past year produced two notable opinions bearing on actionable cases and controversies with the meaning of these requirements.

1. In *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, 344 F. Supp. 3d 1147 (S.D. Cal. 2018), the defendant had petitioned the Trademark Trial and Appeal Board to cancel a registration covering the disputed mark, which was owned by the plaintiff. That led the plaintiff to file a declaratory judgment action for noninfringement, which the defendant moved to dismiss for failure to state a claim. In denying the motion, the court noted that “the petition for cancellation alleges the elements of a cause of action for trademark infringement,” *id.* at 1156; moreover, the defendant’s discovery responses in the cancellation action averred that it would produce documentation of the damage it had suffered from the “use” of the plaintiff’s mark. *Id.* Based on these considerations, the court ultimately held that “Plaintiff has demonstrated that it had a real and reasonable apprehension that it would be subject to an infringement action. Moreover, because [Plaintiff] continues to use the alleged infringing Mark, Plaintiff’s showing of apprehension need not be substantial.” *Id.* at 1158.
2. Another court held that a defendant’s voluntary cessation of challenged conduct will not ordinarily render an actionable case and controversy moot. See *Museum of Modern Art v. MOMACHA IP LLC*, 339 F. Supp. 3d 361, 372 (S.D.N.Y. 2018).

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. See, e.g., *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 129 U.S.P.Q.2d 1027, 1036 (T.T.A.B. 2018) (rejecting petitioner’s claim of standing to advance fraud-based challenge to registration); *Freki Corp. N.V. v. Pinnacle Entm’t, Inc.*, 126 U.S.P.Q.2d 1697, 1702 (T.T.A.B. 2018) (finding petitioner’s claim of fraudulent representation of use insufficiently pleaded).

- 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., All. for Good Gov’t v. Coal. for Better Gov’t*, 901 F.3d 498, 507–08 (5th Cir. 2018) (affirming rejection of fraud-based challenge to registration based on alleged failure to disclose use of similar marks by another party); *Chemeon Surface Tech., LLC v. Metalast Int’l, Inc.*, 312 F. Supp. 3d 944 (D. Nev. 2018) (rejecting fraud-based challenge to registration grounded in allegedly false declaration of ongoing use of register mark), *on reconsideration in part*, No. 3:15-cv-00294-MMD-VPC, 2018 WL 3127454 (D. Nev. June 26, 2018); *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1280 (S.D. Cal. 2018) (granting plaintiff’s motion for summary judgment because “[e]ven assuming Defendants could identify any false representations here, they fail to provide any evidence showing that the representations were intentionally made to deceive the PTO in connection with the [plaintiff’s] registration, nor do they brief these issues”); *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 350-53 (D. Conn. 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 fine years immediately preceding execution of declaration).
- ii. Nevertheless, the Eighth Circuit affirmed a jury finding of fraud arising from a registrant’s filing of a declaration of incontestability despite its knowledge of a final decision adverse to the validity of the registered mark. *See B&B Hardware, Inc. v. Hargis Indus.*, 912 F.3d 445 (8th Cir. 2018). Although the registrant claimed it was unaware the prior decision was final, the appellate court held the issue of the registrant’s scienter was one for the jury to have resolved. *Id.* at 452.
- iii. Likewise, the Second Circuit adopted an apparent negligence-based test for fraud consistent with that in the long-discredited decision in *Medinol Ltd v. Neuro Vasx Inc.*, 67 U.S.P.Q.2d 1205 (T.T.A.B. 2003). Specifically, the Second Circuit held that:

Our precedents require a party alleging fraudulent registration to prove by clear and convincing evidence:

1. A false representation regarding a material fact.
2. The person making the representation knew or *should have known* that the representation was false (“scienter”).
3. An intention to induce the listener to act or refrain from acting in reliance on the misrepresentation.
4. Reasonable reliance on the misrepresentation.
5. Damage proximately resulting from such reliance.

