

The
**Trademark
Reporter**[®]



The Law Journal of the International Trademark Association

**Dedicated to Allan S. Pilson
1942–2016**

United States Annual Review

**The Sixty-Ninth Year of Administration
of the Lanham Act of 1946**

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IN MEMORIAM

Allan S. Pilson



We dedicate this issue of *The Trademark Reporter* to our friend and colleague Allan S. Pilson (1942–2016).

Allan spent more than fifty years practicing trademark law at Ladas & Parry in New York, joining the firm in 1966 and becoming a partner in 1978. Throughout his career, Allan was a loyal friend and supporter of INTA, managing the USTA's and then INTA's trademark protection and securing his firm's support of INTA's Ladas Award. As a key member of the Internationalization Committee and Task Force and later as a member of the INTA's Board of Directors, Allan was a significant force in moving the USTA toward the international organization that INTA is now. I expect that Allan would have found it amusing that *The Trademark Reporter* issue dedicated in his memory just happens to be the U.S.-focused *Annual Review*, while Allan's practice was the opposite, focused on issues outside of the United States.

Allan served as the Editor-in-Chief of *The Trademark Reporter* from May 1990 to April 1992. In the collection of Reflections of Former Editors-in-Chief that appeared in the commemorative 100th Anniversary issue of *The Trademark Reporter* in 2011, Allan

reminisced about “lugging around a separate briefcase full of draft articles and editing them on planes, trains, and automobiles” back in the days before email. The issues published during Allan’s leadership on *The Trademark Reporter* committee demonstrated an increasing focus on the (then) relatively new phenomenon of the “globalization” of the economy and its impact on trademark law and highlighted his interests in international law. These issues included several seminal pieces, such as Dick Taylor’s “Loss of Trademark Rights Through Nonuse: A Comparative Worldwide Analysis” (80 TMR 197 (1990)) and Dan Bereskin’s commentary on the Canada–United States Free Trade Agreement of January 1, 1989 (80 TMR 272 (1990)), which presaged issues that would later arise in the trilateral North American Free Trade Agreement (NAFTA) adopted in 1994. These international and trade agreement issues are still relevant to us all today, more than twenty years later, as evidenced by stories now hitting the front pages of our newspapers and blogs.

Allan also served on *The Trademark Reporter* Advisory Board. While Allan was well known for his jokes, he also took very seriously his role as a mentor to many TMR editors and committee members. As the news of Allan’s passing reached other members of Advisory Board, the comments reflecting his significant contributions, both legal and social, to *The Trademark Reporter*, to INTA, and to the international trademark bar, began flowing in: “Allan was the full package: a gifted lawyer wrapped in an engaging personality.” “Allan was regarded as an excellent attorney and great person by many across the globe.” Allan “was a visionary and truly international trademark attorney who had a great wit and sense of humor.”

In recent years, I had the pleasure of seeing Allan socially when, in a complete coincidence and a great reminder that the world in so many respects remains small, my brother married the niece of Allan’s good friend. I learned then that Allan was also a very talented and enthusiastic a cappella doo-wop singer, as he and my sister-in-law’s uncle graced my brother’s wedding party with a rousing, spot-on rendition of Frankie Lymon & the Teenagers’ “The ABC’s of Love.”

Allan’s voice, both literally and figuratively, both serious and humorous, will be greatly missed at *The Trademark Reporter* and elsewhere.

Kathleen E. McCarthy
Editor-in-Chief

The Trademark Reporter®

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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

THE SIXTY-NINTH YEAR OF ADMINISTRATION OF THE LANHAM ACT OF 1946*

INTRODUCTION

*By Theodore H. Davis Jr.***

With the Supreme Court considering the possible invalidation of a federal trademark statute for the first time in 138 years and for only the second time in the history of the republic,¹ the federal

* The Annual Review is a continuation of the work originated in 1948 by Walter J. Derenberg and written by him through The Twenty-Fifth Year in 1972. This Review primarily covers opinions reported between July 1, 2015, and June 30, 2016, as well as certain proceedings falling outside that period.

** Author of the Introduction to, and Part III of, this volume; Partner, Kilpatrick Townsend & Stockton LLP, Atlanta, Georgia; adjunct professor, Emory University School of Law; member, Georgia and New York bars.

In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this volume: *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015) (en banc) *as corrected* (Feb. 11, 2016), *cert. granted sub nom.* *Lee v. Tam*, 137 S. Ct. 30 (2016) (counsel for amicus curiae American Bar Association in support of neither party); *Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc.*, 186 F. Supp. 3d 741 (W.D. Mich. 2016) (counsel for defendants), *appeal docketed*, No. 16-1830 (6th Cir. June 17, 2016); *Lyden v. adidas Am., Inc.*, 184 F. Supp. 3d 963 (D. Or. 2016) (counsel for defendants); *adidas Am., Inc. v. Cougar Sport, Inc.*, 169 F. Supp. 3d 3079 (D. Or. 2016) (counsel for plaintiffs); *Bd. of Trs. of the Univ. of Ala. v. Houndstooth Mafia Enters.*, 163 F. Supp. 3d 1150 (N.D. Ala. 2016) (counsel for plaintiffs); *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222 (D. Or. 2016) (counsel for plaintiffs), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016); *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971 (D. Minn.) (expert witness for plaintiff), *vacated in part*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *Swanson v. Instagram LLC*, 129 F. Supp. 3d 1146 (W.D. Wash. 2015) (counsel for defendant), *appeal docketed*, No. 15-35970 (9th Cir. Dec. 16, 2015); *Two Men & A Truck/Int'l, Inc. v. A Mover Inc.*, 128 F. Supp. 3d 919 (E.D. Va. 2015) (counsel for plaintiff); *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015) (counsel for defendant), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015); *Special FN Herstal, S.A. v. Clyde Armory, Inc.*, 123 F. Supp. 3d 1356 (M.D. Ga. 2015) (counsel for plaintiff), *aff'd*, 838 F.3d 1071 (11th Cir. 2016).

The author gratefully acknowledges the editorial contributions of Mary Kathryn Hagge, Steve Feingold, and Marc Lieberstein, as well as the assistance of Louise Adams, Michael Lockhart, Michael Lopez, Trevor Rosen, Charles Stowman, and Christy Flagler in preparing his contribution to this volume for publication.

1. The only other occasion on which the Court has reached such a result is *United States v. Steffens* (The Trademark Cases), 100 U.S. 82 (1879).

Constitution loomed large over United States trademark jurisprudence between the sixty-ninth and seventieth anniversaries of the Lanham Act's effective date. In addition to a possible holding by the Court that the content-based prohibitions on registration contained in Section 2(a) of the Act² are unconstitutional conditions under the First Amendment,³ the Second Circuit examined the relationship between free speech concerns and U.S. Food and Drug Administration (FDA) labeling requirements,⁴ an Iowa federal district court (and then the Eighth Circuit on appeal) held that a university licensing department could not discriminate against potential licensees based on their political advocacy,⁵ and the effect of state Strategic Lawsuits Against Public Participation, or "SLAPP," statutes on trademark disputes occupied the attention of a number of courts.⁶ The First Amendment was not the only provision of the Constitution to appear in reported opinions, however, as courts also addressed the issue of whether the Seventh Amendment's right to a jury trial extends to a request for the equitable remedy of an accounting of a defendant's profits⁷ and the proper scope of the Eleventh Amendment's protection of the states against suits based on federal law.⁸

Constitutional issues aside, the sixty-ninth year of the Act's administration was notable for several arguable departures by the Federal Circuit and the Trademark Trial and Appeal Board (the "Board" or the "TTAB") from previously well-established principles in the registration context. Specifically, the Federal Circuit in two separate cases ratified the use of third-party registrations to demonstrate the weakness of a senior party's mark, while at the same time discounting its historical rule requiring evidence of the use of the underlying marks for the registrations to have probative

2. 15 U.S.C. § 1052(a) (2012).

3. The prohibition at issue in the litigation before the Court, *see In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015) (en banc) *as corrected* (Feb. 11, 2016), *cert. granted sub nom. Lee v. Tam*, 137 S. Ct. 30 (2016), is Section 2(a)'s bar on the registration of matter "which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute"; the same statute also excludes from the federal register "immoral . . . or scandalous matter." 15 U.S.C. § 1052(a).

4. *See Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51 (2d Cir. 2016).

5. *See Gerlich v. Leath*, 152 F. Supp. 3d 1152 (S.D. Iowa 2016), *aff'd*, No. 16-1518, 2017 WL 562459 (8th Cir. Feb. 13, 2017).

6. *See Sarver v. Chartier*, 813 F.3d 891 (9th Cir. 2016); *United Tactical Sys., LLC v. Real Action Paintball, Inc.*, 143 F. Supp. 3d 982 (N.D. Cal. 2015); *L.A. Taxi Coop., Inc. v. Indep. Taxi Owners Ass'n of Los Angeles*, 191 Cal. Rptr. 3d 579 (Cal. Ct. App. 2015).

7. *See Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015); *Black & Decker Corp. v. Positex USA Inc.*, 118 F. Supp. 3d 1056 (N.D. Ill. 2015).

8. *See Utah Republican Party v. Herbert*, 141 F. Supp. 3d 1195 (D. Utah 2015).

value;⁹ indeed, in one opinion, the court went so far as to fault the Board for “insisting on specifics as to the third-party use.”¹⁰ Similarly, the Board bucked its compliance with the Federal Circuit’s long-standing mandate that the parties to consent agreements are presumptively the best judges of the likelihood of confusion between their marks by rejecting such an agreement and affirming the refusal of an application filed by the party submitting the agreement.¹¹

Federal prosecution practice also spawned a bumper crop of reported opinions from the Board and courts alike addressing allegations that mark owners had defrauded the USPTO by either procuring or maintaining registrations through deliberately inaccurate filings.¹² The Board adhered to its usual rigid application of *In re Bose Corp.*¹³ and rejected such a claim grounded in the theory that, as a Harvard graduate, the signatory on an application should have known something was amiss in the electronic paperwork before him.¹⁴ Likewise, the Second Circuit retreated from its suggestion in an earlier opinion that a finding of fraud could rest merely on a showing that the signatory on a submission to the USPTO should have known of the falsity of an averred fact, even as the court affirmed the particular finding of fraud before it.¹⁵ In contrast, however, two federal courts—one of them the First Circuit—went the other direction by adopting the known-or-should-have-known negligence standard rejected by *Bose* and the Second Circuit,¹⁶ and a Florida federal district court bizarrely based a finding of fraud in part on the registrant’s recitation of a date of first use *later* than the actual one.¹⁷ Taken as a whole, these opinions are consistent with the trend since *Bose*: Fraud-based challenges generally fail regardless of the forum, but

9. See *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 982 (2016); *Juice Generation, Inc. v. GS Enters.*, 794 F.3d 1334 (Fed. Cir. 2015).

10. *Juice Generation*, 794 F.3d at 1339.

11. See *In re Bay State Brewing Co.*, 117 U.S.P.Q.2d 1958 (T.T.A.B. 2016).

12. See, e.g., *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287, 334 (S.D.N.Y. 2015); *Slep-Tone Entm’t Corp. v. Coyne*, 141 F. Supp. 3d 813 (N.D. Ill. 2015); *Flushing Bank v. Green Dot Corp.*, 138 F. Supp. 3d 561 (S.D.N.Y. 2015); *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047 (D. Or. 2015); *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795 (W.D. Tex. 2015); *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132 (S.D.N.Y. 2015), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016); *AirWair Int’l Ltd. v. Schultz*, 84 F. Supp. 3d 943 (N.D. Cal. 2015).

13. 580 F.3d 1240 (Fed. Cir. 2009).

14. See *Embarcadero Techs. v. Delphix Corp.*, 117 U.S.P.Q.2d 1518 (T.T.A.B. 2016).

15. See *MPC Franchise, LLC v. Tarantino*, 826 F.3d 653 (2d Cir. 2016).

16. See *Lorenzana v. S. Am. Rests. Corp.*, 799 F.3d 31 (1st Cir. 2015); *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268 (M.D. Fla. 2015).

17. See *Covertech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

their odds of success are far greater in the regional circuits than they are before the Board.

Another notable characteristic of case law over the past year was the receptiveness of some courts to likelihood of dilution-based causes of action.¹⁸ Although the Board adopted a hard line interpretation of the requirement in Section 43(c)(1)¹⁹ that a senior user's mark be famous and distinctive prior to any use of the defendant's mark (even if that use occurred in another context),²⁰ and although Louis Vuitton's latest attempt to invoke federal dilution law to challenge a parody of its marks produced the usual result,²¹ two sets of claimants to nontraditional marks successfully invoked Section 43(c) to protect the purple color of pharmaceutical capsules²² and the configurations of athletic shoes.²³ Likewise, a relatively rare jury finding of eligibility for Section 43(c)'s protection survived a post-trial challenge despite "ample evidence" the mark at issue was, in fact, generic.²⁴

Finally, although the Supreme Court agreed to address the constitutionality (or unconstitutionality) of Section 2(a)'s content-based prohibitions on registration—even in the absence of a circuit split on the question—it declined to provide much-needed guidance to lower courts on a more important subject, namely, the nature of the nominative fair use doctrine. In the past, the Ninth Circuit has held the doctrine is something plaintiffs must overcome as part of their *prima facie* cases of liability, rather than an affirmative defense;²⁵ for reasons that went unexplained, however, the court took the opposite approach in its most recent opinion on the issue.²⁶ Not long afterwards, the Second Circuit adopted an approach generally consistent with the Ninth Circuit's original one, although differing significantly in application, and the Supreme Court subsequently denied the defendants' petition for a

18. See, e.g., *Rolls-Royce Motor Cars Ltd. v. Davis*, 118 U.S.P.Q.2d 1581 (D.N.J. 2016); *Delta Air Lines, Inc. v. Influence Direct, LLC*, 117 U.S.P.Q.2d 1652, 1656 (M.D. Tenn. 2016).

19. 15 U.S.C. § 1125(c)(1) (2012).

20. See *Omega SA (Omega AG) (Omega Ltd.) v. Alpha Phi Omega*, 118 U.S.P.Q.2d 1289 (T.T.A.B. 2016).

21. See *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 156 F. Supp. 3d 425 (S.D.N.Y.), *aff'd*, No. 16-241-cv, 2016 WL 7436489 (2d Cir. Dec. 22, 2016).

22. See *Astrazeneca AB v. Dr. Reddy's Labs.*, 145 F. Supp. 3d 311 (D. Del. 2015), *appeal dismissed*, No. 15-3827 (3d Cir. April 6, 2016).

23. See *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016).

24. See *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

25. See *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010).

26. See *Adobe Sys. Inc. v. Christenson*, 809 F.3d 1071, 1081 (9th Cir. 2015).

writ of certiorari in that case.²⁷ Taking into account the additional differing treatments of the doctrine by the Third Circuit,²⁸ the Fourth Circuit,²⁹ and the Fifth Circuit,³⁰ the result is a judicially created miasma that both encourages forum shopping and precludes easy predictions of the parameters of permissible uses of plaintiffs' marks to describe those plaintiffs' own goods and services. If the Supreme Court maintains its recent interest in intellectual property law generally and trademark law in particular, the trademark community will benefit from the Court's future attention to this issue.

27. See *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153 (2d Cir. 2016), *cert. denied*, No. 16-352 (U.S. Jan. 9, 2017).

28. See *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211 (3d Cir. 2005).

29. See *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012).

30. See *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465 (5th Cir. 2008).

PART I. EX PARTE CASES

*By John L. Welch**

A. United States Court of Appeals for the Federal Circuit

1. Section 2(a) Disparagement

In re Tam

The U.S. Court of Appeals for the Federal Circuit (“CAFC”), after an *en banc* hearing, held the disparagement provision of Lanham Act Section 2(a)¹ unconstitutional because it violates the Freedom of Speech Clause of the First Amendment.^{2,3,4} Writing for the majority, Circuit Judge Kimberly A. Moore stated: “The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of §2(a) is unconstitutional.”⁵ The CAFC therefore vacated the Trademark Trial and Appeal Board’s decision that had affirmed a refusal to register the mark THE SLANTS for “entertainment in the nature of live performances by a musical band.”

The court observed that federal registration confers significant benefits on a trademark owner, benefits that are not available when the mark is not registered. A federal registrant has a right to exclusive nationwide use of the mark where there was no prior use

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1. Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), in pertinent part, bars registration of a mark that “[c]onsists of or comprises . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.”

2. *In re Tam*, 117 U.S.P.Q.2d 1001 (Fed. Cir. 2015). On September 29, 2016, the Supreme Court granted the USPTO’s petition for a writ of certiorari. The question presented is: “Whether the disparagement provision of the Lanham Act, 15 U.S.C. 1052(a), which provides that no trademark shall be refused registration on account of its nature unless, *inter alia*, it [c]onsists of . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute’ is facially invalid under the Free Speech Clause of the First Amendment.”

3. The First Amendment to the United States Constitution states: “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.”

4. This CAFC decision was also discussed in last year’s Annual Review, 106 TMR 6-7, 10-12 (2016).

5. *In re Tam*, 117 U.S.P.Q.2d at 1003.

by others.⁶ A registered mark is presumed valid⁷ and right to exclusive use of the mark may become incontestable after five years.⁸ The registrant may enforce the mark in federal court⁹ and may recover treble damages for willful infringement.¹⁰ He or she may obtain the assistance of U.S. Customs and Border Protection in restricting importation of infringing or counterfeit goods,¹¹ and may qualify for a simplified process for obtaining recognition and protection of his or her mark in countries that have signed the Paris Convention.¹² And registration provides a complete defense to state or common law claims of trademark dilution.¹³

Many of the Lanham Act's provisions that bar registration concern "deceptive" speech and do not run afoul of the First Amendment. Section 2(a) is a "hodgepodge" that includes restrictions "based on the expressive nature of the content, such as the ban on marks that may disparage persons or are scandalous or immoral."¹⁴

The court found that Section 2(a) is "a viewpoint-discriminatory regulation of speech, created and applied in order to stifle the use of certain disfavored messages. Strict scrutiny therefore governs its First Amendment assessment."¹⁵

The Government did not argue that the disparagement provision survives "strict scrutiny" but rather contended that Section 2(a) does not implicate the First Amendment at all. It argued that Section 2(a) is immune from First Amendment scrutiny because it prohibits no speech; that trademark registration is government speech, and thus the government can grant and reject trademark registrations without implicating the First Amendment; and that the provision merely withholds a government subsidy for Mr. Tam's speech and is valid as a permissible definition of a government subsidy program. The court rejected all three arguments.

6. Citing 15 U.S.C. §§ 1072, 1115

7. Citing 15 U.S.C. § 1057(b).

8. Citing 15 U.S.C. § 1065.

9. Citing 15 U.S.C. § 1121.

10. Citing 15 U.S.C. § 1117.

11. Citing 15 U.S.C. § 1124.

12. Citing 15 U.S.C. § 1141b.

13. Citing 15 U.S.C. § 1125(c)(6).

14. *In re Tam*, 117 U.S.P.Q.2d at 1004. The CAFC left "to future panels the consideration of the §2 provisions other than the disparagement provision at issue here." *Id.* at n.1.

15. *Id.* at 1010.

2. Section 2(e)(1) Mere Descriptiveness

In re Louisiana Fish Fry Products, Ltd.

In a rather flavorless opinion, the CAFC upheld the Board's ruling¹⁶ requiring disclaimer of the term "FISH FRY PRODUCTS" in the mark shown below, for "marinade; sauce mixes, namely, barbecue shrimp sauce mix; remoulade dressing; cocktail sauce, seafood sauce; tartar sauce; gumbo filé; and cayenne pepper." The Board found the phrase to be generic for the goods, and alternatively merely descriptive and lacking in acquired distinctiveness. The CAFC affirmed on the latter ground, declining to reach the genericness issue.¹⁷



Acquired distinctiveness is a factual determination that the CAFC reviews under the substantial evidence standard.¹⁸ The applicant bears the burden of proving acquired distinctiveness.¹⁹

The Board deemed FISH FRY PRODUCTS to be "highly descriptive," a finding that Louisiana Fish Fry did not challenge in this appeal. As a result of that finding, the Board observed that Louisiana Fish Fry was faced with an "elevated burden to establish acquired distinctiveness," and concluded that this burden was not met because Louisiana Fish Fry's evidence did not relate specifically to the term "FISH FRY PRODUCTS."

Louisiana Fish Fry provided two declarations from its president, along with five registrations that it owned for marks that include the term "FISH FRY PRODUCTS." The first declaration merely asserted that the term had become distinctive through "substantially exclusive and continuous use" for five years. Given the highly descriptive nature of the term, however, the Board was within its discretion not to accept the five-year statement as prima facie evidence of acquired distinctiveness.

The second declaration stated that the mark LOUISIANA FISH FRY PRODUCTS had been in use for thirty years, and it provided certain sales and advertising figures. However, this data did not reflect use of the term "FISH FRY PRODUCTS" by itself

16. *In re Louisiana Fish Fry Prods., Ltd.*, Serial No. 77816809 (T.T.A.B. May 24, 2013).

17. *In re Louisiana Fish Fry Prods., Ltd.*, 116 U.S.P.Q.2d 1262 (Fed. Cir. 2015).

18. *In re 1800Mattress.com IP, LLC*, 92 U.S.P.Q.2d 1682 (Fed. Cir. 2009).

19. *In re Steelbuilding.com*, 75 U.S.P.Q.2d 1420 (Fed. Cir. 2005).

and so did not establish acquired distinctiveness as to that term. Similarly, Louisiana Fish Fry's other registrations concerned marks that included "fish fry products" with other words.

The court held that substantial evidence supported the Board's determination that Louisiana Fish Fry did not carry its burden to prove that FISH FRY PRODUCTS had acquired distinctiveness, and it affirmed the Board's ruling.

Judge Newman concurred in the result, but would have sustained the denial of registration on the ground of genericness. In her view, only if the Board's ruling on genericness was incorrect should the CAFC have reached the issue of acquired distinctiveness.

3. Genericness

In re Cordua Restaurants, Inc.

Genericness was the only issue in the CAFC's affirmation of the Board's decision²⁰ deeming the term "CHURRASCOS," in the stylized form shown below, to be generic for restaurant services.²¹ The fact that Applicant Cordua owns a registration for the mark CHURRASCOS in standard character form for the same services ("restaurant and bar services; catering") was irrelevant because each trademark application must be examined on its own merits.²²



Cordua argued that the Board should have fully considered its "incontestable registration" for the word mark, but the court observed that a mark's incontestability under Section 14 is not a shield against genericness. Section 14 of the Lanham Act states that "no incontestable right shall be acquired in a mark which is the generic name for the goods or services . . . for which it is registered."

In any event, this proceeding did not involve the earlier registration, and the Section 7(b) presumption of validity attached to that registration does not carry over to the new application for registration of a different mark. The Board must evaluate the

20. *In re Cordua Rests., Inc.*, 110 U.S.P.Q.2d 1227 (T.T.A.B. 2014).

21. *In re Cordua Rests., Inc.*, 118 U.S.P.Q.2d 1632 (Fed. Cir. 2016).

22. *In re Nett Designs, Inc.*, 57 U.S.P.Q.2d 1564 (Fed. Cir. 2001) ("Even if some prior registrations had some characteristics similar to Nett Deigns' application, the PTO's allowance of such prior registration does not bind the Board or this court." *Id.* at 1566).

present record to determine whether the stylized mark is ineligible for registration.

Genericness is a question of fact, the determination of which is reviewed by the CAFC for substantial evidence.²³ The USPTO must establish genericness by “clear and convincing evidence.”²⁴

The court concluded that the Board’s findings that “churrascos” is a generic term for a type of grilled meat and that “churrascos” is a generic term for a restaurant featuring churrasco steaks were supported by substantial evidence.

Cordua maintained that “churrascos” refers to a style of grilling meat and not to restaurant services, but the court observed that “[i]f the relevant public would understand a term denoting a specialty dish to refer to a key aspect of restaurant services, then the term is generic for restaurant services.”²⁵ Substantial evidence supported the finding that “churrascos” refers to a “key aspect” of a class of restaurants because those restaurants are commonly referred to as “churrasco restaurants.” The appellate court found no error in the Board’s conclusion that “there is a class of restaurants that have churrascos as a central focus of their services, and both competitors in the field and consumers use the term ‘Churrasco’ to refer to this type of restaurant.”²⁶

Cordua contended that even if “churrascos” is generic for “churrasco restaurants” (also known as “churrascarias”), it is not generic for all restaurant services. However, a term is generic if relevant consumers understand the term to refer to part of the claimed genus, even if the public does not understand the term to refer to the broad genus as a whole. For example, “pizzeria” is generic for restaurant services, even though it refers only to a subgroup or type of restaurant rather than to all restaurants.

B. Trademark Trial and Appeal Board

1. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

In re Aquamar, Inc.

Back in TTAB waters, the Board affirmed a Section 2(d) refusal to register the mark MARAZUL for “fish and seafood products, namely, frozen and fresh processed fish and seafood, and imitation crab meat,” finding the mark likely to cause confusion with the registered mark BLUE SEA for “non-live fish and frozen

23. *In re Hotels.com, L.P.*, 91 U.S.P.Q.2d 1532 (Fed. Cir. 2009).

24. *In re Cordua Rests., Inc.*, 118 U.S.P.Q.2d at 1635.

25. *Id.* at 1638.

26. *Id.*

fish.”²⁷ The Board also affirmed a refusal based on the applicant’s failure to comply with the examining attorney’s requirement that it provide a translation of the mark.²⁸

The examining attorney provided evidence that the term “mar azul” is a Spanish term meaning “blue sea.” The applicant did not address that evidence, but instead insisted that “MARAZUL” is a “unitary and inseparable and arbitrary term coined by Applicant having no direct English translation.”²⁹ The examining attorney then supplied additional evidence, including a page from the applicant’s website, stating that its seafood products are the first “designed to truly target the U.S. Hispanic market with authentic bilingual packaging.”³⁰

The translation requirement was made final, but the applicant never provided the required translation, maintaining in its appeal brief that “MARAZUL” is an “arbitrary, coined, unitary term and brand created by Applicant and . . . has no direct English translation.”³¹

The Board rejected the applicant’s argument that “MARAZUL” is a unitary, inseparable term, finding no evidence that combining “mar” and “azul” into a single term results in a mark having a commercial impression different from the separated terms “MAR” and “AZUL.” Moreover, in light of the applicant’s bilingual packaging, its claim that “MARAZUL” is an arbitrary, coined term was inconsistent with the record evidence and “not credible.”

Therefore, the Board affirmed the refusal based on the applicant’s noncompliance with the translation requirement.

With regard to likelihood of confusion, because the involved goods are in part identical, the Board presumed that they travel in the same channels of trade to the same classes of consumers.³² Not only did these facts weigh heavily in favor of a finding of likely confusion, but they also reduced the degree of similarity between the marks necessary to support such a finding.³³

The record evidence established that the meanings of the marks are identical. Under the doctrine of foreign equivalents, foreign words from common languages such as Spanish are translated into English for purposes of determining likelihood of

27. *In re Aquamar, Inc.*, 115 U.S.P.Q.2d 1122 (T.T.A.B. 2015).

28. Trademark Rule 2.32(a)(9), 37 C.F.R. § 2.32(a)(9), requires that an application be in English and, “if the mark includes non-English wording,” it must include “an English translation of that wording.”

29. *In re Aquamar, Inc.*, 115 U.S.P.Q.2d at 1123.

30. *Id.* at 1124.

31. *Id.* at 1125.

32. *See In re Viterra, Inc.*, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012).

33. *See, e.g., In re Mighty Leaf Tea*, 94 U.S.P.Q.2d 1257, 1260 (Fed. Cir. 2010).

confusion with an English word mark. The doctrine applies when it is likely that “the ordinary American purchaser would ‘stop and translate [the term] into its English equivalent.’”³⁴

The Board found that ordinary purchasers of fish would stop and translate the term “MARAZUL” into English. “In fact, that is essentially Applicant’s stated intention, as MARAZUL-branded fish is ‘designed to truly target the U.S. Hispanic market with authentic bilingual packaging.’”³⁵ The appearance of several Spanish words displayed on the applicant’s packaging next to their English equivalents increased the likelihood that consumers will translate “MARAZUL,” as does the display of “MARAZUL” in blue with a nautical-themed logo, together with the phrase “productos del mar.”

The Board acknowledged that meaning alone is not the only consideration when comparing two marks in assessing likelihood of confusion, but the exact equivalence in meaning of MARAZUL and BLUE SEA outweighed the differences in appearance and sound.

In re i.am.symbolic, llc

The Board affirmed a Section 2(d) refusal to register the mark I AM for cosmetics and personal care products “all associated with William Adams, professionally known as will.i.am,” in view of the registered mark I AM for perfume.³⁶

William Adams became well known as a member of the musical group, The Black-Eyed Peas. The applicant, his assignee, maintained that there was no likelihood of confusion because the applied-for mark identifies Mr. Adams, the applicant’s founder, and the applicant’s goods are exclusively associated with him. Moreover, it asserted, the cited mark is not famous.

Regarding the language in the application that the goods are all “associated with William Adams, professionally known as ‘will.i.am,’” the Board did not find that to be a meaningful limitation on the goods, the trade channels, or the classes of consumers. The language is merely “precatory” and not binding on consumers when they encounter the applied-for mark. Purchasers are unlikely to know of the statement in the registration that the applicant’s goods are limited to those associated with Mr. Adams.

The applicant contended that the applied-for mark will be perceived as identifying Mr. Adams, but the Board pointed out that the mark is I AM, not WILL.I.AM. The evidence did not

34. *In re Thomas*, 79 U.S.P.Q.2d 1021, 1024 (T.T.A.B. 2006), quoting *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 73 U.S.P.Q.2d 1689, 1696 (Fed. Cir. 2005) (quoting *In re Pan Tex Hotel Corp.*, 190 U.S.P.Q. 109, 110 (T.T.A.B. 1976).

35. *In re Aquamar, Inc.*, 115 U.S.P.Q.2d at 1127.

36. *In re i.am.symbolic, llc*, 116 U.S.P.Q.2d 1406 (T.T.A.B. 2015).

establish that Mr. Adams is widely known as “i.am,” or that “i.am” and “will.i.am” are used interchangeably by Mr. Adams or the public.

Moreover, even if Mr. Adams were known as “i.am” and even if the applied-for mark had gained notoriety, the Lanham Act still protects the senior user from “adverse impact due to use of a similar mark by a newcomer”—i.e., reverse confusion.

The language in the identification of goods simply is not a reasonable basis to assume that purchasers would be able to distinguish the source of such goods from those emanating from the prior Registrant. As we view it, the language essentially is a distinction without a difference for purposes of our likelihood of confusion analysis.³⁷

The differences in the way the applicant’s goods and the goods of the cited registration are marketed are, of course, irrelevant, since the Board must make its Section 2(d) determination based on the goods as identified in the application and the registration.³⁸ Here there were no limitations in that regard.

Finally, as to the asserted lack of fame of the cited mark, the Board observed that, given the nature of the evidence required to prove fame, an examining attorney is not required to establish the fame of a cited mark.³⁹ In an *ex parte* context, the factor of fame is normally treated as neutral.⁴⁰

Balancing the pertinent *du Pont* factors,⁴¹ the Board found confusion likely and it affirmed the refusal to register.

In re C. H. Hanson Co.

In a less than gripping appeal, the Board affirmed a Section 2(d) refusal to register the mark C.H. HANSON for “Hand tools, namely, chalk line reels; Hand tools, namely, squares; Hand-operated sharpening tools and instruments; Hand-operated tin snips; Pliers; Snips,” in International Class 8, finding the mark likely to cause confusion with the mark HANSON registered for “Die taps and die sets, taps and tap sets, all the foregoing for use with machine tools,” in Class 7, and for “hand tools, namely, wrenches, and accessories for wrenches, namely, die taps and die sets, taps, and tap sets,” in Class 8. The Board rejected the applicant’s puzzling interpretation of the registrant’s Class 8

37. *Id.* at 1410.

38. *In re Elbaum*, 211 U.S.P.Q. 639, 640 (T.T.A.B. 1981).

39. *See In re Thomas*, 89 U.S.P.Q.2d 1021, 1027 n.11 (T.T.A.B. 2006).

40. *Id.*

41. *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 U.S.P.Q. 563, 567 (C.C.P.A. 1973). The *du Pont* case sets forth the principal factors that “must be considered” in determining likelihood of confusion.

identification of goods, which interpretation would limit the goods to specialized tools used to create thread in a piece of metal and would exclude ordinary wrenches.⁴²

As to the marks, the Board observed that the mere addition of “C.H.” to the registrant’s mark “does not obviate the similarity between the marks because consumers would be likely to believe that the marks HANSON and C.H. HANSON refer to the same person.”⁴³ It concluded that the marks are similar in appearance, sound, and meaning, and highly similar in commercial impression.

With regard to the goods, the applicant chose to ignore the phrase “Hand tools, namely” in the Class 8 identification of goods in the cited registration. It contended that, absent a semicolon after “wrenches,” the phrase “Hand tools, namely, wrenches” merely modifies the remaining Class 8 goods. According to the applicant, the term “wrenches” by itself is indefinite, and therefore “the punctuation should be interpreted as limiting Registrant’s wrenches to the drives and stocks related to its taps and dies.”⁴⁴

The applicant pointed to a brochure of the registrant’s to illustrate the specialized nature of the registrant’s wrenches, but once again the Board pointed out that its determination of the issue of likelihood of confusion must be based on the goods as identified in the cited registration, not on extrinsic evidence of actual use.⁴⁵

It is true that when an identification is technical or vague, it may require clarification via extrinsic evidence,⁴⁶ but here there was nothing vague or technical about the phrase “hand tools, namely, wrenches.” That very phrase appears in the USPTO’s Trademark Acceptable Identification of Goods and Services (Trademark ID Manual). The Board also took judicial notice of several dictionary definitions of the word “wrench.”

The Board concluded that the registrant’s Class 8 identification of goods encompasses ordinary wrenches, including wrenches that are “hand tools,” and is not limited to specialized tools known as “drives” and “stocks” used solely with taps and dies. Although, the court noted, a semicolon would have been better than a comma,⁴⁷ the comma nonetheless separates “wrenches” from the phrase “die taps and die sets, taps and tap sets” that modifies “accessories for wrenches.” To the extent that use of the

42. *In re* C.H. Hanson Co., 116 U.S.P.Q.2d 1351 (T.T.A.B. 2015).

43. *Id.* at 1353.

44. *Id.* at 1354.

45. *Octocom Sys., Inc. v. Houston Computer Servs. Inc.*, 16 U.S.P.Q.2d 1783, 1787 (Fed. Cir. 1990).

46. *See, e.g.,* *Edwards Life-sciences Corp. v. VigiLanz Corp.*, 94 U.S.P.Q.2d 1399, 1410 (T.T.A.B. 2010).

47. *See In re* Midwest Gaming & Entm’t LLC, 106 U.S.P.Q.2d 1163, 1166 n.4 (T.T.A.B. 2013) (finding that a semicolon separates services into discrete categories).

comma created any ambiguity, any doubt must be resolved in favor of the prior the registrant, given the presumptions accorded a registration.

The examining attorney submitted website evidence showing that wrenches and tap and die sets, on the one hand, and the applicant's goods, on the other, may emanate from the same source as hand tools, under the same mark. Third-party registration evidence also demonstrated the relatedness of the goods.

The Board concluded that the registration evidence, considered in conjunction with the Internet evidence, supported the conclusion that the goods are related.

In re Bay State Brewing Co.

Although consent agreements are frequently entitled to great weight in the TTAB's likelihood of confusion analysis,⁴⁸ the Board was unmoved by a consent agreement in its affirmance of a Section 2(d) refusal of the mark TIME TRAVELER BLONDE for "beer" [BLONDE disclaimed], in view of the registered mark TIME TRAVELER for "beer, ale and lager."⁴⁹ According to the Board, the agreement between the applicant and the registrant "does not comprise the type of agreement that is properly designed to avoid confusion and does not fully contemplate all reasonable circumstances in which the marks may be used by consumers calling for the goods."⁵⁰

The Board first found that the virtual identity of the marks, the identity of the goods, trade channels, and purchasers, and the "impulse nature" of purchases of beer, presented a "compelling case for finding a likelihood of confusion."⁵¹ It then turned to consideration of the consent agreement between the applicant and the registrant and the impact of same on the likelihood of confusion analysis.

The Board pointed out that a consent agreement is simply evidence to be included in its Section 2(d) determination, and such an agreement "may or may not tip the scales in favor of registrability, depending upon the entirety of the evidence."⁵² Each consent agreement must be examined and it is not a foregone conclusion that every such agreement will be determinative.

In the consent agreement at hand, the applicant and the registrant included the usual statement that they "wish to avoid

48. See, e.g., *Bongrain Int'l (Am.) Corp. v. Delice De France, Inc.*, 1 U.S.P.Q.2d 1775 (Fed. Cir. 1987) ("the Board should have accorded substantial weight to the parties' agreement in determining likelihood of confusion.")

49. *In re Bay State Brewing Co.*, 117 U.S.P.Q.2d 1958 (T.T.A.B. 2016).

50. *Id.* at 1967.

51. *Id.* at 1961.

52. *In re Mastic Inc.*, 4 U.S.P.Q.2d 1292, 1294-1295 (Fed. Cir. 1987).

any conflict with one another and consent to co-exist” under certain terms and conditions, and they “agree to cooperate in good faith to resolve such actual confusion and to develop measures sufficient to avoid a likelihood of confusion.”⁵³

The agreement required that each party use its mark in connection with its house mark, that the applicant use “TIME TRAVELER” or the word “TRAVELER” only in the mark TIME TRAVELER BLONDE, that the word “BLONDE” be displayed in at least equal prominence with “TIME TRAVELER,” and that each party use a trade dress not confusingly similar to the trade dress of the other.

The “Geographical Limitation” provision in the agreement stated that the applicant will not use its applied-for mark “outside of New England and the State of New York,” while the registrant’s use is not geographically limited. (Applicant Bay State is located in Massachusetts; Registrant A&S Brewing Collaborative is based in Vermont). The Board found that this provision created two problems.

First, “the parties have agreed to allow use of their respective marks in the same territories, because Registrant will be free to use its mark in the entirety of Applicant’s territory.”⁵⁴ However, “[a]pplicant is not seeking a concurrent use registration (with a corresponding geographical restriction in Registrant’s registration), but rather a nationwide registration. Nor is the applicant seeking a geographically restricted registration as part of the consideration provided to Registrant for entering into a consent agreement.”⁵⁵

Second, the registration that the applicant seeks would not reflect the geographical limitation that it has voluntarily accepted, and thus would be misleading.

We recognize that a mark shown in an unrestricted registration may actually be used in a smaller territory than that [within] which it can be used. However, when marks are being searched and cleared, there is a presumption by searchers and attorneys afforded to an unrestricted registration that Applicant’s registration would not and should not be entitled to.⁵⁶

53. *In re* Bay State Brewing Co., 117 U.S.P.Q.2d at 1963.

54. *Id.* at 1964.

55. *Id.* Compare *Holmes Oil Co. v. Myers Cruizers of Mena Inc.*, 101 U.S.P.Q.2d 1148 (T.T.A.B. 2011) (in what was “nominally” a concurrent use proceeding, the Board approved an applicant’s geographical restriction of its application to the entire United States except for Arkansas, as “part and parcel” of a consent agreement, leaving the registrant’s registration nationwide in scope).

56. *Id.* at 1965.

In light of the geographical overlap, the effectiveness of the remaining provisions in the agreement is diminished. The addition of each party's house mark to these virtually identical marks used on identical goods does not necessarily eliminate confusion. As to trade dress, each party agreed not to use trade dress confusingly similar to the other's, but there was no specification as to what trade dress each will use. "[I]f each used minimal trade dress and smaller font displays of the house marks, then the essence of the agreement would be met, but would not aid in the avoidance of confusion."⁵⁷

The Board noted that the applicant's mark was not yet in use, and so the applicant was seeking a determination "based on its mark, not as applied for, but rather as promised."⁵⁸

These promises as to trade dress and house mark usage represent another deviation from the parameters of the application and registration, and thus would result in a failure of the public notice function of registrations.⁵⁹

The Board was convinced that there remained a likelihood of confusion arising from the use of these virtually identical marks for identical goods, goods that would be subject to purchase on impulse by ordinary consumers in the same geographical area.

In sum, while we unmistakably recognize the Federal Circuit's instruction that consent agreements are frequently entitled to great weight, we find that the specific consent agreement in this case is outweighed by the other relevant likelihood of confusion factors, namely that the marks are virtually identical, and the goods, trade channels, and purchasers are identical. Further, the goods are subject to impulse purchase. Notwithstanding the consent agreement, we are persuaded that patrons in New York and New England are likely to be confused as to source upon encountering the marks TIME TRAVELER and TIME TRAVELER BLONDE, even when these marks are used within the constraints set forth in the consent agreement.⁶⁰

In re Mr. Recipe, LLC

In an ex parte context, fame is seldom a factor in the *du Pont* analysis due to lack of available evidence, but here the examining attorney's submissions demonstrated that the movie JAWS "is so well-known [a] movie that it set the standard for summer blockbusters." The Board affirmed refusals to register the marks

57. *Id.* at 1966.

58. *Id.*

59. *Id.*

60. *Id.* at 1967.

JAWS and JAWS DEVOUR YOUR HUNGER for “entertainment, namely, streaming of audiovisual material via an Internet channel providing programming related to cooking,” finding the marks likely to cause confusion with the registered marks JAWS for “video recordings in all formats all featuring motion pictures.”⁶¹

The examining attorney relied on various websites proclaiming JAWS to be one of the “best movies of all time.” It was “phenomenally successful” at the box office and started a marketing trend that “has become the standard for success in the film industry.”⁶² The Board recognized the potential admissibility issues with this evidence, but it observed that the CAFC has approved the use of Internet evidence in *ex parte* proceedings.⁶³

The applicant conceded that the JAWS movie is “well-known in the movie industry,” but argued that the evidence showed, at most, “niche fame” for a “40-year-old thriller about a shark,”⁶⁴ and that such evidence is insufficient to establish fame under Section 2(d). The Board found, however, that JAWS is not just the name of a single movie, but a series of movies. “[T]he renown and success of JAWS-inspired sequels and reissued versions of the original demonstrates that ‘JAWS’ is famous as the source identifier for a series of ‘video recordings in all formats all featuring motion pictures.’”⁶⁵

Moreover, the Board observed, although the “niche fame” argument may serve to counter a showing of fame in the dilution context, it does not apply in the context of likelihood of confusion.⁶⁶ In any case, the Board noted that “the evidence shows that JAWS has permeated into general culture, including being parodied by filmmakers; and its fame is not limited to subject matter such that it would be confined to ‘a ‘niche’ level of fame.’”⁶⁷

The fame of the cited mark alone is, however, not enough to establish a likelihood of confusion.⁶⁸

Attempting to undermine the strength of the cited mark, the applicant pointed to a single third-party registration for the mark

61. *In re Mr. Recipe, LLC*, 118 U.S.P.Q.2d 1084 (T.T.A.B. 2016).

62. *Id.* at 1086.

63. *See, e.g., In re Bayer AG*, 82 U.S.P.Q.2d 1828, 1833 (Fed. Cir. 2007) (“Internet evidence is generally admissible and may be considered for purposes of evaluating a trademark”).

64. *In re Mr. Recipe, LLC*, 118 U.S.P.Q.2d at 1088.

65. *Id.*

66. *See Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 73 U.S.P.Q.2d 1689, 1694 (Fed. Cir. 2005) (“While dilution fame is an either/or proposition—fame either does or does not exist—likelihood of confusion fame varies along a spectrum from very strong to very weak.” (internal quotation marks omitted)).

67. *In re Mr. Recipe, LLC*, 118 U.S.P.Q.2d at 1088.

68. *See, e.g., Recot Inc. v. M.C. Becton*, 54 U.S.P.Q.2d 1894, 1898 (Fed. Cir. 2000) (“fame alone cannot overwhelm the other *du Pont* factors as a matter of law”).

JAWS for “video and audio recording services,” but a single registration, without proof of the extent of use of the registered mark, has little probative value, especially in the absence of evidence that the mark is in commercial use.⁶⁹ The applicant also referenced five pending applications, but pending applications prove nothing.⁷⁰ Moreover, there was no evidence of any third-party use of JAWS-formative marks.

As to the marks, the applicant conceded that they are “similar.” Not surprisingly, the Board found JAWS to be identical to the cited mark and found JAWS DEVOUR YOUR HUNGER to be similar to the registered mark in terms of appearance, sound, connotation, and commercial impression.

The Board found the word “JAWS” to be the dominant element of JAWS DEVOUR YOUR HUNGER because it appears as the first word in the mark⁷¹ and is the subject of the slogan. The mark is presented in standard character form, and therefore is not limited to any particular depiction.⁷² The applicant could emphasize the word “JAWS” while downplaying the remainder of the mark.

The applicant contended that its slogan mark suggests a clear connection with food, which the cited mark does not convey. The Board refused to bite: “[B]ecause of the fame of Registrant’s JAWS mark, the shark’s reputation as having a voracious appetite, and the applicant’s standard character form application, the applicant’s mark is just as likely to engender a commercial impression of Registrant’s shark as of an appetite to be satisfied.”⁷³

Turning to the involved goods and services, although the applicant’s services are limited to the subject matter of cooking, the cited registration is not limited and encompasses videos that may feature cooking. The fact that the applicant’s services are restricted to Internet streaming provided no solace. The examining attorney submitted forty-one third-party use-based registrations that cover both video streaming and video recordings.⁷⁴ The

69. See *Olde Tyme Foods Inc. v. Roundy’s Inc.*, 22 U.S.P.Q.2d 1542, 1545 (Fed. Cir. 1992) (“As to strength of a mark . . . registration evidence may not be given any weight”).

70. A pending application is evidence only that the application was filed on a certain date; it is not evidence of use of the mark. See, e.g., *Nike Inc. v. WNBA Enters. LLC*, 85 U.S.P.Q.2d 1187, 1193 n.8 (T.T.A.B. 2007).

71. See *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 73 U.S.P.Q.2d 1689, 1691 (Fed. Cir. 2005) (“Veuve” is the most prominent part of the mark VEUVE CLICQUOT because “Veuve” is the first word in the mark and the first word to appear on the label).

72. See *In re Viterra Inc.*, 101 U.S.P.Q.2d 1905, 1909-11 (Fed. Cir. 2012).

73. *In re Mr. Recipe, LLC*, 118 U.S.P.Q.2d at 1091.

74. Third-party, use-based registrations that individually cover a number of goods and services may have some probative value in suggesting that the listed goods and services are of a type that may emanate from the same source. *In re Albert Trostel & Sons Co.*, 29

applicant did not submit any evidence to support its assertions regarding the lack of relationship between the goods and services. “Moreover, it is just as likely that the consuming public generally understands that video recordings of movies may be converted to a format that may be streamed over the internet.”⁷⁵ In any event, the Board concluded that the fame of the registrant’s mark “is sufficient to broaden the scope of protection to encompass such differences.”⁷⁶

The Board therefore found that confusion is likely, and it affirmed the Section 2(d) refusal. The Board noted the applicant’s arguments about the broad scope of protection given the cited registration, but that scope is dictated by Section 7(b) of the Lanham Act.⁷⁷ The Board pointed out, however, that the “applicants in these circumstances are not without possible remedies, including seeking a consent from the owner of the cited registration, or seeking a restriction of the registration in *inter partes* proceedings under Section 18 of the Trademark Act, 15 U.S.C. § 1068.”⁷⁸

In re Fat Boys Water Sports LLC

Continuing its swim in cinematic waters, the Board affirmed two refusals of the mark HOUSEBOAT BLOB for “Inflatable float mattresses or pads for recreational use, namely, mattresses and pads from which the user may be launched into the air and onto a body of water; Inflatable mattresses for recreational use, namely, mattresses from which the user may be launched into the air and onto a body of water” [BLOB disclaimed]. It found the mark merely descriptive under Section 2(e)(1),⁷⁹ and likely to cause confusion with the registered mark THE BLOB for goods legally identical to the applicant’s goods.⁸⁰

With regard to likelihood of confusion, the applicant maintained that the cited mark THE BLOB is a double-entendre that “uses the fame of the sci-fi classic movie ‘The Blob’ . . . and the

U.S.P.Q.2d 1783, 1785-86 (T.T.A.B. 1993); *In re Mucky Duck Mustard Co., Inc.*, 6 U.S.P.Q.2d 1467, 1460 n.6 (T.T.A.B. 1988).

75. *In re Mr. Recipe, LLC*, 118 U.S.P.Q.2d at 1092.

76. *Id.*

77. Section 7(b) of the Lanham Act, 15 U.S.C. § 1507(b), provides that “A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.”

78. *Id.* at 1094.

79. The second refusal, on the ground of mere descriptiveness under Section 2(e)(1), is discussed in Part I.B.2., below.

80. *In re Fat Boys Water Sports LLC*, 118 U.S.P.Q.2d 1511 (T.T.A.B. 2016).

descriptive/generic meaning of ‘blob.’”⁸¹ There was, however, no evidence of record to establish that the registrant promoted its goods with a reference to the film, but even if the cited mark includes a double-entendre that the applicant’s mark does not, “in light of the evidence and the description of the goods⁸² for the mark THE BLOB, it is much more likely that customers would perceive it to mean an inflatable, floating launch pad.”⁸³ Similarly, consumers would perceive HOUSEBOAT BLOB to be a special type of inflatable launch pad for use with a houseboat.

The applicant argued that the term “blob” in the cited registration has little or no source-identifying significance, but the Board, in light of the presumption to which the registration is entitled, refused to consider the contention that the cited mark has no distinctiveness or is generic.⁸⁴ On the other hand, in light of the “usage evidence bearing on the public’s understanding of the term BLOB,”⁸⁵ the Board found the mark to be a weak source indicator.

Even so, we see little in Applicant’s mark to distinguish it from Registrant’s mark, as Applicant’s mark merely adds a highly descriptive term to the registered mark, in such a way as to indicate to customers a suitable purpose of the goods. And although the registered mark includes the word “THE,” which is absent from Applicant’s mark, the presence or absence of this word is unlikely to allow consumers to meaningfully distinguish the marks, because we cannot find on the evidence of record that consumers would associate the trademark THE BLOB, as used on these goods, with the classic movie.⁸⁶

The goods of the application and cited registration are legally identical in part (although the goods of the cited registration are limited to use by youth camps, church camps, campgrounds, and other outdoor recreation businesses), and they therefore

81. *Id.* at 1516.

82. The goods in the cited registration were: “Giant inflatable, floating air bags, constructed of PVC reinforced vinyl, for use by commercial, institutional, for-profit and not-for-profit youth camps, church camps, campgrounds, and other outdoor recreation businesses as a component of their aquatic recreational facilities, namely, the ocean, lakes, ponds, and swimming pools in which such floating air bags are placed such that patrons can jump from a diving platform onto, and be launched off of, such floating air bags and into the water.”

83. *In re Fat Boys Water Sports LLC*, 118 U.S.P.Q.2d at 1517.

84. *See, e.g., In re Fiesta Palms LLC*, 85 U.S.P.Q.2d 1360, 1363 (T.T.A.B. 2007) (“inasmuch as the cited mark is registered on the Principal Register, we must assume that it is at least suggestive and we cannot entertain applicant’s argument that the registered mark is descriptive of registrant’s services.”).

85. *In re Fat Boys Water Sports LLC*, 118 U.S.P.Q.2d at 1517.

86. *Id.* at 1518.

presumably travel in the same, normal channels of trade to the same classes of consumers.⁸⁷

Considering the evidence and the relevant *du Pont* factors, the Board found confusion likely and it therefore affirmed the Section 2(d) refusal.

b. Likelihood of Confusion Not Found

In re Allegiance Staffing

The catch-all thirteenth *du Pont* factor⁸⁸ made a rare and critical appearance in the applicant's favor in this reversal of a Section 2(d) refusal to register the mark ALLEGIANCE STAFFING for "temporary employment agency services provided to others, not including hospitals and healthcare providers" [STAFFING disclaimed].⁸⁹ The USPTO had deemed the mark confusingly similar to eight registered marks consisting of or including the term "ALLEGIS," for personnel recruitment and placement services for temporary and permanent positions. However, the USPTO had permitted the eight cited registrations to issue over the applicant's now extinct registration for the identical mark and the same services at issue here.

This is one of the rare cases in which the thirteenth *duPont* factor, "any other established fact probative of the effect of use," plays a role. . . . This factor "accommodates the need for flexibility in assessing each unique set of facts."⁹⁰

The facts in this case were unusual. The applicant owned a registration for the same mark ALLEGIANCE STAFFING for the same services covered by the subject application. That registration issued in 2001 and expired in 2012 when the applicant inadvertently failed to renew it. The applicant applied for a new registration within two weeks of the expiration of that registration.

During the life of the prior registration, six of the here-cited registrations issued and two underlying applications were approved for publication. Over that period, five different examining attorneys considered the marks in the eight cited registrations and (presumably) determined that those marks were not likely to cause confusion vis-a-vis the applicant's then-registered mark.

The Board agreed with the examining attorney's assertion that prior decisions by examining attorneys in other cases are not

87. See *In re Viterra Inc.*, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012).

88. *In re E.I. du Pont de Nemours & Co.*, 177 U.S.P.Q. 563, 567 (C.C.P.A. 1973).

89. *In re Allegiance Staffing*, 115 U.S.P.Q.2d 1319 (T.T.A.B. 2015).

90. *Id.* at 1323. The second sentence quotes *In re Strategic Partners Inc.*, 102 U.S.P.Q.2d 1397, 1399 (T.T.A.B. 2012).

binding on the USPTO or the Board.⁹¹ Nonetheless, the Board took into consideration in its *du Pont* analysis, the history related to the applicant's prior registration.

[W]e conclude that under the particular circumstances here, where: (i) the same Applicant owned a prior registration for the identical mark covering the same services; (ii) none of the five different examining attorneys who examined the cited registrations refused registration based on a likelihood of confusion with the same mark for which registration is sought in the current application; and (iii) Applicant inadvertently allowed the prior registration to lapse, and attempted to correct that lapse by filing its new application within two weeks of its prior registration expiring, we give the fact that no likelihood of confusion was found in eight separate situations due weight in our analysis.⁹²

Turning to the other *du Pont* factors, the Board found that the involved services overlap. It then focused on the cited registration for the mark ALLEGIS in standard character form, observing that if confusion is not likely as to that mark, then there would be no likelihood of confusion with the remaining seven "ALLEGIS"-containing marks.⁹³

The Board noted that there are similarities between "ALLEGIANCE," the dominant portion of the applicant's mark, and "ALLEGIS." However, the differences in the endings are "likely to be noticed because the applicant's mark results in a recognizable word."⁹⁴ And any similarity in pronunciation is not so significant here because of the nature of the services: employment agency services are purchased by businesses, not general consumers.

The differences in meaning are even more significant. "ALLEGIANCE" has a clear meaning, whereas "ALLEGIS" is a coined term. As the CAFC has observed, "the familiar is readily distinguishable from the unfamiliar."⁹⁵ Accordingly, the Board found that the differences in meaning between the involved marks outweighed any similarities in appearance and pronunciation.

In addition, the Board found that the conditions of purchase (*du Pont* factor No. 4) were significant, "since the care exercised by customers would result in their noting the differences in the marks at issue."⁹⁶ The involved services "do not fall into the category of

91. See *In re Davey Products Pty Ltd.*, 92 U.S.P.Q.2d 1198, 1206 (T.T.A.B. 2009).

92. *In re Allegiance Staffing*, 115 U.S.P.Q.2d at 1324.

93. See *In re Max Capital Group Ltd.*, 93 U.S.P.Q.2d 1243, 1245 (T.T.A.B. 2010).

94. *In re Allegiance Staffing*, 115 U.S.P.Q.2d at 1325.

95. *National Distillers and Chemical Corp. v. William Grant & Sons, Inc.*, 184 U.S.P.Q. 34, 35 (C.C.P.A. 1974).

96. *In re Allegiance Staffing*, 115 U.S.P.Q.2d at 1325-6.

impulse purchasing.”⁹⁷ Businesses seeking temporary help or permanent employees will exercise a heightened level of care in their purchasing decisions, and will therefore perceive the differences between ALLEGIANCE STAFFING (composed of recognizable words) and the coined term “ALLEGIS,” which “does not have any recognizable derivation.”⁹⁸

The applicant pointed to the fifteen-year period of contemporaneous use of the involved marks without the occurrence of actual confusion, but the Board pointed out that there has been no meaningful opportunity for confusion to occur, since the parties provide their services in different geographical areas.

The Board therefore concluded that confusion is not likely between the involved marks, and it reversed the refusal to register.

2. Section 2(e)(1) Mere Descriptiveness

In re Cannon Safe, Inc.

In a straightforward ruling, the Board affirmed a Section 2(e)(1) refusal to register the mark SMART SERIES, finding the mark to be merely descriptive of “metal safes specifically designed to store firearms.” The Board agreed with the examining attorney that the mark describes the applicant’s safes as “belonging to a larger product line” and featuring “a particular level of technology, such as microcomputers or microprocessors.”⁹⁹

The applicant feebly argued that even if “SMART SERIES” conveys some information about the applicant’s goods using “some sort of technology and that they are part of some sort of line of products,”¹⁰⁰ such information is vague and not conveyed with sufficient particularity to invoke a Section 2(e)(1) bar. Moreover, the applicant asserted, even if the words “smart” and “series,” standing by themselves, would each be descriptive, the phrase “SMART SERIES” is registrable because it is a combination mark with an incongruous meaning.

Because the applicant indicated that its safes will be equipped with microprocessors and microcomputers, the Board concluded that the goods have a “smart” component, and the applicants identification of goods is broad enough to include gun safes with microprocessors. Moreover, the evidence showed that the word “smart” in the field of safes has been used to describe those that include microprocessors to provide safety. In fact, contemporary

97. *Id.* at 1326.

98. *Id.*

99. *In re Cannon Safe, Inc.*, 116 U.S.P.Q.2d 1348, 1349 (T.T.A.B. 2015).

100. *Id.*

gun safes include built-in microprocessors to provide such features as fingerprint recognition and protection against tampering.

The Board found that consumers will readily understand from the word “smart” that the applicant’s gun safes contain automated, technological devices such as microprocessors that make them “smart.”

As to the word “series,” the applicant used the word “series” for several other lines of gun safes. Moreover, it is not uncommon in the industry to consider safes as a “series.” For example, the Board noted, Liberty Safes offers the “Lincoln Series.”

The combination of “SMART” and “SERIES” “does not result in a mark which as a whole has a nondescriptive or incongruous meaning.”¹⁰¹ Each component retains its merely descriptive significance, resulting in a mark that is merely descriptive. Consumers will immediately understand SMART SERIES as identifying “another of Applicant’s various series of safes, *i.e.*, a line of safes offering enhanced capabilities made possible by the use of microprocessors.”¹⁰²

In re Highlights for Children, Inc.

Observing that in mere descriptiveness cases, “the foreign equivalent of a merely descriptive English word is no more registrable than the English word itself,” the Board affirmed a Section 2(e)(1) refusal to register the mark IMÁGENES ESCONDIDAS, finding it merely descriptive of “books and magazines for children,” and lacking in acquired distinctiveness.¹⁰³

Although the applicant provided a translation of IMÁGENES ESCONDIDAS as “hidden pictures,” it maintained that the doctrine of foreign equivalents would not apply because consumers would not “stop and translate the mark”¹⁰⁴ in light of the manner in which the mark is used: that is, the mark will always appear along with the English “Hidden Pictures” on the applicant’s bilingual puzzle publications, and so there will be no need for translation.

The Board was unmoved. First, because the applicant is applying to register the mark IMÁGENES ESCONDIDAS alone, the Board must assume it will be used alone, without a

101. *Id.* at 1351.

102. *Id.*

103. *In re Highlights for Children, Inc.*, 118 U.S.P.Q.2d 1268, 1270 (T.T.A.B. 2016) (quoting *In re Optica International*, 196 U.S.P.Q. 775, 777 (T.T.A.B. 1977)). The issue of acquired distinctiveness under Section 2(f) is discussed in Part I.B.4., below.

104. *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 73 U.S.P.Q.2d 1689, 1696 (Fed. Cir. 2005) (“The doctrine should be applied only when it is likely that the ordinary American purchaser would ‘stop and translate [the word] into its English equivalent.’” Quoting *In re Pan Tex Hotel Corp.*, 190 U.S.P.Q. 109, 110 (T.T.A.B. 1976)).

translation. Second, when the translation is provided by the applicant, the consumer will still recognize the terms as equivalent because of the provided translation. In short, the policy basis of the doctrine of equivalents applies: “whether a translation is *made by* the purchaser or *provided to* the purchaser; the result is the same.”¹⁰⁵

Next, the applicant argued that “hidden pictures” is not merely descriptive of a feature or characteristic of its goods because its puzzles involve locating objects that are not concealed, but rather are “right before your very eyes.”¹⁰⁶ Thus, according to the applicant, “hidden” in this context is not descriptive but ironic. The Board again was unmoved. Noting that definitions of “hidden” include “unseen” and “not readily apparent,” the Board had no doubt that “hidden pictures” is merely descriptive of a feature of the goods.

The Board next considered whether the record evidence established the fame of the HIDDEN PICTURES mark, and if so, whether Spanish-speaking consumers who translate the applied-for mark to HIDDEN PICTURES will immediately recognize it as an indicator of source. The applicant’s evidence, however, was minimal and primarily concerned its HIGHLIGHTS mark rather than HIDDEN PICTURES. Nonetheless, in view of the length of use and the number of magazines in or on which the mark HIDDEN PICTURES has appeared, the Board found that HIDDEN PICTURES “has achieved recognition among the consuming public.”¹⁰⁷

However, the strength of the HIDDEN PICTURES mark “does not *ipso facto* mean that Spanish speaking consumers will immediately recognize that IMÁGENES ESCONDIDAS represents the same source of “books and magazines for children” as HIDDEN PICTURES.

Without additional evidence showing that Spanish-speaking consumers in the United States recognize that IMÁGENES ESCONDIDAS is an indicator of origin in Applicant, especially when Applicant has not used IMÁGENES ESCONDIDAS in the United States, we find Applicant’s argument to be unconvincing.¹⁰⁸

In re Fat Boys Water Sports LLC

In the second of two refusals, the Board not surprisingly found the mark HOUSEBOAT BLOB to be merely descriptive of

105. *In re Highlights for Children, Inc.*, 118 U.S.P.Q.2d at 1271 (emphasis by the Board).

106. *Id.* at 1272.

107. *Id.* at 1277.

108. *Id.*

“Inflatable floating mattresses . . . from which the user may be launched into the air and onto a body of water” [BLOB disclaimed].¹⁰⁹

The record evidence established that the term “blob” refers to a type of air mattress used on bodies of water as a recreational device whereby one is catapulted off the blob when another person jumps onto the other side of the blob. The question was whether the mark HOUSEBOAT BLOB, as a whole, is merely descriptive of the goods.

The applicant anachronistically argued that the Board should apply the degree of imagination test, the competitors’ use test, and the competitors’ need test, relying on *No Nonsense Fashions, Inc. v. Consol. Foods Corp.*¹¹⁰ The Board, however, pointed out that *No Nonsense* has been superseded by subsequent CAFC and Board rulings.¹¹¹

Under the current standard, there is no requirement that the Examining Attorney prove that others have used the mark at issue or that they need to use it, although such proof would be highly relevant to an analysis under Section 2(e)(1). The correct test is whether the phrase forthwith conveys an immediate idea of an ingredient, quality, characteristic, feature, function, purpose or use of the goods.¹¹²

The applicant’s own marketing materials described a version of its product “that will accommodate House Boats and Yachts.” The Amazon web page for the applicant’s product described it as “perfect to attach to a houseboat or small cliff”¹¹³

Considering the mark as a whole, the Board concluded that the words in combination “would be immediately understood to mean a blob-type inflatable launch pad that is specialized for use in association with a houseboat.”¹¹⁴ Therefore, because the mark conveys an immediate idea of the nature and purpose of the goods, the Board found the mark to be merely descriptive under Section 2(e)(1).

3. Section 2(e)(1) Deceptive Misdescriptiveness

In re Hinton

In this tempest in a teapot, the Board affirmed a refusal to register the mark THCTea, in standard character form, for “tea-

109. *In re Fat Boys Water Sports LLC*, 118 U.S.P.Q.2d 1511 (T.T.A.B. 2016). The Section 2(d) refusal is discussed in Part I.B.1.a., above.

110. 226 U.S.P.Q. 502 (T.T.A.B. 1985).

111. *See, e.g., In re Carlson*, 91 U.S.P.Q.2d 1198, 1203 (T.T.A.B. 2009).

112. *In re Fat Boys Water Sports LLC*, 118 U.S.P.Q.2d at 1514.

113. *Id.* at 1515.

114. *Id.* at 1516.

based beverages,” deeming the mark to be deceptively misdescriptive of the goods under Section 2(e)(1).¹¹⁵ The Board found that tea-based beverages could contain THC, the chief intoxicant in marijuana, that THCTea is merely descriptive of tea-based beverages that contain THC, that the applicant’s goods (concededly) do not contain THC, and that consumers are likely to believe the misrepresentation made by the mark.

The test for deceptive misdescriptiveness under Section 2(e)(1) has two parts: (1) the mark must misdescribe the goods or services, and (2) consumers must believe the misdescription.¹¹⁶

The record evidence established that the term “THC” means either of two physiologically active isomers from hemp plant resin, especially one that is the chief intoxicant of marijuana. The examining attorney introduced ample evidence to demonstrate that “it is plausible for tea-based beverages to contain THC,” including online chatroom printouts discussing recipes for making such tea.¹¹⁷ Applicant Hinton admitted that the evidence established the significance of “THC” and showed that some individuals refer to tea made from marijuana as “THC tea.”

The Board therefore found that “THCTea” is merely descriptive of tea containing THC as a significant ingredient. The applicant admitted that his goods do not contain THC. Therefore, the Board concluded that “THCTea” misdescribes the goods.

The next question was whether reasonably prudent consumers are likely to believe the misrepresentation that the applicant’s beverages contain THC. Applicant Hinton contended that THC is intended to stand for “Tea Honey Care” or “the Honey Care Tea,” pointing to two of his advertisements. But the Board observed that it must consider the mark as applied for and it cannot assume that the mark will be accompanied by some additional wordings such as “Tea Honey Care.” In fact, the applicant’s specimen of use displayed the mark without any accompanying wording, and there was no evidence that consumers would interpret “THC” in the manner the applicant claimed.

Hinton maintained that consumers would know that marijuana is illegal under federal law, and that even in states having “medical marijuana” laws, use is strictly regulated. He asserted that only an unformed, gullible consumer would believe that a bottle of THCTea available in a grocery store would contain an illegal substance.

The Board observed, however, that marijuana possession is considered legal in certain circumstances, under the law of nearly

115. *In re Hinton*, 116 U.S.P.Q.2d 1051 (T.T.A.B. 2015).

116. Unlike for a Section 2(a) deceptiveness refusal, under Section 2(e)(1) the misdescription need not be material to the purchasing decision.

117. *In re Hinton*, 116 U.S.P.Q.2d at 1052.

half the states. Furthermore, there was some evidence in the record that teas containing THC are commercially available for medicinal use. Nothing in the subject application restricts sales of the applicant's products to states where marijuana is illegal, nor does the application indicate that the goods will not be offered through medical dispensaries.

And so the Board affirmed the Section 2(e)(1) refusal.

4. Section 2(f) Acquired Distinctiveness

In re Highlights for Children, Inc.

In this appeal from a Section 2(e)(1) mere descriptiveness refusal of the mark IMÁGENES ESCONDIDAS for “books and magazines for children,” the applicant claimed acquired distinctiveness under Section 2(f) of the Lanham Act¹¹⁸ in view of its existing registration for HIDDEN PICTURES for “magazines, puzzlebooks, and an ongoing feature in Highlights for Children magazine.”¹¹⁹ Although IMÁGENES ESCONDIDAS means “hidden pictures” in English, the Board ruled that the acquired distinctiveness of the registered HIDDEN PICTURES mark could not be transferred to IMÁGENES ESCONDIDAS because IMÁGENES ESCONDIDAS and HIDDEN PICTURES are not “the same mark” for Section 2(f) purposes.

Trademark Rule 2.41(a)(1) provides that ownership of a prior registration “of the same mark” may be accepted as prima facie evidence of distinctiveness if the involved goods or services are sufficiently similar. In *Dial-A-Mattress*, the CAFC explained that a proposed mark is the “same mark” if it is the “legal equivalent” of that mark: “A mark is the legal equivalent of another if it creates the same, continuing commercial impression such that the consumer would consider them both the same mark. . . . No evidence need be entertained other than the visual or aural appearance of the marks themselves.”¹²⁰

The question of whether a foreign translation of a registered English language is the “same mark” as the English language mark under Rule 2.41(a)(1) was an issue of first impression.

118. Section 2(f) of the Lanham Act, 15 U.S.C. § 1052(f), provides in pertinent part: “Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, 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.”

119. *In re Highlights for Children, Inc.*, 118 U.S.P.Q.2d 1268 (T.T.A.B. 2016). The issue of mere descriptiveness under Section 2(e)(1) is discussed in Part I.B.2., above.

120. *In re Dial-A-Mattress Operating Corp.*, 57 U.S.P.Q.2d 1807, 1812 (Fed. Cir. 2001).

Applying the *Dial-A-Mattress* standard, the Board found the answer to be readily apparent: “IMÁGENES ESCONDIDAS, even though it has the same meaning as HIDDEN PICTURE, is *not* ‘the same mark’ as HIDDEN PICTURES.”¹²¹ They are different aurally and visually, and under *Dial-A-Mattress* no other evidence need be considered.

The Board observed that, according to the U.S. Supreme Court in *Hana Financial*, “the question of whether two marks give the same impression to consumers ‘involves a factual judgment,’”¹²² but the applicant did not provide any evidence “demonstrating that consumers would consider IMÁGENES ESCONDIDAS and HIDDEN PICTURES to be the same mark even if they understood the equivalence in meaning.”¹²³

Contrary to the applicant’s argument, the legal equivalency of two marks for purposes of Rule 2.41(a)(1) is not dependent on whether a consumer will stop and translate the mark, but on whether the marks create the same commercial impression.

In other words, whether two marks are foreign equivalents is a different question than whether two marks give consumers the same commercial impression. As noted, the marks are not similar in sound or appearance, and there is no evidence in the record demonstrating that IMÁGENES ESCONDIDAS and HIDDEN PICTURES create the same continuing commercial impression.¹²⁴

5. Section 23(c) Functionality

In re Heatcon, Inc.

Once again, the presence of a pertinent utility patent proved fatal to the registrability of a proposed product configuration mark. The Board affirmed a refusal to register the product configuration shown below, comprising the arrangement of various components on a portable interface unit for “hot bonders,” finding it to be functional under Section 23(c). The Board concluded that the “overall design of Applicant’s configuration is ‘essential to the use or purpose of the article’”¹²⁵ and therefore that the configuration as a whole is functional and not registrable.¹²⁶

121. *In re Highlights for Children, Inc.*, 118 U.S.P.Q.2d at 1274 (emphasis by the Board).

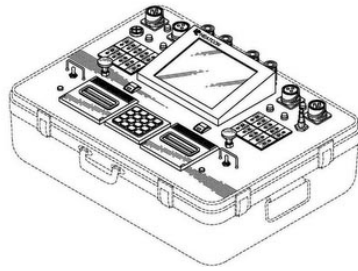
122. *Hana Financial Inc. v. Hana Bank*, 135 S. Ct. 907, 113 U.S.P.Q.2d 1365, 1368 n.2 (2015).

123. *In re Highlights for Children, Inc.*, 118 U.S.P.Q.2d at 1275.

124. *Id.*

125. *TraFFix Devices Inc. v. Marketing Displays Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001, 1006 (2001) (Matter is functional if “it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”).

126. *In re Heatcon, Inc.*, 116 U.S.P.Q.2d 1366 (T.T.A.B. 2015).



Applicant Heatcon sought registration on the Supplemental Register, for “equipment for controlling and recording the application of heat and pressure in a process for fabricating bonded composite materials, namely, woven glass, aramid fibers and carbon fabric, and adhesives bonds to composite or metallic components.” It described the mark as a “three dimensional configuration of the arrangement of the HCS9200M Composite Repair Set’s (Hot Bonder’s) user interface components.”

Section 23(c) of the Lanham Act permits registration on the Supplemental Register of a mark that “may consist of any . . . configuration of goods . . . that as a whole is not functional . . . but such mark must be capable of distinguishing the applicant’s goods or services.” However, the Board observed, “the case law applying Section 2(e)(5)¹²⁷ and addressing functionality prior to the 1998 amendments to the Trademark Act, which added Section 2(e)(5) and amended Section 23(c), remains equally applicable because the issue, functionality, is the same.”¹²⁸

In assessing functionality, the Board once again applied the *Morton-Norwich*¹²⁹ test promulgated by the U.S. Court of Customs and Patent Appeals (CCPA) in 1982.

Under the first *Morton-Norwich* factor, a utility patent that claims the features of a product design is “strong evidence that those features claimed therein are functional.”¹³⁰ Third-party patents may be relied on as evidence; ownership of the patents is irrelevant.¹³¹ The examining attorney cited a third-party utility patent for a “Portable Curing System for Use with Vacuum Bag Repairs and the Like,” which claimed a carrying case and various

127. Section 2(e)(5) of the Lanham Act, 15 U.S.C. § 1052(e)(5), bars registration of any mark that “comprises any matter that, as a whole, is functional.”

128. *In re Heatcon, Inc.*, 116 U.S.P.Q.2d at 1368, citing *In re Minnesota Mining and Mfg. Co.*, 142 U.S.P.Q. 366, 368 (C.C.P.A. 1964).

129. *In re Morton-Norwich Prods., Inc.*, 213 U.S.P.Q. 9 (C.C.P.A. 1982).

130. *TrafFix*, 58 U.S.P.Q.2d at 1005.

131. *In re Pohl-Boskamp GmbH & Co.* 106 U.S.P.Q. 1042, 1045 n.22 (T.T.A.B. 2013). One might think that statements made in a patent by a third-party would have a hearsay problem.

components. She pointed out that both the patented device and Heatcon's unit locate "the display screen and printer opposite the power input port and vacuum connector ports [so that] [t]he operator can connect cords, cables and/or wires away from the user and avoid entangling the connections or hindering access to the other sensors, buttons and components of the panel."¹³²

Heatcon argued that the utility patent was irrelevant because the patent claims did not reference the arrangement of the components, and the patent figures showed "one possible arrangement of a virtually infinite number of possible arrangements."¹³³ However, the CAFC has pointed out that a utility patent may be relevant even though it does not claim "the exact configuration for which trademark protection is sought."¹³⁴ A patent's specification "illuminating the purpose served by a design may constitute equally strong evidence of functionality."¹³⁵ Here, the specification of the cited patent explained the utilitarian advantages of the particular arrangement of the product features.

The Board therefore found that the cited patent "discloses the utilitarian advantages of the various parts . . . of an interface for a portable hot bonder."¹³⁶ In view of the "strong weight" to be accorded patent evidence under *TrafFix*, the Board found the cited patent to be sufficient to establish a *prima facie* case of functionality.

As to the second *Morton-Norwich* factor, Heatcon's advertising references to "ergonomic design," "convenient hook up," and "circuit breakers on front panel" were probative as to the functionality of the applied-for mark. Third parties touted Heatcon's display, and competitors promoted the convenience of similar arrangements. The Board concluded that the advertising evidence supported a finding of functionality.

Turning to the third *Morton-Norwich* factor, Heatcon submitted several third-party products as evidence of alternative designs. The examining attorney pointed out, however, that those designs did not necessarily provide the same utilitarian benefits as Heatcon's design: hot bonders lacking a raised display are not alternatives for hot bonders with a raised display, and single zone bonders that have a display screen on the side are not dual zone hot bonders. The examining attorney also pointed out that industry and safety standards play a role in the arrangement of the components for Heatcon's product.

132. *In re Heatcon, Inc.*, 116 U.S.P.Q.2d at 1371.

133. *Id.*

134. *In re Becton, Dickinson & Co.*, 102 U.S.P.Q.2d 1372, 1377 (Fed. Cir. 2012).

135. *Id.*

136. *In re Heatcon, Inc.*, 116 U.S.P.Q.2d at 1371.

Noting that there is no need to consider alternative designs if functionality is found based on other considerations,¹³⁷ the Board concluded that the alternative examples proffered by Heatcon did not support a finding of nonfunctionality.

As to the fourth *Morton-Norwich* factor, there was insufficient evidence for the Board to make a determination as to the comparative costs of different designs. In any case, even if Heatcon's interface is not comparatively simple or inexpensive to manufacture (as Heatcon asserted), that does not mean that the design is not functional.¹³⁸

Heatcon argued that, although the arrangement of its interface is composed completely of functional parts, the arrangement by itself is not functional. Not so, said the Board:

[T]he functional features far outweigh any nonfunctional aspect of the arrangement which is incidental and hardly discernible as a separate element from the functional parts. While we do not foreclose the possibility, it is difficult to imagine a situation where the sum of a configuration's entirely functional parts adds up to a design capable of indicating the source of the product. In any event, the case before us presents no such exception.¹³⁹

Moreover, the Board observed, even if it did not weigh the functional features against the asserted nonfunctional arrangement, the record established that "the arrangement of significant functional features is directed by utilitarian concerns to make the device easier, safer, and more efficient."¹⁴⁰

The Board concluded that the examining attorney satisfied her burden to set forth a prima facie case. Heatcon failed to submit sufficient evidence to overcome that prima facie case by a preponderance of the evidence, and the Board therefore found that the "overall design of applicant's configuration is "essential to the use or purpose of the article" and therefore the configuration as a whole is functional and not registrable.¹⁴¹

6. Service Mark Use/Specimens of Use

In re Graystone Consulting Associates, Inc.

Finding that the applicant's specimen of use failed to show use of the mark in connection with the identified services, the Board

137. *In re Becton, Dickinson & Co.*, 102 U.S.P.Q.2d at 1378.

138. *See In re American National Can. Co.*, 41 U.S.P.Q.2d 1841, 1844-45 (T.T.A.B. 1997).

139. *In re Heatcon, Inc.*, 116 U.S.P.Q.2d at 1378.

140. *Id.*

141. *Id.* at 1379.

affirmed a refusal to register the mark WALK-IN SHOPPER for “business training consultancy services.”¹⁴²

The Board observed that “[a] service mark must be ‘used in such a manner that it would be readily perceived as identifying’ the services, which is ‘determined by examining the specimens of record in the application.’”¹⁴³ “A specimen that shows only the mark with no reference to, or association with, the services does not show service mark usage.”¹⁴⁴

Applicant Graystone argued that its specimen was acceptable because it “show[s] the business training consultancy services identified in the . . . sentence[] of the body of the flyer ‘Graystone offers communication training regarding the Walk-In Shopper.’”¹⁴⁵

The examining attorney maintained that the applied-for phrase WALK-IN SHOPPER is the subject of the applicant’s consulting and training services and is not being used as a source indicator for the applicant’s services. Consumers, she asserted, “would only likely view the mark as referring to the topic or category of applicant’s consulting services, not as the source of the consulting services.”¹⁴⁶

The Board agreed with the examining attorney that the specimen does not show the required connection between the mark and the services.

Applicant is using “Walk-In-Shopper” to identity a particular customer, i.e., one who “visit[s] a funeral home in advance to determine which firm they will choose.” This is evident from the use of the term in lower cases letters (“targeting the walk-in-shopper”) and from the content of the paragraph which is referring to an individual identified as a walk-in shopper (“Graystone has put together vast scenarios of possible situations and what can affect the buying decisions of a walk-in shopper.”) Nothing in the specimen associates the designation with “business training consultancy services.”¹⁴⁷

Even though the “™” symbol appeared adjacent to the term, the mere reference to “training and consulting” is not enough to make the association between the mark and the services. The text that followed regarding the target customer made clear that the phrase is used to refer to the customer, not to the services.

142. *In re* Graystone Consulting Associates, Inc., 115 U.S.P.Q.2d 2035 (T.T.A.B. 2015).

143. *In re* Moody’s Investor’s Service Inc., 13 U.S.P.Q.2d 2043, 2047 (T.T.A.B. 1989).

144. *In re* DSM Pharms., Inc., 87 U.S.P.Q.2d 1623, 1624 (T.T.A.B. 2008).

145. *In re* Graystone Consulting Associates, Inc., 115 U.S.P.Q.2d at 2037.

146. *Id.* at 2037.

147. *Id.* at 2037-2038.

In re WAY Media, Inc.

Rejecting another faulty specimen of use, the Board affirmed a refusal to register the mark WORLD'S BIGGEST SMALL GROUP for radio broadcasting services (in International Class 38), because the applicant's specimens failed to show that the phrase served as a source indicator for radio broadcasting services, as opposed to the applicant's own radio program.¹⁴⁸

A service mark specimen of use is acceptable if it either (1) shows the mark used or displayed as a service mark in the sale of the services, which includes use in the course of rendering or performing the services, or (2) shows the mark used or displayed as a service mark in advertising the services, which encompasses marketing and promotional materials.¹⁴⁹ Applicant WAY Media contended that its specimens satisfied both tests. No way, said the Board.

The applicant focused on four pages of material, including several Internet website pages referring to a radio program and YouTube screenshots that purportedly depicted the mark in a "radio broadcast booth environment." The Board noted that the Trademark Manual of Examining Procedure (TMEP) provides guidance as to the meaning of "radio broadcasting services":

"Radio broadcasting services" (Class 38) would be an appropriate identification when a radio station uses a mark, such as call letters, to indicate the source of its broadcasting services generally. On the other hand, if an applicant is using the name of a weekly comedy television show as a mark, "television broadcasting services" would not be appropriate because the mark does not serve to identify and distinguish the electrical transmission of the program. Instead, the applicant should identify the services as "television entertainment services in the nature of an ongoing series of comedy programs" (Class 41).¹⁵⁰

Here, the Board found that the phrase "World's Biggest Small Group," as it appears on the specimens, refers to the applicant's Bible-reading and devotion program. There was no direct association in the specimens between WORLD'S BIGGEST SMALL GROUP and radio broadcasting services. In short, "[n]othing on these pages demonstrates that consumers would perceive the phrase "World's Biggest Small Group" as a source indicator for radio broadcasting services."¹⁵¹

And so the Board affirmed the refusal.

148. *In re WAY Media, Inc.*, 118 U.S.P.Q. 2d 1697 (T.T.A.B. 2016).

149. *Id.* at 1698.

150. TMEP § 1402.11 (Apr. 2016 edition).

151. *In re WAY Media, Inc.*, 118 U.S.P.Q. 2d at 1701.

7. Application of the “Clear Error” Standard

In re Driven Innovations, Inc.

Taking a deep dive into examination procedure, the Board ruled that an applicant may not separately challenge, either by petition to the Director of the USPTO or by appeal to the Board, an examining attorney’s determination of “clear error” in belatedly issuing a refusal to register. The applicant’s only recourse is to appeal the substantive refusal.¹⁵²

After receiving a notice of allowance, Applicant Driven Innovations filed its statement of use for the mark DOTBLOG for “providing specific information as requested by customers via the Internet.” The examining attorney then determined that the applied-for mark was merely descriptive of the services, and that the failure to refuse registration, during initial examination, on that ground was “clear error” under Section 1109.08 of the Trademark Manual of Examining Procedure (TMEP). He therefore entered refusals to register the mark under Sections 1, 2, and 3 of the Lanham Act. The applicant argued that this refusal was improper because the initial failure to refuse was not a “clear error.”

Section 1109.08 of the TMEP provides that, in examining a Statement of Use, an examining attorney “should not make a requirement or refusal concerning matters that could or should have been raised during initial examination, unless the failure to do so in initial examination constitutes a clear error, i.e., would result in issuance of a registration in violation of the Act or applicable rules.” Although here the Examining Attorney did not use the term “clear error” in connection with issuance of the belated refusal, the Board observed that it was not necessary that he do so. Given the posture of the case, the refusal was obviously made under the “clear error” standard.

The Board took the opportunity to clarify the applicant’s position under the “clear error” scenario:

We hold that an applicant may not directly challenge the Office’s determination under the clear error standard and that the only way an applicant may challenge a refusal that was issued during examination of the statement of use under the clear error standard is by appealing the merits of that final refusal to the Board.¹⁵³

Although the USPTO does have a policy that all possible refusals and requirements should be included in the first Office Action, that is not a requirement of the statute or any rule. “[T]he

152. *In re Driven Innovations, Inc.*, 115 U.S.P.Q.2d 1261 (T.T.A.B. 2015).

153. *Id.* at 1264.

Office has the inherent discretion to issue a requirement or refusal that it finds is correct [*sic*] at any stage in the prosecution of an application.”¹⁵⁴

PART II. INTER PARTES CASES

By John L. Welch

A. United States Court of Appeals for the Federal Circuit

1. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Not Found

Juice Generation, Inc. v. GS Enterprises LLC

The CAFC vacated the Board’s decision finding the mark PEACE LOVE JUICE & Design, shown immediately below, for “juice bar services” [JUICE disclaimed] likely to cause confusion with four registered marks comprising or containing the phrase PEACE & LOVE for “restaurant services.” The appellate court ruled that the Board “did not adequately assess the weakness of GS’s mark and did not properly consider the three-word combination of Juice Generation’s marks as a whole,” and it remanded the case to the Board for further proceedings.¹⁵⁵



In comparing the marks at issue, the Board deemed “PEACE LOVE” to be the dominant part of the applicant’s mark, and it found that the additional disclaimed word “JUICE” and the nondistinctive design features did not serve to sufficiently distinguish the marks at issue. The Board observed that Opposer GS’s mark PEACE & LOVE was registered in standard character form and thus was not limited to any particular display, but, the CAFC noted, the Board “did not elaborate on its consideration of

154. *Id.* at 1265.

155. *Juice Generation, Inc. v. GS Enters. LLC*, 115 U.S.P.Q.2d 1671, 1672 (Fed. Cir. 2015).

the three-word combination ‘PEACE LOVE & JUICE’ in its entirety.”¹⁵⁶

The Board also considered the testimony of the applicant’s founder regarding third-party uses of similar marks PEACE LOVE AND PIZZA, PEACE LOVE AND POPCORN, and others—but the Board was unable to find from this evidence that “customers have become conditioned to recognize that other entities use PEACE AND LOVE marks for similar services.”¹⁵⁷

Finally, the Board gave little weight to statements made by Opposer GS, during the prosecution of its own applications, that the words “peace” and “love” lack distinctiveness.

The CAFC concluded that the Board, in its treatment of the evidence of use of third-party marks, did not adequately assess and weigh the strength or weakness of GS’s marks—“a consideration that is connected to ‘the number and nature of similar marks in use on similar goods, identified in *DuPont*.”¹⁵⁸ The evidence included a substantial number of third-party marks incorporating the phrase “peace and love” in connection with restaurant services and food products, “the bulk of which are three-word phrases much like Juice Generation’s mark.”¹⁵⁹ Even though specific evidence as to extent and impact of use was not submitted, this evidence was “nonetheless powerful on its face.”¹⁶⁰

In addition, third-party registrations, the court observed, are relevant to show that some segment of a mark has a “normally understood and well-recognized descriptive or suggestive meaning, leading to the conclusion that the segment is relatively weak.”¹⁶¹

The Board understood that sufficient evidence of third-party use of similar marks can “show that customers . . . have been educated to distinguish between different . . . marks on the basis of minute distinctions.”¹⁶² But the Board “never inquired whether and to what degree the extensive evidence of third-party use *and registration* indicates that the phrase PEACE & LOVE carries a suggestive or descriptive connotation in the food service industry and is weak for that reason.”¹⁶³

156. *Id.* at 1673.

157. *Id.*

158. *Id.* at 1674.

159. *Id.*

160. *Id.*

161. J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 11:90 (4th ed. 2015).

162. J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 11:88 (4th ed. 2015).

163. *Juice Generation*, 115 U.S.P.Q.2d at 1675 (emphasis supplied by the court). *See, e.g.*, Anthony’s Pizza & Pasta Int’l, Inc., 95 U.S.P.Q.2d 1271 (T.T.A.B. 2009) (evidence of third-party use of “Anthony’s” in connection with restaurants indicated that the word suggests an Italian restaurant, or even a New York-style Italian restaurant).

The third-party evidence was “particularly important” here in view of the statements made by GS in prosecuting its own applications, when distinguishing its marks from “PEECE LUV CHICKEN” by suggesting that its mark creates “the impression of a restaurant that has a theme and atmosphere of the countercultures prevalent in the 1960’s and 1970’s.” Comments made during prosecution, the CAFC has ruled, are “illuminative of shade and tone in the total picture confronting the decision maker.”¹⁶⁴

The court also concluded that the Board had not paid sufficient heed to the commercial impression of the applicant’s mark as a whole. The Board did not consider “how the three-word phrase in Juice Generation’s mark may convey a distinct meaning—including by having different connotations in consumers’ minds—from the two-word phrase used by GS.”¹⁶⁵ Although the Board may properly assign more or less weight to a given component of a mark, it still must consider the mark as a whole.¹⁶⁶

The Board did not err in giving less emphasis to the word JUICE when it noted that the term is generic. . . . But the Board did not set forth an analysis showing that it avoided the error of giving no significance to the term, which is impermissible notwithstanding that the term is generic and disclaimed.¹⁶⁷

The court therefore vacated the decision and remanded the case to the Board for further proceedings consistent with its ruling.

*Jack Wolfskin Ausrüstung für Draussen GmbH & Co. KGaA v.
New Millennium Sports, S.L.U.*

In a companion case to *Juice Generation*, discussed immediately above, third-party usage and registration evidence played a key role in the CAFC’s overturning the Board’s decision that found the two marks shown immediately below to be confusingly similar for various clothing items.



164. *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 198 U.S.P.Q. 151 (C.C.P.A. 1978).

165. *Juice Generation*, 115 U.S.P.Q.2d at 1676.

166. *In re Nat’l Data Corp.*, 224 U.S.P.Q. 749 (Fed. Cir. 1985).

167. *Juice Generation*, 115 U.S.P.Q.2d at 1676.

The appellate court agreed with the Board, however, in its dismissal of Jack Wolfskin’s counterclaim seeking cancellation of New Millennium’s pleaded registration on the ground of abandonment.¹⁶⁸

Appellant Jack Wolfskin’s counterclaim alleged that New Millennium had stopped using the registered version of its mark (above right) and instead had been using the mark shown below since 2004:

KELME 

The CAFC has held, in the context of a priority dispute, that if the old form and the new form of a mark are “legal equivalents,” then tacking will be permitted.¹⁶⁹ “Two marks are legally equivalent if they ‘create the same, continuing commercial impression’ and where the modified version of the mark does not ‘materially differ from or alter the character’ of the original mark.”¹⁷⁰ The court ruled that the same legal standard applied in the abandonment context. “Accordingly, when a trademark owner uses a modified version of its registered trademark, it may avoid abandonment of the original mark only if the modified version ‘create[s] the same, continuous commercial impression.’”¹⁷¹

In *Hana Financial, Inc. v. Hana Bank*, the Supreme Court held, in the priority context, that “the same continuing commercial impression” is a question of fact, “thus abrogating our practice of viewing this inquiry as a question of law subject to de novo review.”¹⁷² The CAFC found no reason why the standard of review should differ for the abandonment issue. Therefore, the court concluded that it must review the Board’s factual determination for substantial evidence. “[W]e must ask whether a reasonable fact finder might find that the evidentiary record supports the Board’s conclusion.”¹⁷³

Reviewing the two versions of New Millennium’s mark, the court observed that only the font of the word “KELME” and the style of the paw print had changed. It agreed with the Board that the change in font did not materially alter the impression created

168. *Jack Wolfskin*, 116 U.S.P.Q.2d 1129 (Fed. Cir. 2015).

169. *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 17 U.S.P.Q.2d 1866, 1868 (Fed. Cir. 1991), *abrogated on other grounds by* *Hana Fin. Inc. v. Hana Bank*, 135 S. Ct. 907, 910, 113 U.S.P.Q.2d 1365 (2005).

170. *Jack Wolfskin*, 116 U.S.P.Q.2d at 1132, quoting *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 17 U.S.P.Q.2d at 1868.

171. *Id.* at 1133.

172. *Hana Fin.*, 135 S. Ct. 907 at 910-911.

173. *Jack Wolfskin*, 116 U.S.P.Q.2d at 1133.

by the word “KELME,” and that the addition of claws to the paw print was not a material change because the claws are “a very small component” and because “it is common knowledge that an animal’s paws are accompanied by claws.”¹⁷⁴ Jack Wolfskin provided no persuasive reason why these alterations change the commercial impression that the mark creates.

The CAFC therefore concluded that the Board’s finding that New Millennium did not abandon its mark was supported by substantial evidence, and a reasonable fact-finder could conclude that the new version creates the same continuing commercial impression as the registered mark.

The determination of likelihood of confusion is an issue of law based on underlying factual findings.¹⁷⁵ Jack Wolfskin contended that the Board erred with regard to two of the *du Pont* factors: the similarity of the marks and the number and nature of similar marks in use.

The court agreed with Appellant Jack Wolfskin that the Board failed to adequately consider the literal part of the cited mark, the word “KELME.” The Board essentially ignored the verbal portion and found that the two paw-print designs were substantially similar. In short, it did not consider the marks as a whole.

The Board’s statement that companies often use the design portion of a composite mark alone as shorthand for their brand was unsupported by evidence. And there was no evidence that consumers recognize the paw-print portion of New Millennium’s mark as a source indicator for its products.

The Board can, in proper circumstances, give greater weight to a design component of a composite mark, but it must provide a rational reason for doing so. It did not do so here, and therefore its finding regarding the similarities of the marks was not supported by substantial evidence.

Moreover, Jack Wolfskin provided voluminous evidence of paw-print design elements registered and used for clothing, but the Board for the most part discounted that evidence. The CAFC agreed with Jack Wolfskin that the Board erred in this regard. Such extensive evidence of third-party use, as recently explained in the CAFC’s *Juice Generation* decision, is “powerful on its face” even when the specific extent and impact of the usage has not been proven.¹⁷⁶ Here, the evidence demonstrated “the ubiquitous use of paw prints on clothing as source indicators”¹⁷⁷:

174. *Id.*

175. *M2 Software Inc. v. M2 Commc’ns, Inc.* 78 U.S.P.Q.2d 1944 (Fed. Cir. 2006).

176. *Juice Generation, Inc. v. GS Enters. LLC*, 115 U.S.P.Q.2d 1671, 1674 (Fed. Cir. 2015).

177. *Jack Wolfskin*, 116 U.S.P.Q.2d at 1136.

Given the volume of evidence in the record, consumers are conditioned to look for differences between paw designs and additional indicia of origin to determine the source of a given product. Jack Wolfskin's extensive evidence of third-party uses and registrations of paw prints indicates that consumers are not as likely confused by different, albeit similar looking, paw prints.¹⁷⁸

The CAFC therefore ruled that the Board finding as to this factor was not supported by substantial evidence:

New Millennium cannot escape the fact that the KELME element of its registered mark is the dominant portion of the mark. By narrowly focusing on the paw print element of the registered mark, the Board failed to appreciate that the KELME element is unlike anything that appears in Jack Wolfskin's applied-for mark. The dissimilarity of the marks is further confirmed by the considerable evidence of third-party registration and usage of marks in commerce that depict paw prints on clothing. This evidence indicates that the paw print portion of New Millennium's mark is relatively weak. Balancing the factors, the Board's determination that Jack Wolfskin's mark would likely cause consumer confusion cannot be sustained.¹⁷⁹

The CAFC therefore affirmed the dismissal of Jack Wolfskin's counterclaim, but reversed the Board's decision sustaining New Millennium's Section 2(d) claim, remanding the case to the Board for further proceedings in light of this opinion.

B. Trademark Trial and Appeal Board

1. Section 2(a) False Association

Nike, Inc. v. Palm Beach Crossfit Inc. d/b/a Crossfit CityPlace

The Board granted Applicant Palm Beach Crossfit's motion to dismiss two of Nike's four claims in this opposition proceeding, finding that Nike had inadequately pleaded its claims under Section 2(a) and 2(c) of the Lanham Act.¹⁸⁰ Nike asserted that the applicant's design mark shown below left, for athletic clothing and athletic training services, would falsely suggest a connection with former hoopster Michael Jordan, and further that the mark comprises a portrait of a living individual (Jordan) without his consent.

178. *Id.*

179. *Id.* at 1136-37.

180. *Nike, Inc. v. Palm Beach Crossfit Inc. d/b/a Crossfit CityPlace*, 116 U.S.P.Q.2d 1025 (T.T.A.B. 2015). The issue of written consent under Section 2(c) is discussed in Part II.B.2., below.



Nike’s Section 2(d) and 43(c) (dilution-by-blurring) claims, which were based on Nike’s ownership of registrations for the mark shown on the right, survived the motion to dismiss. The applicant argued that the marks are so dissimilar that, as a matter of law, these two claims must be jettisoned, but the Board disagreed, finding that the applicant’s services are not so unrelated to Nike’s sporting goods that the issue can be determined on a motion to dismiss.

Turning to the Section 2(a) issue,¹⁸¹ the “initial and critical requirement” for a false association claim is that “the identity allegedly being appropriated is unmistakably associated with the person or institution identified.”¹⁸² Nike alleged that the applicant’s “handstand” mark falsely suggests a connection not with Nike, but with Michael Jordan—but the hoop star was not a party to the proceeding.

While Opposer alleges generally its relationship with Michael Jordan has led to a close association between the two in the minds of the public, Opposer does not assert that the public would recognize Applicant’s marks as pointing uniquely to Opposer (or to Michael Jordan), or that Applicant’s Handstand marks are a close approximation of Opposer’s (or Michael Jordan’s) identity or “persona,” an element necessary to a false suggestion of a connection claim.¹⁸³

The Board therefore dismissed Nike’s Section 2(a) claim but allowed Nike twenty days within which to file an amended notice of opposition, if it “believes sufficient grounds exist to re-plead its Section 2(a) and 2(c) claims.”¹⁸⁴

181. Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), in pertinent part, bars registration of a mark that “[c]onsists of or comprises . . . matter which may . . . falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols”

182. Nike, Inc. v. Palm Beach Crossfit Inc. d/b/a Crossfit CityPlace, 116 U.S.P.Q.2d at 1031, citing Springs Indus., Inc. v. Bumblebee Di Stefano Ottina & C.S.A.S., 222 U.S.P.Q. 512, 514 (T.T.A.B. 1984), quoting Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imps. Col, 217 U.S.P.Q., 505, 509 (Fed. Cir. 1983).

183. *Id.* at 1032.

184. *Id.* at 1033.

Boston Athletic Association v. Velocity, LLC

Not so fast, said the Board to the Boston Athletic Association in dismissing this Section 2(a) opposition to registration of the mark MARATHON MONDAY for various clothing items. The Board ruled that applicant's mark does not falsely suggest a connection with the opposer's name or identity.¹⁸⁵

To establish a claim of false suggestion of a connection under Section 2(a), the opposer had to prove:

- (1) that MARATHON MONDAY is, or is a close approximation of, Opposer's name or identity, as previously used by it or identified with it;
- (2) that Applicant's mark, MARATHON MONDAY, would be recognized as such by purchasers of Applicant's goods, in that it points uniquely and unmistakably to Opposer;
- (3) that Opposer is not connected with the goods that are sold or will be sold by Applicant under its MARATHON MONDAY mark; and
- (4) that Opposer's name or identity is of sufficient fame or reputation that when used by Applicant as a mark for its goods, a connection with Opposer would be presumed.¹⁸⁶

The opposer attempted to show that the name of the race, "Boston Marathon," identifies the entity known as the Boston Athletic Association, or BAA, and that MARATHON MONDAY is, in turn, a close approximation of BOSTON MARATHON.

There was no dispute that the term "Boston Marathon" is well-known as identifying a marathon that has taken place annually in Boston, Massachusetts, for the past 117 years, in recent decades on the third Monday in April. "Given the magnitude and longevity of the event," the Board found that the Boston Marathon "is so well known that it is inevitable that over the course of more than a century, it has been associated with its organizer, the BAA."¹⁸⁷ Even if the public does not know the name of the entity that organizes the race, they will understand that "an alternative name represents the association."¹⁸⁸ The Board therefore found that "Boston Marathon" is perceived as a name or identity of the Boston Athletic Association.

However, the evidence failed to show that MARATHON MONDAY is a close approximation of BOSTON MARATHON. To

185. *Boston Athletic Ass'n v. Velocity, LLC*, 117 U.S.P.Q.2d 1492 (T.T.A.B. 2015).

186. *Id.* at 1495. *See, e.g.*, *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imps. Col.*, 217 U.S.P.Q., 505 (Fed. Cir. 1983).

187. *Id.* at 1496.

188. *See In re Urbano*, 51 U.S.P.Q.2d 1776, 1779 (T.T.A.B. 1999) (SYDNEY 2000 falsely suggested a connection with the Olympic Games taking place that year in Sydney, Australia).

prove such proximity, the similarity between the terms must be “akin to that required for a likelihood of confusion under Section 2(d).”¹⁸⁹ “In other words, Applicant’s mark must do more than bring Opposer’s BOSTON MARATHON persona to mind.”¹⁹⁰ The Board concluded that, although both marks include the common word “marathon,” the applied-for mark is not a close approximation of MARATHON MONDAY.

Opposer BAA alternatively contended that MARATHON MONDAY directly qualified as its identity, without reference to BOSTON MARATHON. There was evidence of the BAA’s use of “Marathon Monday” to identify a race known as the Boston Marathon, but the evidence was insufficient to show “public’s recognition of MARATHON MONDAY as identifying not merely the race, but the entity that organizes the race.”¹⁹¹

In other words, the fact that the Boston Marathon is annually held on the third Monday in April may be generally known by the consuming public, but it has not been shown that MARATHON MONDAY is a recognized name or identity of the commercial entity responsible for the Boston Marathon.¹⁹²

Thus BAA’s claim failed under the first prong of the Section 2(a) test.

Turning to the second prong of the Section 2(a) test, the BAA also failed to show that MARATHON MONDAY points uniquely and unmistakably to the BAA. The applicant’s evidence established that other entities use “Marathon Monday” to refer to other marathons, including the ING New York City Marathon, or to refer to the Monday after a marathon.

Finding it unnecessary to analyze the third and fourth prongs of the Section 2(a) test, the Board dismissed the opposition.

2. Section 2(c) Consent to Register

Nike, Inc. v. Palm Beach Crossfit Inc. d/b/a Crossfit CityPlace

The Board granted the applicant’s motion to dismiss two of Opposer Nike’s four claims in this opposition proceeding, finding that Nike had inadequately pleaded claims under Section 2(a) and 2(c) of the Lanham Act.¹⁹³ As to the Section 2(c) claim, Nike alleged that the applicant’s mark comprises a portrait of a living individual (basketball star Michael Jordan) without his consent.

189. *Boston Athletic Ass’n*, 117 U.S.P.Q.2d at 1497.

190. *Id.*

191. *Id.*

192. *Id.*

193. *Nike, Inc. v. Palm Beach Crossfit Inc. d/b/a Crossfit CityPlace*, 116 U.S.P.Q.2d 1025 (T.T.A.B. 2015). The issue of false association under Section 2(a) is discussed in Part II.B.1., above.

Section 2(c) of the Lanham Act bars registration of a mark that, inter alia, consists of or comprises the portrait of a “particular living individual” without his or her consent. Nike alleged that it has a licensing relationship with Michael Jordan, but did not assert that the “licensing relationship” gave it a proprietary right to assert a Section 2(c) claim on Jordan’s behalf.

The Board therefore dismissed the Section 2(c) claim for insufficient pleading, but allowed Nike twenty days to file an amended notice of opposition, if appropriate.

3. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

Anheuser-Busch, LLC v. Innvopak Systems Pty Ltd.

The fame of the mark BUD for beer played a significant role in this Board decision sustaining a Section 2(d) opposition to registration of the mark WINEBUD for “alcoholic beverages except beers; wines and still wines and sparkling wines; beverages containing wine, namely, sparkling fruit wine and still fruit wine; ready to drink alcoholic beverages except beers.” The Board found the mark likely to cause confusion with the opposer’s registered mark BUD for beer.¹⁹⁴ The Board deemed the marks to be highly similar, the involved goods to be related, and the channels of trade and classes of consumers overlapping. Moreover, the goods are purchased by ordinary consumers who are unlikely to exercise care in their purchases. Survey evidence corroborated the Board’s conclusion.

The record evidence clearly established the fame of Opposer’s BUD and BUDWEISER marks. The opposer has used its BUDWEISER mark since 1876 and its beer has been known as BUD since about 1895. The opposer has heavily advertised its products for at least fifty years and has long been a major sponsor of high-profile sporting events. Its products have frequently been the subject of unsolicited media attention. BUD LIGHT is the best-selling beer in America.

Fame, when found, plays a dominant role in the *du Pont* analysis.¹⁹⁵ Although fame alone is not enough to establish likely confusion, “a finding of fame puts a heavy thumb on Opposer’s side of the scale.”¹⁹⁶

The applicant argued that WINEBUD is a “fanciful compound noun formed from the nouns WINE and BUD, an analogy to

194. *Anheuser-Busch, LLC v. Innvopak Sys. Pty. Ltd.*, 115 U.S.P.Q.2d 1816 (T.T.A.B. 2015).

195. *Bose Corp. v. QSC Audio Prods., Inc.*, 63 U.S.P.Q.2d 1303, 1305 (Fed. Cir. 2002), citing *Recot Inc. v. Becton*, 54 U.S.P.Q.2d 1894, 1897 (Fed. Cir. 2000).

196. *Anheuser-Busch*, 115 U.S.P.Q.2d at 1822.

horticultural words such as ‘rosebud.’”¹⁹⁷ It contended that wine drinkers would perceive the latter half of its mark as connoting the bud of a vine, not as a reference to BUDWEISER the beer or the BUD family of marks. In the opposer’s marks, according to the applicant, BUD refers to BUDWEISER and BUDWEISER refers to someone or something from Budweis, and Budweis is the former name of České Budějovice, a small Czech town.

The Board was not persuaded, observing that there was no evidence that consumers would associate the mark BUDWEISER with a geographical location. Likewise as to the opposer’s mark BUD, which is the more relevant mark here, there was no evidence that consumers would make a geographical connection.

Moreover, there was no evidence that WINEBUD has any meaning whatsoever. Consumers are likely to see WINE as the generic name for the beverage, and BUD, because of the fame of the opposer’s marks, as the source-identifying portion of the mark. The dominant portion of the applied-for mark is BUD, and therefore the marks WINEBUD and BUD are “highly similar.”¹⁹⁸

As to the goods, the Board has found beer and wine to be related on a number of occasions. In fact, the parties did not cite a single case in which beer and wine were found to be unrelated for purposes of Section 2(d). The opposer submitted six registrations for marks that cover both beer and wine, which provided some support for its case. Beer and wine are sold in many of the same trade channels. Neither beverage is inherently expensive, and inexpensive products may be purchased without great care. The Board concluded that beer and other alcoholic beverages, including wine, are related. Although the opposer has never sold wine under the BUD brand, the fame of the BUD mark “makes it likely that purchasers seeing a similar ‘BUD’ mark on wine would think that Opposer has expanded its product line to include wine.”¹⁹⁹

The opposer’s survey found that 24% of the respondents believed that a wine sold under the WINEBUD mark would be “put out by, affiliated or connected with, or approved or sponsored by” the opposer.²⁰⁰ The applicant alleged various flaws in the survey, but the Board has treated the type of flaws asserted as merely affecting the probative weight of the survey, not its admissibility.

Although the survey expert had never conducted a survey involving a wine trademark, there was nothing to suggest that such a survey would differ significantly from any other survey. The Board found the expert to be highly qualified. Moreover, the

197. *Id.* at 1823.

198. *Id.* at 1825.

199. *Id.* at 1828.

200. *Id.*

general design of the survey was appropriate, following the “Eveready” model.²⁰¹

The Board also rejected the applicant’s argument that a 24% rate of confusion was insufficient to support a finding of likelihood of confusion. Courts have often found survey results probative even when they suggested far less than 50 % confusion. The Board concluded that a 24% level of confusion, if representative of the potential rate of confusion of the appropriate universe of potential purchasers, is supportive of the opposer’s claim.

The applicant further criticized the survey because it was conducted online. The Board noted that all survey methods have inherent advantages and disadvantages, but the applicant offered no convincing reason why the opposer’s survey should be given reduced weight or no weight at all. The Board saw nothing inherently wrong in the fact that an Internet survey is “quicker and cheaper.”²⁰²

The applicant contended that Dr. Blair could have used a mock-up visual of a wine bottle bearing a label, rather than the word “Winebud” in capital letters on a blank background, but the Board found no problem with the expert’s approach since the applicant is seeking a standard character registration, and any particular presentation on a bottle or container would have unnecessarily restricted the survey to that presentation.

The applicant also argued that the size of the survey sample (400 respondents) was too small to provide meaningful results. The Board observed that “a well-designed and conducted survey using a representative sample can permit valid inferences to be drawn about a very large population by studying only a relatively small fraction of it. . . . Thus, the opinions of several hundred people might indeed be probative of the opinions of millions.”²⁰³

The participants in the opposer’s survey were split into two groups: a test group (201 respondents) who considered the mark WINEBUD, and a control group (199) who were shown the mark WINEBLOSSOM. Only the test group was directly relevant to the issue here. That left the question: “How precise is the result of a survey using 201 test subjects?”²⁰⁴

At some point, a small sample may provide results so imprecise as to be of little or no value. The imprecision can be

201. *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 385-88 (7th Cir. 1976). Under the *Eveready* test, the defendant’s products are put in front of the survey respondents and questions elicit whether they believe the defendant’s products are the plaintiff’s, or are associated with the plaintiff. The plaintiff’s products are not put before the respondents.

202. *Anheuser-Busch*, 115 U.S.P.Q.2d at 1829 n.18.

203. *Id.* at 1830, citing David H. Kaye and David A. Freedman, *Reference Guide on Statistics*, in *Reference Manual on Scientific Evidence* 243 (3d ed. Fed. Jud. Ctr. 2011).

204. *Id.* at 1831.

calculated and expressed as a confidence interval at a given confidence level. The opposer's expert did not provide that indicator, but based on published statistical tables, the Board found "the lower bound of the confidence interval for this survey is between 17.5 percent and 18.3 percent."²⁰⁵

In other words, even construing the survey in the best light for Applicant, the results suggest that at the 95 percent confidence level, at least 17.5 percent of the relevant population is likely to be confused by Applicant's use of its mark for wine. While that figure would not be considered a high level of confusion, neither is it negligible or *de minimis*.²⁰⁶

The Board therefore rejected the applicant's contention that the sample size for the survey was too small to yield meaningful results. It found the survey results to be probative, but not strong evidence that confusion is likely.

The Board concluded that use of WINEBUD on wine and other alcoholic beverages is likely to cause confusion vis-a-vis the opposer's BUD mark for beer, "a conclusion that is further corroborated by the Blair survey."²⁰⁷

The North Face Apparel Corp. v. Sanyang Industry Co.

In a complicated but mundane opinion, the Board sustained, in part, North Face's Section 2(d) opposition to registration of the mark shown below left, for a variety of goods and services in International Classes 7, 11, 12, 16, 25, 35, and 37, including motorcycles, electric bicycles, various clothing items, and auto repair services, in view of the registered mark shown below right, for footwear, backpacks, sleeping bags, and clothing.²⁰⁸



205. *Id.* at 1832.

206. *Id. See, e.g., James Burrough, Ltd. v. Sign of the Beefeater, Inc.*, 192 U.S.P.Q. 555, 565 (7th Cir. 1976) ("Though the percentage of likely confusion required may vary from case to case, we cannot consider 15 percent, in the context of this case, involving the entire restaurant-going community, to be *de minimis*").

207. *Anheuser-Busch*, 115 U.S.P.Q.2d at 1832.

208. *The North Face Apparel Corp. v. Sanyang Indus. Co.*, 116 U.S.P.Q.2d 1217 (T.T.A.B. 2015).

The Board first dealt with Applicant Sanyang's motion to amend its answer to assert as an affirmative defense that, if the Board should find that the applicant was not entitled to registration with respect to some but not all of the goods or services listed in its two applications, then Sanyang should be allowed to amend its two applications to conform to the Board's findings. The Board denied the motion, pointing out that Sanyang failed to specify the particular goods or services that it would delete from its applications.

Applicant's motion would essentially impose on Opposer the requirement to prove likelihood of confusion with respect to each of the numerous goods and services identified in the seven classes of Applicant's applications, as opposed to showing likelihood of confusion with respect to one or more (but not necessarily all) goods or services in each class of the applications.²⁰⁹ . . . This would also require the Board to decide the issue of likelihood of confusion with respect to each of the hundreds of goods and services, a decision that Applicant would then effectively obviate as far as the goods or services for which likelihood of confusion was found.²¹⁰

North Face contended that Sanyang's mark is merely North Face's mark turned on its side, and it pointed to the statement that Sanyang made in its application that its mark is a stylized "S." Sanyang asserted that its mark has a "a textured or three-dimensional effect," with the orientation of its mark changing its visual impression so that the mark resembles "a forward-moving arrow, or a wheel over which an arrow is superimposed, to suggest a wheel in motion."²¹¹

The Board observed once again that the proper test for assessing two marks is not a side-by-side comparison of the marks, since "consumers do not necessarily have the luxury of making side-by-side comparisons between marks, and must rely upon their imperfect recollections."²¹²

Sanyang's description of its mark as an "S" design was not considered an admission, but rather merely "illuminative of shade and tone" in connection with the Board's determination as to the meaning and commercial impression of the mark.²¹³

209. See *Tuxedo Monopoly, Inc. v. General Mills Fun Group*, 209 U.S.P.Q. 986, 988 (C.C.P.A. 1981) (if there is likely to be confusion with respect to any item in the class, likelihood of confusion must be found as to the entire class).

210. *The North Face Apparel Corp. v. Sanyang Indus. Co.*, 116 U.S.P.Q.2d at 1222.

211. *Id.* at 1226.

212. *Id.* at 1228. See, e.g., *Coach Servs., Inc. v. Triumph Learning LLC*, 101 U.S.P.Q.2d 1713, 1721 (Fed. Cir. 2012).

213. *Id.* n.23, quoting *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 198 U.S.P.Q. 151, 154 (C.C.P.A. 1978).

The Board found that, on the whole, the similarities between the marks outweighed the dissimilarities. It noted the lack of evidence of third-party use of “S” design marks; such evidence would have made the differences in the marks more significant. It concluded that the first *du Pont* factor, the similarity or dissimilarity between the involved marks, weighed in favor of North Face, but it noted that “similarity is not a binary factor but is a matter of degree.”²¹⁴

Turning to the goods and services, because some of Sanyang’s Class 25 goods were identical to the goods in North Face’s pleaded registrations, the Board sustained the opposition as to Class 25. Sanyang acknowledged that its retail stores featuring clothing, textiles, and clothing accessories are related to the opposer’s Class 25 goods, and therefore the Board sustained the opposition as to Class 35.

The relatedness of the remaining goods and services of Sanyang to North Face’s goods was not so clear, and the opposer’s contentions regarding their complementary nature were “not very specific.”²¹⁵ North Face maintained that Sanyang’s clothing and equipment are designed for outdoor activities, including biking or riding a scooter, and that the riders are likely to wear clothing designed for outdoor activities, or carry backpacks and duffel bags (North Face’s goods). However, the mere fact that goods can be used together “is not a sufficient basis on which to find them complementary.”²¹⁶

As to Sanyang’s Class 7 goods (lawnmowers, boat engines, and mechanical parts), North Face did not explain how any of those products were related to its goods, and so the Board dismissed the opposition as to that class of goods. As to Class 11, the differences between Sanyang’s goods (e.g., vehicle reflectors and vehicle headlights), coupled with the differences in the marks, led the Board to conclude that confusion was not likely.

As to Class 12, there was no evidence that consumers would believe that Sanyang’s electric bicycles would emanate from or be sponsored by North Face. The evidence did show that clothing and backpacks, on the one hand, and Sanyang’s electric scooters, mopeds, and motorcycles, on the other, may be sold through the same channels of trade. Although this *du Pont* factor favored North Face, it was outweighed by the differences in the marks and the nature of the goods, and so the Board dismissed the opposition as to this class of goods.

214. *Id.* quoting *In re Coors Brewing Co.*, 68 U.S.P.Q.2d 1059, 1062 (Fed. Cir. 2003).

215. *Id.* at 1229.

216. *Id.* at 1232. *See, e.g.*, *Shen Mfg. Co. v. Ritz Hotel Ltd.*, 73 U.S.P.Q.2d 1350, 1355 (Fed. Cir. 2004) (finding cooking classes and kitchen textiles unrelated).

As to Sanyang's Class 16 goods, there was no evidence showing how these goods (e.g., stickers) are related to North Face's goods.

Finally, as to Sanyang's Class 37 services (e.g., automobile and motorcycle maintenance and repair), the difference between the involved goods and services was dispositive.

In sum, the Board sustained the opposition as to Sanyang's Class 25 goods and its Class 35 services, but dismissed the opposition as to Classes 7, 11, 12, 16, and 37.

Orange Bang, Inc. v. Olé Mexican Foods, Inc.

In this consolidated proceeding, Plaintiff Orange Bang, Inc. opposed one application and petitioned to partially cancel two registrations owned by Defendant Olé Mexican Foods, Inc. The defendant counterclaimed under Section 18 to partially restrict the plaintiff's pleaded registration and simultaneously to restrict the identification of goods in its own two challenged registrations. The Board dispensed a ruling in favor of the plaintiff on all claims.²¹⁷

The likelihood of confusion issues arose from the plaintiff's petitions to cancel "yogurt-based beverages" from the defendant's registrations for OLÉ in standard character and design form (below left," and to cancel "herbal teas" from the latter registration, and the plaintiff's opposition to the mark OLÉ MEXICAN FOODS & design (below right) for "dairy and fruit based non-alcoholic food beverages," the three claims being based upon Section 2(d) likelihood of confusion with the plaintiff's word mark OLÉ for various beverages.²¹⁸



Priority was not an issue in the opposition proceeding as to the goods identified in the plaintiff's pleaded registration: "rice and milk-based beverages, namely horchata" and "non-alcoholic and

217. *Orange Bang, Inc. v. Olé Mexican Foods, Inc.*, 116 U.S.P.Q.2d 1102 (T.T.A.B. 2015). The defendant's counterclaims are discussed in Part II.B.12., below.

218. The Board noted that the cancellation proceeding did not involve Lanham Act Section 18 because petitioner sought to strike from the registration goods specifically listed therein. See *Johnson & Johnson v. Obschesivo s Ogranitchennoy*, 104 U.S.P.Q.2d 2037, 2039 (T.T.A.B. 2012).

non-carbonated fruit juice beverages.”²¹⁹ As to the cancellation petitions, priority was an issue, and the plaintiff had the burden to prove priority.²²⁰ The evidence was clear, however, that the plaintiff had prior use of its mark.

The Board agreed with the plaintiff that the word “OLÉ” is the dominant element of the defendant’s design marks; it therefore found that the plaintiff’s mark and the defendant’s registered OLÉ design mark to be “legally identical.”²²¹ The Board also found the word “OLÉ” to be the dominant element of the applied-for mark, which includes additional elements having “no source-indicating value,” to be substantially similar to the plaintiff’s mark.²²²

The goods of both parties are dairy-based beverages. In fact, the defendant once sold packaged horchata and horchata concentrate, thus demonstrating that both horchata and yogurt-based beverages may emanate from a single source. There were no restrictions on trade channels in the pleaded registration or in the defendant’s application or registration, and so the Board must presume that these goods travel in all appropriate channels of trade for such goods. In fact, the defendant acknowledged that its yogurt-based beverages may be sold in some of the same outlets as the plaintiff’s goods. In addition, the goods may be sold to the same classes of consumers, including the general public, and the involved goods are relatively inexpensive and may be purchased on impulse.

As to the strength of the plaintiff’s mark, the defendant pointed to several consent agreements entered into by the plaintiff, but the Board noted that the agreements concerned use of certain marks for coffee and coffee-related products, in contrast to the defendant’s products, which have a close relationship to those of the plaintiff. The mark OLÉ, albeit somewhat laudatory, is distinctive enough to warrant protection against the identical mark for closely related goods or for a substantially similar mark for legally identical goods.

The Board therefore found confusion likely and it sustained the plaintiff’s opposition and granted its petitions for partial cancellation.

219. *See King Candy Co. v. Eunice King’s Kitchen, Inc.*, 182 U.S.P.Q. 108 (C.C.P.A. 1974).

220. *Brewski Beer Co. v. Brewski Brothers Inc.*, 47 U.S.P.Q.2d 1281 (T.T.A.B. 1998).

221. *Orange Bang*, 116 U.S.P.Q.2d at 1116.

222. *Id.* at 1116-17.

b. Likelihood of Confusion Not Found

Mini Melts, Inc. v. Reckitt Benckiser LLC

The Board rendered a split decision in this opposition to registration of the marks MINIMELTS and MINI-MELTS for “pharmaceutical preparations for use as an expectorant.” It dismissed the opposer’s Section 2(d) claim of likely confusion with the registered mark MINI MELTS for ice cream, but sustained a Section 2(e)(1) mere descriptiveness claim, finding the applicant’s proof of acquired distinctiveness inadequate.²²³

As to the Section 2(d) claim, the Board not surprisingly found the marks to be virtually identical, and therefore the first *du Pont* factor weighed heavily in the opposer’s favor.

There was no evidence of record that a single entity produces both ice cream and pharmaceutical preparations, “let alone under the same mark.”²²⁴ The proofs failed to show even a viable relationship between the involved goods, and the significant difference between the goods weighed heavily in the applicant’s favor.

Although the goods, in actuality, travel in different channels of trade—the applicant’s through kiosks at shopping malls, sporting events, concerts, theme parks, and fairs, and the opposer’s at drug stores, grocery stores, and convenience stores—the involved applications and registration contained no such restrictions. Therefore, the Board must presume that the goods travel in all normal channels of trade for pharmaceuticals and for ice cream, which would include grocery stores, drug stores, and mass merchandisers. However, the Board recognized that the mere fact that two different items can be found in a supermarket, department store, drug store, or mass merchandiser does not suffice to show that the goods are related for Section 2(d) purposes.²²⁵ It concluded that this factor weighed somewhat in the opposer’s favor.

The Board found an overlap in customers (namely, parents) for the involved products, both of which are relatively inexpensive, a factor weighing in the opposer’s favor. However, the applicant’s goods are not likely to be purchased on impulse, since the parents of a sick child are likely to make an informed purchasing decision. The Board therefore found that the conditions of sale weighed against the opposer.

223. *Mini Melts, Inc. v. Reckitt Benckiser LLC*, 118 U.S.P.Q.2d 1464 (T.T.A.B. 2016). The mere descriptiveness claim is discussed immediately below.

224. *Id.* at 1471.

225. *See Morgan Creek Prods. v. Foria Int’l Inc.*, 91 U.S.P.Q.2d 1134, 1142 (T.T.A.B. 2009).

The opposer equated this case to those in which both parties are selling medicinal products, and thus where greater protection against confusion is required due to the potential harm caused by choosing the wrong medicine.²²⁶ The Board, however, found those cases inapplicable because of the disparate nature of the involved goods. Since there is only one potentially dangerous product here, “there is no possibility that a consumer will mistake one potentially dangerous product for another.”²²⁷

Although the opposer has enjoyed some commercial success with its product, the evidence failed to establish that its mark is strong. Third-parties have adopted the same or similar marks, in several instances for food products that are closer to the applicant’s goods than the opposer’s goods. Even without proof of the extent of third-party use, that evidence may demonstrate a highly suggestive connotation in the industry, and therefore the weakness of the mark.²²⁸ The Board concluded that MINI MELTS is a relatively weak mark.

The applicant submitted the results of a survey showing a 7% to 8.5% level of confusion, which the Board found to be *de minimis*.²²⁹ In fact, the Board found that, “if anything, the survey supports Applicant’s position of no likelihood of confusion.”²³⁰

Finally, under the thirteenth *du Pont* factor—“any other established fact probative of the effect of use”—the opposer argued strenuously about its safety concerns should a child get his or her little hands on the applicant’s candy-like medicine, thinking it to be one of the opposer’s ice cream products. The Board, however, observed once again that the issue here is source confusion, not whether one product is likely to be confused with the other product.²³¹

[T]he mere fact that minors may abuse Applicant’s pharmaceutical preparations, or that parents may accidentally give their child too much of the pharmaceutical preparations, would appear to have nothing to do with confusion between the trademarks; in fact, there is no evidence that anyone

226. See, e.g., *Alfacell Corp. v. Anticancer Inc.*, 71 U.S.P.Q.2d 1301 (T.T.A.B. 2004).

227. *Mini Melts*, 118 U.S.P.Q.2d at 1473.

228. See *Jack Wolfskin Ausrüstung für Draussen GmbH & Co. KGaA v. New Millennium Sports, S.L.U.*, 116 U.S.P.Q.2d 1129 (Fed. Cir. 2015); *Juice Generation, Inc. v. GS Enterprises LLC*, 115 U.S.P.Q.2d 1671, 1672 (Fed. Cir. 2015).

229. According to Professor McCarthy, “[w]hen the percentage results of a confusion survey dip below 10%, they can become evidence that confusion is not likely.” McCarthy on Trademarks and Unfair Competition, § 32:189 (4th ed. March 2016).

230. *Mini Melts*, 118 U.S.P.Q.2d at 1477.

231. See, e.g., *L’Oreal S.A. v. Marcon*, 102 U.S.P.Q.2d 1434, 1439 (T.T.A.B. 2012).

abuses or misuses Applicant's product as a result of trademark confusion.²³²

The Board concluded that, notwithstanding the virtual identity of the marks, the significant differences between the goods makes confusion of consumers unlikely, and so it dismissed the opposer's Section 2(d) claim.

4. Section 2(f) Acquired Distinctiveness

Mini Melts, Inc. v Reckitt Benckiser LLC

Although Opposer Mini Melts failed to establish its Section 2(d) likelihood of confusion claim, discussed immediately above, the Board sustained its claim that MINIMELTS and MINI-MELTS are merely descriptive of "pharmaceutical preparations for use as an expectorant," deeming the applicant's proof of acquired distinctiveness inadequate.²³³

By seeking registration under Section 2(f), the applicant conceded that its marks are, at least, merely descriptive of its goods.²³⁴ The Board first noted that the opposed application was filed under Section 1(b) and the applicant never filed an amendment to allege use or a statement of use. Therefore, it could not claim acquired distinctiveness under Section 2(f).²³⁵ Nonetheless, in the interest of judicial economy, and given that the parties actually litigated the issue, the Board considered the issue.

Under Section 2(f), the Board will consider all evidence presented up to the close of the opposition trial phase.²³⁶ The applicant relied on a declaration that the mark was in continuous and substantially exclusive use for the five years proceeding its filing date. It also pointed to sale of approximately 779 million doses of its product, and to advertising expenditures of more than \$20 million dollars in a four-year period ending in 2010.

In view of the degree of descriptiveness of the applied-for mark, however, the Board found the evidence insufficient to establish acquired distinctiveness. The applicant failed to provide any advertising figures for the years after 2010, and in any case advertising expenditures do not alone satisfy Section 2(f). The question is whether these efforts were successful in educating the public to associate the proposed mark with a single source.

232. *Mini Melts*, 118 U.S.P.Q.2d at 1478.

233. *Mini Melts, Inc. v. Reckitt Benckiser LLC*, 118 U.S.P.Q.2d 1464 (T.T.A.B. 2016). The Section 2(d) claim is discussed immediately above.

234. *The Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 92 U.S.P.Q.2d 1626, 1629 (Fed. Cir. 2009).

235. *Mini Melts*, 118 U.S.P.Q.2d at 1479 ("[A] claim of acquired distinctiveness, by definition, requires prior use").

236. *General Foods Corp. v. MGD Partners*, 224 U.S.P.Q. 479, 486 (T.T.A.B. 1984).

As to the raw number of doses sold, the applicant failed to provide any context within which to assess the significance of this datum. Moreover, although these sales figures may show the relative success of the product, they do not necessarily show public recognition of the applied-for mark as a source indicator.

In short, “[m]ore evidence, especially in the form of direct evidence from the relevant purchasing public, than what Applicant has submitted would be necessary to show that its proposed marks have become distinctive for the goods.”²³⁷

Ayoub, Inc. v. ACS Ayoub Carpet Service

The Board sustained a rare Section 2(e)(4) opposition to registration of the mark AYOUB for “retail carpeting and rug stores” and “carpet and rug cleaning services,” finding that the applicant failed to satisfy the requirement of Section 2(f) that the use of its mark be “substantially exclusive.”²³⁸

In response to a Section 2(e)(4) surname refusal, the applicant amended the subject application to seek registration under Section 2(f), claiming “substantially exclusive and continuous use” of the mark for at least the immediately preceding five years. The only issue in the opposition was whether AYOUB had acquired distinctiveness under Section 2(f). The applicant bore the ultimate burden of persuasion on the issue.²³⁹

The opposers pointed to the use of the identical surname by themselves and by various third parties, for identical or related services. The opposers’ own use of the surname “Ayoub” from 1996 to 2015 was “not insubstantial.” Testimonial and documentary evidence established the use of “Ayoub” by third parties in the same or similar businesses as the applicant. The applicant essentially admitted that its use of “Ayoub” was not substantially exclusive when it stated at its website:

Ayoub Carpet Service is NOT affiliated with any other Ayoub. Some of you might be confused of [sic] the various “Ayoub” entities serving the Washington DC metro area in the cleaning and flooring business. Although we are all related and do a good job, we each run our businesses separately and uniquely apart from one another.²⁴⁰

The applicant provided evidence that it objected on at least five occasions to use of “Ayoub” by the opposers and by third parties. However, all of those entities were using “Ayoub” during

237. *Mini Melts*, 118 U.S.P.Q.2d at 1481.

238. *Ayoub, Inc. v. ACS Ayoub Carpet Service*, 118 U.S.P.Q.2d 1392 (T.T.A.B. 2016).

239. *Yamaha Int’l Corp. v. Hoshino Gakki Co. Ltd.*, 6 U.S.P.Q.2d 1001, 1010 (Fed. Cir. 1989).

240. *Ayoub*, 118 U.S.P.Q.2d at 1402.

the time period for which the applicant claimed exclusive use, and all but one continued to do so after objection. The Board concluded that “the public has been exposed to many uses incorporating the name Ayoub in connection with carpet and rug cleaning and repair businesses.”²⁴¹

The Board noted that “absolute exclusivity” is not required to satisfy Section 2(f),²⁴² but “the widespread use of the surname Ayoub by unaffiliated rug, carpet and flooring businesses is inconsistent with Applicant’s claim of acquired distinctiveness of AYOUB. Indeed, the proliferation of such uses clearly shows that Applicant’s use is not ‘substantially exclusive.’”²⁴³

Concluding that the applicant had failed to establish acquired distinctiveness, the Board sustained the opposition.

5. Lack of *Bona Fide* Intent

Swiss Grill Ltd. v. Wolf Steel Ltd.

In a case decided under the Board’s Alternative Case Resolution (ACR) regime, the Board sustained an opposition to registration of the mark SWISS GRILLS for “barbecue and outdoor grills,” finding that the applicant Wolf Steel Ltd. lacked the necessary *bona fide* intent to use the mark for the identified goods when it filed its Section 1(b) application to register. The Board also sustained the opposers’ Section 2(d) claim, ruling that the opposers had established prior use of its mark SWISS GRILL & Design for the same goods, based upon the opposers’ shipment of products bearing the mark to their U.S. distributor.²⁴⁴



Bona Fide Intent: A party may establish a prima facie case of lack of *bona fide* intent by demonstrating that the other party lacks any documentary evidence demonstrating such intent.²⁴⁵

241. *Id.* at 1404.

242. *See* L.D. Kitchler Co. v. Davoli, Inc., 192 F.3d 1349, 52 U.S.P.Q.2d 1307 (Fed. Cir. 1999).

243. *Ayoub*, 118 U.S.P.Q.2d at 1404. *See, e.g.,* Levi Strauss & Co. v. Genesco, Inc., 222 U.S.P.Q. 939, 940-41 (Fed. Cir. 1984); Quaker State Oil Refining Corp. v. Quaker Oil Corp., 172 U.S.P.Q. 361, 363 (C.C.P.A. 1972); Miller v. Miller, 105 U.S.P.Q.2d 1615, 1624-25 (T.T.A.B. 2013).

244. *Swiss Grill Ltd. v. Wolf Steel Ltd.*, 115 U.S.P.Q.2d 2001 (T.T.A.B. 2015).

245. *Commodore Elecs. Ltd. v. CBM Kabushiki Kaisha*, 26 U.S.P.Q.2d 1503 (T.T.A.B. 1993).

Here, none of the documents provided by the applicant was dated prior to its filing date, and none related to its intention to use the SWISS GRILLS mark in the United States. Although a party may rely on documentary evidence dated after its filing date to establish its *bona fide* intent at the time of filing,²⁴⁶ there was no evidence—other than the application itself—that the applicant ever intended to use the SWISS GRILLS mark in the United States.

There was evidence that the applicant Wolf Steel offered typical outdoor grills in other countries prior to its filing date, but here the applicant claimed that in the United States it intended to sell “specialty grills” for indoor use, and not the typical outdoor grill. The applicant also claimed that it had conducted a trademark search prior to its filing, but it never produced the documentation relating to that search. In any case, the Board pointed out, “[n]either the application itself nor the unproduced trademark search suffice[s] to establish Applicant’s intent.”²⁴⁷

The Board concluded that the applicant’s assertions amounted to “little more than subjective claims of intention, rather than objective evidence.”²⁴⁸ Moreover, the applicant’s discovery responses and its evidence included inconsistencies that undermined the credibility of even its subjective claim of a *bona fide* intent.

To be blunt, the record as a whole reveals that Applicant is unable to get its story straight. . . . In fact, its evolving and internally inconsistent story lines read more as after-the-fact rationalizations, than as credible evidence of a *bona fide* intent to use SWISS GRILLS in the United States for the identified barbeques and outdoor grills. These inconsistencies, combined with “the general lack of documentary support” or other *objective* evidence of its *bona fide* intent to use the mark leads us to find that Applicant’s intent at the time it filed the application was not a *bona fide* intent to use the mark in commerce.²⁴⁹

Therefore, the Board sustained the opposers’ claim that the applicant lacked a *bona fide* intent to use the mark SWISS GRILLS for the identified goods when it filed its application to register.

246. Lane Ltd. v. Jackson Int’l Trading Co., 33 U.S.P.Q.2d 1351, 1356 (T.T.A.B. 1994).

247. *Swiss Grill*, 115 U.S.P.Q.2d at 2009, citing *M.Z. Berger & Co. v. Swatch AG*, 114 U.S.P.Q.2d 1892, 1897 (Fed. Cir. 2015).

248. *Id.*

249. *Id.* at 2010 (emphasis supplied by the Board).

Likelihood of Confusion: There was no dispute that there is a likelihood of confusion between the marks at issue. Therefore, the opposers' Section 2(d) claim "boils down to priority."²⁵⁰

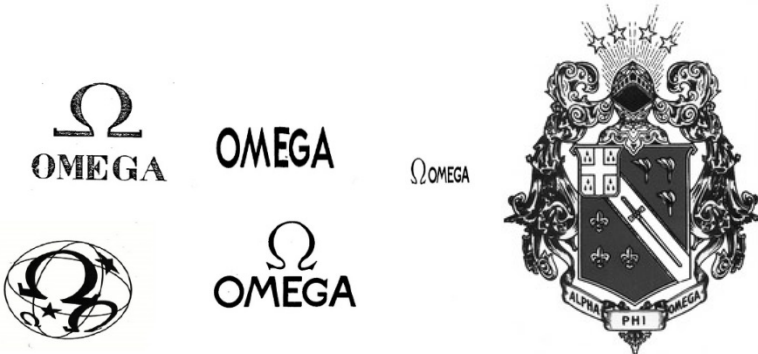
Prior to the applicant's filing date (its priority date), the opposers had sold and shipped 322 barbeque grills bearing the SWISS GRILL mark to its United States distributor. The Board observed that "[t]he sale and shipment of products bearing a trademark to one's distributor is clearly sufficient to establish trademark rights."²⁵¹ The applicant provided nothing to contradict the record evidence that the opposers and their U.S. distributor have an arms-length, independent relationship.

And so the Board sustained the opposers' Section 2(d) claim as well.

6. Dilution

Omega SA (Omega AG) (Omega Ltd.) v. Alpha Phi Omega

The Board mostly denied Applicant Alpha Phi Omega's motion for summary judgment aimed at knocking out Opposer Omega SA's likelihood of confusion and dilution-by-blurring claims. The Board concluded that summary judgment was precluded by the existence of genuine issues of material fact regarding the similarity of the applicant's mark ΑΦΩ and various registered OMEGA marks of the opposer, and regarding the date when the applicant first used the ΑΦΩ mark. However, the Board entered judgment in favor of the applicant with regard to the mark shown below right (the applicant's "Crest Mark") on the ground that the involved marks are too dissimilar to support the opposer's Section 2(d) claims.²⁵²



250. *Id.* at 2011.

251. *Id.*, quoting *Raintree Publishers, Inc. v. Brewer*, 218 U.S.P.Q. 272, 274 (T.T.A.B. 1983).

252. *Omega SA (Omega AG) (Omega Ltd.) v. Alpha Phi Omega*, 118 U.S.P.Q.2d 1289 (T.T.A.B. 2016).

The applicant sought to register its marks for jewelry and clothing. The opposer asserted rights in its OMEGA marks, shown above left, for watches, clothing, and retail store services featuring watches and jewelry.

As to likelihood of confusion, the Board found the dissimilarities between the applicant's Crest Mark and the opposer's pleaded marks to be dispositive. With regard to the applicant's AΦΩ mark, however, the Board denied the summary judgment motion because genuine issues of material fact existed regarding the similarity of the involved marks and the relatedness of the goods and services.

Dilution: A party asserting a dilution claim must allege that its mark became famous prior to the date of first use in commerce of the challenged marks.²⁵³ The Board confirmed that, when challenging a use-based application, the dilution claimant must prove fame prior to the defendant's first use of its mark. If the applicant fails to establish when it first used its mark in commerce, then the opposer need only prove fame prior to the applicant's constructive use date—that is, its filing date.²⁵⁴

The next question was more difficult to answer:

Whether a plaintiff, in order to prove a dilution claim under the Trademark Act in a Board proceeding where defendant's application/registration is based on use in commerce, must establish that its mark became famous prior to the defendant's use of its subject mark in commerce as to any goods or services or whether plaintiff must establish that its mark became famous prior to defendant's use of its subject mark in commerce in connection with the goods and/or services specifically identified in defendant's subject application or registration.²⁵⁵

The Board took the broader view, ruling that a dilution-by-blurring claimant must prove that its mark became famous “prior to any established, continuous use of the defendant's involved mark as a trademark or trade name, and not merely prior to use in association with the specific identified goods or services set forth in a defendant's subject application or registration.”²⁵⁶ The Board noted that other courts have agreed with this approach, including the CAFC in *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*²⁵⁷

253. *Id.* at 1295.

254. *Id.* See *Chanel, Inc. v. Makarczyk*, 110 U.S.P.Q.2d 2013, 2024 (T.T.A.B. 2014).

255. *Id.* at 1295.

256. *Id.* at 1296.

257. 66 U.S.P.Q.2d 1811 (Fed. Cir. 2003).

Turning to the merits of the opposer's dilution claims, the Board focused on the first four factors of Section 43(c)(2)(B) of the Lanham Act.²⁵⁸

As to the applicant's Crest Mark, the Board found no genuine dispute as to the lack of similarity between the involved marks, the applicant's intent, and the association between the applicant's mark and the allegedly famous marks. The word "OMEGA" is found only within the banner at the bottom of the Crest Mark, and there was no evidence that a substantial percentage of consumers would focus on the "Omega" element alone and thereby associate the mark with the opposer. Nor was there evidence that the applicant intended to create such an association, or evidence of the existence of an actual association. The Board therefore concluded that the applicant's Crest Mark "will not impair any assumed distinctiveness of the opposer's assumedly famous OMEGA marks."²⁵⁹ The Board granted the motion for summary judgment as to this dilution claim.

With regard to the applicant's ΑΦΩ mark, the Board found that genuine disputes of material fact exist as to (1) whether the involved marks are sufficiently similar that the applicant's mark "conjures up an association" with the opposer's mark,²⁶⁰ and as to (2) when the applicant first used the ΑΦΩ mark in interstate commerce, whether as a trade name for a fraternal organization or as a trademark for any goods.

Therefore, the Board denied the opposer's summary judgment motion regarding Omega SA's dilution-by-blurring claim.

7. Fraud

Embarcadero Technologies, Inc. v. Delphix Corp.

The Board batted away another bogus fraud claim in this consolidated opposition and cancellation proceeding.²⁶¹ Petitioner Embarcadero sought cancellation of a registration for the mark DELPHIX & Design for database management software. Delphix

258. Section 43(c)(2)(B) of the Lanham Act, 15 U.S.C. § 1125(c)(2)(B), provides that: "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following: (i) The degree of similarity between the mark or trade name and the famous mark; (ii) The degree of inherent or acquired distinctiveness of the famous mark; (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (iv) The degree of recognition of the famous mark; (v) Whether the user of the mark or trade name intended to create an association with the famous mark; and (vi) Any actual association between the mark or trade name and the famous mark."

259. *Omega SA* (Omega AG) (Omega Ltd.) v. Alpha Phi Omega, 118 U.S.P.Q.2d at 1300.

260. *Id.*

261. *Embarcadero Techs., Inc. v. Delphix Corp.*, 117 U.S.P.Q.2d 1518 (T.T.A.B. 2016).

moved for summary judgment as to Embarcadero's claim that the registration was obtained by fraud.²⁶²

Embarcadero alleged that Delphix filed fraudulent Statements of Use in obtaining the challenged registration. It pointed to the fact that Delphix's president, who signed and submitted the Statement of Use, was a "highly educated Harvard graduate" with previous trademark experience, who was "well aware of the importance of reading and verifying the accuracy of documents he signs."²⁶³ According to Embarcadero, he "could not have reasonably believed that Delphix's two claimed 'installations' constituted use in commerce of software goods."²⁶⁴

Delphix asserted that summary judgment was appropriate because the facts relied upon by Embarcadero did not support an inference that Delphix filed the statements with the requisite fraudulent intent, and thus there was an absence of evidence to support Embarcadero's fraud claim.

Embarcadero failed to raise a genuine issue as to Delphix's intent to deceive the USPTO. The Board noted that the reasonableness of Delphix's belief is irrelevant to the fraud analysis.²⁶⁵

Testimony regarding the education and trademark experience of Respondent's CEO who signed the statement of use is not evidence, direct or indirect, of fraudulent intent, a necessary element of the fraud claim. Accordingly, Respondent's motion for summary judgment on the ground of fraud is GRANTED.²⁶⁶

8. Ownership

UVeritech, Inc. v. Amax Lighting, Inc.

This cancellation proceeding boiled down to a dispute between the U.S. seller (the petitioner) and the foreign manufacturer (the respondent) over ownership of the mark UVF861 for light bulbs and lighting fixtures. The petitioner contended that the goods were manufactured to its order and specifications, but the respondent maintained that the petitioner was a mere distributor. The Board, after an extensive review of the record evidence, ruled in favor of the petitioner.²⁶⁷

262. Embarcadero filed a cross-motion to amend its petition to add several claims: Section 2(a) false association, "false representation," and nonuse. That motion is discussed in Part II.B.12.c., below.

263. *Embarcadero Techs.*, 117 U.S.P.Q.2d at 1522.

264. *Id.*

265. *See In re Bose Corp.*, 91 U.S.P.Q.2d 1938, 1945 (Fed. Cir. 2009).

266. *Embarcadero Techs.*, 117 U.S.P.Q.2d at 1523.

267. *UVeritech, Inc. v. Amax Lighting, Inc.*, 115 U.S.P.Q.2d 1242 (T.T.A.B. 2015).

Although the proceeding was couched in terms of priority and likelihood of confusion under Section 2(a), the crux of the dispute was the issue of ownership. The parties fully tried that issue and argued it in their briefs.

There exists a legal presumption that, as between a manufacturer and an exclusive distributor of a product, the manufacturer is the owner of the mark, absent an agreement between them.²⁶⁸ However, the presumption is rebuttable.²⁶⁹

Here there was no agreement regarding ownership of the mark. The Board therefore looked to the following factual framework in considering the ownership issue:

- (1) which party created and first affixed the mark to the product;
- (2) which party's name appeared with the trademark on packaging and promotional materials;
- (3) which party maintained the quality and uniformity of the product, including technological changes;
- (4) which party does the consuming public believe stands behind the product, *e.g.*, to whom customers direct complaints and turn to for correction of defective products;
- (5) which party paid for advertising; and
- (6) what a party represents to others about the source or origin of the product.²⁷⁰

The Board found the petitioner to be owner of the mark UVF861 because factors 1 through 4 and 6 favored the petitioner (factor no. 5 was neutral, there being no evidence regarding payment for advertising). Thus, the factual evidence rebutted the presumption of ownership by the manufacturer.

The evidence showed that the petitioner designed the bulbs for use in its ultraviolet counterfeit currency detector, and it conceived the mark UVF61. The petitioner hired the respondent to make the bulbs under the mark to the petitioner's specifications. The petitioner had already been using the mark UVF461, and looked to a bulb with twice as much wattage: thus, the "8" in the subject mark instead of the "4" in the prior mark. The respondent had never sold a bulb under the mark UVF861 prior to its dealings with the petitioner.

The most telling events, the Board found, occurred when the petitioner became dissatisfied with the respondent's products and turned to another manufacturer for a one-year period. The bulbs

268. *Lutz Superdyne, Inc. v. Arthur Brown & Bro., Inc.*, 221 U.S.P.Q. 354, 362 (T.T.A.B. 1984).

269. *See, e.g., Sengoku Works Ltd. v. RMC Int'l Ltd.* 40 U.S.P.Q.2d 1149 (9th Cir. 1996).

270. *UVeritech, Inc.*, 115 U.S.P.Q.2d at 1249. *See Sengoku Works Ltd.*, above; *Wrist-Rocket Mfg. Co. v. Saunders*, 183 U.S.P.Q. 17 (D. Neb. 1974).

were still branded with the UVF861 mark, but the respondent never objected or asserted its supposed rights in the mark.

Moreover, when quality problems arose, customers approached the petitioner, not the respondent, in seeking a solution. In other words, consumers believed the petitioner to be the party standing behind the UVF861 bulbs. In fact, the product literature distributed with the petitioner's equipment indicated that the petitioner was the manufacturer, and included an order form for replacement bulbs.

The petitioner proved that it adopted the mark UVF861 as early as 2003 when it arranged for manufacture of the bulbs by the respondent. There was no evidence that the petitioner agreed to the respondent's ownership of the mark, or that the petitioner ever assigned the mark to the respondent. Nor was there evidence that the petitioner authorized the respondent's filing of the application that issued as the challenged registration. Prior to its business relationship with the petitioner, the respondent never made similar products nor used the mark UVF861 for any products.

The sale of goods under a trademark does not require that the goods on which the mark is used be manufactured by the seller for the seller to be the owner of the mark. It is enough that the goods are manufactured for it, that it controls their production, or that the goods pass through its hands in the course of trade and that it gives to the goods the benefit of its reputation or of its name and business style.²⁷¹

The Board concluded that the petitioner's claim of ownership was both consistent with applicable precedent and amply supported by the record evidence. And so the Board granted the petition for cancellation.

*Wonderbread 5 v. Patrick Gilles
a/k/a Wonderbread 5 and/or Wonderbread Five*

When bands break up or a band member leaves, trademark issues often arise, as they did in this case involving a Jackson Five tribute band. The Board granted a petition for cancellation of a registration for the mark WONDERBREAD 5 for "entertainment services in the nature of live musical performances," ruling that the underlying application was void *ab initio* because the respondent, ex-band member Patrick Gilles, was not the owner of the mark at the time he filed the underlying application.²⁷²

The petition for cancellation asserted claims of likelihood of confusion and fraud, as well as allegations that Gilles did not own

271. *Id.* at 1251.

272. *Wonderbread 5 v. Patrick Gilles a/k/a Wonderbread 5 and/or Wonderbread Five*, 115 U.S.P.Q.2d 1296 (T.T.A.B. 2015).

the mark at the time of filing his application. Of course, ownership is an element of every Section 2(d) claim.²⁷³ “[W]hen both parties are relying upon activities the two conducted in concert with one another, each in an attempt to establish prior rights in a mark over the other, the dispute centers on ownership of the mark.”²⁷⁴

Despite the absence of any agreement, the petitioner claimed to own the WONDERBREAD 5 mark as a partnership under California law. It alleged that two days after Gilles was terminated as a partner, he filed the underlying application without the petitioner’s knowledge or consent. He concealed the existence of the application in subsequent state court litigation with the petitioner, which culminated in a buy-out and release of all of Respondent Gilles’s claims.

Gilles maintained the he was one of two founding members of the band and therefore he owned a 50% interest in the partnership. The lawsuit, he contended, dealt only with monetary relief, not trademark rights.

The Board found, based on the totality of the evidence, that Gilles was not individually the owner of the mark at the time he filed his application to register. His actions with regard to the state court lawsuit confirmed that he understood that the band was a partnership of which he was no longer a member.

The Board also considered the legal framework courts and commentators have developed to deal with disputes regarding musical band names when there is no written agreement or other legal formalities that clearly delineate ownership rights. The Board observed that Professor McCarthy’s test has been adopted by several courts and is a “useful adjunct” to the Board’s findings here.²⁷⁵ Professor McCarthy framed the question as “Does Mark Identify the Group Regardless of its Members?”²⁷⁶

In these performing group cases, it must first be determined whether the group name is personal to the individual members or not. If not, a second question then must be determined: for what quality or characteristic is the group known and who controls that quality? The answer should identify the person or entity that owns the group name as a mark.²⁷⁷

Temporal continuity of identification is an important factor, according to Professor McCarthy. The issue is “whether the mark

273. T.A.B. Sys. v. Pactel Teletrac, 37 U.S.P.Q.2d 1879, 1881 (Fed. Cir. 1966).

274. *Wonderbread 5*, 115 U.S.P.Q.2d 1296 (T.T.A.B. 2015). See, e.g., *Nahshin v. Prod. Source Int’l LLC*, 107 U.S.P.Q.2d 1257, 1258 (T.T.A.B. 2013).

275. *Id.* at 1305.

276. *Id.*

277. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 16:45 (4th ed. 2015).

signifies personalities, or style and quality regardless of personalities.”²⁷⁸

The Board concluded that the WONDERBREAD 5 mark was not “personal” to Respondent Gilles or any other of the band members. The mark signified the “style and quality” of the group: a Jackson 5 tribute band, not a “particular performer combination.”²⁷⁹ As one band member testified, the band was “a bunch of Caucasian boys playing Jackson 5 songs.”²⁸⁰

The band’s discontent with Respondent Gilles began with his refusal to wear the costumes that the band’s public persona required. Thus the band monitored and controlled the “style” of its musical services, not Gilles. The band’s use of prerecorded music and substitute musicians further supported the conclusion that the music performed by the band was not personalized by the performers.

The Board concluded that at the time Gilles filed his application to register, “the consuming public did not associate the mark WONDERBREAD 5 with [him], but rather with the style of a Jackson 5 tribute band costumed in exaggerated 1970s regalia. The record shows that it was the group/partnership consisting of WONDERBREAD 5 that controlled this quality or characteristic of the band.”²⁸¹

The Board sustained the petition for cancellation, ruling that Respondent Gilles was not the owner of the mark at the time of filing his application, and therefore that the application was void *ab initio* and the resulting registration invalid.

9. Parent/Subsidiary Control

Noble House Home Furnishings, LLC v. Floorco Enterprises, LLC

In this cancellation proceeding involving a claim of abandonment due to nonuse, the Board held that use of the wholly owned subsidiary’s registered mark by a parent entity does not inure to the benefit of its subsidiary when the parent controls the nature and quality of the goods.²⁸² The Board therefore granted a petition for cancellation of a registration for the mark NOBLE HOUSE for furniture, ruling that Respondent Floorco had abandoned the mark.

278. *Id.*

279. *Wonderbread 5*, 115 U.S.P.Q.2d at 1307.

280. *Id.* at 1306.

281. *Id.*

282. *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 U.S.P.Q.2d 1413 (T.T.A.B. 2016).

Section 45 of the Trademark Act provides that a mark shall be deemed abandoned when its use has been discontinued with intent not to resume use. A period of three years of nonuse constitutes *prima facie* abandonment.

Here, the application underlying the challenged registration was filed under Section 1(b). Floorco filed its Statement of Use on August 18, 2011, claiming a first-use date of December 3, 2010. The registration issued on November 1, 2011. The last sale of furniture under the NOBLE HOUSE mark was made on July 14, 2009, after which the products were “sporadically marketed,” but without further sale.

Although sales ceased on July 14, 2009, the three-year period of nonuse for purposes of abandonment did not begin to run until the Statement of Use was filed, since an intent-to-use applicant “need not use its mark until it files its statement of use.”²⁸³ The relevant period of nonuse, then, began on August 18, 2011. The evidence of subsequent nonuse established a *prima facie* case of abandonment.

Nonuse of a mark due to lack of demand may not constitute abandonment if the owner continues its marketing efforts.²⁸⁴ Respondent Floorco asserted that it had been marketing and advertising NOBLE HOUSE brand furniture as available for sale. However, it was not Floorco that was marketing and advertising the products, but its parent corporation, Furnco. Moreover, Furnco controlled the nature and quality of the furniture that may have been sold under the NOBLE HOUSE mark prior to the period of nonuse.

Section 5 of the Trademark Act provides that when a mark is used legitimately by a related company, that use shall inure to the benefit of the registrant or applicant for registration. Section 45 defines “related company” as follows: “The term ‘related company’ means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods and services on or in connection with which the mark is used.”

The Board noted that in most cases the affairs of a subsidiary are controlled by the parent, and so no license or other agreement is needed regarding a mark owned by the parent and used by a subsidiary. A parent corporation “better fits the bill as the true owner” of the trademark.²⁸⁵ Here, however, Furnco authorized its subsidiary, Floorco, to be the owner of the registration. But parent Furnco did not meet the definition of a related company—i.e., an

283. *Consolidated Cigar Corp. v. Rodriguez*, 65 U.S.P.Q.2d 1153, 1155 (T.T.A.B. 2002).

284. *See, e.g., American Lava Corp. v. Multronics, Inc.*, 174 U.S.P.Q. 107, 110-11 (C.C.P.A. 1972); *Daybrook-Ottawa Corp. v. F.A.B. Mfg. Co.*, 152 U.S.P.Q. 441 (T.T.A.B. 1966).

285. *Noble House Home Furnishings*, 118 U.S.P.Q.2d 1413 at 1421, quoting *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 6 U.S.P.Q.2d 1897, 1905 (1988).

entity whose use of the mark is controlled by the registrant with respect to the nature and quality of the goods.

Accordingly, the advertising and marketing materials that identify Furnco International Corporation as the source of the NOBLE HOUSE furniture products cannot be deemed use of the mark by Respondent and cannot show that Respondent intended to resume use of the NOBLE HOUSE mark.²⁸⁶

Therefore, the Board found that Respondent Floorco abandoned the mark NOBLE HOUSE by three years of nonuse with no intent to resume use.

10. Concurrent Use

Southwestern Management, Inc. v. Ocinomled, Ltd.

Concluding that there would be a likelihood of confusion even in Applicant Southwestern Management's current territory (upstate New York), the Board dismissed this proceeding in which Southwestern sought a concurrent use registration for the mark DELMONICO'S for "restaurant services."²⁸⁷ Southwestern, the junior user but first to file an application to register, sought a nationwide registration except for the areas of use of the defendants. However, the renown of the defendant's restaurants—one in New York City (DELMONICO'S, the heir apparent to the historical restaurant of that name), the other based in New Orleans (DELMONICO, promoted by celebrity chef Emeril Lagasse—made it likely that confusion would occur even if the applicant's registration for "restaurant services" were limited to upstate New York.

Applicant Southwestern operated four restaurants (Syracuse, Albany, Utica, and Rochester, New York), specializing in Italian food and steak. Defendant Ocinomled ("OL") owns DELMONICO'S in downtown Manhattan, having taken the name of an historic New York restaurant that closed in about 1990. Although OL does not claim to own the goodwill of that restaurant, it does invoke a "cultural connection" to it, offering several dishes attributed to the historic eatery: Lobster Newburg and Baked Alaska, for instance. Defendant Emeril's Food of Love Productions ("EFOL") operates two DELMONICO restaurants, one in New Orleans and one in Las Vegas, offering food with a Creole influence.

Although Southwestern claimed that its seniority of use entitled it to the lion's share of the United States, the Board found that Southwestern was not the senior user of the mark. OL began use of DELMONICO'S in New York City on May 13, 1998, just two

286. *Id.* at 1422.

287. *Southwestern Mgmt., Inc. v. Ocinomled, Ltd.*, 115 U.S.P.Q.2d 1007 (T.T.A.B. 2015).

days before Southwestern's first use date, and EFOL's predecessor-in-interest acquired rights in the DELMONICO mark in 1997.

Concurrent use proceedings are governed by Section 2(d) of the Lanham Act, which permits the granting of concurrent registrations, under appropriate restrictions as to "mode or place of use of the marks or the goods."

There are two "conditions precedent to the issuance of concurrent registrations," specifically: (1) that the party seeking registration be entitled to use the mark in commerce, notwithstanding concurrent use by others; and (2) that there be no likelihood of confusion, mistake or deception in the marketplace as to the source of the relevant goods or services resulting from the continued concurrent use of the trademark.²⁸⁸

The applicant has the burden of proof to establish its entitlement to a concurrent use registration. The rights of the parties are determined based on the facts existing as of the close of the testimony period.

EFOL contended that Southwestern's use of the mark was not "lawful," as required by Section 2(d), because it was not adopted in good faith. EFOL pointed to Southwestern's use of another EFOL trademark, BAM!, at about the same time. The Board observed, however, that even if Southwestern had known of EFOL's use of BAM!, that did not support a finding that it knew of EFOL's use of the DELMONICO mark. And even if Southwestern had knowledge of EFOL's use of DELMONICO, that does not necessarily disprove good faith adoption, since Southwestern "could have believed that its adoption was sufficiently remote so as to make confusion unlikely."²⁸⁹

The determination as to whether Southwestern is entitled to a concurrent use registration requires an assessment as to whether confusion can be avoided by the imposition of "conditions and limitations as to the mode or place of use of the marks or the [services] on or in connection with which such marks are used."²⁹⁰ The only limitations proposed by Southwestern were geographical: Southwestern claimed the entire United States except for specific areas in New York, Louisiana, and Nevada, conceding those areas to the defendants.

The Board pointed out that a junior user may prove, in an appropriate case, that it is entitled to the entire United States with the exception of the senior user's territory.²⁹¹ The fact that

288. *In re Beatrice Foods Co.*, 166 U.S.P.Q. 431, 435-36 (C.C.P.A. 1970).

289. *Southwestern Mgmt.*, 115 U.S.P.Q.2d at 1023.

290. Section 2(d) of the Lanham Act. 15 U.S.C. § 1052(d).

291. *See, e.g., Boi Na Brava LLC v. Terra Sul Corp.*, 110 U.S.P.Q.2d 1386 (T.T.A.B. 2014).

Southwestern was the first to file for registration is a factor pointing in its direction, since the CAFC and the Board have discussed a policy of favoring the first to apply, but it is a factor that is “very much subordinate to the statutory considerations at the heart of a concurrent use analysis, *i.e.*, the determinations as to whether a party is entitled to use its mark and as to whether confusion is not likely.”²⁹²

Any policy favoring those who apply for registration cannot, alone, automatically establish a party’s entitlement to use its mark in the majority of the geographic United States if consumer confusion is likely to result, in contravention of Section 2(d).²⁹³

Southwestern, the Board found, had demonstrated its right to use its mark in its current manner, in its current locations, but a determination of the geographic scope of a concurrent use registration required a full analysis of the likelihood of confusion issue.

The Board saw no meaningful difference between the singular and plural forms of DELMONICO, deemed the marks “obviously virtually identical in appearance and sound,” and “essentially identical in meaning and overall commercial impression.”²⁹⁴

The identification of goods in the subject application, “restaurant services,” encompasses the services offered by both defendants. Southwestern pointed to the differences in actual services: its moderately priced meals versus the high-end restaurants of EFOL offered by a celebrity chef and the high-end Manhattan restaurant associated with a particular historic location. Although the trial testimony about the differences in the restaurants suggested that there might be a basis for coexistence without likelihood of confusion, none of the parties suggested a way in which Southwestern’s restaurant services could be specifically defined in a registration so as to avoid confusion with the type of restaurants operated by the defendants.

The Board next looked to the fame and renown of each of the parties’ respective marks, since that has an obvious bearing on the likelihood of confusion analysis. Southwestern’s restaurants have a reputation local in nature. OL, however, “enjoys a peculiar form of renown because the press and public are very willing to conflate the identities of OL’s restaurant with that of the historic Delmonico previously located at the same address.”²⁹⁵ Although there is no business relationship between OL and the historic restaurant, “members of the public (and sometimes the press) do

292. *Southwestern Mgmt.*, 115 U.S.P.Q.2d at 1024.

293. *Id.*

294. *Id.* at 1025.

295. *Id.* at 1026.

not necessarily appreciate the niceties of trademark ownership and continuity of business goodwill.”²⁹⁶ In any case, the fact that OL’s restaurant emulates the historic venue has produced “a heightened degree of interest and excitement among the press and public, which has redounded to the benefit of OL.”²⁹⁷

With regard to EFOL, through the fame of its principal, Emeril Lagasse, its DELMONICO mark has “a very substantial degree of renown throughout much of the United States.”²⁹⁸ His celebrity resulted in substantial interest in his re-opening of the DELMONICO restaurant in New Orleans, and through numerous media appearances he has extensively promoted his two DELMONICO restaurants. Credit card and reservation records established that customers from across the country patronize the restaurants. In sum, although the evidence fell short of proving fame for Section 2(d) purposes, it demonstrated that the reputation of EFOL’s mark has spread throughout a substantial portion of the United States. Several incidents of actual confusion demonstrated that its reputation reached into New York state.

The Board found that upstate New York is not so remote that its denizens would be insulated from the reputation of EFOL’s restaurants. Furthermore, OL established a “fairly widespread reputation,”²⁹⁹ particularly strong in New York City and surely strong enough to reach Albany, New York. Consequently, the Board concluded that even if Southwestern’s territory were limited to upstate New York, a likelihood of confusion would arise from the concurrent use of the involved marks.

In short, Southwestern failed to carry its burden of proof to show that confusion is not likely. The Board hastened to add that its determination did not, in some respects, take into account actual marketplace conditions, and it affects only the issue of registrability and not Southwestern’s right to use the mark.

And so the Board dismissed the proceeding, denying Southwestern the registration requested.

Bad Boys Bail Bonds, Inc. v. Yowell

Concurrent use cases often give me a headache, but this one wasn’t too painful. The Board dissolved this proceeding because the plaintiff/concurrent use applicant failed to prove that its use of the applied-for mark commenced before the filing date of the application underlying defendant’s registration.³⁰⁰

296. *Id.* at 1027.

297. *Id.*

298. *Id.*

299. *Id.* at 1031.

300. *Bad Boys Bail Bonds, Inc. v. Yowell*, 115 U.S.P.Q.2d 1925 (T.T.A.B. 2015).



Applicant Bad Boys sought to register the mark shown above, for bail bond services, advertising and marketing services, and various ancillary goods. Its application was refused under Section 2(d) in view of the registered mark BAD BOYZ BAIL BONDS “IN JAIL, WE BAIL” for “providing bail bonds for persons under arrest in the state of Missouri.” Bad Boys amended its application to seek a concurrent use registration claiming California, Arizona, and Nevada. The application was published for opposition and after the opposition period closed without a challenge, the Board instituted this proceeding.

As a condition precedent to issuance of a concurrent use registration, the applicant must show use of its mark in commerce prior to the applicable date specified in Section 2(d) of the Lanham Act: that is, prior to the filing date of the application underlying the defendant’s registration.

Bad Boys claimed a first use date of August 28, 1998, more than a year before Defendant Yowell’s December 29, 1999, filing date. Yowell moved for summary judgment, asserting that Bad Boys’ first use of the applied-for mark did not occur prior to that critical date. Yowell’s motion was based upon certain documents that Bad Boys had provided during settlement discussions between the two entities.

Bad Boys objected to the admission of those documents under Federal Rule of Evidence 408(a),³⁰¹ asserting that they constituted statements made during settlement negotiations. The Board, however, overruled the objection, pointing out that the documents existed independently of the discussions and did not include any statements made during the settlement discussions.

Bad Boys had provided the documents to Yowell in an attempt to demonstrate that it had used the name or mark BAD BOYS BAIL BONDS prior to the critical date. Yowell, in his summary

301. Rule 408(a), Federal Rules of Evidence, provides, in pertinent part, that “Evidence of the following is not admissible—on behalf of any party—either to prove or disprove the validity or amount of a disputed claim or to impeach by a prior inconsistent statement or a contradiction: . . . (2) conduct or a statement made during compromise negotiations about the claim . . .” FRE 408(2) sets forth the following relevant exceptions: “The court may admit this evidence for another purpose, such as proving a witness’s bias or prejudice, [or] negating a contention of undue delay.”

judgment motion, asserted that the documents did not show use of the applied-for mark, but only the literal portion thereof, and that Bad Boys had failed to provide any additional documents when asked. Bad Boys argued that the design element of its mark was irrelevant, since the refusal to register in view of Yowell's mark had been based only on the word portion of the applied-for mark.

The Board, however, pointed out that the mark at issue in this proceeding is the combined word plus logo mark. The submissions by Yowell established a prima facie case that Bad Boys did not use the applied-for mark prior to the critical date. Bad Boys failed to provide evidence rebutting that case. The Board therefore considered it undisputed that Bad Boys did not use the applied-for mark prior to the critical date.

Finding no genuine issue of material fact, the Board granted the motion for summary judgment and dissolved the proceeding.

11. Claim Preclusion

The Urock Network, LLC v. Umberto Sulpasso

Granting Respondent Umberto Sulpasso's motion for summary judgment, the Board dismissed this petition for cancellation of his registration for the mark UROCK, in stylized form, for digital media and live musical performances, ruling that Petitioner UNL's claims were barred by the doctrine of claim preclusion.³⁰² A prior opposition to Sulpasso's underlying application had been dismissed under Rule 2.132³⁰³ due to the then opposer's failure to take testimony or submit evidence. The Board ruled that the two proceedings involved "the same nucleus of operative facts such that both proceedings stem from the same set of transactional facts," and consequently the doctrine of claim preclusion applied.³⁰⁴

Under the doctrine of claim preclusion, "a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action."³⁰⁵ For claim preclusion to apply, there must be: (1) identity of parties (or their privies); (2) an earlier final judgment on the merits of a claim; and (3) a second claim based on the same set of transactional facts as the first.³⁰⁶

302. *The Urock Network, LLC v. Sulpasso*, 115 U.S.P.Q.2d 1409 (T.T.A.B. 2015).

303. Trademark Rule 2.132, 37 C.F.R. 2.132, provides for the involuntary dismissal of a proceeding if a plaintiff fails to take testimony or offer any evidence, or if the plaintiff offers only a copy or copies of Patent and Trademark Office records.

304. *The Urock Network, LLC v. Sulpasso*, 115 U.S.P.Q.2d at 1413.

305. *Id.* at 1411, quoting *Jet Inc. v. Sewage Aeration Sys.*, 55 U.S.P.Q.2d 1854, 1856 (Fed. Cir. 2000) (quoting *Park Lane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979)).

306. *Id.*

Although the prior opposition was brought in the name of John Kevin Timothy dba UROCK Radio, the petitioner conceded that it is “the same person.”³⁰⁷ The petition for cancellation was signed by Timothy as the petitioner’s acting manager.

Petitioner UNL contended that the opposition was terminated due to a “technical procedure,”³⁰⁸ but the Board pointed out that the proceeding was dismissed with prejudice. “[W]hether the judgment in the prior proceeding was the result of a dismissal with prejudice or even default, for claim preclusion purposes, it is a final judgment on the merits.”³⁰⁹

The Restatement (Second) of Judgments § 19 (1982) provides that “a valid and final personal judgment rendered in favor of the defendant bars another action by the plaintiff on the same claim.”³¹⁰ This bar encompasses re-litigation of “claims that were raised *or could have been raised*” in an earlier action. The question, then, was whether the claims in these two proceedings “are based on the same set of transactional facts.”³¹¹

[R]elevant factors include whether the facts are so woven together as to constitute a single claim in their relatedness in time, space, origin, or motivation, and whether, taken together, they form a convenient unit for trial purposes.³¹²

UNL argued that in the cancellation proceeding, it asserted rights in the mark THE UROCK NETWORK, claiming priority and likelihood of confusion, whereas the earlier opposition focused on its mark UROCK RADIO. The Board, however, rejected that argument because the opposer (Timothy) had also relied on rights in THE UROCK NETWORK. “The alleged prior use of the mark THE UROCK NETWORK clearly not only relates to, but was a part of, the ’690 opposition.”³¹³

There can be no question that the ’690 opposition and this cancellation necessarily involve the same nucleus of operative facts such that both proceedings stem from the same set of transactional facts. UNL and its alter ego Mr. Timothy, plainly not only had the facts necessary to bring the claim of likelihood of confusion relating to alleged priority rights in the mark THE UROCK NETWORK based on prior use at the time

307. *Id.*

308. *Id.*

309. *Id.* See, e.g., *Morris v. Jones*, 329 U.S. 545, 550-551 (1947); *Orouba Agrifoods Processing Co. v. United Food Imp.*, 97 U.S.P.Q.2d 1310, 1314-15 (T.T.A.B. 2010).

310. *Id.* at 1412.

311. *Id.*, quoting *Allen v. McCurry*, 449 U.S. 90, 94 (1990) (emphasis added by the Board).

312. *Id.* at 1412-13.

313. *Id.* at 1413.

of filing the '690 opposition, but he actually included that mark in the '690 proceeding.³¹⁴

The Board therefore found no genuine dispute regarding the applicability of claim preclusion, and it granted Respondent Sulpasso's motion for summary judgment.

Be Sport, Inc. v. Al-Jazeera Satellite Channel

The Board denied Applicant Al-Jazeera's motion to amend its answer to add an affirmative defense of claim preclusion, ruling that the amendment would be futile because claim preclusion did not apply. The Board found that the mark that was challenged in the other proceeding (BEIN) did not create the same commercial impression as the mark involved in this proceeding (BEIN SPORT).³¹⁵

The first opposition, involving Applicant Al-Jazeera's mark BEIN, was dismissed with prejudice under Rule 2.132(a) when Opposer Be Sport failed to prosecute. In this proceeding, which was co-pending with the other, Al-Jazeera filed a motion to amend its answer to add the affirmative defense of claim preclusion, along with a motion for summary judgment on that ground.

The Board noted that, although leave to amend an answer is to be "freely given when justice so requires,"³¹⁶ leave may be denied when the claim or defense would be "legally futile."³¹⁷ The Board therefore turned to an analysis of the claim preclusion issue.