Excelled Sheepskin & Leather Coat Corp. v. Ore. Brewing Co., 897 F.3d 413, 421-22 (2d Cir. 2018) (emphasis added) (citing *Patsy’s Italian Rest., Inc. v. Banas*, 658 F.3d 254, 270-71 (2d Cir. 2011)). In doing so, the court overlooked a prior opinion in which it had characterized the “should have known” portion of the test as dictum. *See MPC Franchise, LLC v. Tarantino*, 826 F.3d 653, 659 (2d Cir. 2016).

- iv. Similarly, another court declined to grant a motion to dismiss a claim for cancellation of an allegedly fraudulently procured registration grounded in the registrant’s failure to disclose the use of confusingly similar marks by third parties. *See San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, No. 18CV967-GPC(RBB), 2019 WL 446475 (S.D. Cal. Feb. 5, 2019). Although the Board’s case law is clear that allegations of this sort are insufficient to state a claim unless the claimant is aware that the other parties’ rights are superior to its own. *See, e.g., Qualcomm Inc. v. FLO Corp.*, 93 U.S.P.Q.2d 1768, 1770 (T.T.A.B. 2010). The court, however, was untroubled by that particular detail. *See San Diego Cty. Credit Union*, 2019 WL 446475, at *6.

2. Of course, not all attacks on applications and registrations taking place in courts rested on allegations of fraud. For example, although the defendants before it failed to aver the plaintiff’s registrations were void ab initio, the court allowed them to pursue that theory as part of their general claim the plaintiff had never used the marks in which it claimed rights. *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018). Because the plaintiff’s registrations had passed their fifth anniversaries and also had become incontestable, the court found the plaintiff entitled to prevail as a matter of law:

Because these registrations are incontestable, they are statutorily subject to a limited set of challenges. Void *ab initio* challenges are conspicuously absent from the list of statutory defenses to an incontestable registration under Section [33(b)]. They are also absent from Section [14], which means courts lack jurisdiction to cancel a registration under Section [37] based on a void *ab initio* challenge.

Id. at 1292.

3. In an appeal with a predictable outcome, the Board denied registration to the phrase I LOVE YOU for bracelets. *See In re Peace Love World Live, LLC*, 127 U.S.P.Q.2d 1400 (T.T.A.B. 2018). As the Board concluded, the phrase was merely ornamental and failed to function as a mark.
4. The Board likewise affirmed a refusal of an application to register the claimed mark #MAGICNUMBER108 for clothing after finding it merely informational in nature. *See In re DePorter*, 129 U.S.P.Q.2d 1298 (T.T.A.B. 2019).
5. So too in *In re Wal-Mart Stores, Inc.*, 129 U.S.P.Q.2d 1148 (T.T.A.B. 2019), did the Board reject an application to register INVESTING IN AMERICAN JOBS for “promoting public awareness for goods made or assembled by American workers” and for various retail and online store services, after finding that the phrase failed to function as a service mark.
6. In *In re Canine Caviar Pet Foods, Inc.*, 126 U.S.P.Q.2d 1590 (T.T.A.B. 2018), the Board reversed a refusal to register the CANINE CAVIAR mark for pet foods and treats after finding it was neither deceptive nor deceptively misdescriptive.
7. In *Stawski v. Lawson*, 129 U.S.P.Q.2d 1036 (T.T.A.B. 2018), the Board denied an applicant’s bid for a concurrent use registration for two reasons. First, the applicant had failed to demonstrate the lawful use of its mark before the prior user’s nationwide constructive priority date. And, second, the applicant failed to carry his burden to establish that the parties’ virtually identical marks for competitive goods could coexist without a likelihood of confusion. *Id.* at 1040-56.
8. In a final opinion of note, the Eastern District of Virginia affirmed the Board’s finding that a defendant had misrepresented the source of its goods by passing off the goods as those of the plaintiff. *See Belmora, LLC v. Bayer Consumer Care AG*, 338 F. Supp. 3d 477, 488 (E.D. Va. 2018).

B. Procedural Issues

1. Unusually, the Board ordered the cancellation of a registration as a discovery sanction. *In re SFM, LLC v. Corcamore, LLC*, 129 U.S.P.Q.2d

1072 (T.T.A.B. 2018). It did so after finding it “obvious from a review of the record that Respondent has been engaging for years in delaying tactics, including the willful disregard of Board orders, taxing Board resources and frustrating Petitioner's prosecution of this case.” *Id.* at 1079.