The doctrine of claim preclusion holds that a judgment on the merits in a prior proceeding bars a second proceeding involving the same parties or their privies, based on the same cause of action (based on the same set of transactional facts).³¹⁸ Here the first two elements were not in dispute. The question was whether the opposer's Section 2(d) claim in the first proceeding was based on the same set of transactional facts as in the second. In making that determination, the Board considered (1) whether the mark involved in the first proceeding is the same mark, in terms of commercial impression, as the mark in the second, and (2) whether the evidence regarding likelihood of confusion would be identical in

314. *Id.*

315. *Be Sport, Inc. v. Al-Jazeera Satellite Channel*, 115 U.S.P.Q.2d 1765 (T.T.A.B. 2015).

316. Fed. R. Civ. P. 15(a).

317. *See generally* *Foman v. Davis*, 371 U.S. 178, 183 (1962).

318. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979).

each case.³¹⁹ The Board noted that claim preclusion should be invoked with caution lest a litigant be denied its day in court.³²⁰

Here, BEIN, the mark in the Prior Opposition, creates a different commercial impression than does BEIN SPORT, the mark involved in this proceeding. While SPORT may be descriptive and both parties disclaimed SPORT in the involved and pleaded applications, “a disclaimer with the Patent and Trademark Office does not remove the disclaimed matter from the purview of determination of likelihood of confusion.”³²¹

Furthermore, the evidence would not necessarily be the same in each case. “BEIN alone is a different mark than BEIN SPORT, and each case would require assessment of likelihood of confusion based on the involved marks in their entireties.”³²² The more similar the marks at issue, the less similar the goods or services must be to support a finding of likely confusion.³²³ Accordingly, the evidence and analysis may be different in the two cases.

The Board therefore found that Al-Jazeera’s proposed defense of claim preclusion was futile, and it denied the motion for leave to amend the answer. The motion for summary judgment was denied as moot.

12. Section 18 Restriction of Registration

Orange Bang, Inc. v. Olé Mexican Foods, Inc.

In this consolidated opposition and cancellation proceeding, Defendant Olé Mexican Foods counterclaimed under Section 18 to partially restrict the plaintiff’s pleaded registration and simultaneously to restrict the identification of goods in its own two challenged registrations. The Board ruled in favor of the plaintiff.³²⁴

While the proceedings were pending, the defendant filed its Section 8 Declarations of Use for the two challenged registrations, eliminating the goods at which the plaintiff’s petitions for partial cancellation were aimed (yogurt-based beverages and herbal teas). The defendant then claimed that the plaintiff’s petitions for partial

319. *Be Sport*, 115 U.S.P.Q.2d at 1767, citing Institut Nat’l Des Appellations d’Origine v. Brown-Foman Corp., 47 U.S.P.Q.2d 1875, 1894-5 (T.T.A.B. 1998) (“[T]he proper test for determining whether two marks have the same commercial impression for purposes of the claim preclusion doctrine is whether the marks are legal equivalents.”).

320. *Id.* at 1768, citing *Kearns v. Gen Motors Corp.*, 39 U.S.P.Q.2d 1949, 1952 (Fed. Cir. 1996).

321. *Id.*, quoting *In re Shell Oil Co.*, 26 U.S.P.Q.2d 1687, 1688-89 (Fed. Cir. 1993).

322. *Id.*

323. *Id.*, citing *In re Shell Oil Co.*, 26 U.S.P.Q.2d at 1689.

324. *Orange Bang, Inc. v. Olé Mexican Foods, Inc.*, 116 U.S.P.Q.2d 1102 (T.T.A.B. 2015). The Section 2(d) issues are discussed in Part II.B.3.a., above.

cancellation were moot. The Board disagreed. Trademark Rule 2.134(b) provides that if the respondent in a cancellation proceeding permits its registration to be cancelled under Section 8, the Board may issue a show cause order as to why the cancellation should not result in entry of judgment against the registrant. In other words, the Rule is designed to prevent a respondent from mooting the proceeding and avoiding judgment by deliberately failing to file its Section 8 declaration.³²⁵

Here the deletion of goods from the Section 8 declarations was deliberate. Although defendant was not seeking to cancel its registrations in their entirety, but only specific items therein, the Board found that Rule 2.134(b) applied, and it therefore entered a final judgment as to the plaintiff's pleaded claims for partial cancellation.

The defendant's counterclaim: the defendant sought to restrict the plaintiff's pleaded registration for the mark OLÉ to beverages for "use in the preparation of fountain drinks sold through beverage dispensers," while offering to restrict its own goods in its applications and registrations to "pre-mixed, ready-to-drink" beverages "sold off-the-shelf in individual or multi-serving containers."

The Board observed that, in order to succeed in restricting a registration under Section 18,³²⁶ a party must show that the entry of the proposed restriction will avoid a finding of likelihood of confusion and that the registrant is not using the mark on the excluded goods.³²⁷

The Board found that the plaintiff's mark and the marks of the defendant (the standard character mark OLÉ and the two design marks shown below) are identical or substantially identical, the word "OLÉ" being dominant in the two designs.



325. *Id.* at 1109. See TBMP § 602.02(b) and cases cited therein.

326. Section 18 of the Lanham Act, 15 U.S.C. § 1068, provides in pertinent part that, in an inter partes proceeding, the Director of the USPTO may "modify the application or registration by limiting the goods or services specified therein."

327. See *Eurostar, Inc. v. "Euro-Star" Reitmoden GmbH & Co.*, 34 U.S.P.Q.2d 1266, 1270 (T.T.A.B. 1994).

The evidence established that the plaintiff sells concentrates for beverages rather than ready-to-drink beverages, and that the finished beverages are dispensed to consumers. The Board noted, however, that the plaintiff's mark appears on the spigot of the beverage dispensers, and thus consumers will likely regard the fountain dispenser as just another form of "packaging" for the beverage. The evidence also showed that companies sell both fountain drinks and canned or bottled beverages under the same marks. Accordingly, the Board found that the defendant's proposed amendment regarding the form of the involved beverages would not avoid likely confusion.

The defendant also proposed that, if the restriction as to the goods were not sufficient, the channels of trade be restricted. However, it failed to show that the plaintiff does not sell its goods through some of the same channels of trade as those the defendant proposed to exclude from the plaintiff's registration. Moreover, the proposed restriction as to the defendant's own channels of trade would limit them primarily to certain retail outlets, but did not expressly exclude trade channels that the plaintiff would be allowed. In any case, even if the restrictions to trade channels were approved, the same consumers would likely encounter the involved products.

The Board therefore dismissed the defendant's Section 18 counterclaim and proceeded with its determination of the plaintiff's claims based on the defendant's unrestricted identifications of goods. The Board noted, however, that even if the defendant's amendment to its own goods were entered, the outcome of the plaintiff's Section 2(d) claims would not be altered.

13. Procedural Issues

a. Timeliness of Notice of Opposition

3PMC, LLC v. Huggins

If you were wondering what happens when a notice of opposition and a withdrawal of the subject application are filed on the very same day, the Board has answered that question. On December 31, 2014, Applicant Stacy Lee Huggins filed electronically an abandonment of his application to register the mark COKE HEAD for t-shirts. On that same day, 3PMC filed a notice of opposition via the Board's ESTTA system. Two months later, the Board entered judgment against Applicant Huggins under Rule 2.135³²⁸ based on his abandonment of the application

328. Trademark Rule 2.135, 37 C.F.R. § 2.135, provides that "After the commencement of an opposition, concurrent use, or interference proceeding, if the applicant files a written abandonment of the application or of the mark without the written consent of every adverse party to the proceeding, judgment shall be entered against the applicant."

without consent. The Board, however, granted Huggins's Federal Rule of Civil Procedure 60(b)³²⁹ motion for relief from judgment, ruling that "a day is an indivisible period of time for purposes of the situation presented here."³³⁰ The Board, assuming that the abandonment and notice of opposition were filed at the same instant, held that Huggins's application was not subject to opposition when it was abandoned.

In his motion for relief from judgment under Federal Rule of Civil Procedure 60(b), Huggins contended that his abandonment had been filed before the opposition was filed, and therefore the opposition proceeding should be dismissed without prejudice.

The Board reaffirmed its holding in *In re First Nat'l Bank of Boston*,³³¹ that it "shall not take cognizance of fractions of a day," and it therefore assumed that the opposition and the express abandonment were filed "at the same instant." "In accordance with our precedent, we conclude that the involved application was not subject to an opposition when it was abandoned, and therefore Trademark Rule 2.135 does not apply."³³²

The Board noted that the *Boston* case was decided when all documents were filed on paper and it was not possible to decide which document was filed first. Greater certainty as to timing may be available with electronic filing, but even now computer systems are subject to technological limitations. Moreover, the interaction between the USPTO's TEAS, ESTTA, and TRAM³³³ systems is complicated by the fact that some data is inputted automatically and some by hand.

The Board considered the prejudice that the opposer would suffer if the opposition were dismissed without prejudice. 3PMC contended that it "may be subject to opposition or cancellation proceedings by the applicant 'down the road' and 'will be forced to monitor the activities of the applicant at the USPTO for an indeterminate amount of time.'"³³⁴ The Board, however, deemed those concerns to be a cost of doing business that did not rise to the level of "manifest injustice" requiring further consideration.

329. Rule 60 of the Fed. R. Civ. P. provides for relief from a final judgment on various grounds, including mistake, inadvertence, surprise, or excusable neglect, or any other reason that justifies relief.

330. 3PMC, LLC v. Huggins, 115 U.S.P.Q.2d 1488, 1490 (T.T.A.B. 2015).

331. 199 U.S.P.Q. 296, 301 (T.T.A.B. 1978).

332. 3PMC, 115 U.S.P.Q.2d at 1489.

333. "TEAS" is an acronym for "Trademark Electronic Application System," and "ESSTA" for "Electronic System for Trademark Trials and Appeals," two systems that are available to public view. TRAM (Trademark and Reporting And Monitoring) is an internal database for data on applications and registrations and is used to provide the status and prosecution history displayed to the public in the USPTO's TSDR (Trademark Status and Document Retrieval) database.

334. 3PMC, 115 U.S.P.Q.2d at 1490.

Finally, the opposer argued that the Board's ruling here would reduce the period for filing an opposition by one day. The Board pointed out, however, that an applicant may abandon its application at any time during the opposition period, thus completely eliminating the statutory time period for filing an opposition.

The Board therefore granted the applicant's Rule 60(b) motion, vacated its earlier judgment, and dismissed the opposition without prejudice. The opposer's filing fee for the opposition will be refunded.

b. Privity Requirement for Filing Notice of Opposition

Warren Distribution, Inc. v. Royal Purple, LLC

Jennifer Wehrman filed for and was granted a 30-day extension of time within which to oppose registration of the mark HMX for motor oil. During that 30-day period Warren Distribution, Inc. (WDI) filed a Notice of Opposition, claiming the benefit of the extension of time obtained by Wehrman. Applicant Royal Purple filed a motion to dismiss the opposition, contending that WDI was not the same entity that obtained the extension of time. WDI argued that Ms. Wehrman was in privity with it, and further that she was misidentified by mistake and therefore the opposition was timely filed under Rule. 2.102(b).³³⁵ The Board disagreed, and it dismissed the opposition without prejudice for lack of subject matter jurisdiction.³³⁶

Rule 2.102(b) sets forth two disjunctive conditions under which an opposer may claim the benefit of an extension of time granted to another named entity: privity and identification by mistake.

Privity: WDI asserted that Wehrman and WDE were in privity because Wehrman was its employee, she was authorized to file the extension request, she intended to file it on behalf of WDI, and she used her business address, email address, and phone number in the request. The Board, however, pointed out that it has long been held that privity does not exist between a person and a corporation merely because the person is employed by the corporation.

335. Trademark Rule 2.102(b), 37 C.F.R. § 2.102(b), provides that "A written request to extend the time for filing an opposition must identify the potential opposer with reasonable certainty. Any opposition filed during an extension of time should be in the name of the person to whom the extension was granted. An opposition may be accepted if the person in whose name the extension was requested was misidentified through mistake or if the opposition is filed in the name of a person in privity with the person who requested and was granted the extension of time."

336. *Warren Distribution, Inc. v. Royal Purple, LLC*, 115 U.S.P.Q.2d 1667 (T.T.A.B. 2015).

Wehrman was not an owner or a manager “so identified in interest” with WDI “that [s]he represents the same legal right.”³³⁷

Mistake: “Misidentified through mistake,’ as used in Trademark Rule 2.102(b), means a mistake in the form of the potential opposer’s name or its entity type, not the naming of a different existing legal entity that is not in privity with the party that should have been named.”³³⁸

WDI argued that a mistake was made because Wehrman had an “innocent misconception” when she filed the extension request: she intended to file the request on behalf of WDI, but instead innocently entered her own name. However, the Board noted, WDI failed to address the fact that Wehrman identified herself as “an individual citizen of [the] United States.”³³⁹

Rule 2.102(b) requires that the potential opposer be identified “with reasonable certainty.” Ms. Wehrman identified herself with certainty, but not WDI. She made no mention of WDI in the extension request, even in her business address. “The request clearly identified Wehrman, an individual, who is a different existing legal entity from WDI, a Nebraska corporation.”³⁴⁰

The Board distinguished this case from *Custom Computer Services, Inc. v. Paychex Props., Inc.*,³⁴¹ in which a party identified as “Custom Computer Services, Inc., formerly known as The People Payroll” requested and obtained two extensions of time to oppose. The opposition was filed by a party called “The Payroll People, Inc.,” but the Board instituted the proceeding naming Custom Computer Services, Inc. as the opposer, and it refused to allow an amendment naming “The Payroll People, Inc.” as the opposer. The CAFC, reversing the Board, found that although privity was not established, a mistake was made with the meaning of Rule 2.102(b):

It is not the case that the entity named in the extensions is a “different *existing* legal entity. . . . [T]here never has been an entity named “Custom Computer Services, Inc., formerly known as The Payroll People.” There is an entity presently named “Custom Computer Services, Inc.,” but it was never formerly known as “The Payroll People.” Instead, we have here a mistake in the *form* of one entity’s name, *i.e.*, Payroll People, a mistake consistent with the PTO’s definition of mistake. To be sure, the mistake that occurred here was an incorrect belief that a corporate name had changed. However, that was a

337. *Id.* at 1669, quoting *Harrison v. Deere & Co.*, 533 Fed. App’x 644, 649 (7th Cir. 2013).

338. *Id.*

339. *Id.* at 1670.

340. *Id.*

341. *Custom Computer Servs., Inc. v. Paychex Props., Inc.*, 67 U.S.P.Q.2d 1638 (Fed. Cir. 2003).

mistake as to the *form* of the correct entity, not an attempt to substitute one entity in the place of a different existing legal entity.³⁴² (Emphasis by the Board).

Here, Wehrman and WDI are two independent existing legal entities. Wehrman identified herself by her own name and as “an individual citizen of [the] United States,” with no reference to WDI.

The Board concluded that WDI was not entitled to claim the benefit of the extension of time obtained by Wehrman. Accordingly, it granted the applicant’s motion to dismiss without prejudice for lack of subject matter jurisdiction.

c. Proper Pleading of Claim of Nonuse

Embarcadero Technologies, Inc. v. Delphix Corp.

In granting a motion to amend Embarcadero’s petition for cancellation to add a claim of nonuse, the Board ruled on an important point regarding the filing of Statements of Use and so-called “insurance extensions.”³⁴³ Petitioner Embarcadero sought cancellation of a registration for the mark DELPHIX & Design for database management software. Delphix successfully moved for summary judgment as to Embarcadero’s claim that the registration was obtained by fraud.³⁴⁴ Embarcadero filed a cross-motion to amend its petition to add several claims: Section 2(a) false association, “false representation,” and nonuse.

The Board quickly disposed of Embarcadero’s proposed claims for false association under Section 2(a) and for “false representation” as being both untimely and futile. As to the former, Embarcadero failed to allege that the challenged mark is Embarcadero’s identity or “persona,”³⁴⁵ and as to the latter, there is no statutory claim for cancellation based on “false representation.”³⁴⁶

The Board, however, granted Embarcadero’s motion to amend its petition for cancellation to add the ground of nonuse. The timing of the amendment was not an issue since, the Board observed, nonuse may be considered even “without requiring a

342. *Id.* at 1640 (citation omitted).

343. *Embarcadero Technologies, Inc. v. Delphix Corp.*, 117 U.S.P.Q.2d 1518 (T.T.A.B. 2016).

344. The fraud claim is discussed in Part II.B.7., above.

345. *See Hornby v. TJX Cos., Inc.*, 87 U.S.P.Q.2d 1411, 1424 (T.T.A.B. 2008).

346. *Daimlerchrysler Corp. and Chrysler, LLC v. Am. Motors Corp.*, 94 U.S.P.Q.2d 1086, 1089 (T.T.A.B. 2010) (citing *In re Bose Corp.*, 91 U.S.P.Q.2d at 1942 (“There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive.”)).

separate pleading” when the other party had reasonable notice of the issue.³⁴⁷

Embarcadero’s nonuse claim was based on a “faulty legal premise.”³⁴⁸ Embarcadero maintained that, after Delphix filed a first, flawed Statement of Use on August 12, 2009, Delphix could not later file another Statement of Use claiming a first use date *after* August 12, 2009. Not so, said the Board. It held that in an inter partes proceeding, it will “consider evidence of use which occurred after the filing of the statement of use but within the original or extended period for filing the statement of use.”³⁴⁹

During ex parte examination, the actual filing of a statement of use does not cut off the deadline for meeting the requirements for a statement of use. The applicant may amend its statement of use so long as the amendment demonstrates that the requirements for the statement of use were met before the expiration of the deadline for filing the statement of use. Trademark Rule 2.88(e), 37 C.F.R. § 2.88(e). . . . Thus, an applicant may amend its statement of use to state dates of use which fall *after* the statement of use filing date, but *before* the expiration of the deadline for filing the statement of use. *See* Trademark Rule 2.71(c)(2), 37 C.F.R. § 2.71(c)(2).³⁵⁰

Here the Notice of Allowance issued on July 28, 2009, giving Delphix until January 28, 2010 to file its Statement of Use. It filed a first Statement of Use on August 12, 2009, and on January 25, 2010 filed a request for an “insurance extension of time” for six months, that is, to July 28, 2010. The Board found that giving Delphix the benefit of the insurance extension “satisfies the letter and the spirit of the statement of use rules.”³⁵¹

Therefore, to set forth a legally sufficient claim of nonuse, Embarcadero “must plead that the respondent did not use the DELPHIX mark with the software listed in the registration within

347. *See* ShutEmDown Sports, Inc. v. Carl Dean Lacy, 102 U.S.P.Q.2d 1036, 1045 (T.T.A.B. 2012). (there was “no doubt that the issue of nonuse by respondent at the time of filing was clearly set out in the petition for cancellation and tried by the parties”).

348. *Embarcadero Techs.*, 117 U.S.P.Q.2d at 1524.

349. *Id.*

350. *Id.* (emphasis supplied by the Board). Trademark Rule 2.88(e), 37 C.F.R. § 2.88(e), provides that “If, as a result of the examination of the statement of use, the applicant is found not entitled to registration, the applicant will be notified and advised of the reasons and of any formal requirements or refusals. The statement of use may be amended in accordance with §§ 2.59 and 2.71 through 2.75.” Trademark Rule 2.71(c)(2), 37 C.F.R. § 2.71(c)(2), provides that “The applicant may amend the dates of use, provided that the amendment is verified, except . . . after filing a statement of use under § 2.88, the applicant may not amend the statement of use to specify a date of use that is subsequent to the expiration of the deadline for filing the statement of use.”

351. *Id.* at 1525.

the time for filing its statement of use as extended, *i.e.*, no later than July 28, 2010.”³⁵²

The Board allowed Embarcadero fifteen days within which to amend its petition for cancellation accordingly.

d. Attempt to Change Deposition Testimony Transcript

Hollywood Casino LLC v. Chateau Celeste, Inc.

Concluding that a genuine dispute of material fact existed as to ownership of the opposed mark HOLLYWOOD HOTEL, the Board denied Opposer Hollywood Casino’s motion for summary judgment.³⁵³ The attempt by Applicant Chateau Celeste’s president to change his testimony regarding licensing and control of the mark was rejected by the Board. Nonetheless, the opposer’s evidence established only that Chateau Celeste was not the owner of *the physical property* known as the Hollywood Hotel at the time the subject application to register was filed. It did not show that Chateau Celeste was not the owner of *the mark*.

Section 1 of the Trademark Act requires that the applicant for registration be the “owner of the mark sought to be registered.”³⁵⁴ An application filed by one who is not the owner is void *ab initio*.³⁵⁵ Hollywood Casino maintained that the deposition testimony of Chateau Celeste’s president proved that someone other than Chateau Celeste—namely, Zarco Hotels, Inc.—controlled the nature and quality of the services rendered at the Hollywood Hotel, and therefore that Chateau Celeste was not the owner of the mark.

Errata Sheet: Chateau Celeste’s president testified that Zarco Hotels owned the property, that Zarco controlled the nature and quality of the services provided there, and that Chateau Celeste was the management company and had a license from Zarco to use trademarks. After Hollywood Casino filed its summary judgment motion, the witness submitted an errata sheet changing certain portions of his deposition transcript to state that Chateau Celeste controlled the nature and quality of the services at the property and that Zarco had a license from Chateau Celeste to use trademarks. Hollywood Casino objected to these proposed “clarifications,” and likewise objected to a declaration of the same witness submitted in opposition to the summary judgment motion, because it too contradicted his original testimony.

352. *Id.* at 1526.

353. *Hollywood Casino LLC v. Chateau Celeste, Inc.*, 116 U.S.P.Q.2d 1988 (T.T.A.B. 2015).

354. *Id.* at 1992. *See In re Wella A.G.*, 229 U.S.P.Q. 630, 635 n.6 (C.C.P.A. 1976).

355. *Id.*, citing *In re Tong Yang Cement Corp.* 19 U.S.P.Q.2d 1689, 1690 (T.T.A.B. 1991).

Applying Federal Rule Civil Procedure 30(e)³⁵⁶ with regard to the errata sheet, the Board observed that a party should not be allowed to make an unexplained “about face” with respect to damaging deposition testimony. To do otherwise would “eviscerate the purpose of sworn depositions, and would severely prejudice the deposing party’s ability to rely upon or strategize based on the responses given by a deponent.”³⁵⁷

Because the proposed changes were substantive in nature and relate to a potentially dispositive issue, the Board applied “heightened scrutiny.”³⁵⁸ Although the errata sheet was timely served—that is, within 30 days of the transcript being made available—the explanation for the changes was unconvincing. The witness identified the cast of entities and had multiple opportunities to correctly identify them. The changes were made only after Chateau Celeste was alerted to the damaging nature of the original testimony, and would serve to “recreate Applicant’s testimony, presumably to defeat the opposer’s newly added nonownership claim.”³⁵⁹ Allowing a re-opening of the deposition would likely result only in the witness hewing to the amended answers. Balancing the relevant factors, the Board concluded that consideration of the errata sheet would be inappropriate.

Declaration: The declaration of the witness included the same “clarifications” as the errata sheet. He claimed that Opposer Hollywood Casino’s attorney did not explain the meaning of the phrase “controls the nature and quality of the services that are provided at the property,” which caused the original inaccurate answers. Hollywood Casino called the declaration a “sham affidavit” because the question was simple and straightforward and the answer did not reflect any confusion.³⁶⁰ The Board agreed with Hollywood Casino, and it refused to consider the declaration.

Conclusion: Notwithstanding these evidentiary rulings, the Board ruled that Hollywood Casino had failed to carry its burden to show the absence of any genuine issue of material fact. In particular, the deposition testimony did not make clear that Chateau Celeste was not, in fact, the owner of the trademark HOLLYWOOD HOTEL at the time the application was filed. The testimony Hollywood Casino cited as supporting its claim that the applicant was not the owner merely established that the applicant

356. Rule 30(e), Fed. R. Civ. P., provides that a deponent may review his or her deposition transcript. If there are changes in form or substance, the deponent may sign a statement listing the changes and the reasons for making them. The official taking the testimony must “note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes”

357. *Hollywood Casino*, 116 U.S.P.Q.2d at 1995.

358. *Id.* at 1996.

359. *Id.*

360. *Id.* at 1997.

was not the owner of the physical property known as the Hollywood Hotel, located at 1160 North Vermont Avenue in Hollywood, California, at the time the application was filed.

The Board therefore denied the summary judgment motion and set a new schedule for resumption of the proceeding.

14. Discovery and Motion Practice

a. Motion to Dismiss Under Federal Rule Civil Procedure 12(b)(6)

Guess? IP Holder L.P. v. Knowlux LLC

Respondent Knowlux had no luck with its request for reconsideration of the Board's denial of its motion to dismiss Guess?'s petition for cancellation of a registration for a certain triangle design mark for caps and t-shirts.³⁶¹ In its Federal Rule of Civil Procedure 12(b)(6)³⁶² motion, Knowlux argued that Guess?'s claims of likelihood of confusion and dilution were implausible and that the asserted trademark rights in a triangle design "conflict with the doctrine of aesthetic functionality and the prohibition against claims of trademark rights in gross."³⁶³

The Board pointed out that "[a] motion to dismiss for failure to state a claim concerns only one issue: the legal sufficiency of the pleaded claims."³⁶⁴ It concluded that the motion had been properly considered the first time.

The Board's denial of the motion to dismiss set forth the legal standard for determining the sufficiency of the pleadings, the requirements for properly pleading likelihood of confusion and dilution, and the allegations in the petition to cancel which satisfied those requirements. Nothing more was necessary to explain that Petitioner properly pleaded its likelihood of confusion and dilution claims. Respondent's further arguments regarding matters other than the legal sufficiency of the claims were superfluous.³⁶⁵

The respondent's arguments were in the nature of defenses, but the standard for considering a Rule 12(b)(6) motion is whether the complaint states a plausible claim for relief. The petition here met that standard.

361. *Guess? IP Holder L.P. v. Knowlux LLC*, 116 U.S.P.Q.2d 2018 (T.T.A.B. 2015).

362. Rule 12(b)(6), Fed. R. Civ. P., provides for the filing of a motion to dismiss on the ground of "failure to state a claim upon which relief can be granted."

363. *Id.* at 2019.

364. *Id.* See, e.g., *Advanced Cardiovascular Sys., Inc. v. SciMed Life Sys., Inc.*, 26 U.S.P.Q.2d 1038, 1041 (Fed. Cir. 1993).

365. *Id.*

The Board noted that the respondent will have “the opportunity to assert any appropriate defense, develop the record, and argue the merits of its case, but consideration of the merits is premature at this juncture.”³⁶⁶

b. Motion to Amend Opposed Application

*Wisconsin Cheese Group, LLC v.
Comercializadora de Lácteos y Derivados, S.A. de C.V.*

In this consolidated opposition to registration of the mark SOYSALUD for various products in Classes 29, 30, and 32, the applicant filed a motion to amend its opposed Section 1(b) intent-to-use applications to limit the goods (various beverages) to soy-based products. The opposer based its opposition in part on Section 2(a) deceptiveness and Section 2(e)(1) deceptive misdescriptiveness, alleging that, despite the inclusion of the term “SOY” in the challenged mark, the applicant’s original identifications of goods included products that did not contain soy. Applying the framework set out in *Johnson & Johnson v. Stryker Corp.*,³⁶⁷ the Board granted the motion.³⁶⁸

Rule 2.133 provides that “An application subject to an opposition may not be amended in substance . . . except with the consent of the other party or parties and the approval of the Trademark Trial and Appeal Board, or upon motion granted by the Board.” The Board will usually defer a ruling on such a motion until final decision. However, under *Stryker*, the Board ruled that an unconsented motion may be granted before trial under the following circumstances:

- 1) the proposed amendment must serve to limit the broader identification of goods or services;
- 2) the applicant must consent to the entry of judgment on the grounds for opposition with respect to the broader identification of goods or services present at publication;
- 3) if the applicant wishes to avoid the possibility of a *res judicata* effect by the entry of judgment on the original identification, the applicant must make a *prima facie* showing that the proposed amendment serves to change the nature and character of the goods or services or restrict their channels of trade and customers so as to introduce a substantially different issue for trial; and

³⁶⁶ *Id.* at 2019-20.

³⁶⁷ *Johnson & Johnson v. Stryker Corp.*, 109 U.S.P.Q.2d 1077 (T.T.A.B. 2013).

³⁶⁸ *Wisconsin Cheese Grp., LLC v. Comercializadora de Lácteos y Derivados, S.A. de C.V.*, 118 U.S.P.Q.2d 1262 (T.T.A.B. 2016).

4) where required to support the basis of the subject application, any specimens of record must support the goods or services as amended; and the applicant must then introduce evidence during its testimony period to prove use of its mark with the remaining goods or services prior to the relevant date as determined by the application's filing basis.³⁶⁹

Because the opposed applications are based on Section 1(b) intent-to-use, the fourth *Stryker* requirement was inapplicable. Moreover, the first requirement was obviously satisfied.

As to the second, the applicant unconditionally consented to judgment as to the Sections 2(a) and 2(e)(1) claims with respect to the broader identifications of goods for which the applications were published.

As to the third *Stryker* requirement, the applicant made a prima facie showing that the proposed amendments "serve to change the nature and character of the goods so as to introduce a substantially different issue for trial with respect to the Sections 2(a) and 2(e)(1) claims."³⁷⁰

Indeed, Applicant has deleted all goods that, as published, were not identified as "soy-based" or containing soy, and has amended the remaining goods to specifically state that they are "soy-based." Opposer limited its Sections 2(a) and 2(e)(1) claims to Applicant's goods that were not identified as "soy-based" or containing soy. The amended identifications of goods no longer include non-soy goods to serve as the bases for Opposer's Section 2(a) and Section 2(e)(1) claims against the non-soy goods.³⁷¹

The Board therefore granted the motion to amend and entered judgment in favor of the opposer as to its Section 2(a) and Section 2(e)(1) claims with respect to all goods encompassed by the applicant's broader identifications of goods, except for the remaining soy-based goods. The opposer was allowed thirty days to file amended notices of opposition, to each of which the applicant would then file its answer.

c. Motion to Compel Discovery

Cadbury UK Limited v. Meenaxi Enterprise, Inc.

Annoyed by Petitioner Cadbury's antics, the Board granted Respondent Meenaxi's motion to compel Petitioner Cadbury to respond to Meenaxi's Rule 34 request for documents, which

369. *Johnson & Johnson v. Stryker Corp.*, 109 U.S.P.Q.2d at 1078-79.

370. *Wisconsin Cheese Grp., LLC v. Comercializadora de Lácteos y Derivados, S.A. de C.V.*, 118 U.S.P.Q.2d at 1266.

371. *Id.*

Cadbury had refused to do based on an “an obvious typographical error” in the request.³⁷² The Board found that Cadbury’s position was “unreasonable” and “resulted in the filing of an unnecessary motion, wasting the time and resources of both parties and the Board.”³⁷³ It ordered Cadbury to respond to the requests without objection on the merits.³⁷⁴

Respondent Meenaxi simultaneously served interrogatories and document requests on Cadbury. Cadbury objected to the interrogatories but did not respond or object to the document requests. In the preamble to the document requests Meenaxi referred to the Petitioner as “Venture Execution Partners, Inc.,” instead of “Cadbury UK Limited.” Although the document was correctly captioned, and although Cadbury requested and Meenaxi granted four extensions of time to respond to its “discovery,” Cadbury contended that the typographical error was a “crucial mistake, the result of which is that the document requests were never directed to Petitioner.”³⁷⁵

Cadbury agreed that Meenaxi might re-serve corrected requests, and so the dispute boiled down to whether Cadbury, by its complete failure to respond, had waived its right to object to the requests.

Cadbury feebly contended the extensions of time for its responding to “discovery” did not contemplate document requests. The Board found Cadbury’s claim to be “disingenuous at best.”³⁷⁶ There was no doubt that Cadbury knew that the document requests were served in, and related to, this cancellation proceeding.

The isolated reference to Venture Execution Partners, Inc., was clearly a typographical error; it did not cause a matter of real confusion or misunderstanding. The motion to compel is the result of Petitioner’s attorney apparently concluding, upon the discovery of a typographical error, that he had found an excuse to become pedantic, unreasonable, and uncooperative. The Board expects each party to every case to use common

372. *Cadbury UK Ltd. v. Meenaxi Enter., Inc.*, 115 U.S.P.Q.2d 1404, 1408 (T.T.A.B. 2015).

373. *Id.* at 1408.

374. *See Amazon Techs. Inc. v. Wax*, 93 U.S.P.Q.2d 1702, 1706 n.5 (T.T.A.B. 2009): “Objections going to the merits of a discovery request include those which challenge the request as overly broad, unduly vague and ambiguous, burdensome and oppressive, as seeking non-discoverable information on expert witnesses, or as not calculated to lead to the discovery of admissible evidence. In contrast, claims that information sought by a discovery request is trade secret, business-sensitive or otherwise confidential, is subject to attorney-client or a like privilege, or comprises attorney work product, goes not to the merits of the request but to a characteristic or attribute of the responsive information.” (citing *No Fear Inc. v. Rule*, 54 U.S.P.Q.2d 1551, 1554 (T.T.A.B. 2000)).

375. *Cadbury UK Ltd.*, 115 U.S.P.Q.2d at 1405.

376. *Id.* at 1407.

sense and reason when faced with what the circumstances clearly show to be a typographical error.³⁷⁷

The Board noted that if Cadbury had any doubt, it should have contacted Meenaxi for clarification rather than refusing to respond. Or Cadbury could have objected based upon the supposed ambiguity. At a minimum, it should have accepted Meenaxi's explanation, during that latter's good faith effort to resolve the issue, that the single reference to a different company was a typographical error.

The Board will not allow a party to avoid its discovery obligations due to an obvious typographical error such as this one. . . . The Board expects that when there is an obvious and inadvertent typographical error in any discovery request or other filing—particularly where, as here, the intended meaning was clear—the parties will not require the Board's intervention to correct the mistake.³⁷⁸

Granting the motion to compel, the Board gave Cadbury thirty days to respond to the document requests and to produce the requested documents. Cadbury was also ordered to provide a privilege log within thirty days.

It also must be stressed that Petitioner's conduct has not demonstrated the good faith and cooperation that is expected of litigants during discovery. Such conduct has delayed this proceeding, unnecessarily increased the litigation costs of the parties, wasted valuable Board resources, and interfered with Respondent's ability and, indeed, its right, to take discovery.³⁷⁹

Intex Recreation Corp. v. The Coleman Company, Inc.

The Board ordered Applicant Coleman to produce unredacted versions of the documents it had previously produced, rejecting Coleman's argument that the redacted portions were irrelevant or contained confidential material.³⁸⁰

Coleman maintained that the redacted portions concerned product lines not at issue in this proceeding, and "highly proprietary" competitive information. The Board found persuasive the approach taken by the federal district court in *Beverage Distributors, Inc. v. Miller Brewing Co.*:

(1) redaction of otherwise discoverable documents is the exception rather than the rule;

377. *Id.*

378. *Id.* at 1407-8.

379. *Id.* at 1408.

380. *Intex Recreation Corp. v. The Coleman Co., Inc.*, 117 U.S.P.Q.2d 1799 (T.T.A.B. 2016).

(2) that ordinarily, the fact that the producing party is not harmed by producing irrelevant information or by producing sensitive information which is subject to a protective order restricting its dissemination and use renders redaction both unnecessary and potentially disruptive to the orderly resolution of the case; and

(3) that the Court should not be burdened with an *in camera* inspection of redacted documents merely to confirm the relevance or irrelevance of redacted information, but only when necessary to protect privileged material whose production might waive the privilege.³⁸¹

The Board noted that Federal Rule of Civil Procedure 34 speaks of production of “documents,” rather than paragraphs or sentences. It saw no compelling reason for Coleman not to disclose purportedly irrelevant information in a document that contains relevant information. Unilateral redaction deprives the receiving party of the full context of the relevant information and fuels mistrust about the propriety of the redaction. Allowing such redaction would incentivize parties to hide as much as they dared to hide.

Unilateral redaction would increase the potential for discovery disputes, resulting in wasteful expenditure of time and resources, and would place “an unnecessary and substantial burden” on the Board in conducting *in camera* review of each disputed document.

As to confidential information, the Board observed that its standard protective order³⁸² is automatically in place in every case, and Coleman should have designated the disputed documents under the appropriate tier of confidentiality. If Coleman believed the standard order was inadequate, it should have sought modification of the order.

The Board allowed Coleman two weeks to produce the unredacted documents.³⁸³ To the extent they contain confidential information, Coleman should designate such portions of the documents under the appropriate tier of confidentiality.³⁸⁴

381. Beverage Distribs., Inc. v. Miller Brewing Co., No. 2:08-cv-827, 2010 WL 1727640 at *4 (S.D. Ohio Apr. 28, 2010).

382. Trademark Rule 2.116(g), 37. C.F.R. § 2.116(g), provides that “The Trademark Trial and Appeal Board’s standard protective order is applicable during disclosure, discovery and at trial in all opposition, cancellation, interference and concurrent use registration proceedings, unless the parties, by stipulation approved by the Board, agree to an alternative order, or a motion by a party to use an alternative order is granted by the Board.” The Standard Protective Order may be found at the TTAB’s website.

383. According to Coleman’s opposition paper, “The documents about which Intex complains largely comprise PowerPoint presentations to huge customers including Walmart and Target.”

384. The Board’s Standard Protective Order was modified as of June 24, 2016, to provide for two levels of confidentiality: “Confidential” and “Confidential—For Attorneys’ Eyes Only (trade secret/ commercially sensitive).” Confidential material is shielded by the Board from

d. Motion for Discovery Sanctions

Emilio Pucci International BV v. Sachdev

The Board was not pleased with Applicant Rani Sachdev's motion for a protective order, filed on the day her discovery responses were due. It denied the motion as deficient and meritless, ordered Sachdev to show cause why sanctions should not be imposed, and it barred her from filing any unconsented or unstipulated motion without Board permission.³⁸⁵

Emilio Pucci opposed Sachdev's application to register the mark St. Pucchi, in stylized form, for women's clothing, on the grounds of likelihood of confusion, dilution, and lack of ownership. It served a first set of discovery requests comprising 27 numbered interrogatories, 31 numbered document requests, and 83 numbered requests for admission. Sachdev's counsel, on the day her discovery responses were due, sent three emails to Pucci's counsel requesting extensions of time (of decreasing length), but Pucci's counsel responded that she was unable to obtain instructions from the opposer. Sachdev then filed a motion for protective order under Federal Rule of Civil Procedure 26(c),³⁸⁶ claiming that the discovery requests were overly broad and burdensome.

The Board first pointed out that filing a motion for a protective order, instead of responding and/or objecting to discovery requests, is generally not the proper course of action.³⁸⁷ With regard to interrogatories in particular, if the receiving party believes that the number exceeds the seventy-five interrogatory limit of Rule 2.120(d)(1), that party may serve a general objection. The purpose of the Rule is to "advance the discussion" between the parties and to "encourage them to discuss" their differences.³⁸⁸ Allowing a party to seek a protective order when there has been insufficient effort to resolve the dispute "is an entirely unworkable and impracticable approach that reflects a disregard for the affirmative duty to cooperate in the discovery process."³⁸⁹

public access. Attorneys' Eyes Only material is shielded by the Board from public access, restricted from any access by the parties, and available for review by outside counsel for the parties and, subject to certain other provisions, by independent experts or consultants for the parties.

385. *Emilio Pucci Int'l BV v. Sachdev*, 118 U.S.P.Q.2d 1383 (T.T.A.B. 2016).

386. Rule 26(c) of the Federal Rules of Civil Procedure provides that a party or any person from whom discovery is sought may move for a protective order to protect the party or person from annoyance, embarrassment, oppression, or undue burden or expense.

387. See TBMP §§ 405.04(b), 406.04(c), and 410.

388. *Emilio Pucci Int'l*, 118 U.S.P.Q.2d at 1385.

389. *Id.* See *Panda Travel Inc. v. Resort Option Enter. Inc.*, 94 U.S.P.Q.2d 1789, 1791 (T.T.A.B. 2009) (parties have a duty to cooperate in discovery).

However, a party may seek a protective order where it is “readily apparent that the discovery requests are so oppressive as to constitute clear harassment.”³⁹⁰ Rule 2.120(f) provides, in pertinent part, that the Board may “make any order which justice requires to protect a party from annoyance, embarrassment, oppression, or undue burden or expense.” In such case, the movant must establish good cause for the issuance of a protective order, i.e., “a particular and specific demonstration of fact, as distinguished from stereotyped and conclusory statements.”³⁹¹

Applicant Sachdev made no effort to resolve the disputed issues before filing her motion. That lack of good faith effort was alone a sufficient basis for denial of the motion.

As to whether a protective order was warranted, the Board expects the parties to apply the principles of proportionality with regard to discovery.³⁹² Federal Rule of Civil Procedure 26(b)(1) now states:

[u]nless otherwise limited by court order . . . [p]arties may obtain discovery regarding any nonprivileged matter that is relevant to any party’s claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties’ relative access to relevant information, the parties’ resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit.

Applying the principle of proportionality here, the Board found no basis for concluding that Pucci’s discovery requests would cause annoyance, embarrassment, oppression, or undue expense. The discovery requests were standard and typical for this type of proceeding and were tailored to seek relevant information. The interrogatories, under any counting method, did not exceed seventy-five in number.

Moreover, Sachdev’s motion lacked any legal citation or supporting argument, but rather contained conclusory, boilerplate statements, with no explanation as to why the requests were burdensome or oppressive. The fact that Sachdev filed her motion

390. *Id.* at 1386, citing *Domond v. 37.37, Inc.*, 113 U.S.P.Q.2d 1264, 1266 (T.T.A.B. 2015) (motion for a protective order proper where cancellation petitioner propounded over 1000 sweeping discovery requests within two days of the opening of discover, and respondent had attempted to resolve the dispute).

391. *Id.*, quoting *The Phillies v. Philadelphia Consol. Holding Corp.*, 51 U.S.P.Q.2d 1759, 1761 (T.T.A.B. 2013); *see also* Fed. R. Civ. P. 26(c)(1).

392. *Domond*, 113 U.S.P.Q.2d at 1268. *See also* TBMP § 402.01 and Rule 26(b)(1) of the Federal Rules of Civil Procedure (as amended on December 1, 2015). As amended effective January 14, 2016, Trademark Rule 2.120(a)(1), 37 C.F.R. § 2.120(a)(1) specifically states that the provisions of Rule 26 of the Federal Rules of Civil Procedure regarding proportionality in discovery are applicable in Board proceedings.

on the very day her responses were due was also troubling to the Board. She could have requested an extension of time prior to, or even on, the due date. Her unfounded and improper motion “calls into question whether Applicant had any objective for filing it other than to stall the proceeding.”³⁹³

The Board therefore denied the motion. Furthermore, exercising its inherent power to impose any sanction provided for by Federal Rules of Civil Procedure 37(b)(2), the Board allowed Sachdev fifteen days within which to show cause as to why the Board should not sanction her by finding that (1) she has forfeited her right to object on the merits to the opposer’s discovery requests, and (2) the opposer’s requests for admissions are deemed admitted pursuant to Federal Rule of Civil Procedure 36(a)(3).

In addition, the Board barred Sachdev from filing any unconsented or unstipulated motion in this proceeding without first requesting and receiving the Board’s permission to do so.

e. Motion to Allow Surrebuttal Expert Report

Newegg Inc. v. Schoolhouse Outfitters, LLC

The Board granted Opposer Newegg’s motion for leave to prepare and serve a surrebuttal expert report in this Section 2(d) opposition. The Board refused to read Federal Rule of Civil Procedure 26(a)(2)(D) as prohibiting surrebuttal reports, concluding that, in light of the two conflicting expert surveys, allowing a surrebuttal report to analyze and critique the applicant’s rebuttal survey would “benefit the Board in its ability to make a just determination of the merits of this case.”³⁹⁴

The opposer’s expert, Dr. Kaplan, conducted a survey on the issue of likelihood of confusion between the opposer’s NEWEGG marks and the applicant’s EGGHEAD marks. The applicant’s expert, Dr. Ericksen, conducted a likelihood of confusion survey employing a different method. Although Dr. Ericksen’s report included new evidence in the form of a different survey conducted via a different methodology than the opposer’s survey, the report was nonetheless proper rebuttal.³⁹⁵

Opposer Newegg then filed its motion seeking permission to prepare and serve a surrebuttal report to be prepared by Dr. Kaplan.

Federal Rule of Civil Procedure 26(a)(2)(D) provides, in pertinent part, that, absent a stipulation or court order, expert

393. *Emilio Pucci Int’l*, 118 U.S.P.Q.2d at 1387.

394. *Newegg Inc. v. Schoolhouse Outfitters, LLC*, 118 U.S.P.Q.2d 1242, 1244 (T.T.A.B. 2016).

395. *Id.*, citing *ProMark Brands, Inc. v. GFA Brands, Inc.*, 114 U.S.P.Q.2d 1232, 1239 (T.T.A.B. 2015).

disclosures must be made “(ii) if the evidence is intended solely to contradict or rebut evidence on the same subject matter identified [in another party’s expert report], within 30 days after the other party’s disclosure.” Many courts “do not read the plain language of [this Rule] to confer a right to continue filing rebuttal (or sur-rebuttal) reports.”³⁹⁶ The Board, however, concluded that “under appropriate circumstances, a sur-rebuttal expert would be proper,” as long as the request for same is made promptly, as the opposer did here.³⁹⁷

Under the particular circumstances of this case, i.e., the existence of two conflicting expert surveys, and based upon the Board’s interpretation of the Federal Rules of Civil Procedure, it would not only serve the interest of fairness but would benefit the Board in its ability to make a just determination of the merits of this case to allow Opposer to provide a sur-rebuttal by Dr. Kaplan³⁹⁸

The Board ruled, however, that Dr. Kaplan’s surrebuttal report must be limited to rebuttal and/or critique of “the methodology of the survey conducted by Dr. Ericksen, as well as the analysis of the data resulting from the survey.”³⁹⁹ The applicant was allowed to depose Dr. Kaplan again, but limited to the subject matter of the surrebuttal report.

The Board order the proceeding resumed and set new trial dates.

f. Motion to Vacate Board Decision

Board of Trustees of The University of Alabama v. Pitts

In this three-year battle over the mark HOUNDSTOOTH MAFIA, the tide ultimately turned in favor of the University of Alabama. In 2015, an augmented Board panel denied the opposers’ request to reopen, vacate, and dismiss without prejudice the Board’s 2013 precedential decision⁴⁰⁰ that tossed out an opposition to registration of that mark, in the design form shown below, for “shirts, hats.”⁴⁰¹ The opposers claimed Section 2(d) likelihood of confusion and Section 2(a) disparagement and false association, based on alleged trademark rights arising out of the University’s and Coach Bear Bryant’s use of a houndstooth pattern in

396. *Id.* at 1243, citing, inter alia, *Carroll v. Allstate Fire & Casualty Ins. Co.*, No. 12-7, 2013 WL 3810864 at *6 (D. Colo. July 22, 2013).

397. *Id.* at 1244.

398. *Id.*

399. *Id.*

400. *Bd. Trs. Univ. Ala. v. Pitts*, 107 U.S.P.Q.2d 2001 (T.T.A.B. 2013).

401. *Bd. Trs. Univ. Ala. v. Pitts*, 115 U.S.P.Q.2d 1099 (T.T.A.B. 2015).

conjunction with athletic services. A subsequent civil action⁴⁰² for review of the Board's decision resulted in settlement and entry of a consent judgment, which in part ordered that the Board's decision be vacated.



The Board indicated that an augmented panel of five administrative trademark judges, including the chief judge and the deputy chief judge, was employed because of the importance of the issue and the frequency with which such requests for vacatur are made.

The civil action under Section 21(b)(1)⁴⁰³ for review of the Board's decision was filed in the U.S. District Court for the Northern District of Alabama. In settling the case, the parties submitted to the court a final consent judgment that would result in assignment to the university of the applicants' rights in the HOUNDSTOOTH MAFIA mark, including the opposed application. The consent judgment recited certain agreed-upon facts that "might be understood to stand in contradiction to those found by the Board"—for example, that the houndstooth pattern enjoys "widespread association with the University."⁴⁰⁴ The parties agreed that the Board's order should be vacated.

The district court entered the final consent judgment in May 2014, ordering that the Board's decision be vacated and that the "Register of Trademarks" allow the opposed application to proceed to registration. The opposers then filed with the Board their "Request to Reopen, Vacate and Dismiss Without Prejudice." Although the applicants did not oppose the motion, the Board chose to consider the motion on the merits in view of the "policies

402. *Bd. Trs. Univ. Ala. v. Houndstooth Mafia Enters. LLC*, Case No. 7:13-CV-1736 RDP (N.D. Ala. Western Div.).

403. Section 21(b)(1) of the Lanham Act, 15 U.S.C. § 1071(b), provides that a person dissatisfied with a decision of the USPTO Director or the Trademark Trial and Appeal Board, may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by a civil action.

404. *Bd. Trs. Univ. Ala. v. Pitts*, 115 U.S.P.Q.2d at 1101.

and public interest implicated by a request to vacate a precedential opinion based on a settlement.”⁴⁰⁵

In *U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, the Supreme Court, interpreting 28 U.S.C. Section 2106,⁴⁰⁶ held that “mootness by reason of settlement does not justify vacatur of a judgment under review,” absent “exceptional circumstances.”⁴⁰⁷ However, because the Board is not an Article III appellate court, *U.S. Bancorp* does not apply to a Board decision. Furthermore, the opposers did not invoke Federal Rule of Civil Procedure 60(b)⁴⁰⁸ in seeking relief from the Board’s judgment. The Board therefore undertook the initial task of determining the authority under which the opposers’ request fell.

Section 21(b)(1) of the Lanham Act empowers a district court to adjudge the applicant’s entitlement to a registration, whether a registration should be canceled, or such other matters as the issues may require. That section also provides that a district court “shall authorize the Director [of the USPTO] to take any *necessary action*, upon compliance with the requirements of law.” (Emphasis supplied by the Board.)

The Final Consent Judgment, however, did not reference any record evidence and “does not appear to involve adjudication and does none of these things a court is empowered to judge or directed to inform the Director of, following adjudication.”⁴⁰⁹ It does not order that the applicants are entitled to a registration and does not order cancellation of any registration. The Board saw no other “issues” as to which the court determined any facts, and it concluded that vacatur of the precedential Board opinion is not a “necessary action” under Section 21(b)(1).⁴¹⁰

The court’s directive that the PTO allow the application to proceed to registration did not require that the Board’s decision be vacated and the opposition dismissed: it was not a “necessary action,” because the assignment of the application was sufficient to allow the application to proceed to registration on behalf of the

405. *Id.* at 1103. See TBMP § 502.04 (2014) (“The Board, in its discretion, may also decline to treat an uncontested motion as conceded, and may grant or deny the motion on the merits.”).

406. 28 U.S.C. Section 2106 states: “The Supreme Court or any other court of appellate jurisdiction may affirm, modify, vacate, set aside or reverse any judgment, decree, or order of a court lawfully brought before it for review, and may remand the cause and direct the entry of such appropriate judgment, decree, or order, or require such further proceedings to be had as may be just under the circumstances.”

407. *U.S. Bancorp Mortgage Co. v. Bonner Mall P’ship*, 513 U.S. 18, 29 (1994)).

408. Rule 60(b), Federal Rules of Procedure, provides that a court may relieve a party or its legal representative from a final judgment, order, or proceeding for various reasons, including mistake, inadvertence, surprise, or excusable neglect, or any other reason that justifies relief.

409. *Bd. Trs. Univ. Ala. v. Pitts*, 115 U.S.P.Q.2d at 1103.

410. *Id.*

University.⁴¹¹ The Board's decision, which dismissed the opposition, did not stand in the way of registration.

Concluding that 28 U.S.C. Section 2106 was not implicated, noting that Rule 60(b) was not invoked, and ruling that Section 21(b)(1) did not require vacatur, the Board then considered the matter in view of its "general equitable authority," under which it undertakes to balance the equities.⁴¹²

The Board saw no exceptional circumstances or any public interest that would require vacatur. The district court did not determine that the Board decision was wrong in any way. The final consent judgment stated that the Board's order was erroneous in unspecified "material respects."⁴¹³ In short, the Board concluded that the consent judgment did not represent an adjudication of any of the facts or issues before the court.

The Board's decision was deemed precedential in order to provide guidance to trademark practitioners on the issues decided. The consent judgment did not point to any error in the Board's decision, and nothing suggested the existence of any public interest that would be advanced by vacatur and that would outweigh the Board's determination that the decision had precedential value.

And so the Board denied the motion for vacatur.

The University of Alabama then returned to the federal district court. In February 2016, Judge R. David Proctor granted the University's motion to enforce the judgment, denied as untimely the USPTO's motion to intervene, and issued an order requiring the Board to vacate its decision within fourteen days.⁴¹⁴

The court observed that it was acting like an appellate court vis-a-vis the Board. "If an Article III court is . . . bound by an appellate court's decision, it follows that an administrative body (like the TTAB) is similarly constrained by a district court's decision made while that court is acting as an appellate court reviewing a decision of the TTAB."⁴¹⁵ "Thus, the mandate rule requires the TTAB to follow, rather than reexamine (or worse, ignore), this court's final judgment. . . . When a lower court is subject to appellate review, it is not free to deviate from the appellate court's mandate."⁴¹⁶

411. *Id.*

412. *Id.* at 1104. See *Rio Grande Silvery Minnow v. Bureau of Reclamation*, 601 F.3d 1096, 1142 (10th Cir. 2010). ("because vacatur is an equitable remedy, we . . . must also consider the public interest" (citing *U.S. Bancorp*, 513 U.S. at 26-27)).

413. *Id.*

414. *Bd. Trs. Univ. Ala. v. Houndstooth Mafia Enters., LLC*, Case No. Case No.: 7:13-CV-1736-RDP (N.D. Alabama Feb. 23, 2016).

415. *Id.* at 10.

416. *Id.* at 9 (citations omitted).

The district court asserted that not only did the Board not have the authority to ignore the district court's final judgment, but its reason for doing so was faulty. The court found that the Board misapplied the Supreme Court's decision in *U.S. Bancorp* and "flatly mischaracterize[d]" the facts of that case.⁴¹⁷ Unlike this case, *U.S. Bancorp* did not involve a provision in which the parties agreed to vacate a lower court decision.

The question the Supreme Court actually faced in *U.S. Bancorp* was this: Is the mere settlement of a case on appeal (or certiorari review) grounds, in and of itself, enough for a reviewing court to vacate the civil judgment of a subordinate court? . . . To be clear, that is not the question presented here. In this case, the parties expressly agreed, as part of their settlement, that the TTAB's decision below would be vacated.⁴¹⁸

The court found this case like *Major League Baseball Properties, Inc. v. Pacific Trading Cards, Inc.*,⁴¹⁹ where on appeal the parties jointly requested that the Second Circuit vacate the district court's order and opinion "so that they could settle their dispute."⁴²⁰ The court brushed aside the Board's attempt to distinguish the current situation from that in the Second Circuit case.

Just like *Pacific Trading Cards* in *Major League Baseball Properties*, Defendants were locked in a dispute that they could not afford to continue litigating and wished to settle. The dispute could end on a "commercial basis satisfactory to both." *Major League Baseball Properties*, 150 F.3d at 152. But vacatur of the decision appealed from was a non-negotiable necessary condition to that settlement. *Id.* Thus, [Defendant] Houndstooth Mafia faced a similar Hobson's choice.⁴²¹

As for the USPTO's motion to intervene, the court pointed out that the Board issued its 2015 decision refusing to vacate more than one year after the district court's judgment had been filed with the Board. "[I]t was not until September 17, 2015 (after a hearing on the motion to enforce took place), that the Director filed her motion to intervene in this long-since closed action."⁴²²

417. *Id.* at 10.

418. *Id.* at 11.

419. 150 F.3d 149 (2d Cir. 1998).

420. *Id.* at 150.

421. *Bd. Trs. Univ. Ala. v. Houndstooth Mafia Enters., LLC*, Case No. Case No.: 7:13-CV-1736-RDP (N.D. Ala. Feb. 23, 2016), at 14.

422. *Id.* at 20.

The court found the Director's motion to intervene to be untimely, and that "any right to intervene in this long-closed action has been waived."⁴²³

PART III. LITIGATION IN THE FEDERAL COURTS AND STATE COURTS OF GENERAL JURISDICTION

By Theodore H. Davis Jr.

A. Infringement, Unfair Competition, and Related Torts

1. Establishing Liability

a. Violations of Trademark and Service Mark Rights

i. Defining Claimed Marks

Under Section 45 of the Act, a trademark can consist of "any word, name, symbol, or device, or any combination thereof"; the same statute contains a substantively identical definition of "service mark."⁴²⁴ These definitions are deliberately broad, and they can make challenges to plaintiffs' descriptions of their claimed marks difficult, even if, as the Fifth Circuit observed, "[w]hen alleging a trade dress claim, the plaintiff must identify the discrete elements of the trade dress that it wishes to protect."⁴²⁵ Some defendants learning that lesson the hard way were alleged to have infringed a trade dress consisting of "a yellow and black color combination appearing on . . . power tools, power tool accessories, and associated packaging."⁴²⁶ In denying the defendants' request for reconsideration of an earlier order denying their motion for summary judgment, the court credited the defendants' citation to case law imposing "an articulation requirement, requiring plaintiffs to describe the specific elements of their trade dress."⁴²⁷ Nevertheless, it declined to limit the plaintiffs' trade dress to the (limited) verbal description set forth in their complaint. Rather:

The Court . . . does not consider Plaintiffs' verbal description in a vacuum. Applying a practical, common sense approach attentive to the realities of litigation, the Court considers Plaintiffs' verbal description alongside the photographs in Plaintiffs' responses to Defendants' motion for partial summary judgment and motion for reconsideration. A picture

⁴²³. *Id.*

⁴²⁴. 15 U.S.C. § 1127 (2012).

⁴²⁵. *Test Masters Educ. Servs., Inc. v. State Farm Lloyds*, 791 F.3d 561, 565 (5th Cir. 2015).

⁴²⁶. *See Black & Decker Corp. v. Positec USA Inc.*, 115 U.S.P.Q.2d 1472, 1473 (N.D. Ill. 2015).

⁴²⁷. *Id.*

is often worth a thousand words, and in this case, Plaintiffs have provided many pictures. Their photographs consistently show power tools, accessories and packaging that are predominantly solid yellow and/or black, with [the plaintiffs' word mark] written in a particular font and printed either in yellow on a black background or black on a yellow background. Thus, the question here is not whether Plaintiffs' verbal articulation, examined in isolation, is insufficiently precise. It is whether Plaintiffs' verbal description, examined in light of the photographs it has submitted, is so imprecise that it fails to articulate a legally cognizable trade dress.⁴²⁸

The plaintiffs fared well under an application of this standard, with the court concluding that “[i]nstead of protecting an abstract idea or a manufacturing methodology, [the plaintiffs' trade dress] claims the visual impression created by a concrete combination of colors applied to power tools, power tool accessories, and packaging. In doing so, it does not exclude competitors from selling functionally similar products.”⁴²⁹ Moreover, “[t]rial may further refine the description of Plaintiffs' trade dress, as the evidence may throw into sharper relief the visual components that create the overall look of Plaintiffs' products and packaging.”⁴³⁰

A second unsuccessful challenge to the definition of a claimed trade dress came in a declaratory judgment action between two parties selling fish-shaped pitchers.⁴³¹ In support of its infringement cause of action, the counterclaim plaintiff set forth a feature-by-feature comparison of the parties' respective designs, which led the counterclaim defendant to argue the counterclaim plaintiff sought to protect separate artistic elements of its goods, rather than a cohesive overall trade dress. Denying the counterclaim defendant's motion to dismiss, the court disagreed:

While [the counterclaim plaintiff] has pointed to various individual features of its product in order to illustrate how the [defendant's product] is confusingly similar to its . . . Trade Dress, its claims are not that limited, but are based on the shape and appearance of its product as a whole. Consequently, its allegations are sufficient to state claims for trademark protection.⁴³²

Nevertheless, some reported opinions demonstrated there are limits to the high level of generality at which a mark can be

428. *Id.* at 1474-75 (citations omitted).

429. *Id.* at 1476.

430. *Id.* at 1477.

431. *See Gurplepot, Inc. v. New Shreve, Crump & Low LLC*, 153 F. Supp. 3d 441 (D. Mass. 2015).

432. *Id.* at 448 (citation omitted) (internal quotation marks omitted).

defined.⁴³³ The alleged trade dress at issue in one was the appearance of the plaintiff's downloadable application for editing selfies, the definition of which in the plaintiff's complaint was replete with language referring to functional components of the application, such as, for example, the application's "distinctive (in function and in form) photo-taking feature" and its "photo-editing and beautification function."⁴³⁴ The plaintiff retreated from its original definition while responding to the defendants' motion to dismiss, which led the court to conclude that the plaintiff was presenting the defendants with a moving target. "At the very least," the court held, the plaintiff "must specifically identify, in its complaint, the particular aspects of . . . the protectable trade dress that defendants have infringed. I read [the plaintiff's] opposition brief as a concession that the trade dress currently described in its complaint is not the one it means to assert against defendants."⁴³⁵ The court therefore dismissed the plaintiff's complaint with leave to amend.⁴³⁶

A panel of the Court of Appeals of Georgia reached a similar outcome, albeit in the post-trial context.⁴³⁷ That court addressed a claim of protectable trade dress rights in the military-themed business model of a business consulting firm.⁴³⁸ Although a jury had found the plaintiff's trade dress both protectable and infringed, the appellate court accused the plaintiff of "seeking to protect a fighter-pilot *marketing theme* as opposed to a distinctive *trade dress*,"⁴³⁹ and, additionally, of having "failed to articulate, with any clarity, the way these military aviation-themed

433. See, e.g., *Greenwich Taxi, Inc. v. Uber Techs., Inc.*, 123 F. Supp. 3d 327, 339-40 (D. Conn. 2015) (granting motion to dismiss based on plaintiffs' failure to identify any allegedly infringing marks).

434. Quoted in *Arcsoft, Inc. v. Cyberlink Corp.*, 153 F. Supp. 3d 1057, 1062 (N.D. Cal. 2015).

435. *Id.* at 1070.

436. *Id.*

437. See *Corps Grp. v. Afterburner, Inc.*, 779 S.E.2d 383 (Ga. Ct. App. 2015).

438. The court summarized the trial record on the issue of the plaintiff's claimed trade dress in the following manner:

[The plaintiff] also claimed that it had the exclusive right to use its "trade dress," what [a witness] described as a fighter pilot motif that pervaded all aspects of its business consulting services. [The witness] testified that [the plaintiff's] use of real pilots wearing standard-issue, sage green flight suits during business consulting presentations constituted the most relevant features of [the plaintiff's] trade dress. [The plaintiff] also decorated its seminars like military bunkers and squadron rooms, often draping conference rooms with parachutes and camouflage netting. It employed loud music, sirens, and theatrical mock enemy attacks. During consulting exercises, [the plaintiff] often engaged clients in military exercises, using maps, check-lists, and other military-style mission-planning paraphernalia. Clients sometimes even wore flight helmets during workshops.

Id. at 388.

439. *Id.* at 396.

marketing components were put together in a unique way that set them apart from any other military aviation-themed consulting business.”⁴⁴⁰ Based on these propositions, the court ultimately concluded the jury’s verdict could not stand, holding instead that “[t]he level of generality at which a trade dress is described, as well as the fact that a similar trade dress is already being used by manufacturers of other kinds of products, may indicate that that dress is no more than a concept or idea to be applied to particular products.”⁴⁴¹

ii. Establishing Protectable Rights

(A) *The Effect of Registrations on the Mark-Validity Inquiry*

(1) The Effect of Federal Registrations

If a claimed mark is not registered on the Principal Register, its owner bears the burden of proving the mark’s validity,⁴⁴² but Sections 7(b) and 33(a) of the Act each provide that a registration on the Principal Register that has not yet become incontestable is “prima facie evidence” of the validity of the registered mark.⁴⁴³ One court properly recognized “there is a split amongst the courts of appeals whether [such] a certificate of registration shifts merely the burden of production or the burden of persuasion on the issue of validity.”⁴⁴⁴ A number of courts interpreting this statutory

440. *Id.*

441. *Id.* (quoting *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 33 (2d Cir. 1995)).

442. *See, e.g., Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405, 416 (E.D. Pa. 2016) (requiring owner of lapsed registrations to prove distinctiveness of claimed surname mark); *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 983 (D. Minn.) (“A party asserting unregistered trademark rights bears the burden of establishing those rights.”), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *Zinner v. Olenych*, 108 F. Supp. 3d 369, 380–81 (E.D. Va. 2015) (“Without a certificate of registration, the owner would be required to establish that the disputed mark was sufficiently distinctive to warrant trademark protection in the first place.” (quoting *Retail Servs., Inc. v. Freebies Publ’g*, 364 F.3d 535, 542 (4th Cir. 2004)) (internal quotation marks omitted)).

443. 15 U.S.C. §§ 1057(b), 1115(a) (2012).

As one court confirmed, the prima facie evidence provided for by Sections 7(b) and 33(a) applies only if an application has matured into a registration on the Principal Register; as a consequence, the mere pendency of an application is entitled to no evidentiary weight. *See Provident Precious Metals, LLC v. Nw. Territorial Mint, LLC*, 117 F. Supp. 3d 879, 891 (N.D. Tex. 2015) (“[The counterclaim plaintiff] is not entitled to any presumption that [its] marks are not descriptive merely because they were published for opposition.”).

444. *Zinner*, 108 F. Supp. 3d at 381 n.3 (E.D. Va. 2015) (citing J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 32:138 (4th ed. 2014); Charles L. Cook & Theodore H. Davis, Jr., *Litigating the Meaning of “Prima Facie Evidence” Under the Lanham Act: The Fog and Art of War*, 103 TMR 437, 445–48 (2013)). The split in authority on this issue was apparent even within an individual opinion, which improbably applied

language applied the majority rule, namely, that “where a plaintiff pursues a trademark action involving a registered trademark, the burden of proving the invalidity of the trademark falls on the defendant. The defendant can only overcome the registered mark’s presumption of validity by showing by a preponderance of evidence that the mark is not protectable.”⁴⁴⁵ Others applied the minority rule, which holds that *prima facie* evidence of validity does nothing more than shift the burden of production, and not the burden of proof, to a challenger of the registered mark’s validity.⁴⁴⁶ Still other courts addressed the *prima facie* evidence of validity represented by such a registration without clearly allocating the parties’ respective burdens;⁴⁴⁷ one court falling into this category

both rules in the context of the mark ownership inquiry. *See* *Delta Air Lines, Inc. v. Influence Direct, LLC*, 117 U.S.P.Q.2d 1652, 1654 (M.D. Tenn. 2016) (“[W]hen a plaintiff sues for infringement of its registered mark, the defendant bears the burden of production and persuasion to rebut the presumption of ownership.”).

445. *Macy’s Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743, 1746 (N.D. Cal. 2016) (citations omitted); *see also* *Nationstar Mortg., LLC v. Ahmad*, 155 F. Supp. 3d 585, 592 (E.D. Va. 2015) (“Plaintiff owns a registered trademark and is not required to prove secondary meaning), *appeal dismissed*, No. 16-1422 (4th Cir. July 13, 2016); *Solmetex, LLC v. Dentalez, Inc.*, 150 F. Supp. 3d 100, 110 (D. Mass. 2015) (“[T]he effect of registration for a contestable mark is ‘to shift the burden of proof from the plaintiff . . . to the defendant, who must introduce sufficient evidence to rebut the presumption of the plaintiff’s right to [exclusive] use’ through proof that the mark is merely descriptive.” (second and third alterations in original) (quoting *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 117 (1st Cir. 2006) (quoting *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 373 (1st Cir. 1980))) (internal quotation marks omitted)); *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795, 809 (W.D. Tex. 2015) (noting with respect to counterclaim plaintiff’s incontestable and nonincontestable registrations that “[the counterclaim defendant] carries a heavy burden to establish [the counterclaim defendant’s] registered marks are generic”); *Nat’l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171, 1177 (E.D. Cal. 2015) (“If the plaintiff establishes that a mark has been properly registered, the burden shifts to the defendant to show by a preponderance of the evidence that the mark is not protectable.” (quoting *Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1114 (9th Cir. 2010)) (internal quotation marks omitted)), *appeal docketed*, No. 15-17179 (9th Cir. Nov. 2, 2015); *Solid 21, Inc. v. Hublot of Am.*, 109 F. Supp. 3d 1313, 1322 (C.D. Cal. 2015) (“When a plaintiff pursues a trademark action involving a properly registered mark, that mark is presumed valid, and the burden of proving that the mark is generic rests upon the defendant.” (quoting *Yellow Cab Co. of Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 927 (9th Cir. 2005)) (internal quotation marks omitted)).

446. According to one court applying the minority rule, “[t]he presumption of validity that accompanies a certificate of registration shifts the burden of production regarding the issue of validity.” *Zimmer*, 108 F. Supp. 3d at 380. The same court, however, held the plaintiff’s ownership of a not-yet-incontestable registration sufficient proof of distinctiveness to defeat a defense motion for summary judgment on the issue. *Id.* at 386-87.

447. *See, e.g., adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1234 (D. Or. 2016) (“A mark registered under . . . the Lanham Act is presumed valid, and the holder of a registered mark is presumed to have the exclusive right to use it in commerce.”), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016); *DISH Network, LLC v. Fun Dish, Inc.*, 112 F. Supp. 3d 627, 637 (N.D. Ohio 2015) (“When a party challenges the genericness of a federally registered trademark the ‘federal registration constitutes a presumption that the feature is not generic and the challenger bears the burden of overcoming this presumption.’” (quoting *Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 703 F. Supp. 2d 671, 687

at least reached the conclusion that the prima facie evidence of validity recognized by Sections 7(b) and 33(a) cannot in and of itself create a factual dispute sufficient to defeat a defense motion for summary judgment.⁴⁴⁸

No such split appeared in opinions addressing the significance of registrations that have become incontestable under Section 15;⁴⁴⁹ rather, courts uniformly held that the “conclusive evidence” of mark validity and ownership represented by such a registration resolves those issues as long as the registration remains up and running.⁴⁵⁰ As one explained:

If the mark at issue is federally registered and has become incontestable, then validity, legal protectability, and ownership are proved. The parties stipulated prior to trial that [the plaintiff’s registered mark] was incontestable pursuant to [Section 15]. Thus, [the plaintiff] has succeeded in proving ownership, legal protectability and validity of [its mark].⁴⁵¹

(W.D. Ky. 2010), *aff’d*, 679 F.3d 410 (6th Cir. 2012)); *Top Tobacco v. Fantasia Distrib. Inc.*, 101 F. Supp. 3d 783, 789 (N.D. Ill. 2015) (concluding, without extensive discussion, that “Plaintiffs have a presumed protectable right to [their registered] mark under § [7(b)]”).

448. See *Donut Joe’s, Inc. v. Interveston Food Servs., LLC*, 101 F. Supp. 3d 1172, 1183 (N.D. Ala. 2015) (rejecting plaintiff’s argument that “the *fact of registration* prevents a summary judgment that its marks are not protectable and *automatically* creates a question of fact for trial”).

449. 15 U.S.C. § 1065 (2012). Of course, a registrant seeking to rely upon the incontestability of its registration must establish that the registration enjoys that status. For examples of registrants failing to make such a showing, see *Solmetex, LLC v. Dentalez, Inc.*, 150 F. Supp. 3d 100, 111 (D. Mass. 2015) (treating plaintiff’s claimed incontestable registrations as mere prima facie evidence of the validity of the underlying marks on ground that “on this record I cannot find that the marks have attained uncontestable [sic] status, because Plaintiff has not shown or alleged that it filed the requisite affidavits with the USPTO”); *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1329 n.4 (S.D. Fla. 2015) (“Though [the plaintiff] has provided evidence that [its mark] was registered with the Patent & Trademark Office in 2005, it has not shown that it filed the required affidavit with the Patent and Trademark Office under [Section 15], or that the Patent & Trademark Office has declared the mark ‘incontestable.’ Therefore the Court cannot find on this record that the . . . mark is ‘incontestable.’” (citation omitted)), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016); *Corps. Grp. v. Afterburner, Inc.*, 779 S.E.2d 383, 387 n.5 (Ga. Ct. App. 2015) (“The trial record contains exhibits showing that these trademarks were registered. However, the record does not show that [the plaintiff] filed the requisite affidavits and was thereafter notified by the Director of the U.S. Patent and Trademark Office that the affidavits were received. Consequently, we do not assume that the marks are incontestable.” (citation omitted)).

450. See, e.g., *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 983 (D. Minn.), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 247 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015). For example, one court declined to grant a motion to dismiss an incontestable registrant’s claim of distinctiveness because, as it explained, “the allegation of incontestability is sufficient to allege plausibly the distinctiveness required by the dilution statute.” *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 214 (S.D.N.Y. 2015).

451. *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489, 513 (W.D. Pa. 2015) (citation omitted), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015); see

(2) The Effect of State Registrations and Corporate Name Reservations

Although Ohio law does not expressly address the evidentiary status of either a trademark or trade name registration issued under the law of that state, a panel of the Ohio Court of Appeals held that “[p]rotecting a trade name is largely a matter of properly registering the name with the Ohio Secretary of State.”⁴⁵² Because the counterclaim plaintiffs before that court had secured two registrations of the names they sought to protect, that was sufficient, in the court’s view, to excuse them from otherwise demonstrating their protectable rights: “Since it is presumed that such registration with the Secretary of State is exclusive, [the counterclaim plaintiffs] presumptively have exclusive use over the names . . . in Ohio”⁴⁵³

The Vermont Supreme Court took a different view of the significance of registrations of business “aliases” with the Vermont Secretary of State’s office.⁴⁵⁴ The plaintiff in the appeal before that court had allowed such a registration to lapse, which allowed the defendant to register the identical name, ostensibly for the same services. Under these circumstances, the court held, the defendant had not secured priority of rights over the plaintiff: “Common law rights in a trademark or tradename are created and preserved by use and not by registration.’ This well-established rule is not undermined by the law requiring companies to register any business aliases with the Secretary of State.”⁴⁵⁵ Instead, the court explained, “[t]he registration requirement serves to provide notice to those doing business with such companies; registration of a

also Brooklyn Brewery Corp. v. Black Ops Brewing, Inc., 156 F. Supp. 3d 1173, 1178 (E.D. Cal. 2016) (“Plaintiff’s evidence demonstrates that it owns an incontestable federal registration When a mark achieves incontestable registration status, 15 U.S.C. § 1115(b) prescribes that this status is ‘prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce or in connection with the goods or services specified in the registration.’ Accordingly, Plaintiff has demonstrated it has a protectable ownership interest in its . . . mark.”); Choice Hotels Int’l, Inc. v. Zeal, LLC, 135 F. Supp. 3d 451, 462 (D.S.C. 2015) (“While the PTO’s determination [of registrability] is not conclusive, it shifts the burden to the defendant to establish that the marks are not sufficiently distinctive. This shift is sensible because the defendants are effectively asking the Court to invalidate registered trademarks that have achieved incontestable status.” (citations omitted)), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016).

452. Lavanty v. Nicolinni’s Ristorante I & II, LLC, 55 N.E.3d 565, 571 (Ohio Ct. App. 2015).

453. *Id.*

454. See TLOC Senior Living, LLC v. Bingham, 145 A.3d 1266 (Vt. 2016).

455. *Id.* at 1270 (quoting First Wis. Nat’l Bank of Milwaukee v. Wichman, 270 N.W.2d 168, 171 (1978)).

name does not overcome existing common law rights to such name.”⁴⁵⁶

(B) The Common-Law Requirements for Mark Validity

(1) Ownership

Unless it is the record owner of a registration on the Principal Register, the claimant to a mark bears the burden of demonstrating its alleged ownership rights.⁴⁵⁷ The question of which party to a distribution agreement owns a mark affixed to goods covered by the agreement arose in two cases. In one case presenting this scenario, the counterclaim plaintiff, who was based in Israel, manufactured and sold cigarette filters in the United States in packaging bearing the disputed mark prior to selling those goods through the counterclaim defendant, a New Jersey-based concern.⁴⁵⁸ The counterclaim defendant successfully registered the mark, only to have the Trademark Trial and Appeal Board cancel the registration because the counterclaim defendant was not the mark’s owner. In the counterclaim defendant’s appeal to a district court under Section 21(b),⁴⁵⁹ the court noted that “the weight of authority holds that where a foreign manufacturer engages an exclusive U.S. distributor, the presumption is that, absent evidence to the contrary, trademark rights remain with the foreign manufacturer.”⁴⁶⁰ The counterclaim defendant sought to escape that presumption by characterizing the counterclaim plaintiff’s direct sales in the United States as sporadic and insubstantial, but the court rejected that argument in light of undisputed evidence of more significant sales by the counterclaim plaintiff through another distributor before the counterclaim plaintiff’s relationship with the counterclaim defendant.⁴⁶¹ Finally, the court found the counterclaim defendant’s claim of priority wanting under the test for ownership first set forth in *Sengoku Works Ltd. v. RMC Int’l, Ltd.*,⁴⁶² which takes into account: (1) which party invented and first affixed the mark to the associated goods; (2) which party’s name appeared with the mark; (3) which party maintained the quality and uniformity of the

456. *Id.*

457. For an opinion declining to allow the plaintiff to rely on a registration of which the plaintiff was not the record owner, see *Sebastian Brown Prods. v. Muzooka, Inc.*, 143 F. Supp. 3d 1026, 1040 (N.D. Cal. 2015), *dismissed on other grounds*, No. 15-CV-01720-LHK, 2016 WL 949004 (N.D. Cal. Mar. 14, 2016).

458. See *Prod. Source Int’l, LLC v. Nahshin*, 112 F. Supp. 3d 383 (E.D. Va.), *appeal dismissed*, No. 15-2283 (4th Cir. Dec. 22, 2015).

459. 15 U.S.C. § 1071(b) (2012).

460. *Prod. Source Int’l*, 112 F. Supp. 3d at 394.

461. *Id.*

462. 96 F.3d 1217 (9th Cir. 1996).

associated goods; and (4) with which party the public identified the goods and to whom purchasers made complaints.⁴⁶³ The summary judgment record demonstrated the first and second of these factors favored the counterclaim plaintiff, while the third and fourth were neutral.⁴⁶⁴ Under the circumstances, the presumption withstood rebuttal, and the counterclaim plaintiff was the mark's owner.⁴⁶⁵

The second opinion addressed the issue in considerably less detail.⁴⁶⁶ The court issuing it acknowledged that “[i]n a manufacturer-distributor relationship, sometimes the distributor will own a mark rather than the manufacturer.”⁴⁶⁷ Nevertheless, it found the question resolved by the plaintiff's showing that advertising produced during the pendency of the parties' relationship identified the plaintiff as the mark's owner: “The fact that [the defendant] acted as [the plaintiff's] distributor for a number of years within that period does not displace the Court's finding that [the plaintiff] is the owner of [the disputed mark].”⁴⁶⁸

(2) Use in Commerce

(a) *The Nature and Quantity of Use in Commerce Necessary to Establish Protectable Rights*

If there are no federal registrations on the Principal Register in play,⁴⁶⁹ “[t]he first to use a mark in the sale of goods or services is the ‘senior user’ of the mark and gains common law rights to the mark in the geographic area in which the mark is used.”⁴⁷⁰ Of the opinions addressing this prerequisite for trademark rights, the

463. *Prod. Source Int'l*, 112 F. Supp. 3d at 396 (citing *Sengoku Works*, 96 F.3d at 1220).

464. *Id.* at 396-97.

465. *Id.* at 397.

466. *See* *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

467. *Id.* at 519.

468. *Id.* at 520; *see also id.* at 528 (reaching identical conclusion with respect to additional mark in dispute).

469. Although Section 7(c), 15 U.S.C. § 1057(c) (2012), allows registrants on the Principal Register to claim nationwide constructive priority dating back to the filing date of their applications, the owners of applications that have not yet matured into registrations cannot avail themselves of this benefit. *See* *Sebastian Brown Prods., LLC v. Muzooka, Inc.*, 143 F. Supp. 3d 1026, 1040 (N.D. Cal. 2015) (“[T]he filing date of an ITU application may be used as the constructive-use date of the mark, which provides priority of use over anyone who later adopts the mark. However, this constructive-use date is established only once the mark is registered.” (citation omitted)), *dismissed on other grounds*, No. 15-CV-01720-LHK, 2016 WL 949004 (N.D. Cal. Mar. 14, 2016).

470. *Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, 156 F. Supp. 3d 870, 878 (E.D. Mich. 2016) (quoting *Allard Enters. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572 (6th Cir. 2001)) (internal quotation marks omitted).

most notable came from the Fourth Circuit.⁴⁷¹ The parties agreed the counterclaim defendant was the first to use and register the disputed mark in the United States—indeed, the counterclaim plaintiffs had never done so—as well as that the counterclaim plaintiffs owned the mark in many jurisdictions outside the United States. Despite their apparent lack of priority, however, the counterclaim plaintiffs asserted three causes of action based on evidence and testimony that the counterclaim defendant had packaged and advertised its goods in a manner suggesting they originated with the counterclaim plaintiffs, namely: (1) false association in violation of Section 43(a)(1)(A) of the Act;⁴⁷² (2) false advertising in violation of Section 43(a)(1)(B);⁴⁷³ and (3) cancellation based on alleged misrepresentation of source in violation of Section 14(3).⁴⁷⁴

Because the counterclaim plaintiffs' mark was absent from United States markets, the district court entered summary judgment in the counterclaim defendant's favor, but the Fourth Circuit reversed. The appellate court identified two rationales underlying its holding, the first of which was that "a plaintiff whose mark has become generic—and therefore not protectable—may plead an unfair competition claim against a competitor that uses that generic name and 'fail[s] adequately to identify itself as distinct from the first organization' such that the name causes 'confusion or a likelihood of confusion.'"⁴⁷⁵ The second was that:

[I]n a "reverse passing off" case, the plaintiff need not have used a mark in commerce to bring a § 43(a) action. A reverse-passing-off plaintiff must prove four elements: (1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant; (3) that the false designation of origin was likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant's false designation of origin.⁴⁷⁶

According to the court, "[t]he generic mark and reverse passing off cases illustrate that § 43(a) actions do not require, implicitly or otherwise, that a plaintiff have first used its own mark in United States commerce";⁴⁷⁷ as a consequence, "[i]f such a use were a

471. See *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697 (4th Cir. 2016), *petition for cert. filed*, No. 16-548 (U.S. Oct. 21, 2016).

472. 15 U.S.C. § 1125(a)(1)(A) (2012).

473. *Id.* § 1125(a)(1)(B).

474. *Id.* § 1064(3).

475. *Belmora*, 819 F.3d at 709 (alteration in original) (quoting *Blinded Veterans Ass'n v. Blinded Am. Veterans Found.*, 872 F.2d 1035, 1043 (D.C. Cir. 1989)).

476. *Id.* at 710 (footnote omitted) (internal quotation marks omitted).

477. *Id.*

condition precedent to bringing a § 43(a) action, the generic mark and reverse passing off cases could not exist.”⁴⁷⁸

That holding produced a feel-good outcome, but one built on shaky doctrinal foundations. Although a cause of action undoubtedly exists for the misuse of a once-valid mark that has fallen into the public domain,⁴⁷⁹ that cause of action presupposes the former mark’s validity, and validity obviously depends on use in commerce as well as distinctiveness. Likewise, the third prong of the Fourth Circuit’s test for reverse passing off depends on the existence of likely confusion, a circumstance that ordinarily cannot exist under the *Tea Rose-Rectanus* doctrine⁴⁸⁰ or the *Dawn Donut* doctrine⁴⁸¹ unless the parties occupy the same geographic markets. Use in commerce by a plaintiff therefore is a prerequisite for relief even under the theories relied on by the Fourth Circuit.

Another opinion made the point that use in commerce of a mark, rather than the mark’s creation or invention, is the relevant inquiry.⁴⁸² The mark at issue was SCAR for a military automatic rifle, and it made its first appearance in a solicitation by the federal government directed to a number of arms manufacturers, including the parties to the litigation. The plaintiff’s response to the solicitation documents included SCAR-branded prototypes, and, following the success of that response, “[the plaintiff] sold and shipped rifles imprinted with the SCAR mark throughout 2004, 2005, and 2006, to various U.S. military-related agencies”⁴⁸³ Indeed, the court found, by the time of the defendant’s November 5, 2007, date of first use, “[the plaintiff] had filled eleven delivery orders and sold over \$11,000,000.00 of SCARs and accessories pursuant to the contract.”⁴⁸⁴ Consequently, although the plaintiff’s recitation of a 2008 date of first use in an application to the USPTO required it to make a showing of an earlier date by clear and convincing evidence,⁴⁸⁵ its sales “were sufficiently public

478. *Id.*

479. *See generally* Kellogg Co. v. Nat’l Biscuit Co., 305 U.S. 111 (1938).

480. *See generally* United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918); Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916).

481. *See* Dawn Donut Co. v. Hart’s Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959).

482. *See* FN Herstal, S.A. v. Clyde Armory, Inc., 123 F. Supp. 3d 1356 (M.D. Ga. 2015), *aff’d*, 838 F.3d 1071 (11th Cir. 2016).

483. *Id.* at 1360.

484. *Id.*

485. As the court explained:

In its application for . . . [r]egistration, [the plaintiff] claims it first used the mark in commerce on November 1, 2008, in connection with firearms. [The plaintiff], however, is not bound by the first use date in its trademark registration and instead may prove an earlier date of use by clear and convincing evidence. This is a particularly “heavy burden” upon [the plaintiff] when “the date on which the trademark application was filed is substantially contemporaneous with the date of first use alleged therein and an attempt is made many years later to establish an earlier date.”

to constitute use in commerce”;⁴⁸⁶ moreover, this was true “[e]ven though these sales were limited to the U.S. military and related agencies.”⁴⁸⁷ Finally, assuming it was necessary for the plaintiff to prove the existence of sales to the public under the disputed mark, the court determined it had done so “through analogous use—that is, extensive pre-sale advertising and promotional activities . . . dating back to 2005.”⁴⁸⁸

Those findings were not the end of the defendant’s problems. To the contrary, when addressing the defendant’s claim of prior use of its own SCAR-STOCK mark, the court found the defendant had adopted its mark in bad faith, a finding grounded in evidence and testimony the defendant’s principal was aware of the plaintiff’s mark before the adoption of the defendant’s mark, as well as the defendant’s presentation of its mark in a format similar to that of the plaintiff’s mark. As the court explained in refusing to credit the defendant’s claim of priority, “[t]his evidence of intent to capitalize on the popularity of [the plaintiff’s] mark negates any rights [the defendant] may claim in [its] mark.”⁴⁸⁹

Resolving a priority dispute on the parties’ cross-motions for summary judgment, a different court confirmed a plaintiff’s mere submission of a branded downloadable application to Apple for possible distribution through that company’s App Store portal does not constitute use in commerce.⁴⁹⁰ Apple approved the plaintiff’s application on February 17, 2014, and a customer downloaded the application for the first time three days later. On February 19, 2014, however, the defendant filed two intent-to-use applications to register the same mark for a competitive application and,

Id. at 1367 (footnotes omitted) (quoting *Elder Mfg. Co. v. Int’l Shoe Co.*, 194 F.2d 114, 118 (C.C.P.A. 1952)).

486. *Id.* at 1368.

487. *Id.*

488. *Id.* According to the court’s reading of the trial record:

[The plaintiff] promoted its SCAR at hundreds of tradeshow throughout 2005 and 2006. Indeed, at the February 2006 SHOT show—attended by thousands in the firearms industry—[the plaintiff] displayed two SCARs at its booth. The SCAR was the most talked about firearm at the show, and people waited in line just to get a look at it. At these tradeshow as well as in visits to law enforcement agencies, distributors, and gun dealers, [the plaintiff] distributed brochures, flyers, hats, t-shirts, and other memorabilia to further promote the SCAR. In addition to these promotional activities, [the plaintiff] announced in a March 2006 press release its intent to develop a semi-automatic version of the SCAR for law enforcement and civilian consumers. These promotional activities coupled with the media coverage surrounding [the plaintiff’s] development of the SCAR constitute sufficient analogous use for trademark purposes.

Id.

489. *Id.* at 1375.

490. *See Kelly Servs., Inc. v. Creative Harbor, LLC*, 124 F. Supp. 3d 768 (E.D. Mich. 2015).

although the defendant had not yet used its mark at the outbreak of hostilities between the parties, that sequence of events precluded the plaintiff from establishing priority of rights. In reaching this holding, the court rejected the plaintiff's arguments that Apple was a distributor of the plaintiff's application and that the transmittal of the application to Apple therefore was a cognizable use in commerce: "At best, [the plaintiff's] submission was a preparatory step to making [its application] available to consumers. '[A]n applicant's preparations to use a mark in commerce are insufficient to constitute use in commerce.'"⁴⁹¹ At the same time, however, the court rejected the defendant's claim of priority based on its prior-filed intent-to-use applications, properly holding that "to establish its priority, [the defendant] must actually complete the registration of the [disputed] Mark by using the Mark in commerce and filing a statement of use with the USPTO within the prescribed time frame."⁴⁹²

Summary judgment of nonliability also held in an action challenging the defendant's registration in March 2005 of a domain name resembling the plaintiff's claimed mark.⁴⁹³ Having allegedly lost its business records, the plaintiff's case depended largely on the veracity of the testimony of its principal that it began using that mark prior to that month. A June 21, 2007, date of first use recited in an application to register the mark undercut that testimony, however, the court held that "[the witness's] unsubstantiated and self-serving testimony is insufficient, without more, to defeat summary judgment."⁴⁹⁴ The plaintiff's cause of action therefore failed for want of prior use.

In contrast, summary judgment was held inappropriate in a suit in which the defendant's predecessor displayed guitars bearing the disputed mark at an industry trade show in January 2008; in addition to that display,⁴⁹⁵ "[the predecessor's] website at the time also announced its release of the guitars, and invited dealers to contact it through the website or to visit it at the trade show for more information."⁴⁹⁶ Seeking a finding of priority as a matter of law, the plaintiff proffered four handwritten receipts allegedly documenting his sale of directly competitive goods under the same mark, one of which was dated 2007. Unfortunately for the plaintiff, however, he testified in a discovery deposition he had

491. *Id.* at 776 (third alteration in original) (quoting *Aycock Eng'g, Inc. v. Airflite, Inc.*, 560 F.3d 1350, 1360 (Fed. Cir. 2009)).

492. *Id.* at 777.

493. *See New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287 (S.D.N.Y. 2015).

494. *Id.* at 326.

495. *See Agler v. Westheimer Corp.*, 143 F. Supp. 3d 766 (N.D. Ind. 2015), *motion to certify appeal denied*, No. 1:14-CV-099 JD, 2016 WL 2755505 (N.D. Ind. May 12, 2016).

496. *Id.* at 775.

first used the disputed mark in 2008 without specifying a particular month within that year; of equal significance, he also had submitted a statement of use to the USPTO averring under oath his date of first use of the mark had been “at least as early as 01/00/2010.”⁴⁹⁷ Reviewing date in the plaintiff’s statement of use, the court held that “[t]hough that is not necessarily inconsistent with the mark having been first used in 2007 or 2008, [the plaintiff] has provided no explanation for why he would not have provided those earlier dates if he had actually used the mark in 2007 or 2008.”⁴⁹⁸ The resulting factual dispute scuttled the plaintiff’s motion.⁴⁹⁹

Another reported opinion focused on the nature of a claim of use in commerce, rather than on its timing.⁵⁰⁰ Although opinions of the Trademark Trial and Appeal Board discuss the concept of merely ornamental use with some frequency, the same is not true of those from federal and state courts. Nevertheless, a California federal district court tackled the subject in the context of a claim that the Macy’s department store chain had abandoned certain marks corresponding to the names of closed stores by failing to use them except in an allegedly ornamental fashion on T-shirts. Entering summary judgment in Macy’s favor, the court acknowledged that “a designation that is solely ‘ornamental’ cannot be a trademark”;⁵⁰¹ nevertheless, it held, “ornamentation on apparel, including shirts manufactured by third parties, qualify as trademark use if the particular ornamentation serves as an indication of a secondary source of origin, *e.g.*, the source of a shirt other than the direct manufacturer.”⁵⁰² As described by the opinion, the summary judgment record suggested the disputed marks appeared on Macy’s shirts not as “small, neat and discrete words[s] or design[s],”⁵⁰³ but instead emblazoned across the apparel. That was not enough to render them merely ornamental in nature, however; instead, “[w]here as here the mark is arbitrary and has a well-known association with a source (as here) rather than constituting some generic term without any such association, and particularly where ‘TM’ appears next to the mark [on] the accused products, the marks are not ornamental.”⁵⁰⁴

A final opinion of note distinguished between the use of a mark in connection with goods or services provided by its owner,

497. *Quoted in id.* at 775.

498. *Id.*

499. *Id.*

500. *See Macy’s Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743 (N.D. Cal. 2016).

501. *Id.* at 1746.

502. *Id.*

503. *Id.* at 1748 (quoting T.M.E.P. § 1202).

504. *Id.*

on the one hand, and its use merely to promote those goods or services.⁵⁰⁵ The mark at issue was owned by a plaintiff producer of karaoke tracks and was registered for the tracks themselves and for the service of conducting karaoke shows. Discovery established, however, that, rather than conducting shows in the traditional sense, the mark's owner had merely "hosted karaoke at tradeshows and sponsored contests to promote its [own] products."⁵⁰⁶ Crediting the defendants' argument that the promotion of one's own goods was not a cognizable service under United States law, the court concluded the plaintiff owned no protectable rights to the mark as a service mark unless it could identify third-party licensees through which it had provided the services.⁵⁰⁷

(b) Use in Commerce Through Tacking

The constructive-use doctrine of tacking allows marks to evolve without the evolution working a forfeiture of their owners' rights. Litigants invoked it infrequently over the past year, but both sides did so in one case in which they claimed prior rights to the SPIES and iSPIES marks in connection with closely related medical equipment.⁵⁰⁸ The plaintiff asserted its undisputed prior use of the SPY mark in 2001 allowed it to tack its priority back to that use, but the court declined to resolve that issue as matter of law on the parties' cross-motions for summary judgment.⁵⁰⁹ The defendants' claim of tacking rested on its circa-2011 registration of the following mark:⁵¹⁰



Whether that mark created the same commercial impression as the defendants' later SPIES and iSPIES marks also was a question for the jury; consequently, the court granted neither of the cross-motions for summary judgment before it.⁵¹¹

505. See *Slep-Tone Entm't Corp. v. Coyne*, 141 F. Supp. 3d 813 (N.D. Ill. 2015).

506. *Id.* at 823.

507. *Id.* at 823-24.

508. See *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947 (N.D. Cal.), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015).

509. *Id.* at 959-60.

510. *Id.* at 952.

511. *Id.* at 959.

(c) Use-Based Geographic Rights

For decades, the *Dawn Donut* doctrine has defined the parties' respective geographic rights in disputes between senior registrants, on the one hand, and defendants that have adopted their marks following the registrants' priority dates,⁵¹² on the other.⁵¹³ Under *Dawn Donut*, such a defendant lives on borrowed time, and must yield to the rights of a senior registrant of a confusingly similar mark when that senior registrant arrives in the junior user's geographic market. Nevertheless, the senior registrant cannot avail itself of its superior rights unless and until it has concrete plans to enter that market.⁵¹⁴ The underlying rationale is that confusion is not possible, much less likely, if the parties' uses do not overlap: "[I]f the use of the marks by the registrant and the unauthorized user are confined to two sufficiently distinct and geographically separate markets, with no likelihood that the registrant will expand his use into defendant's market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user's use of the mark."⁵¹⁵

The original author of the *Dawn Donut* doctrine, the Second Circuit, chipped away at it in significant fashion over the past year.⁵¹⁶ It did so in an appeal from a permanent injunction purporting to prohibit the defendants from using infringing marks in the plaintiff's geographic market but placing no restrictions on the marks' use on the Internet or outside the plaintiff's area. In vacating that portion of the injunction, the Second Circuit noted the district court's order in fact allowed the defendants to operate under their marks in at least some areas in which the plaintiff was present,⁵¹⁷ but the appellate court's concerns extended beyond that error. In particular, the Second Circuit held, the nature of the plaintiff's healthcare, medical training, and research operations rendered *Dawn Donut* inapposite: "Plaintiff recruits doctors, residents, and nursing students nationwide; it disseminates medical information over the Internet; it receives referrals from other physicians and medical professionals, who may be anywhere in the country; and, with respect to its medical research and

512. For a registration on the Principal Register maturing from an application filed after November 16, 1989, the registrant's nationwide priority is established by the constructive notice provided by Section 22 of the Act, 15 U.S.C. § 1072 (2012). For a registration maturing from an application filed after that date, Section 7(c), *id.* § 1057(c), provides for nationwide priority dating back to the application's filing date.

513. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364–65 (2d Cir. 1959).

514. *Id.* at 364–65.

515. *Id.* at 364 (footnote omitted).

516. See *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27 (2d Cir. 2016).

517. *Id.* at 47.

clinical trials, it solicits funding beyond its Service Area.”⁵¹⁸ Moreover:

Because the district court authorized Defendant to use what is in effect Plaintiff’s mark as Defendant[s]’ mark outside the [Plaintiff’s Service Area], Plaintiff . . . cannot expand beyond those borders without subjecting itself to a high risk of consumer confusion. This cloud affecting Plaintiff’s mark beyond the counties where it presently maintains facilities might substantially impair its opportunity for growth and its eligibility as a prospective merger partner with entities operating outside its Service Area, diminishing its value as a commercial entity.⁵¹⁹

The court was quick to add that “we do not imply that senior users who prove likely confusion and infringement by a junior user’s use of their marks in their area of operation are necessarily entitled to injunctions extending beyond their geographic area of operation”;⁵²⁰ equally to the point, “[e]very case turns on its particular facts, and in many instances it will be clear, for a variety of reasons, that an injunction of narrow geographic scope will grant the senior user completely adequate protection, and that an injunction going further would be not only unnecessary but unjust.”⁵²¹ In the final analysis, however, “[e]ven assuming [Plaintiff] failed to show *probability* of confusion beyond its Service Area, that is not the governing standard in such circumstances. Plaintiff was entitled to have the district court consider extending the injunction beyond the area where confusion was probable upon proper consideration of all the equities.”⁵²² The action therefore was remanded for the district court to determine “whether the

518. *Id.* at 48. The court elaborated on this point:

In all of these activities, Plaintiff is exposed to the risk of confusion and harm resulting from Defendant[s]’ use of the marks outside that area. For example, in order to avoid the fact or appearance of conflict of interest, which might harm its reputation with funders of its medical research or cause it to be disqualified by U.S. Government agencies from clinical trials, Plaintiff takes care not to endorse products or host advertisements for third-party products or services. If Defendant[s]’ transmissions were to display advertising of pharmaceutical products or endorsements, and this were observed outside the [Plaintiff’s] Service Area by Plaintiff’s potential funders or by government agencies, who would predictably believe that what they saw came from Plaintiff, Plaintiff could suffer serious harm to its reputation, impacting its receipt of funding grants or its eligibility to conduct clinical trials. Furthermore, potential doctors and nurses around the country whom Plaintiff seeks to recruit might well be affected in their employment decisions by what they see on Defendant[s]’ screens or transmissions. The same might apply to referrals of patients.

Id.

519. *Id.* at 49.

520. *Id.*

521. *Id.*

522. *Id.*

injunction can be tailored to allow Defendant[s] some limited use of [their] marks outside Plaintiff's Service Area . . . and on the Internet, giving due weight to Plaintiff's interest in protection from the risk of confusion in the marketplace and to all other appropriate equitable considerations."⁵²³

(3) Distinctiveness

(a) *Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks*

(i) Generic Designations

"A generic term is the name of a particular genus or class of which an individual article or service is but a member";⁵²⁴ in contrast, "[a] term is not generic if the 'significance of the term in the minds of the consuming public is not the product but the producer.'"⁵²⁵ A Washington federal district court found it necessary to modify these standard tests for genericness when addressing, in the context of a preliminary injunction motion, an unsuccessful claim of protection to the word "layout" for a downloadable photo-editing application.⁵²⁶ The court noted controlling authority from the Ninth Circuit holding that "the generic name of [a] product answers the question 'What are you?'"⁵²⁷ Nevertheless, it observed, "[i]n the context of applications for mobile devices, whose identity or nature is inseparable from the function or functions the app performs, the test for identifying generic product names may be more productively conceived as the question 'What do you do?' (as opposed to the mark-identifying questions 'Where do you come from?' or 'Who offers you?')."⁵²⁸ One consideration weighing in favor of the court's finding of genericness under this test was the plaintiff's own use of its claimed mark as an undifferentiated noun.⁵²⁹ Another was the defendant's showing of third-party generic uses of the claimed mark, some of which predated the plaintiff's date of first use. As the court explained of the latter consideration, "[t]he fact that

523. *Id.* at 50-51.

524. *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795, 808 (W.D. Tex. 2015) (emphasis omitted) (quoting *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790-91 (5th Cir. 1983)) (internal quotation marks omitted).

525. *Solid 21, Inc. v. Hublot of Am.*, 109 F. Supp. 3d 1313, 1323 (C.D. Cal. 2015) (quoting *Anti-Monopoly, Inc. v. Gen. Mills Fun Grp.*, 611 F.2d 296, 302 (9th Cir. 1979)).

526. *See Swanson v. Instagram LLC*, 129 F. Supp. 3d 1146 (W.D. Wash. 2015), *appeal docketed*, No. 15-35970 (9th Cir. Dec. 16, 2015).

527. *Id.* at 1149 (quoting *Advertise.com, Inc. v. AOL Advert., Inc.*, 616 F.3d 974, 977 (9th Cir. 2010)) (internal quotation marks omitted).

528. *Id.*

529. *Id.*

creators of other apps find the word ‘layout’ useful in naming the central function of their apps confirms the utility of the word as opposed to its distinctiveness.”⁵³⁰

Evidence of generic uses predating a plaintiff’s purported proprietary use of the claimed “red gold” mark for jewelry played a similarly significant role in a finding of genericness as a matter of law: As the court summarized the relevant doctrinal rule, “[i]f a term is generic at the time the plaintiff begins using the term as a trademark, the term cannot become distinctive (and therefore protectable) through evidence that the public associates the term with the plaintiff.”⁵³¹ The court’s grant of the defendants’ motion for summary judgment rested in part on the defendants’ undisputed showing of that usage,⁵³² as well as the designation of the claimed mark as generic by an industry database prepared at the request of the USPTO,⁵³³ and the testimony of expert and fact witnesses proffered by the plaintiff.⁵³⁴ No factual dispute arose from the parties’ competing evidence of dictionary definitions,⁵³⁵ testimony of mark validity by an industry expert retained by the plaintiff (but who herself used the claimed mark generically on her website),⁵³⁶ testimony by a linguistic expert for the same purpose,⁵³⁷ or testimony by the plaintiff’s principal of the acquired

530. *Id.* at 1150.

531. *Solid 21, Inc. v. Hublot of Am.*, 109 F. Supp. 3d 1313, 1325 (C.D. Cal. 2015), *appeal docketed*, No. 15-56036 (9th Cir. July 6, 2015).

532. That evidence took the form of use of the claimed mark as an undifferentiated noun in utility patents, industry dictionaries, industry encyclopedias, “books on jewelry,” declaration testimony from industry participants, and even testimony from an expert retained by the plaintiff, who inexplicably referred the court to a generic use predating the plaintiff’s date of first use. *Id.* at 1328, 1329.

533. *Id.* at 1328.

534. *Id.*

535. The defendants submitted evidence the plaintiff’s claimed mark appeared as a noun in two dictionaries, while the plaintiff characterized that appearance as a “historical accident” and pointed the court’s attention to three dictionaries from which the claimed mark was absent. *Id.* at 1327. The court’s ultimate finding of genericness as a matter of law did not rely upon the plaintiff’s dictionary evidence. *Id.* at 1330 n.8.

536. The expert testified that, despite her extensive experience in the industry, she had never encountered a consumer who used the claimed mark generically. *Id.* at 1329. The court dismissed her testimony in part because of evidence of her own generic use, *id.*, as well as in part because “[a]lthough [the expert’s] declaration, read in isolation, may support an inference that ‘red gold’ is not generic, such an inference is not reasonable in light of Defendants’ uncontroverted evidence of generic usage for over 100 years before [the plaintiff] entered the market.” *Id.* at 1330.

537. The court characterized the expert testimony of the plaintiff’s linguist as “merely minimiz[ing]” the significance of the defendants’ dictionary evidence, rather than placing it into dispute. *Id.* at 1329-30.

distinctiveness attaching to the claimed mark.⁵³⁸ Even viewing the summary judgment record in the light most favorable to the plaintiff, the claimed mark was generic and therefore unprotectable.⁵³⁹

As always, at least some opinions addressing defense claims of genericness affirmatively rejected them.⁵⁴⁰ The most notable example of such an outcome came in a lawsuit to protect the TIFFANY mark for jewelry against its use on information cards associated with rings not produced by the mark's owner.⁵⁴¹ The attack on the mark's validity rested on the theory that the mark could be generic for the type of jewelry setting featured in the defendant's rings, even if it otherwise functioned as a brand name.⁵⁴² The mark's owner successfully fended off that assertion in significant part through survey evidence that:

[W]hen Tiffany was tested in isolation, approximately 9 out of 10 of likely consumers considered it to be a brand identifier. When it was seen in the context of point of sale signage like that used by [the defendant], nearly 4 out of 10 consumers said they believed it was being used as a brand name, and another 3 out of 10 said they thought it was both brand name and descriptive word.⁵⁴³

One of the defendant's experts criticized the survey for presupposing that "we could not be dealing with two homonymous words, one a brand name and the other an independent adjective

538. Having determined it related only to the (irrelevant) issue of the acquired distinctiveness attaching to the plaintiff's claim mark, the court considered the testimony of the plaintiff's principal only to the extent it authenticated exhibits containing generic uses of the plaintiff's claimed mark. *Id.* at 1329.

539. *Id.* at 1330.

540. *See, e.g.*, *Choice Hotels Int'l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 462-63 (D.S.C. 2015) (finding incontestably registered ECONO LODGE mark not generic as a matter of law for hotel services), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016); *see also* *Best Chairs Inc. v. Factory Direct Wholesale, LLC*, 121 F. Supp. 3d 828, 840-41 (S.D. Ind. 2015) (declining to find plaintiff's incontestably registered BEST CHAIRS mark for furniture generic as a matter of law on motion to dismiss for failure to state a claim); *DISH Network, LLC v. Fun Dish, Inc.*, 112 F. Supp. 3d 627, 637-38 (N.D. Ohio 2015) (declining to find plaintiff's registered DISH mark for telecommunications services generic on defense motion for summary judgment); *Schlumberger Tech. Corp. v. Coil Tubing Sols., LLC*, 103 F. Supp. 3d 846, 854-55 (S.D. Tex. 2015) (declining to find plaintiff's claimed COIL TUBING mark for various services in the oil and gas drilling and production industry generic as a matter of law on motion to dismiss).

541. *See Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

542. The defendant supported this argument with declaration testimony from an industry expert, "a senior consultant to Dictionary.com," and "a professor at the School of Information Management and Systems at U.C. Berkeley." *Id.* at 257-58.

543. *Id.* at 257 (citation omitted).

applying to certain jewelry settings,”⁵⁴⁴ but the court held that “[the defendant] offers no legal authority for the proposition that ‘Tiffany’ can exist in these dual capacities—both a registered mark and a generic word.”⁵⁴⁵ The ultimate result was that “[the defendant] has proffered no affirmative evidence that raises a material issue of fact with respect to the issue of whether the primary significance of the Tiffany mark to the relevant public is as a generic descriptor or a brand identifier.”⁵⁴⁶

A dispute over the validity of the GRANGE mark, which the plaintiff used and had registered in connection with a variety of goods and services—including association and charitable services aimed at advancing the quality of family life in farm, rural and suburban communities—similarly led to a finding of protectability.⁵⁴⁷ The defendant, a breakaway former licensee of the plaintiff’s mark, sought to establish the mark’s genericness by invoking dictionary definitions of “grange” as either a farm with its nearby buildings or a lodge or local branch of a United States farmers’ association.⁵⁴⁸ As the court noted in dismissing that evidence, the cited dictionary “indicates that the secondary use of Grange is ‘*cap.*’ or capitalized, meaning it is a *proper* noun, naming a *particular* thing. This would suggest that the secondary definition refers to a local branch affiliated with one particular national association, plaintiff.”⁵⁴⁹ Moreover, the court observed, “[a] more contemporary dictionary definition further reflects that Grange, when used to mean an association of farmers, is a proper noun naming plaintiff’s organization.”⁵⁵⁰ Particularly in light of the absence of third-party uses of the plaintiff’s mark in the generic sense, including any predating the plaintiff’s use of it as a

544. *Quoted in id.* at 258.

The defendant also mounted a number of technical attacks on the survey. *See id.* at 358 (“[The defendant] raises a number of concerns with the structure of [the plaintiff’s] study, arguing that: (i) it utilized false, built-in assumptions; (ii) it utilized oversimplified, misleading and erroneous instructions; (iii) it utilized contrived and artificial stimuli that either omitted context necessary for disambiguation or provided false and misleading ‘context’; (iv) it was administered to the wrong subject population; (v) and it did not properly address whether Tiffany was a generic term for the specific ‘genus at issue in this case.’”). The court rejected those without extended discussion, holding, “[the defendant’s] criticism of [the survey] goes to the weight it should be accorded by the finder of fact, rather than its admissibility.” *Id.*

545. *Id.* at 258.

546. *Id.*

547. *Nat’l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171 (E.D. Cal. 2015), *appeal docketed*, No. 15-17179 (9th Cir. Nov. 2, 2015).

548. *Id.* at 1178.

549. *Id.*

550. *Id.*

mark, the defendant had failed to place the mark's validity in dispute.⁵⁵¹

Another mark to survive a generic-based challenge was PODS, used and registered by a plaintiff in connection with moving and storage services, namely, rental, storage, delivery and pick up of portable storage units, as well as associated packing materials.⁵⁵² Having been found liable for infringement and likely dilution by a jury, the defendant asserted in its post-trial briefing the plaintiff's mark was in fact generic and unprotectable. That briefing rested in part on "considerable evidence of generic use of 'pod' and 'pods' . . . , including use on internet social media, classified advertising, traditional media, in local government ordinances, and use by competitors";⁵⁵³ moreover, the court noted, the defendant also had introduced evidence that the plaintiff's own employees had used the plaintiff's mark generically at times,⁵⁵⁴ as well as survey results casting doubt on the mark's distinctiveness.⁵⁵⁵ Those showings, however, were not enough to mandate a finding of genericness as a matter of law in the face of evidence and testimony the jury found established the fame of the plaintiff's mark for purposes of the plaintiff's federal likelihood-of-confusion cause of action. Nor was the jury obligated to accept the interpretation of the defendant's survey results in light of countervailing expert witness testimony.⁵⁵⁶

Two findings of nongenericness came after a bench trial.⁵⁵⁷ The marks at issue were 50E and CPA 50E, both registered for devices for regulating fluid flow in pressurized pipelines: The

551. *Id.*

552. *See* PODS Enters. v. U-Haul Int'l, Inc., 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

553. *Id.* at 1278.

554. *Id.* at 1279.

555. *Id.*

556. The court did not describe the survey's methodology, but it noted the following of the parties' competing views of the results:

[W]hile [the defendant] introduced expert testimony from Dr. Wendy Wood and her survey, which [the defendant] contends demonstrated that relevant consumers viewed the marks in question to be generic, [the plaintiff] introduced expert testimony [from Dr. Ericksen] that the jury could have found undermined the credibility of Dr. Woods and her survey. Indeed, while Dr. Wood interpreted her survey to show approximately 52–53% of consumers believed the marks to be generic and 44% believed them to be non-generic, the jury could have credited Dr. Ericksen's testimony that the correct weighting of the survey would have resulted in a majority of consumers believing the term was non-generic. The jury was under no obligation to accept Dr. Wood's opinions and reject Dr. Ericksen's. "Even uncontradicted expert opinion testimony is not conclusive, and the jury has every right not to accept it."

Id. at 1279 (footnote omitted) (citations omitted) (quoting *Gregg v. U.S. Indus.*, 887 F.2d 1462, 1470 (11th Cir. 1989)).

557. *See* RJ Mach. Co. v. Canada Pipeline Accessories Co., 116 F. Supp. 3d 795 (W.D. Tex. 2015).

registrations meant the counterclaim defendant carried a “heavy burden” to establish the marks’ invalidity, a burden the counterclaim defendant failed to satisfy. One problem for the counterclaim defendant was the court’s conclusion that “flow conditioner” and “perforated plate flow conditioners” were more appropriate generic terms for the parties’ goods than 50E.⁵⁵⁸ Another was the counterclaim defendant’s failure to support its theory the marks were generic ab initio as a result of a third party’s use of 50E in a nontrademark sense: On that point, the court noted, the third party had used the mark as “simply an internal designation for a prototype.”⁵⁵⁹ Finally, the record was bare of any testimony, whether direct or hearsay in nature, from consumers indicating they understood the disputed mark was a generic reference to the category of products sold by the parties.⁵⁶⁰ Under these circumstances, expert testimony by a witness proffered by the counterclaim plaintiff that the mark had not been used generically stood un rebutted.⁵⁶¹

(ii) Descriptive Marks

“A mark is descriptive if it conveys an immediate idea of the ingredients, qualities, or characteristics of the goods.”⁵⁶² One court confirmed an abbreviation can be found descriptive if it does not have a meaning independent of the words for which it is an abbreviation.⁵⁶³ The abbreviation in question was SCAR, of which the court concluded after a bench trial that “[i]t is clear that [the plaintiff’s] SCAR mark originated with [the federal government] as an abbreviation for Special Operations Forces Combat Assault Rifle—a phrase describing the specific weapon system solicited by [the government].”⁵⁶⁴ Imposing a “heavy burden” on the plaintiff to prove its mark was not descriptive, notwithstanding a federal registration covering the mark, the court found that burden unsatisfied. Not only did the trial record demonstrate “the common understanding in the industry that SCAR is an abbreviation for Special Operations Forces Combat Assault Rifle and that SCAR is a descriptive phrase used to designate a particular rifle,”⁵⁶⁵ the plaintiff’s own use weighed against a finding of inherent distinctiveness based on the principle that “[i]f a trademark

558. *Id.* at 810-11.

559. *Id.* at 811.

560. *Id.* at 812.

561. *Id.*

562. *JDR Indus. v. McDowell*, 121 F. Supp. 3d 872, 884 (D. Neb. 2015).

563. *See FN Herstal, S.A. v. Clyde Armory, Inc.*, 123 F. Supp. 3d 1356 (M.D. Ga. 2015), *aff’d*, 838 F.3d 1071 (11th Cir. 2016).

564. *Id.* at 1370.

565. *Id.* at 1371.

claimant uses an abbreviation like SCAR in conjunction with its underlying phrase, courts are reluctant to find that the abbreviation has an independent meaning distinct from the underlying phrase.”⁵⁶⁶

In a different case in which federal registration failed to affect the ultimate outcome of the distinctiveness inquiry,⁵⁶⁷ the plaintiff used and had registered the TASK SATURATION mark, the FLAWLESS EXECUTION mark, and the following logo in connection with military-themed motivational and management training seminars:



It also asserted rights to the unregistered EXECUTION RHYTHM mark for the same services. In reversing a jury’s finding that the marks were inherently distinctive, a panel of the Court of Appeals of Georgia noted that the presumption of validity attaching to the plaintiff’s registrations was rebuttable.⁵⁶⁸ It then concluded from the trial record that the plaintiff’s marks “describe processes and concepts taught both in the military and in military-themed business consulting”;⁵⁶⁹ moreover, “the evidence shows that the plan-execute-debrief process, as well as the terms ‘execution,’ ‘task saturation’ and ‘battle rhythm’ are used in Air Force, Marine Corps, and Navy aviation.”⁵⁷⁰ The result was that “[a]ll of [the plaintiff’s] marks tend to the descriptive end of the trademark classification spectrum.”⁵⁷¹

Those opinions were not the only ones to reach findings of descriptiveness in the context of military-themed goods and services. Another arose from a counterclaim plaintiff’s attempt to protect the SILVER BULLET BULLION, COPPER BULLET BULLION, and BULLET BULLION marks for reproductions of ammunition fashioned from precious metals, including silver,

566. *Id.* at 1372; *see also id.* (“In several of its advertisements and promotional materials, [the plaintiff] displays the SCAR mark with the underlying phrase presented predominately beside or underneath it.”).

567. *See* *Corps Grp. v. Afterburner, Inc.*, 779 S.E.2d 383 (Ga. Ct. App. 2015).

568. *Id.* at 391.

569. *Id.*

570. *Id.*

571. *Id.*

copper, and gold.⁵⁷² The counterclaim plaintiff argued its marks were suggestive because “the marks were meaningless prior to the existence of [the counterclaim plaintiff’s] replica bullets, and . . . consumers might have conjured from them images of bars or coins with artwork related to bullets printed on them.”⁵⁷³ The court, however, found on a defense motion for summary judgment that the marks did not suggest bullion pieces in the shape of bullets. Instead, it determined, “[t]he arguable novelty of [the counterclaim plaintiff’s] replica bullets, and the mere possibility that someone might conjure from [its marks] an image of a bar or coin with bullet artwork, do not negate the fact that each term used in the marks conveys information about the characteristics of [the] products.”⁵⁷⁴ Moreover, with respect to the availability of alternative terminology, it found as a matter of law that “[t]here are simply a limited variety of descriptors that can be used to describe products of this sort, and granting [the counterclaim plaintiff] the trademarks it seeks would effectively preclude potential competitors from marketing goods with the terms ‘bullet’ or ‘bullion.’”⁵⁷⁵

An apparent finding of descriptiveness in the context of the mark-strength inquiry came in a case in which the plaintiff sought to protect the IGOBANKING and IGOBANKING.COM marks for banking services.⁵⁷⁶ The court led off its analysis by observing that “[t]he marks at issue here . . . may be classified as generic or, at most, descriptive.”⁵⁷⁷ Having referenced both classifications in this manner, however, the court soon fell back on language suggesting only the latter was appropriate. To begin with, it found, “[t]he words describe the actions to be taken—that is precisely what the testimony of [the plaintiff’s] witnesses indicated they intended. The words themselves—‘I’ and ‘go’ and ‘banking’—literally describe the service.”⁵⁷⁸ Moreover, “[t]o the extent the lower case ‘I’ invokes the Internet, that adds a slightly descriptive element.”⁵⁷⁹

Applying a considerably less intellectually rigorous analysis, a different court gave apparent dispositive effect to the absence of incontestable registrations covering the plaintiff’s mark when

572. See *Provident Precious Metals, LLC v. Nw. Territorial Mint, LLC*, 117 F. Supp. 3d 879 (N.D. Tex. 2015).

573. *Id.* at 891.

574. *Id.* at 892.

575. *Id.*

576. See *Flushing Bank v. Green Dot Corp.*, 138 F. Supp. 3d 561 (S.D.N.Y. 2015).

577. *Id.* at 586.

578. *Id.*

579. *Id.*

finding each descriptive after a bench trial.⁵⁸⁰ The marks in question were CONCRETE BARRIER, ULTRA NT RADIANT BARRIER, and (ULTRA) CONCRETE UNDERPAD, each of which was used in connection with protective packaging and reflective insulation products. As to each, the court's analysis was similar: "The parties have not stipulated that the mark is incontestable. Thus, the Court must look to secondary meaning in order to determine validity."⁵⁸¹

Finally, at least some courts applied the doctrinal rule that "[p]ersonal names and surnames fall within the 'merely descriptive' category and, therefore, are entitled to trademark protection only if they have acquired a secondary meaning."⁵⁸² One mark subjected to this treatment was LAGRANGE for welding equipment.⁵⁸³ Its owner gamely asserted the mark was either arbitrary or fanciful, but the court properly noted that "the LaGrange mark is apparently named for the founder and president of [the plaintiff's] original predecessor, Dan LaGrange."⁵⁸⁴ That was not the only strike against the plaintiff, however, because the summary judgment record before the court disclosed the plaintiff's predecessor had registered the mark only after making a showing of acquired distinctiveness.⁵⁸⁵ Not surprisingly, therefore, and viewing the evidence in a light most favorable to the defendant, the court found the mark descriptive, rather than suggestive.⁵⁸⁶

A second court reached a more definitive finding on the issue.⁵⁸⁷ The claimed mark at issue was PARKS, used in connection with sausages and other food products. One flaw in the plaintiff's claim of inherent distinctiveness was that "[t]he name 'Parks' originated with Henry G. Parks, who founded the Parks Sausage Company—[the plaintiff's] predecessor—in the 1950s."⁵⁸⁸ Another was that "Parks is commonly recognized as a surname—

580. See *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

581. *Id.* at 520, 528, 533.

582. *Lavanty v. Nicolinni's Ristorante I & II, LLC*, 55 N.E.3d 565, 57 (Ohio Ct. App. 2015); see also *Experience Hendrix, LLC v. Tiger Paw Distribs.*, 119 U.S.P.Q.2d 1004, 1010 (S.D. Ga.) (treating plaintiffs' JIMI HENDRIX mark as descriptive), *amended on other grounds*, No. CV 416-107 (S.D. Ga. July 21, 2016); *Zinner v. Olenych*, 108 F. Supp. 3d 369, 381–82 (E.D. Va. 2015) ("In this case, the ED ZINNER mark merely combines Plaintiff's surname with an abbreviated version of his first name and, therefore, qualifies as a personal name mark. Thus, . . . to survive Defendants' motion [for summary judgment], Plaintiff must present sufficient evidence from which a reasonable finder of fact could conclude that the ED ZINNER mark has a secondary meaning." (citations omitted)).

583. See *JDR Indus. v. McDowell*, 121 F. Supp. 3d 872 (D. Neb. 2015).

584. *Id.* at 885.

585. *Id.*

586. *Id.*

587. See *Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405 (E.D. Pa. 2016).

588. *Id.* at 421.

indeed, it is the surname of a notable civil rights figure in American history (Rosa Parks)—and [the plaintiff] has not produced any evidence to suggest otherwise.”⁵⁸⁹ Finally—and more dubiously—“[t]he word ‘Parks’ also does not have ‘well known meanings as a word in the language,’ other than as the plural form of ‘park,’ which would make little sense standing alone.”⁵⁹⁰

(iii) Suggestive Marks

“Suggestive marks ‘subtly connote something about the [associated good or] service so that a customer could use his or her imagination and determine the nature of the [good or] service.’”⁵⁹¹ One mark found suggestive over the past year was rFOIL, used in connection with protective packaging and reflective insulation products.⁵⁹² As the court explained, “[s]uggestive marks require consumer imagination, thought, or perception to determine what the product is. [the plaintiff] produces reflective insulation. The word ‘foil’ in rFOIL suggests that the product has reflective qualities. Thus, the Court finds that rFOIL should be classified as a suggestive mark”⁵⁹³

Two additional marks to fall within the category of suggestiveness were MULTIFAB and MULTIFAB INC.⁵⁹⁴ Both were used in connection with the manufacture and distribution of industrial equipment, and that proved to be their ticket to a finding of inherent distinctiveness on their owner’s motion for a default judgment: “Plaintiff’s mark is likely suggestive, because it requires a mental leap to associate ‘Multifab’ with the fabrication of industrial equipment, and the mark is sufficiently subtle that it is not likely needed by competitive sellers to describe their own goods.”⁵⁹⁵

Still another mark to be found suggestive was ZEROREZ for carpet and fabric cleaning services.⁵⁹⁶ The mark’s owner had registered it in the USPTO, but the registrations covering the mark played less a role in the determination of inherent

589. *Id.*

590. *Id.* (quoting *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999)).

591. *TraFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1328 (S.D. Fla. 2015) (quoting *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182 n.5 (11th Cir. 1985)), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

592. *See Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

593. *Id.* at 515.

594. *See Multifab, Inc. v. ArlanaGreen.com*, 122 F. Supp. 3d 1055 (E.D. Wash. 2015).

595. *Id.* at 1065.

596. *See Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

distinctiveness than did the results of the court's application of a rather straightforward doctrinal analysis: "Zerorez," the court concluded, "is at least a suggestive mark. Unlike 'Frosty Treats' [for frozen desserts] and other descriptive marks, 'Zerorez' requires additional imagination, thought, or perception to convey the nature of the product. 'Zerorez' does not immediately convey an idea of the qualities and characteristics of the [associated] services"⁵⁹⁷

In a different case, the parties agreed the plaintiff's PINTEREST mark was "at least suggestive" for computer software allowing users to interact online with information and media content shared by other users, but they disagreed as to the plaintiff's contention the mark was arbitrary.⁵⁹⁸ Resolving that issue in the defendants' favor, the court initially found that "the Pinterest mark is a combination of the words 'pin' and 'interest' mashed together to create a new word."⁵⁹⁹ That meant "while understanding the meaning of the 'Pinterest' mark requires the public to employ the multistage reasoning that differentiates suggestive marks from those that are merely descriptive, the combination of 'pin' and 'interest' cannot reasonably be said to be arbitrary or fanciful."⁶⁰⁰

The BACKYARD mark for grills and grill accessories also fell within the category of suggestiveness.⁶⁰¹ According to the court reaching that conclusion:

The association of BACKYARD with grills and grill accessories "requires some operation of the imagination to connect it with the goods." The association is similar to that of CopperTone®, Orange Crush®, and Playboy® with their designated products in that there is a logical connection between the name and product but the connection is more nuanced than a name that imparts information directly.⁶⁰²

An additional factor identified by the court as supporting the mark's inherent distinctiveness was the USPTO's registration of it without requiring a showing of acquired distinctiveness.⁶⁰³

BREW PUB similarly proved suggestive for frozen pizzas.⁶⁰⁴ In granting a preliminary injunction motion by the mark's owner, the

597. *Id.* at 1042.

598. *See* Pinterest, Inc. v. Pintrips, Inc., 140 F. Supp. 3d 997, 1010 (N.D. Cal. 2015).

599. *Id.* at 1010.

600. *Id.*

601. *See* Variety Stores, Inc. v. Wal-Mart Stores, Inc., 150 F. Supp. 3d 583 (E.D.N.C. 2015).

602. *Id.* at 588-89 (quoting Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1528 (4th Cir. 1984)).

603. *Id.* at 589.

court initially determined that “[t]he term ‘Brew Pub’ is not descriptive of frozen pizzas, although it evokes a beverage that is closely associated with pizza.”⁶⁰⁵ After that, however, the court justified its finding by citing only to the plaintiff’s showing it was the only industry participant to use the word “brew” in connection with pizza, “at least it was until [the defendant] came along.”⁶⁰⁶

Another court found the following mark suggestive for various goods and services with a libertarian or conservative bent:⁶⁰⁷



It did so by referring to the primary mark used by the disputed mark’s owner, namely, INSTITUTE FOR JUSTICE. It found the latter “is best categorized as a suggestive mark: it does not directly describe the services Plaintiff supplies, but it does suggest them. . . . The abbreviation ‘IJ’ can correspondingly be categorized as a suggestive mark.”⁶⁰⁸

Finally, a trio of marks—NET10, SIMPLE MOBILE, and REUP, all for telecommunications services—qualified as inherently distinctive suggestive marks on a preliminary motion brought by their owner.⁶⁰⁹ With respect to the first, the court found unpersuasive a number of past default judgments finding the mark arbitrary, and instead concluded that “NET10 qualifies at least as a suggestive mark because it requires ‘some imagination (if very little) by the consumer to be understood as pertaining to cellular phone service.’”⁶¹⁰ It then rejected the defendants’ (inapposite) argument the remaining marks were weak because of third-party use and found that “Simple Mobile and REUP qualify

604. See *Bernatello’s Pizza, Inc. v. Hansen Foods, LLC*, 173 F. Supp. 3d 790 (W.D. Wis. 2016).

605. *Id.* at 800.

606. *Id.*

607. See *Inst. v. Justice v. Media Grp. of Am., LLC*, 117 U.S.P.Q.2d 1042, 1044 (E.D. Va. 2015).

608. *Id.* at 1046.

609. See *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321 (S.D. Fla. 2015), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

610. *Id.* at 1329 (quoting *TracFone Wireless, Inc. v. Washington*, 978 F. Supp. 2d 1225, 1231 (M.D. Fla. 2013)).

as suggestive marks, because they require some imagination on the part of consumers to understand these marks as pertaining to telecommunication services.”⁶¹¹

(iv) Arbitrary Marks

“Arbitrary’ marks are recognizable words used in connection with goods or services for which they do not suggest or describe any features or characteristics of the goods or services offered.”⁶¹² Because marks falling within this category “bear no relationship to the products or services to which they are applied,”⁶¹³ they are protectable from the inception of their use “even [if] they are comprised of generic terms, because they do not describe the goods or services offered by the user of the mark.”⁶¹⁴

Despite the frequency with which courts articulate these boilerplate doctrinal principles, actual findings of arbitrariness occur infrequently, and reported opinions from the past year did little to change that pattern. Nevertheless, a Virginia federal district court determined on a motion for summary judgment the plaintiff’s NATIONSTAR MORTGAGE mark was an arbitrary indicator of origin for the provision of mortgage loans, home equity loans, and refinancing services.⁶¹⁵ As the court explained, “NATIONSTAR is a composite of two recognizable words, NATION and STAR—neither of which have anything to do with mortgage services.”⁶¹⁶ The mark might additionally include the generic term “mortgage,” which the plaintiff disclaimed when registering the mark, but “[w]here the proposed mark consists of but two words, one of which is disclaimed, the word not disclaimed is generally regarded as the dominant or critical term in determining distinctiveness.”⁶¹⁷

Finally, in a rather arbitrary finding of arbitrariness, a Georgia federal district court determined that a series of registered marks consisting in whole or in part of the image of famed guitarist Jimi Hendrix, including the following, were inherently distinctive:⁶¹⁸

611. *Id.* at 1330.

612. *Nationstar Mortg., LLC v. Ahmad*, 155 F. Supp. 3d 585, 590 (E.D. Va. 2015), *appeal dismissed*, No. 16-1422 (4th Cir. July 13, 2016).

613. *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795, 809 (W.D. Tex. 2015).

614. *Nat’l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171, 1178 (E.D. Cal. 2015).

615. *Nationstar Mortg.*, 155 F. Supp. 3d at 590.

616. *Id.*

617. *Id.* (quoting *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1529–30 (4th Cir. 1984)) (internal quotation marks omitted).

618. *See Experience Hendrix, LLC v. Tiger Paw Distributions*, 119 U.S.P.Q.2d 1004, 1008-09 (S.D. Ga.), *amended*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016).



Significantly, that finding did not focus on the relationship between the marks and the myriad of goods and services associated with them; instead, the court concluded, “the ‘arbitrary nature of [the bust’s] features’” qualified the marks as arbitrary.⁶¹⁹

(v) Coined or Fanciful Marks

Numerous courts referred to the definition of coined or fanciful marks, but few actually reached findings that marks actually fell within that definition. An exception to that pattern, however, was a New York federal district court, which found the following mark was “an original image and . . . thus fanciful and inventive” when used in connection with books, magazines, charts, maps, and photographs on a variety of aspects of Jewish life:⁶²⁰

The illustrations in the text following this footnote are taken from U.S. Reg. No. 3072909 (issued March 28, 2006) and U.S. Reg. No. 3312070 (issued Oct. 16, 2007), each of which is referenced by the court’s opinion.

619. *Experience Hendrix*, 119 U.S.P.Q.2d at 1010 (alteration in original) (quoting *Experience Hendrix, LLC v. Elec. Hendrix, LLC*, No. C07-0338, 2008 WL 3243896, at *1 (W.D. Wash. Aug. 7, 2008)).

620. *Vaad L’Hafotzas Sichos, Inc. v. Kehot Publ’n Soc’y*, 156 F. Supp. 3d 363, 369 (E.D.N.Y.), *amended in part on other grounds*, No. 10-CV-4976 (FB) (JO) (E.D.N.Y. July 25, 2016), *appeal docketed*, No. 16-2934 (2d Cir. Aug 24, 2016). As described by an application to register it:

The mark is in the form of a badge design, incorporating Hebrew words, the transliteration of which is as follows - the upper part of the design incorporates the Hebrew words “hotzoas seforim”, which, in English, means “publication society”. Below that are the Hebrew words “karnei hod torah”, which, in English, means “torah is a majestic crown”. In the center of the design are the Hebrew letters “K H T”, which are the initial letters of the Hebrew words set forth above, ie “karnei hod torah”. (This combination of the three Hebrew letters is pronounced “kehot”). At the bottom of the design is the word “Lubavitch”, which indicates that applicant is the official publishing house of the Lubavitch organization, of which Merkos L’Inyonei Chinuch, Inc. is the educational arm.

U.S. application Serial No. 76314502 (filed Sept. 19, 2001).



***(b) Inherent Distinctiveness of Trade Dress and
Nontraditional Marks***

The divide among courts as to how to evaluate the inherent distinctiveness of nontraditional marks continued. For example, the Tenth Circuit weighed a claim of protectable rights to a residential building design by resorting to the standard spectrum of distinctiveness applicable to word marks.⁶²¹ The summary judgment record before the district court led that tribunal to find the plaintiff's design lacked inherent distinctiveness as a matter of law, and the appellate court affirmed. As the latter noted, the plaintiff's response to the defendants' motion for summary judgment consisted of a recapitulation of the elements the plaintiff claimed made up its claimed trade dress. That, the court concluded, was insufficient, because "[m]erely reciting these nine elements does not create a genuine dispute of fact as to inherent distinctiveness. [The plaintiff] has not offered arguments or facts indicating that these nine elements are original or unique so as to make the alleged trade dress inherently source-identifying (meaning suggestive, arbitrary, or fanciful)."⁶²² The plaintiff's failure to dispute testimony from a defense expert witness that the plaintiff's design "consisted of standard content" only sealed the defendants' victory on the issue of inherent distinctiveness.⁶²³

In contrast, a New York federal district court disposed of a claim by a pair of plaintiffs to own an inherently distinctive trade dress consisting of the various elements of their website using a different analysis.⁶²⁴ Although the Second Circuit has repeatedly suggested trial courts subject to its review should employ the word-mark spectrum of distinctiveness when evaluating the possible inherent distinctiveness of nontraditional marks,⁶²⁵ the

621. See *Savant Homes, Inc. v. Collins*, 809 F.3d 1133 (10th Cir. 2016).

622. *Id.* at 1149.

623. *Id.*

624. See *Zaslow v. Coleman*, 103 F. Supp. 3d 657 (E.D. Pa. 2015).

625. See, e.g., *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1000-01 (2d Cir. 1997) (applying word-mark spectrum to packaging).

court instead noted simply that “Plaintiffs’ Complaint does not allege anything to establish that the plaintiffs’ marks are inherently distinctive. Nothing about Plaintiffs’ website name, logo, ideas, or business nature would lead to immediate recognition among the general public.”⁶²⁶ With the plaintiffs additionally having failed to aver their trade dress had acquired distinctiveness, their bid for a temporary restraining order resulted in the dismissal of their action for failure to state a claim.⁶²⁷

In contrast, a considerably more forgiving court credited a licensor’s claim of inherent distinctiveness for the appearance of the licensor’s New Orleans restaurant.⁶²⁸ The court did not describe it in detail, but the asserted trade dress apparently comprised “surfboards, explicitly surfer-related decorative items, and menu items that contain references to surfing.”⁶²⁹ Granting the licensor’s motion for a preliminary injunction motion, the court saw no need for a showing of acquired distinctiveness. It rested that conclusion in part on testimony of the uniqueness of the restaurant’s décor in New Orleans, as well as additional record evidence and testimony more suited for an inquiry into the acquired distinctiveness of the trade dress, namely, that consumers actually associated it with the restaurant.⁶³⁰

(c) Acquired Distinctiveness

(i) Opinions Finding Acquired Distinctiveness

Section 2(f) of the Act provides that the USPTO “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.”⁶³¹ Although not all courts are willing to accept claims of acquired distinctiveness under Section 2(f),⁶³² the Eleventh Circuit converted the permissive wording of the statute into something stronger by holding that “[a] proprietor *can* make a prima facie showing of ‘secondary meaning’ by showing that the name has

626. *Zaslow*, 103 F. Supp. 3d at 664.

627. *Id.* at 665.

628. *See* *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549 (E.D. La. 2016).

629. *Id.* at 572.

630. *Id.* at 574.

631. 15 U.S.C. § 1052(f) (2012).

632. *See, e.g.,* *Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc.*, 85 F. Supp. 3d 1300, 1306 (M.D. Fla. 2015) (rejecting plaintiff’s attempted invocation of Section 2(f) with the explanation, “[s]tanding alone, however, this fact is insufficient to establish secondary meaning”).

been used in connection with the proprietor's goods or service continuously and substantially exclusively for five years."⁶³³ Affirming a finding of acquired distinctiveness as a matter of law, the court required nothing more than evidence in the summary judgment record of use of the disputed marks for five years: "Even if [the marks] are merely descriptive of [the plaintiff's goods], [the plaintiff] has been using these marks for far more than five years, and the marks therefore have acquired secondary meaning."⁶³⁴

A Nebraska federal district court employed a similar rationale in reaching a finding of acquired distinctiveness as a matter of law.⁶³⁵ The plaintiff had registered its mark with a showing of acquired distinctiveness under Section 2(f), but the court proved less impressed with the evidentiary significance of the registration than with the plaintiff's showing of the substantially exclusive use of the disputed mark for three times the length of time referenced by the statute:

Fifteen years of exclusive use is not insignificant. [Section 2(f)] states that the trademark commissioner may accept proof of five years' exclusive and continuous use of a mark as prima facie evidence of secondary meaning. "This suggests that five years' use is a strong factor in favor of secondary meaning: '[T]he general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).'"⁶³⁶

The defendants' intentional copying also played a role in the court's determination the plaintiff's mark had acquired distinctiveness as a matter of law⁶³⁷ and helped make up for the plaintiff's general failure to limit its showing to before the defendant's date of first use.⁶³⁸ Finally, the plaintiff also benefitted from the court's conclusion that, although a surname and therefore descriptive, the plaintiff's mark was "closer to the suggestive end of the spectrum than the generic or 'merely' descriptive end."⁶³⁹

Section 2(f) notwithstanding, a Georgia federal district court's more comprehensive application of the Eleventh Circuit's multifactor test for acquired distinctiveness⁶⁴⁰ confirmed that

633. *Jysk Bed'N Linen v. Dutta-Roy*, 810 F.3d 767, 779 (11th Cir. 2015) (emphasis added) (quoting *Welding Servs. Inc. v. Forman*, 509 F.3d 1351, 1357 (11th Cir. 2007)).

634. *Id.*

635. *See JDR Indus. v. McDowell*, 121 F. Supp. 3d 872 (D. Neb. 2015).

636. *Id.* at 886 (quoting *Stuart Hall Co. v. Padpad Corp.*, 51 F.3d 780, 789 (8th Cir. 1995) (quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992))).

637. *Id.* at 887.

638. *Id.* at 886-87.

639. *Id.* at 887.

640. The court summarized that test in the following manner:

five years of use is not an absolute prerequisite for a finding of protectability: Indeed, a period of “a little less than two years” proved sufficient.⁶⁴¹ During that time, the plaintiff, a manufacturer of firearms, “filled eleven delivery orders and sold over \$11,000,000.00 of [goods bearing its mark] and accessories.”⁶⁴² It also benefitted from “significant media coverage in the . . . industry” arising from the infrequent nature of the bidding process that led to the plaintiff receiving a government contract to produce the goods sold under its mark.⁶⁴³ The plaintiff’s case did not rest merely on third-party publicity, however. Instead, the trial record demonstrated that, prior to the defendant’s date of first use of the same mark in connection with directly competitive or closely related goods, the plaintiff had promoted weapons bearing its mark by “visiting trade shows, law enforcement agencies, distributors, gun dealers, and distributing promotional materials”;⁶⁴⁴ those materials included “hats, t-shirts, key chains, as well as thousands of brochures, fliers, and other marketing materials imprinted with the [disputed] mark.”⁶⁴⁵ Finally, the court found, “[t]he popularity of [the plaintiff’s] mark [as of the defendant’s date of first use] is further evidenced by [the defendant’s] intentional copying of the . . . mark.”⁶⁴⁶

Intentional copying also played a role in an application of the Fifth Circuit’s test for acquired distinctiveness:

- (1) the length and manner of use of the mark or trade dress,
- (2) volume of sales, (3) amount and manner of advertising,
- (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer

When, as in this case, there are no consumer surveys in evidence, courts consider four factors to determine whether a particular mark has acquired distinctiveness through secondary meaning, including

- (1) [T]he length and manner of its use; (2) the nature and extent of advertising and promotion; (3) the efforts made by plaintiff to promote a conscious connection in the public’s mind between the name and plaintiff’s business; and (4) the extent to which the public actually identifies the name with plaintiff’s goods and services.

FN Herstal, S.A. v. Clyde Armory, Inc., 123 F. Supp. 3d 1356, 1372 (M.D. Ga. 2015) (quoting Gift of Learning Found., Inc. v. TGC, Inc., 329 F.3d 792, 800 (11th Cir. 2003)), *aff’d*, 838 F.3d 1071 (11th Cir. 2016); *see also* TracFone Wireless, Inc. v. Clear Choice Connections, Inc., 102 F. Supp. 3d 1321, 1329 n.6 (S.D. Fla. 2015) (citing same Eleven Circuit factors in dictum), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

641. *See FN Herstal*, 123 F. Supp. 3d at 1373.

642. *Id.* at 1360.

643. *Id.*

644. *Id.* at 1362.

645. *Id.* at 1368.

646. *Id.* at 1374.

testimony, and (7) the defendant's intent in copying the trade dress [or mark].⁶⁴⁷

The mark benefitting from that application was 50E for perforated flow conditioners. Addressing the validity of the mark following a bench trial, the court found it had acquired distinctiveness. Showings by the mark's owner to that effect included the mark's use for over a decade and a half, an annual advertising spend between \$400,000 and \$600,000, testimony by an expert witness that he recognized the mark as a brand name, and the counterclaim defendant's intentional copying of the mark.⁶⁴⁸

Copying is similarly evidence of acquired distinctiveness to courts in the Ninth Circuit, which apply a six-factor test for acquired distinctiveness taking into account:

(1) whether actual purchasers associate the dress with the source, which can be shown through customer surveys; (2) the degree and manner of advertising of the trade dress; (3) the length and manner of use of the dress; (4) whether the party seeking protection has used the trade dress exclusively; (5) sales success of the trade dress; and (6) attempts by others to imitate.⁶⁴⁹

Applying this test in the context of a preliminary injunction motion, the court found the following shoe configuration had sufficiently acquired distinctiveness to merit protection:



Specifically, the preliminary injunction record established the shoe's exclusive use since the "early 1970s,"⁶⁵⁰ the plaintiffs' investment of "over \$1 million in online and traditional advertising," part of which yielded "significant but difficult-to-quantify value from placing the [shoe] with celebrities, musicians, athletes, and other 'influencers' to drive consumer hype,"⁶⁵¹ sales of "nearly 430,000 pairs . . . , with a wholesale value of almost \$20

647. *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795, 815 (W.D. Tex. 2015) (alteration in original) (quoting *Nola Spice Designs, L.L.C. v. Haydel Enters.*, 783 F.3d 527, 537 (5th Cir. 2015)).

648. *Id.*

649. *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1234-35 (D. Or. 2016) (footnote omitted), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 2016).

650. *Id.* at 1235.

651. *Id.*

million,”⁶⁵² and extensive favorable media coverage.⁶⁵³ A final consideration weighing in the plaintiffs’ favor was the close similarity between the plaintiffs’ shoe and one offered by the defendant, from which the court drew the “reasonable inference . . . that [the defendant] copied the overall look of the [plaintiffs’] shoe to [capitalize] upon [its] secondary meaning.”⁶⁵⁴

An equally detailed analysis led to findings of acquired distinctiveness for three unregistered marks after a bench trial in a different case.⁶⁵⁵ Those findings rested on an application of the Third Circuit’s rather ponderous multifactor test on the issue, which turns on:

- (1) the extent of sales and advertising leading to buyer association;
- (2) length of use;
- (3) exclusivity of use;
- (4) the fact of copying;
- (5) customer surveys;
- (6) customer testimony;
- (7) the use of the mark in trade journals;
- (8) the size of the company;
- (9) the number of sales;
- (10) the number of customers; and,
- (11) actual confusion.⁶⁵⁶

With the exception of survey evidence, which was absent from the record and therefore a neutral consideration, each of the relevant factors favored the plaintiff’s claim to own protectable marks.⁶⁵⁷ The defendant responded to the plaintiff’s introduction of marketing materials bearing one of the marks by arguing it had produced the materials during the pendency of an exclusive distributorship agreement between the parties and that the materials bore its name, but the court declined to accept that argument. It instead noted the materials identified the plaintiff as the manufacturer of the goods associated with the mark and, additionally, as the party warranting the quality of those goods.⁶⁵⁸

A New Hampshire federal district court considered the following First Circuit factors when reaching a finding of acquired distinctiveness:

- (1) the length and manner of [the plaintiff’s] use of the [mark];
- (2) the nature and extent of advertising and promotion of the mark;
- (3) the efforts made in the direction of promoting a conscious connection, in the public’s mind, between the name

652. *Id.*

653. *Id.* at 1235-36.

654. *Id.* at 1236.

655. *See* *Covertech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

656. *Id.* at 520.

657. *Id.* at 520-24, 528-31, 533-35.

658. *Id.* at 521.

or mark and a particular product or venture; and (4) [the plaintiff's] size and prominence.⁶⁵⁹

The disputed mark was GRANITE STATE TRADE SCHOOL for educational services, and it made the grade in a “close call.”⁶⁶⁰ Ten years of use weighed in the plaintiff's favor, as did the plaintiff's registration of the mark with the New Hampshire Secretary of State and a promotional spend of “some \$58,000.”⁶⁶¹ Because the plaintiff was a small vocational school offering only four classes, an application of the last of the relevant factors might have been expected at least to place the issue in dispute, but it did not in light of an admission by the defendant's principal that “members of the trade community in New Hampshire associate the term ‘Granite State’ with Granite [the plaintiff] specifically, rather than with a generic trade school that happens to be located in New Hampshire.”⁶⁶² “This concession,” the court noted in finding the plaintiff's mark protectable, “carried significant weight.”⁶⁶³

These holdings notwithstanding, the court with the most credulous attitude toward a claim of acquired distinctiveness turned out to be a panel of the Ohio Court of Appeals.⁶⁶⁴ Affirming the entry of summary judgment in favor of counterclaim plaintiffs asserting protectable rights in a surname used as a mark for restaurant services, that court held that five factors properly governed inquiries into “whether a word has acquired a secondary meaning: 1) the amount and manner of advertising; 2) the volume of sales; 3) length and manner of use; 4) direct consumer testimony; and 5) consumer surveys.”⁶⁶⁵ The counterclaim plaintiffs' showing on the subject was less than overwhelming and consisted of declaration testimony that:

[T]he amounts and manner of advertising for [the counterclaim plaintiffs' restaurants], their volume of sales, their length and manner of use and direct consumer observations and statements to the undersigned evidence the public's association of the [disputed] name . . . with the restaurants and their food quality and not with the individual [and lead] Plaintiff⁶⁶⁶

659. Granite State Trade Sch., LLC v. N.H. Sch. of Mech. Trades, Inc., 120 F. Supp. 3d 56, 63 (D.N.H. 2015) (citation omitted).

660. *Id.*

661. *Id.*

662. *Id.*

663. *Id.*

664. See Lavanty v. Nicolinni's Ristorante I & II, LLC, 55 N.E.3d 565 (Ohio Ct. App. 2015).

665. *Id.* at 571.

666. Quoted in *id.* at 572.

Nevertheless, this conclusory statement was enough for the appellate court, which noted approvingly that “[t]his averment is obviously formulated to conform to the requirement that [the counterclaim defendants] prove secondary meaning under the law.”⁶⁶⁷

(ii) Opinions Declining to Find Acquired Distinctiveness

Some courts regard intentional copying by a defendant as probative evidence of acquired distinctiveness, and, indeed, the existence of copying is a relevant consideration under the Tenth Circuit’s multifactor test for secondary meaning:

Secondary meaning may be shown by direct evidence, such as consumer surveys or testimony from consumers. Circumstantial evidence may also be used, such as (1) the length and manner of the trade dress’s use; (2) the nature and extent of advertising and promotion of the trade dress; (3) the efforts made in the direction of promoting a conscious connection, in the public’s mind, between the trade dress and a particular product or venture; (4) actual consumer confusion; (5) proof of intentional copying; or (6) evidence of sales volume.⁶⁶⁸

Nevertheless, in a case in which the plaintiff claimed protectable trade dress in the floor plan of a residence, that court confirmed that a failure to adduce evidence or testimony of copying before a trial court will preclude consideration of the issue on appeal.⁶⁶⁹ The plaintiff’s troubles extended beyond its belated reliance on the defendants’ alleged copying on appeal, however. Specifically, the plaintiff had responded to the defendants’ motion for summary judgment only by touting its sales volume, of which the court noted that “[s]tanding alone, sales volume may not be indicative of secondary meaning because it could be related to factors other than source identification.”⁶⁷⁰ The district court’s grant of the defendants’ motion therefore had been appropriate.⁶⁷¹

Intentional copying also can play a role in the test for acquired distinctiveness in the Fifth Circuit, which takes into account the following seven factors:

⁶⁶⁷. *Id.*

⁶⁶⁸. *Savant Homes, Inc. v. Collins*, 809 F.3d 1133, 1148 (10th Cir. 2016) (footnote omitted) (citations omitted) (internal quotation marks omitted).

⁶⁶⁹. *Id.*

⁶⁷⁰. *Id.* at 1148 (quoting *Sally Beauty Co. v. Beautyco, Inc.*, 304 F.3d 964, 978 (10th Cir. 2002) (internal quotation marks omitted)).

⁶⁷¹. *Id.* at 1150.

(1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant's intent in copying the trade dress [or mark].⁶⁷²

Nevertheless, one unsuccessful counterclaim plaintiff in that jurisdiction did not adduce evidence or testimony of intentional copying in response to a defense motion for summary judgment; indeed, it failed to point to evidence or testimony of any kind creating a factual dispute as to the acquired distinctiveness of its descriptive marks, which were used in connection with replica ammunition made of precious metals. Questioned by the court about the absence of favorable survey evidence in particular, the counterclaim plaintiff gamely asserted, in the court's words, "it lacked survey evidence because [its] customers tend to buy bullion as a hedge against what they see as the U.S. government's failing monetary policy, and those same customers would be skeptical of a phone call inquiring about the manufacturer of the bullion products they own."⁶⁷³ Not surprisingly, the court observed that "[t]his reasoning does not excuse [the counterclaim plaintiff] from its burden of proof to show secondary meaning This Court finds, therefore, as a matter of law, that the disputed marks have not acquired secondary meaning."⁶⁷⁴

An application of the Fifth Circuit's seven-factor test for acquired distinctiveness by the court itself yielded the same result.⁶⁷⁵ That application occurred in the latest installment of the interminable litigation over rights to the TEST MASTERS mark for test preparation services, which presented the issue of whether the plaintiff's version of the mark had acquired distinctiveness outside the state of Texas and outside the engineering field. In response to a defense motion for summary judgment, the plaintiff pointed to what it characterized—with some justification—as overwhelming evidence in its favor, including a track record of conducting tens of thousands courses, tens of millions of dollars in revenue, enrolled students with home addresses in all fifty states, an annual advertising spend of over \$100,000, unsolicited publicity in third-party media, favorable survey evidence, and various materials from consumers viewing the plaintiff's services

672. *Provident Precious Metals, LLC v. Nw. Territorial Mint, LLC*, 117 F. Supp. 3d 879, 893 (N.D. Tex. 2015) (alteration in original) (quoting *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 248 (5th Cir. 2010)).

673. *Id.*

674. *Id.*

675. *See Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437 (5th Cir. 2015), *cert. denied*, 137 S. Ct. 499 (2016).

favorably.⁶⁷⁶ Another court might have considered the plaintiff's showing adequate to carry its ultimate burden of proving the distinctiveness of its mark, but the Fifth Circuit affirmed the district court's entry of summary judgment in the defendants' favor. According to the appellate court, the district court had properly found that the plaintiff's financial numbers compared unfavorably to those of the defendants, whose operations were on a much larger scale.⁶⁷⁷ The plaintiff's home-address evidence proved similarly unconvincing because it was "an unpersuasive attempt by [the plaintiff] to claim use of the mark in states in which it actually offers no courses."⁶⁷⁸ Likewise, the plaintiff's survey evidence failed to carry the day because it did not document which party respondents associated the disputed mark with and because respondents were disproportionately from Texas and seeking assistance with engineering tests.⁶⁷⁹ Finally, the plaintiff's direct evidence of consumers' perception of its mark was unpersuasive because it also came from engineering students.⁶⁸⁰

The Second Circuit's six-part test for acquired distinctiveness proved the ticket for a New York federal district court's grant of a defense victory for summary judgment:

Courts within the Second Circuit look at six factors to establish whether a mark has acquired secondary meaning: (1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use.⁶⁸¹

After reviewing the summary judgment record, the court concluded that "[a]pplying these factors supports but one conclusion: Plaintiffs' complete failure to establish secondary meaning."⁶⁸² The reasons for that determination included: (1) the plaintiff's modest \$2,957 in advertising spend; (2) the absence of favorable survey evidence; (3) a dearth of third-party media coverage; (4) only \$65,881 in sales under the claimed mark; (5) the plaintiff's failure to establish intentional copying; and (6) use of the claimed mark by

676. *Id.* at 446-47.

677. *Id.* at 446.

678. *Id.*

679. *Id.* at 446-47.

680. *Id.* at 447. This category of evidence consisted of "(1) thousands of letters and e-mails from satisfied customers, (2) statements from individuals explaining that they identify TESTMASTERS solely with [the plaintiff], (3) thousands of evaluation forms submitted by customers, and (4) evidence of referral fees paid to former students," as well as at least some evidence of actual confusion. *Id.*

681. *Kelly-Brown v. Winfrey*, 95 F. Supp. 3d 350, 359 (S.D.N.Y. 2015), *aff'd*, 659 F. App'x 55 (2d Cir. 2016), *petition for cert. filed*, No. 16-803 (U.S. Dec. 23, 2016).

682. *Id.*

other parties, including the lead defendant in a speech given two decades prior to the plaintiffs' date of first use.⁶⁸³ Although the plaintiffs' mark was covered by a registration on the Principal Register, the court held "[t]here is no record evidence that is sufficient to raise a triable question of material fact regarding the [mark's] secondary meaning."⁶⁸⁴

An unregistered surname mark similarly failed to qualify for protection in an outcome turning on the Third Circuit's test for acquired distinctiveness.⁶⁸⁵ The summary judgment record established the plaintiff had licensed the use of its mark to two other companies, neither of which had promoted the mark to any great extent.⁶⁸⁶ The plaintiff's showing of \$8.6 million in sales over five years was similarly deficient because some sales may have taken place outside the United States and even its domestic sales were geographically limited.⁶⁸⁷ From there, a cascading series of additional findings as a matter of law went the defendants' way, including that the defendants had not copied the plaintiff's mark,⁶⁸⁸ the plaintiff had adduced neither survey nor anecdotal evidence of actual confusion,⁶⁸⁹ and the exclusivity of the plaintiff's use was in doubt.⁶⁹⁰ The defendants therefore were entitled to summary judgment on the issue of the validity of the plaintiff's mark.⁶⁹¹

Other claims of acquired distinctiveness proved equally deficient and also lent themselves to summary disposition.⁶⁹² One such ill-fated allegation rested exclusively on the plaintiff's ownership of a not-yet-incontestable registration covering its

683. *Id.*

684. *Id.*

685. *See Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405 (E.D. Pa. 2016).

686. One licensee's advertising was limited to "obtaining placements in printed grocery store 'circular ads,' where the products appear alongside other products offered for sale at the store, perform in-store demonstrations at approximately one store per week, and to attend approximately six 'food shows' on an annual basis." *Id.* at 422. The second licensee sold goods bearing the disputed mark only to the United States military and promoted those goods "solely [through] personal visits by its marketing manager to 'institutions and military facilities' and his participation in 'dozens of food shows' that are held 'around the country,' which happen 'sporadically.'" *Id.*

687. *Id.* at 423.

688. *Id.* at 424-25.

689. *Id.* at 425-26. Although the plaintiff submitted survey evidence allegedly documenting actual confusion between the parties' marks, the court discounted that evidence because it assumed the plaintiff's mark had acquired distinctiveness. *Id.* at 425.

690. *Id.* at 426-27.

691. *Id.* at 427.

692. *See, e.g., Vaad L'Hafotzas Sichos, Inc. v. Krinsky*, 133 F. Supp. 3d 527, 538 (E.D.N.Y. 2015) (rejecting plaintiffs' attempt to convert claim of passing off into one for trade dress infringement based on absence from summary judgment record of evidence or testimony of acquired distinctiveness).

descriptive mark.⁶⁹³ While the plaintiff failed to adduce any other evidence or testimony in support of the validity of its mark, the defendant busied itself with showings the plaintiff's mark had been used "for about two years" prior to the defendant's date of first use, the plaintiff had invested a modest \$5,444.17 into the marks' promotion, and, finally, any actual confusion was limited to five customers.⁶⁹⁴ Under the circumstances, the plaintiff's registration failed to create a factual dispute as to the mark's lack of distinctiveness.⁶⁹⁵

An additional plaintiff, this one seeking to protect the configuration of a sports helmet, likewise failed to survive summary judgment.⁶⁹⁶ The court's exclusion of the testimony of five untimely-disclosed fact witnesses hindered the plaintiff's claim of acquired distinctiveness, but the court held the testimony would not have created a factual dispute on the issue because only two of the witnesses were end users of the plaintiff's helmets, and their declarations failed to establish that their recognition of the plaintiff's design predated the defendant's date of first use;⁶⁹⁷ moreover, although the declarations referred to the "style" of the plaintiff's design, "they say nothing about connecting that style to the source of the product."⁶⁹⁸ With no direct evidence of acquired distinctiveness of its own and faced with the results of a survey commissioned by the defendants that yielded no positive responses, the plaintiff turned to circumstantial evidence, but its showings failed to convince the court. Specifically, the plaintiff had used its design for only a year prior to the entry of the defendants into the market,⁶⁹⁹ the plaintiff's total advertising spend (not limited to the disputed design) to that point did not exceed \$131,000,⁷⁰⁰ the plaintiff's print advertisements failed to call attention to the design as a mark,⁷⁰¹ the plaintiff's evidence of sponsorship deals with professional athletes failed to establish the deals were extant as of the defendants' entry,⁷⁰² and the plaintiff's claim of intentional copying was unsubstantiated.⁷⁰³ Moreover, although the plaintiff had enjoyed "notable" sales success, the

693. See *Donut Joe's, Inc. v. Interveston Food Servs., LLC*, 101 F. Supp. 3d 1172 (N.D. Ala. 2015).

694. *Id.* at 1182.

695. *Id.* at 1183.

696. See *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184 (D. Mass. 2015).

697. *Id.* at 206-07.

698. *Id.* at 206.

699. *Id.* at 207-08.

700. *Id.* at 208.

701. *Id.*

702. *Id.*

703. *Id.* at 209-10.

court held that “[s]ales success by itself will not be as probative of secondary meaning in a product configuration case . . . since the product’s market success may well be attributable to the desirability of the product configuration rather than the source-designing capacity of the supposedly distinguishing feature or combination of features.”⁷⁰⁴ The plaintiff’s showing therefore did not fend off the defendants’ entitlement to summary judgment.

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

Several opinions made the point that the fact-intensive nature of the acquired-distinctiveness inquiry does not lend itself to resolution as a matter of law,⁷⁰⁵ especially at the pleadings stage. For example, after declining to find several claimed marks based on the words “coil tubing” were generic as a matter of law for various services in the oil and gas drilling and production industry, one court also declined to dismiss the action on the ground the marks lacked acquired distinctiveness.⁷⁰⁶ Reviewing the complaint, the court accepted as true the plaintiff’s averments of, *inter alia*: (1) long-term use; (2) investments in the marks to create source identification; (3) actual consumer association of the marks with the plaintiff; (4) the familiarity of the defendant’s president with the marks and the plaintiff’s promotional efforts; (5) the defendant’s intentional copying of the marks in markets occupied by the plaintiff; (6) the defendant’s promotion of employees on its payroll who previously had been employed by the plaintiff; and (7) the plaintiff’s use of ‘the Pantone No. 280 color blue on a consistent, comprehensive, and dominant basis (including examples) to promote its services for recognition, goodwill, and source identification.’”⁷⁰⁷ Because “[a]llegations of this type are relevant to secondary meaning,” the motion to dismiss was without merit.⁷⁰⁸

Two opinions reached similar dispositions in actions to protect marks consisting of personal names. One came from a New York federal district court, which denied a motion to dismiss counterclaims brought to protect a series of marks associated with

704. *Id.* at 209 (quoting *Yankee Candle Co. v. Bridgewater Candle Co.*, 99 F. Supp. 2d 140, 155 (D. Mass. 2000)) (internal quotation marks omitted).

705. *See, e.g.*, *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 985-86 (D. Minn.) (holding that factual disputes precluded grant of cross-motions for summary judgment on issue of acquired distinctiveness), *vacated in part on other grounds*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

706. *See Schlumberger Tech. Corp. v. Coil Tubing Sols., LLC*, 103 F. Supp. 3d 846 (S.D. Tex. 2015).

707. *Id.* at 855.

708. *Id.*

the late Marilyn Monroe and owned by her estate.⁷⁰⁹ The federal registrations covering the marks (some of which were incontestable) played a role in that outcome,⁷¹⁰ as did the counterclaim plaintiffs' averments of "significant sums of money [in] advertising,"⁷¹¹ "significant publicity,"⁷¹² "significant sales,"⁷¹³ intentional plagiarism by the counterclaim defendants,⁷¹⁴ and exclusive use of the marks since 1983.⁷¹⁵

A second court declining to resolve the issue of whether the plaintiff's personal name mark had acquired distinctiveness did so on a defense motion for summary judgment, rather than on one to dismiss.⁷¹⁶ The plaintiff's response to the motion was woefully deficient under the Fourth Circuit's test:

Although no single factor is determinative, the following factors are relevant to the question of secondary meaning: "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) sales success, (4) unsolicited media coverage of the product, (5) attempts to plagiarize the mark, and (6) the length and exclusivity of the mark's use."⁷¹⁷

Indeed, the court determined, "Plaintiff has presented almost no evidence to demonstrate secondary meaning under the six factors stated above."⁷¹⁸ Although acknowledging such a showing ordinarily would doom the plaintiff's claim, the court held a federal registration owned by the plaintiff sufficiently placed the acquired distinctiveness of the plaintiff's claimed mark into dispute as to preclude summary judgment of nonliability.⁷¹⁹

709. See *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196 (S.D.N.Y. 2015).

710. *Id.* at 213-15.

711. *Quoted in id.* at 213.

712. *Quoted in id.*

713. *Quoted in id.*

714. *Id.*

715. *Id.*

716. See *Zinner v. Olenych*, 108 F. Supp. 3d 369 (E.D. Va. 2015).

717. *Id.* at 382 (quoting *U.S. Search, LLC v. U.S. Seach.com Inc.*, 300 F.3d 517, 525 (4th Cir. 2002)).

718. The plaintiff claimed protectable rights to his personal name in connection with his services as a professional musician, but the court found his (limited) showings related only to the notoriety of the bands in which he played, rather than consumer recognition of himself. *Id.*

719. *Id.* at 386 ("Plaintiff's certificate of registration presents a genuine dispute of material fact regarding the validity of Plaintiff's mark such that the Court cannot find, as a matter of law, that Plaintiff has not demonstrated that his mark was distinctive and valid at the time Defendants [undertook their allegedly unlawful conduct].").

A defense motion for summary judgment also flamed out in a lawsuit to protect the appearance of a pair of outdoor grills.⁷²⁰ Dismissing the defendants' argument that no reasonable fact-finder could find the grills had acquired distinctiveness, the court found sufficient evidence and testimony in the record to support such a finding. That evidence and testimony included the plaintiffs' showings that "consumers were exposed to its trade dress via *tens of millions* of dollars in advertising and via sales of around 1,400,000 units of the grills,"⁷²¹ which amounted to \$949,000,000 in revenue;⁷²² moreover, the plaintiffs' own promotional numbers did not sweep in additional investments made by its retailers.⁷²³ The possible acquired distinctiveness of the plaintiff's designs was further evidenced by the confusion of a customer and of a retailer, both of whom believed the plaintiff had manufactured the defendants' grills.⁷²⁴ Of critical significance, however, there was no material dispute the defendants had intentionally copied the plaintiff's grills, not to take advantage of their functional characteristics but instead to pass them off as those of the plaintiff.⁷²⁵ Because of the public's "massive" exposure to the plaintiff's grills in the five years before the defendants' date of first use⁷²⁶ and because "[e]vidence of intentional copying is a well-established basis to prove secondary meaning,"⁷²⁷ the defendants could not prevail as a matter of law on the issue.

(d) Survey Evidence of Distinctiveness

To qualify for protection, a non-inherently distinctive mark must have acquired distinctiveness as of the defendant's date of first use.⁷²⁸ Nevertheless, one court confirmed this rule does not mean the results of a distinctiveness survey conducted by the defense after that date are necessarily inadmissible.⁷²⁹ In rejecting an argument to the contrary, the court held that:

720. See *Weber-Stephen Prods. LLC v. Sears Holding Corp.*, 116 U.S.P.Q.2d 1927 (N.D. Ill. 2015).

721. *Id.* at 1928.

722. *Id.* at 1929.

723. *Id.*

724. *Id.*

725. *Id.* at 1930-31.

726. *Id.* at 1932.

727. *Id.*

728. See, e.g., *Special FN Herstal, S.A. v. Clyde Armory, Inc.*, 123 F. Supp. 3d 1356, 1372 (M.D. Ga. 2015) ("Since [the plaintiff's] use of [its mark] is merely descriptive, [the plaintiff] must show that [the] mark acquired distinctiveness through secondary meaning prior to [the defendant's] first use of [its own mark] in September 2006 in order to have a protectable trademark."), *aff'd*, 838 F.3d 1071 (11th Cir. 2016).

729. See *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184 (D. Mass. 2015).

It is clearly established that survey evidence is the preferred manner of demonstrating secondary meaning. Along with testimony by individual consumers, customer surveys are the only direct evidence probative of secondary meaning. Under [the plaintiff's] theory, a company would have to undertake a preemptive survey prior to the time they allegedly first infringe, or the survey evidence would not be admissible. Such a requirement would be absurd, and would make it nearly impossible for defendants ever to present the preferred form of evidence.

Thus, courts have routinely admitted such evidence and examined the timing to determine the strength of the evidence.⁷³⁰

(4) Nonfunctionality

(a) *Utilitarian Nonfunctionality*

The Ninth Circuit had the opportunity to answer a question its prior opinions had left open, namely, whether the designs or layout of graphic works could be found functional under that court's test for utilitarian functionality.⁷³¹ That opportunity arose from a dispute between competitors in the "medication monitoring industry," both of which sold "urine-testing services to healthcare providers who treat chronic pain patients with powerful pain medications," the goal being to determine whether those patients took the medications as prescribed.⁷³² The services provided by both parties included graphs allowing consumers to read comparative and historical test data. It was such a graph offered by the defendant that the plaintiff alleged infringed the trade dress of the plaintiff's own graph. In granting the defendant's motion for summary judgment, the district court found it beyond dispute the plaintiff's graph was functional in the utilitarian sense.

The Ninth Circuit vacated that holding by applying its test for utilitarian functionality, which takes into account "(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture."⁷³³ The court began its analysis by rejecting the plaintiff's argument the court's test was obsolete in the wake of the

730. *Id.* at 203 (citations omitted) (internal quotation marks omitted).

731. *See Millennium Labs. v. Ameritox, Ltd.*, 817 F.3d 1123 (9th Cir. 2016).

732. *Id.* at 1126.

733. *Id.* at 1128 (quoting *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998)) (internal quotation marks omitted).

Supreme Court’s opinion in *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*,⁷³⁴ but it otherwise agreed with the plaintiff that the functionality of the plaintiff’s chart presented a disputed question of fact. Specifically, and with respect to the first factor of the relevant test, the summary judgment record contained evidence and testimony the plaintiff had used its marketing department and graphic designers to create a “presentable product” that additionally was distinguishable from those of the plaintiff’s competitors.⁷³⁵ Similarly, the plaintiff’s showing under the second factor demonstrated “a jury could conclude that many alternative designs were available.”⁷³⁶ As to the third factor, the court determined “there is some question whether [the plaintiff] actually advertised the functionality of its report’s format”;⁷³⁷ specifically, “[t]hrough [the plaintiff’s] website promoted [its product], a reasonable jury could find that the advertisements focused on the benefits of the ‘graphed results’ rather than on the benefits of the specific layout.”⁷³⁸ Finally, the court concluded, the record was “at most neutral” where the economics of producing the plaintiff’s product were concerned in light of testimony that the plaintiff’s graph increased production costs.⁷³⁹ Under these circumstances, a reasonable jury could find the plaintiff’s trade dress nonfunctional.⁷⁴⁰

Two federal district courts applying Ninth Circuit case law reached divergent results in actions to protect the configurations of shoes. The first court addressed the protectability of the following design:⁷⁴¹



Rejecting what it characterized as the defendant’s “divide and conquer” approach to the issue of nonfunctionality,⁷⁴² the court

734. 532 U.S. 23 (2001).

735. *Quoted in id.* at 1130.

736. *Id.* The court elaborated on this point by noting, “[t]here could be side-by-side graphs arranged in opposite order. There could be one graph above the other. There could be pie charts instead of the charts used. One could fashion many such examples.” *Id.*

737. *Id.*

738. *Id.*

739. *Id.*

740. *Id.* at 1130-31.

741. *See adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1231 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17 2016).

742. *Id.* at 1238.

held the proper inquiry was whether the design as a whole was functional. It then found “[t]here is no utilitarian advantage gained from using the [shoe’s] particular set of features because they do not make the shoe work better or cost less than other similar sneakers in the current marketplace. Competitors can make a viable sneaker without utilizing the specific combination of elements that comprise the [plaintiffs’ shoe].”⁷⁴³ Evidence of third-party use of distinguishable alternative designs appearing in the defendant’s own briefing merely sealed the defendant’s fate on the issue.⁷⁴⁴

In contrast, a California federal district court reached two findings of invalidity as a matter of law.⁷⁴⁵ The claimed trade dresses at issue were the following elements of the plaintiff’s shoes, the depictions of which are taken from the plaintiff’s registrations on the Supplemental Register:⁷⁴⁶



In granting a defense motion for summary judgment, the court determined the following considerations mandated a finding of functionality as a matter of law: (1) the existence of utility patents owned by the plaintiff and bearing on his claimed designs, which provided “strong evidence that [the designs] are functional and thus inappropriate for trademark protection”;⁷⁴⁷ (2) the limited weight properly accorded the plaintiff’s evidence of alternative designs in light of the plaintiff’s overall showing of functionality;⁷⁴⁸ (3) interviews given by the plaintiff in which he touted the utilitarian advantages of his designs;⁷⁴⁹ and (4) the plaintiff’s failure to introduce evidence or testimony into the summary judgment record that his designs were comparatively more difficult or expensive to manufacture.⁷⁵⁰

743. *Id.*

744. *Id.* at 1239.