2. Although T.M.E.P. § 710.01(b) has long suggested that examining attorneys seeking to rely on Internet evidence must submit it with the URL and the date the webpage was accessed, the Board gave that suggestion the force of law in *In re Mueller Sports Med., Inc.*, 126 U.S.P.Q.2d 1584 (T.T.A.B. 2018). Examiners and applicants now are subject to the same rules on the subject.
3. In *Kate Spade LLC v. Thatch, LLC*, 126 U.S.P.Q.2d 1098 (T.T.A.B. 2018), the Board adopted a lenient attitude toward an applicant that served declaration testimony from three witnesses not identified in its pretrial disclosures. Denying the opposer’s motion to strike, the Board noted the applicant’s disclosure of its intent to rely at trial upon evidence of third-party use of similar marks. Because the witnesses in question merely authenticated that evidence, the Board reasoned, the opposer was not disadvantaged by the testimony.
4. In *In re Canine Caviar Pet Foods, Inc.*, 126 U.S.P.Q.2d 1590 (T.T.A.B. 2018), the Board declined to consider online evidence taken from a website that was defunct by the time the Board made its decision.
5. In *Coffee Studio LLC v. Reign LLC*, 129 U.S.P.Q.2d 1480 (T.T.A.B. 2019), the Board confirmed that litigants before it cannot rely upon the Office’s ESTTA system as a mechanism for serving opposing parties:

The automatically generated ESTTA filing notice does not constitute service and does not relieve a party of its obligation to serve a copy of any filing pursuant to the Rules; the filing notice and actual service of the submission are independent of one another. To be clear, the filer is always required to serve the other party. This **differs** from the rule in the federal courts, where the court’s Case Management/Electronic Case Files (CM/ECF) system sends a similar filing notice that constitutes service upon registered users of the court’s CM/ECF system

Id. at 1482.

6. A federal district court concluded that if a request for the cancellation of a registration is in play, the registrant is a necessary party to the litigation. *See WM Int’l, Inc. v. 99 Ranch Mkt. #601*, No. 17CV6198RJDRE, 2019 WL 136690, at *3 (E.D.N.Y. Jan. 8, 2019).

IX. THE RELATIONSHIP BETWEEN TRADEMARK LAW AND OTHER BODIES OF LAW

A. Bankruptcy Law

1. The Supreme Court addressed the question of whether the rejection of an executory contract comprising a trademark license by a bankrupt debtor that issued the license necessarily terminates the licensee's right to continue using the licensed mark. Under Seventh Circuit law, the answer is yes, *see Sunbeam Prods., Inc. v. Chi. Am. Mfg., LLC*, 686 F.3d 372, 377 (7th Cir. 2012), but the First Circuit's contrary conclusion over the past year created a split in the circuits that attracted the Court's attention. *See In re Tempnology, LLC*, 879 F.3d 389 (1st Cir. 2018), *rev'd sub nom. Mission Prod. Holdings, Inc. v. Tempnology, LLC*, No. 17-1657, 2019 WL 2166392 (U.S. May 20, 2019). A determination of the proper resolution of that inter-Circuit split was complicated by a number of issues, including a deliberate decision by Congress in 1988 not to provide an answer as a matter of statutory law, the question of whether a licensor's duty to exercise control over the quality of the goods or services provided under the licensed mark arises as a matter of contract law from the license itself or independently under trademark law, and the nature and extent of remedies available to a nonbreaching licensee outside the bankruptcy context. Nevertheless, the Court ruled in favor of the licensee for two reasons:
 - a. First, a breach by the licensor would not ordinarily lead to a termination of the licensee's right to use the mark outside of a bankruptcy proceeding. *See* 2019 WL 2166392, at *6.
 - b. Second, the right to "reject" an executory contract under bankruptcy law is not equivalent to the right to "rescind" or "revoke" the contract; rather, it is only the right to breach the contract and limit the nonbreaching party to a pre-petition claim for damages. Thus: "[B]ecause rejection "constitutes a breach" [under Section 365(g) of the Bankruptcy Code], . . . [t]he debtor can stop performing its remaining obligations under the agreement. But the debtor cannot rescind the license already conveyed. So the licensee can continue to do whatever the license authorizes." *Id.*
2. When trademark and unfair competition claims arise in the context of a bankruptcy proceeding, it is usually because the defendant has sought to escape liability by pursuing a reorganization or a liquidation. Nevertheless, an Illinois federal district court issued a useful reminder that debtors sometimes bring those causes of action. *See Desmond v. Taxi Affiliation Servs. LLC*, 344 F. Supp. 3d 915, 930 (N.D. Ill. 2018) (granting motion to dismiss one false advertising claim advanced by trustee of debtor in Chapter 7 proceeding but denying motion as to another claim).