745. *See Lyden v. adidas Am., Inc.*, 184 F. Supp. 3d 962 (D. Or. 2016).

746. *See* U.S. Reg. No. 3629011 (issued May 26, 2009); U.S. Reg. 3633365 (issued June 2, 2009).

747. *Lyden*, 184 F. Supp. 3d at 966.

748. *Id.*

749. *Id.*

750. *Id.* at 1731-32.

Finally, one court determined the color orange was functional—at least in part—when used in the construction and roofing industry.⁷⁵¹ Reviewing prior decisions from the Trademark Trial and Appeal Board,⁷⁵² the court noted first that “[t]he functionality doctrine applies to color marks.”⁷⁵³ It then concluded the defendant had “submitted un rebutted evidence that orange serves an important (non-reputation-related) safety function in the construction industry.”⁷⁵⁴ Nevertheless, that evidence, which apparently actually consisted of expert testimony, had its limits:

Although the record leaves no doubt that orange serves an important safety function on large construction sites—such as the site of a new hotel or office building, or even the site of a new house where, say, heavy machinery is used to excavate a basement—the record is considerably less clear about whether orange serves the same safety function in connection with the bulk of the work that [the parties] perform: repairing and replacing residential roofing, siding, windows, and gutters.⁷⁵⁵

The plaintiff therefore was unable to protect its mark except potentially in that limited context, meaning any claims it may have to the construction industry generally were without merit.⁷⁵⁶

(b) Aesthetic Nonfunctionality

Reported opinions addressing claims of aesthetic nonfunctionality or functionality were characteristically fewer than those making determinations of utilitarian nonfunctionality or functionality, but they did occur. One came from the Ninth Circuit, which confirmed that district courts subject to its review should first consider whether a claimed trade dress was functional in the utilitarian sense before examining its aesthetic functionality.⁷⁵⁷ The latter inquiry, the court held, was properly framed as “whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage.”⁷⁵⁸ Applying this standard to a claim of trade dress

751. See *Cedar Valley Exteriors, Inc. v. Prof'l Exteriors, Inc.*, 119 U.S.P.Q.2d 1445 (D. Minn. 2016).

752. See *In re Orange Commc'ns Inc.*, 41 U.S.P.Q.2d 1036 (T.T.A.B. 1996) (finding orange and yellow functional for pay phones because of increased visibility); *In re Howard S. Leight & Assocs., Inc.*, 39 U.S.P.Q.2d 1058 (T.T.A.B. 1996) (finding orange functional for ear plugs because of increased visibility).

753. *Orange Commc'ns*, 41 U.S.P.Q.2d at 1450.

754. *Id.*

755. *Id.*

756. *Id.* at 1451.

757. See *Millennium Labs. v. Ameritox, Ltd.*, 817 F.3d 1123, 1128-29 (9th Cir. 2016).

758. *Id.* at 1131 (quoting *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 (9th Cir. 2006)) (internal quotation marks omitted).

protection in the appearance of a graph used in the interpretation of urine-test results, the court held that “[e]ven assuming that a document describing the results of urine analysis could be considered aesthetically functional, ‘aesthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source identifying function.’”⁷⁵⁹ Based on testimony in the summary judgment record below that “[the plaintiffs] chosen design for its test results was, at least in part, crafted to distinguish [its product] from its competitors, and not simply to attract consumers,” the court concluded a factual dispute existed on the issue of functionality, and it therefore vacated the district court’s finding of functionality as a matter of law.⁷⁶⁰

A Texas federal district court addressed the question whether, if a product feature is functional, it necessarily remains so when reproduced on non-working replica of the original product.⁷⁶¹ That question arose in the context of a trade dress claim to the design of replica ammunition, and the court answered it in the affirmative. The product feature at issue was a “head stamp” identifying the weight, composition, purity, and source of the bullion used to make the parties’ replica bullets, examples of which included the following:⁷⁶²



According to the court, the summary judgment record demonstrated that “the head stamp is functional because it emulates actual ammunition, which would give [the counterclaim plaintiff] a non-reputation-related advantage over its competitors, particularly in appealing to military service members and gun enthusiasts, who would very likely perceive head stamps that did not resemble actual ammunition as being of lesser quality.”⁷⁶³

759. *Id.* (quoting *Au-Tomotive Gold*, 457 F.3d at 1072).

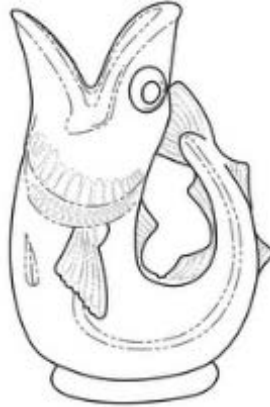
760. *Id.*

761. *See Provident Precious Metals, LLC v. Nw. Territorial Mint, LLC*, 117 F. Supp. 3d 879 (N.D. Tex. 2015).

762. *Id.* at 887.

763. *Id.* at 895.

Other courts declined to reach findings of aesthetic functionality on motions to dismiss.⁷⁶⁴ One entertained a defense claim the following registered ceramic pitcher design was aesthetically functional:⁷⁶⁵



The counterclaim defendant challenging the configuration's nonfunctionality did not help itself by relying heavily on the Supreme Court's opinion in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*,⁷⁶⁶ which the court held inapposite for the counterclaim defendant's purposes because of the absence from the case of a related utility patent.⁷⁶⁷ But the court did cite favorably to *TrafFix's* observations that "a product feature is functional, and cannot serve as a trademark, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article"⁷⁶⁸ and "a functional feature is one the exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage."⁷⁶⁹ Noting that functionality was a question of fact, the court declined to resolve the issue at the pleadings stage, choosing instead to "await further development of the factual record."⁷⁷⁰

A final reported opinion employed a far less developed analysis in rejecting a defense claim that the surfer-themed trade dress of a

764. See, e.g., *Deere & Co. v. FIMCO Inc.*, 116 U.S.P.Q.2d 1531, 1533-34 (W.D. Ky. 2015) (declining to dismiss aesthetic functionality-based challenge to validity of registered green-and-yellow marks for farm equipment).

765. See *Gurglepote, Inc. v. New Shreve, Crump & Low LLC*, 153 F. Supp. 3d 441, 444 (D. Mass. 2015).

766. 532 U.S. 23 (2001).

767. *Gurglepote*, 153 F. Supp. 3d at 449.

768. *Id.* at 449 (quoting *TrafFix*, 532 U.S. at 32).

769. *Id.* at 450 (alteration in original) (quoting *TrafFix*, 532 U.S. at 32).

770. *Id.*

restaurant was aesthetically functional.⁷⁷¹ Invoking the Supreme Court's opinion in *Two Pesos, Inc. v. Taco Cabana, Inc.*,⁷⁷² the court held on a motion for a preliminary injunction that "a design is legally functional, and thus unprotectible, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection."⁷⁷³ Because the claimed trade dress was limited to "surfboards, all explicitly surfer-related decorative items, and all menu items that contain references to surfing,"⁷⁷⁴ the court quickly determined it did not constitute "only one of a limited number of equally efficient options";⁷⁷⁵ the usual consideration in aesthetic functionality inquiries of whether protection of the trade dress would put competitors at a non-reputation-related disadvantage⁷⁷⁶ went unmentioned.

iii. Establishing Liability for Violations of Trademark and Service Mark Rights

(A) Actionable Uses in Commerce by Defendants

To trigger liability, each of the Lanham Act's primary statutory causes of action, namely, those set forth in Sections 32,⁷⁷⁷ 43(a),⁷⁷⁸ and 43(c),⁷⁷⁹ requires the challenged use be one in connection with goods or services "in commerce." This requirement has led a number of defendants in recent years to argue their conduct does not so qualify. As always, those arguments have produced mixed results.

(1) Opinions Finding Actionable Uses in Commerce

In reversing the dismissal of a claim of infringement for failure to state a claim, the Sixth Circuit concluded that the use of the plaintiffs' service mark in e-mails to the plaintiffs' customers

771. See *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549 (E.D. La. 2016).

772. 505 U.S. 763 (1992).

773. *TWTB*, 152 F. Supp. 3d at 574 (quoting *Two Pesos*, 505 U.S. at 775) (internal quotation marks omitted).

774. Quoted in *id.*

775. *Id.*

776. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) ("This Court . . . has explained that, [i]n general terms, 'a product feature is functional,' and cannot serve as a trademark, 'if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." (second alteration in original) (quoting *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 851 n.10 (1982))).

777. 15 U.S.C. § 1114 (2012).

778. *Id.* § 1125(a).

779. *Id.* § 1125(c).

inaccurately claiming the parties had “partnered” with each other was actionable.⁷⁸⁰ The appellate court noted that:

In some cases, a threshold question exists as to whether the challenged use of a trademark identifies the source of goods; if not, that use is in a “non-trademark way” outside the protections of trademark law. This finding may be dispositive: plaintiffs cannot succeed on a trademark claim where trademark law does not apply.⁷⁸¹

Nevertheless, the court ultimately concluded the references to the plaintiffs’ mark in the e-mails falsely indicated the e-mails’ source and implied the services promoted by the e-mails originated with the defendants; “[t]hus,” it concluded, “we consider [the defendants] to have used [the plaintiffs’] name in a trademark way.”⁷⁸²

An additional determination of actionable use in commerce came from a Florida federal district court.⁷⁸³ The issue before that tribunal was whether the defendant’s use of the words “pod” and “pods” on its website was sufficient to support a jury finding the defendant’s conduct was likely to dilute the distinctiveness of the plaintiff’s PODS service mark.⁷⁸⁴ In declining to disturb the jury’s determination of liability, the court credited “considerable evidence” in the trial record “that [the defendant] used ‘pods’ and ‘pod’ on its website for the purpose of drawing attention to and identifying its competing product”;⁷⁸⁵ indeed, one witness testified to finding “somewhere over 119 million mentions of the word ‘pods’ [in documents] produced by [the defendant].”⁷⁸⁶ Under these circumstances, “[t]he jury could therefore reasonably have found from this testimony that [the defendant’s] use of ‘pods’ constituted trademark usage to identify and promote its products and services, and that [the defendant] intentionally used ‘pod’ and ‘pods’ to direct attention of consumers to its [competitive product].”⁷⁸⁷

780. *Quoted in* Grubbs v. Sheakley Grp., 807 F.3d 785, 793 (6th Cir. 2015).

781. *Id.* at 793 (citation omitted).

782. *Id.* at 794.

783. *See* PODS Enters. v. U-Haul Int’l, Inc., 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

784. Both parties were in the self-storage business, and each offered containers into which consumers placed their possessions before the containers were taken off-site. *Id.* at 1273.

785. *Id.* at 1275.

786. *Quoted in id.* at 1276.

787. *Id.*

(2) Opinions Declining to Find Actionable Uses in Commerce

The most noteworthy assertion of an actionable use in commerce ultimately proved the most unsuccessful one.⁷⁸⁸ It came in a suit triggered by the Utah legislature's placement of restrictions on the display of political parties' marks and logos on ballots, which the state Republican Party and the state Constitution Party improbably alleged constituted infringement of their marks. In granting a defense motion for partial judgment on the pleadings, the court acknowledged Tenth Circuit authority holding that "[t]o invoke the protections of the Lanham Act, a plaintiff must show that the alleged infringer used the plaintiff's mark in connection with any goods or services."⁷⁸⁹ Interpreting that rule as requiring a showing of direct competition between the parties, the court held the plaintiffs had failed to state a claim. Judgment of nonliability as a matter of law therefore was appropriate because "[t]he Political Parties have not pleaded that the State has provided a *competing* good or service or that the Political Parties' marks, names, titles, good will, or emblems will be used by the State in connection with goods or services at all."⁷⁹⁰

Perhaps the next easiest finding of no actionable use in commerce came in an action brought by the founding member and principal of the band Boston against one of his former colleagues.⁷⁹¹ The subjects of the plaintiff's ire were advertisements for the defendant's performances that used the BOSTON service mark allegedly in violation of an earlier settlement agreement between the parties. The existence of the advertisements was undisputed, but the summary judgment record assembled by the parties lacked evidence or testimony the defendant was directly responsible for them, and the plaintiff's claim for direct infringement necessarily failed as a matter of law.⁷⁹²

The same case produced an additional finding of no actionable use in commerce arising from the following sequence of events: "At a political event for then-presidential candidate Mike Huckabee . . . , [the defendant] was filmed answering a query regarding where he was from and why he was in attendance with the response, 'Barry Goudreau from Boston. I like Mike.'"⁷⁹³

788. See *Utah Republican Party v. Herbert*, 141 F. Supp. 3d 1195 (D. Utah 2015).

789. *Id.* at 1203 (quoting *Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1051–52 (10th Cir. 2008)) (internal quotation marks omitted).

790. *Id.* at 1204.

791. See *Scholz v. Goudreau*, 132 F. Supp. 3d 239 (D. Mass. 2015).

792. *Id.* at 246-48.

793. *Id.* at 253.

Granting the defendant's motion for summary judgment, the court held that "[a]ssuming [the defendant's] statement constituted the use of the BOSTON mark, the Court concludes that it is neither direct infringement nor dilution by tarnishment because the statement did not use the mark in commerce."⁷⁹⁴ As it further explained, [t]he use of marks in a political context is not commercial and thus is exempt from the statutory prohibition against dilution.⁷⁹⁵

An Ohio federal district court hearing an action brought by the owner of the DISH mark for various telecommunications services applied the familiar rule, at least in the Sixth Circuit, that the use of a telephone number confusingly similar to the mnemonic of a plaintiff's mark does not constitute an actionable use of the plaintiff's mark in commerce.⁷⁹⁶ As the court described the plaintiff's allegations, "Plaintiff's primary customer service number is 1-800-333-DISH (3474). Defendants use the numbers 1-888-333-3474 and 1-866-333-3474 along with several additional numbers containing the alphanumeric DISH embodied in the last four digits 3474."⁷⁹⁷ Invoking the Sixth Circuit's holding of nonliability as a matter of law in *Holiday Inns, Inc. v. 800 Reservation, Inc.*,⁷⁹⁸ the court granted a defense motion for summary judgment, even in the face of undisputed evidence and testimony that consumers had called the defendant's numbers seeking to reach the plaintiff. According to the court's reading of *Holiday Inns*, "mere ownership of similar numbers, without advertisement and without use of Plaintiff's 'DISH' trademark in advertising Defendants' [sic] similar numbers, does not constitute a Lanham Act violation under either Section 32 or 43(a)."⁷⁹⁹

Finally, the once cutting-edge technology of pop-up advertising figured in an additional finding of no actionable use in commerce.⁸⁰⁰ The plaintiffs, who were either law firms or individual lawyers, objected to the defendants' generation of sales leads through the use of software embedded in the computers of unknowing consumers: Searches by those consumers for the plaintiffs triggered the appearance of pop-up windows designed to solicit contact information from the consumers, which the defendants used to put the consumers in touch with lawyers other than the plaintiffs.⁸⁰¹

794. *Id.*

795. *Id.*

796. *See* DISH Network, LLC v. Fun Dish, Inc., 112 F. Supp. 3d 627 (N.D. Ohio. 2015).

797. *Id.* at 630.

798. 86 F.3d 619 (6th Cir. 1996).

799. *DISH Network*, 112 F. Supp. 3d at 635.

800. *See* Allen v. IM Sols., LLC, 94 F. Supp. 3d 1216 (E.D. Okla. 2015).

801. *Id.* at 1219-20.

The court granted the motion to dismiss of the defendant responsible for engaging consumers by phone once they provided their contact information. “As an initial matter,” the court held, “Plaintiffs have not alleged [the moving defendant] used any mark belonging to Plaintiffs which would form the basis of their Lanham Act claim. In other words, Plaintiffs fail to allege that [that Defendant] used any service mark, i.e. words, names, or symbols, of Plaintiffs’ [sic] in order to confuse consumers.”⁸⁰² Things went downhill for the plaintiff from there, with the court further concluding that “because . . . the pop-up advertisements at issue in this case do not constitute ‘use,’ no amendment could cure this pleading.”⁸⁰³

(3) Opinions Deferring Resolution of the Actionable-Use-in-Commerce Inquiry

Although some motions for summary judgment on the issue fell short,⁸⁰⁴ courts deferring final resolutions of the actionable-use-in-commerce inquiry typically did so while denying motions to dismiss for failure to state claims. For example, one California federal district court declined to grant such a motion based on the plaintiffs’ apparently straightforward allegations that the defendant had “used in commerce marks that are confusingly similar to Plaintiffs’ Trademarks and/or have made false designations of origin” by selling unauthorized copies of software branded with the plaintiff’s marks.⁸⁰⁵ As the court explained, “[a]ccepting [the plaintiffs]’ allegations as true and construing the pleadings in the light most favorable to [the plaintiff], the Court finds that [the plaintiff] pleads the requisite elements for a cause of action under [Section 43(a)].”⁸⁰⁶

A Minnesota federal district court similarly declined to grant a motion to dismiss a case presenting more complicated allegations.⁸⁰⁷ The plaintiff produced branded karaoke tracks, which it leased to karaoke jockeys, while the defendant was such a jockey whom the plaintiff accused of using unauthorized copies of its tracks in her performances. The defendant argued she had not

802. *Id.* at 1220.

803. *Id.* at 1222.

804. *See, e.g.*, *Nedschroef Detroit Corp. v. Bemas Enters.*, 106 F. Supp. 3d 874, 887 (E.D. Mich. 2015) (denying plaintiffs’ motion for summary judgment based on moving papers’ failure to identify conduct by defendants other than formation of competing company while employed by plaintiffs), *aff’d*, 646 F. App’x 418 (6th Cir. 2016).

805. *Quoted in Adobe Sys. Inc. v. Blue Source Grp.*, 125 F. Supp. 3d 945, 969 (N.D. Cal. 2015).

806. *Id.*

807. *See Phoenix Entm’t Partners, LLC v. Lapadat*, 123 F. Supp. 3d 1114 (D. Minn. 2015).

engaged in an actionable use in commerce of the plaintiff's marks, but the court refused to make such a finding at the pleadings stage. Instead, it concluded that the plaintiff's averments, when taken as true, established "[the plaintiff] sells her services to bars and other venues and that, when she performs those services, she displays the [plaintiff's] marks to singers and others."⁸⁰⁸ The plaintiff therefore had adequately stated causes of action under both Section 32 and 43(a), as well as Minnesota state law.⁸⁰⁹

Another plaintiff successfully defeated a motion to dismiss its litigation against the owner and operators of a bar in which unauthorized copies of its tracks were played.⁸¹⁰ The defendants argued they had never sold karaoke accompaniment tracks bearing the plaintiff's marks, but the court pointed out that "to satisfy the use-in-commerce requirement, the infringing acts need not have actually taken place in commerce—they need only have an adverse effect on commerce. To that end, the use-in-commerce element is satisfied if a defendant uses a plaintiff's mark for the purpose of providing a service."⁸¹¹ That was not the only flaw underlying the defendants' motion, however, for the plaintiff also alleged the defendants had enjoyed revenue from sales of concessions during performances in which the plaintiff's marks were displayed and, additionally, that the defendants had "financially benefited from obtaining the services of karaoke operators at below-market prices, since the use of media-shifted tracks allows the karaoke jockeys to work with lower operating costs—savings that have been passed on to [the defendants]."⁸¹²

(B) Likelihood of Confusion

(1) The Standard Multifactor Test for Likelihood of Confusion

(a) Factors Considered

(i) The First Circuit

First Circuit courts applied an eight-factor test for infringement. As one court summarized them, those factors included: (1) the similarity of the parties' marks; (2) the similarity of the parties' goods or services; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of the parties' prospective purchasers; (6) evidence of actual confusion; (7) the defendant's intent in

808. *Id.* at 1120.

809. *Id.* at 1120-21, 1122-23.

810. *See Slep-Tone Entm't Corp. v. Sellis Enters.*, 87 F. Supp. 3d 897 (N.D. Ill. 2015).

811. *Id.* at 906-07 (citations omitted).

812. *Id.* at 907.

adopting its mark; and (8) the strength of the plaintiff's mark.⁸¹³ The same court noted of the first of these factors that "the similarity of the marks takes prominence when . . . the goods are direct competitors in the marketplace."⁸¹⁴

(ii) The Second Circuit

As they have for over half a century, the *Polaroid* factors⁸¹⁵ governed applications of the likelihood-of-confusion test for infringement in the Second Circuit, with courts there examining: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the marks; (3) the proximity of the products or services; (4) the likelihood that the senior user will "bridge the gap" into the junior user's product service line; (5) evidence of actual confusion between the marks; (6) whether the defendant adopted the mark in good faith; (7) the quality of defendant's products or services; and (8) the sophistication of the parties' customers.⁸¹⁶

(iii) The Third Circuit

The Third Circuit's ten-factor *Lapp* test for likelihood of confusion⁸¹⁷ remained unchanged over the past year. Those factors were: (1) the degree of similarity between the parties' marks; (2) the strength of the plaintiff's mark; (3) the price of the goods or services and other factors indicative of consumers' care and attention when making a purchase; (4) the length of time of the defendant's use of its mark without actual confusion; (5) the defendant's intent when adopting its mark; (6) any evidence of actual confusion; (7) whether the goods or services, if not competitive, are marketed through the same channels of trade and

813. See, e.g., *Solmetex, LLC v. Dentalez, Inc.*, 150 F. Supp. 3d 100, 111 (D. Mass. 2015); *Granite State Trade Sch., LLC v. N.H. Sch. of Mech. Trades, Inc.*, 120 F. Supp. 3d 56, 64 (D.N.H. 2015); *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184, 211 (D. Mass. 2015).

814. *Solmetex*, 150 F. Supp. 3d at 112.

815. See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

816. See, e.g., *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 160 (2d Cir. 2016), cert. denied, No. 16-352 (U.S. Jan. 9, 2017); *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 156 F. Supp. 3d 425, 440-41 (S.D.N.Y.), *aff'd*, No. 16-241-cv, 2016 WL 7436489 (2d Cir. Dec. 22, 2016); *Vaad L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y*, 156 F. Supp. 3d 363, 369 (E.D.N.Y. 2016), *amended in part on other grounds*, No. 10-CV-4976 (FB) (JO) (E.D.N.Y. July 25, 2016), *appeal docketed*, No. 16-2934 (2d Cir. Aug. 24, 2016); *Flushing Bank v. Green Dot Corp.*, 138 F. Supp. 3d 561, 584 (S.D.N.Y. 2015); *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 247 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015); *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132, 140 (S.D.N.Y. 2015), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016); *Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc.*, 104 F. Supp. 3d 371, 379 (S.D.N.Y. 2015); *Kelly-Brown v. Winfrey*, 95 F. Supp. 3d 350, 360 (S.D.N.Y. 2015), *aff'd*, 659 F. App'x 55 (2d Cir. 2016), *petition for cert. filed*, No. 16-803 (U.S. Dec. 23, 2016).

817. See *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983).

advertised through the same media; (8) the extent to which the targets of the parties' sales efforts are the same; (9) the relationship of the goods or services in the minds of consumers because of the similarity of function; and (10) other facts suggesting the consuming public might expect the plaintiff to provide goods or services in the defendant's market or to expand into the defendant's market.⁸¹⁸

(iv) The Fourth Circuit

The Fourth Circuit test for likely confusion turned on examinations of the following nine factors: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the parties' marks; (3) the similarity between the parties' goods and services; (4) the similarity of the facilities used by the parties; (5) the similarity of the parties' advertising; (6) the defendant's intent; (7) the presence of actual confusion; (8) the quality of the defendant's goods or services; and (9) the sophistication of the consumers targeted by the parties.⁸¹⁹

(v) The Fifth Circuit

Fifth Circuit courts rolled out that jurisdiction's "digits of confusion" when weighing claims of infringement. Those digits included the following nonexclusive considerations: (1) the type of the plaintiff's mark; (2) the similarity between the parties' marks; (3) the competitive proximity between the parties' goods or services; (4) the similarities between the parties' outlets and purchasers; (5) the similarity between the parties' advertising media; (6) the defendant's intent; (7) actual confusion; and (8) the care exercised by potential purchasers of the parties' goods or services.⁸²⁰

818. See *Arrowpoint Capital Corp. v. Arrowpoint Asset Mgmt., LLC*, 793 F.3d 313, 319 (3d Cir. 2015); *Rolls-Royce Motor Cars Ltd. v. Davis*, 118 U.S.P.Q.2d 1581, 1585 (D.N.J. 2016); *Astrazeneca AB v. Dr. Reddy's Labs.*, 145 F. Supp. 3d 311, 316 (D. Del. 2015), *appeal dismissed*, No. 15-3827 (3d Cir. April 6, 2016); *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489, 513 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

819. See *Nationstar Mortg., LLC v. Ahmad*, 155 F. Supp. 3d 585, 590 (E.D. Va. 2015), *appeal dismissed*, No. 16-1422 (4th Cir. July 13, 2016); *Inst. for Justice v. Media Grp. of Am., LLC*, 117 U.S.P.Q.2d 1042, 1047 (E.D. Va. 2015); *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 150 F. Supp. 3d 583, 588 (E.D.N.C. 2015); *Choice Hotels Int'l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 460 (D.S.C. 2015), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016); *Prod. Source Int'l, LLC v. Nahshin*, 112 F. Supp. 3d 383, 398 (E.D. Va.), *appeal dismissed*, No. 15-2283 (4th Cir. Dec. 22, 2015).

820. See, e.g., *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549, 561 (E.D. La. 2016); *ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671, 686 (N.D. Tex. 2015).

(vi) The Sixth Circuit

The eight *Frisch's* factors⁸²¹ remained those of choice in the Sixth Circuit. They included: (1) the strength of the plaintiff's mark; (2) the relatedness of the parties' goods or services; (3) the similarity of the parties' marks; (4) evidence of any actual confusion; (5) the marketing channels used by the parties; (6) the probable degree of purchaser care and sophistication; (7) the defendant's intent in selecting its mark; and (8) the likelihood of either party expanding its product line under its mark.⁸²²

(vii) The Seventh Circuit

As they have for decades, likelihood-of-confusion determinations in the Seventh Circuit turned on seven factors. Those were: (1) the degree of similarity between the parties' marks in appearance and suggestion; (2) the degree of similarity between the parties' products; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercised by consumers; (5) the strength of complainant's mark; (6) the extent of any actual confusion; and (7) the defendant's intent to palm off his goods or services as those of the plaintiff.⁸²³ An Indiana district court noted of this test that "although no one factor is decisive, the similarity of the marks, the intent of the defendant, and evidence of actual confusion are the most important considerations."⁸²⁴

(viii) The Eighth Circuit

The six *SquirtCo* factors⁸²⁵ remained extant in the Eighth Circuit. Those factors included: (1) the strength of the plaintiff

821. See *Frisch's Rest., Inc. v. Shoney's Inc.*, 759 F.2d 1261, 1264 (6th Cir. 1985).

822. See *Grubbs v. Sheakley Grp.*, 807 F.3d 785, 794-95 (6th Cir. 2015); *CFE Racing Prods., Inc. v. BMF Wheels, Inc.*, 793 F.3d 571, 592 (6th Cir. 2015); *Progressive Dist. Servs., Inc. v. United Parce Serv., Inc.*, 186 F. Supp. 3d 741, 748 (W.D. Mich. 2016), *appeal docketed*, No. 16-1830 (6th Cir. June 17, 2016); *Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, 156 F. Supp. 3d 870, 879 (E.D. Mich. 2016); *Kassa v. Detroit Metro Convention & Visitors Bureau*, 150 F. Supp. 3d 831, 837 (E.D. Mich. 2015), *aff'd*, No. 16-1007, 2017 WL 117534 (6th Cir. Jan. 12, 2017); *NetJets Inc. v. IntelliJet Grp.*, 138 F. Supp. 3d 929, 945 (S.D. Ohio 2015); *Butler v. Hotel Cal., Inc.*, 106 F. Supp. 3d 899, 906 (N.D. Ohio 2015); *Nedschroef Detroit Corp. v. Bemas Enters.*, 106 F. Supp. 3d 874, 888 (E.D. Mich. 2015), *aff'd*, 646 F. App'x 418 (6th Cir. 2016); *NAACP, Nat'l Office v. NAACP, Cincinnati Branch*, 115 U.S.P.Q.2d 2050, 2054 (S.D. Ohio 2015).

823. See *Bernatello's Pizza, Inc. v. Hansen Foods, LLC*, 173 F. Supp. 3d 790, 798 (W.D. Wis. 2016); *Weber-Stephen Prods. LC v. Sears Holding Corp.*, 145 F. Supp. 3d 793, 800 (N.D. Ill. 2015); *Slep-Tone Entm't Corp. v. Coyne*, 141 F. Supp. 3d 813, 827 (N.D. Ill. 2015); *Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1136-37 (N.D. Ind. 2015); *Top Tobacco v. Fantasia Distrib. Inc.*, 101 F. Supp. 3d 783, 789 (N.D. Ill. 2015); *Slep-Tone Entm't Corp. v. Sellis Enters.*, 87 F. Supp. 3d 897, 907 (N.D. Ill. 2015).

824. *Simpson Performance Prods.*, 133 F. Supp. 3d at 1137.

825. See *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

mark; (2) the similarity between the plaintiff's mark and the defendant's mark; (3) the competitive proximity between the parties' goods or services; (4) the defendant's intent to pass off its goods as those of the plaintiff; (5) incidents of actual confusion; and (6) the conditions under which the parties' goods or services were sold and the degree of care exercised by purchasers.⁸²⁶

(ix) The Ninth Circuit

The *Sleekcraft* test for infringement⁸²⁷ continued to govern likelihood-of-confusion inquiries in the Ninth Circuit and took into account the following factors: (1) the strength of the plaintiff's mark; (2) the proximity or relatedness of the parties' goods; (3) the similarity of the parties' marks; (4) evidence of actual confusion; (5) the marketing channels used by the parties; (6) the type of the parties' goods or services and the degree of care likely to be exercised by purchasers; (7) the defendant's intent in selecting its mark; and (8) the likelihood of an expansion of the parties' lines of goods or services.⁸²⁸ A Washington federal district court noted that "[t]he test is pliant, and each factor's relative importance is case-specific."⁸²⁹

(x) The Tenth Circuit

Unusually, there were no readily apparent reported opinions from within the Tenth Circuit bearing on that jurisdiction's multifactor test for likely confusion.

(xi) The Eleventh Circuit

Courts in the Eleventh Circuit applied the same test for likely confusion they always have. That test's seven factors took into

826. See *Cedar Valley Exteriors, Inc. v. Profl Exteriors, Inc.*, 119 U.S.P.Q.2d 1445, 1454 (D. Minn. 2016); *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 988 (D. Minn.), *vacated in part on other grounds*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032, 1041 (D. Minn. 2015); *Infogroup, Inc. v. Database LLC*, 95 F. Supp. 3d 1170, 1191 (D. Neb. 2015).

827. See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

828. See *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1239-40 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016); *Macy's Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743, 1750 (N.D. Cal. 2016); *Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173, 1178 (E.D. Cal. 2016); *DC Comics v. Mad Engine, Inc.*, 117 U.S.P.Q.2d 1327, 1332 (C.D. Cal. 2015); *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947, 957 (N.D. Cal.), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015); *Pinterest, Inc. v. Pintrips, Inc.*, 140 F. Supp. 3d 997, 1009 (N.D. Cal. 2015); *Microsoft Corp. v. Buy More, Inc.*, 136 F. Supp. 3d 1148, 1156 (C.D. Cal. 2015), *appeal docketed*, No. 15-56544 (9th Cir. Oct. 7, 2015); *Multifab, Inc. v. ArlanaGreen.com*, 122 F. Supp. 3d 1055, 1062 (E.D. Wash. 2015).

829. *Multifab*, 122 F. Supp. 3d at 1062-63.

account: (1) the type of the plaintiff's mark; (2) the similarity of the parties' marks; (3) the similarity of the parties' products; (4) the similarity of the parties' retail outlets and customers; (5) the similarity of the parties' advertising media; (6) the defendant's intent; and (7) any actual confusion.⁸³⁰ Two Florida district courts and an Alabama federal district court remarked that, of these factors, the type of mark and evidence of actual confusion properly should receive the greatest weight.⁸³¹

(xii) The District of Columbia Circuit

There were no readily apparent reported opinions from within the D.C. Circuit bearing on that jurisdiction's multifaceted test for likely confusion.

(b) Findings and Holdings

(i) Opinions Finding Likelihood of Confusion on Motions for Preliminary Injunctive Relief

As always, some motions for preliminary injunctive relief successfully pursued low-hanging fruit.⁸³² That outcome transpired in some cases presenting holdover licensees and franchisees failing to heed termination notices.⁸³³ It also held in cases in which the

830. See *Experience Hendrix, LLC v. Tiger Paw Distrib.*, 119 U.S.P.Q.2d 1004, 1009 (M.D. Ga.), *modified*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016); *Abbasi v. Bhalodwala*, 149 F. Supp. 3d 1372, 1379 (M.D. Ga. 2015); *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1272 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015); *Hoop Culture, Inc. v. Gap, Inc.*, 122 F. Supp. 3d 1338, 1345 (M.D. Fla. 2015), *aff'd*, 648 F. App'x 981 (11th Cir. 2016); *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1327-28 (S.D. Fla. 2015), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016); *Donut Joe's, Inc. v. Interveston Food Servs., LLC*, 101 F. Supp. 3d 1172, 1184 (N.D. Ala. 2015); *TracFone Wireless, Inc. v. Adams*, 98 F. Supp. 3d 1243, 1257 (S.D. Fla. 2015); *Fla. Int'l Univ. Bd. of Trustees v. Fla. Nat'l Univ., Inc.*, 91 F. Supp. 3d 1265, 1274 (S.D. Fla. 2015), *aff'd*, 830 F.3d 1242 (11th Cir. 2016); *see also* *Corps. Grp. v. Afterburner, Inc.*, 779 S.E.2d 383, 391 (Ga. Ct. App. 2015).

831. *Clear Choice Connections*, 102 F. Supp. 3d at 1328; *Donut Joe's*, 101 F. Supp. 3d at 1184; *Adams*, 98 F. Supp. 3d at 1257.

832. See, e.g., *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1327-32 (S.D. Fla. 2015) (finding confusion likely based on defendants' resale of genuine but altered goods produced by the plaintiff on websites accessible at domain names incorporating the plaintiff's marks), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

833. See, e.g., *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549, 561-65, 569-72 (E.D. La. 2016) (confusion likely between former licensor's LUCY'S RETIRED SURFER'S BAR & RESTAURANT mark and surfer-related trade dress for restaurant services and former licensee's use of LUCY'S and surfer-related trade dress for identical services); *NAACP, Nat'l Office v. NAACP, Cincinnati Branch*, 115 U.S.P.Q.2d 2050, 2054-55 (S.D. Ohio 2015) (finding, on motion for temporary restraining order, confusion likely between plaintiff's use of NAACP and former affiliates' use of NCAA, CINCINNATI BRANCH, both for services in the field of civil rights).

parties otherwise used identical marks in connection with either directly competitive or closely related goods and services.⁸³⁴

These were not the only situations leading to predictable interlocutory injunctions, however.⁸³⁵ For example, in an action brought by the owner of the BROOKLYN BLACK OPS for beer, the court had little difficulty concluding on the plaintiff's preliminary injunction motion that confusion was likely to result from the defendant's use of BLACK OPS BREWING, BLACK OPS, and BLACKOPSBREWERY.COM, also in connection with beer.⁸³⁶ The defendant gamely asserted its designations were umbrella marks for individually branded lines of beer, but the plaintiff successfully countered with proof the defendant had unsuccessfully applied to register BLACK OPS BREWING as a standalone mark.⁸³⁷ The plaintiff additionally benefitted from its showings that its mark was arbitrary (and therefore strong),⁸³⁸ the parties' goods were closely related,⁸³⁹ both parties utilized social media to promote their beer and distributed it through retail stores and restaurants,⁸⁴⁰ "the relatively inexpensive nature of the parties' beer products and the 'chaotic' environment in which the parties' products are likely to be purchased" led to a low degree of

834. *See* Dist. Brewing Co. CBC Rest., LLC, 118 U.S.P.Q.2d 1535, 1540 (S.D. Ohio 2016) (finding confusion inevitable based on parties' use of identical mark in connection with brewery, on the one hand, and a restaurant, on the other); *Inst. v. Justice v. Media Grp. of Am., LLC*, 117 U.S.P.Q.2d 1042, 1047-52 (E.D. Va. 2015) (finding confusion likely between plaintiff's stylized IJ mark for, inter alia, the publication of documents in the fields of individual liberties, public law, and social affairs and defendants' use of stylized IJ mark for newsgathering website, based in part on record evidence of actual confusion); *JDR Indus. v. McDowell*, 121 F. Supp. 3d 872, 891 (D. Neb. 2015) ("The only element remaining is likelihood of confusion, which [the plaintiff] will . . . likely succeed in proving, based on the defendants' use of an identical mark in the sale of identical goods, and based on the actual consumer confusion that has resulted.").

835. *See, e.g., Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1137 (N.D. Ind. 2015) (entering preliminary injunction based on plaintiff's showing that "[t]he Defendants used the exact same mark on nearly identical-looking products and offered them for sale to the same consumers" and, additionally, that this conduct had produced actual confusion among sophisticated consumers).

836. *See Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173 (E.D. Cal. 2016).

837. *Id.* at 1176.

838. *Id.* at 1179.

839. On this issue, the defendant argued the plaintiff's Russian Imperial Stout was a "highly specialized product" selling for \$29.99, while "Defendant . . . does not make any aged beers or Russian Imperial Stouts. Instead, its beers retail for less than \$7.00 a bottle and consist of far less exotic fare; such as IPAs, browns, and reds." *Id.* at 1180. In the final analysis, however, "[b]oth Plaintiff and Defendant use the mark in connection with the sale of beer." *Id.*

840. *Id.* at 1182.

consumer care,⁸⁴¹ and the similarities in the parties' marks as they appeared in the marketplace.⁸⁴²



The defendant might have adopted its mark in good faith,⁸⁴³ and the plaintiff may have failed to adduce evidence of actual confusion between the parties' marks,⁸⁴⁴ but those considerations were neutral at best and failed to dispel the plaintiff's entitlement to relief.⁸⁴⁵

Another relatively predictable finding of likely confusion on a motion for preliminary injunctive relief occurred in litigation brought by the claimed owners of the HOTEL CALIFORNIA and THE HOTEL CALIFORNIA marks for hotel services against a pair of defendants using HOTEL CALIFORNIA and THE FIFTH SEASON AT THE HOTEL CALIFORNIA for the services.⁸⁴⁶ The court denied the plaintiffs' initial motion for a temporary restraining order based in significant part on the defendants' responsive showing of third-party use of the same or similar marks. At the preliminary injunction stage, however, the plaintiffs introduced evidence that two of the third parties at issue were actually licensees, and that consideration made all the difference in the world. Although there was no dispute that certain other third parties enjoyed common-law rights superior to those of the plaintiffs in particular geographic areas, the court noted of the

841. *Id.* at 1183.

842. *Id.* at 1180-81. As the court explained, "alcoholic beverages are often consumed in environments in which similarity in sound and meaning are likely to factor heavily in building consumer brand recognition and trademark association." *Id.* at 1181.

843. *Id.* at 1184.

844. *Id.* at 1181-82.

845. *Id.* at 1184.

846. *See* *Butler v. Hotel Cal., Inc.*, 106 F. Supp. 3d 899 (N.D. Ohio 2015).

plaintiffs' proffered licenses that "[t]his primary difference between the information presented in support of the request for a temporary restraining order and that produced during the preliminary injunction hearing materially alters the Court's analysis of Plaintiffs[] likelihood of success and demonstration of the right to a protected mark."⁸⁴⁷ With the strength of the plaintiffs' marks no longer in question, the court took its cue from a USPTO office action refusing registration to the defendants' mark and found that the remaining likelihood-of-confusion factors lined up in the plaintiffs' favor.⁸⁴⁸

Although failing to secure all the relief they sought, the successors in interest to the estate of the late musician Jimi Hendrix had little difficulty securing a preliminary injunction against certain actions by a group of defendants in the liqueur business.⁸⁴⁹ Those actions included the use of Hendrix's signature on a website, as well as the incorporation of the word "jimi" into the defendants' domain names and social media profiles. Although the plaintiffs had a large portfolio of registrations of Hendrix's name for myriad other goods and services, they did not sell or license alcoholic beverages, and this weighed against their case,⁸⁵⁰ as did the parties' differing channels of distribution.⁸⁵¹ Nevertheless, they benefitted from the strength of their marks,⁸⁵² the similarity of the parties' respective uses,⁸⁵³ the parties' common use of social media platforms,⁸⁵⁴ and the defendants' bad-faith intent to associate themselves with Hendrix.⁸⁵⁵ In the final analysis, "Plaintiffs' trademark claims that challenge the 'jimi' used in the names of Defendants' online platforms and the Jimi Hendrix signature displayed on [the] website have a substantial likelihood of success on the merits."⁸⁵⁶

The failure of a group of defendants to place consumer declaration testimony into dispute proved a primary cause of the entry of a preliminary injunction against them.⁸⁵⁷ That testimony documented a litany of alleged misconduct by agents of the defendants tasked with selling the defendants' security-related

847. *Id.* at 905.

848. *Id.* at 907.

849. *See* Experience Hendrix, LLC v. Tiger Paw Distribs., 119 U.S.P.Q.2d 1004 (S.D. Ga.), *modified*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016).

850. *Id.* at 1010.

851. *Id.* at 1011

852. 1009-10.

853. *Id.* at 1010.

854. *Id.* at 1011.

855. *Id.*

856. *Id.* at 1012.

857. *See* ADT, LLC v. Capital Connect, Inc., 145 F. Supp. 3d 671 (N.D. Tex. 2015).

products and securities, including representations by the agents they were employed by the plaintiffs or were otherwise affiliated with them.⁸⁵⁸ Finding the plaintiffs entitled to interlocutory relief, the court relied in part on evidence of actual confusion in the form of “among other evidence, 55 declarations (the veracity of which [the lead defendant] does not challenge), four local news reports (whose authenticity [the lead defendant] does not dispute), and an employee affidavit regarding 269 complaints processed in 2015.”⁸⁵⁹ The defendants argued the instances of actual confusion proffered by the plaintiffs were de minimis in nature, but the court rejected that position by noting that “[v]ery little evidence . . . is required to establish the existence of the actual confusion factor.”⁸⁶⁰ Although the defendants claimed to have implemented measures to bring their agents under control, the court concluded a preliminary injunction was necessary to prevent additional initial-interest confusion.⁸⁶¹

A court hearing a case against ride-sharing service Uber Technologies also found preliminary injunctive relief appropriate.⁸⁶² The plaintiff in that action provided what it described as “passenger transportation services, including through limousine and charter services”⁸⁶³ under the UBER and UBER PROMOTIONS marks, which it claimed were infringed by Uber Technologies’ use of the UBER and UBEREVENTS marks. In granting the plaintiff’s motion, the court credited the plaintiff’s showing that reverse confusion was, in fact, likely between the parties’ respective marks. The plaintiff’s marks were weak,⁸⁶⁴ the parties’ services were not directly competitive,⁸⁶⁵ the plaintiff did not use a downloadable mobile application similar to that of Uber Technologies,⁸⁶⁶ and the court found it “difficult to believe that [Uber Technologies] acted with the intent to push [the plaintiff] out of the . . . market by using a confusingly similar mark.”⁸⁶⁷ Nevertheless, those considerations were outweighed by similarities

858. *Id.* at 679.

859. *Id.* at 688. The court did not consider the testimony of still more consumer witnesses based on the defendants’ attacks on the credibility of those witnesses. *Id.* at 689 (“For purposes of the preliminary injunction [motion], the court will ignore those declarations to avoid a potential factual dispute.”).

860. *Id.*

861. *Id.* at 690-91.

862. *See* Uber Promotions, Inc. v. Uber Techs., Inc., 162 F. Supp. 3d 1253 (N.D. Fla. 2016).

863. *Quoted in id.* at 1259.

864. *Id.* at 1267-68.

865. *Id.* at 1269-70.

866. *Id.*

867. *Id.* at 1271.

between the parties' marks,⁸⁶⁸ the parties' overlapping promotional media,⁸⁶⁹ and, most importantly, the plaintiff's evidence and testimony that actual confusion had arisen from Uber Technologies' entry into the plaintiff's market territory in the form of misdirected phone calls and e-mail messages to the plaintiff.⁸⁷⁰ Significantly, however, this finding extended only to Uber Technologies' use of its marks in connection with a recently introduced service allowing the hosts of events to purchase rides to and from those events.⁸⁷¹

A different opinion, however, made the point that actual confusion is not a prerequisite for a finding of confusing similarity.⁸⁷² The marks at issue were the plaintiff's BREW PUB PIZZA for upscale frozen pizzas, on the one hand, and the defendant's BREWHAUS and BREW TIME marks, used in connection with the same goods, on the other. The court dismissed the plaintiff's showing of putative actual confusion between the parties' respective marks, which consisted of "testimony from two managers of grocery store chains . . . expressing the opinion that consumers would be confused,"⁸⁷³ but that made no difference to the ultimate determination of liability, as the court regarded the actual-confusion factor as neutral.⁸⁷⁴ The defendant did not help itself by agreeing with the plaintiff that "brew" was the dominant component of both parties' marks, which led in part to the court finding that "[the plaintiff] has made a strong showing that the marks are similar enough to make consumer confusion likely."⁸⁷⁵ Two additional factors, that of the competitive nature of the parties' goods and the parties' overlapping markets, weighed "strongly" in the plaintiff's favor,⁸⁷⁶ while the "medium-strong suggestive" nature of the plaintiff's mark "tip[ped]" in the same direction.⁸⁷⁷

Plaintiffs' success in pursuing interlocutory injunctions extended to the product configuration trade dress context as well. In a dispute between athletic shoe manufacturers, the plaintiff

868. *Id.* at 1268-69.

869. *Id.* at 1270-71.

870. *Id.* at 1271-73.

871. *Id.* at 1280-81.

872. *See* *Bernatello's Pizza, Inc. v. Hansen Foods, LLC*, 173 F. Supp. 3d 790 (W.D. Wis. 2016).

873. *Id.* at 800.

874. It similarly treated the defendant's intent as neutral, although noting "[t]he fact that [the defendant] proceeded to market under the Brewhaus and Brew Time marks even after [the plaintiff] objected rules out the possibility that this was a purely innocent error." *Id.* at 801.

875. *Id.* at 799.

876. *Id.*

877. *Id.* at 800.

owners of the registered SUPERNOVA word mark and a three-stripe design mark challenged the defendant's use of the identical mark word mark and a similar three-stripe design.⁸⁷⁸ The plaintiffs also claimed infringement of the shoe design shown below on the left by the design shown on the right.⁸⁷⁹



The court concluded the plaintiffs were likely to prevail on all of their claims. The similarity between the parties' respective word and design marks was not seriously in question, and the court rejected the defendant's attempt to distinguish the parties' configurations: "[G]iven the many strong similarities, these minor differences do not substantially alter the overall impression that the [defendant's] shoe is a knock-off of the [plaintiffs]." ⁸⁸⁰ From there, most of the remaining likelihood-of-confusion factors lined up in the plaintiffs' favor, including the competitive proximity of the parties' goods,⁸⁸¹ the parties' overlapping marketing channels,⁸⁸² the conceptual and commercial strength of the plaintiffs' marks and trade dress,⁸⁸³ the relatively unsophisticated nature of the parties' customers,⁸⁸⁴ and the defendant's bad-faith intent, which the court concluded "strongly" favored the plaintiffs' position.⁸⁸⁵ Although the parties introduced conflicting survey evidence,⁸⁸⁶ that conflict was insufficient to defeat the plaintiffs' entitlement to a preliminary injunction.⁸⁸⁷

That dispute was not the only one to generate an interlocutory order protecting nontraditional marks against infringement. In another, the plaintiffs had cultivated trademark protection in the color purple for pharmaceutical preparations used to treat severe

878. See *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1232 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016).

879. *Id.* at 1223.

880. *Id.* at 1240.

881. The defendant attempted to position itself as a purveyor of "lifestyle" goods aimed at "a much different segment of the shoe-buying public than [the plaintiffs'] 'athletic' brand." *Id.* at 1241. The court, however, concluded that "such granularity is not required in analyzing the goods' proximity." *Id.*

882. *Id.* at 1242.

883. *Id.* at 1242-43.

884. *Id.* at 1243-44.

885. *Id.* at 1244-45.

886. *Id.* at 1245.

887. *Id.* at 1246.

heartburn and acid reflux; indeed, the lead plaintiff owned three federal registrations of purple for those goods.⁸⁸⁸ Capsules produced by the plaintiffs or under their authority featured the color in the following manner:⁸⁸⁹



Trouble arose when the defendant, which marketed generic versions of the plaintiffs' preparations, adopted the following capsule, which featured two shades of purple:⁸⁹⁰



Granting the plaintiffs' motion for a temporary restraining order, the court found the parties' respective capsules confusingly similar, in the process according significant weight to the lead plaintiffs' registrations: "[The defendant's] generic capsule is purple, albeit two shades of purple. Although not identical to [the plaintiffs'] branded capsule[s], it does fit the description of the mark, 'purple.' It has been recognized that a registration for a color covers all shades of that color."⁸⁹¹ Moreover, the differing markings on the capsules did not render them dissimilar because "[t]he vast majority of patients who take this type of medication do not or cannot identify their medication, or its source, by reference to the matter imprinted on the drug capsule or tablet."⁸⁹² It was all downhill from there for the defendant, with the court additionally finding the plaintiffs' marks were strong,⁸⁹³ the defendant

888. See *Astrazeneca AB v. Dr. Reddy's Labs.*, 145 F. Supp. 3d 311, 313-14 (D. Del. 2015), *appeal dismissed*, No. 15-3827 (3d. Cir. April 6, 2016).

889. *Id.* at 314.

890. *Id.*

891. *Id.* at 317.

892. *Id.* (quoting *Ciba-Geigy Corp. v. Bolar Pharm. Co.*, 547 F. Supp. 1095, 1103 (D.N.J. 1982)), *aff'd*, 719 F.2d 56 (3d Cir. 1983)) (internal quotation marks omitted).

893. *Id.*

“intended to test [the plaintiffs’] mark, rather than honor it,”⁸⁹⁴ and the parties’ goods were competitive.⁸⁹⁵ The plaintiffs’ TRO motion therefore was well-taken.⁸⁹⁶

(ii) Opinions Finding Likelihood of Confusion as a Matter of Law

Before trial courts, some plaintiffs prevailed after their opponents defaulted,⁸⁹⁷ and summary judgment of infringement was the predictable outcome in a number of cases, including some in which courts held defendants liable for counterfeiting and threw in findings of straightforward infringement as well.⁸⁹⁸ For example, jeweler Tiffany and Company had an easy time proving infringement as a matter of law in a suit against discount retailer Costco, which Tiffany’s investigators documented using the TIFFANY mark in connection with rings not manufactured by Tiffany.⁸⁹⁹ On the parties’ cross-motions for summary judgment, the court determined Costco had failed to establish a factual dispute as to any individual likelihood-of-confusion factor, much less as to the factors when considered in the aggregate. Specifically, the TIFFANY mark was strong (rather than generic, as claimed by Costco),⁹⁰⁰ the parties’ uses of the mark were identical,⁹⁰¹ the parties’ goods were identical,⁹⁰² the summary

894. *Id.*

895. *Id.* at 318.

896. *Id.* at 320.

897. *See, e.g.,* Zinganything, LLC v. Imp. Store, 158 F. Supp. 3d 668, 673-74 (N.D. Ohio 2016) (“By defaulting, defendant admits that its use of plaintiff’s trademarks has caused and will continue to cause confusion among consumers regarding the origin and quality of the goods offered by defendant.”); Sprint Nextel Corp. v. Ace Wholesale, Inc., 143 F. Supp. 3d 1349, 1351, 1352 (N.D. Ga. 2015) (finding infringement arising from defaulting defendants’ resale of genuine, but “unlocked” phones bearing plaintiffs’ marks); Sprint Sols., Inc. v. Connections Digital, LLC, 142 F. Supp. 3d 1355, 1356-57 (N.D. Ga. 2015) (same); Sprint Sols., Inc. v. JP Int’l Grp., 139 F. Supp. 3d 1363, 1365-66 (N.D. Ga. 2015) (same); Mun. Credit Union v. Queens Auto Mall, Inc., 126 F. Supp. 3d 290, 299 (E.D.N.Y. 2015) (entering default judgment of liability and observing “[b]ecause there is no dispute in this case that the mark used by defendants is identical to the mark in suit, it can be presumed that defendants’ use of the mark created a likelihood of consumer confusion”).

898. *See, e.g.,* Delta Air Lines, Inc. v. Influence Direct, LLC, 117 U.S.P.Q.2d 1652, 1654-55 (M.D. Tenn. 2016) (finding infringement as a matter of law based on defendants’ unauthorized use of counterfeit imitations of plaintiff’s DELTA mark for commercial airline, travel agent, vacation package, and discount travel services in connection with closely related travel services). Victorinox AG v. B & F Sys., Inc., 114 F. Supp. 3d 132, 140-41 (S.D.N.Y. 2015) (finding infringement as a matter of law following finding of liability for counterfeiting as a matter of law), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016).

899. *See* Tiffany & Co. v. Costco Wholesale Corp., 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

900. *Id.* at 247-48.

901. *Id.* at 248-49.

902. *Id.* at 249.

judgment record included both anecdotal and survey evidence of actual confusion,⁹⁰³ “no rational finder of fact could conclude Costco acted in good faith in adopting the Tiffany mark,”⁹⁰⁴ Costco’s goods were of lower quality,⁹⁰⁵ and consumers exposed to Costco’s use did not necessarily exercise a high degree of care.⁹⁰⁶ Summary judgment of liability for infringement, as well as counterfeiting, was the inevitable outcome.⁹⁰⁷

The same outcome held in an action brought by the owner of the ZEROREZ mark for carpet and fabric cleaning services and one of its affiliates against a pair of defendants that had repeatedly used the words “Zero Res” and “Zero Rez” to promote their directly competitive business, whether in the express text of their advertisements or as purchased key words to trigger those advertisements.⁹⁰⁸ The court determined from the summary judgment record the plaintiffs’ suggestive mark was both conceptually and commercially strong,⁹⁰⁹ the parties’ respective uses were similar,⁹¹⁰ the parties were in direct competition,⁹¹¹ and “[t]he only reasonable inference is that [the defendants] used [Plaintiffs’] protected mark in an attempt to generate business by passing off Plaintiffs’ services as [their] own.”⁹¹² Once the court added the plaintiffs’ showing of actual confusion into the mix,⁹¹³ the defendant’s (successful) argument that “consumers are likely to exercise at least a moderate degree of care when selecting a carpet cleaning company”⁹¹⁴ failed to place their liability for infringement (as well as counterfeiting) into dispute.⁹¹⁵

Not all findings of infringement as a matter of law came in cases holding defendants liable for counterfeiting as well. For

903. Tiffany’s anecdotal evidence of actual confusion is perhaps best represented by the following incident: “Maria Bentley . . . testified that she was brought to tears when the diamond fell out of the ring she purchased at Costco because she believed that she had purchased a genuine Tiffany ring.” *Id.* at 249.

904. *Id.* at 252.

905. *Id.* at 252-53.

906. *Id.* at 253-54.

907. *Id.* at 254.

908. *See Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

909. *Id.* at 1041-42.

910. *Id.* at 1042-43.

911. *Id.* at 1043.

912. *Id.* The defendants attempted to attribute the bad faith at issue to a rogue former employee, but the court found it undisputed “[the employee’s] actions in managing [the defendants’] advertising were made with apparent authority.” *Id.* at 1044.

913. The court accepted the plaintiffs’ claim to have encountered “repeated customer confusion,” rather than a single “isolated event.” *Id.* at 1045.

914. *Id.* at 1044.

915. *Id.* at 1045.

example, an identity of marks and services—NATIONSTAR MORTGAGE for directly competitive mortgage lending services—led to entry of summary judgment of liability.⁹¹⁶ Once the plaintiff established the strength of its federally registered mark⁹¹⁷ and the bad-faith nature of the defendants' conduct,⁹¹⁸ the deck was even more stacked in the plaintiff's favor than might be apparent at first glance, leaving the defendants to rely on the absence of actual confusion, the alleged quality of their services, and the sophistication of the parties' customers. The court dismissed the significance of the first of these considerations based on the limited scope (and possible nonexistence) of transactions by the defendants under their claimed mark.⁹¹⁹ Then, with respect to the other two, it held that "[t]he quality of the defendants' products is only relevant 'in situations involving the production of cheap copies or knockoffs of a competitor's trademark protected goods,'"⁹²⁰ and "the sophistication of the relevant consumers only comes into play 'when the relevant market is not the public at large.'"⁹²¹ Summary judgment of liability therefore was appropriate.⁹²²

Mark similarity played an equally large role in a victory as a matter of law by the owner of the BACKYARD, THE BACKYARD and BACKYARD BBQ marks for grills and grill accessories.⁹²³ The plaintiff targeted the defendant's use of BACKYARD GRILL for directly competitive goods, which the court found "obviously similar" to the plaintiff's three marks.⁹²⁴ The suggestiveness of the plaintiff's marks established their conceptual strength,⁹²⁵ and the plaintiff's sales volume and promotional spend led to no material

916. See *Nationstar Mortg., LLC v. Ahmad*, 155 F. Supp. 3d 585, 590-92 (E.D. Va. 2015), *appeal dismissed*, No. 16-1422 (4th Cir. July 13, 2016).

917. On this factor, the court determined from the summary judgment record that "[i]n the last three years, Plaintiff has spent \$107 million dollars in advertising and achieved nearly \$5 billion dollars in revenue." *Id.* at 590.

918. The court rested its finding of bad faith on several considerations, one of which was that, although registering domain names based on the disputed mark prior to the plaintiff's date of first use, the defendants had not posted content on a website associated with the domain names until the plaintiff had established itself under the mark. *Id.* at 591. Another was the finding of the Trademark Trial and Appeal Board in earlier litigation between the parties the individual defendant had prosecuted an application through fraudulent representations. *Id.* (citing *Nationstar Mortg. LLC v. Ahmad*, 112 U.S.P.Q.2d 1361 (T.T.A.B. 2014)).

919. *Id.*

920. *Id.* (quoting *George & Co. v. Imagination Entm't Ltd.*, 575 F.3d 383, 399 (4th Cir. 2009)).

921. *Id.* at 591-92 (quoting *George & Co.*, 575 F.3d at 399).

922. *Id.* at 592.

923. See *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 150 F. Supp. 3d 583 (E.D.N.C. 2015).

924. *Id.* at 589.

925. *Id.*

dispute concerning their commercial strength.⁹²⁶ The competitive proximity of the parties' goods provided "strong support" for the plaintiff's case,⁹²⁷ as did the parties' overlapping channels of distribution⁹²⁸ and promotional media,⁹²⁹ the comparable quality of the parties' goods,⁹³⁰ and the possibly unsophisticated nature of their customers.⁹³¹ Of critical significance, the defendant's bad-faith intent was documented in its adoption of its mark despite warnings from its trademark attorneys not to do so and its decision not to investigate the extent of the plaintiff's rights:

It is difficult to imagine more compelling evidence of intent to confuse than a knowing decision to use a similar mark to sell similar goods. This intent is only underscored by the fact that [the defendant] deviated from a common practice and chose not to investigate the ways in which [the plaintiff's] stores were using the BACKYARD marks.⁹³²

Although the plaintiff failed to establish the existence of actual confusion, and although the defendant proffered survey evidence favoring its position (albeit evidence entitled to "relatively little weight"), those circumstances could not defeat the plaintiff's entitlement to summary judgment of liability.⁹³³

Other equally predictable findings of likely confusion as a matter of law came in cases targeting holdover licensees and franchisees.⁹³⁴ For example, the defendants in one such dispute were the successors in interest to a former franchisee in the

926. The plaintiff's showing on this point included \$8,000,000 of sales of grills and grill accessories in question under the mark (with an additional \$48,000,000 in sales of other goods), as well as "millions of dollars [in] advertising." *Id.*

927. *Id.* at 590.

928. *Id.* at 590-91.

929. *Id.* at 591.

930. *Id.* at 592.

931. *Id.*

932. *Id.* at 591.

933. *Id.* at 591-92.

934. *See, e.g., Ford Motor Co. v. Thermoanalytics, Inc.*, 116 U.S.P.Q.2d 1934, 1938 (E.D. Mich. 2015) (summary judgment of liability against terminated licensee continuing to use former licensor's mark), *reconsideration denied*, No. 14-cv-13992, 2016 WL 386431 (E.D. Mich. Feb. 2, 2016); *Nat'l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171, 1179-80 (E.D. Cal. 2015) (same), *appeal docketed*, No. 15-17179 (9th Cir. Nov. 2, 2015); *Steak N Shake Enters. v. Globex Co.*, 110 F. Supp. 3d 1057, 1077 (D. Colo. 2015) (summary judgment of liability against terminated franchisors on ground that "[i]t is well settled doctrine that a terminated franchisee's continued use of its former franchisor's trademarks, by its very nature, constitutes trademark infringement" (quoting *Winmark Corp. v. Schneeberger*, No. 13-cv-0274-WJM-BNB, 2013 WL 1154506, at *5 (D. Colo. Mar. 19, 2013)) (internal quotation marks omitted)), *aff'd*, 659 F. App'x 506 (10th Cir. 2016).

plaintiff's franchised hotel system.⁹³⁵ Although the plaintiff had terminated the former franchisee prior to the defendants' purchase of the former franchisee's hotel, the defendants continued to display the plaintiff's ECONO LODGE INN & SUITES service marks before transitioning to the use of ECONO STUDIOS INN & SUITES. That transition was not enough to ward off the grant of the plaintiff's motion for summary judgment, which established to the court's satisfaction the strength of the plaintiff's marks,⁹³⁶ the similarities of the dominant element of the defendants' mark to that of the plaintiff's marks,⁹³⁷ the directly competitive relationship between the parties' services,⁹³⁸ and the existence of actual confusion in the form of a judicial complaint mistakenly served on the plaintiff, as well as consumer criticisms concerning the defendants' hotel but misdirected to the plaintiff.⁹³⁹ The summary judgment record featured conflicting evidence and testimony on the issue of the defendants' intent, but, as the court concluded, "[t]he defendants' intent is ultimately not necessary for this Court to conclude that the defendants' use of ECONO STUDIOS INN AND SUITES infringes the plaintiff's marks, so the Court need not consider the issue further at this point."⁹⁴⁰ Summary judgment of infringement followed.⁹⁴¹

Additional findings of liability as a matter of law occurred in cases neither rising to the level of counterfeiting nor involving

935. See *Choice Hotels Int'l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451 (D.S.C. 2015), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016).

936. Without necessarily resolving the issue, the court spilled a good deal of ink on whether the plaintiff's marks were descriptive or suggestive. It ultimately concluded from the summary judgment record that "the plaintiff's marks are commercially strong because of their long use by the plaintiff and or its predecessors, and even if the marks are descriptive from a conceptual standpoint, they have almost certainly acquired secondary meaning because consumers associate them with the plaintiff's brand." *Id.* at 463. In any case, it observed, "even a relatively weak mark is entitled to protection from sufficiently similar marks used to promote sufficiently similar products." *Id.* at 465.

937. *Id.* at 465-66. According to the court, "[i]n researching this case, the Court has found several similar cases where a junior user has made minor changes to the non-dominant portion of the wording of the senior user's mark, and, although the junior user changed the appearance of the mark, the courts still found a likelihood of confusion." *Id.* at 466.

938. *Id.* at 466-67.

939. *Id.* at 468-69. The court rejected the defendants' claim that the plaintiff's evidence of actual confusion was de minimis in nature:

For every confused, disgruntled patron who actually goes through with a lawsuit, there may be countless others who walk out dissatisfied and warn their friends and family to avoid the chain. Indeed, in evaluating the weight of this evidence, the Court is mindful of how unlikely it is that the plaintiff in this case will actually discover any particular instance of consumer confusion.

Id. at 469.

940. *Id.* at 467.

941. *Id.* at 469-70.

parties with prior relationships.⁹⁴² One of the more predictable came in a suit brought by the Macy's department store chain to protect marks under which it had operated regional stores after purchasing the stores but before converting them to the MACY's brand.⁹⁴³ Following the conversions, Macy's continued to use the marks on T-shirts, which were the same goods to which the defendant applied the same marks. With the likelihood-of-confusion factors of record lining up against it, the defendant rather feebly invoked the presence of a disclaimer on its website, but the court held that strategy insufficient to create a factual dispute as to the defendant's liability:

[The defendant] argues that it has a disclaimer on [its] homepage, stating that the website is "not affiliated with any of the former owners/users of the trademarks referenced on this website." However, it produces no evidence that this disclaimer, in relatively small font compared to the remainder of the homepage, is or would be effective. Furthermore, even assuming that anyone reads the disclaimer, the disclaimer only states that the website is not affiliated with *former* owners of the trademarks; this disclaimer still fails to inform consumers that the website is entirely unaffiliated with *current* owners of the mark, who in this case is Macy's.⁹⁴⁴

A provider of fixed-rate moving services also prevailed as a matter of law in a suit to protect the federally registered mark shown below on the left against a directly competitive use of the mark shown on the right:⁹⁴⁵



In addition to the "high degree of similarity" between the parties' marks,⁹⁴⁶ the plaintiff benefitted from strong evidence of actual

942. See, e.g., Prod. Source Int'l, LLC v. Nahshin, 112 F. Supp. 3d 383, 398-99 (E.D. Va.) (finding confusion inevitable as a matter of law based on undisputed evidence parties used identical marks in connection with directly competitive goods), *appeal dismissed*, No. 15-2283 (4th Cir. Dec. 22, 2015); TracFone Wireless, Inc. v. Adams, 98 F. Supp. 3d 1243, 1257, 1257-58, 1260 (S.D. Fla. 2015) (finding infringement as a matter of law based on joint motion for entry of permanent injunction).

943. See Macy's Inc. v. Strategic Marks, LLC, 117 U.S.P.Q.2d 1743 (N.D. Cal. 2016).

944. *Id.* at 1751 (citations omitted).

945. See Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc., 104 F. Supp. 3d 371, 377-78 (S.D.N.Y. 2015).

946. *Id.* at 380.

confusion,⁹⁴⁷ the strength of its marks,⁹⁴⁸ the competitive proximity of the parties' services,⁹⁴⁹ and the defendants' bad faith.⁹⁵⁰ The inferiority of the defendants' services might have weighed in the defendants' favor,⁹⁵¹ but it was not enough to preclude a finding of infringement as a matter of law.⁹⁵²

So too was summary judgment of infringement the outcome in a case between providers of information technology staffing services.⁹⁵³ The plaintiff owned several registrations of the VISIONIT mark, while the defendant used VISION IT SERVICES USA, INC. for services admittedly falling within those recited in the plaintiff's registrations. In response to the plaintiff's bid for liability as a matter of law, the defendants argued there was no actual overlap between the parties' businesses because "while both companies deal in contract labor for the information technologies business, Plaintiff deals with the ultimate end users, and Defendants exclusively deal with contracting and finding labor abroad."⁹⁵⁴ The court found the distinction between the two contexts unconvincing,⁹⁵⁵ and it concluded there were no factual disputes concerning a number of other likelihood-of-confusion factors as well, including the inherent distinctiveness of the

947. On this issue, the court determined from the summary judgment record that:

Thinking that the companies were the same, many customers have mistakenly attributed Defendants' unsatisfactory services to Plaintiff. Many customers intending to hire Plaintiff have accidentally contacted Defendants instead. Two customers of Plaintiff erroneously contacted Defendants for a second move, and Defendants took advantage of the customers' mistakes. In another instance, Defendants gave a disgruntled customer the phone number of Plaintiff in order to voice a complaint.

Id.

948. Although finding the plaintiff's mark descriptive, the court credited the plaintiff with having made a showing of acquired distinctiveness each of the three times the plaintiff had registered the mark with the USPTO. *Id.* at 379. Beyond that consideration, "Plaintiff has used these marks for over twenty years and spent millions of dollars in advertising. The business has won awards for quality service. The strength-of-the-mark factor favors Plaintiff." *Id.*

949. *Id.* at 380.

950. The court reached a finding of bad faith based on the defendants' continued use of their mark after learning of the plaintiff's prior use (and, indeed, after service of the plaintiff's complaint), as well as the defendants' failure to disabuse a former customer of the plaintiff from his mistaken belief he previously had done business with the plaintiff. *Id.* at 381. Although not expressly addressing the significance of the defendants' adoption of their mark without commissioning an availability search, the court additionally noted that "[g]ood faith can be shown through performance of a trademark search or reliance on the advice of counsel prior to adopting a mark." *Id.* at 380-81.

951. *Id.* at 381.

952. *Id.* at 382.

953. See *Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, 156 F. Supp. 3d 870 (E.D. Mich. 2016).

954. Quoted *in id.* at 881.

955. *Id.*

plaintiff's mark,⁹⁵⁶ the parties' "almost identical" uses,⁹⁵⁷ the existence of actual confusion (some of it in the form of Internet search engine results),⁹⁵⁸ the parties' joint use of the Internet,⁹⁵⁹ and the likelihood of a future direct overlap between the parties' businesses.⁹⁶⁰ On that record, the plaintiff's case did not suffer from the admitted absence of a bad-faith intent by the defendants.⁹⁶¹

(iii) Opinions Finding Likelihood of Confusion After Trial

Some cases presented such clear instances of infringement, why they required trials to resolve the issue was not readily apparent.⁹⁶² One falling into that category led to an unsuccessful appeal to the Sixth Circuit, which affirmed a jury finding of likely confusion.⁹⁶³ The prevailing plaintiff's mark was BMF, used in connection with high-end cylinder heads in the automotive parts aftermarket, while the defendants used the same mark for aftermarket wheels.⁹⁶⁴ The plaintiff benefitted from the "striking similarity" between the parties' marks as they appeared in the marketplace⁹⁶⁵ and the obvious competitive proximity of the associated goods,⁹⁶⁶ but other considerations also led the Sixth Circuit to affirm the jury's determination of infringement. Those included anecdotal evidence of at least some actual confusion,⁹⁶⁷ the plaintiff's showing that its mark had vestigial strength despite

956. *Id.* at 880.

957. *Id.* at 882.

958. As the court summarized some of the summary judgment record on this issue, "Plaintiff shows that a search for Plaintiff's trademark VISIONIT on bing.com, aol.com and google.com return Defendants' website www.visionitusa.com as the third, sixth and eighth hits, respectively." *Id.* Moreover, "on . . . an American website where companies and their management are reviewed by former and current employees," candidates viewing the plaintiff's profile often viewed the defendants' profile as well. *Id.*

959. *Id.* at 882-83.

960. *Id.* at 883.

961. *Id.* ("Plaintiff states that it is willing to accept that Defendants deny any intent to infringe in selecting this mark. Plaintiff correctly argues that the absence of intent makes this factor neutral." (citation omitted)).

962. *See, e.g.,* Sprint Nextel Corp. v. Ace Wholesale, Inc., 143 F. Supp. 3d 1349, 1351 (N.D. Ga. 2015) (finding infringement arising from defendants' resale of genuine, but "unlocked" phones bearing plaintiffs' marks).

963. *See* CFE Racing Prods., Inc. v. BMF Wheels, Inc., 793 F.3d 571 (6th Cir. 2015).

964. Both marks were allegedly inspired by a certain "indelicate phrase" appearing in the movie *Pulp Fiction*. *Id.* at 579, 580.

965. *Id.* at 580.

966. *Id.* at 592.

967. *Id.* at 592-93.

being “in decline,”⁹⁶⁸ and the likelihood of both parties expanding their product lines.⁹⁶⁹

The Second Circuit also had the occasion to affirm a finding of infringement in a case that perhaps should not have made it beyond the summary judgment stage.⁹⁷⁰ That finding was driven by the similarity between the following design marks, the former associated with medical and healthcare facilities, occupational health services, and medical training programs, and the latter used for the delivery of health-related content to physician practices on screens viewed by patients:



The parties used and registered their designs in conjunction with additional wording, such as the GUTHRIE house mark (in the case of the plaintiff) and “diabetes health network” (in the case of the defendants), but those uses could not obscure the fact that “[t]he logos employed in Plaintiffs and Defendants[s]’ marks are jaw-droppingly similar—nearly identical not only in conception but also . . . in the great majority of the fine details of execution.”⁹⁷¹ The defendants’ case on appeal was not helped by the “closely related fields” in which the parties operated,⁹⁷² nor by the court’s determination the plaintiffs’ marks were both arbitrary and fanciful—two usually mutually exclusive categories.⁹⁷³ The factor of consumer sophistication also favored the plaintiff because “even to the extent that Plaintiff’s prospective customers exercise care in choosing a physician or hospital, there is no reason to believe they would know that Defendant[s]’ communications, identified by a trademark looking deceptively like Plaintiff’s, are in fact not Plaintiff’s communications.”⁹⁷⁴ With the factors of the relative quality of the parties’ services, the defendants’ intent, actual confusion, and the likelihood of the parties bridging the gap between them neutral,⁹⁷⁵ the appellate court declined the

968. *Id.* at 593.

969. *Id.*

970. *See Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27 (2d Cir. 2016).

971. *Id.* at 38.

972. *Id.* at 39.

973. *Id.* at

974. *Id.* at 43.

975. *Id.* at 44-45.

defendants' invitation to overturn the district court's finding of liability.

Another "easy" case arose from an exclusive distribution agreement pursuant to which the plaintiff manufactured, and the defendant distributed, protective packaging and reflective insulation products bearing the plaintiff's marks.⁹⁷⁶ The plaintiff terminated the agreement in part because of its discovery the defendant had purchased goods from another source and affixed the plaintiff's marks to them, and the defendant's post-termination behavior was no better: It continued to use unauthorized copies of the plaintiff's marks on directly competitive goods, notwithstanding its representations to the contrary. Although the district court hearing the action gamely proceeded through each of the likelihood-of-confusion factors, the outcome was not seriously in doubt, especially in light of the court's findings the plaintiff's marks were commercially strong,⁹⁷⁷ the defendant's conduct had created actual confusion, including of at least one sophisticated distributor,⁹⁷⁸ the defendant had imitated the plaintiff's marks in bad faith,⁹⁷⁹ and the parties targeted the same consumers through the same promotional media.⁹⁸⁰

Some findings of liability after trial did not produce reported opinions on appeal, at least during the period covered by this volume. One arose out of a suit brought by the owner of the PODS mark for the rental, storage, delivery, and pick up of portable storage units and for associated packing materials against a competitor using the singular and plural versions of that word on its website.⁹⁸¹ The defendant sought to invalidate the plaintiff's mark as generic and, when that strategy failed, was found liable for infringement by a jury. Following post-trial briefing, the court declined to disturb the jury's determination of likely confusion because "[t]he jury's verdict . . . was not against the great weight of the evidence."⁹⁸² That evidence included the plaintiff's two incontestable registrations, which, applying the Eleventh Circuit rule on the issue,⁹⁸³ the court found "favor[ed] a finding of a strong

976. See *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015). The disputed marks were ULTRA NT RADIANT BARRIER, NT RADIANT BARRIER, CONCRETE BARRIER FOIL, CONCRETE UNDERPAD, and ULTRA CONCRETE UNDERPAD. *Id.* at 498.

977. *Id.* at 515, 525, 531-32, 536.

978. *Id.* at 516-17, 525, 532, 536.

979. *Id.* at 517, 525-26, 532, 536.

980. *Id.* at 517-18, 526, 536.

981. See *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

982. *Id.* at 1272.

983. See *Dieter v. B & H Indus. of Sw. Florida, Inc.*, 880 F.2d 322, 329 (11th Cir. 1989) ("[I]ncontestable status is a factor to be taken into consideration in likelihood of confusion

mark.”⁹⁸⁴ It also included the plaintiff’s showings of similarities between the parties’ respective uses,⁹⁸⁵ the competitive proximity of the services associated with those uses,⁹⁸⁶ and the parties’ shared online promotional strategies.⁹⁸⁷ Finally, the trial record included “evidence from which the jury could reasonably have inferred that [the defendant] used ‘pod’ and ‘pods’ to benefit from the [plaintiff’s] PODS brand,”⁹⁸⁸ which the court noted “alone supports the jury’s finding of likelihood of confusion.”⁹⁸⁹ It also included “testimony by [the plaintiff’s] employees who related that they frequently dealt with customers who were confused by the difference between PODS products and the [defendant’s goods].”⁹⁹⁰ Under these circumstances, the court held, the plaintiff’s failure to adduce favorable survey evidence of actual confusion did not render the jury’s verdict unsupported by the evidence.⁹⁹¹

(iv) Opinions Finding No Likelihood of Confusion on Motions for Preliminary Injunctive Relief

As always, the extraordinary remedy of interlocutory relief fell outside the reach of a number of plaintiffs.⁹⁹² For example, the effect of differing presentations of two otherwise similar marks was nowhere more apparent than in an opinion addressing a claim of infringement brought by the manufacturer of the shirt shown below on the left against that of the shirt shown below on the right:⁹⁹³

analysis. Because [plaintiff’s] mark is incontestable, then it is presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark.”).

984. *PODS Enters.*, 126 F. Supp. 3d at 1272; *see also id.* at 1273 (“Although [the defendant] introduced evidence that third parties generically used ‘pod’ and ‘pods’ in support of its argument of a weak mark, the jury was entitled to reject or give little weight to this evidence and give more weight to the incontestable status of [the plaintiff’s] marks.”).

985. *Id.* at 1273.

986. *Id.*

987. *Id.*

988. *Id.* at 1274.

989. *Id.*

990. *Id.*

991. *Id.* at 1274.

992. *See, e.g.,* *Infogroup, Inc. v. Database LLC*, 95 F. Supp. 3d 1170, 1191 (D. Neb. 2015) (holding, without extended analysis, that use of lead plaintiff’s mark to identify individual defendant as founder of lead plaintiff was unlikely to cause confusion).

993. *See* *Hoop Culture, Inc. v. Gap, Inc.*, 122 F. Supp. 3d 1338 (M.D. Fla. 2015), *aff’d*, 648 F. App’x 981 (11th Cir. 2016).



The plaintiff owned a federal registration of its EAT . . . SLEEP . . . BALL mark for clothing, but that circumstance did not assist it in securing a preliminary injunction against the defendant’s use. To the contrary, the court found the parties’ presentations were distinguishable based on the appearance of the plaintiff’s corporate name on its shirts and the presence of a logo on those of the defendant.⁹⁹⁴ The plaintiff’s case also foundered on the court’s findings the plaintiff’s mark weak was based on “testimony that the phrase ‘eat, sleep, ball’ is used in social media to refer to things that do not appear to have anything to do with [the plaintiff],”⁹⁹⁵ as well as that the parties’ goods were of differing quality⁹⁹⁶ and that the defendant had adopted its use in good faith.⁹⁹⁷ Finally, the court declined to accord weight to the plaintiff’s claimed showing of actual confusion, which consisted of testimony from the plaintiff’s social media director that a child wearing one of the defendant’s shirts had advised the director the child was “repping” the plaintiff’s merchandise.⁹⁹⁸ As the court remarked while denying the plaintiff’s motion, “[o]verall, the testimony lent support to the idea that people knew they were buying EAT SLEEP BALL t-shirts from [the defendant], and that these t-shirts had nothing to do with [the plaintiff].”⁹⁹⁹

A lawsuit between competitors in the marketplace for amalgam separators used to filter dental wastewater streams similarly produced a finding of no likely confusion on a motion for a preliminary injunction.¹⁰⁰⁰ There was no apparent dispute in the record concerning the competitive proximity of the parties’ goods or that the parties marketed those goods to the same potential

994. *Id.* at 1345.

995. *Id.*

996. *Id.*

997. *Id.*

998. *Quoted in id.* at 1343.

999. *Id.* at 1345.

1000. *See Solmetex, LLC v. Dentalez, Inc.*, 150 F. Supp. 3d 100 (D. Mass. 2015).

purchasers and through the same channels of trade;¹⁰⁰¹ moreover, the plaintiff proffered three screenshots from the websites of two third-party dental supply companies depicting one party's goods but using the other party's marks to identify them.¹⁰⁰² Nevertheless, the court found these potentially promising showings unconvincing, in part because of what it considered the "quite different" presentations of the parties' marks as actually used:¹⁰⁰³



Other considerations weighing in the defendants' favor were the plaintiff's failure to establish the mistaken identifications on the third-party websites resulted from confusion,¹⁰⁰⁴ the absence of any evidence the defendants had adopted their mark in bad faith,¹⁰⁰⁵ and "the fact that the only common aspect of Plaintiff's and Defendants' marks is the weakest element," namely, that "they both feature the letters 'h' and 'g.'"¹⁰⁰⁶

Dissimilarities in the parties' marks drove additional findings of noninfringement in a suit brought by the successors in interest to the estate of the late guitarist Jimi Hendrix against several defendants involved in the distribution of an alcoholic beverage in a bottle bearing the PURPLE HAZE LIQUEUR mark and featuring "a silhouette image of a male, presumably African

1001. *Id.* at 113.

1002. *Id.*

1003. *Id.* at 112.

1004. On this issue, the defendants introduced into evidence an e-mail from the operator of one of the third-party websites characterizing its mistaken identification as a "data entry mistake" and averring it was "well aware of the differences between the [parties'] two units." *Quoted in id.* at 114. In addition, with respect to the second of the third-party websites, the court found that "neither party has presented supporting evidence to reveal the origin of the mistakes. The apparent errors could reflect accidental data-entry issues, or they could be the results of actual confusion." *Id.*

1005. The plaintiff's showing of bad faith rested heavily on the allegation that certain defendants—former employees of the plaintiff—had misappropriated the plaintiff's trade secrets in addition to infringing its mark. Noting that that allegation was the subject of a pending separate state court suit, the court declined to give it dispositive effect in the inquiry into the defendants' bad faith. *Id.* "Moreover," the court observed, "I find it significant that Defendants' . . . logo is consistent with its other line of animal-themed products." *Id.*

1006. *Id.* at 116. Worse still for the plaintiff, "HG' is the chemical name for mercury, which relates to the product's use as an amalgam separator." *Id.*

American, with an afro haircut wearing a collared jacket.”¹⁰⁰⁷ Although Hendrix’s association with the phrase “purple haze” was beyond dispute, the plaintiffs did not purport to own any trademark or service mark rights to the phrase but instead relied on a large portfolio of registered marks consisting in whole or in part of Hendrix’s name and image. The primary problem with the plaintiffs’ claims of likely confusion, the court found on the preliminary injunction record, was the dissimilarity of the defendants’ verbal mark to any of the verbal marks to which the plaintiffs claimed rights; moreover, the male silhouette on the defendants’ labels did not resemble the portraits of Hendrix incorporated into many of the plaintiffs’ marks.¹⁰⁰⁸ Beyond that, the plaintiffs historically had declined to license their marks for use in connection with alcoholic beverages, a practice that, however noble, also weighed against their case.¹⁰⁰⁹ So too did the defendants benefit from dissimilarities in the parties’ channels of distribution,¹⁰¹⁰ their apparent lack of bad faith,¹⁰¹¹ and the absence of actual confusion.¹⁰¹² Under these circumstances, the strength of their marks could not save the plaintiffs’ case.¹⁰¹³

Based on a less conventional factual scenario, a New Hampshire federal district court denied a motion for a preliminary injunction in a case presenting the following question: “[A]re the terms ‘New Hampshire’ and ‘Granite State’ so synonymous that the public is likely to be confused by their interchangeable use in commercial advertising?”¹⁰¹⁴ The plaintiff, which operated a vocational school under the GRANITE STATE TRADE SCHOOL mark laid claim to the latter phrase. It targeted the defendant’s use of the nhtradeschool.com and nhtradeschool.net domain names in connection with the provision of similar educational services. In denying the plaintiff’s motion, the court found a number of the relevant likelihood-of-confusion factors favored a finding of liability, including the competitive proximity of the parties’ services, as well as similarities in their promotional strategies and

1007. See *Experience Hendrix, LLC v. Tiger Paw Distributions*, 119 U.S.P.Q.2d 1004, 1010 (S.D. Ga.), *amended*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016).

1008. *Id.*

1009. *Id.*

1010. *Id.*

1011. *Id.* at 1011.

1012. On this issue, the plaintiffs adduced evidence and testimony that members of the public had faulted Hendrix’s estate and his family for licensing the defendants’ beverage. Nevertheless, the court improbably discounted that showing because, it concluded, the complaining parties would have had no reason to assume the estate and the family had transferred their rights to the plaintiffs. *Id.*

1013. *Id.* at 2012.

1014. See *Granite State Trade Sch., LLC v. N.H. Sch. of Mech. Trades, Inc.*, 120 F. Supp. 3d 56, 58 (D.N.H. 2015).

targeted customers; what's more, the plaintiff supported its claim of likely confusion with testimony from a consumer who had mistakenly enrolled in the defendant's classes and from a consultant of plaintiff who testified that the percentage of "organic" visits to the plaintiff's website had dropped since the defendant's adoption of the challenged domain names.¹⁰¹⁵

There were, however, four reasons why those considerations did not lead to a finding of liability, the first of which was "the URLs in question, www.granitestatetradeschool.com and www.nhtradeschool.com (and .net) are not visually similar. There is virtually no risk that an internet user would mistakenly click on one while attempting to click on the other."¹⁰¹⁶ The second was the court's decision to discount the plaintiff's evidence of actual confusion because the confused fact witness "candidly admitted that he was in a rush, did not pay attention to his internet search, and carelessly clicked on [a] link [to the defendant's website] without giving the matter further thought."¹⁰¹⁷ Third, even if the percentage of "organic" visitors to the plaintiff's website had dropped, the overall traffic on the site had more than doubled during the defendant's alleged infringement.¹⁰¹⁸ Finally, "[the plaintiff] failed to introduce evidence of any kind that [the defendant] intended the URLs to deceive or mislead."¹⁰¹⁹

(v) Opinions Finding No Likelihood of Confusion as a Matter of Law

Online retailer Amazon.com and its affiliates escaped an allegation of infringement as a matter of law in an appeal to the Ninth Circuit.¹⁰²⁰ It was undisputed the defendants did not carry the plaintiff's military-style watches and, additionally, that they listed competitive watches for sale when consumers searched for the plaintiff's MTM SPECIAL APPS-branded wares. The search results in this scenario displayed the plaintiff's mark twice, namely, "in the search query box and directly below the search query box in what is termed a 'breadcrumb,'"¹⁰²¹ the latter being "a trail for the consumer to follow back to the original search."¹⁰²² As summarized by the court of appeals, "[d]irectly below the

1015. *Id.* at 64.

1016. *Id.* at 65.

1017. *Id.*

1018. *Id.* at 66.

1019. *Id.* at 67.

1020. *See* Multi Time Machine, Inc. v. Amazon.com, Inc., 804 F.3d 930 (9th Cir. 2015), *cert. denied*, 136 S. Ct. 1231 (2016).

1021. *Id.* at 933.

1022. *Id.*

breadcrumb, is a ‘Related Searches’ field, which provides the consumer with alternative search queries in case the consumer is dissatisfied with the results of the original search.”¹⁰²³ A gray bar separated the defendants’ alternative product listings from the breadcrumb and the “Related Searches” field.

Invoking the standard multifactored test for likely confusion, the district court granted a defense motion for summary judgment, and the Ninth Circuit affirmed but for different reasons. As a threshold matter, it held that the standard test was “not particularly apt,” something it considered “not surprising as the . . . test was developed for a different problem—i.e., for analyzing whether two competing brands’ *marks* are sufficiently similar to cause consumer confusion.”¹⁰²⁴ It therefore eschewed the standard factors in favor of a two-part inquiry: “(1) Who is the relevant reasonable consumer?; and (2) What would he reasonably believe based on what he saw on the screen?”¹⁰²⁵ The court determined with respect to the first of these inquiries that potential customers of the plaintiff’s “expensive” watches were reasonably prudent consumers accustomed to shopping online.¹⁰²⁶ And, as to the second, it held the summary judgment record established that “[h]ere, the products at issue are clearly labeled by Amazon to avoid any likelihood of initial interest confusion by a reasonably prudent consumer accustomed to online shopping”;¹⁰²⁷ specifically, “[b]ecause Amazon clearly labels each of the [alternative] products for sale by brand name and model number accompanied by a photograph of the item, it is unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods.”¹⁰²⁸ Observing that “[t]he likelihood of confusion is often a question of fact, but not always,” the court affirmed the district court’s finding of nonliability as a matter of law.¹⁰²⁹

1023. *Id.*

1024. *Id.* at 936.

1025. *Id.* at 937.

1026. *Id.*

1027. *Id.* at 937-38

1028. *Id.* at 938. The court elaborated on this point further:

[The plaintiff] argues that in order to eliminate the likelihood of confusion, Amazon must change its search results page so that it explains to customers that it does not offer [the plaintiff’s] watches for sale before suggesting alternative watches to the customer. We disagree. The search results page makes clear to anyone who can read English that Amazon carries only the brands that are clearly and explicitly listed on the web page. The search results page is unambiguous—not unlike when someone walks into a diner, asks for a Coke, and is told “No Coke. Pepsi.”

Id.

1029. *Id.* at 939. Although, as previously noted, the court of appeals held recourse to its standard multifactored test for likely confusion unnecessary, it nevertheless noted with respect to certain of those factors that: (1) the plaintiff had conceded at oral argument the

The Seventh Circuit similarly held it unnecessary to resort to an application of its standard multifactor test for likely confusion in a battle over the LAND O LAKES mark, used by the plaintiff in connection with fishing tackle and by the defendant in connection with dairy products.¹⁰³⁰ In affirming the district court's entry of summary judgment of nonliability, the appellate court acknowledged the plaintiff's showing that the defendant had promoted its goods through fishing-themed promotions:

A typical fishing-themed ad by the dairy company depicts the "Land O' Lakes Walleye Pro," a champion fisherman whom [the dairy company] sponsors in fishing competitions in return for his promoting its dairy products. The fisherman is shown sitting next to packages of Land O' Lakes butter and cheese. The dairy company's logo is also found on fishing boats during tournaments.¹⁰³¹

Nevertheless, it held, "just as no one watching a NASCAR race and seeing a racing car emblazoned with Budweiser's logo would think that the beer company had entered the automobile industry, so no one reading the 'Walleye Pro' ad or seeing a boat sponsored by the dairy company would think that the advertiser sells fishing tackle."¹⁰³²

Findings of no likelihood of confusion as a matter of law also came from appellate courts' disagreement with findings of liability below. For example, a panel of the Court of Appeals of Georgia reversed as clearly erroneous a jury finding that the plaintiff's FLAWLESS EXECUTION, TASK SATURATION, PLAN, EXECUTION RHYTHM, and DEBRIEF, EXECUTE, WIN! marks for military-themed motivational and management training seminars were infringed by the defendants' use of CORPS EXECUTION, TASK OVERLOAD, EXECUTION CADENCE, and PLAN, DO, DEBRIEF marks for competitive services.¹⁰³³ Chief among the considerations leading to this result was evidence in the trial record of extensive third-party use of the constituent elements making up the plaintiff's mark, which the court characterized as "common military concepts, processes, or terms,"¹⁰³⁴ which were "not unique to any one military-themed business consulting

absence of actual confusion from the summary judgment record; (2) the design of the defendants' search results page established their good faith; (3) "[e]ven assuming [the plaintiff's] mark is one of the strongest in the world—on the same level as Apple, Coke, Disney, or McDonald's—there is still no likelihood of confusion because Amazon clearly labels the source of the products it offers for sale." *Id.* at 940.

1030. See *Huginin v. Land O' Lakes, Inc.*, 815 F.3d 1064 (7th Cir. 2016).

1031. *Id.* at 1068.

1032. *Id.*

1033. See *Corps Grp. v. Afterburner, Inc.*, 779 S.E.2d 383 (Ga. Ct. App. 2015).

1034. *Id.* at 391.

group.”¹⁰³⁵ Beyond what the court viewed as convincing evidence of the weakness of the plaintiff’s marks, the defendant benefitted from the court’s conclusions that “even small variations between [the parties’ marks] are enough to distinguish the marks, particularly in the context of business consulting services where the common elements are understood to describe the services rendered,”¹⁰³⁶ that the plaintiff’s use of a “highly theatrical style complete with theatrical props” distinguished its services from those of the defendant,¹⁰³⁷ that the defendant’s intent to compete against the plaintiff was not equivalent to an intent to compete unfairly,¹⁰³⁸ and that “[t]he lack of evidence of actual consumer confusion weighs in favor of [the defendant]” in light of the parties’ coexistence in the marketplace.¹⁰³⁹ Under these circumstances, the trial court had erred by failing to grant the defendant’s motion for judgment notwithstanding the jury’s verdict.¹⁰⁴⁰

Unfortunately for the plaintiff, the court took an equally dim view of the jury’s finding that the defendant had infringed the plaintiff’s claimed military-themed trade dress, which consisted of “images of fighter pilots, flight suits, and jet planes on its website, brochures, and other marketing materials,”¹⁰⁴¹ as well as “theatrical props—e.g., bunkers, charts and maps, loud music, and camouflage netting, etc.”¹⁰⁴² The court concluded from the trial record that “[the defendant] and [the plaintiff] both used fighter pilot imagery and concepts derived from military aviation, but that they applied them in different ways.”¹⁰⁴³ It elaborated on this point with the following observation:

The evidence shows that [the defendant] rarely used flight suits in its presentations and it did not use any of [the plaintiff’s] theatrical stage props. Rather, [the defendant], like [the plaintiff], used fighter pilot imagery, concepts, themes, and processes. Further, the record reflects that [the plaintiff] failed to specify which features of its jet fighter imagery are uniquely part of its trade dress, nor did it compare those specific features to the fighter-pilot imagery that [the defendant] used. And to the extent that [the defendant] used military-styled exercises (including maps, charts, and checklists) in its presentations, the record does not establish that

1035. *Id.*

1036. *Id.* at 392.

1037. *Id.* at 393.

1038. *Id.*

1039. *Id.* at 394.

1040. *Id.*

1041. *Id.* at 395.

1042. *Id.*

1043. *Id.* at 396.

the exercises were developed by [the plaintiff] or that the materials used mimicked in any significant way [the plaintiff's] exercises. Instead, the evidence shows that [the plaintiff] and [the defendant] (as well as many other business consulting groups) offered clients business consulting services based on military aviation planning methodologies and, in doing so, used imagery, processes, and concepts that referenced military aviation.¹⁰⁴⁴

Especially because “[i]t is undisputed that [the plaintiff] presented no evidence of actual customer confusion as to the source of the parties’ military-themed business consulting services,”¹⁰⁴⁵ the jury’s finding of infringement was clearly erroneous.

Some findings of nonliability as a matter of law appeared only in opinions from trial courts.¹⁰⁴⁶ Perhaps the most notable example of a defense victory on a motion for summary judgment came in Louis Vuitton’s unsuccessful challenge to a self-styled parodist selling canvas tote bags bearing caricatures of iconic designer handbags on one side and the text “My Other Bag” on the other.¹⁰⁴⁷ Not as amused as the defendant’s customers, Vuitton filed suit and alleged the defendant’s bags were likely to cause confusion with a number of Vuitton’s registered marks. Entering summary judgment in the defendant’s favor, the court disagreed. Although Vuitton successfully demonstrated the strength of its marks, the court held that:

In the usual trademark case, a strong mark is a factor pointing toward a likelihood of confusion. However, where the plaintiff’s mark is being used as part of a jest . . . the opposite can be true. The strength and recognizability of the mark may make it easier for the audience to realize that the use is a parody and a joke on the qualities embodied in trademarked word or image.¹⁰⁴⁸

With that consideration rendered neutral, the court found it beyond dispute the parties’ uses were distinguishable in context,¹⁰⁴⁹ accepted the defendant’s argument the parties’ goods

1044. *Id.* at 396-97.

1045. *Id.* at 395 n.16.

1046. *See, e.g.,* Piccari v. GTLO Prods., LLC, 115 F. Supp. 3d 509, 517 (E.D. Pa. 2015) (granting, without extended analysis, motion to dismiss allegations of infringement under Section 32 in light of plaintiffs’ failure to include allegations of likely confusion in complaint).

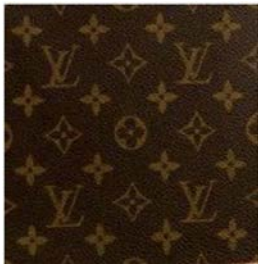
1047. *See* Louis Vuitton Malletier, S.A. v. My Other Bag, Inc., 156 F. Supp. 3d 425 (S.D.N.Y.), *aff’d*, No. 16-241-cv, 2016 WL 7436489 (2d Cir. Dec. 22, 2016).

1048. *Id.* at 441 (alteration in original) (quoting Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC, 221 F. Supp. 2d 410, 416 (S.D.N.Y. 2002)).

1049. *Id.* at 441-42. The following is a comparison between a bag featuring Vuitton’s marks and bag (top row) and the front and back of defendant’s bag (bottom row):

were not competitive,¹⁰⁵⁰ disposed of Vuitton's evidence of consumers referring to the defendant's bags as "LV" bags because it did "little more than indicate that consumers get the joke,"¹⁰⁵¹ and concluded the defendant's intent had been to parody, rather than to infringe.¹⁰⁵² Especially in light of the high purchase price of Vuitton's bags and the unlikelihood of post-sale confusion,¹⁰⁵³ "there is no triable issue of fact on the likelihood of confusion. Rather, defendant's use . . . an obvious parody or pun, readily so perceived, and unlikely to cause confusion among consumers."¹⁰⁵⁴

The parties' use of identical marks in another case failed to assist the plaintiffs in shooting down the defendants' motion for summary judgment.¹⁰⁵⁵ The plaintiffs' mark was OWN YOUR POWER, registered for workshops and seminars in the field of entrepreneurship and self-awareness and presented in the following format:



Id. at 446-47.

1050. *Id.* at 442.

1051. *Id.*

1052. *Id.* at 442-43.

1053. *Id.* at 444.

1054. *Id.* at 443.

1055. See *Kelly-Brown v. Winfrey*, 95 F. Supp. 3d 350 (S.D.N.Y. 2015), *aff'd*, 659 F. App'x 55 (2d Cir. 2016), *petition for cert. filed*, No. 16-803 (U.S. Dec. 23, 2016).

OWN YOUR POWER

For their part, the defendants used the same phrase as the title of a magazine cover story and on banners at a conference to promote the defendants' overall message of self-empowerment:



The defendants presented survey evidence purporting to show the absence of actual or likely confusion, but they hardly needed to do so based on the court's reading of the summary judgment record. That reading included the court's conclusions that the plaintiffs' mark was conceptually and commercially weak,¹⁰⁵⁶ the parties' respective uses were dissimilar in context,¹⁰⁵⁷ the parties' services were "fundamentally different"¹⁰⁵⁸ and unlikely to converge,¹⁰⁵⁹ two of the four instances of actual confusion proffered by the plaintiffs appeared to have been manufactured while the other two did not involve consumers,¹⁰⁶⁰ and, although the defendants had failed to conduct an availability search, they would have concluded the plaintiffs' mark was distinguishable had they done so.¹⁰⁶¹

1056. *Id.* at 360.

1057. *Id.* at 360-61.

1058. *Id.* at 361.

1059. *Id.*

1060. *Id.* at 362.

1061. *Id.*

A finding that the marks at issue in a suit “are obviously similar in sight and sound” ordinarily might preclude entry of summary judgment of noninfringement, but that outcome did not occur in a suit brought by the owner of the FLORIDA INTERNATIONAL UNIVERSITY and FIU marks against a user of the FLORIDA NATIONAL UNIVERSITY and FNU marks.¹⁰⁶² One reason was the court’s closer look at the marks, which led the court to conclude they were distinguishable because :

While it is true that multiple nations are required to make something “international” in character, it is a reach to suggest that an object defined as “international” necessarily includes those objects described as “national.” In common usage, “national” and “international” are used to describe the domestic or overseas character of the matter being discussed. Contrary to [the plaintiff’s] arguments, these terms are not so closely aligned as to create a likelihood of confusion among consumers.¹⁰⁶³

Other reasons were the relative weakness of the plaintiff’s marks, caused “by the abundance of other universities with names using the same words and structures,”¹⁰⁶⁴ differences in the students served by the parties,¹⁰⁶⁵ the likely care exercised by those students while choosing their educational opportunities,¹⁰⁶⁶ and the motivation underlying the defendant’s adoption of its marks, which the court viewed as “a good faith effort to reflect the fact that the school now offers graduate level courses.”¹⁰⁶⁷ The parties’

1062. See Fla. Int’l Univ. Bd. of Trustees v. Fla. Nat’l Univ., Inc., 91 F. Supp. 3d 1265 (S.D. Fla. 2015), *aff’d*, 830 F.3d 1242 (11th Cir. 2016).

1063. *Id.* at 1277.

1064. Those other universities included Florida A & M University, Florida Atlantic University, Florida Christian University, Florida Gulf Coast University, Florida Memorial University, Florida Polytechnic University, and Florida State University. *Id.* at 1275. The court declined the plaintiff’s invitation to view the other universities (except for Florida Memorial University) as part of the same unitary state university system as was the plaintiff, therefore preventing them from being considered true third-party uses. As it explained, “[t]he Court fails to see how a consumer would know based on their names alone that, for example, Florida International University and Florida Atlantic University are part of the state university system and that Florida National University and Florida Memorial University are not,” *id.* at 175-76; moreover, “it is worth noting that [the plaintiff] identified some of these state schools as competitors to its marketing company.” *Id.* at 1276.

1065. The court found it undisputed that “while [the plaintiff] primarily serves ‘traditional’ college-bound students, [the defendant] focuses largely on ‘non-traditional’ students, most of whom have been out of high school for 10 years or more before enrolling.” *Id.* at 1279.

1066. According to the court, “[t]he likelihood of confusion seems . . . remote considering the level of sophistication and the amount of investigation one would expect from prospective students when considering a particular school or a particular kind of degree.” *Id.*

1067. *Id.* at 1281.

services were closely related,¹⁰⁶⁸ their promotional channels overlapped,¹⁰⁶⁹ and at least some actual confusion had occurred (albeit “short-lived” and “vague,” in the court’s view),¹⁰⁷⁰ but those factors did not create a factual dispute concerning the defendant’s liability.¹⁰⁷¹

Close similarity of the parties’ marks could not defeat another defense motion for summary judgment.¹⁰⁷² The plaintiffs’ mark was INTELLIJET for a proprietary software program used in the airline leasing business, while the defendant’s was INTELLIJET INTERNATIONAL, under which the defendant provided aircraft brokerage services. The INTELLIJET mark might be suggestive, but that did not mean it enjoyed either conceptual or commercial strength; rather, the court found on the basis of the summary judgment record that “the mark is on the weaker end of the spectrum of suggestive marks”¹⁰⁷³ and, additionally, there was a “lack of marketing efforts to future external customers of lessees of *the software* (rather than of [the plaintiff’s] services).”¹⁰⁷⁴ Moreover, “[e]ven if the marks are used identically, and even if Defendant began using the mark with knowledge of the [Plaintiff’s] Intellijet software, there simply is no indication that future private-plane customers seeking to purchase the Intellijet software would be confused about the source of that product.”¹⁰⁷⁵

In a different case presenting a successful defense motion for summary judgment, the plaintiff owned a federal registration of the ORDERLINK mark for order fulfillment services, while the defendants used the UPS ORDERLINK mark for non-downloadable software for use in the transportation and delivery field.¹⁰⁷⁶ Prior to the commencement of hostilities, the USPTO initially rejected an application to register the defendants’ mark based on the plaintiff’s prior registration, and that initial rejection figured prominently in the plaintiff’s response to the defendants’ motion. The court declined to give the agency’s action dispositive effect both because it was a “low-level determination” and because “there is no indication in the record that the examining attorney reviewed the evidence presented to this Court”¹⁰⁷⁷

1068. *Id.* at 1278.

1069. *Id.* at 1280-81.

1070. *Id.* at 1283.

1071. *Id.* at 1283-84.

1072. *See* NetJets Inc. v Intellijet Grp., 138 F. Supp. 3d 929 (S.D. Ohio 2015).

1073. *Id.* at 946.

1074. *Id.* at 947.

1075. *Id.* at 948.

1076. *See* Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc., 186 F. Supp. 3d 741 (W.D. Mich. 2016), *appeal docketed*, No. 16-1830 (6th Cir. June 17, 2016).

1077. *Id.* at 749.

The plaintiff's luck did not change for the better once the court turned to the standard likelihood-of-confusion factors, which led to an initial finding the plaintiff's descriptive mark was both conceptually and commercially weak, despite the incontestable registration covering it: Although incontestability might create a presumption of mark strength, the defendants had rebutted that presumption "by presenting evidence of extensive third-party use of the term 'orderlink' or its phonetic equivalent in the order processing industry as early as 1991, before [the plaintiff] began using the ORDERLINK mark."¹⁰⁷⁸ That same third-party use drove the court's finding from the summary judgment record that "[t]he ORDERLINK and UPS OrderLink marks are not very similar. While it is true that both marks use the word 'orderlink,' such term and close variations of it are often used in the marketplace in connection with order processing or management services."¹⁰⁷⁹ In addition, the court determined, "the parties' marketing efforts do not overlap in any significant way," even though both used the Internet to promote their services,¹⁰⁸⁰ and the parties' customers exercised a high degree of care.¹⁰⁸¹ Finally, the plaintiff failed to establish that the defendants' continued use of its mark after learning of the plaintiff's prior rights constituted bad faith; rather, the court pointed out, it was more probative that the defendants had adopted their mark in the first instance without knowledge of the plaintiff's use.¹⁰⁸² Under these circumstances, the plaintiff's proffer of a single example of actual confusion involving an employee of one of the defendants (as opposed to a consumer) failed to place the defendants' nonliability into dispute.¹⁰⁸³

Summary judgment of nonliability held as well in a dispute between former colleagues in the band Boston, after the defendant, who left the band in 1981, began promoting his website through such meta-tags as "BOSTON," "band BOSTON," and the plaintiff's personal name.¹⁰⁸⁴ Without referencing the First Circuit's likelihood-of-confusion factors, the Massachusetts federal district court assigned to the case concluded from the summary judgment record that "[t]here is no evidence that the content of [the defendant's] website is likely to confuse the reasonably prudent

1078. *Id.* at 750-51.

1079. *Id.* at 752.

1080. *Id.* at 754.

1081. *Id.*

1082. *Id.* at 755.

1083. *Id.* at 753 ("This isolated instance of confusion by a non-consumer has minimal probative value regarding actual confusion.").

1084. *See* Scholz v. Goudreau, 132 F. Supp. 3d 239 (D. Mass. 2015).

purchaser.”¹⁰⁸⁵ Considerations supporting that conclusion included text on the website identifying the defendant as a “former BOSTON guitarist”¹⁰⁸⁶ and the fact that the electronic address at which the site could be accessed consisted in part of the defendant’s name.¹⁰⁸⁷ The plaintiff complained the defendant intended to divert traffic to his website, but that was not enough for the court to find a factual dispute concerning the defendant’s potential liability; rather, “[e]ven if [the defendant’s] website diverts consumers who search for [the plaintiff] or the band Boston to his own website, [m]ere diversion, without any hint of confusion, is not enough.”¹⁰⁸⁸

A dispute between two Alabama-based purveyors of donuts also produced a defense victory on a motion for summary judgment.¹⁰⁸⁹ The court’s disposition of the motion relied heavily on what it regarded as the differing commercial impressions of the parties’ verbal marks and anthropomorphic donuts as they appeared in the marketplace:¹⁰⁹⁰



1085. *Id.* at 248.

1086. *Quoted in id.*

1087. *Id.*

1088. *Id.* (alteration in original) (quoting *Hearts on Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 286 (D. Mass. 2009)).

1089. *See Donut Joe's, Inc. v. Interveston Food Servs., LLC*, 101 F. Supp. 3d 1172 (N.D. Ala. 2015).

1090. The illustrations in the text following this footnote appear in Plaintiff's Brief in Support of its Response to Defendant's Motion for Summary Judgment, *Donut Joe's, Inc. v. Interveston Food Servs., LLC*, 101 F. Supp. 3d 1172 (N.D. Ala. 2015) (2:13-cv-01578-VEH), 2015 WL 9915361.

Other considerations included the parties' differing menus,¹⁰⁹¹ the weakness of the plaintiff's mark, established by the descriptiveness of its verbal component, the plaintiff's limited advertising, and "extensive" third-party use,¹⁰⁹² as well as the undisputed fact that the parties' three-year period of coexistence had produced only five instances of actual confusion.¹⁰⁹³ The plaintiff's showings of direct competition between the parties and the existence of "some similarit[ies]" between their channels of distribution and targeted customers were unavailing.¹⁰⁹⁴

Finally in highly unusual dispositions, two courts found confusion unlikely as a matter of law when evaluating *plaintiffs'* motions for default judgments. The complaint before the first court alleged the plaintiff owned the MULTIFAB and MULTIFAB, INC. marks for the manufacture and distribution of industrial components, and, additionally, that the defendants' use of the same name in connection with the online provision of pornography was likely to be confused with those marks.¹⁰⁹⁵ The defendants declined to contest the complaint's averments, but that did not, as might be expected, adversely affect their litigation position. Instead, although it had earlier preliminarily enjoined the defendants' conduct, the court relied on the unrelated nature of the parties' services,¹⁰⁹⁶ the high degree of care exercised by the plaintiff's customers,¹⁰⁹⁷ and the unlikelihood of either party expanding into the other's market¹⁰⁹⁸ to enter judgment as a matter of law in the defendants' favor. In its view, the identity of

1091. *Donut Joe's*, 603 F. Supp. 3d at 1184.

1092. *Id.* at 1185. The defendant's showing of third-party use apparently consisted of printouts from the Alabama Secretary of State's "business entity database," which, the court noted, contained "35 currently existing Alabama businesses that include the word 'donut,' along with 45 defunct entities. The same database shows 23 currently existing businesses that use the term 'Joe's' or a related term (such as 'joes')." *Id.* (citation omitted).

1093. The court explained its spin on the plaintiff's showing of actual confusion in the following manner: "According to one of [the plaintiff's] corporate representatives, the company serves at least one thousand customers per week. Therefore, these instances of consumer confusion are negligible and give no basis for concluding that there is a likelihood of consumer confusion." *Id.* at 1185 (citation omitted).

1094. *Id.* at 1184.

1095. *See Multifab, Inc. v. ArlanaGreen.com*, 122 F. Supp. 3d 1055 (E.D. Wash. 2015).

1096. *See id.* at 1063 ("Sales of pornography and industrial equipment do not target the same class of purchasers in any discernable way, the products are not similar in use or function, nor are they complementary in any sense.").

1097. *See id.* ("Plaintiff also targets a sophisticated class of consumer: companies. Plaintiff's customers are professional commercial equipment buyers likely to be familiar with the commercial industrial equipment market. As a result, they are likely to exercise a high degree of care in selecting industrial equipment and unlikely to be easily confused by an unrelated use of Plaintiff's mark.").

1098. *See id.*

the parties' uses,¹⁰⁹⁹ the strength of the plaintiff's mark,¹¹⁰⁰ and the defendants' bad-faith intent¹¹⁰¹ failed to alter this outcome.¹¹⁰²

The second case arose from the objections of the owners of the ROLLS-ROYCE mark for automobile and related goods to the use of ROLLS-ROYCE RIZZY as a stage name by a musical performer.¹¹⁰³ Central to that outcome was the court's conclusion from the plaintiffs' complaint that the intentional copy of the plaintiffs' marks did not constitute an intent to confuse.¹¹⁰⁴ The defendant also benefitted from the sophistication of the plaintiffs' customers¹¹⁰⁵ and the gap between the plaintiffs' goods and the defendant's services, which meant the parties did not target the same customers or use the same promotional media.¹¹⁰⁶

(vi) Opinions Finding No Likelihood of Confusion After Trial

One unsuccessful plaintiff following a full trial owned the federally registered IGOBANKING.COM mark, which it used in the following format in connection with online banking services:¹¹⁰⁷



The plaintiffs' other marks included IGOCHECKING, IGOCHECKING, IGOSAVINGS, IGOONLINEBANKING, IGOCDs, IGO MONEYMARKET, IGO DEBITCARD, and IGOIRAS.¹¹⁰⁸ Based on its prior use of this portfolio of marks, the plaintiff claimed the defendants had created a likelihood of reverse

1099. *See id.* at 1065 (“There is no question Defendants’ [sic] are using Plaintiff’s ‘Multifab’ mark. The marks are therefore identical in all aspects, which weighs in Plaintiff’s favor.”).

1100. *See id.* (“Plaintiff’s mark is likely suggestive Suggestive marks are relatively strong, and this factor weighs in Plaintiff’s favor.”).

1101. *See id.* (“Defendants’ use of the ‘Multifab’ mark is likely intended to confuse consumers. Due to the completely dissimilar nature of the parties’ goods, it is implausible that Defendant[s] intended to use the mark to ‘truthfully inform [consumers] of their choice of products.’ Rather, intent to mislead is the only reasonable inference.” (second alteration in original) (quoting Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137, 1153 (9th Cir. 2011))).

1102. *Id.* at 1066; *see also id.* at 1067 (reaching identical conclusion with respect to plaintiff’s likelihood-of-confusion-based claim under Washington law).

1103. *See* *Rolls-Royce Motor Cars Ltd. v. Davis*, 118 U.S.P.Q.2d 1581 (D.N.J. 2016).

1104. *Id.* at 1586-87.

1105. *Id.* at 1586.

1106. *Id.* at 1587.

1107. *See* *Flushing Bank v. Green Dot Corp.*, 138 F. Supp. 3d 561, 576 (S.D.N.Y. 2015).

1108. *Id.* at 574.

confusion based on their use of the following mark for banking services, which, in contrast to those provided by the defendants, were provided at brick-and-mortar locations:¹¹⁰⁹



The court credited the plaintiff's showing of "some evidence of actual confusion" in the form of misdirected phone calls and debit card applications, some of which came to light after the close of discovery.¹¹¹⁰ Nevertheless, it also concluded "there is insufficient evidence to support a finding that an 'appreciable' number of consumers have been or are likely to be confused as to any association or connection between the iGobanking and GoBank marks or services;"¹¹¹¹ rather, "[a] dozen or so inquiries spread over a period of time—and during the pendency of a litigation in which it can be assumed the company was actively on the look-out for any instances of actual confusion—are minimal."¹¹¹² The absence of cognizable actual confusion was further evidenced by a net 1.6%-2.6% positive rate of responses to a survey commissioned by the defendants, which the court determined "supports the . . . finding that an appreciable number of consumers are unlikely to be confused."¹¹¹³

With actual confusion thus disposed of, a number of considerations similarly weighed in the defendants' favor. These included either the genericness or descriptiveness of the plaintiff's marks,¹¹¹⁴ the sophistication of the parties' banking customers,¹¹¹⁵ the distinguishable appearances and meanings of the parties' marks,¹¹¹⁶ the defendants' showing that "the customer bases each

1109. *Id.* at 576.

1110. *Id.* at 578.

1111. *Id.* Not surprisingly, the testimony the court found most convincing was that of witnesses who had spoken to consumers contacting the plaintiff's call center; it accorded far less weight to testimony from a witness lacking that first-hand connection. *Id.* at 578-69. The court also faulted the plaintiff's failure (with two exceptions) to contact the allegedly confused consumers. *Id.* at 580.

1112. *Id.* at 590.

1113. *Id.* at 582; *see also id.* at 590-91 (further crediting defendants' survey evidence). The court did not describe the survey's methodology in any detail.

1114. *Id.* at 586.

1115. *Id.* at 582 n.17 (referencing "the amount of time and attention most consumers give to establishing a banking relationship"); *id.* at 592 ("[C]onsumers take choosing a banking service seriously.").

1116. In addition to finding the parties' marks "quite dissimilar" visually, the court noted that:

[T]he overall impression of the [plaintiff's] iGobanking mark is one of action—a person uses the internet to in fact "go banking." The "i" and the "GO" are the predominant features of the mark and logo. In contrast, [the defendants'] "GoBank"

company serves differ from one another,”¹¹¹⁷ and the absence of any evidence the defendants adopted their mark “to try and usurp any of [the plaintiff’s] goodwill or customer base.”¹¹¹⁸ Nevertheless, the court eschewed any reliance on a mechanical counting of the likelihood-of-confusion factors of record, for, if found, such a “tally[] of factors . . . understates the extent to which [the plaintiff] has failed to prove its reverse confusion claim.”¹¹¹⁹

Cases producing findings of noninfringement after trial also included one brought by the owner of the PINTEREST mark for computer software allowing users to interact online with information and media content shared by other users.¹¹²⁰ The target of the plaintiff’s claims of likely confusion was the defendant’s PINTRIPS mark, used in connection with a website-based travel planning service enabling users to monitor the price fluctuations of airline fares. Reviewing the trial record, the court found the plaintiff’s suggestive REST mark both conceptually and commercially strong,¹¹²¹ and it also found the parties’ marks sufficiently similar to support a finding of likely confusion,¹¹²² but things went downhill for the plaintiff after that. In particular, the court rejected the plaintiff’s argument that “the Pinterest and Pintrips websites are related because both companies offer ‘services related to the travel industry generally’ and ‘collaborative products that allow consumers to plan travel using the Internet,’”¹¹²³ finding instead that “[w]hile Pinterest users undoubtedly use the service to research their travel destinations (as well as hundreds of other subjects), that fact does not render Pinterest’s social media service similar to Pintrips’ airline itinerary-tracking tool.”¹¹²⁴ The competitive proximity of the parties’ services therefore weighed “strongly” against a finding of infringement,¹¹²⁵ and the court did not do the plaintiff any favors with its additional findings that the sophistication of the parties’ customers was either neutral or weighed in the defendant’s

conveys the impression of a location. The mark functions as a noun, bringing to mind “a” or “the” GoBank. The predominant word is “Bank” with “Go” as the lesser word. The marks therefore convey largely different impressions: one of personalized action, the other of a bank in a location.

Id. at 587-58.

1117. According to the court, “[the plaintiff] tends towards more affluent customers and [the defendants] towards those with less income and lower household incomes.” *Id.* at 589.

1118. *Id.* at 591.

1119. *Id.* at 592.

1120. *See* Pinterest, Inc. v. Pintrips, Inc., 140 F. Supp. 3d 997 (N.D. Cal. 2015).

1121. *Id.* at 1009-11.

1122. *Id.* at 1013-14.

1123. *Id.* at 1011.

1124. *Id.* at 1012.

1125. *Id.* at 1013.

favor¹¹²⁶ and that there was no likelihood of the parties' expanding their respective services to create an overlap.¹¹²⁷ With the court dismissing both parties' survey evidence as driven by flawed methodologies,¹¹²⁸ and the plaintiff unable to prove shared marketing channels beyond social media¹¹²⁹ or bad-faith conduct by the defendant,¹¹³⁰ a balancing of the relevant factors produced a bench finding of no likely confusion.¹¹³¹

(vii) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

In the absence of First Amendment considerations, motions to dismiss allegations of likely confusion for failure to state claims rarely succeed, and case law over the past year bore out this pattern. One reported opinion on the issue came from the Sixth Circuit, which reversed the dismissal of a complaint filed by an individual plaintiff and a group of companies she owned.¹¹³² The gravamen of the plaintiffs' grievance was that an individual defendant formerly on the payroll of the lead plaintiff had affiliated herself with the remaining defendants' competitive businesses but not before sending e-mails to the plaintiffs' customers asserting—inaccurately—the parties had partnered with each other. Invoking its standard likelihood-of-confusion factors, the court accepted the plaintiffs' argument that the suggestiveness of their TRI-SERVE mark for outsourced payroll, workers' compensation, and benefits services weighed in favor of a finding of mark strength.¹¹³³ The allegations in the plaintiffs' complaint were equally sufficient to establish the relatedness of the parties' services,¹¹³⁴ the defendants' "wholesale" adoption of the plaintiffs' mark,¹¹³⁵ the existence of actual confusion,¹¹³⁶ the parties' overlapping marketing channels,¹¹³⁷ the possibly unsophisticated nature of their customers,¹¹³⁸ and the defendants'

1126. *Id.* at 1019.

1127. *Id.* at 1022.

1128. *Id.* at 1014-18.

1129. *Id.* at 1018.

1130. *Id.* at 1019-22.

1131. *Id.* at 1022-23.

1132. *See* Grubbs v. Sheakley Grp., 807 F.3d 785 (6th Cir. 2015).

1133. *Id.* at 795.

1134. *Id.* at 795-96.

1135. *Id.* at 796.

1136. *Id.*

1137. *Id.*

1138. *Id.* at 796-97.

“purposeful” intent.¹¹³⁹ Not surprisingly, because “[t]he relevant factors all point to a finding of likely consumer confusion,”¹¹⁴⁰ the court concluded that “Plaintiffs have . . . stated a claim for improper use of trade and false designation of origin”¹¹⁴¹

The Eleventh Circuit also remanded an action to a district court for additional proceedings.¹¹⁴² That court has long held that marks covered by an incontestable registration are necessarily strong for purposes of the likelihood-of-confusion inquiry,¹¹⁴³ a rule one panel of that court recognized as an “outlier” and “almost certainly incorrect.”¹¹⁴⁴ Nevertheless, that recognition did not help the defendant urging it, for the court concluded it was bound by its past case law in the absence of en banc authority rejecting it. The result was a holding that the following three incontestably registered marks were strong for the plaintiff’s hospitaller services:

SOVEREIGN
MILITARY
HOSPITALLER
ORDER OF ST.
JOHN OF
JERUSALEM OF
RHODES AND
OF MALTA



KNIGHTS OF
MALTA

Although a second set of marks owned by the plaintiff and not covered by incontestable registrations did not similarly benefit from the legal presumption of strength, the court rejected as clearly erroneous the district court’s factual finding those marks were weak:

HOSPITALLERS OF ST.
JOHN OF JERUSALEM

ORDER OF ST. JOHN OF
JERUSALEM

1139. *Id.* at 797.

1140. *Id.*

1141. *Id.* at 798.

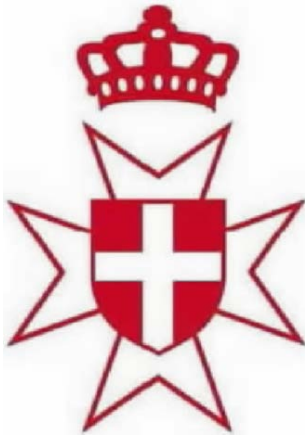
1142. *See* Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitaller of the Sovereign Order of St. John of Jerusalem, Knights of Malta, the Ecumenical Order, 809 F.3d 1171 (11th Cir. 2015).

1143. *See* Dieter v. B & H Indus. of Sw. Fla., 880 F.2d 322, 329 (11th Cir. 1989).

1144. *Sovereign Military Hospitaller Order*, 809 F.3d at 1183.

In doing so, the court faulted the district court for failing to consider the relationship between the plaintiff's services and for crediting the defendant's evidence of third-party use: As it explained with respect to the latter consideration, "the significance of third-party use' depends on 'the *entire* name a third party uses.' That other organizations use *parts* of [the plaintiff's] word marks is not persuasive evidence of third-party use."¹¹⁴⁵

Those conclusions occurred in the context of a vacatur of the district court's finding after a bench trial that the following marks owned by the defendant were unlikely to be confused with those of the plaintiff:



KNIGHTS HOSPITALLERS
OF THE SOVEREIGN
ORDER OF SAINT JOHN
OF JERUSALEM,
KNIGHTS OF MALTA, THE
ECUMENICAL ORDER

In addition to confirming the strength of the plaintiff's marks, the appellate court faulted the district court for overweighting the dissimilarities between the parties' marks,¹¹⁴⁶ for failing to recognize "[t]he parties . . . use many of the same fundraising methods and 'cater to the same general kinds of individuals,' even if the particular individuals [sending donations] differ,"¹¹⁴⁷ for basing a finding the defendant had acted in bad faith on inadmissible testimony,¹¹⁴⁸ for considering the plaintiff's representations to the USPTO that confusion was unlikely between the parties' marks,¹¹⁴⁹

1145. *Id.* at 1186 (quoting *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160, 1165 (11th Cir. 1982)).

1146. *Id.* at 1186-87.

1147. *Id.* at 1188 (second alteration in original) (quoting *Safeway Stores*, 675 F.2d at 1166).

1148. *Id.* at 1188-89.

1149. According to the court:

[T]he Patent and Trademark Office notified [the plaintiff] about [the defendant's] preexisting mark at the time of registration. But [the plaintiff] successfully distinguished its marks by explaining that they are *service* marks, as opposed to the

and for refusing to allow the plaintiff to supplement the record between an earlier appeal and the trial on remand.¹¹⁵⁰ The district court's finding of no likely confusion therefore was vacated, and the action remanded a second time.

Hearing an appeal from the denial of a preliminary injunction motion, the Third Circuit similarly vacated a district court's determination that the defendants' use of a stylized ARROWPOINT PARTNERS mark for various investment-related services was unlikely to be confused with a family of ARROWPOINT CAPITAL marks for insurance, investment, and consulting services.¹¹⁵¹ A key basis for the motion's failure was the district court's discounting of the plaintiffs' evidence of actual confusion because the eleven instances at issue were among brokers and securities dealers, rather than consumers of the parties' services. The Third Circuit looked askance at that methodology, observing correctly that:

[T]he 1962 amendments to the Lanham Act broadened the scope of trademark protection. Section 32 of the Lanham Act originally proscribed only the use in commerce of similar marks where it was "likely to cause confusion or mistake or to deceive *purchasers as to the source of origin of such goods or services.*" In 1962, Congress deleted the terms "purchasers" and "source of origin," affording Lanham Act protection more broadly when a mark is "likely to cause confusion, or to cause mistake, or to deceive."

....

We thus take this opportunity to reiterate that the Lanham Act protects against "the use of trademarks which are likely to cause confusion, mistake, or deception of *any kind*, not merely of purchasers nor simply as to source of origin."¹¹⁵²

That was not the only error committed by the district court while declining to accord weight to the plaintiff's showing of actual confusion. To the contrary, the lower court also discounted certain declaration testimony submitted by the plaintiff on the ground the declarations were hearsay in nature and came from the plaintiff's own employees. The Third Circuit acknowledged its past opinions suggested "a district court may reject unreliable affidavits in evaluating evidence of actual confusion" and,

[defendant's] *collective membership* marks. In this litigation, the [plaintiff] sues the [defendant] for its use of allegedly infringing *service* marks.

Id. at 1190 (citation omitted).

1150. *Id.* at 1190-91.

1151. See *Arrowpoint Capital Corp. v. Arrowpoint Asset Mgmt., LLC*, 793 F.3d 313 (3d Cir. 2015).

1152. *Id.* at 321, 323 (quoting *Esercizio v. Roberts*, 944 F.2d 1235, 1244 (6th Cir. 1991); *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 708, 711 (3d Cir. 2004)).

additionally, that testimony by party witnesses could be self-serving.¹¹⁵³ Nevertheless, it held, “[n]one of those cases, however, were decided upon an application for a preliminary injunction; rather, they were decisions made at later stages of each case.”¹¹⁵⁴ This meant that:

[T]emporary injunctions [such as the one sought by the plaintiff] are “customarily granted on the basis of procedures that are less formal and evidence that is less complete than in a trial” or at summary judgment because there is no “rule in the preliminary injunction context akin to the strict rules governing the form of affidavits that may be considered in summary judgment proceedings.”¹¹⁵⁵

Because “despite credibility questions, the District Court failed to hold an evidentiary hearing, or to adequately set forth its rationale for discounting [the plaintiff’s] evidence, or to hear oral argument,” the appellate court vacated the finding of no likelihood of confusion and remanded the action for reconsideration of the plaintiff’s motion.¹¹⁵⁶

At the trial court level, reluctance to resolve claims of infringement and unfair competition prematurely often took the form of opinions denying defense motions to dismiss either for failure to state a claim or for judgment on the pleadings.¹¹⁵⁷ One

1153. *Id.* at 325.

1154. *Id.*

1155. *Id.* (quoting *Kos Pharm.*, 369 F.3d at 718).

1156. *Id.* at 326.

1157. *See, e.g.*, *Vina Undurraga S.A. v. Serine Cannonau Vineyard, Inc.*, 118 U.S.P.Q.2d 1724 (C.D. Cal. 2016) (denying motion to dismiss because “[t]he inherently factual nature of the likelihood of confusion analysis makes it difficult to undertake prior to trial”); *Baker Mfg. Co. v. Next Techs., Inc.*, 118 U.S.P.Q.2d 1193, 1197 (W.D. La. 2016) (denying motion to dismiss because “plaintiff has alleged sufficient facts regarding [defendant’s] conduct, including the use of the [disputed] mark after being informed of the potential infringement and being requested to cease and desist from the use of the mark, to proceed with its claims”); *Tax Int’l, LLC v. Kilburn & Assocs.*, 157 F. Supp. 3d 471, 477 (E.D. Va. 2016) (holding, without extended discussion, allegations of infringement sufficient to state claims); *Pulse Creations, Inc. v. Vesture Grp.*, 154 F. Supp. 3d 48, 56 (S.D.N.Y. 2015) (“Plaintiff has alleged that Defendants use a mark identical to the mark for which Plaintiff holds a trademark to advertise or sell the same type of goods sold by Plaintiff. This suffices to support an allegation of consumer confusion at this stage of the proceedings.”); *Abbasi v. Bhalodwala*, 149 F. Supp. 3d 1372, 1379 (M.D. Ga. 2015) (“The Plaintiff . . . contends that there is a likelihood of confusion because he has been approached by customers who received information about the Defendants’ product. This is sufficient to meet the ‘likelihood of confusion’ element.”); *Adobe Sys. Inc. v. Blue Source Grp.*, 125 F. Supp. 3d 945, 966-67, 969 (N.D. Cal. 2015) (holding, without extended discussion, allegations of infringement and counterfeiting sufficient to state claims); *Phoenix Entm’t Partners, LLC v. Lapadat*, 123 F. Supp. 3d 1114, 1121 (D. Minn. 2015) (denying motion to dismiss despite conclusion that allegation of likely confusion “is barely made in the complaint”); *Slep-Tone Entm’t Corp. v. Sellis Enters.*, 87 F. Supp. 3d 897, 907-08 (N.D. Ill. 2015) (denying motion to dismiss after concluding that “[the plaintiff] pleads facts sufficient to satisfy several of the likelihood-of-confusion factors”).

example of that disposition came in an action in which the counterclaim defendants moved the court to dismiss the allegations against them, apparently on the theory that their goods did not overlap with those covered by one of the counterclaim plaintiffs' registrations.¹¹⁵⁸ The court rejected that contention out of hand, noting the counterclaim plaintiffs had placed a number of other registered marks in play, and upon which a finding of infringement could be based.¹¹⁵⁹

A motion to dismiss similarly fell short in a row between competing purveyors of tobacco products.¹¹⁶⁰ The plaintiffs averred ownership of the federally registered FOUR ACES mark and, additionally, infringement of that mark by the defendants' ACE OF SPADES mark. Refusing the defendants' invitation to dispose of the complaint at the pleadings stage, the court found adequate the plaintiffs' necessarily true allegations of mark similarity, especially in light of the claimed use by the parties of an Ace of Spades on their respective packaging,¹¹⁶¹ the competitive proximity of their goods,¹¹⁶² a geographic overlap in the markets they served,¹¹⁶³ and the strength of the plaintiffs' mark.¹¹⁶⁴ The court was less credulous where the plaintiffs' allegations of actual confusion and intentional misconduct were concerned, finding them merely conclusory in nature,¹¹⁶⁵ but that did not render the plaintiffs' claim of likely confusion as a whole fatally defective.¹¹⁶⁶

Likewise, a different defendant unsuccessfully moved to dismiss an action against it on the theory that confusion was unlikely as a matter of law between the plaintiff's stylized S mark for clothing, shown in the first row below, and its own stylized DAD mark for the same goods, shown in the second row:¹¹⁶⁷

1158. See *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196 (S.D.N.Y. 2015).

1159. *Id.* at 210.

1160. See *Top Tobacco, L.P. v. Fantasia Distrib. Inc.*, 101 F. Supp. 3d 783 (N.D. Ill. 2015).

1161. *Id.* at 790.

1162. *Id.*

1163. *Id.* at 790-91.

1164. *Id.* at 791.

1165. *Id.* at 791-92.

1166. *Id.* at 792.

1167. See *DC Comics v. Mad Engine, Inc.*, 117 U.S.P.Q.2d 1327, 1328 (C.D. Cal. 2015).



As the court read it, the plaintiff's complaint averred myriad facts supporting a possible finding of infringement, including similarities between the parties' marks,¹¹⁶⁸ the directly competitive nature of the parties' goods,¹¹⁶⁹ an identity between the parties' marketing channels,¹¹⁷⁰ and the defendant's intentional copying of the plaintiff's mark.¹¹⁷¹ The complaint may have lacked averments bearing on actual confusion and the sophistication of the parties' customers, but those omissions did not render its infringement claim fatally defective.¹¹⁷²

Trial courts also deferred reaching final determinations of infringement or noninfringement by denying motions for summary judgment. The most notable example of such a disposition came in a case brought by a federal registrant of several SOUND CHOICE marks for karaoke accompaniment tracks.¹¹⁷³ The defendants did not dispute they had violated their license agreements with the plaintiff by "media-shifting" the plaintiff's tracks and using them in performances at which the plaintiff's marks were displayed, but that was not enough for the court to grant the plaintiff's motion for summary judgment of liability. The identity of the marks might weigh in the plaintiff's favor,¹¹⁷⁴ but the court found a factual

1168. *Id.* at 1333.

1169. *Id.*

1170. *Id.*

1171. *Id.*

1172. *Id.*

1173. *See Slep-Tone Entm't Corp. v. Coyne*, 141 F. Supp. 3d 813 (N.D. Ill. 2015).

1174. *Id.* at 827.

dispute as to whether the related nature of the plaintiff's goods and the defendants' services was sufficient to support a finding of likely confusion.¹¹⁷⁵ So too did the plaintiff fail to establish the absence of conflicting evidence and testimony on the issues of whether the parties targeted the same customers,¹¹⁷⁶ the degree of care exercised by those consumers,¹¹⁷⁷ and whether the defendants' intentional copying and modification of the plaintiff's branded tracks constituted a bad-faith intent to pass themselves off as the plaintiff.¹¹⁷⁸ Especially because of the fact-intensive nature of the infringement inquiry, the plaintiff was not entitled to prevail as a matter of law.¹¹⁷⁹

A procedural stalemate also transpired in litigation brought to protect the SLEEP NUMBER and WHAT'S YOUR SLEEP NUMBER? marks, both registered for adjustable air beds and related items.¹¹⁸⁰ The plaintiffs' suit targeted the defendants' use of those marks as triggers for paid Internet advertising for the defendants' competitive beds, as well as in-print advertising featuring such phrases as "Compare Us to Sleep Number Bed®" and PREFERRED OVER SLEEP NUMBER® BED";¹¹⁸¹ much of that advertising also referred to the defendants' beds as "number beds."¹¹⁸² On the parties' cross-motions for summary judgment, the Minnesota federal district court hearing the case first held point-of-sale confusion was the only appropriate inquiry¹¹⁸³ before identifying myriad factual disputes on that issue. Those arose from conflicting evidence and testimony on the strength of the parties' marks,¹¹⁸⁴ the parties' channels of distribution and advertising,¹¹⁸⁵

1175. According to the court, "[a] reasonable jury might instead view [karaoke jockeys] as unaffiliated performers who happen to use some tracks originally produced by [Plaintiff]; as Defendants correctly observe, a reasonable person need not believe that 'Gibson Guitars [is] in the band just because the guitarist used their products.'" *Id.*; see also *id.* at 819 ("Although [Plaintiff] manufactures karaoke tracks for sale to [karaoke jockeys] and the general public, it does not sell karaoke services.").

1176. *Id.* at 827.

1177. *Id.*

1178. *Id.* at 828-29.

1179. *Id.* at 828.

1180. See *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971 (D. Minn.), *vacated in part on other grounds*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1181. *Quoted in id.* at 980.

1182. *Id.* at 981-82.

1183. One reason for the court's rejection of the plaintiff's reliance on initial interest confusion was the absence of guidance from the Eighth Circuit on the issue. *Id.* at 988. Another was "consumers would exercise a high degree of care in purchasing such a mattress. Therefore, Plaintiffs' trademark infringement claim will require Plaintiffs to establish a likelihood of actual confusion at the time of purchase." *Id.*

1184. *Id.* at 988-99.

1185. Although both parties made sales online, "there is also evidence in the record demonstrating that while nearly all of Defendants' sales occur on-line, the majority of [the

the defendants' intent,¹¹⁸⁶ and the existence of actual confusion.¹¹⁸⁷ Because of those disputes, the similarities between the parties' uses did not mandate a finding of liability as a matter of law,¹¹⁸⁸ just as the expensive nature of the parties' goods did not mandate the contrary result.¹¹⁸⁹

A different court declined a defense invitation to find confusion unlikely as a matter of law between the designs of the two outdoor grills shown in the top row below and the competitive models shown in the bottom row:¹¹⁹⁰



Key factors in the court's determination that factual disputes existed on the issue of liability included the plaintiff's showings

plaintiffs'] sales occur in physical stores. In addition, there is evidence of dissimilarities between the parties' channels of advertising." *Id.* at 989.

1186. *Id.* at 989-90.

1187. The plaintiffs adduced both anecdotal and survey evidence of actual confusion, but the defendants contested the former by claiming it related to the post-sale context and the latter by claiming it failed to measure the key issue of source confusion. *Id.* at 990-91.

1188. *Id.* at 989.

1189. *Id.* at 990.

1190. *See Weber-Stephen Prods. LC v. Sears Holding Corp.*, 145 F. Supp. 3d 793 (N.D. Ill. 2015). The illustrations in the text following this footnote are reproduced from the complaint in the case. *See Amended Complaint, Weber-Stephen Prods. LLC v. Sears Holding Corp.*, 145 F. Supp. 3d 793 (N.D. Ill. 2015) (No. 13 C 01686), 2014 WL 10007933.

that an executive of the defendant admitted consumers viewing his company's designs would think of the plaintiff,¹¹⁹¹ the defendant had intentionally copied the plaintiff's designs,¹¹⁹² there was at least some actual confusion between the designs,¹¹⁹³ and the plaintiff's trade dress was strong.¹¹⁹⁴

(2) The First-Sale Doctrine and Likelihood of Confusion Arising from the Diversion or Alteration of Genuine Goods

As a general proposition, once a trademark owner introduces a branded product into the stream of commerce, it ordinarily will not have the ability to use its trademark rights to restrict the subsequent sale of that product. This principle is alternatively referred to as the exhaustion doctrine or first-sale doctrine. As one court has explained:

Under this doctrine . . . a markholder may no longer control branded goods after releasing them into the stream of commerce. After the first sale, the brandholder's control is deemed exhausted. Down-the-line retailers are free to display and advertise the branded goods. Secondhand dealers may advertise the branded merchandise for resale in competition with the sales of the markholder (so long as they do not misrepresent themselves as authorized agents).¹¹⁹⁵

Nevertheless, the exhaustion doctrine will not excuse the resale of branded goods that have been altered or that otherwise differ in some material respect from their authorized counterparts. For example, in one of many cases it brought over the past year, the Sprint family of companies successfully secured summary judgment in its favor against the sale of certain SPRINT-branded cell phones.¹¹⁹⁶ The phones were originally genuine, but the summary judgment record established that “[s]ome of the phones

1191. *Weber-Stephen Prods. LLC*, 145 F. Supp. 3d at 801.

1192. *Id.*

1193. Among those confused were a consumer who had purchased one of the defendant's grills believing the plaintiff had manufactured it, *id.* at 802-03, and a retailer who believed the plaintiff had begun manufacturing private-label grills for the defendant. *Id.* at 803. The plaintiff also relied on an e-mail from an executive of the defendant reporting that “people” thought one of the defendant's grills originated with the plaintiff. *Id.* Although the court took these showings into consideration in denying the defendant's motion, it declined to entertain declaration testimony of actual confusion from an executive of the plaintiff because of the witness's failure to explain the basis of his personal knowledge of the claimed incidents. *Id.* at 804.

1194. The plaintiff's responsive showing on this point included testimony it had invested approximately \$79,000,000 in advertising featuring the grills. *Id.* at 804-05.

1195. *Osawa & Co. v. B & H Photo*, 589 F. Supp. 1163, 1173-74, 223 U.S.P.Q. 124, 132 (S.D.N.Y. 1984) (citations omitted).

1196. *See Sprint Sols., Inc. v. iCell Guru, Inc.*, 119 U.S.P.Q.2d 1166 (E.D.N.Y. 2016).

bought [and resold] by the defendants have a ‘bad’ [electronic serial number], meaning that, due to loss, theft and a variety of other reasons, Sprint will not activate the phone on its network”;¹¹⁹⁷ moreover, “[t]he defendants often repackage the phones and offer them for sale without the original accessories and/or user’s manual.”¹¹⁹⁸ The court held the defendants’ conduct sufficient to support a finding of liability as a matter of law, explaining that “[b]ecause ‘[a] materially different product is not genuine and may generate consumer confusion about the source and the quality of the trademarked product . . . , the unauthorized resale of a materially different trademarked product can constitute trademark infringement.”¹¹⁹⁹ Because the materiality of the differences between authorized SPRINT-branded phones and those sold by the defendants was beyond material dispute,¹²⁰⁰ the Sprint companies were entitled to prevail even before a trial.¹²⁰¹

A second court made the same point while addressing a motion to dismiss a complaint challenging the use of karaoke tracks that had been media-shifted, format-shifted, or both, without the authorization of the owner of the marks appearing on the tracks.¹²⁰² In denying a motion to dismiss the plaintiff’s Lanham Act claims on other grounds, the court acknowledged in dictum that “[o]rdinarily, trademark law does not protect against the sale of genuine goods bearing a true mark even when the sale is not authorized by the mark owner.”¹²⁰³ At the same time, “[t]hat rule, however, does not apply to trademarked goods that are ‘materially different than those sold by the trademark owner.’”¹²⁰⁴ Thus, the plaintiff’s allegations that media-shifting and format-shifting of the tracks degraded their quality would have withstood a motion to dismiss under an exhaustion theory had the defendants brought such a motion.¹²⁰⁵

1197. *Id.* at 1168.

1198. *Id.*

1199. *Id.* at 1168-69 (second and third alterations in original) (quoting *Beltronics USA, Inc. v. Midwest Inventory Distrib., LLC*, 562 F.3d 1067, 1072 (10th Cir. 2009)).

1200. As the court found, “what makes a phone a ‘Sprint’ phone is that it can be used on Sprint’s network. With that in mind, it is clear that phones with [bad electronic serial numbers], are materially different from genuine Sprint phones because they cannot, by definition, be used on Sprint’s network.” *Id.* at 1169.

1201. For other cases successfully prosecuted by Sprint and its affiliates using similar theories, see *Sprint Nextel Corp. v. Ace Wholesale, Inc.*, 143 F. Supp. 3d 1349, 1351 (N.D. Ga. 2015) (finding infringement arising from defendants’ resale of genuine, but “hacked” phones bearing plaintiffs’ marks); *Sprint Sols., Inc. v. JP Int’l Grp.*, 139 F. Supp. 3d 1363, 1365-66 (N.D. Ga. 2015) (same).

1202. *Slep-Tone Entm’t Corp. v. Sellis Enters.*, 87 F. Supp. 3d 897 (N.D. Ill. 2015).

1203. *Id.* at 906 n.5.

1204. *Id.* (quoting *Slep-Tone Entm’t Corp. v. America’s Bar & Grill, LLC*, No. 13 C 8526, 2014 WL 4057442, at *3–4 (N.D. Ill. Aug. 15, 2014)).

1205. *Id.*

(3) Survey Evidence of Actual or Likely Confusion

Reported opinions addressed survey evidence of actual or likely confusion with uncharacteristic infrequency during the past year, but one arising from a lawsuit brought by Tiffany and Company bucked this trend.¹²⁰⁶ Tiffany accused discount retailer Costco of using the TIFFANY mark in connection with diamond rings not manufactured by Tiffany, and a survey commissioned by the retailer therefore “purport[ed] to answer the question of whether ‘Costco’s use of the name Tiffany on display tags placed adjacent to rings [was] likely to cause marketplace confusion?’”¹²⁰⁷ The survey’s universe consisted of 944 respondents, of whom “606 were Costco patrons who said that they or their significant others would consider buying a diamond engagement ring costing at least \$2,500 from Costco.”¹²⁰⁸ Respondents viewed a photograph of a diamond engagement ring in association with a tag reflecting Costco’s use of the mark; “[s]ome were shown this photo in isolation, while others viewed it after seeing photos of other branded items sold by Costco.”¹²⁰⁹ Following their exposure to these stimuli, “[r]espondents were then asked a series of questions to determine whether, and to what extent, they were likely to be confused as to the source or origin of the subject rings.”¹²¹⁰ The survey’s control went undescribed by the court, but, whatever it may have been, the results led the plaintiff’s expert to testify that “more than two out of five prospective purchasers of diamond engagement rings at Costco were likely confused into believing that Tiffany & Co. was the source of the rings.”¹²¹¹

Costco responded to Tiffany’s motion for summary judgment by proffering expert testimony from its own expert, who took aim at a number of aspects of the plaintiff’s expert’s survey. For example, Costco’s expert opined that a more appropriate universe would have consisted of respondents with a present interest in buying a diamond ring, rather than Costco customers considering purchases of rings from Costco; he also accused Tiffany’s expert of failing to account for actual marketplace conditions and using artificial and biased stimuli. For good measure, Costco also provided the court with citations to opinions calling into question past reports by Tiffany’s expert. The court, however, held that nothing in Costco’s showing merited the exclusion of the results of

1206. See *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

1207. *Id.* at 249 (second alteration in original).

1208. *Id.* at 250.

1209. *Id.* at 250.

1210. *Id.*

1211. *Quoted in id.*

Tiffany's survey. Rather, Costco's attacks went to the weight, and not the admissibility of those results.¹²¹²

In contrast, another court responded to the defendant's attacks on two sets of survey results proffered by the plaintiff by discounting both sets of results.¹²¹³ Because the plaintiff challenged two uses by the defendants, its expert conducted a survey employing both uses in combination as stimuli. Ultimately, however, the court found the second challenged use was a descriptive fair use, which rendered net positive responses triggered by that stimuli irrelevant. Moreover, the court found, "it was impossible to disaggregate" those responses from the net positive responses arising from the first challenged use.¹²¹⁴ This was especially true because "the explanations provided by many survey respondents confirm that they were influenced by [the second nonactionable] fair use"¹²¹⁵

Unfortunately for the plaintiff, its second set of survey results suffered the same fate, albeit for a different reason. The defendant was active in the travel industry, which led the second expert retained by the plaintiff to conduct a survey "measur[ing] whether adding [the second challenged use] to the bottom of the United Airlines website would lead to consumer confusion, despite the fact [the second] use has never been used in that manner."¹²¹⁶ This failure to present the second challenged use as it appeared in the marketplace rendered the survey's stimulus "completely untethered from how [the defendant's product] works now or has even been contemplated to work in the future" and therefore irrelevant.¹²¹⁷

It was the defendant's, rather than the plaintiff's, survey that received short shrift in another reported opinion, this one from a North Carolina federal district court hearing an action to protect the BACKYARD, THE BACKYARD, and BACKYARD BBQ marks for grills and related accessories.¹²¹⁸ As described by the court, the survey asked respondents in the defendant's North Carolina stores "questions such as, [d]o you believe that these products are sponsored, approved, or authorized by any company or store, or do you not?" and "[d]o you believe that these products are connected or affiliated with any other company or store, or do you not?"¹²¹⁹ In

1212. *Id.* at 250-51.

1213. *See* *Pinterest, Inc. v. Pintrips, Inc.*, 140 F. Supp. 3d 997 (N.D. Cal. 2015).

1214. *Id.* at 1016.

1215. *Id.*

1216. *Id.*

1217. *Id.* at 1018.

1218. *See* *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 150 F. Supp. 3d 583 (S.D.N.Y. 2015).

1219. *Id.* at 592.

according to the survey's results little weight, the court faulted its methodology for failing to address squarely what the court considered "the crux of the confusion issue."¹²²⁰ It explained:

The issue is not whether consumers think BACKYARD branded products are owned by [the plaintiff], for consumers shopping at [the defendant's stores] have no reason to believe that BACKYARD is an in-store brand at all. Instead, consumers would believe BACKYARD was another brand of grill such as Char-Broil, Weber, Coleman, or any other brand of grill the stores may offer. Consequently, consumers would have no reason to associate a BACKYARD branded grill with another company or store, so their reply in the negative to the questions posed above may actually tell very little about whether they were confused in the way that is material to the case.¹²²¹

(C) Liability for the Trafficking in Goods and Services Associated With Counterfeit Marks

(1) Civil Liability

Findings of liability for the trafficking in goods and services associated with counterfeit imitations of registered marks were infrequent over the past year, but they did occur on occasion.¹²²² For example, en route to a finding as a matter of law the defendants before it had trafficked in goods and services bearing counterfeit imitations of the plaintiff's marks, one court initially plodded through the standard likelihood-of-confusion factors to the detriment of the defendants:¹²²³ It then abandoned that methodology for a simpler test for liability: "[T]he analysis of the . . . factors here is not mandatory 'because counterfeit marks are inherently confusing.'"¹²²⁴

The same methodology appeared in a case brought by jewelry retailer Tiffany and Company against Costco, which Tiffany accused of using the TIFFANY mark on tags associated with rings

¹²²⁰ *Id.*

¹²²¹ *Id.* (footnote omitted).

¹²²² *See, e.g.*, Zinganything, LLC v. Imp. Store, 158 F. Supp. 3d 668, 673 (N.D. Ohio 2016) (granting unopposed motion for default judgment); Dama S.P.A. v. Does 1-35, 113 F. Supp. 3d 686, 689-91 (S.D.N.Y. 2015) (granting unopposed preliminary injunction motion); Greene v. Brown, 104 F. Supp. 3d 12, 17 (D.D.C. 2015) (granting motion for default judgment); *cf.* Spy Optic, Inc. v. Alibaba.com, Inc., 163 F. Supp. 3d 755, 764-65 (C.D. Cal. 2015) (declining to dismiss allegations of contributory counterfeiting at pleadings stage).

¹²²³ *See* Microsoft Corp. v. Buy More, Inc., 136 F. Supp. 3d 1148, 1157 (C.D. Cal. 2015), *appeal docketed*, No. 15-56544 (9th Cir. Oct. 7, 2015).

¹²²⁴ *Id.* (quoting Phillip Morris USA Inc. v. Shalabi, 352 F. Supp. 2d 1067, 1073 (C.D. Cal. 2004)).

not produced by Tiffany.¹²²⁵ Only after a detailed application of the standard likelihood-of-confusion factors led to a finding of infringement as a matter of law did the court undertake a separate analysis of Tiffany's counterfeiting cause of action. In finding Costco's liability under that cause of action beyond material dispute, the court rejected Costco's reliance on its practice of inscribing the challenged rings with non-Tiffany marks and delivering them in non-Tiffany packaging accompanied by non-Tiffany paperwork.¹²²⁶ As the court concluded, "[t]he fact that the rings were stamped with generic marks is not dispositive of this issue. There is no statutory requirement that the counterfeit mark be placed on the product itself."¹²²⁷

Other courts addressing civil causes of action got down to business more quickly, with some deeming it unnecessary to address the likelihood-of-confusion factors at all.¹²²⁸ In weighing a motion for a default judgment, one tribunal concluded from the plaintiff's complaint the defendant had trafficked in goods bearing "exact replicas" of the plaintiff's registered marks.¹²²⁹ That finding led to one of likely confusion without the need to resort to an application of the usual infringement factors, leaving the only remaining inquiry whether the defendant had acted either intentionally or with reckless disregard of the plaintiff's rights. The plaintiff's boilerplate (but unopposed) allegations of intentional misconduct established the defendant had indeed acted in such a manner.¹²³⁰ Going beyond the averments in its complaint, however, the plaintiff's moving papers included declaration testimony describing an express acknowledgement by the defendant that his goods weren't "real," and this also factored into the court's decision to grant the plaintiff's motion.¹²³¹

Finally, in a rare outcome, one court reached a finding of counterfeiting as a matter of law, even though the summary judgment record established the parties' respective uses were not

1225. See *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

1226. *Id.* at 255 ("According to Costco, the stamping of rings with non-Tiffany marks and the non-Tiffany packaging creates enough of a contextual difference that Costco's rings cannot be considered counterfeits of Tiffany's.").

1227. *Id.*

1228. See, e.g., *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132, 140 (S.D.N.Y. 2015) ("Because counterfeits are 'by their very nature likely to cause confusion,' full analysis of the . . . factors is unnecessary." (quoting *Coach, Inc. v. Horizon Trading USA Inc.*, 908 F. Supp. 2d 426, 433-34 (S.D.N.Y. 2012))), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016).

1229. See *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 686 (D.N.J. 2015).

1230. *Id.* at 686.

1231. *Quoted in id.*

identical.¹²³² The plaintiffs' mark was ZEROREZ, used in connection with fabric and carpet cleaning services, and it was undisputed the defendants had used "Zero Res," "Zero Rez," and "ZERO REZ" in connection with their directly competitive business. Not surprisingly, the defendants argued they had not used exact reproductions of the plaintiffs' marks in their advertising, but the court declined to reach such an outcome. To the contrary, it held, "[t]his argument is unconvincing because liability for trademark counterfeiting does not require exact mimicry of the protected mark."¹²³³ As a consequence, the plaintiffs' motion for summary judgment was well-taken.¹²³⁴

(2) Criminal Liability

The Eighth Circuit affirmed the conviction of a landlord for aiding and abetting the trafficking of goods bearing counterfeit marks by his tenants.¹²³⁵ Federal investigators determined that activity had occurred at the defendant's flea market, in part by renting a booth from the defendant for the expressed purpose of selling "fake" phones, and the record amply demonstrated the defendant's control over the flea market's operations; moreover, the defendant admitted his awareness that unlawful conduct "probably" was occurring there.¹²³⁶ With the defendant's liability as a factual matter not reasonably in dispute, he argued the relevant statutes¹²³⁷ were unconstitutionally vague and failed to give him reasonable notice his conduct was criminal. The court rejected that argument for three reasons, the first of which was that "[the defendant] was actively involved in his market, continually reminding his vendors he was in charge, and even involved himself in regulating the prices of counterfeit goods."¹²³⁸ The second was that "[e]ven if [the defendant] had been a less active landlord, a person of ordinary intelligence would reasonably understand that intentionally selling counterfeit products at a flea market . . . could result in criminal liability, and that intentionally aiding and abetting such conduct could result in the same."¹²³⁹ Finally, the defendant had received numerous warnings from law enforcement officials and intellectual property rights owners of the

1232. See *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

1233. *Id.* at 1045.

1234. *Id.*

1235. See *United States v. Frison*, 825 F.3d 437 (8th Cir. 2016).

1236. *Id.* at 441.

1237. See 18 U.S.C. §§ 2, 371, 2320 (2012).

1238. *Frison*, 825 F.3d at 442.

1239. *Id.*

misconduct occurring on his premises.¹²⁴⁰ Consequently, “[t]he evidence showed that [the defendant] both understood that his tenants were actively contrary to the law and actively helped to facilitate the unlawful conduct to his and his tenants’ financial benefit.”¹²⁴¹

(3) Liability for Wrongful Seizure

Section 34(d)(11) of the Act¹²⁴² recognizes a cause of action available to plaintiffs injured by wrongful seizures of goods allegedly bearing counterfeit imitations of registered marks, but it does not specify the court before which such a cause of action must be brought. That omission allowed a mark owner accused in a California federal district court of procuring a wrongful seizure order from an Indiana federal district court to argue that only the Indiana court had jurisdiction over the wrongful seizure cause of action.¹²⁴³ The California court disagreed, holding, “[t]here is nothing in this statute suggesting that only the court which issued the seizure order may review its effects.”¹²⁴⁴ It therefore declined to dismiss the cause of action for failure to state a claim.¹²⁴⁵

Moving on, the court also rejected several additional arguments by the mark owner in favor of dismissal. One was that the owners of the seized goods had failed to allege the marks on the goods were not counterfeit, which the court disposed of by pointing to their express averment to that effect.¹²⁴⁶ Another was that the owners of the seized goods had failed to aver the mark owner had acted in bad faith, a circumstance the court properly held was relevant only to a claim for punitive damages under Section 34(d)(11).¹²⁴⁷ The wrongful seizure cause of action therefore survived the pleadings stage.

(D) Dilution

(1) Mark Fame and Distinctiveness

To qualify for protection against likely dilution under Section 43(c) of the Act, a plaintiff’s mark must have been famous prior to the introduction of the challenged use.¹²⁴⁸ According to Section

1240. *Id.* at 442-43.

1241. *Id.* at 443.

1242. 15 U.S.C. § 1116(d)(11) (2012).

1243. *See* United Tactical Sys. v. Real Action Paintball, Inc., 143 F. Supp. 3d 982 (N.D. Cal. 2015).

1244. *Id.* at 1006.

1245. *Id.*

1246. *Id.* at 1007.

1247. *Id.*

1248. 15 U.S.C. § 1125(c)(1) (2012).

43(c)(2)(A), “a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”¹²⁴⁹ The same statute provides that:

In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.¹²⁵⁰

In applications of these factors, “the test of whether a mark has acquired fame is considered ‘more rigorous’ and requires ‘a great deal more’ than the analysis employed to determine if secondary meaning exists.”¹²⁵¹ Not all state dilution statutes are as strict; on the contrary, some merely require showings a plaintiff’s mark is distinctive.¹²⁵²

(a) Opinions Finding Mark Fame and Distinctiveness

Some defendants did not contest claims of mark fame and distinctiveness by their opponents.¹²⁵³ For example, the fame and distinctiveness of the ROLLS-ROYCE mark for automobiles and related goods was not reasonably disputed in one case, even if the court’s finding to that effect came on an unopposed motion for a default judgment.¹²⁵⁴ Allegations by the plaintiffs they and their

1249. *Id.* § 1125(c)(2)(A).

1250. *Id.* § 1125(c)(2)(A)(i)-(iv).

1251. *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184, 211 (D. Mass. 2015) (quoting *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 (1st Cir. 1998)).

1252. *See A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 212 (S.D.N.Y. 2015) (“Notably, unlike federal law, New York ‘does not require a mark to be famous for protection against dilution to apply.’” (quoting *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 105 (2d Cir. 2009))); *accord Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 156 F. Supp. 3d 425, 433 (S.D.N.Y.), *aff’d*, No. 16-241-cv, 2016 WL 7436489 (2d Cir. Dec. 22, 2016).

1253. *See, e.g., Delta Air Lines, Inc. v. Influence Direct, LLC*, 117 U.S.P.Q.2d 1652, 1656 (M.D. Tenn. 2016) (“Defendant does not challenge the fact that Plaintiff’s [DELTA] marks are famous . . . for . . . air and related travel services. As Plaintiff points out, Delta, as one of the world’s largest airlines, registered one of the marks in 1957 and the other in 2002. The Court finds that Delta’s marks are famous.”).

1254. *See Rolls-Royce Motor Cars Ltd. v. Davis*, 118 U.S.P.Q.2d 1581 (D.N.J. 2016).

predecessors had continuously used the mark since 1905 and spent large sums of money promoting it, the arbitrary or fanciful nature of the mark, the mark's notoriety, and the defendant's intentional copying all appeared to play a role in that determination.¹²⁵⁵ In the final analysis, however, those allegations may well have been unnecessary in light of the court's decision to "take judicial notice that the name 'Rolls-Royce' is well established and very well-known."¹²⁵⁶

A mark as to which there is "considerable evidence" of genericness is not a natural candidate for a finding of fame under Section 43(c), but the PODS mark for moving and storage services, namely, rental, storage, delivery and pick up of portable storage units met the grade.¹²⁵⁷ Successfully fending off the defendant's attacks on the validity of its mark, the plaintiff placed before the jury evidence it had invested \$70 million into promoting its mark prior to the defendant's date of first use in 2008; although it failed to explain the significance of those claims, the court also credited the plaintiff's showings of "in excess of \$186 million" in advertising spend by 2014 and "a nationwide network of locations and franchises and cumulative sales of more than \$3 billion before trial [in September 2014]."¹²⁵⁸ Also important to the court's decision not to disturb the jury's finding of mark fame was "a 2006 study commissioned by [the defendant] show[ing] PODS with a 'total awareness' of 78% nationally, which the jury could have found demonstrated widespread actual recognition of the mark."¹²⁵⁹ As a final consideration weighing in the plaintiff's favor, the court noted the plaintiff's mark had been "registered with the Patent and Trademark Office at all relevant times."¹²⁶⁰

Unusually, two courts found nontraditional marks eligible for protection under Section 43(c). The first determined the following three-stripe design marks were "unquestionably famous":¹²⁶¹

1255. *Id.* at 1566, 1588.

1256. *Id.* at 1588.

1257. *See* PODS Enters. v. U-Haul Int'l, Inc., 126 F. Supp. 3d 1263, 1278 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

1258. *Id.* at 1277.

1259. *Id.*

1260. *Id.*

1261. *See* adidas Am., Inc. v. Skechers USA, Inc., 149 F. Supp. 3d 1222, 1232, 1247 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016). The illustrations in the text following this footnote are recited in the plaintiffs' complaint and are taken from U.S. Reg. No. 1815956 (issued Jan. 11, 1994), U.S. Reg. No. 1833868 (issued May 3, 1994), U.S. Reg. No. 2278589 (issued Sept. 21, 1999), U.S. Reg. No. 3029129 (issued Dec. 13, 2005), and U.S. Reg. No. 3029135 (issued Sept. 20, 2005).



In addition to relying on past opinions reaching similar findings,¹²⁶² the court cited approvingly to the plaintiffs' production of "ample evidence of its publicity of the Three-Stripe mark, substantial sales of goods carrying the Three-Stripe mark, and that it holds incontestable registrations for the Three-Stripe mark."¹²⁶³

The same court also found the following product configuration famous within the meaning of Section 43(c):



In doing so, the court noted evidence and testimony in the preliminary injunction record that:

[The plaintiffs] [have] used [their] trade dress extensively and continuously since the 1970s, and spent significant resources and time in publicizing the [design], that the [design] has enjoyed substantial sales success, and that the [design] has been the subject of numerous media and pop culture references. This evidence supports the conclusion that [the plaintiffs are] likely to succeed in establishing that the [design] is famous.¹²⁶⁴

Without extended analysis, the second court found the color purple, used in connection with pharmaceutical preparations to treat severe heartburn and acid reflux, eligible for protection under Section 43(c).¹²⁶⁵ The court did not expressly identify the

1262. *Skechers*, 149 F. Supp. 3d at 1247 (citing *adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215, 1245 (D. Or. 2007); *adidas-Salomon AG v. Target Corp.*, 228 F. Supp. 2d 1192, 1216 (D. Or. 2002)).

1263. *Id.*

1264. *Id.*

1265. See *Astrazeneca AB v. Dr. Reddy's Labs.*, 145 F. Supp. 3d 311 (D. Del. 2015), *appeal dismissed*, No. 15-3827 (3d. Cir. April 6, 2016).

record evidence or testimony on which it relied when reaching that finding. Elsewhere in its opinion, however, it cited three registrations covering the color, the plaintiffs' sales of more than 22.6 billion capsules featuring it, along with its distribution of hundreds of millions of free samples, an annual advertising spend of over \$250 million, and the Federal Drug Administration's recognition of the color as a brand.¹²⁶⁶ Whether based on these showings or other considerations, the court concluded that "[the lead plaintiff] has provided sufficient evidence to demonstrate that its trademarks are 'famous.'"¹²⁶⁷

In an application of the Florida dilution statute,¹²⁶⁸ which requires a threshold showing of mark fame just as does Section 43(c), a federal district court of that state found the FLORIDA INTERNATIONAL UNIVERSITY and FIU marks, both used in connection with educational services, enjoyed the necessary notoriety as a matter of law.¹²⁶⁹ The court's analysis, however, lacked much in the way of detail: "Based on Plaintiff's longstanding and widespread use of the marks 'Florida International University' and 'FIU,' combined with the federal registration of these marks, the Court finds that Plaintiff has established that its marks have achieved the requisite level of fame within the meaning of the statute."¹²⁷⁰

(b) Opinions Declining to Find Mark Fame and Distinctiveness

Courts for the most part rejected claims of mark fame under Section 43(c)(2)(A).¹²⁷¹ The most notable example of such an outcome came at the hands of California federal district court, which held at the pleadings stage of the litigation before it the plaintiff's mark and trade dress were insufficiently famous to qualify for protection against likely dilution.¹²⁷² The registered

1266. *Id.* at 314.

1267. *Id.* at 318.

1268. Fla. Stat. § 495.151 (West 2003).

1269. *See* Fla. Int'l Univ. Bd. of Trustees v. Fla. Nat'l Univ., Inc., 91 F. Supp. 3d 1265 (S.D. Fla. 2015), *aff'd*, 830 F.3d 1242 (11th Cir. 2016).

1270. *Id.* at 1287.

1271. *See, e.g.*, Baker Mfg. Co. v. Next Techs., Inc., 118 U.S.P.Q.2d 1193, 1196-97 (W.D. La. 2016) (dismissing claim of fame for NEXT mark for work tables at pleadings stage); Kassa v. Detroit Metro Convention & Visitors Bureau, 150 F. Supp. 3d 831, 841 (E.D. Mich. 2015) (dismissing claim of fame for WELCOME TO THE D and THE D marks, both used in connection with clothing and entertainment services, at pleadings stage), *aff'd*, No. 16-1007, 2017 WL 117534 (6th Cir. Jan. 12, 2017); Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 211 (D. Mass. 2015) ("Because [the plaintiff] cannot show that its trade dress is distinctive or has acquired secondary meaning, it cannot establish that [the trade dress] is 'famous' and entitled to protection under the anti-dilution provisions of [Section 43(c)].").

1272. *See* Arcsoft, Inc. v. Cyberlink Corp., 153 F. Supp. 3d 1057 (N.D. Cal. 2015).

mark at the heart of the parties' dispute was PERFECT365, used in connection with a selfie editing application. Only twenty-eight months had elapsed between the plaintiff's date of first use and the introduction of the defendants' mark, which gave the plaintiff a narrow window of opportunity in which to demonstrate mark fame through the averments of its complaint. To do so, it alleged twenty million downloads of its application by United States consumers, as well as the application's promotion through multiple print media and electronic platforms; of particular significance, the plaintiff believed, was the inclusion of "many of the United States' and world's most famous celebrities among [the application's] dedicated users"—specifically, the Kardashians."¹²⁷³ The fatal flaw in the averments, however, was the plaintiff's failure to distinguish between facts allegedly occurring before the defendants' date of first use and those occurring after that date. Although the plaintiff's complaint otherwise contained boilerplate averments of consumers' recognition of the mark, those averments failed to get the job done: As the court explained, "[g]iven the high burden that a plaintiff faces in establishing that its mark is sufficiently famous to support a dilution claim, [the plaintiff] must plead more than conclusory assertions of fame to survive a motion to dismiss"¹²⁷⁴

Entertaining a suit brought by the successors in interest to the estate of the guitarist Jimi Hendrix, a different court neatly distinguished between Hendrix's undisputed fame as a performer, on the one hand, and the fame of various marks consisting in whole or in part of Hendrix's name and image, on the other.¹²⁷⁵ In the apparent absence of more probative evidence, the plaintiffs leaned heavily on the incontestable status of the registrations covering some of their marks, but the court held that "whether or not a mark is incontestable has no bearing on the fame of that particular mark."¹²⁷⁶ It therefore denied the plaintiffs' motion for a preliminary injunction under Section 43(c), explaining that "without more, this Court cannot conclude that Plaintiffs' trademarks are 'famous'— i.e., 'widely recognized by the general consuming public of the United States.'"¹²⁷⁷

The PINTEREST mark, used in connection with computer software allowing users to interact online with information and media content shared by other users, also failed to make the grade, at least before the October 2011 date of first use of a mark

1273. *Id.* at 1066.

1274. *Id.* at 1067.

1275. *See* Experience Hendrix, LLC v. Tiger Paw Distribs., 119 U.S.P.Q.2d 1004, 1010 (S.D. Ga.), *amended*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016).

1276. *Id.* at 1012.

1277. *Id.* (quoting 15 U.S.C. § 1125(c)(2)(A) (2012)).

allegedly likely to dilute it.¹²⁷⁸ Although the mark's owner papered the trial record with media coverage of its activities, "[v]irtually all of the news articles . . . were published after that date, and are thus irrelevant."¹²⁷⁹ Moreover, "Pinterest had approximately 1 million monthly users by August of 2011 (less than half a percent of the United States population), and . . . just less than 5 million monthly users by November 2011 (just under two percent of the United States population)."¹²⁸⁰ "Neither figure," the court concluded, "comes close to suggesting that Pinterest had attained the level of prominence necessary for a brand to become part of the collective national consciousness."¹²⁸¹ Finally, the plaintiff neglected to register its mark until May 2012.¹²⁸² On that record, "[n]o reasonable weighing of these facts could satisfy the first element of the dilution analysis."¹²⁸³

A defense motion for summary judgment also proved successful in an action brought to protect the allegedly famous NEW WORLD SOLUTIONS mark, used in conjunction with technology consulting services.¹²⁸⁴ Responding to that motion, one of the plaintiff's principals testified successive computer failures had destroyed his company's records, leaving the fate of the plaintiff's Section 43(c) cause of action dependent on the principal's testimony. That testimony failed to get the job done for a number of reasons: (1) although the witness claimed to have worked full-time for the plaintiff, the summary judgment record established he also worked directly for two other companies, as well as for two of the plaintiff's clients, during the same time;¹²⁸⁵ (2) the witness claimed the plaintiff had used its mark on a date well prior to the

1278. See *Pinterest, Inc. v. Pintrips, Inc.*, 140 F. Supp. 3d 997 (N.D. Cal. 2015).

1279. *Id.* at 1033.

1280. *Id.* (citation omitted).

1281. *Id.*

1282. *Id.*

1283. *Id.*

Although the plaintiff argued the defendant had not used its mark until November 2012, the court reached the same conclusion with respect to that date: (1) many of the third-party media references to the PINTEREST mark explained the associated service, "which would be unnecessary (or even baffling) for famous brands like Coca-Cola or Barbie," *id.* at 1034; (2) "the number of monthly users drawn by Pinterest in late 2012 is only a fraction of the number drawn by Yelp, the website at issue in the only case [the plaintiff] cites in which a court referred to the number of monthly users as supporting a finding of fame," *id.* (citing *Yelp Inc. v. Catron*, 70 F. Supp. 3d 1082, 1096 (N.D. Cal. 2014)); (3) although the plaintiff introduced circa-July 2012 survey evidence indicating that "75% of . . . respondents recognized the name Pinterest," "no testimony at trial established that the pool of survey respondents was drawn from the general public as opposed to a sub-group of individuals predisposed to be familiar with Pinterest," *id.* at 1034-35; and (4) the plaintiff's intervening registration of its mark weighed only "slightly" in favor of a finding of mark fame. *Id.* at 34.