B. Antitrust Law

1. Unusually, the Federal Trade Commission not only initiated an investigation into long-since resolved trademark disputes, it concluded that the plaintiff had engaged in an actionable conspiracy to restrain trade in violation of the Sherman Act. *See In re 1-800 Contacts, Inc.*, No. 9372, 2018 WL 6078349 (F.T.C. Nov. 14, 2018).
 - a. The underlying actions arose from 1-800 Contacts' objections to the purchase of its flagship mark as a trigger for paid online advertising, which led it to file trademark infringement actions against a number of its competitors. 1-800 Contacts lost one of those actions on summary judgment, *see 1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229 (10th Cir. 2013); it settled the remaining ones through joint agreements with the defendants, pursuant to which the parties agreed not to bid on their respective marks as keywords. In a lengthy main opinion accompanied by additional ones by individual commissioners, the Commission found the settlement agreement violated Section 1 of the Sherman Act, 15 U.S.C. § 1 (2018), and therefore Section 5 of the FTC Act, *id.* § 45 as well:

We find that the agreements harm consumers and competition for the online sale of contact lenses. We also find that Respondent has not demonstrated valid offsetting procompetitive justifications for the advertising restraints, and that the restraints were not reasonably necessary to achieve the claimed procompetitive benefits. Consequently, we enter a cease-and-desist order that prohibits 1-800 Contacts from enforcing the unlawful provisions in the challenged agreements and prevents 1-800 Contacts from entering into similar agreements in the future. We also find that challenged agreements harm competition in bidding for search engine key words, artificially reducing the prices that Respondent paid and the quality of the search engine results delivered to consumers—without offsetting efficiencies.

In re 1-800 Contacts, 2018 WL 6078349, at *2.

- b. 1-800-Contacts has appealed that decision to the Second Circuit, which holds a very different view of the allegedly anticompetitive effects of trademark-based settlement agreements:

[T]rademark agreements are favored in the law as a means by which parties agree to market products in a way that reduces the likelihood of consumer con-

fusion and avoids time-consuming litigation. . . . At the time of the execution of such an agreement, the parties are in the best position to determine what protections are needed and how to resolve disputes concerning earlier trademark agreements between themselves. . . . In the absence of evidence to the contrary it is reasonable to presume that such arms-length agreements are pro-competitive.

Clorox Co. v. Sterling Winthrop, Inc., 117 F.3d 50, 57 (2d Cir. 1997).

2. Seeking recompense for allegedly having been forced to wear bibs displaying sponsors' names, a group of caddies for professional golfers alleged that the PGA Tour had violated the Sherman Act. *See Hicks v. PGA Tour, Inc.*, 897 F.3d 1109 (9th Cir. 2018). The district court dismissed that claim as a matter of law, and the Ninth Circuit affirmed. As the appellate court explained, the Caddies . . . failed to plead any plausible product markets." *Id.* at 1121. Specifically:

The plausibility of the Caddies' proposed markets depends on two assumptions: (1) that advertisements to golf fans constitute a unique product market and (2) that "in-play" or "in-action" advertising during professional golf tournaments (i.e., between commercial breaks)—either in any format or endorsements alone—constitutes a unique submarket. Even if we accept the former assumption, "judicial experience and common sense" require rejecting the latter.

Id. The court did, however, also hold that the district court had abused its discretion in refusing to allow the caddies leave to amend their complaint.