1284. See *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287 (S.D.N.Y. 2015).

1285. *Id.* at 321.

date of first use recited in the plaintiff's application to register its mark;¹²⁸⁶ (3) the plaintiff's promotional activities prior to the defendant's first use of its mark were limited;¹²⁸⁷ and (4) the witness had difficulty identifying clients of the plaintiff before the defendant's entry into the marketplace.¹²⁸⁸ Especially in light of the plaintiff's failure to adduce any direct evidence of consumer recognition of its mark, the defendant was entitled to summary judgment.¹²⁸⁹

(c) Opinions Deferring Resolution of the Mark-Fame and Mark-Distinctiveness Inquiry

Some courts chose not to resolve the mark-fame and mark-distinctiveness inquiries, but instead to defer that resolution until later in the proceedings. One was a New York federal district court addressing a motion to dismiss claims brought under Section 43(c) and the New York dilution statute¹²⁹⁰ grounded in the allegedly deficient allegations of fame and distinctiveness by the counterclaim plaintiffs.¹²⁹¹ After surveying the factors set forth in Section 43(c)(2)(A)(i)-(iv),¹²⁹² the court found ample support in the counterclaim plaintiffs' averments for the required findings of mark fame. Those averments included: (1) continuous and pervasive use of the marks; (2) the counterclaim plaintiffs' substantial promotional efforts and significant investments into advertising; (3) third-party publicity; (4) significant sales of licensed goods bearing the marks; (5) the nationwide scope of those sales; (6) the marks' secondary meaning in the marketplace; and (7) the existence of federal registrations covering the marks.¹²⁹³ Because these averments sufficed to demonstrate mark fame under Section 43(c),¹²⁹⁴ they not surprisingly sufficed to demonstrate mark distinctiveness for purposes of the New York statute as well.¹²⁹⁵

1286. *Id.*

1287. *Id.*

1288. *Id.* at 321-22.

1289. *Id.* at 322.

1290. N.Y. Gen. Bus. Law § 360-1. (McKinney 2013)

1291. *See* A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC, 131 F. Supp. 3d 196 (S.D.N.Y. 2015).

1292. 15 U.S.C. § 1125(c)(2)(A)(i)-(iv) (2012).

1293. *Id.* at 216.

1294. *Id.* ("Taken together, these allegations sufficiently allege that [the counterclaim plaintiffs' marks] are famous.")

1295. *Id.* ("As discussed above, the First Amended Counterclaim sufficiently alleges that the [counterclaim defendants' marks] are famous under the federal dilution statute. Since the [lead counterclaim plaintiff] satisfied that more exacting standard, it has sufficiently pleaded that the MONROE Marks are truly distinctive under New York law." (internal quotation marks omitted)).

A Minnesota federal district court similarly found factual disputes precluded the grant of either of the cross-motions for summary judgment before it.¹²⁹⁶ The primary mark at issue was SLEEP NUMBER for adjustable air beds, which the plaintiffs claimed was famous based on over \$10 billion in sales, \$1 billion in advertising in various media, “rankings in industry magazines, positive reviews in Consumer Reports, celebrity endorsements, and numerous mentions in magazines, newspapers, online, television programs, and comics, as well as “numerous pop-culture references about ‘Sleep Number’ beds”;¹²⁹⁷ also allegedly weighing in the plaintiffs’ favor was survey evidence that the mark had “achieved 21% unaided brand awareness and 75% total awareness.”¹²⁹⁸ For purposes of the parties’ motions, however, the court credited the defendants’ arguments that “to qualify as famous, a survey should reveal brand recognition in the range of 75%” and that indirect evidence of fame could not overcome the relatively low level of unaided brand awareness reflected in the plaintiffs’ own survey results.¹²⁹⁹ The court therefore concluded that “the jury must weigh the competing evidence, including the indirect evidence that could support the marks’ fame, and determine if the marks are famous. Therefore, Plaintiffs’ trademark dilution claim will be resolved at trial.”¹³⁰⁰

(2) Actual or Likely Dilution

(a) Actual or Likely Dilution by Blurring

Owners of famous marks enjoyed unusual success claiming likely dilution through blurring under Section 43(c),¹³⁰¹ including owners of nontraditional marks. For example, the court in one case determined the color purple as used on the following pharmaceutical preparations was sufficiently famous to qualify for the statute’s protection:¹³⁰²

1296. See *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971 (D. Minn.), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1297. *Id.* at 993.

1298. *Id.*

1299. *Id.* at 992–93.

1300. *Id.* at 994.

1301. See, e.g., *Delta Air Lines, Inc. v. Influence Direct, LLC*, 117 U.S.P.Q.2d 1652, 1656 (M.D. Tenn. 2016) (finding likely dilution as a matter of law based on prior finding of likely confusion).

1302. See *Astrazeneca AB v. Dr. Reddy’s Labs.*, 145 F. Supp. 3d 311, 318 (D. Del. 2015), *appeal dismissed*, No. 15–3827 (3d Cir. April 6, 2016).



It then found the color was likely diluted by the defendant's use of the two shades of purple shown on the following capsule:



The court did not identify the record evidence or testimony underlying its holding other than to cite disapprovingly the evolution of the defendant's color scheme to one similar to that of the plaintiffs.¹³⁰³

Likewise, the court in a different case reached multiple findings of likely dilution involving nonverbal marks on a preliminary injunction motion.¹³⁰⁴ One was that the plaintiffs' incontestably registered three-stripe design mark, shown below affixed to the shoe on the left, was likely to be diluted by the defendant's sale of the shoe shown below on the right:¹³⁰⁵



Another was that the product configuration trade dress shown below on the left was likely to be diluted by the defendant's corresponding model, shown below on the right:¹³⁰⁶

1303. *Id.*

1304. *See* adidas Am., Inc. v. Skechers USA, Inc., 149 F. Supp. 3d 1222 (D. Or. 2016), appeal docketed, No. 16-35204 (9th Cir. Mar. 17, 2016).

1305. *Id.* at 1231, 1248.

1306. *Id.* at 1232, 1248.



The court found “patent” and “striking” similarities between the parties’ respective marks, which in turn suggested “[the defendant’s] intent to create an association between its and [the plaintiffs’] marks.”¹³⁰⁷ Where the product configurations were concerned, the plaintiffs’ entitlement to preliminary injunctive relief additionally rested on an “expert survey show[ing] that more than twenty percent of respondents believed that the [defendant’s] shoe was made or approved by [the plaintiffs], evidence that a substantial number of consumers actually associate the [defendant’s] shoe with [the plaintiffs].”¹³⁰⁸

A relatively rare jury finding of likely dilution under Section 43(c) withstood post-trial briefing before a Florida federal district court.¹³⁰⁹ The plaintiff’s mark was PODS, registered for moving and storage services, namely, the rental, storage, delivery, and pick up of portable storage units, while the defendant was found to have used both “pods” and “pod” in commerce in connection with directly competitive services. In attacking the jury’s finding of liability, the defendant argued that “dilution by blurring requires that the plaintiff ‘comes to . . . mind’ for some appreciable number of consumers when they view the defendant’s use.”¹³¹⁰ The court disagreed: According to it, prior case law did not “quantify some minimal level of association” necessary for a finding of likely dilution.¹³¹¹ Beyond that, the court observed, the trial record contained evidence of the defendant’s “intent to use ‘pod’ and ‘pods’ to create an association with the PODS mark, at least some actual confusion . . . , the incontestable status of the PODS mark, and [the plaintiffs] efforts to preserve the exclusivity of its marks.”¹³¹² Under these circumstances, “the evidence was sufficient for the jury to find that [the defendant’s] use of ‘pod’ and ‘pods’ created a likelihood of dilution which impaired the distinctiveness of the PODS mark.”¹³¹³

1307. *Id.* at 1248.

1308. *Id.*

1309. *See* PODS Enters. v. U-Haul Int’l, Inc., 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

1310. *Quoted in id.* at 1277.

1311. *Id.* at 1278.

1312. *Id.*

1313. *Id.*

Some dilution plaintiffs came away empty-handed, however. For example, because the fame of its flagship marks is beyond dispute, Louis Vuitton might seem a prime candidate for protection against dilution, but that company's lawsuit against a self-styled parodist met with misfortune.¹³¹⁴ The defendant sold canvas tote bags bearing caricatures of iconic designer handbags on one side and the text "My Other Bag" on the other. The subject of Vuitton's ire (and of the lawsuit) was the following bag, which was intentionally reminiscent of Vuitton's own bags:



In granting a defense motion for summary judgment, the court cited to Section 43(c)(3)(A)(ii)'s "exclusion" from liability of uses "identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner."¹³¹⁵ Although the exclusion was itself subject to the limitation that a claimed parody must be a use "other than as a designation of source for the person's own goods or services,"¹³¹⁶ the court found the limitation inapplicable:

Given the overall design of [the defendant's] tote bags (the identical, stylized text "My Other Bag . . ." on one side and differing caricatures on the other side), and the fact that the bags evoke a range of luxury brands with different graphics, there is no basis to conclude that [the defendant] uses Louis Vuitton's marks as a designation of source for its tote bags. Indeed, as noted, that is the whole point of [the defendant's] joke: "My *other* bag"—that is, *not* this bag—is a Louis Vuitton handbag. That joke—not to mention the cartoon-like rendering

1314. See *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 156 F. Supp. 3d 425 (S.D.N.Y.), *aff'd*, No. 16-241-cv, 2016 WL 7436489 (2d Cir. Dec. 22, 2016).

1315. 15 U.S.C. § 1125(c)(3)(A)(ii) (2012).

1316. *Id.* § 1125(c)(3).

of the bags—builds significant distance between the pattern incorporated into the bag sketches and the designated source of the totes themselves.¹³¹⁷

Moreover, even if the defendant was ineligible for Section 43(c)(3)'s parody exception, the court held that Vuitton had failed to demonstrate the existence of a factual dispute as to whether the defendant's bags were likely to dilute the distinctiveness of Vuitton's registered design under either Section 43(c) or the New York dilution statute; in particular, "it is not enough to show—as Louis Vuitton indisputably can—that members of the public are likely to 'associate' the defendant's mark with the plaintiff's mark (or that the defendant promotes such association)."¹³¹⁸

Another plaintiff to strike out with a dilution claim owned the FLORIDA INTERNATIONAL UNIVERSITY and FIU marks, both for educational services.¹³¹⁹ Invoking the Florida statute, the plaintiff argued the fame of its marks was likely diluted by the defendant's use of the FLORIDA NATIONAL UNIVERSITY and FNU marks for competitive services. The court disagreed, citing the "not insignificant" and "substantial" differences between the parties' marks¹³²⁰ and the lack of evidence supporting the plaintiff's allegations of a bad-faith intent by the defendant to associate itself with the plaintiff.¹³²¹ As to the latter issue, the court rejected in particular the plaintiff's reliance on a mistaken representation by the defendant in a course catalog that the parties had a "transfer and articulation agreement."¹³²² Summary judgment in the defendant's favor followed.¹³²³

(b) Actual or Likely Dilution by Tarnishment

Under Section 43(c)(2)(C), "dilution by tarnishment" is an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."¹³²⁴ Actual findings of likely or actual dilution by tarnishment have been relatively absent from reported opinions in recent years, and, indeed, the most notable finding of liability under this theory during the time period covered by this article

1317. *Louis Vuitton Malletier*, 156 F. Supp. 3d at 438.

1318. *Id.* at 439.

1319. *See Fla. Int'l Univ. Bd. of Trustees v. Fla. Nat'l Univ., Inc.*, 91 F. Supp. 3d 1265 (S.D. Fla. 2015), *aff'd*, 830 F.3d 1242 (11th Cir. 2016).

1320. *Id.* at 1287.

1321. *Id.*

1322. *Id.* at 1287-88.

1323. *Id.* at 1288.

1324. 15 U.S.C. § 1125(c)(2)(C) (2012).

came on an unopposed motion for a default judgment.¹³²⁵ The plaintiffs bringing that motion owned the ROLLS-ROYCE mark for automobiles and related goods, and they sought injunctive relief against the defendant's use of ROLLS-ROYCE RIZZY as a stage name during musical performances. According to the court, "[t]arnishment 'occurs when the effect of defendant's use of a mark is to dilute by tarnishing or degrading positive associations of the mark and diluting the distinctive quality of the mark.'"¹³²⁶ As a consequence, "[a] mark is tarnished . . . when it is improperly associated with an *inferior* or *offensive* product or service . . . presenting a danger that customers will form unfavorable associations with the mark."¹³²⁷ Citing "materials from [the defendant's] social media account, advertisements, and promotional materials that reflect language and imagery that could create negative associations with plaintiffs' products,"¹³²⁸ the court held the defendant liable for likely dilution under both federal and New Jersey law.¹³²⁹

A second finding as a matter of law of likely dilution through tarnishment came in Delta Air Lines' suit against defendants active in the travel industry, whose subcontractor had printed more than 80,000 postcards bearing unauthorized copies of Delta's registered marks.¹³³⁰ The court found the defendants liable for infringement, and the same outcome held with respect to Delta's Section 43(c) cause of action:

Defendants have admitted that the postcards at issue do not inform the recipients that they must attend Defendants' sales presentation or pay a monetary deposit to receive the promised award. Recipients reported confusion and disappointment to Delta upon learning that the airfare

1325. See *Rolls-Royce Motors Ltd. v. Davis*, 118 U.S.P.Q.2d 1581 (D.N.J. 2016).

1326. *Id.* at 1859 (quoting *World Wrestling Fed'n Entm't Inc. v. Big Dog Holdings, Inc.*, 280 F. Supp. 2d 413, 442 (W.D. Pa. 2003)).

1327. *Id.* at 1859 (third alteration in original) (quoting *World Wrestling Fed'n Entm't Inc.*, 280 F. Supp. 2d at 443).

1328. *Id.* The court elaborated on this point with the following observation:

[P]laintiffs have submitted an advertisement for an event "hosted by Rolls Royce Rizzy," entitled "Call of Booty," which features a scantily-clad woman and advertises a "Booty Shaking Contest." Plaintiffs have submitted other materials that promote "Rolls Royce Rizzy" and reference his "hit singles" entitled "Gah Damn" and "Hoe in You." The apparent cover of [the plaintiffs'] album, also advertised under the name "Rolls Royce Rizzy," is named "Pimp'n" and features a parental advisory for explicit lyrics.

Id. (citations omitted).

1329. *Id.*

1330. See *Delta Air Lines, Inc. v. Influence Direct, LLC*, 117 U.S.P.Q.2d 1652 (M.D. Tenn. 2016).

giveaway promised in Defendants' postcards was neither genuine nor approved by Delta.¹³³¹

The plaintiff in a final case over the past year managed to avoid the dismissal of its tarnishment-based Section 43(c) cause of action for failure to state a claim.¹³³² According to the plaintiff's complaint, the defendant had used unauthorized copies of the plaintiff's marks in connection with "substandard and/or limited software."¹³³³ That allegation, especially when coupled with the plaintiff's additional averment that the defendant's conduct was "likely to impair the distinctiveness, strength and value of Plaintiff's Trademarks and injure the business reputation of Plaintiff and its marks,"¹³³⁴ adequately stated a claim for relief under Section 43(c).¹³³⁵

(E) 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.¹³³⁶ 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.¹³³⁷

(1) In Rem Actions

The past year produced no readily apparent examples of reported opinions arising from in rem actions under the ACPA.

(2) In Personam Actions

In a case of first impression for it, the Eleventh Circuit held that the reregistration of an offending domain name can fall within the scope of the ACPA.¹³³⁸ In happier times, the plaintiff, which sold furniture under the BY DESIGN mark, had retained the defendant to design its website. As part of that project, the defendant registered the bydesignfurniture.com domain name in

1331. *Id.* at 1656.

1332. *See* Adobe Sys. Inc. v. Blue Source Grp., 125 F. Supp. 3d 945 (N.D. Cal. 2015).

1333. *Quoted in id.* at 970.

1334. *Quoted in id.*

1335. *Id.*

1336. *See* 15 U.S.C. § 1125(d) (2012).

1337. *See id.* § 1114(2)(D)(v).

1338. *See* Jysk Bed'N Linen v. Dutta-Roy, 810 F.3d 767 (11th Cir. 2015).

his personal name. After the parties' relationship fell on hard times, the defendant allowed the domain name to lapse, which took down the plaintiff's website. The plaintiff requested the defendant to reregister the domain name on the plaintiff's behalf, but the defendant once again submitted the application in his own name, after which he offered to assign it to the plaintiff as a quid pro quo for the "over 4,000 hours" of time he has invested into the plaintiff's site.¹³³⁹ Noting a split between the Third and the Ninth Circuits on the issue,¹³⁴⁰ the court sided with the Third Circuit and held that the defendant's conduct was actionable. As the court summarized its rationale, "[t]he act does not define the term *register*. The Act nowhere contains the qualifications of *initial* or *creation* when it refers to the act of registering. It refers simply to a registration, and a re-registration is, by definition, a registration."¹³⁴¹

The court then turned to the merits of the plaintiff's claim the defendant had violated the ACPA. On that issue, the court held:

When [the defendant] re-registered *bydesignfurniture.com* under his own name rather than [the plaintiff's], he was expressing his intent or ability to infringe on [the plaintiff's] trademark. He admitted that he never had used the domain names in the bona fide offering of any goods or services. His demand for money can be looked at in two ways, and they are two sides of the same coin. First, the amount of money demanded could show how much he believes the domain name smudges the goodwill of the trademark—that is, how much money [the plaintiff] would lose out on if [the defendant] were to use the domain names to misdirect [the plaintiff's] customers. Second, the amount of money demanded could show how much value he believes [the plaintiff] puts on the domain names. In either case, bad-faith intent abounds.¹³⁴²

The defendant's belief the plaintiff owed him money did not affect the plaintiff's entitlement to preliminary injunctive relief from the district court.¹³⁴³

1339. *Quoted in id.* at 771. Although that additional conduct did not play a role in the court's opinion, the defendant also registered the domain names *bydesignfurniture.org*, *bydesignfurnitures.com*, and *bydesignfurniture-furniture store.com*. *Id.* at 772.

1340. *Compare* *Schmidheiny v. Weber*, 319 F.3d 581, 582-83 (3d Cir. 2003) (holding bad-faith reregistration of domain name actionable) *with* *GoPets Ltd. v. Hise*, 657 F.3d 1024, 1032 (9th Cir. 2011) (holding bad-faith reregistration of domain name not actionable).

1341. *Jysk Bed'N Linen*, 810 F.3d at 777.

1342. *Id.* at 789.

1343. *Id.* ("[The defendant's] apparent belief that he was entitled to take the domain name hostage in exchange for the alleged contract price in the partnership agreement purportedly entered into by [the plaintiff's] predecessor and [the defendant's company] is without basis in the agreement or in law, and therefore unreasonable.").

The contrary result held in an action in which the owner of the GENERAL STEEL mark for prefabricated steel buildings challenged the registration by a competitor of the generalsteelscam.com domain name.¹³⁴⁴ Although the plaintiff previously had prevailed in a UDRP arbitration proceeding before the World Intellectual Property Organization, the court disparaged that proceeding as “arbitration light” and refused to give its outcome any deference.¹³⁴⁵ Instead, while granting the defendant’s motion for summary judgment, the court announced its intent to “follow[] the general trend in the U.S. courts that decline to find disparaging domain names to be confusingly similar to the marks they incorporate.”¹³⁴⁶

More conventional facts did not save the ACPA claim of the putative owner of the NEW WORLD SOLUTIONS mark for computer hardware and software consulting services.¹³⁴⁷ In a suit against the registrants of the www.newworldsolutions.com domain name, that plaintiff proved unable to identify any evidence the defendants had offered to sell the domain name, much less at an extortionate price.¹³⁴⁸ Moreover, the summary judgment record established the plaintiff had not had any meaningful commercial presence that might have alerted the defendants to its rights before they registered the disputed domain; consequently, they were unlikely to have targeted the plaintiff’s mark.¹³⁴⁹ Indeed, it was an open question whether the plaintiff had even been in business at that time, leading the court to conclude that “[s]ummary judgment on the ACPA claim is warranted because Plaintiff has proffered no genuine evidence that at the time of registration of the Domain Name the [Plaintiff’s] Mark was in use and there is likewise no evidence that Defendant[s] possessed the requisite ‘bad faith intent to profit’ from the Mark.”¹³⁵⁰

Another failed claim under the ACPA was so deficient it improbably failed on the *plaintiff’s* motion for a default judgment.¹³⁵¹ The plaintiff averred in its uncontested complaint it owned the MULTIFAB and MULTIFAB, INC. service mark, which it used in connection with the fabrication of industrial equipment, and, additionally, that the defendants had used those marks in

1344. See *Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158 (D. Colo. 2015).

1345. *Id.* at 1187 (quoting *Barcelona.com Inc. v. Excelentisi mo Ayuntamiento De Barcelona*, 330 F.3d 617, 625 (4th Cir. 2003)) (internal quotation marks omitted).

1346. *Id.*

1347. See *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287 (S.D.N.Y. 2015).

1348. *Id.* at 237.

1349. *Id.*

1350. *Id.*

1351. See *Multifab, Inc. v. ArlanaGreen.com*, 122 F. Supp. 3d 1055 (E.D. Wash. 2015).

connection with their provision of online pornography. As the court pointed out, however, “[t]he website operated by Defendants is [accessible at] ‘arlanagreen.com.’ Neither the top-level nor second-level domain name incorporates Plaintiff’s mark. Plaintiff’s mark is instead referenced elsewhere, such as in metatags and among the contents of the website.”¹³⁵² That consideration proved fatal to the plaintiff’s ACPA cause of action, even if the defendants failed to appear and contest the matter: “Although Defendants may have acted in bad faith, the Lanham Act ‘does not prohibit all unauthorized uses of a trademark.’ Where a defendant does not register, traffic in, or use a domain name to infringe Plaintiff’s mark, there can be no violation of the Anti–Cybersquatting Consumer Protection Act.”¹³⁵³

Some courts hearing claims under the ACPA concluded that factual disputes precluded the resolution of those claims as a matter of law,¹³⁵⁴ including a Virginia federal district court addressing allegations of cybersquatting arising from the defendants’ registration of a domain name corresponding to the plaintiff’s personal name, which also happened to be a registered service mark.¹³⁵⁵ The summary judgment record established the plaintiff was a professional musician, while the lead defendant was the author of a draft “fictionalized novel” about the lead defendant’s relationship with the plaintiff, which the lead defendant promised would expose the plaintiff’s “felony conviction,” as well as his “blatant lies and outrageous antics”;¹³⁵⁶ the remaining defendant was the book’s publisher. It was also undisputed that an attorney for the lead defendant had left a voice-mail message for the plaintiff’s counsel offering to sell the domain name and, additionally, that the lead defendant had responded to the plaintiff’s impending action by altering the contact information for the registration.

Not surprisingly, the court held that factual disputes concerning the lead defendant’s bad-faith intent to profit from his registration of the domain name prevented the grant of the defendants’ motion for summary judgment. The court noted a number of the statutory factors favored a finding of liability, namely, the defendants’ lack of any intellectual property rights corresponding to the domain name,¹³⁵⁷ the absence of any evidence

1352. *Id.* at 1067.

1353. *Id.* (quoting *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 679 (9th Cir. 2005)).

1354. *See, e.g.*, *Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc.*, 104 F. Supp. 3d 371, 382-83 (S.D.N.Y. 2015) (denying plaintiff’s motion for summary judgment because “[n]o evidence has been presented with respect to Defendants’ intent in registering their domain names”).

1355. *See Zinner v. Olenych*, 108 F. Supp. 3d 369 (E.D. Va. 2015).

1356. *Quoted in id.* at 375.

1357. *Id.* at 388.

the domain name consisted of a name commonly used to identify the defendants,¹³⁵⁸ and the defendants' failure to offer any goods or services in association with the domain name.¹³⁵⁹ Rejecting the defendants' claim that the offer to sell the domain name was an inadmissible settlement proposal,¹³⁶⁰ the court also found conflicting record evidence and testimony on the issues of whether that offer favored the plaintiff's position (even if that offer did not recite an asking price)¹³⁶¹ and the significance of the inaccurate contact information provided by the lead defendant once he became aware of the plaintiff's enforcement activities.¹³⁶² Summary judgment of nonliability under the ACPA therefore was inappropriate even if: (1) the defendants averred a bona fide noncommercial reason for registering the domain name, *i.e.*, to criticize the plaintiff;¹³⁶³ (2) the plaintiff himself did not have an online presence that might allow the diversion of customers;¹³⁶⁴ and (3) the defendants had not registered any other domain names.¹³⁶⁵

The court then addressed the defendants' motion for summary judgment on the plaintiff's closely related cause of action under 15 U.S.C. § 8131.¹³⁶⁶ After identifying sufficient record evidence and testimony to allow a finding of liability under Section 8131(1)(A),¹³⁶⁷ the court turned to whether the defendants qualified for the safe harbor for authors who have registered domain names corresponding to the subjects of their works set forth in Section 8131(1)(B).¹³⁶⁸ The court concluded they did not, at

1358. *Id.*

1359. *Id.*

1360. *Id.* at 391 (“[T]he Court finds that Plaintiff is not offering the voicemail from [Defendant’s counsel] ‘to prove or disprove the validity or amount of a disputed claim.’ Rather, Plaintiff offers it for ‘another purpose,’ namely to prove an element at the core of Plaintiff’s claim: whether Defendant possessed the bad faith intent to profit from registering or using the [disputed] domain name.” (quoting Fed. R. Evid. 408(a); Fed. R. Evid. 408(b))).

1361. *Id.* at 389-90.

1362. *Id.* at 391.

1363. *Id.* at 388-89.

1364. *Id.* at 389.

1365. *Id.*

1366. 15 U.S.C. § 8131 (2012).

1367. Section 8131(1)(A) provides in relevant that:

Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person’s consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.

Id. § 8131(1)(A).

1368. *Id.* § 8131(1)(B). As the court explained the exception:

[It] exempts from liability a defendant who:

least as a matter of law, in part because the lead defendant's claim to have registered the domain name only to promote his novel was belied by the undisputed fact the website associated with the domain name did not mention the novel but instead advertised only the forthcoming disclosure of various misdeeds by the plaintiff.¹³⁶⁹ Moreover, "although both the website and manuscript involve someone named 'Ed Zinner,' the website refers to 'Edward Zinner'—Plaintiff's name—while the manuscript describes the 'Ed Zinner' character therein as "EDWARD W. ZINNER":¹³⁷⁰ "From such [a] discrepancy," the court concluded, "a reasonable finder of fact could conclude that the . . . domain name did not relate to [the lead defendant's] manuscript, but, rather, related to Plaintiff."¹³⁷¹

The defendants in another dispute leading to a procedural stalemate chose to attack the plaintiff's cause of action under the ACPA even prior to the summary judgment stage by moving the court to dismiss the action for failure to state a claim.¹³⁷² The plaintiff owned "several registered trademarks comprising the term 'CrossFit'" for "fitness training and consulting" services.¹³⁷³ Its complaint alleged the defendants had registered two domain names incorporating the plaintiff's mark, namely, 5280crossfit.com and 5280crossfitgym.com, and, additionally, had offered to sell the domain names to the plaintiff for \$1,000.¹³⁷⁴ Pointing to the presence of the number 5280 in the lead defendant's corporate name, the defendants asserted they had acquired the domain names to support their preexisting business. The court, however, declined to make a factual determination of liability on that basis, especially in light of the plaintiff's averments of bad faith. That averment rested on the defendants' alleged registration of the domain names "with the intent of selling them to the highest bidder, and without an intent to use the domain names in any bona fide way related to their real estate business,"¹³⁷⁵ their

(1) in good faith registers a domain name consisting of the name of another living person or a confusingly similar name if the domain name is used in, affiliated with, or related to a work of authorship protected under the Copyright Act; and (2) if the person registering the domain name is the copyright owner or licensee of the work; and (3) the person intends to sell the domain name in conjunction with the lawful exploitation of the work; and (4) the registration is not prohibited by a contract between the registrant and the named person.

Zinner, 108 F. Supp. 3d at 394 (quoting J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 25A:82 (4th ed. 2014)).

1369. *Id.* at 395.

1370. *Id.*

1371. *Id.*

1372. See *Crossfit, Inc. v. 5280 Realty, Inc.*, 157 F. Supp. 3d 954 (D. Colo. 2016).

1373. *Id.* at 956.

1374. *Id.*

1375. *Id.* at 960.

registration of multiple domain names,¹³⁷⁶ and their prior knowledge of the plaintiff's rights.¹³⁷⁷ Consequently, the court concluded, "Plaintiff has pled sufficient facts to support a claim of cybersquatting in this case."¹³⁷⁸

b. Passing Off

Reported opinions addressing the tort of passing off independent of infringement have become rare over the years, but one emerged from a dispute between two Florida universities.¹³⁷⁹ The plaintiff, Florida International University, was a member of the State University System of Florida, while the defendant, Florida National University, was not. In addition to accusing the defendant of infringement, the plaintiff alleged the defendant had created the false impression it was a public university associated with the state system. The plaintiff supported that claim with survey evidence demonstrating that "anywhere from 30 to 50 percent" of respondents believed the defendant was a state school,¹³⁸⁰ as well as showings: (1) the defendant purposefully had failed to identify itself as "for-profit" or "private" in its promotional materials; (2) the defendant had adopted the "naming convention" of the plaintiff and other state universities; (3) the defendant had adopted the course numbering system used by state universities, including by the plaintiff; and (4) the defendant falsely had represented it had a transfer agreement with the plaintiff.¹³⁸¹ Dismissing the plaintiff's survey evidence, the court held that the relevant inquiry was whether consumers were likely to confuse the defendant with the plaintiff, not whether the defendant was a state school.¹³⁸² It then found the plaintiff's remaining showings "not . . . persuasive" without explanation.¹³⁸³ Summary judgment in the defendant's favor resulted.¹³⁸⁴

c. Reverse Passing Off

In *Dastar Corp. v. Twentieth Century Fox Film Corp.*,¹³⁸⁵ the Supreme Court adopted a restrictive interpretation of Section

1376. *Id.*

1377. *Id.*

1378. *Id.* at 961.

1379. See Fla. Int'l Univ. Bd. of Trustees v. Fla. Nat'l Univ., Inc., 91 F. Supp. 3d 1265 (S.D. Fla. 2015), *aff'd*, 830 F.3d 1242 (11th Cir. 2016).

1380. *Id.* at 1285.

1381. *Id.*

1382. *Id.*

1383. *Id.*

1384. *Id.* at 1285-86.

1385. 539 U.S. 23 (2003).

43(a)(1)(A) of the Act, which reduced that section's utility as a mechanism for challenging allegations of reverse passing off unless the gravamen of those allegations was that the lead defendant had taken physical goods originating with the plaintiff and had sold them as its own. One of the less defensible applications of *Dastar* over the past year came in an action brought by the owner of the rights to the motion picture *Dirty Dancing*.¹³⁸⁶ The climax of that film featured one of the protagonists declaring, "Nobody puts Baby in a corner," a phrase the plaintiff had registered for a number of collateral goods and alleged was infringed by the defendants' distribution of advertisements such as the following:¹³⁸⁷



Despite the apparent existence of the plaintiff's standalone trademark rights and the plaintiff's assertion of causes of action relying on the existence of likely confusion,¹³⁸⁸ the court professed

1386. See *Lions Gate Entm't Inc. v. TD Ameritrade Servs. Co.*, 170 F. Supp. 3d 1249 (C.D. Cal.), *vacated in part on other grounds*, No. CV 15-05024 DDP (Ex), 2016 WL 4134495 (C.D. Cal. Aug. 1, 2016).

1387. The graphic in the text following this footnote appear in the Complaint, *Lions Gate Entm't Inc. v. TD Ameritrade Servs. Co.*, 170 F. Supp. 3d 1249 (C.D. Cal. 2016) (No. CV 15-05024 DDP (Ex), 2015 WL 4709797).

1388. In addition to a conventional trademark infringement cause of action, the court noted of the plaintiff's allegations that:

The advertisements often included images to conjure up *Dirty Dancing*, such as "a still and/or moving image of a man lifting a piggy bank over his head after the piggy bank ran into the man's arms." Some versions of the advertisements invoked the song, "(I've Had) the Time of My Life," which played during the final dance scene in the movie, with lines like "[b]ecause retirement should be the time of your life." Plaintiff claims that all these uses render consumer confusion likely to occur.

Id. at 1255 (citations omitted).

itself unable to “see how this is different from a copyright infringement claim, or a claim that Defendants have failed to obtain the permission of the author of the idea, concept, or communication embodied in those goods Plaintiff claims to have licensed to use its phrase.”¹³⁸⁹ It therefore improbably dismissed the plaintiff’s trademark-based causes of action for failure to state a claim.¹³⁹⁰

Dastar loomed just as large over other courts’ dismissals at the pleadings stage of allegations of reverse passing off.¹³⁹¹ One complaint to meet that fate averred that a political memoir authored by the lead defendant claimed credit for the successful reelection strategy of a Philadelphia mayor that properly belonged to the lead plaintiff.¹³⁹² Citing *Dastar*, the court pointed out that “[i]n recognizing limited ‘passing off’ and ‘reverse passing off’ claims, the Supreme Court has emphasized a narrow interpretation of the Lanham Act to prevent conflicts with other federal laws that protect proprietary information, such as copyright and patent law.”¹³⁹³ It therefore followed the lead of other courts in requiring “a threshold commercial element for Lanham Act claims necessitating that a plaintiff plead that the goods or services were misappropriated in the course of a defendant’s commercial communication or activity.”¹³⁹⁴ The plaintiffs’ complaint failed to satisfy this requirement: Although the lead defendant may have had an economic motivation to sell as many copies of his book as possible, “without more, writing a book for profit is not sufficient to render the passage in question commercial speech”;¹³⁹⁵ moreover, “[e]ven when viewed in the light most favorable to [the plaintiffs], the passage is not an obvious promotion for [the lead defendant’s] political consulting services akin to the unauthorized use of a trademarked name in a prominent location, such as the front cover of a magazine, or in the

1389. *Id.* at 1267 (internal quotation marks omitted).

1390. *Id.* at 1267-69.

1391. *See, e.g.,* Touchpoint Commc’ns, LLC v. Dentalfone, LLC, 116 U.S.P.Q.2d 1949, 1952-53 (D. Wash. 2015) (invoking *Dastar* to dismiss trade dress infringement cause of action in light of plaintiff’s failure to distinguish concomitant copyright cause of action); *Ranucci v. Candy & Toy Factory*, 145 F. Supp. 3d 440, 451-52 (E.D. Pa. 2015) (“Here, [the lead plaintiff] alleges that he is the designer of the products and the creator of the relevant prototypes. He does not allege that he manufactured the products. To the contrary, he alleges that the defendants did. Thus, because [the lead defendant] was the manufacturer of the products it sold, [the lead plaintiff] has failed to state a claim for ‘reverse passing off.’”); *see also Ranucci*, 145 F. Supp. 3d at 452 (invoking *Dastar* to dismiss plaintiffs’ allegation of false advertising).

1392. *See* Keel v. Axelrod, 148 F. Supp. 3d 411 (E.D. Pa. 2015).

1393. *Id.* at 417.

1394. *Id.*

1395. *Id.* at 423.

domain name for a business website.”¹³⁹⁶ Finally, the complaint lacked facts, which, taken as true, linked the book to the promotion of the defendant’s political consulting services.¹³⁹⁷

Dastar also led to the dismissal for failure to state a claim of a Section 43(a)(1)(A) cause of action at the hands of a Massachusetts federal district court.¹³⁹⁸ The plaintiff before that tribunal specialized in commercial photography and had been retained by a third party to document the third party’s lighting fixtures. When the defendants used the resulting photographs to promote sales of the third party’s goods—as opposed to the photographs themselves—the plaintiff filed a blunderbuss complaint that, in addition to a standard allegation of copyright infringement, included one for reverse passing off. Reviewing the Supreme Court’s opinion, the court held on the defendant’s motion for summary judgment that “nothing in [*Dastar*] suggests that the Lanham Act provides a cause of action even where the misrepresentation in question did not concern the source of a tangible good for sale to the public.”¹³⁹⁹ Moreover, that result held even if the record established one of the defendants had superimposed its own watermark on the photographs.¹⁴⁰⁰

Dastar similarly facilitated a successful defense motion for partial summary judgment in one of the many lawsuits concerning the legacy of the Lubavitcher Rebbe, Menachem Mendel Schneerson.¹⁴⁰¹ As the court read the plaintiffs’ complaint, it asserted “the right to publish the *Likkutei Sichos*—literally, the ‘collected talks’ given by the Rebbe—and ancillary works.”¹⁴⁰² Although concluding factual disputes precluded disposition of the parties’ copyright-related claims, the court held the same was not true of the plaintiffs’ allegations of passing off against the defendants, which rested on the theory that “[the defendants] publication and sale of [their] own version of the *Likkutei Sichos* misleads purchasers into believing [the defendants] compiled and edited the content of the work and/or had the Rebbe’s approval.”¹⁴⁰³ The plaintiffs sought to escape *Dastar*’s holding by arguing it applied only to claims of reverse passing off, not the

1396. *Id.*

1397. *Id.* at 424.

1398. *See* Photographic Illustrators Corp. v. Orgill, Inc., 118 F. Supp. 3d 398 (D. Mass. 2015).

1399. *Id.* at 410.

1400. According to the court, “[t]here is no record evidence that any consumer believed that [the defendant’s] watermark indicated ownership of the photographs that depicted the [the third party’s goods].” *Id.*

1401. *See* Vaad L’Hafotzas Sichos, Inc. v. Krinsky, 133 F. Supp. 3d 527 (E.D.N.Y. 2015).

1402. *Id.* at 529.

1403. *Id.* at 538.

passing off of which they accused the defendants, but the court reached the contrary conclusion: “The Supreme Court construed the phrase ‘origin of goods,’ a concept implicated whether plaintiffs claim that [defendants] passed off its own goods as [plaintiffs’] (passing off), or misappropriated goods belonging to [plaintiffs] and passed them off as [their] own (reverse passing off).”¹⁴⁰⁴ The defendants therefore were entitled to prevail as a matter of law on the plaintiffs’ claim for passing off.¹⁴⁰⁵

Invocations of *Dastar* did not, however, carry the day for all defendants.¹⁴⁰⁶ For example, in denying a different motion to dismiss, one court appeared to confuse the related, but separate, torts of passing off and reverse passing off.¹⁴⁰⁷ The plaintiff did not mince words in its complaint, accusing the defendant of:

embedding spyware code on [the plaintiff’s] clients’ websites to reverse engineer [the plaintiff’s] proprietary behavioral analytics and predictive targeting functionalities, injecting tracking markers into [the plaintiff’s] systems to facilitate unauthorized data mining, manipulating [the plaintiff’s] software on client deployments to reduce its performance, and deploying software code designed to suppress the proper operation of [the plaintiff’s] technology.¹⁴⁰⁸

If accepted as true, the allegations of reverse engineering in particular suggested the defendant had misrepresented the plaintiff’s product as its own, or, in other words, had engaged in reverse passing off. The court, however, read the plaintiff’s averments differently, holding “[t]his conduct, if true, would either be independently illegal or would constitute Defendant passing off Plaintiff’s product as its own.”¹⁴⁰⁹

A better-reasoned application of *Dastar* occurred in an action in which the plaintiff, a distributor of karaoke accompaniment tracks, challenged the owner and operator of a bar in which unauthorized copies of the tracks had been used by third-party karaoke jockeys.¹⁴¹⁰ The plaintiff’s complaint asserted that the third parties had both media-shifted and format-shifted the

1404. *Id.*

1405. *Id.* at 539.

1406. *See, e.g.*, Adobe Sys. Inc. v. A & S Elecs., Inc., 153 F. Supp. 3d 1136, 1143 (N.D. Cal. 2015) (denying motion to dismiss apparently based on presence of trademark and copyright claims in same complaint and observing that “aside from citing *Dastar*, Defendants fail to present any argument demonstrating that any conflict between [Plaintiffs] copyright and Lanham Act claims exists in this case”); Gurglepote, Inc. v. New Shreve, Crump & Low LLC, 153 F. Supp. 3d 441, 450 (D. Mass. 2015) (denying *Dastar*-based defense motion to dismiss causes of action to protect registered product configuration).

1407. *See* LivePerson, Inc. v. 24/7 Customer, Inc., 83 F. Supp. 3d 501 (S.D.N.Y. 2015).

1408. *Id.* at 519.

1409. *Id.*

1410. *See* Slep-Tone Entm’t Corp. v. Sellis Enters., 87 F. Supp. 3d 897 (N.D. Ill. 2015).

plaintiff's tracks before using them in connection with the plaintiff's marks. As the court pointed out,¹⁴¹¹ that scenario ordinarily might have led to resolution of the plaintiff's claims under the rubric of the exhaustion doctrine, but the defendants unsuccessfully moved to dismiss the plaintiff's Lanham Act cause of action under *Dastar* instead. The court denied the motion, holding, "even if [the defendants are] correct in asserting that the copied tracks are identical to the original tracks, media- and format-shifting creates a new tangible good of which [the plaintiff] is *not* the original producer."¹⁴¹² This meant that "[b]ecause the producer of the new good ([the defendants]) and the markholder of the mark on the goods ([the plaintiff]) do not match, the alleged use of [the plaintiff's] mark on the copied tracks is a false designation of origin covered by the Lanham Act."¹⁴¹³

d. False Advertising

Outside of a scattered few courts, liability for false advertising generally turned on plaintiffs' ability to make a five-part showing:

- 1) the defendant has made false or misleading statements of fact concerning his own product or another's; 2) the statement actually deceives or tends to deceive a substantial portion of the intended audience; 3) the statement is material in that it will likely influence the deceived consumer's purchasing decisions; 4) the advertisements were introduced into interstate commerce; 5) there is some causal link between the challenged statements and harm to the plaintiff.¹⁴¹⁴

1411. *Id.* at 906 n.5.

1412. *Id.* at 905.

1413. *Id.*

A second *Dastar*-based attack on the plaintiff's complaint by the defendants fared no better. As the court summarized their position, the defendants argued that "[the plaintiff's] only claim for damage results from the public performance of an audiovisual work." *Id.* at 906. Citing the plaintiff's disclaimer of ownership of any copyrights covering the tracks, the court disagreed, holding that the plaintiff's allegations "detail allegedly infringing conduct beyond the public performance of an audiovisual work." *Id.*

1414. *Grubbs v. Sheakley Grp.*, 807 F.3d 785, 798 (6th Cir. 2015) (quoting *Am. Council of Certified Podiatric Physicians & Surgeons v. Am. Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 613 (6th Cir. 1999)); *see also Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556, 567 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016); *Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405, 415 (E.D. Pa. 2016); *Champion Labs v. Cent. Ill. Mfg. Co.*, 157 F. Supp. 3d 759, 761 (N.D. Ill. 2016); *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 991-92 (D. Minn.), *vacated in part on other grounds*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *Greater Houston Transp. Co. v. Uber Techs., Inc.*, 155 F. Supp. 3d 670, 681-82 (S.D. Tex. 2015); *Riverdale Mills Corp. v. Cavatorta N. Am., Inc.*, 146 F. Supp. 3d 356, 361 (D. Mass. 2015); *Ranucci v. Candy & Toy Factory*, 145 F. Supp. 3d 440, 452 (E.D. Pa. 2015); *N.J. Physicians United Reciprocal Exch. v. Boynton & Boynton, Inc.*, 141 F. Supp. 3d 298, 306-07 (D.N.J. 2015); *Right Field Rooftops, LLC v. Chicago Cubs Baseball Club, LLC*, 136 F. Supp. 3d 911, 918 (N.D. Ill. 2015); *Scholz v. Goudreau*, 132 F. Supp. 3d 239, 254 (D. Mass. 2015); *Gen.*

Notwithstanding the apparently fungible nature of a defendant's false or misleading statements made about its own goods, on the one hand, and those made about another's goods, on the other, an opinion from the Ohio Court of Appeals demonstrated the importance of invoking the proper prong of Section 43(a) when proceeding under that statute: As the court explained, Section 43(a)(1)(A) renders the former actionable, while Section 43(a)(1)(B) reaches the latter.¹⁴¹⁵

Steel Domestic Sales, LLC v. Chumley, 129 F. Supp. 3d 1158, 1169-70 (D. Colo. 2015); Greenwich Taxi, Inc. v. Uber Techs., Inc., 123 F. Supp. 3d 327, 334 (D. Conn. 2015); Multifab, Inc. v. ArlanaGreen.com, 122 F. Supp. 3d 1055, 1066 (E.D. Wash. 2015); L.A. Taxi Coop., Inc. v. Uber Techs., Inc., 114 F. Supp. 3d 852, 859-60 (N.D. Cal. 2015); Syntygy, Inc. v. ZS Assocs., 110 F. Supp. 3d 602, 620-21 (E.D. Pa. 2015); TracFone Wireless, Inc. v. Adams, 98 F. Supp. 3d 1243, 1257-58 (S.D. Fla. 2015); Infogroup, Inc. v. Database LLC, 95 F. Supp. 3d 1170, 1184 (D. Neb. 2015); Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 211 (D. Mass. 2015).

Second Circuit courts adopted a simpler three-part analysis: "First (and obviously), a plaintiff bringing a false advertising claim must show falsity." *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 63 (2d Cir. 2016). Second, "the plaintiff must also demonstrate that the false or misleading representation involved an inherent or material quality of the product." *Id.* (quoting *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 153 n.3 (2d Cir. 2007)).

A Colorado federal district court applied a four-factor test:

To establish a false advertising claim under the Lanham Act, [the plaintiff] must show: (i) that the Defendants made a material false or misleading representation in connection with the promotion of their products or services; (ii) that the statement was made in interstate commerce; (iii) that the statement was likely to cause confusion or mistaken by customers as to the characteristics of the goods or services of the Defendants or others; and (iv) that [the plaintiff] suffered an injury as a result of those false representations.

L-3 Commc'ns Corp. v. Jaxon Eng'g & Maint., Inc., 125 F. Supp. 3d 1155, 1170 (D. Colo. 2015).

Finally, a panel of the California Court of Appeals applied a six-part test for liability, holding:

A prima facie case requires a showing that (1) the defendant made a false statement either about the plaintiff's or its own product; (2) the statement was made in a commercial advertisement or promotion; (3) the statement actually deceived or has the tendency to deceive a substantial segment of its audience; (4) the deception is material, in that it is likely to influence the purchasing decision; (5) the defendant caused its false statement to enter interstate commerce; and (6) the plaintiff has been or is likely to be injured as a result of the false statement, either by direct diversion of sales from itself to the defendant, or by a lessening of goodwill associated with the plaintiff's product.

Two Jinn, Inc. v. Gov't Payment Serv., Inc., 183 Cal. Rptr. 3d 432, 449-50 (Ct. App. 2015) (quoting *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 835 n.4 (9th Cir. 2002)) (internal quotation marks omitted).

1415. *Jascar Enters. v. Body by Jake Enters.*, 40 N.E.3d 689, 696 (Ohio Ct. App. 2015). The distinction between the two subsections proved to be more than an academic matter. The plaintiff (and appellant) before the court sought to recover for the defendants' allegedly false representations that the plaintiff had sold goods bearing infringing copies of the defendants' marks. It styled its false advertising cause of action as arising under Section 43(a)(1)(A), however, which led the appellate court to affirm the trial court's entry of summary judgment in the defendants' favor. *See id.* ("[U]nder its plain language, Section [43(a)(1)(A)] prohibits a person from making a false or misleading description of fact about

Finally, some courts served up reminders that, whatever the nature of a defendant's allegedly false advertising, a plaintiff challenging it must adduce some supporting evidence or testimony once the case moves to the summary judgment stage.¹⁴¹⁶ According to the complaint before one court, a defendant had, among other things, advertised his personal number as that of the plaintiffs' company.¹⁴¹⁷ The summary judgment record, however, contained nothing to substantiate that claim, which led the court to grant the defendants' motion for summary judgment because "[w]ithout any factual support for the Lanham Act claims, plaintiffs have not met their burden to show any genuine dispute of fact."¹⁴¹⁸

i. False Statements of Fact in Commercial Advertising and Promotion

(A) Actionable Statements of Fact

A threshold issue in any false advertising action is whether the defendant has made an actionable objectively verifiable statement of fact, or, alternatively, whether the target of the plaintiffs cause of action is mere puffery,¹⁴¹⁹ an opinion, or

his or her own goods. In this case, [the plaintiff] has not alleged that [the lead defendant] made a false representation about its own products but a false representation about [the plaintiff's] products. Such statements are not prohibited under Section [43(a)(1)(A)]."

1416. *See, e.g.*, L-3 Commc'ns Corp. v. Jaxon Eng'g & Maint., Inc., 125 F. Supp. 3d 1155, 1172 (D. Colo. 2015) (granting defense motion for summary judgment based on plaintiff's failure to record evidence or testimony documenting allegedly false statements).

1417. *Welenco, Inc. v. Corbell*, 126 F. Supp. 3d 1154, 1172 (E.D. Cal. 2015) ("There are no emails or phone records in any of the exhibits submitted with the opposition showing a misleading number, no advertisements in which [the defendant] solicits business as [the plaintiffs' business] or identifies his private number as [the business's] number, and there is no testimony from a client of either [of the parties] implying [the defendant] erroneously advertised himself as another party.").

1418. *Id.*

1419. One court explained that:

"Puffery" consists of "exaggerated, blustering, and boasting statement[s] upon which no reasonable buyer would be justified in relying." The distinction between non-actionable puffing and actionable false advertising is "whether a reasonably buyer would take the representation at face value." On the other hand, "specific and measurable claims and claims that may be literally true or false" are not puffery and can be considered actionable.

Gen. Steel Domestic Sales, LLC v. Chumley, 129 F. Supp. 3d 1158, 1176 (D. Colo. 2015) (alteration in original) (quoting *Hall v. Bed Bath, and Beyond, Inc.*, 705 F.3d 1357, 1368 (Fed. Cir. 2013); *F.T.C. v. Direct Mktg. Concepts, Inc.*, 624 F.3d 1, 11–12 (1st Cir. 2010)); *see also* *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 992 (D. Minn.) ("Nonactionable puffery includes representations of product superiority that are vague or highly subjective." (quoting *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1180 (8th Cir. 1998))), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852, 861 (N.D. Cal. 2015) ("Puffing is exaggerated advertising, blustering, and boasting upon which no reasonable buyer would rely." (quoting *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997)) (internal quotation marks omitted)).

something else equally nonactionable. An Illinois federal district court addressed that question in a case brought by the owners of rooftop seats atop buildings adjacent to Wrigley Field against the parent company of the Chicago Cubs baseball franchise.¹⁴²⁰ The basis of the plaintiffs' claim for false advertising was the following statement by a Cubs official summarizing his objections to the plaintiffs' viewing of Cubs games without paying the Cubs to do so: "It's funny—I always tell this story when someone brings up the rooftops. So you're sitting in your living room watching, say, Showtime. All right, you're watching 'Homeland.' You pay for that channel, and then you notice your neighbor looking through your window watching your television."¹⁴²¹

In granting the baseball team's motion for summary judgment, the court observed that:

In determining whether a statement constitutes an opinion or factual assertion, the Court considers: "(1) whether the statement has a precise and readily understood meaning; (2) whether the statement is verifiable; and (3) whether the statement's literary or social context signals that it has factual content." Furthermore, "statements that do not contain verifiable facts, such as opinions or rhetorical hyperbole, are not actionable as defamation" or the other counts [in the complaint] requiring a false statement of fact.¹⁴²²

Applying this test, the court first found that "it cannot be said that any reasonable person hearing the statement would believe that it was a fact and not a personal opinion about the relationship between the Cubs and the [plaintiffs] in the form of a readily understandable metaphor."¹⁴²³ On the contrary, the official's statement "was his own personal interpretation of how he viewed his relationship with the [plaintiffs];"¹⁴²⁴ indeed, "[he] prefaced his statement with, 'I always tell this story' as if to describe how he feels about the situation by using a non-factual, personal description to describe the conflict."¹⁴²⁵ In the final analysis, summary judgment was appropriate on the ground that "[t]here is no objective way to verify his statement because there is no way to fact-check whether the [plaintiffs] are similar to those who charge admission to watch their neighbor's television."¹⁴²⁶

1420. See *Right Field Rooftops, LLC v. Chicago Cubs Baseball Club, LLC*, 136 F. Supp. 3d 911, 918 (N.D. Ill. 2015).

1421. *Quoted in id.*

1422. *Id.* at 919 (quoting *Madison v. Frazier*, 539 F.3d 646, 654 (7th Cir. 2008); *Frain Grp. v. Steve's Frozen Chillers*, No. 14 C 7097, 2015 WL 1186131, at *3 (N.D. Ill. Mar. 10, 2015)).

1423. *Id.*

1424. *Id.*

1425. *Id.*

1426. *Id.*

Summary judgment of nonliability also held in a case arising from the love-hate relationship between a defendant radio station and two of its advertisers, both of which were retail jewelers.¹⁴²⁷ Following a third party's investigative report into how the plaintiff graded the gemstones it sold, the defendant accepted paid advertising from a competitor of the plaintiff questioning the plaintiff's practices. Because the competitor also advertised through the defendant, it procured a series of apologies from the defendant characterizing the earlier advertising as "unfair," derogatory," and "disparaging."¹⁴²⁸ The plaintiff challenged those characterizations as false advertising, but the court concluded they were nonactionable as a matter of law because "[w]hat is 'unfair,' 'derogatory,' or 'disparaging' to one person may not be so to another, and these words do not themselves imply that they state an objective fact or that they are based on provable facts. These statements are, therefore, not actionable as misrepresentations of fact under the Lanham Act."¹⁴²⁹

Some findings of nonliability came even earlier in the proceedings, including in an action brought by the putative holder of the world record in consecutive non-knee kicks of a footbag.¹⁴³⁰ The plaintiff challenged a television commercial depicting a user of an energy drink, who, the commercial represented, had set "the record of Hacky Sack" while at the same time mastering origami.¹⁴³¹ Those were not the user's only accomplishments, however, for the commercial also described him disproving the theory of relativity, swimming the English Channel, and finding Bigfoot, all within a five-hour period. The over-the-top nature of these claims, together with disclaimers incorporated into the commercial,¹⁴³² led the court to conclude, "[t]he Commercial is an obvious farce that would not lead anyone to believe that [the plaintiff], or anyone else, had actually accomplished all of the remarkable feats described. Even unsophisticated consumers would get the joke."¹⁴³³ The court therefore dismissed the plaintiff's Section 43(a) cause of action with prejudice.¹⁴³⁴

1427. See *Serv. Jewelry Repair, Inc. v. Cumulus Broad., LLC*, 145 F. Supp. 3d 737 (M.D. Tenn. 2015).

1428. *Quoted in id.* at 747.

1429. *Id.*

1430. See *Martin v. Living Essentials, LLC*, 160 F. Supp. 3d 1042 (N.D. Ill. 2016).

1431. *Id.* at 1044.

1432. As the court described the disclaimers, "[t]he Commercial also displays small-print text on the bottom of the screen stating, 'For comedic purposes only. Not actual results[.]' and 'Not proven to improve physical performance, dexterity or endurance.'" *Id.* at 1044 (second alteration in original).

1433. *Id.* at 1048.

1434. *Id.* at 1051.

Findings of puffery also came on motions for preliminary injunctive relief. For example, the advertising at issue in a dispute between two providers of telecommunications services was the counterclaim defendants' claim to have a "better" WiFi data network, which the counterclaim plaintiffs alleged was false because their cellular network had a more expansive geographic reach.¹⁴³⁵ The court found the "better" claim nonactionable puffery, and it therefore denied the counterclaim plaintiffs' preliminary injunction motion: "[T]o say that one's product is 'better' than a competitive product, without more specificity, could well define the concept of puffery."¹⁴³⁶

A different preliminary injunction motion, this one before a Nebraska federal district court, produced a finding of puffery centered on the meaning of the word "verified."¹⁴³⁷ The parties compiled information into proprietary databases, and the plaintiffs alleged the defendants falsely had advertised their information as verified, when, in fact, at least some of that information had been misappropriated from the plaintiffs' databases. The court denied the motion for two reasons, the first of which was that the defendants had a verification process in place, even if that process didn't live up to the plaintiffs' standards. The second was that "[w]hether a database entry is 'verified' is not (as the parties' disagreements here demonstrate) a specific, measurable attribute."¹⁴³⁸ Instead, the defendants' claim of verification was nonactionable puffery, or, in other words, "exaggerated advertising, blustering, and boasting upon which no reasonable buyer would rely," especially the sophisticated purchasers served by both parties.¹⁴³⁹

In contrast, several courts reached split decisions when weighing puffery-based defense motions for summary judgment. An aspect of the challenged advertising before one such tribunal was a graphic on the counterclaim defendant's website reading "Awarded Best in the Industry 2007—present."¹⁴⁴⁰ The summary judgment record established no such award existed, but that circumstance did not render the counterclaim defendants liable for false advertising. On the contrary, the court held, "the boast 'Awarded Best in the Industry' is mere puffery, as no reasonable consumer would rely on such an assertion without first inquiring

1435. See *Cablevision Sys. Corp. v. Verizon N.Y. Inc.*, 119 F. Supp. 3d 39 (E.D.N.Y. 2015).

1436. *Id.* at 53.

1437. See *Infogroup, Inc. v. Database LLC*, 95 F. Supp. 3d 1170 (D. Neb. 2015).

1438. *Id.* at 1186.

1439. *Id.*

1440. *Quoted in Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158, 1176 (D. Colo. 2015).

further into the nature and credibility of the entity granting the award.”¹⁴⁴¹

The counterclaim defendant was less successful, however, in shooting down other allegations of false advertising advanced by the counterclaim plaintiffs. Those allegations challenged (apparently inaccurate) representations the counterclaim defendant had a “customer service track record of zero unresolved customer issues” and a “history of 100% customer satisfaction.”¹⁴⁴² Those representations, the court held, were not vague statements “elud[ing] quantification—*e.g.* ‘unparalleled customer satisfaction’ or ‘complete customer satisfaction.’ Rather, they are statements of absolutes whose truth can be verified simply by ascertaining whether there are examples to the contrary: even a small number of dissatisfied customers or unresolved customer issues would suffice”¹⁴⁴³ The counterclaim defendant’s bid for a finding of nonliability as a matter of law therefore failed as to those representations.¹⁴⁴⁴

A similar split decision emerged from a dispute arising from two challenges by the defendants to the plaintiff’s sale of goods on eBay.¹⁴⁴⁵ In the first challenge, an employee of the lead defendant attested to the good-faith belief the plaintiff was violating certain copyrights owned by the defendant, and that good-faith belief opened the door to a finding of nonliability for deceptive trade practices as a matter of law. Nevertheless, the summary judgment record was unclear whether the defendants’ second challenge, which focused on the allegedly counterfeit marks appearing on the plaintiff’s goods, had been accompanied by a similar attestation. In light of that omission, the trial court had erred in granting the defendants’ motion for summary judgment as to the second challenge.¹⁴⁴⁶

Split decisions also came in the context of motions to dismiss for failure to state claims.¹⁴⁴⁷ For example, ride-sharing service Uber Technologies successfully secured the dismissal for failure to state a claim of some, but not all, the false advertising-based challenges asserted against it before a California federal district court.¹⁴⁴⁸ Weighing Uber’s motion to dismiss, the court looked first

1441. *Id.*

1442. *Quoted in id.*

1443. *Id.* at 1177.

1444. *Id.*

1445. *See Jascar Enters. v. Body by Jake Enters.*, 40 N.E.3d 689 (Ohio Ct. App. 2015).

1446. *Id.* at 694-95.

1447. *See, e.g., In re Syngenta AG MIR 162 Corn Litig.*, 131 F. Supp. 3d 1177, 1227 (D. Kan. 2015) (declining, in cursory analysis, to dismiss false advertising-based challenge to statements by defendant’s executives characterized as setting forth defendant’s “present expectations, which could constitute misrepresentations of fact”).

1448. *See L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852 (N.D. Cal. 2015).

to the service's representations in its advertising that it was "going the distance to put people first" and, additionally, it conducted "background checks you can trust."¹⁴⁴⁹ As to the former, the court concluded as a matter of law that "[t]here is no discernible way to measure whether or how Uber might be 'going the distance to put people first.'"¹⁴⁵⁰ Moreover, it determined, the latter claim "is a general, subjective statement that makes no specific claims about Uber's services."¹⁴⁵¹ Dismissal of the plaintiffs' challenges to those statements was appropriate because the statements were nonactionable puffery.¹⁴⁵²

Uber's luck ran out at that point, however. Taking aim at Uber's safety-related claims, the plaintiffs convinced the court those claims included "'specific' assertions that seem to describe 'absolute characteristics' of Uber's services that could be tested."¹⁴⁵³ The court therefore denied Uber's motion to dismiss in part because "[a] reasonable consumer reading these statements in the context of Uber's advertising campaign could conclude that an Uber ride is objectively and measurably safer than a ride provided by a taxi or other competitor service, i.e., it is statistically most likely to keep riders from harm";¹⁴⁵⁴ moreover, "[r]eferences to the 'strictest safety standards' and explicit comparisons with competitor taxi services reinforce the impression that Uber's statements are grounded in fact."¹⁴⁵⁵ The court then reached the same conclusion with respect to what Uber characterized as safety-related "aspirational statements" such as "[w]e are committed to improving the already best in class safety and accountability of the Uber platform, for both riders and drivers."¹⁴⁵⁶ As it explained, "while Uber's claims concerning its corporate commitment may not

1449. *Quoted in id.* at 861.

1450. *Id.*

1451. *Id.*

1452. *Id.*

1453. *Id.*

As the court summarized the complaint's allegation on this issue:

Uber claims that it is "setting the strictest safety standards possible," that its safety is "already best in class," and that its "three-step screening" background check procedure, which includes "county, federal and multi-state checks," adheres to a "comprehensive and new industry standard." Uber has historically described its background check procedures as "industry-leading." Uber's statements also explicitly compare the safety of its services with those offered by taxi cab companies. For example, a statement on Uber's blog describing its "rigorous" background check procedures reads, "Unlike the taxi industry, our background checking process and standards are consistent across the United States and often more rigorous than what is required to become a taxi driver."

Id. (citations omitted).

1454. *Id.*

1455. *Id.*

1456. *Quoted in id.* at 862.

be measurable and may therefore be dismissed by readers as puffery, a reasonable consumer could conclude that Uber's 'best in class safety' is an objective fact."¹⁴⁵⁷

A similar splitting of the judicial baby occurred in another lawsuit against Uber, this one brought by a group of Houston, Texas, taxicab permit holders.¹⁴⁵⁸ The plaintiffs' objections to a number of Uber's promotional assertions failed at the pleadings stage after the court determined they were either puffery or mere statements of opinion. Those included: (1) the statement "SAFEST RIDE ON THE ROAD—Going the Distance to Put People First,"¹⁴⁵⁹ which the court found "a bald assertion of superiority—a general, subjective claim that lacks concrete measurability";¹⁴⁶⁰ (2) Uber's claim to "aim to go above and beyond local requirements to ensure your comfort and security,"¹⁴⁶¹ deemed nonactionable because it constituted "aspirational language, which prevents a reasonable consumer from relying upon it as a statement of fact";¹⁴⁶² (3) the assertion in the "Safety" section of Uber's website that "[w]herever you are around the world, Uber is committed to connecting you to the safest ride on the road,"¹⁴⁶³ of which the court noted that "[t]he massive scope of an advertising statement about safety that extends to anywhere 'around the world' clearly goes beyond reasonable empirical verification; the statement is not capable of being adjudged true or false";¹⁴⁶⁴ (4) the banner headline "BACKGROUND CHECKS YOU CAN TRUST,"¹⁴⁶⁵ which did not "purport to make any representations about why Uber's background checks should be trusted, [so that] a reasonable customer would not be likely to read that statement and place their trust in that claim";¹⁴⁶⁶ (5) a post on Uber's blog by former New York mayor Rudolph Giuliani stating "I am pleased to say that in my opinion and that of my safety consulting team at Giuliani Partners and our partners at Guidepost Solutions, Uber is setting the safety standard in the ride-sourcing industry,"¹⁴⁶⁷

1457. *Id.* at 863.

1458. *See* Greater Houston Transp. Co. v. Uber Techs., Inc., 155 F. Supp. 3d 670 (S.D. Tex. 2015).

1459. *Quoted in id.* at 683.

1460. *Id.*

1461. *Quoted in id.*

1462. *Id.*

1463. *Quoted in id.* at 684.

1464. *Id.*

1465. *Quoted in id.*

1466. *Id.*

1467. *Quoted in id.* at 685.

which was clearly labeled as the opinion of a third party;¹⁴⁶⁸ and (6) a public apology by Uber for hiring a convicted felon.¹⁴⁶⁹

At the same time, however, the court refused to dismiss the plaintiffs' challenge to certain other promotional statements by Uber. Those included: (1) a blog post asserting that "[u]nlike the taxi industry, our background checking process and standards are consistent across the United States and often more rigorous than what is required to become a taxi driver,"¹⁴⁷⁰ which the court found was "clearly intended to lead and could lead a reasonable consumer to believe that an Uber ride is objectively and measurably safer than a taxi ride" and which therefore "could be a false or misleading statement of fact if found to be an inaccurate description of Uber's background checks as compared to those performed by taxi companies";¹⁴⁷¹ (2) Uber's explanation of its "safe rides fee," a statement that "could be perceived by consumers to be a specific and measurable assertion of Uber's financial commitment to use this fee for safety improvements, and thereby, potentially misleading";¹⁴⁷² and (3) various quotes attributed to Uber personnel in third-party media touting the safety of its services.¹⁴⁷³ The plaintiffs' challenges to those statements therefore survived the pleadings stage.

Finally, the denial of a motion to dismiss in its entirety occurred in a row between two manufacturers of fuel dispensing filters.¹⁴⁷⁴ The motion targeted a false advertising-based challenge to the counterclaim defendant's representations that "[o]nly [the counterclaim defendant's] filters are rigorously tested in the world's most extensive dispenser-filter research-and-development facility."¹⁴⁷⁵ As the court summarized its argument, the counterclaim defendant maintained that "the 'world's most extensive' description is not a specific factual assertion, lacks any quantification and no reasonable buyer would rely on the statement when deciding whether to purchase [the counterclaim defendant's] filters or not."¹⁴⁷⁶ The flaw in that argument, the court concluded, was its failure to take into account the degree of detail set forth in the counterclaim. Specifically, that pleading averred the existence of "an independent facility (Underwriters Laboratories) that tests fuel dispensing filters, so there is a

1468. *Id.*

1469. *Id.* at 695.

1470. *Quoted in id.* at 686.

1471. *Id.*

1472. *Id.* at 687.

1473. *Id.* at 692-96.

1474. *See* *Champion Labs. v. Cent. Ill. Mfg. Co.*, 157 F. Supp. 3d 759 (N.D. Ill. 2016).

1475. *Quoted in id.* at 762.

1476. *Id.* at 763.

plausible factual issue as to whether purchasers might misunderstand [the counterclaim defendant's] statement about the 'world's most extensive dispenser-filter research-and-development facility' as trumpeting accolades it received from a third-party or independent organization for [its] filters."¹⁴⁷⁷ The court therefore could not conclude as a matter of law at the pleadings stage that the counterclaim defendant's claim constituted mere puffery.¹⁴⁷⁸

(B) Actionable Commercial Advertising and Promotion

(1) Opinions Finding Actionable Commercial Advertising and Promotion

The market for ethically sourced eggs produced an opinion addressing the question of when an e-mail barrage can constitute actionable advertising and promotion.¹⁴⁷⁹ The defendant owned the registered CERTIFIED HUMANE certification mark, which was registered for "meats, poultry, eggs and dairy,"¹⁴⁸⁰ while the plaintiff was an egg producer that had chosen to pursue certification from competitors of the defendant. When an inspector for the defendant concluded the plaintiff's certification from the competing certifiers had lapsed, the defendant's executive director sent an e-mail reporting that conclusion "to 69 individuals employed at 39 companies, including the top 10 conventional grocery chains in the United States."¹⁴⁸¹ The e-mail also contained the following solicitation: "I hope you will reconsider changing suppliers. Producers who are Certified Humane® undergo traceability audits to verify that every egg that goes in every carton that has claims such as 'free range' or 'pasture raised' are verified by our inspectors to be exactly that. This in turn protects you."¹⁴⁸² The result was a precipitous drop off in the business the plaintiff received from recipients of the e-mail.

In fact, however, the plaintiff's certification from the other providers had never lapsed, and the e-mail's statement to the contrary triggered a false advertising lawsuit accompanied by a motion for a preliminary injunction. In granting the motion, the court rejected the defendant's argument the e-mail did not constitute actionable commercial advertising and promotion by

1477. *Id.*

1478. *Id.*

1479. See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

1480. U.S. Reg. No. 3707871 (issued Nov. 10, 2009).

1481. *Handsome Brook Farm*, 193 F. Supp. 3d at 565.

1482. *Quoted in id.*

applying the four-part test originating in *Gordon & Breach Science Publishers v. American Institute of Physics*,¹⁴⁸³ which holds that:

[C]ommercial advertising or promotion must be (1) commercial speech; (2) by a defendant who is in commercial competition with the plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services and the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute "advertising" or "promotion" within that industry.¹⁴⁸⁴

Citing the Supreme Court's rejection of direct competition as a prerequisite for standing under Section 43(a) in *Lexmark v. International, Inc. v. Static Control Components, Inc.*,¹⁴⁸⁵ the court disposed of the second of the *Gordon* requirements by holding it defunct.¹⁴⁸⁶ Of the remaining factors, the first weighed in the plaintiff's favor in significant part because the defendant collected licensing fees from egg suppliers availing themselves of the defendant's certification services.¹⁴⁸⁷ With respect to the third requirement, the court determined from the summary judgment record that "Defendant has an economic interest in promoting the communicative value of that license so as to incentivize more producers to enter into its certification program and to drive consumer demand toward current licensees, all of which will lead to more fees for [Defendant],"¹⁴⁸⁸ and, indeed, the defendant's executive director had admitted "she intentionally sent the email to major commercial retailers to influence their purchasing decisions."¹⁴⁸⁹ Finally, "[t]he identity and number of email recipients clearly demonstrates an attempt to penetrate the relevant market, which is all that is required under the fourth *Gordon* factor."¹⁴⁹⁰

(2) Opinions Declining to Find Actionable Commercial Advertising and Promotion

In a case presenting an unsurprising outcome, the lead plaintiff was a physician who treated patients with "unmet medical needs"¹⁴⁹¹ by using an anti-inflammatory pharmaceutical

1483. 859 F. Supp. 1521 (S.D.N.Y. 1984).

1484. *Handsome Brook Farm*, 193 F. Supp. 3d at 567 (citing *Gordon & Breach Science Publishers*, 859 F. Supp. at 1535-36).

1485. 134 S. Ct. 1377 (2014).

1486. *Handsome Brook Farm*, 193 F. Supp. 3d at 567.

1487. *Id.* at 568.

1488. *Id.* at 571.

1489. *Id.* at 570-71.

1490. *Id.* at 572.

1491. *Quoted in Tobinick v. Novella*, 142 F. Supp. 3d 1275, 1278 (S.D. Fla. 2015).

preparation for some of the preparation's off-label indications. He challenged two articles published by the defendant (another physician), which discussed the viability of his treatments, the scientific literature discussing those treatments, and the size and locations of two institutes operated by the plaintiff; one of the articles also described the plaintiff's practices as "health fraud."¹⁴⁹² In the process, he argued the articles constituted actionable false advertising, but the Florida federal district court assigned to the case found they did not under the Eleventh Circuit's framework for evaluating the issue.¹⁴⁹³

In order for representations to constitute "commercial advertising or promotion" under [Section 43(a)(1)(B)], they must be: (1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services. While the representations need not be made in a "classic advertising campaign," but may consist instead of more informal types of "promotion," the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute "advertising" or "promotion" within that industry.¹⁴⁹⁴

Granting a defense motion for summary judgment, the court applied the Supreme Court's tests for commercial speech in *Central Hudson Gas & Electric Corp. v. Public Service Commission of New York*¹⁴⁹⁵ and *Bolger v. Youngs Drug Products Corp.*¹⁴⁹⁶ to find as a matter of law the articles did not constitute commercial speech within the first prong of the test. Specifically, they failed to satisfy *Central Hudson* because, rather than proposing a commercial transaction, "[b]oth articles clearly state their intent to raise public awareness about issues pertaining to [the plaintiffs'] treatments."¹⁴⁹⁷ They also could not be considered actionable commercial speech under *Bolger* because: (1) they were not advertisements;¹⁴⁹⁸ (2) the only services they mentioned were those of the plaintiffs;¹⁴⁹⁹ and (3) although they appeared on a for-profit website allegedly operated by the defendant, "even if [the defendant] directly earns money from an organization sponsoring or producing the speech, this alone would not make the speech

1492. Quoted in *id.*

1493. See *Suntree Techs., Inc. v. Ecosense Int'l, Inc.*, 693 F.3d 1338, 1349 (11th Cir. 2012).

1494. *Tobinick*, 142 F. Supp. 3d at 1278 (quoting *Gordon & Breach Sci. Publishers S.A. v. Am. Inst. of Physics*, 859 F. Supp. 1521, 1535-36 (S.D.N.Y. 1994)).

1495. 447 U.S. 557 (1980).

1496. 463 U.S. 60 (1983).

1497. *Tobinick*, 142 F. Supp. 3d at 1281.

1498. *Id.*

1499. *Id.*

commercial.”¹⁵⁰⁰ The defendant therefore was entitled to summary judgment of nonliability under the plaintiffs’ federal false advertising claim, as well as their substantively identical claim under Florida unfair competition law.¹⁵⁰¹

Statements by representatives of ride-sharing service Uber appearing in third-party media also proved nonactionable under the Ninth Circuit’s test for commercial advertising and promotion.¹⁵⁰² As the court noted, “the challenged statements are one part of longer independent articles that are largely critical of Uber,” especially of Uber’s safety record.¹⁵⁰³ That circumstance, the court held, entitled Uber to the dismissal of the plaintiffs’ challenge to those statements:

Each article discusses whether using Uber is safe, and each includes responsive statements from an Uber representative. Because the challenged statements are inextricably intertwined with the reporters’ coverage of a matter of public concern, i.e. whether Uber is safe for riders, they cannot constitute commercial speech actionable under the Lanham Act.¹⁵⁰⁴

A Colorado federal district court took the opportunity to dispose of allegations of commercial advertising and promotion at the summary judgment stage.¹⁵⁰⁵ The plaintiff’s complaint was replete with averments the defendants had created false stories and testimonials touting the defendants’ competitive business (and featuring links to its website), which the defendants planted throughout the Internet. The defendants argued their planted material could not constitute false advertising because it was not intended to be read by humans; instead, the defendants argued, the material was intended only to influence the application of

1500. *Id.* at 1282.

1501. *Id.* at 1282-83.

1502. The court applying that test summarized it in the following manner:

To constitute commercial advertising or promotion under the Lanham Act, a representation must be:

- 1) commercial speech; 2) by a defendant who is in commercial competition with plaintiff; 3) for the purpose of influencing customers to buy defendant’s goods or services. While the representations need not be made in a classic advertising campaign, but may consist instead of more informal types of promotion, the representations 4) must be disseminated sufficiently to the relevant purchasing public to constitute advertising or promotion within that industry.

L.A. Taxi Coop., Inc. v. Uber Techs., Inc., 114 F. Supp. 3d 852, 863 (N.D. Cal. 2015) (quoting *Rice v. Fox Broad. Co.*, 330 F.3d 1170, 1181 (9th Cir. 2003)) (internal quotation marks omitted).

1503. *Id.* at 864.

1504. *Id.* (internal quotation marks omitted).

1505. *See Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158 (D. Colo. 2015).

search company algorithms. The court applied the Tenth Circuit's test for commercial advertising and promotion and agreed:

To constitute "commercial advertising or promotion" under the Lanham Act, a factual representation must have four characteristics: (i) it must be "commercial speech"; (ii) it must be made by (or on behalf of) a defendant who is in commercial competition with the party asserting the Lanham Act violation; (iii) it must be "for the purposes of influencing consumers to buy defendant's goods or services" (whether part of a "classic advertising campaign" or in "more informal types of 'promotion'"); and (iv) it must be disseminated sufficiently to the relevant purchasing public to constitute advertising or promotion within that industry.¹⁵⁰⁶

The plaintiff's case foundered on the last of these requirements. Despite the benefit of discovery, the plaintiff failed to adduce evidence or testimony that the defendants' promotional practices "reached sufficient numbers of customers of steel buildings to permit the conclusion that it was 'advertising.'"¹⁵⁰⁷ As a consequence, the defendants' motion was well-taken.¹⁵⁰⁸

Prior to a federal lawsuit brought in New York by the owners of paintings that may or may not have been made by deceased artist Keith Haring against a foundation to which the majority of Haring's works had been bequeathed and the foundation's employees, the defendants sued the plaintiffs in Florida state court and issued a press release characterizing the plaintiffs' paintings as fakes.¹⁵⁰⁹ The Florida complaint and press release underlay the plaintiffs' allegations of false advertising against the defendants, but the federal court accepted the argument in a defense motion to dismiss that the statements in those documents were not actionable. It applied a tripartite test to reach this conclusion:

To constitute commercial advertising or promotion under the Lanham Act, a statement must be: "(1) commercial speech, (2) made for the purpose of influencing consumers to buy defendant's goods or services, and (3) although representations less formal than those made as part of a classic advertising campaign may suffice, they must be disseminated sufficiently to the relevant purchasing public."¹⁵¹⁰

1506. *Id.* at 1172 (quoting *Proctor & Gamble Co. v. Haugen*, 222 F.3d 1262, 1273–74 (10th Cir. 2000)).

1507. *Id.* at 1175.

1508. *Id.*

1509. See *Bilinski v. Keith Haring Found.*, 96 F. Supp. 3d 35 (S.D.N.Y. 2015), *aff'd*, 632 F. App'x 637 (2d Cir. 2016).

1510. *Id.* at 47 (quoting *Gmurzynska v. Hutton*, 355 F.3d 206, 210 (2d Cir. 2004)).

The second of these requirements proved fatal to the plaintiff's cause of action, for, as the court concluded, their complaint "fails to allege a sufficient connection between either the Press Release or Miami Complaint and a proposed commercial transaction and thus fails to allege the essential elements of a Lanham Act violation."¹⁵¹¹

Finally, a dismissal for failure to state a claim also resulted in a case against a producer of genetically modified corn seed, the salient traits of which inadvertently entered the nation's corn supply and which resulted in a ban on the importation into China of United States corn featuring those traits.¹⁵¹² The defendant's allegedly false representations about its corn took place in a number of media, namely: (1) a petition to the U.S. Department of Agriculture seeking the deregulation of the corn, in which the defendant represented that, inter alia, deregulation would not adversely affect export markets for U.S. corn; (2) an earnings conference call with investors in which an executive of the defendant optimistically predicted the Chinese government would lift a ban on corn with the genetic modifications introduced by the defendant; and (3) a "request form for Bio-Safety certificates issued by the Chinese government," which were allegedly insufficient to permit importation.¹⁵¹³ None of these, the court held, could be construed as intended to influence consumers' choices;¹⁵¹⁴ moreover, none was disseminated widely enough to have reached consumers in the first place.¹⁵¹⁵

1511. *Id.*

1512. *See In re Syngenta AG MIR 162 Corn Litig.*, 131 F. Supp. 3d 1177 (D. Kan. 2015).

1513. *Id.* at 1224-27.

1514. *Id.* at 1225 ("[R]epresentations intended to influence government action are not generally intended to influence customers."); *id.* at 1226 ("One would not ordinarily expect a quarterly earning call to be made for the purpose of influencing customers . . ."); *id.* at 1227 ("[T]he complaints do not state a plausible claim that statements in the [request] form were intended to influence [the defendant's] customers to buy seed from [the defendant].").

1515. *Id.* at 1226 ("Without additional facts . . . , it is not plausible to infer that statements in a regulatory petition that is available—but not necessarily affirmatively distributed to anyone—were sufficiently disseminated to constitute promotion or advertising."); *id.* at 1226 ("[T]here is no basis for a plausible inference that [the defendant's executive's] statement [on the earnings call] was sufficiently disseminated to the public. Plaintiffs note that the transcript was available on the internet, but plaintiffs have not cited any authority to suggest that public *availability* may equate with *dissemination* to the public for this purpose."); *id.* at 1227 ("[A]lthough plaintiffs allege 'distribution' of the [request] form . . . , the complaints do not state a plausible claim that the form was sufficiently disseminated among (and not just available to) the relevant segment of the public, namely [the defendant's] customers.").

(3) Opinions Deferring Resolution of the Actionable-Commercial-Advertising-and-Promotion Inquiry

In an appeal from the dismissal of a false advertising cause of action for failure to state a claim, the Sixth Circuit addressed the issue of whether the dissemination of an e-mail inaccurately asserting the parties were “partnering” with each other—in reality, the defendants were attempting to poach the plaintiffs’ clients—constituted actionable commercial advertising and promotion.¹⁵¹⁶ That the challenged e-mail went to twenty-two recipients led the district court to answer the question in the negative, but the Sixth Circuit declined to reach the same conclusion. Adopting a doctrinal test on the issue for the first time, the appellate court held:

We . . . define “commercial advertising or promotion” as: (1) commercial speech; (2) for the purpose of influencing customers to buy the defendant’s goods or services; (3) that is disseminated either widely enough to the relevant purchasing public to constitute advertising or promotion within that industry or to a substantial portion of the plaintiffs’ or defendant’s existing customer or client base.¹⁵¹⁷

It then held that the challenged e-mail “fits squarely within this definition of ‘commercial promotion.’”¹⁵¹⁸ In particular, “[a]s Plaintiffs plead in their Complaint, this e-mail represented the culmination of a plan to move the [plaintiffs’] clients to [the defendants], and intended to induce them into transferring their business.”¹⁵¹⁹

The denial in whole or in part of some motions to dismiss did not produce reported opinions on appeal. One such unsuccessful motion came in an action challenging Uber’s representations of the safety of its ride-sharing service.¹⁵²⁰ Several such representations appeared on a website accessible via a link in electronic receipts e-mailed to consumers. Because the receipts documented transactions that already had taken place, Uber argued neither they nor the website accessible through them proposed transactions or influenced consumers to purchase Uber’s services in the future. Reading the complaint in the light most favorable to the plaintiffs, the court disagreed. To the contrary, it concluded, the website’s references to Uber’s “continued efforts” to increase the safety of its platform and its explanation of a “Safe Rides Fee” consumers could expect to see on their receipts on a going-forward

1516. See *Grubbs v. Sheakley Grp.*, 807 F.3d 785 (6th Cir. 2015).

1517. *Id.* at 801.

1518. *Id.* at 802.

1519. *Id.* at 801-02.

1520. See *L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852 (N.D. Cal. 2015).

basis “demonstrat[e] Uber’s expectation that customers will ride again.”¹⁵²¹ Uber’s motion to dismiss therefore failed as to those representations.¹⁵²²

Uber similarly failed to secure the dismissal of another set of claims against it in a separate suit.¹⁵²³ The allegedly false advertising at issue consisted of quotations in third-party media articles bearing on the safety of Uber’s services, which Uber argued did not constitute actionable commercial advertising and promotion. The court declined to grant Uber’s motion to dismiss, holding that the statements could be actionable if the plaintiffs could demonstrate the statements were: “(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services; and (4) disseminated sufficiently to the relevant purchasing public to constitute ‘advertising’ or ‘promotion’ within that industry.”¹⁵²⁴ The key findings in the court’s denial of Uber’s motion were the court’s determinations under the first factor that “[b]ecause Uber’s statements as a whole are issued with the intent to influence consumer opinion, they thereby become commercial speech even though they were contained in news media”¹⁵²⁵ and under the fourth factor that “[t]he statements were available on the internet for general public consumption, and Plaintiffs have therefore adequately pleaded that the statements were disseminated sufficiently to the relevant purchasing public.”¹⁵²⁶

A similar stalemate took place in a case lodged in a Colorado federal district court.¹⁵²⁷ The parties competed in the steel business, and hostilities between them erupted after the defendants established a website featuring negative comments about the plaintiff allegedly originating with consumers. The defendants sought to escape liability by arguing in a summary judgment motion their site was a nonactionable “gripe site,” rather than commercial advertising and promotion within the scope of Section 43(a), but their motion fell short. As the court pointed out, “[t]his argument might have merit if [the corporate defendant] were not a direct competitor of [the plaintiff]; in such circumstances, [the corporate defendant’s] criticism of [the

1521. *Id.* at 865.

1522. *Id.* at 865-66.

1523. *See* Greater Houston Transp. Co. v. Uber Techs., Inc., 155 F. Supp. 3d 670 (S.D. Tex. 2015).

1524. *Id.* at 690.

1525. *Id.* at 691.

1526. *Id.* at 692.

1527. *See* Gen. Steel Domestic Sales, LLC v. Chumley, 129 F. Supp. 3d 1158 (D. Colo. 2015).

plaintiff] would be divorced from the goods and services it offered for sale and unmotivated by any commercial interest.”¹⁵²⁸

It is apparent that the website was purposefully directed at putative consumers of [the plaintiff], that it was intended to discourage those persons from patronizing [the plaintiff] in particular (although not to discourage them from purchasing [the goods sold by both parties]), and, at least implicitly, encouraging them to purchase from a different seller . . . instead. In the circumstances presented here, this is sufficient to constitute commercial advertising for purposes of the Lanham Act.¹⁵²⁹

(C) *Falsity*

With apparent unanimity, courts recognized two ways in which a plaintiff could demonstrate the falsity of a challenged representation: “First, a ‘plaintiff can demonstrate that the challenged advertisement is literally false, i.e., false on its face.’”¹⁵³⁰ “Alternatively, a plaintiff can show that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.’ Such an implicit falsity claim requires ‘a comparison of the impression [left by the statement], rather than the statement [itself], with the truth.’”¹⁵³¹

(1) Opinions Finding Falsity

Other than in litigation in which defendants conceded the issue,¹⁵³² findings of falsity were few and far between. Nevertheless, an e-mail blast from the defendant, an egg certifier,

^{1528.} *Id.* at 1184.

^{1529.} *Id.* at 1184-85.

^{1530.} *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 63 (2d Cir. 2016) (quoting *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 153 (2d Cir. 2007)); *accord* *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 992 (D. Minn.), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016); *Greater Houston Transp. Co. v. Uber Techs., Inc.*, 155 F. Supp. 3d 670, 699 (S.D. Tex. 2015); *Riverdale Mills Corp. v. Cavatorta N. Am., Inc.*, 146 F. Supp. 3d 356, 361 (D. Mass. 2015); *Serv. Jewelry Repair, Inc. v. Cumulus Broad., LLC*, 145 F. Supp. 3d 737, 746 (M.D. Tenn. 2015); *N.J. Physicians United Reciprocal Exch. v. Boynton & Boynton, Inc.*, 141 F. Supp. 3d 298, 307 (D.N.J. 2015); *Right Field Rooftops, LLC v. Chicago Cubs Baseball Club, LLC*, 136 F. Supp. 3d 911, 918 (N.D. Ill. 2015); *L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852, 860 (N.D. Cal. 2015).

^{1531.} *Id.* (alteration in original) (quoting *Time Warner Cable*, 497 F.3d at 153); *accord* *Dryer v. Nat’l Football League*, 814 F.3d 938, 944 (8th Cir. 2016); *Select Comfort*, 156 F. Supp. 3d at 992; *Greater Houston Transp. Co.*, 155 F. Supp. 3d at 699; *Riverdale Mills Corp.*, 146 F. Supp. 3d at 361; *Serv. Jewelry Repair*, 145 F. Supp. 3d at 746; *Right Field Rooftops*, 136 F. Supp. 3d at 918; *Synogy, Inc. v. ZS Assocs.*, 110 F. Supp. 3d 602, 622 (E.D. Pa. 2015); *L.A. Taxi Coop.*, 114 F. Supp. 3d at 860.

^{1532.} *See, e.g., Riverdale Mills Corp.*, 146 F. Supp. 3d at 361 (finding falsity based on defendant’s concession).

to egg purchasers for major grocery stores across the country hatched a number of findings of falsity as a matter of law in a case before a Virginia federal district court.¹⁵³³ While inspecting a third-party packaging facility, an inspector for the defendant incorrectly reported to her employer the plaintiff's eggs lacked the certification (from other certifiers) the plaintiff claimed for them. The defendant's executive director responded to the report by e-mailing a large number of grocery chains setting forth her spin on the perceived status of the plaintiff's eggs and encouraging recipients to purchase eggs only from providers certified by the defendant to use the defendant's CERTIFIED HUMANE mark. The e-mail recited that:

I am writing you to share some potentially troubling news about one of your egg suppliers, [the plaintiff]. Based upon a whistleblower complaint we recently conducted a traceability inspection of a packaging plant that packs Certified Humane® eggs and also packs [the plaintiff's] eggs. It came to our attention that the "Pasture Raised" claims on the [plaintiff's] cartons could not be verified. In fact, of the three producers whose eggs were being packed into [the plaintiff's] cartons, none were pasture raised. These eggs had tags that stated, "Certified Organic" but our auditors found that the organic certification was not current.¹⁵³⁴

In the ensuing lawsuit, the court determined from the preliminary injunction record that the plaintiff's eggs met the "pasture raised" standards of the American Humane Association.¹⁵³⁵ So too was it beyond material dispute that the origins of the e-mail lay not with "a whistleblower complaint" but instead with the defendant's inspector.¹⁵³⁶ Finally, the U.S. Department of Agriculture indeed had certified the plaintiff's eggs as organic, and documentation of that certification was on file with the third-party packager at the time of the defendant's inspector's visit.¹⁵³⁷ "In sum," the court concluded, "the email contained several false or misleading statements of fact within a commercial advertisement or promotion."¹⁵³⁸

A different finding of falsity came in a suit by a pair of plaintiffs in the home security industry against competitors whose sales personnel approached customers of the plaintiff and

1533. See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

1534. *Quoted in id.* at 564-65.

1535. *Id.* at 572-73.

1536. *Id.* at 573.

1537. *Id.*

1538. *Id.*

repeatedly used the words “upgrade” and “update.”¹⁵³⁹ According to the court’s reading of the preliminary injunction record, “[c]ustomers report that this practice confused them, as they inferred this meant the sales associate was affiliated with [the plaintiffs].”¹⁵⁴⁰ This sufficed for the court to find the plaintiffs entitled to interlocutory relief because the defendants’ promotional practices, although perhaps literally true, were nevertheless misleading in context: “Showing a knowledge of the pre-existing security alarm system and referencing the alarm system as needing an upgrade leads a rational person to conclude that the salesperson is in some way affiliated with the pre-existing alarm service provider.”¹⁵⁴¹

(2) Opinions Declining to Find Falsity

A number of opinions demonstrated the difficulty in proving literal falsity. For example, in affirming the grant of summary judgment to a defendant in a suit between competing pharmaceutical manufacturers, a Second Circuit opinion noted:

One kind of literally false claim is a claim of test-proven superiority. The premise is that the “defendant’s ad[vertisement] explicitly or implicitly represents that tests or studies prove its product superior” and “plaintiff satisfies its burden by showing that the tests did not establish the proposition for which they were cited.”¹⁵⁴²

The disputed advertising at issue involved suggestions by the defendant’s sales personnel that the defendant’s preparation enjoyed greater dosing flexibility and was associated with diminished somnolence vis-à-vis the plaintiff’s preparation. The flaw in the plaintiff’s theory of literal falsity under the test quoted immediately above, the appellate court held, was “[the plaintiff] proffers no evidence that sales representatives referred to tests or studies when they discussed the potential of [the defendant’s preparation] to reduce somnolence. At most, [the defendant’s] representatives used [certain of the challenged advertising] as a tool to aid their reduced somnolence pitch.”¹⁵⁴³ Because of that evidentiary failure, “[i]t is immaterial that no study has shown a reduction in somnolence associated with [the defendant’s preparation]”¹⁵⁴⁴

1539. *See* ADT, LLC v. Capital Connect, Inc., 145 F. Supp. 3d 671 (N.D. Tex. 2015).

1540. *Id.* at 693.

1541. *Id.*

1542. *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 63 (2d Cir. 2016) (alterations in original) (quoting *Castrol, Inc. v. Quaker State Corp.*, 977 F.2d 57, 63 (2d Cir. 1992)).

1543. *Id.* at 65.

1544. *Id.* at 66.

The plaintiff's problems on appeal did not end there. Taking issue with images of the sun and the moon on the cover of a separate promotional brochure distributed by the defendant, the plaintiff argued the images communicated the message the defendant's preparation was equally effective during the day and at night. The court rejected this theory because, as it explained, "[t]his conclusion is plausible, but it is not *unambiguous*, especially because the cover never mentions somnolence."¹⁵⁴⁵ Under the circumstances, the district court had not erred by refusing to consider the brochure along with additional marketing documents produced by the defendant: "[T]he relevant context of the advertisement is the overall message conveyed by the brochure. The district court was not required to consider external marketing documents."¹⁵⁴⁶

Holdings of nonliability as a matter of law came in other disputes, including one in which the plaintiff ill-advisedly cast its claim as one for false advertising, rather than for trademark infringement.¹⁵⁴⁷ The plaintiff claimed to own the PARKS mark for sausages and other food products, while the defendants sold "super-premium" frankfurters under the BALL PARK mark. The subject of the plaintiff's challenge was the appearance of the words "Park's Finest" on the defendants' packaging and in its advertising. The court declined to accept the plaintiff's claim the words somehow constituted literally false advertising:

Even a consumer who is familiar with the "Parks" brand would not inevitably come away with the impression that the "Park's" in "Park's Finest" was a reference to rather than to Defendants' "Ball Park" brand, given that the "Ball Park" name is directly integrated into both the Park's Finest wordmark and the script of the advertisements. Because the Park's Finest name is, at the least, susceptible to several plausible meanings, . . . Defendants' advertisements [are] not literally false.¹⁵⁴⁸

A claim of literally false advertising similarly fell short of the mark in a case between competing producers of compiled databases.¹⁵⁴⁹ The defendants' promotional material claimed the information in its databases was "verified," a representation the plaintiffs challenged because their research demonstrated some of that information consisted of deliberately fictitious "plants" previously appearing in the plaintiffs' databases. Despite that circumstance, it was undisputed the defendants had a verification

1545. *Id.* at 67.

1546. *Id.*

1547. *See Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405 (E.D. Pa. 2016).

1548. *Id.* at 416.

1549. *See Infogroup, Inc. v. Database LLC*, 95 F. Supp. 3d 1170 (D. Neb. 2015).

process in place, and that proved the key to their defeat of the plaintiffs' motion for a preliminary injunction. As far as the plaintiffs' allegation of literal falsity was concerned, the court found the context in which the disputed advertising appeared "is inconsistent with any implication that every listing—even 'verified' listings—are guaranteed to be completely accurate,"¹⁵⁵⁰ especially because one of the plaintiffs' own exemplars of the advertising referred to the defendants' "95% Accurate, Triple-Verified Database."¹⁵⁵¹

So too did a finding of nonliability come in a lawsuit brought by a jewelry retailer against its former advertising partner, a radio station.¹⁵⁵² At a better point in the parties' relationship, the jeweler had purchased advertising from the station calling into question the business practices of a competitor of the jeweler. The competitor, which also advertised on the station, procured a series of apologies in which one of the station's personalities (who had participated in the earlier round of advertising) represented he had not known his prior statements were "untrue or unfair."¹⁵⁵³ Upset with the apologies, the jeweler sued the station, characterizing these references as false advertising. In granting the station's motion for summary judgment, the court rejected the jeweler's argument that a reasonable jury could find the personality's latter-day statements literally false. On the one hand, the court concluded from the summary judgment record that "a listener could understand this language to mean that the statements about [the third-party competitor] attributed to [the jeweler] were, in fact, untrue."¹⁵⁵⁴ On the other hand, however, "[a] listener could also understand this language to mean . . . that [the personality] simply did not know whether his statements about [the third-party competitor] were untrue, whether they were only unfair, or whether they were both untrue and unfair."¹⁵⁵⁵ Because of this ambiguity, the statements were misleading in context at best.¹⁵⁵⁶

Some courts paid scant attention to the distinction between literally false advertising and literally true but misleading advertising. These included a Connecticut federal district court, which dismissed allegations of falsity stemming from Uber's

1550. *Id.* at 1186.

1551. *Quoted in id.*

1552. *See Serv. Jewelry Repair, Inc. v. Cumulus Broad., LLC*, 145 F. Supp. 3d 737 (M.D. Tenn. 2015).

1553. *Quoted in id.* at 747.

1554. *Id.*

1555. *Id.*

1556. *Id.*

operation of its ride-sharing services in the state.¹⁵⁵⁷ The plaintiffs alleged Uber had misrepresented to consumers the legality of Uber's services under Connecticut's taxicab and livery regulations, but the court held those allegations turned on open questions of Connecticut law, which rendered the plaintiffs' claims fatally nonactionable.¹⁵⁵⁸ It then simply disposed of a number of other averments in the complaint because the plaintiffs had failed to explain why that advertising might be false.¹⁵⁵⁹

A case before a New York federal district court presented failed claims of falsity by both sides.¹⁵⁶⁰ The parties competed in the telecommunications industry, and the plaintiffs objected to the defendants' claims to provide the "Fastest WiFi" service available. In support of their preliminary injunction motion, the plaintiffs argued, as summarized by the court, that "as a technical matter, WiFi speed relates to the performance speed of a router rather than the actual speed at which consumers can connect to the Internet."¹⁵⁶¹ To the contrary, the court found, "persuasive evidence of record—including [the plaintiffs'] own documents—clearly demonstrates that in common parlance, consumers understand WiFi to refer to a wireless connection to the Internet. Thus, having the 'fastest WiFi' would commonly be interpreted to refer to the speed of a wireless Internet connection."¹⁵⁶² In the final analysis, "given that the Court finds that [the plaintiffs] cannot demonstrate a likelihood of success on the question of whether the 'Fastest WiFi' claim is literally or implicitly false, preliminary relief is unwarranted."¹⁵⁶³

Nevertheless, the defendants' success in defeating the plaintiffs' preliminary injunction motion did not extend to their own bid for the same relief against the plaintiffs' own allegedly false advertising. One basis for the defendants' counterclaim was advertising representing that the plaintiffs' subscribers could access a network of 1.1 million hotspots when, in fact, 87% of the hotspots emanated from residential locations. After reviewing expert testimony that residential routers often had ranges extending to streets and sidewalks, the court proved untroubled by the alleged inaccuracy:

Courts have construed streets and sidewalks as "public facilities" in any number of contexts. I see no reason to take a more narrow view of the concept of "public" when evaluating

1557. See *Greenwich Taxi, Inc. v. Uber Techs., Inc.*, 123 F. Supp. 3d 327 (D. Conn. 2015).

1558. *Id.* at 335-36.

1559. *Id.* at 336-39, 340.

1560. See *Cablevision Sys. Corp. v. Verizon N.Y. Inc.*, 119 F. Supp. 3d 39 (E.D.N.Y. 2015).

1561. *Id.* at 50.

1562. *Id.* at 50-51 (citations omitted).

1563. *Id.* at 52-53.

the veracity of [the plaintiffs'] promotions and, as such, I find that [the plaintiffs'] advertisements touting 1.1 million hotspots are neither expressly nor implicitly false.¹⁵⁶⁴

The court similarly disposed of the defendants' challenge to the plaintiffs' promotion of a product as a "smartphone" or "phone," despite the product's inability to access cell coverage (as opposed to WiFi hotspots). As the court found, the product "actually is a 'Motorola Moto-G model smartphone.'"¹⁵⁶⁵ That fact doomed the defendants' claim of literal falsity: "That [the plaintiffs] configure[] the Moto G to function only when connected to WiFi rather than using cell phone towers does not change its essence as a telephone—just as the word 'phone' can be equally applied to cell phones, historical landline telephones or cordless handsets."¹⁵⁶⁶

In a case arising from the sports helmet industry, a group of counterclaim plaintiffs alleged the counterclaim defendant had engaged in literally false advertising by inaccurately representing it possessed a design patent allegedly owned by another party.¹⁵⁶⁷ According to the summary judgment record, the advertisements in question did not actually state the plaintiff owned the patent. Instead, the court found, "they cite the patent number and use phrases such as 'our patented hard visor shell shape,' 'our patented visor shape,' 'our patented integrated cap style visor and hard shell visor,' 'the original visor patent,' or 'the original visor shell patent.'"¹⁵⁶⁸ Moreover, "[i]n one advertisement, the actual patent is shown; however, the patent itself indicates that the inventor is [a third party]."¹⁵⁶⁹ Although these undisputed facts did not necessarily resolve the question of falsity as a matter of law, it also was undisputed that "[the counterclaim defendant] was *authorized* [by the third party] to manufacture products under the patent. . . . If a licensee or other authorized user of a patented product refers to the patent as 'our' patent, that statement is not literally false."¹⁵⁷⁰ As the court explained, "[t]he word 'our,' in reference to property, can refer to ownership (for example, a homeowner referring to the property as 'our house') or a legal right to use it (for example, a renter referring to an apartment as 'our apartment')."¹⁵⁷¹ As a matter of law, therefore, the counterclaim defendant's advertising was not literally false.

1564. *Id.* at 53.

1565. *Id.*

1566. *Id.* at 54.

1567. *See* *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184 (D. Mass. 2015).

1568. *Id.* at 214.

1569. *Id.*

1570. *Id.*

1571. *Id.*

A claim of falsity also fell short in a proceeding before the California Court of Appeal.¹⁵⁷² The plaintiff in that action averred the defendant, a credit card payment process service used by county sheriffs, had improperly suggested it was a government agency: As the court summarized the plaintiff's allegations, "[b]y using words like 'gov' and 'government,' and a capitol dome as its logo, [the defendant] allegedly misleads consumers to believe that it is affiliated with or endorsed by the government."¹⁵⁷³ Another tribunal might have allowed that claim to go forward under an implied-falsity theory, but the court declined to do so. Its reading of the complaint led it to conclude the plaintiff should have styled the disputed cause of action as one for false association under Section 2(a) of the Act,¹⁵⁷⁴ rather than one for false advertising under Section 43(a).¹⁵⁷⁵ The trial court therefore properly had sustained a demurrer to the complaint because "the [complaint] does not state facts which if proven would satisfy the first element of a false advertising claim because it does not identify an allegedly false statement that appeared in defendant's commercial advertisement or promotion."¹⁵⁷⁶

(3) Opinions Deferring Resolution of the Falsity Inquiry

As often as not, courts declined to resolve questions of falsity as a matter of law. One was the Sixth Circuit, which, without explaining into which category of falsity the alleged representations under consideration might fall, reversed a district court's dismissal of a false advertising cause of action for failure to state a claim.¹⁵⁷⁷ According to the plaintiffs, the defendants, including a former employee of the plaintiff, had advised the plaintiffs' customers that "we" were "moving into" the defendants' group of companies, in the process giving the customers a future address in care of the defendants. That was enough for the appellate court to hold the dismissal of the action at the pleadings stage inappropriate.¹⁵⁷⁸

A similar disposition came in an action before a New Jersey federal district court,¹⁵⁷⁹ which held the counterclaim plaintiff

1572. See *Two Jinn, Inc. v. Gov't Payment Serv., Inc.*, 183 Cal. Rptr. 3d 432 (Ct. App. 2015).

1573. *Id.* at 450.

1574. 15 U.S.C. § 1052(a) (2012).

1575. *Two Jinn*, 183 Cal. Rptr. 3d at 450.

1576. *Id.*

1577. See *Grubbs v. Sheakley Grp.*, 807 F.3d 785 (6th Cir. 2015).

1578. *Id.* at 802.

1579. See *N.J. Physicians United Reciprocal Exch. v. Boynton & Boynton, Inc.*, 141 F. Supp. 3d 298 (D.N.J. 2015)

before it was subject to an “intermediate” pleading standard authorized by neither Rule 8 nor Rule 9 of the Federal Rules of Civil Procedure¹⁵⁸⁰ but apparently lying between the two.¹⁵⁸¹ The basis of the counterclaim plaintiff’s false advertising claim was that its insurance broker competitor had misrepresented the competitor’s score from A.M. Best Company, a third-party industry standard setter. The counterclaim plaintiff’s opening pleading failed to identify the employee of the counterclaim defendant making the alleged misrepresentation, but it otherwise identified the recipient of the alleged misrepresentation and “provided a two-month date range, and provided a specific allegation as to the nature of the statement made and why that statement was false.”¹⁵⁸² Based on those details, the court concluded the counterclaim “rises above the level of specificity that other courts have rejected under the intermediate pleading standard for false advertising claims under the Lanham Act.”¹⁵⁸³

Refusals to resolve the question of falsity also took place at the summary judgment stage of litigation.¹⁵⁸⁴ For example, when a group of defendants established a website featuring negative information about the plaintiff and purporting to be “by consumers for consumers,” the plaintiff filed suit, alleging false advertising by

1580. Fed. R. Civ. P. 8 & 9.

1581. The court adopted that standard from another opinion in its district:

[B]ased on [the] fraudulent element necessary in a Lanham Act claim, this Court has applied an “intermediate” pleading requirement to false advertising claims asserted under section 43(a)(1)(B) that imposes a pleading standard between those standard[s] required under Federal Rules of Civil Procedure 8 and 9. This intermediate approach . . . strikes a balance between application and outright rejection of Rule 9(b). The slightly heightened pleading requirement is necessary in Lanham Act claims because, [i]n litigation in which one party is charged with making false statements, it is important that the party charged be provided with sufficiently detailed allegations regarding the nature of the alleged falsehoods to allow him to make a proper defense. Thus, Plaintiff must plead its Lanham Act claims with more particularity than traditional notice pleading under Rule 8 but something less than the specificity of Rule 9.

N.J. Physicians United Reciprocal Exch., 141 F. Supp. 3d at 307-08 (first, second, third, and fifth alterations in original) (quoting *Trans USA Prods. v. Howard Berger Co.*, No. 07-5924, 2008 WL 852324, at *5 (D.N.J. Mar. 28, 2008)).

In contrast, a different court apparently *did* hold a Section 43(a) plaintiff to Rule 9’s higher pleading requirement. *See In re Honey Transshipping Litig.*, 87 F. Supp. 3d 855, 867 (N.D. Ill. 2015) (“The . . . defendants correctly point out that Lanham Act claims sounding in fraud must comport with the heightened pleading standard of Rule 9(b).”). Other courts, however, declined to follow suit. *See, e.g., Greenwich Taxi, Inc. v. Uber Techs., Inc.*, 123 F. Supp. 3d 327, 334 (D. Conn. 2015) (“The pleading standard under Federal Rule of Civil Procedure 8 applies to false advertising claims.”).

1582. *N.J. Physicians United Reciprocal Exch.*, 141 F. Supp. 3d at 308.

1583. *Id.*

1584. *See, e.g., Synogy, Inc. v. ZS Assocs.*, 110 F. Supp. 3d 602, 624 (E.D. Pa. 2015) (declining, without extended analysis, to resolve issue of literal falsity at summary judgment stage).

the defendants.¹⁵⁸⁵ Although the defendants moved the court for summary judgment, the record contained “ample evidence” that they, rather than consumers, had generated the site’s content.¹⁵⁸⁶ That showing by the plaintiff was sufficient to defeat the defendants’ motion as to the “by consumers” representation,¹⁵⁸⁷ and the parties’ joint failure to brief the issue of the falsity of the remaining statements on the defendants’ site in coherent fashion precluded the entry of summary judgment as to those.¹⁵⁸⁸

Factual disputes also derailed a defense motion for summary judgment by ride-sharing service Uber Technologies, which a group of taxi cab operators had accused of overstating its safety record.¹⁵⁸⁹ Although it screened its drivers, it was undisputed Uber did not check their fingerprints. That allowed the plaintiffs to respond to Uber’s motion with “expert testimony and official reports” questioning the superiority of Uber’s procedures. The court found particularly probative an expert declaration from a former Deputy Director of the Department of Homeland Security that background checks employing fingerprinting were inherently superior to those not doing so. If true, the court concluded, that assertion “would directly attack the veracity of Uber’s promotion of its safety and background checks as a whole, because no statement of relative safety or of the superiority of Uber’s background checks could be true if a trier of fact found that Uber employs fundamentally inferior background check and safety practices.”¹⁵⁹⁰ Coupled with the plaintiffs’ citations to “studies delineating inferior practices by Uber’s background check service,” the testimony sufficiently created a factual dispute as to preclude entry of summary judgment in Uber’s favor.¹⁵⁹¹

ii. Actual or Likely Deception

Courts addressed the issue of whether challenged advertising deceived, or was likely to deceive, the relevant audience under several rubrics. Under one, literally false advertising was presumed to deceive consumers; consequently, a plaintiff able to demonstrate literal falsity need do nothing more to carry its

1585. *See* Gen. Steel Domestic Sales, LLC v. Chumley, 129 F. Supp. 3d 1158, 1182 (D. Colo. 2015).

1586. *Id.* at 1183.

1587. *Id.*

1588. *Id.* at 1183-84.

1589. *See* Greater Houston Transp. Co. v. Uber Techs., Inc., 155 F. Supp. 3d 670 (S.D. Tex. 2015).

1590. *Id.* at 701.

1591. *Id.*

burden of persuasion under this prong of the relevant analysis.¹⁵⁹² In contrast, under a second, “[i]f the advertisement is literally true, the plaintiff must persuade the court that the persons to whom the advertisement is addressed would find that the message received left a false impression about the product,”¹⁵⁹³ ideally through survey evidence,¹⁵⁹⁴ but possibly through a showing of intentional deception instead.¹⁵⁹⁵ Finally, in an additional nuance, the Sixth Circuit confirmed that “[p]laintiffs seeking damages for false advertising must ‘present evidence that a “significant portion” of the consumer population was deceived.’”¹⁵⁹⁶

Several findings of actual deception came on a motion for a preliminary injunction in a case brought by an egg producer after the defendant falsely reported to egg retailers the plaintiff’s eggs lacked certain certifications.¹⁵⁹⁷ The literal falsity of the defendant’s statements obviated the need for a showing of deception, but the plaintiff made one anyway: “One recipient of the email withdrew [Plaintiff’s] eggs from its shelves indefinitely; one large regional retailer temporarily suspended sales of the eggs during its investigation of the email; and one large retailer has indefinitely delayed launching [Plaintiff’s] eggs at its stores.”¹⁵⁹⁸ Not surprisingly, the court concluded that “Plaintiff has presented sufficient evidence to demonstrate actual deception within the marketplace of retailers that received the email and that those retailers have diverted sales from [Plaintiff].”¹⁵⁹⁹

Some reported opinions to reach actual findings on the issue of actual or likely deception did so on preliminary injunction motions. One such finding came in a case in which agents of the lead

1592. See, e.g., *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 63 (2d Cir. 2016); *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556, 572 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016); *Cablevision Sys. Corp. v. Verizon N.Y. Inc.*, 119 F. Supp. 3d 39, 50 (E.D.N.Y. 2015); *Syngy, Inc. v. ZS Assocs.*, 110 F. Supp. 3d 602, 621 (E.D. Pa. 2015).

1593. *N.J. Physicians United Reciprocal Exch. v. Boynton & Boynton, Inc.*, 141 F. Supp. 3d 298, 307 (D.N.J. 2015) (quoting *U.S. Healthcare, Inc. v. Blue Cross of Greater Phila.*, 898 F.2d 914, 922 (3d Cir. 1990)) (internal quotation marks omitted); see also *Cablevision*, 119 F. Supp. 3d at 50.

1594. See, e.g., *Syngy, Inc. v. ZS Assocs.*, 110 F. Supp. 3d 602, 622 (E.D. Pa. 2015) (“It has been held that “[t]he success of the claim usually turns on the persuasiveness of a consumer survey.” (alteration in original) (quoting *AT & T Co. v. Winback & Conserve Program, Inc.*, 42 F.3d 111, 123 (3d Cir. 1994))).

1595. See e.g., *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184, 214-15 (D. Mass. 2015).

1596. *Grubbs v. Sheakley Grp.*, 807 F.3d 785, 802 (6th Cir. 2015) (quoting *Herman Miller, Inc. v. Palazzetti Imps. & Exports, Inc.*, 270 F.3d 298, 323 (6th Cir. 2001)); *accord Syngy, Inc. v. ZS Assocs.*, 110 F. Supp. 3d 602, 621-22 (E.D. Pa. 2015).

1597. See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

1598. *Id.* at 574.

1599. *Id.*

defendant approached purchasers of the plaintiffs' security systems with offers of "upgrades" or "updates."¹⁶⁰⁰ Having determined these references were misleading in context, the court required the plaintiffs to submit evidence of actual or likely deception as a prerequisite for the relief they sought, but that proved no obstacle. On the contrary, the court found, "[b]y the declarations of dozens of customers confused by the use of the terms 'upgrade' and 'update,' as well as four news reports citing the misleading statements, [the plaintiffs have] shown actual deception in that 'consumers were actually deceived by the defendant's ambiguous or true-but-misleading statements.'"¹⁶⁰¹

Other preliminary injunction opinions were not as kind to plaintiffs.¹⁶⁰² For example, one court addressed the issue of whether recorded discussions among a defendant's own focus groups could constitute the extrinsic evidence necessary for a finding of liability for literally true, but misleading, advertising.¹⁶⁰³ The court declined to answer that question through the application of a bright-line rule but instead looked to the overall context of the focus groups' deliberations. It noted the counterclaim defendants had made "substantial changes" to their advertising based on feedback received from the groups.¹⁶⁰⁴ Because of those changes, "focus group evidence is not a reliable indicator of consumer perception at this juncture."¹⁶⁰⁵ The counterclaim plaintiffs' motion failed as a result: "[The counterclaim plaintiffs] [have] provided no extrinsic evidence of consumer confusion, and, hence, cannot satisfy [their] burden of likely success on the merits or even a substantial issue going to the merits."¹⁶⁰⁶

In a second preliminary injunction opinion disposing of a claim of actual or likely deception, the defendant did not contest the literal falsity of advertising it had placed, which mischaracterized the corrosion resistance of its goods following a manufacturing error.¹⁶⁰⁷ The court, however, was impressed with the efforts the defendant had made to alert the nine parties who had purchased its goods of the error while the challenged advertising ran. As the court described those efforts, "[the defendant] reached agreements

1600. See *ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671 (N.D. Tex. 2015).

1601. *Id.* at 694 (footnote omitted) (quoting *Pizza Hut, Inc. v. Papa John's Int'l, Inc.* 227 F.3d 489, 497 (5th Cir. 2000)).

1602. See, e.g., *Infogroup, Inc. v. Database LLC*, 95 F. Supp. 3d 1170, 1186-87 (D. Neb. 2015) (denying motion for preliminary injunctive relief based on plaintiffs' failure to introduce evidence or testimony of deception or bad-faith intent on the defendants' part).

1603. See *Cablevision Sys. Corp. v. Verizon N.Y., Inc.*, 119 F. Supp. 3d 39 (E.D.N.Y. 2015).

1604. *Id.* at 55.

1605. *Id.* at 55-56.

1606. *Id.* at 56.

1607. See *Riverdale Mills Corp. v. Cavatorta N. Am., Inc.*, 146 F. Supp. 3d 356 (D. Mass. 2015).

with some of these customers regarding discounts and other forms of monetary compensation for the error, and it repossessed much of the mistaken product and transported it to a warehouse.”¹⁶⁰⁸ Coupled with the discontinuance of the challenged advertising and the tight-knit nature of the industry, which the court found was “generally aware” of the manufacturing error, the defendant’s remedial strategy successfully headed off a preliminary injunction motion after the court found deception unlikely on a going-forward basis.¹⁶⁰⁹

Other claims of deception failed as a matter of law. Without survey evidence to support its case, one counterclaim plaintiff sought to satisfy this prerequisite for liability through testimony the counterclaim defendant’s advertising had deceived one of its customers, allegedly a representative of a “sophisticated pharmaceutical company”;¹⁶¹⁰ according to the counterclaim plaintiff, the customer’s sophistication meant that other parties inevitably had been deceived as well. The court found two flaws in this theory, the first of which was that the testimony in question was hearsay.¹⁶¹¹ The second was that, even if the testimony was admissible, it failed to raise a material factual dispute as to whether the counterclaim defendant’s advertising had a tendency to deceive “a *substantial* portion of consumers.”¹⁶¹² The counterclaim defendant therefore escaped liability as a matter of law.¹⁶¹³

The claim of a different plaintiff failed even more dramatically on summary judgment.¹⁶¹⁴ Reviewing the record, the court concluded that plaintiff had “submitted no consumer surveys, market research, or expert testimony demonstrating that consumers were actually deceived by the [advertising].”¹⁶¹⁵ Moreover, “[i]t has not even identified any witnesses that it may produce at trial[,] any consumers who could testify that they were deceived, any experts who could testify as to reputational damages, or any financial documents that could serve as evidence of lost revenue after the [advertising was] aired.”¹⁶¹⁶ “In short,” the

1608. *Id.* at 359.

1609. *See id.* at 362 (“I am convinced that, although this mistake deceived initial purchasers for a short period of time, Defendants have taken sufficient corrective action to prevent the likelihood of ongoing confusion.”).

1610. *Quoted in* *Syngy, Inc. v. ZS Assocs.*, 110 F. Supp. 3d 602, 623 (E.D. Pa. 2015).

1611. *Id.*

1612. *Id.*

1613. *Id.*

1614. *See Serv. Jewelry Repair, Inc. v. Cumulus Broad., LLC*, 145 F. Supp. 3d 737 (M.D. Tenn. 2015).

1615. *Id.* at 748.

1616. *Id.* at 748-49.

court found, “the record is devoid of any evidence regarding consumers’ actual reaction to the [advertising] that could show actual deception. Accordingly, the court will grant summary judgment to [the defendant] on the [plaintiff’s] Lanham Act claim.”¹⁶¹⁷

If the absence of supporting survey evidence will set back the case of a plaintiff challenging allegedly literally-true-but-misleading advertising, so too will the wrong kind of survey. One plaintiff learning that issue the hard way asserted claims for both trademark infringement and false advertising arising from the defendants’ use of the phrase “Park’s Finest” on the packaging of their frankfurters.¹⁶¹⁸ Having failed to convince the court the phrase constituted literally false advertising, the plaintiff sought to demonstrate actual or likely deception through a confusion survey, in effect “asking [the] survey to pull double duty.”¹⁶¹⁹ Entering summary judgment in the defendants’ favor, the court leveled a number of criticisms at the survey’s use in this manner. For example:

Instead of assessing the message that the [defendants’] packaging communicates, this survey assessed whether consumers who encounter the two products simultaneously would be confused about their relationship to each other. While that may be an appropriate method to assess the likelihood of confusion in connection with a trademark infringement claim, it is not the appropriate methodology to assess the veracity of a message that an advertisement conveys to its target audience.¹⁶²⁰

The survey was additionally flawed because it assumed the plaintiff’s PARKS mark enjoyed acquired distinctiveness,¹⁶²¹ which the court determined did not exist.¹⁶²² Finally, “the survey was not directed at the appropriate universe of consumers” because it only targeted respondents “in one of approximately two hundred ZIP codes in the country that, according to [the plaintiff], correspond to the locations of stores that sell ‘Parks’-branded products.”¹⁶²³

These outcomes notwithstanding, however, factual disputes stymied some litigants’ attempts to resolve the question of actual or likely deception as a matter of law. For example, one court made short work of the argument by a group of defendants that allegedly

1617. *Id.* at 749.

1618. *See* Parks, LLC v. Tyson Foods, Inc., 186 F. Supp. 3d 405 (E.D. Pa. 2016).

1619. *Id.* at 417.

1620. *Id.* at 418.

1621. *Id.* at 419.

1622. *Id.* at 425-27.

1623. *Id.* at 419.

false statements about the plaintiff on a website operated by the defendants (but purporting to be “by consumers for consumers”) were neither actually deceptive nor likely to cause deception.¹⁶²⁴ Addressing the defendants’ motion for summary judgment, the court found it “need not explore this argument deeply,” because “it is readily-apparent that, in the light most favorable to [the plaintiff], the content of the website could be likely to deceive customers.”¹⁶²⁵ In particular, the court noted, “[t]he website purports to be a collection of complaints posted by customers, when, in fact, it is posted by a competitor of [the plaintiff] for the purpose of discouraging putative customers from dealing with [the plaintiff].”¹⁶²⁶ It therefore denied the defendants’ motion for summary judgment because:

This is not a circumstance where the false representations are orthogonal to the purpose for which customers would turn to the website for information, such that they would not be likely [to] affect a purchasing decision, or a circumstance in which the representations are so inconsequential or hyperbolic that reasonable consumers would reflexively reject or ignore them.¹⁶²⁷

The counterclaim plaintiffs in a different case invoked the counterclaim defendant’s allegedly intentional deception of consumers in an attempt to satisfy this prerequisite for liability, and that invocation helped defeat the counterclaim defendant’s bid for summary judgment.¹⁶²⁸ The gravamen of the counterclaim plaintiffs’ Section 43(a) cause of action was that the counterclaim defendant had falsely claimed in its advertising to own a valid design patent when, in fact, the counterclaim plaintiff had sold a product covered by the patent more than one year before the filing date of the application from which the patent matured. The counterclaim plaintiffs’ proffered evidence of intent consisted of two e-mails sent to the counterclaim defendant by an individual affiliated with it, one characterizing the lack of a timely patent application as the counterclaim defendant’s “biggest mistake to date” and the other inquiring whether it might be possible to “modify” the counterclaim defendant’s sales records to address the situation.¹⁶²⁹ The court acknowledged the relationship between the e-mails’ author and the counterclaim defendant was “unclear,” but it nevertheless found that the e-mails created a factual dispute as

1624. See *Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158, 1182 (D. Colo. 2015).

1625. *Id.* at 1185.

1626. *Id.*

1627. *Id.*

1628. See *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184 (D. Mass. 2015).

1629. *Quoted in id.* at 215.

to whether the counterclaim defendant was aware of the potential invalidity of its patent during the pendency of the challenged advertising.¹⁶³⁰ It therefore held the counterclaim defendant was not entitled to summary judgment of nonliability.¹⁶³¹

iii. Materiality

One court offered up the following explanation of materiality in the context of false advertising actions:

Whether a misrepresentation is material has nothing to do with the nature of the relief sought or the defendants' intent. Rather, materiality focuses on whether the false or misleading statement is likely to make a difference to purchasers. Thus even when a statement is literally false or has been made with the intent to deceive, materiality must be demonstrated in order to show that the misrepresentation had some influence on consumers.¹⁶³²

A Second Circuit opinion drove home to plaintiffs asserting false advertising claims the importance of this prerequisite for liability.¹⁶³³ The dispute before that court was one between two pharmaceutical manufacturers, and the court proved skeptical of the plaintiff's claims of falsity in the first instance, allowing only that the defendant might be guilty of "an exaggeration" of the efficacy of its products.¹⁶³⁴ Beyond that, the court concluded of the summary judgment record before the district court that "there is no record evidence that this inaccuracy would dissuade consumers from purchasing [the plaintiffs] Capsules."¹⁶³⁵ It might be true the plaintiff had adduced "generalized evidence that [the defendant's] sales . . . stemmed from its advertisement efforts."¹⁶³⁶ Nevertheless, "[the plaintiff] fails to make the necessary showing that the specific misrepresentation in the graphic—in any of [the defendant's] advertisements—was likely to influence consumers' purchasing decisions."¹⁶³⁷ The district court therefore properly had granted the defendant's motion for summary judgment.

Responding to a different (and unsuccessful) defense motion for summary judgment, one group of counterclaim plaintiffs argued the counterclaim defendant's misrepresentation of an

1630. *Id.*

1631. *Id.*

1632. *Id.* at 215 (quoting *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 310 n.10 (1st Cir. 2002)).

1633. *See Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51 (2d Cir. 2016).

1634. *Id.* at 68.

1635. *Id.*

1636. *Id.*

1637. *Id.*

inherent quality or characteristic of its goods created a presumption of materiality.¹⁶³⁸ The alleged misrepresentation was that a design patent covered the counterclaim defendant's product configuration when, in fact, the design patent was doomed to invalidation. Citing a dictionary definition, the court held as an initial matter that "the key word in the presumption of materiality is 'inherent.' 'Inherent' has been defined as 'structural or involved in the constitution or essential character of something.'"¹⁶³⁹ The court concluded the presumption did not apply to the facts alleged by the counterclaim plaintiffs, but it accepted the counterclaim plaintiffs' factual showing of materiality, at least for purposes of the counterclaim defendant's motion for summary judgment. That showing consisted of testimony by a defense witness that the intention underlying the challenged advertising "was to help educate retailers about our patent and to try to get them to place their buy . . . with us and not our competitors,"¹⁶⁴⁰ which the court found "sufficient to create the inference that [the counterclaim defendant] at least hoped and indeed intended that its advertising of the patent would affect purchasing decisions."¹⁶⁴¹ Summary judgment in the counterclaim defendant's favor therefore was inappropriate.

In contrast, a finding of materiality came on a preliminary injunction motion in a case in which the defendant falsely represented in an e-mail blast to numerous retailers of ethically sourced eggs that eggs sold by the plaintiff lacked the certifications necessary for the plaintiff to describe them as "Certified Organic" and "American Humane Certified."¹⁶⁴² Reviewing the record, the court concluded that "[t]here is no dispute that the false and misleading statements in the email are material, in that they are likely to influence the purchasing decisions of consumers."¹⁶⁴³ For one thing, the court noted, a co-founder of the plaintiff had testified to the importance of reputation in the ethically-sourced products space.¹⁶⁴⁴ For another, "[Defendant's executive director] testified by affidavit that she sent the email hoping retailers would find the allegations of mislabeling relevant in their purchasing decision."¹⁶⁴⁵ Indeed, because the defendant was itself a certifier in the industry, "Defendant's business model is based on the idea

1638. See *Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184 (D. Mass. 2015).

1639. *Id.* at 216 (quoting Webster's Third New Int'l Dictionary 1163 (2002)).

1640. Quoted in *id.* at 217.

1641. *Id.*

1642. See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

1643. *Id.* at 573.

1644. *Id.*

1645. *Id.*

that consumers—and in turn retailers and producers—will find the certifications material.”¹⁶⁴⁶

iv. Interstate Commerce

The issue of whether an effect on interstate commerce exists rarely occupies judicial attention,¹⁶⁴⁷ but an exception to this general rule came in an appeal to the Sixth Circuit from the dismissal of the plaintiffs’ false-advertising cause of action for failure to state a claim.¹⁶⁴⁸ As the court summarized the alleged deficiency in the complaint, “Plaintiffs do not allege in their Complaint that the e-mail, or the mailed versions thereof, ever traveled outside Ohio. Plaintiffs did not specify where the recipients of the e-mail were located, or where any of the relevant e-mail servers might have been.”¹⁶⁴⁹ That was enough for the district court summarily to dispose of the plaintiff’s cause of action, but the Sixth Circuit held that to be reversible error. Noting that “[t]he most instructive discussions of whether e-mails necessarily travel in interstate commerce arise in the criminal context,”¹⁶⁵⁰ the appellate court held:

The “relevant inquiry” for interstate commerce purposes for a sufficiency of the evidence challenge by a criminal defendant was “whether there is enough circumstantial evidence that these electronic communications were transmitted through interstate wires. Given the omnipresent nature of the Internet, this is not a difficult burden for the government to satisfy.”¹⁶⁵¹

As a consequence, “a civil plaintiff need not allege that an e-mail crossed state lines to survive a motion to dismiss,”¹⁶⁵² rather, “the very act of sending an e-mail creates the interstate commerce next necessary for federal jurisdiction.”¹⁶⁵³

The same outcome held in an action before a Virginia federal district court in which the alleged false advertising also appeared in an e-mail.¹⁶⁵⁴ On the plaintiff’s motion for preliminary injunctive relief, the court had little difficulty finding that

1646. *Id.*

1647. This usually results from defendants’ inability or unwillingness to contest plaintiffs’ ability to satisfy the requirement. *See, e.g., id.* at 213.

1648. *See Grubbs v. Sheakley Grp.*, 807 F.3d 785, 802 (6th Cir. 2015).

1649. *Id.* at 803.

1650. *Id.*

1651. *Id.* (quoting *United States v. Napier*, 787 F.3d 333, 346 (6th Cir. 2015)).

1652. *Id.*

1653. *Id.*

1654. *See Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

“Defendant placed the statement in interstate commerce. The statements were sent by email to retailers located throughout the country. Such use of the internet to communicate a statement is certainly interstate commerce within the meaning of the Lanham Act.”¹⁶⁵⁵

So too did ride-sharing service Uber fail to secure the dismissal on summary judgment of allegations of false advertising against it on the theory the challenged advertising had not affected interstate commerce.¹⁶⁵⁶ The court identified a number of bases for its denial of Uber’s motion, including evidence and testimony in the summary judgment record that: (1) Uber used technology for the interstate transfer of funds;¹⁶⁵⁷ (2) the challenged advertisements traveled across state lines;¹⁶⁵⁸ and (3) background checks on potential Uber drivers collected information from various states.¹⁶⁵⁹ Indeed, the record was so conclusive on the issue the court *sua sponte* found Uber *had* engaged in interstate commerce.¹⁶⁶⁰

v. Damage and Causation

A number of opinions over the past year held the feet of plaintiffs asserting claims of actionable injury to the fire.¹⁶⁶¹ When a former guitarist with the rock band Boston allegedly violated an earlier settlement with the band’s founder prohibiting the former guitarist from promoting his past association with the band, the band’s founder filed suit, alleging a violation of Section 43(a) and corresponding Massachusetts law.¹⁶⁶² In response to a defense motion for summary judgment, the plaintiff represented his ability “to prove at trial that [the defendant’s] exploitation of the BOSTON marks has proximately caused harm to [the plaintiff] and BOSTON’S reputation.”¹⁶⁶³ “The problem,” the court pointed out, “is that, at the summary judgment stage, [the plaintiff] needs

1655. *Id.* at 574.

1656. *See* Greater Houston Transp. Co. v. Uber Techs., Inc., 155 F. Supp. 3d 670 (S.D. Tex. 2015).

1657. *Id.* at 702.

1658. *Id.* at 702-03.

1659. *Id.* at 703.

1660. *Id.* (“After considering the full record, this Court finds as a matter of law that Uber’s advertised goods and services are in interstate commerce and that the allegedly false or misleading statements at issue entered into interstate commerce such as to satisfy the interstate commerce requirement of Section 43(a) of the Lanham Act.”).

1661. *See, e.g.*, Infogroup, Inc. v. Database LLC, 95 F. Supp. 3d 1170, 1186-87 (D. Neb. 2015) (denying motion for preliminary injunctive relief based on plaintiffs’ failure to introduce evidence of injury arising from defendants’ alleged false advertising).

1662. *See* Scholz v. Goudreau, 132 F. Supp. 3d 239 (D. Mass. 2015).

1663. *Quoted in id.* at 254-55.

to point to actual evidence of reputational injury.”¹⁶⁶⁴ Because the plaintiff was unable to do so, his claims fell victim to the defendant’s motion.¹⁶⁶⁵

The same outcome transpired in a dispute between competitors in the steel business, in which the counterclaim defendant allegedly had misrepresented a number of things about its own business (as opposed to the counterclaim plaintiffs’ operations).¹⁶⁶⁶ Unable at the summary judgment stage to point to evidence or testimony of actual damage they had suffered as a result from the counterclaim defendant’s conduct, the counterclaim plaintiffs sought to invoke a presumption of injury arising from the parties’ competitive relationship. In rejecting that strategy, the court observed:

Courts have sometimes approved a presumption of injury and causation in false advertising cases “upon a finding that the defendant deliberately deceived the public.” However, such a presumption applies only where the defendant has engaged in false advertising that expressly compares the defendant’s product to the plaintiffs; “where a defendant is guilty of misrepresenting its own product without targeting any other specific product, it is erroneous to apply a rebuttable presumption of harm in favor of a competitor.”¹⁶⁶⁷

And so the court granted the counterclaim defendant’s motion for summary judgment.¹⁶⁶⁸

An opinion granting yet another successful defense motion for summary judgment noted a different limitation on the same presumption.¹⁶⁶⁹ Although a presumption of injury might be appropriate if the parties’ goods or services directly competed in a two-firm market in which revenues lost by the plaintiff necessarily flowed to the defendant, the same was not true in a market with multiple competitors.¹⁶⁷⁰ Because the summary judgment record demonstrated the relevant market consisted of more than two participants—indeed, as the court noted, the case itself featured seven such participants—and, additionally, because the counterclaim plaintiffs failed to adduce cognizable evidence or

1664. *Id.* at 255.

1665. *Id.*

1666. *See* Gen. Steel Domestic Sales, LLC v. Chumley, 129 F. Supp. 3d 1158 (D. Colo. 2015).

1667. *Id.* at 1178 (quoting Porous Media Corp v. Pall Corp., 110 F.3d 1329, 1333 (8th Cir. 1997)).

1668. *Id.* at 1179.

1669. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184 (D. Mass. 2015).

1670. *Id.* at 218.

testimony of injury as a factual matter, their claim of injury failed as a matter of law.¹⁶⁷¹

In contrast, a group of taxi operators survived a defense motion for summary judgment in their false advertising suit against Uber Technologies.¹⁶⁷² The Texas federal district court hearing the case accepted the plaintiffs' invocation of the presumption, holding that "Federal Courts have routinely held that injury should be presumed when a Lanham Act claim involves false or misleading comparative advertisements."¹⁶⁷³ Having identified conflicting evidence and testimony on the issue of the falsity of Uber's advertising in the first instance, the court allowed that holding to determine its disposition of the plaintiffs' claim of injury. Specifically, it observed that "[b]ecause the Court has found that the question of the literal falsity or allegedly misleading nature of Uber's representations is a question of fact to be determined at trial, Plaintiffs' argument about whether injury should be presumed should be addressed after the trier of fact addresses that threshold question."¹⁶⁷⁴

e. False Endorsement and Violations of the Right of Publicity

Section 43(a)'s federal cause of action for false endorsement and the right of publicity causes of action under the law of many states often appear similar, and, indeed, courts have not always distinguished between them when addressing claims by plaintiffs their personas have been misappropriated. The distinction between the torts is now commonly recognized, however, and that recognition was apparent in litigation before a New York federal district court over the rights to the late Marilyn Monroe's persona-

1671. *Id.*

With less extended analysis, the court also dismissed an alternative argument by the counterclaim plaintiffs, which was that the counterclaim defendant's allegedly fraudulent conduct—which consisted of publicizing the existence of an invalid patent—justified bypassing the requirement of injury and assessing damages as an unjust enrichment or deterrence theory. The court responded with the following observation:

"[D]amages have never been allowed under the deterrence or unjust enrichment theories absent some form of fraud." It is unclear exactly when that method of proof in a false advertising case should apply. However, whatever it requires, it is clear that it should be reserved for extraordinary cases. This is not such a case. Defendants have not provided sufficient evidence to support a finding that [the counterclaim defendant's] conduct in this case rises to that level.

Id. at 218-19 (quoting *Aktiebolaget Electrolux v. Armatron Int'l Inc.*, 999 F.2d 1, 5 (1st Cir. 1993)).

1672. *See Greater Houston Transp. Co. v. Uber Techs., Inc.*, 155 F. Supp. 3d 670 (S.D. Tex. 2015).

1673. *Id.* at 703.

1674. *Id.* at 703.

based rights.¹⁶⁷⁵ The counterclaim plaintiffs were Monroe's estate and the estate's licensee, while the counterclaim defendants were "in the business of licensing images and other indicia of celebrities, including Marilyn Monroe, to entities for use in connection with merchandise such as apparel and glassware."¹⁶⁷⁶ According to the counterclaim defendants, the counterclaim plaintiffs' Section 43(a) cause of action for false endorsement was an impermissible end-run around the unavailability of a post-mortem right of publicity under New York law. The court disagreed, holding that "[t]he key distinction between a right of publicity and a false endorsement claim is that the latter requires a showing of consumer confusion."¹⁶⁷⁷ Because the disputed cause of action both invoked Section 43(a) and averred the existence of likely confusion, it was one for false endorsement under federal law and not one seeking to vindicate Monroe's right of publicity.¹⁶⁷⁸

An additional example of an opinion distinguishing between federal and state law causes of action came in an appeal to the Eighth Circuit brought by former professional football players who objected to the use of their names and likenesses in documentaries produced by NFL films.¹⁶⁷⁹ Their state-law right of publicity causes of action were held preempted by the Copyright Act,¹⁶⁸⁰ but their false endorsement cause of action under Section 43(a) failed for a different reason. Although the summary judgment record apparently included survey results adduced by the plaintiffs and indicating an unspecified net percentage of respondents believed the players endorsed the NFL, the court pointed out that the plaintiffs had failed to present any evidence the films included false or misleading statements regarding the plaintiffs' current relationship with the league. Specifically, it held, "[t]he [plaintiffs] do not contend that the objected-to footage depicts anything other than their actual performances in past NFL games. Nor do the appellants identify any statements in the films' audio commentary that might mislead viewers as to their relationship with or feelings

1675. See *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196 (S.D.N.Y. 2015).

1676. *Id.* at 201.

1677. *Id.* at 205.

1678. *Id.*

The court's treatment of the related issue of whether Section 43(a) supports a post-mortem cause of action for false endorsement was limited to distinguishing several opinions proffered by the counterclaim defendants. *Id.* at 208-09. It ultimately did not resolve the issue, but instead held the counterclaim plaintiffs had sufficiently pleaded that cause of action to survive the counterclaim defendants' motion to dismiss. *Id.* at 209.

1679. See *Dryer v. Nat'l Football League*, 814 F.3d 938 (8th Cir. 2016).

1680. *Id.* at 943-44.

toward the league.”¹⁶⁸¹ The district court’s entry of summary judgment of nonliability therefore had been proper.

Another false endorsement claim under Section 43(a) failed even earlier in the proceedings by triggering a successful motion to dismiss for failure to state a claim.¹⁶⁸² The plaintiff’s complaint alleged fast-food restaurant chain Wendy’s had distributed promotional footbags along with an insert identifying the plaintiff as holding the world record of 63,326 consecutive kicks. As the court explained in holding that the plaintiff had failed to state a claim for false endorsement:

[I]t is not plausible that the mere use of plaintiff’s name and record in the instructions for a game defendants distributed to Wendy’s Kid’s Meal customers, as an illustrative example of how to play the game and with the intent that the customers would play that game with their families, was likely to confuse anyone as to whether plaintiff endorsed the toys defendants distributed, whether he was in any sense the source of the toys defendants distributed, or whether he was at all associated with them.¹⁶⁸³

The same plaintiff also struck out in another case,¹⁶⁸⁴ which he brought under the Illinois right of publicity statute.¹⁶⁸⁵ His second suit challenged a television commercial for an energy drink, “in which an actor claims that ‘in the last 5 hours’ he: disproved the theory of relativity; swam the English Channel and back; found Bigfoot; and mastered origami while beating ‘the record for Hacky Sack,’ all because he took a . . . shot [of the drink]”;¹⁶⁸⁶ those representations were accompanied by a disclaimer making apparent their farcical nature. In granting the defendants’ motion to dismiss, the court concluded the plaintiff had failed to assert his claim within the one-year statute of limitations for doing so,¹⁶⁸⁷ but that was not the only fatal deficiency in the plaintiff’s complaint. Instead, as the court explained:

The Commercial is a joke, a comedic farce. The claims it makes are not intended to be taken as true—and to the extent that there could be any doubt on that score, the commercial includes a clear disclaimer advising the most gullible among us that these are “not actual results.” No one could watch the Commercial and reasonably conclude that the product

1681. *Id.* at 944-45.

1682. *See* *Martin v. Wendy’s Int’l, Inc.*, 183 F. Supp. 3d 925 (N.D. Ill. 2016).

1683. *Id.* at 935.

1684. *See* *Martin v. Living Essentials, LLC*, 160 F. Supp. 3d 1042 (N.D. Ill. 2016).

1685. 765 Ill. Comp. Stat. § 1075/30(a) (2007).

1686. *Living Essentials*, 160 F. Supp. 3d at 1043.

1687. *Id.* at 1045-46.

spokesman actually holds “the record for Hacky Sack,” much less that [the plaintiff], who is listed in the Guinness Book of Records as holding just one of the many listed hacky sack records, is the person in (or portrayed by an actor in) the Commercial.¹⁶⁸⁸

In a final dig at the plaintiff, the court additionally remarked that “[t]o the maxim *de minimis non curat lex*, then, let us add a complementary proscription: *defectum humoris non curat lex*—the law does not reward humorlessness.”¹⁶⁸⁹

A second unsuccessful plaintiff proceeding under the Illinois statute had authored a book sold on Amazon’s on-line platform.¹⁶⁹⁰ As the court summarized his cause of action, “Plaintiff claims that, beginning in March 2014, Amazon violated the [Illinois statute], and misappropriated Plaintiff’s name and likeness when it ran ads for ‘Pampers Cruisers,’ ‘U-verse High Speed Internet,’ Amazon’s own Kindle, ‘Trip Advisor, Urban Outfitters, and the Orbis Corporation’ alongside Plaintiff’s name.”¹⁶⁹¹ Even accepting the truth of those allegations, however, the court found Amazon’s conduct qualified for an exception to the statute expressly allowing the use of personal names to identify authors of particular works. It therefore granted Amazon’s motion for judgment on the pleadings.¹⁶⁹²

An action brought under, and turning on, Michigan law similarly failed to bear fruit.¹⁶⁹³ In it, the successor in interest to Rosa Parks’s right of publicity took aim at Target Corporation’s retail sale of seven books, a movie, and “a collage-styled plaque”; the books and movie were about Parks, and the plaque “included, among other items, a picture of Parks, alongside Dr. Martin Luther King, Jr.”¹⁶⁹⁴ Surveying Michigan appellate case law, the Eleventh Circuit affirmed entry of summary judgment in Target’s favor after concluding that “Michigan courts have long recognized that individual rights must yield to the qualified privilege to communicate on matters of public interest.”¹⁶⁹⁵ That the works at issue fell within the privilege was beyond material dispute:

[I]t is uncontested that five of the six books, including an autobiographical book co-authored by Parks herself, and the movie are all bona fide works of non-fiction discussing Parks

1688. *Id.* at 1047.

1689. *Id.*

1690. *See* Hart v. Amazon.com, Inc., 117 U.S.P.Q.2d 1584 (N.D. Ill. 2015).

1691. *Id.* at 1591.

1692. *Id.*

1693. *Rosa & Raymond Parks Inst. for Self-Dev. v. Target Corp.*, 812 F.3d 824 (11th Cir. 2016).

1694. *Id.* at 827-28.

1695. *Id.* at 830.

and her role in the Civil Rights Movement. As for the sixth book, . . . it is a fictionalized biography meant to introduce children to the importance of Parks, so it, too, concerns a matter of public interest.

Similarly, the plaque depicts images and mentions dates and statements related to Parks and the Civil Rights Movement, in an effort to convey a message concerning Parks, her courage, and the results of her strength. Indeed, all of the works in question “communicate[] information, express[] opinion[s], recite[] grievances, [and] protest[] claimed abuses, . . . on behalf of a movement whose existence and objectives” continue to be “of the highest public interest and concern.”¹⁶⁹⁶

Because “Michigan law does not make discussion of these topics of public concern contingent on paying a fee,” the district court’s summary disposition of the plaintiff’s right of publicity cause of action had been appropriate.¹⁶⁹⁷

Of course, not all persona-based claims failed. Georgia appellate courts have long recognized a common-law right of publicity on a standalone basis and independent of the distinguishable right to privacy.¹⁶⁹⁸ Nevertheless, a panel of the Court of Appeals of that state conflated the two en route to an unusual holding recognizing a cause of action under the common law of that state for invasion of privacy through misappropriation of a trade name, as opposed to misappropriation of the identity of the trade name’s owner.¹⁶⁹⁹ According to the court:

Recognizing that a trade name is nothing more than an extension of the person using it, and that the rationale underpinning the tort of misappropriation is to protect the proprietary interest one has in the exclusive use of his or her name and likeness, we see no logical reason why that interest should be treated differently depending on whether it originates from the name and likeness of the individual proprietor or his or her trade name. Presumably both derive their value from the goodwill of that individual, who should be entitled to prevent others from unjustly profiting from the same.¹⁷⁰⁰

1696. *Id.* at 831 (alterations in original) (quoting *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 266 (1964)).

1697. *Id.* at 832.

1698. *See Martin Luther King, Jr. Ctr. for Soc. Change, Inc. v. Heritage Prods., Inc.*, 296 S.E.2d 697 (Ga. 1982).

1699. *See Seki v. Groupon, Inc.*, 775 S.E.2d 776 (Ga. Ct. App. 2015).

1700. *Id.* at 781.

The court therefore reversed the trial court's dismissal of the plaintiff's cause of action for failure to state a claim.¹⁷⁰¹

Likewise, two plaintiffs asserting a violation of their rights of publicity under Ohio law¹⁷⁰² also managed to make it past the pleadings stage.¹⁷⁰³ The plaintiffs' complaint arose from the unauthorized appearance of their photograph on the cover of an "erotic e-book." In an unsuccessful motion to dismiss, the book's author mounted a series of attacks on the plaintiffs' claims, all of which proved unsuccessful. Those attacks included the assertion that the plaintiffs' image had no value because the plaintiffs were not celebrities, which the court rejected because the plaintiffs enjoyed the rights to control the use of their images, even if the images had no monetary value.¹⁷⁰⁴ They also included the theory that the photograph advertised the author's literary work and therefore qualified for an exception from liability: The court found that claim unconvincing because "[t]he photo of the Plaintiffs is a separate copyrightable aspect from the manuscript. This point is highlighted by the [Defendants'] decision to change the photo on the cover of the book [after the plaintiffs objected]. The literary or fictional work itself remained the same."¹⁷⁰⁵ Finally, the author's assertion the plaintiffs "had not alleged the persona element under the statute" fell short, "as Plaintiffs allege the use of a photograph which, under the statute, constitutes the use of their persona."¹⁷⁰⁶ The author therefore struck out in his bid for judgment of nonliability on the pleadings.¹⁷⁰⁷

f. Violations of Rights Under Other State-Law Causes of Action

i. Preemption of State-Law Causes of Action

(A) Preemption by the Lanham Act

The Lanham Act expressly preempts state-law causes of action in a single context: Under Section 43(c)(6), ownership of a federal registration on the Principal Register is "a complete bar" to a challenge "with respect to that [registered] mark" brought under a state dilution statute.¹⁷⁰⁸ Nevertheless, this does not stop litigants from asserting Lanham Act preemption under other

1701. *Id.* at 782.

1702. *See* Ohio Rev. Code § 2741 (West 1999).

1703. *See* *Roe v. Amazon.com*, 170 F. Supp. 3d 1028 (S.D. Ohio 2016).

1704. *Id.* at 1033.

1705. *Id.*

1706. *Id.* at 1034.

1707. *Id.*

1708. 15 U.S.C. § 1125(c)(6) (2012).

circumstances, and a rare example of such an assertion succeeding came in a dispute between a group of counterclaim plaintiffs led by the University of Oregon and a counterclaim defendant accused of misappropriating and allegedly fraudulently registering a mark belonging to the University.¹⁷⁰⁹ Among the causes of action asserted by the counterclaim plaintiffs was one for conversion under Oregon state law, but the court held that claim fatally deficient on a motion to dismiss. As it explained, “there is no support for a claim of conversion of a trademark as it would seek to displace federal trademark law.”¹⁷¹⁰

In more characteristic outcomes, other Lanham Act-preemption theories met with misfortune.¹⁷¹¹ For example, a Ninth Circuit appeal leading to that result originated in the City of Seattle’s imposition of a minimum wage on the plaintiffs, a group of franchisors, franchisees, and suppliers.¹⁷¹² According to the plaintiffs, the Lanham Act preempted the city’s ordinance, not because of any express provision, but instead because of “a general purposive statement in the Act that it is designed to ‘protect registered marks used in . . . commerce from interference by State, or territorial legislation.’”¹⁷¹³ Rejecting the plaintiff’s argument, the court noted that “[t]he value of the purpose language is limited by the absence of operative language.”¹⁷¹⁴ In addition, it determined, “the ordinance does not interfere with a franchise’s ability to maintain quality, compromise the public’s confidence in trademarks, allow misappropriation, or directly interfere with or regulate marks.”¹⁷¹⁵ Finally, “it has not been shown that Congress clearly intended to preempt an ordinance of this nature.”¹⁷¹⁶ The court therefore affirmed the district court’s denial of the plaintiffs’ motion for a preliminary injunction against the city’s implementation of the ordinance.¹⁷¹⁷

1709. See *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047 (D. Or. 2015).

1710. *Id.* at 1059.

1711. See, e.g., *Gurglepote, Inc. v. New Shreve, Crump & Low LLC*, 153 F. Supp. 3d 441, 451 (D. Mass. 2015) (denying motion to dismiss state likelihood-of-confusion-based causes of action because “[t]he Lanham Act, in contrast to the copyright [and patent] statute[s], does not directly preempt a parallel common law cause of action where facts exist to support it” (second and third alterations in original) (quoting *Yankee Candle Co. v. Bridgewater Candle Co.*, 107 F. Supp. 2d 82, 87 (D. Mass. 2000), *aff’d*, 259 F.3d 25 (1st Cir. 2001))).

1712. See *Int’l Franchise Ass’n v. City of Seattle*, 803 F.3d 389 (9th Cir. 2015), *cert. denied*, 136 S. Ct. 1838 (2016).

1713. *Id.* at 409.

1714. *Id.*

1715. *Id.* at 410.

1716. *Id.*

1717. *Id.* at 412.

(B) Preemption by the Copyright Act

When they occur, holdings of preemption in unfair competition litigation most frequently arise under Section 301(a) of the Copyright Act,¹⁷¹⁸ which provides that federal law preempts “all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright.”¹⁷¹⁹ Such was the outcome of an appeal from the dismissal of a lawsuit brought by former professional football players against the National Football League.¹⁷²⁰ One basis of the plaintiffs’ complaint was that films produced by the League’s NFL Films affiliate violated their right of publicity under the laws of various states. Affirming the district court’s grant of a defense motion for summary judgment, the Eighth Circuit adopted the standard doctrinal test for preemption under Section 301(a):

In determining whether federal copyright law preempts a cause of action under state law, this court asks (1) whether “the work at issue is within the subject matter of copyright as defined in §§ 102 and 103 of the Copyright Act” and (2) whether “the state law created right is equivalent to any of the exclusive rights within the general scope of copyright as specified in [17 U.S.C.] § 106.” If a plaintiff’s state-law claim meets both of these criteria, copyright law will preempt that claim as a matter of law.¹⁷²¹

The court then held this test satisfied in the appeal before it. To begin with, “[a]lthough courts have recognized that the initial performance of a game is an ‘athletic event’ outside the subject matter of copyright, the Copyright Act specifically includes within its purview fixed recordings of such live performances.”¹⁷²² Moreover, with respect to the second prong of the preemption analysis, “[w]hen a right-of-publicity suit challenges the expressive, non-commercial use of a copyrighted work, however, that suit seeks to subordinate the copyright holder’s right to exploit the value of that work to the plaintiff’s interest in controlling the work’s dissemination.”¹⁷²³ Because the films at issue were noncommercial

1718. 17 U.S.C. § 301(a) (2012).

1719. *Id.*

1720. *See Dryer v. Nat’l Football League*, 814 F.3d 938 (8th Cir. 2016).

1721. *Id.* at 942 (quoting *Nat’l Car Rental Sys., Inc. v. Comput. Assocs. Int’l, Inc.*, 991 F.2d 426, 428 (8th Cir. 1993)).

1722. *Id.* (citation omitted).

1723. *Id.* at 953.

works,¹⁷²⁴ “[t]he Copyright Act . . . preempts the appellants’ attempt to control dissemination of the films and thereby exercise a right equivalent to ‘exclusive rights’ granted by copyright.”¹⁷²⁵

A second holding of preemption under Section 301(a) occurred in a case brought by the owner of the rights to the motion picture *Dirty Dancing*, one of the most famous lines from which is “Nobody puts Baby in a corner.”¹⁷²⁶ Having licensed the use of that phrase or use in connection with various goods, the plaintiff claimed protectable trademark rights to it, which it claimed the defendants had infringed by using “Nobody puts your old 401(k) in the corner” to promote the lead defendant’s financial services. Disregarding the significance of the allegations of likely confusion in the complaint, the court improbably held the plaintiff’s California state law causes of action were indistinguishable from its federal copyright cause of action. Specifically, “the state and common-law claims alleged here are preempted by copyright law because the same rights are asserted in these causes of action as are asserted in the copyright infringement cause of action, namely reproduction and distribution of the copyrighted work and preparation of a derivative work.”¹⁷²⁷

In contrast, former members of the 1985 Chicago Bears team successfully fended off a preemption-based motion to dismiss their persona-based cause of action under Illinois law.¹⁷²⁸ That cause of action asserted the defendants had engaged in various misconduct associated with a video featuring the plaintiffs. Had the plaintiffs accused the defendants merely of misusing their performances in the video, a holding of preemption under Section 301 might have been appropriate. But, because the plaintiffs charged the defendants with trading on the plaintiffs’ identities to sell a product, their cause of action was materially different than one for copyright infringement and therefore not inconsistent with federal copyright law.¹⁷²⁹

1724. On the issue of the commercial or noncommercial nature of the films, the court turned to a three-part test, namely, “(i) whether the communication is an advertisement, (ii) whether it refers to a specific product or service, and (iii) whether the speaker has an economic motivation for the speech.” *Id.* (quoting *Porous Media Corp. v. Pall Corp.*, 173 F.3d 1109, 1120 (8th Cir. 1999)) (internal quotation marks omitted). It concluded the test was not satisfied because the films were not advertisements, but were instead products in and of themselves, *id.*; moreover, “[b]ecause the films represent speech of independent value and public interest rather than advertisements for a specific product, the NFL’s economic motivations alone cannot convert these productions into commercial speech.” *Id.* at 944.

1725. *Id.*

1726. *See Lions Gate Entm’t Inc. v. TD Ameritrade Servs. Co.*, 170 F. Supp. 3d 1249 (C.D. Cal.), *vacated in part on other grounds*, No. CV 15-05024 DDP (Ex), 2016 WL 4134495 (C.D. Cal. Aug. 1, 2016).

1727. *Id.* at 1267.

1728. *See Dent v. Renaissance Mktg. Corp.*, 116 U.S.P.Q.2d 1496 (N.D. Ill. 2015).

1729. *Id.* at 1501-02.

(C) Preemption by the Communications Decency Act

Section 230 of the Communications Decency Act¹⁷³⁰ provides that [n]o provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.”¹⁷³¹ That statute came into play in a dispute in which the plaintiff, the producer of a downloadable software application, targeted a pair of online vendors through which software associated with a mark that allegedly infringed the plaintiff’s mark had been sold.¹⁷³² The plaintiff’s complaint asserted several causes of action under California law grounded in a contributory infringement theory, but those causes of action fell victim to a motion to dismiss for failure to state a claim. According to the court, “a defendant is entitled to § 230 protection as long as (1) it is a provider or user of an ‘interactive computer service,’ (2) the asserted claims ‘treat the defendant as a publisher or speaker of information,’ and (3) the challenged communication is ‘information provided by another content provider.’”¹⁷³³ The plaintiff disputed only the third of these factors, arguing, as the court put it, “that [the vendors] were directly involved in the alleged infringement because they have content guidelines and rules, or remove some products for violations of those rules, or provide technical assistance to developers.”¹⁷³⁴ That allegation proved fatally deficient, and the causes of action at issue therefore failed to make it past the pleadings stage:

In the absence of any allegation that [either vendor] acted as an author of the challenged content—e.g., that either [vendor] chose the names of the products, wrote any of the code, or provided encouragement or assistance in the allegedly infringing use of plaintiff’s mark on the products, or that either had notice that the third-party use was unlicensed and infringing—§ 230 immunity applies.¹⁷³⁵

ii. State-by-State Causes of Action

(A) California

Prevailing interpretations of the statutory cause of action against unfair competition under California law¹⁷³⁶ hold it is

1730. 47 U.S.C. § 230(c)(1) (2012).

1731. *Id.*

1732. *See* Free Kick Master LLC v. Apple Inc., 140 F. Supp. 3d 975 (N.D. Cal. 2015).

1733. *Id.* at 980 (quoting *Batzel v. Smith*, 333 F.3d 1018, 1037 (9th Cir. 2003)).

1734. *Id.* at 983.

1735. *Id.*

1736. Cal. Bus. & Prof. Code § 17203 (West 2016).

unavailable to nonresident plaintiffs who challenge conduct occurring outside the state.¹⁷³⁷ Nevertheless, as one defendant learned to its detriment, that limitation does not apply if conduct in another jurisdiction allegedly injures a resident plaintiff.¹⁷³⁸ Indeed, to the contrary as the court explained in denying a motion to dismiss at the pleadings stage, “a . . . claim may be brought by a plaintiff who is a resident of California, regardless of where the alleged misconduct occurred.”¹⁷³⁹

In contrast, a claim brought under the same statute failed at the pleadings stage after the plaintiffs neglected to aver in their complaint they had relied on the defendants’ allegedly false representations in commerce.¹⁷⁴⁰ The federal district court entertaining the motion noted a split in authority on the issue of “whether competitor plaintiffs must plead their own reliance, or whether pleading consumer reliance is sufficient for fraudulent business practices claims brought by competitors.”¹⁷⁴¹ After surveying the case law, the court noted it was “join[ing] the majority of courts to have addressed this question and conclud[ing] that because Plaintiffs do not plead their own reliance on [the defendants’] allegedly false advertising, they lack standing to seek relief”¹⁷⁴²

(B) Connecticut

An attempt to impose liability on Uber Technologies for violations of the Connecticut Unfair Trade Practices Act¹⁷⁴³ failed at the pleadings stage.¹⁷⁴⁴ In granting a motion to dismiss for failure to state a claim, a federal district court of that state held its evaluation of the plaintiffs’ cause of action was properly:

guided by the criteria set out in the Federal Trade Commission’s so-called cigarette rule: (1) whether the practice, without necessarily having been previously considered unlawful, offends public policy as it has been established by statutes, the common law, or otherwise—in other words, it is within at least the penumbra of some common law, statutory, or other established concept of unfairness; (2) whether it is

1737. See *Sullivan v. Oracle Corp.*, 254 P.3d 237, 248 (Cal. 2011) (“Neither the language of the [statute] nor its legislative history provides any basis for concluding the Legislature intended the [statute] to operate extraterritorially.”).

1738. See *Adobe Sys. Inc. v. Blue Source Grp.*, 125 F. Supp. 3d 945 (N.D. Cal. 2015).

1739. *Id.* at 972.

1740. See *L.A. Taxi Coop., Inc. v. Uber Techs., Inc.*, 114 F. Supp. 3d 852 (N.D. Cal. 2015).

1741. *Id.* at 866.

1742. *Id.* at 866-67.

1743. Conn. Gen. Stat. § 42-110b (West 2016).

1744. See *Greenwich Taxi, Inc. v. Uber Techs., Inc.*, 123 F. Supp. 3d 327 (D. Conn. 2015).

immoral, unethical, oppressive, or unscrupulous; (3) whether it causes substantial injury to consumers, competitors or other businesspersons.¹⁷⁴⁵

The gravamen of the plaintiffs' case was that Uber had inaccurately represented to consumers its operations in the United States were legal. Because that legality was an open question under Connecticut law, the court held the plaintiffs' complaint failed to aver Uber's conduct violated established public policy;¹⁷⁴⁶ moreover, the same was necessarily true of the second prerequisite for liability.¹⁷⁴⁷ Finally, the court concluded, "[e]ven assuming that the plaintiffs have adequately pleaded a substantial injury, they have not pleaded any allegation concerning the absence or presence of countervailing benefits to consumers or competition or concerning whether the injury is one consumers themselves could not have reasonably avoided."¹⁷⁴⁸ With the plaintiffs unable to satisfy any of the three prerequisites for liability, their case failed as a matter of law.¹⁷⁴⁹

(C) Georgia

A Georgia federal district court's application of the Georgia Fair Business Practices Act¹⁷⁵⁰ demonstrated the wisdom of familiarity with that statute when moving to dismiss causes of action brought under it.¹⁷⁵¹ The defendants alleged to have violated the Act responded to the plaintiff's complaint by challenging the sufficiency of the plaintiff's averments of likely confusion. That gambit predictably fell short, and, in pursuing it, the defendants neglected to invoke the more promising rule that only consumers have standing under the Act.¹⁷⁵² Without having the issue called to its attention, the court allowed the plaintiff's claim to proceed.¹⁷⁵³

1745. *Id.* at 340-41 (alterations omitted) (quoting *Zulick v. Patrons Mut. Ins. Co.*, 949 A.2d 1084, 1092 n.11 (Conn. 2008)).

1746. *Id.* at 341.

1747. *Id.*

1748. *Id.* at 342.

1749. *Id.*

1750. Ga. Code Ann. §§ 10-1-390 *et seq.* (West 2016).

1751. *See Abbasi v. Bhalodwala*, 149 F. Supp. 3d 1372 (M.D. Ga. 2015).

1752. *See Friedlander v. PDK Labs*, 465 S.E.2d 670, 671 (Ga. 1996) ("It is . . . clear that the [Act] was intended to provide relief to consumers and not to competitors.").

1753. *Abbasi*, 149 F. Supp. 3d at 1379-80.

(D) Massachusetts

The Massachusetts Truth in Music Statute¹⁷⁵⁴ makes actionable the “advertising [of] a live musical performance or production in the commonwealth through the use of a false, deceptive or misleading affiliation, connection or association between the performing group and the recording group.”¹⁷⁵⁵ The statute defines “performing group” as “a vocal or instrumental group seeking to use the name of another group that has previously released a commercial sound recording under that name,”¹⁷⁵⁶ and that rather restrictive definition proved the downfall of a plaintiff claiming the statute’s protection.¹⁷⁵⁷ Responding to a defense motion for summary judgment, the plaintiff failed to adduce any evidence or testimony suggesting that two musical groups associated with the defendant had ever sought to perform under the name of the plaintiff’s band. Summary judgment of nonliability followed.¹⁷⁵⁸

(E) Michigan

The Michigan Consumer Protection Act¹⁷⁵⁹ prohibits a variety of unfair practices, but one plaintiff discovered the hard way the Act’s protections are limited in a significant respect.¹⁷⁶⁰ Specifically, the Act “does not apply to purchases that are primarily for business purposes.”¹⁷⁶¹ Seeking to ward off summary judgment of nonliability, the plaintiff claimed the services provided under the defendants’ allegedly infringing mark were used by individuals and small businesses, but the court deemed that argument inapposite: “Whether some of those merchants were individuals is irrelevant, because it is undisputed that they used the [defendants’] service for business or commercial purposes, not personal purposes.”¹⁷⁶² The defendants therefore were entitled to summary judgment of nonliability.¹⁷⁶³

1754. Mass. Gen. Laws. ch. 93, § 43B (2016).

1755. *Id.*

1756. *Id.*

1757. *See* Scholz v. Goudreau, 132 F. Supp. 3d 239 (D. Mass. 2015).

1758. *Id.* at 256.

1759. Mich. Comp. Laws § 445.901 *et seq.* (West 2010).

1760. *See* Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc., 186 F. Supp. 3d 741 (W.D. Mich. 2016), *appeal docketed*, No. 16-1830 (6th Cir. June 17, 2016).

1761. *Id.* at 756 (quoting Slobin v. Henry Ford Health Care, 666 N.W.2d 632, 634 (Mich. 2003)) (internal quotation marks omitted).

1762. *Id.*

1763. *Id.*

(F) New York

Although the test for infringement under federal law does not require a showing of bad-faith conduct by a defendant, the same cannot be said for the inquiry into liability for unfair competition under New York common law and the statutory cause of action for the same tort under the law of that state.¹⁷⁶⁴ This year's leading reminder of that proposition came in a dispute in which the parties used an identical mark in connection with directly competitive religious publications.¹⁷⁶⁵ In dismissing the counterclaim plaintiff's claims under Section 32 and 43(a) of the Lanham Act, the court found the counterclaim defendant had not acted in bad faith, and that finding doomed the counterclaim plaintiff's causes of action under New York law, even if it was not dispositive under federal law.¹⁷⁶⁶

Although it may be difficult to satisfy this requirement,¹⁷⁶⁷ doing so is not impossible.¹⁷⁶⁸ For example, in an action to protect the mark and trade dress associated with multifunction pocket knives, the summary judgment record demonstrated beyond material dispute the defendants' "intentional mimicry";¹⁷⁶⁹ "[i]ndeed," the court found, "defendants have engaged in a pattern of copying plaintiffs' products that goes well beyond the knives at issue in this suit."¹⁷⁷⁰ Not surprisingly, these subsidiary findings drove the court's ultimate conclusion the plaintiff was entitled as a matter of law to relief under state, as well as federal law.¹⁷⁷¹

A finding of bad-faith conduct is not the only prerequisite for a showing of liability under the New York statute, because interpretations of the statute also require plaintiffs to demonstrate the challenged conduct is consumer-oriented.¹⁷⁷² As a general

1764. N.Y. Gen. Bus. Law § 349 (McKinney 2012).

1765. See *Vaad L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y*, 156 F. Supp. 3d 363 (E.D.N.Y.), *amended in part on other grounds*, No. 10-CV-4976 (FB) (JO) (E.D.N.Y. July 25, 2016), *appeal docketed*, No. 16-2934 (2d Cir. Aug 24, 2016).

1766. *Id.* at 374.

1767. See, e.g., *Sprint Sols., Inc. v. iCell Guru, Inc.*, 119 U.S.P.Q.2d 1166, 1170 (E.D.N.Y. 2016) (entering summary judgment of liability on plaintiffs' infringement claims, but finding factual dispute as to defendants' bad faith when evaluating plaintiffs' New York unfair competition claim).

1768. See, e.g., *Pulse Creations, Inc. v. Vesture Grp.*, 154 F. Supp. 3d 48, 57-58 (S.D.N.Y. 2015) (requiring averment of bad faith in context of motion to dismiss for failure to state a claim but holding requirement satisfied).

1769. See *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132, 136 (S.D.N.Y. 2015), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016).

1770. *Id.* at 137.

1771. *Id.* at 141.

1772. See, e.g., *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287, 331-32 (S.D.N.Y. 2015) (entering summary judgment of nonliability following plaintiff's failure to brief issue); see also *Sprint Sols., Inc. v. iCell Guru, Inc.*, 119 U.S.P.Q.2d 1166, 1170 (E.D.N.Y. 2016) (denying plaintiffs' motion for summary judgment).

proposition, this means a cause of action under the statute must assert more than allegations establishing trademark or service mark infringement, and this proved the downfall of more than one such cause of action. For example, while granting a motion to dismiss for failure to state a claim, one court observed that “[the counterclaim defendants’] alleged deceptive acts or practices . . . ‘are precisely the acts that constitute [their] alleged trademark infringement,’ and therefore the [statutory] claim fails as a matter of law.”¹⁷⁷³ Another court took the same action for the same reason, holding, “Plaintiff has pleaded no facts . . . to suggest that the ‘harm’ resulting from Defendants’ alleged conduct constitutes anything more than the ordinary harm that typically accompanies trademark infringement.”¹⁷⁷⁴

(G) North Carolina

The North Carolina version of the Uniform Deceptive Trade Practices Act prohibits unfair competition and unfair or deceptive acts or practices in or affecting commerce.¹⁷⁷⁵ Liability under that statute requires a plaintiff to make a tripartite showing. Specifically, “[t]o state a claim under the UDPA, the plaintiff must prove 1) that the defendant committed an unfair or deceptive act or practice, 2) in or affecting commerce, and 3) the defendant’s act proximately caused the plaintiff injury.”¹⁷⁷⁶

Believing its marks had been infringed, one defendant in an action under the Act made or commissioned a series of pretextual phone calls that ultimately led it to the plaintiff.¹⁷⁷⁷ Those calls did not result in purchases of the plaintiff’s services; “rather, each time [the] defendant would hang up without buying anything.”¹⁷⁷⁸ The plaintiff convinced a jury the defendant’s conduct violated the Act and awarded the plaintiff \$760,000 in damages, but the federal district court hearing the case overturned that finding following post-trial briefing. The court found the plaintiff’s showing fatally defective, beginning with the plaintiff’s claim the defendant’s conduct was in or affecting commerce:

In light of the facts found by the jury, there is no indication that the calls were made “in or affecting commerce” as required by the statute. Nor can the court extrapolate from the jury’s findings and infer such a relationship, as the jury’s lone

1773. *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 217 (S.D.N.Y. 2015) (quoting *Kaplan, Inc. v. Yun*, 16 F. Supp. 3d 341, 352-53 (S.D.N.Y. 2014)).

1774. *Pulse Creations, Inc. v. Vesture Grp.*, 154 F. Supp. 3d 48, 59 (S.D.N.Y. 2015).

1775. N.C. Gen. Stat. Ann. § 75-1.1(a) (West 2016).

1776. *Exclaim Mktg., LLC v. DirectTV, LLC*, 134 F. Supp. 3d 1011, 1019 (E.D.N.C. 2015).

1777. *Id.* at 1016-17.

1778. *Id.* at 1017.

finding addressed the existence of the calls themselves and the fact that defendant used, on occasion, fake names. . . . It is undisputed that the calls were not made in the course of a commercial relationship, or for the purpose of engaging in consumer activity. Rather, the calls started only once defendant began to suspect plaintiff of trademark infringement.¹⁷⁷⁹

The court then took aim at the plaintiff's allegations of unfair and deceptive conduct, finding from the trial record, inter alia, that "defendant's conduct was not inequitable in view of the fact that defendant was investigating plaintiff's willful infringement of its trademark,"¹⁷⁸⁰ "[t]he total calls placed by defendant represents only 0.002958% of the total volume of calls handled by plaintiff's call center over the relevant time period,"¹⁷⁸¹ and "even though defendant's conduct may have been misleading, it was not 'deceptive' within the meaning of the UDPA, because it was not accompanied by aggravating circumstances."¹⁷⁸² Finally, the court concluded, "[t]he effect of defendant's conduct was to reduce likely confusion among end-consumers who wanted to purchase satellite television. Because defendant acted toward reducing consumer confusion, thereby increasing the amount of accurate information available in the market, as well as consumer power, defendant's conduct was not anti-competitive."¹⁷⁸³ Under these circumstances, the jury's verdict in the plaintiff's favor could not stand.¹⁷⁸⁴

g. Secondary Liability

i. Contributory Unfair Competition

The Eleventh Circuit addressed a question of first impression for it, namely, whether a cause of action exists for contributory false advertising under Section 43(a)(1)(B).¹⁷⁸⁵ In holding it does, the court noted as a general matter that "contributory liability under the Lanham Act is a judicially created doctrine."¹⁷⁸⁶ It then looked to the font of that judicial creation, the Supreme Court's

¹⁷⁷⁹ *Id.* at 1020.

¹⁷⁸⁰ *Id.* at 1023.

¹⁷⁸¹ *Id.*; *see also id.* ("At trial, plaintiff's expert testified that the number of calls made by defendant was '[p]robably not' significant, and that plaintiff had the capacity to handle more calls. It is difficult to conceive how defendant's conduct could be unfair given the fact that plaintiff could have handled more calls, and thus was not required to turn any potential customer away." (citation omitted)).

¹⁷⁸² *Id.* at 1024.

¹⁷⁸³ *Id.* at 1025 (citation omitted).

¹⁷⁸⁴ *Id.* at 1027.

¹⁷⁸⁵ *See Duty Free Ams., Inc. v. Estee Lauder Cos.*, 797 F.3d 1248 (11th Cir. 2015).

¹⁷⁸⁶ *Id.* at 1274.

application of Section 43(a)(1)(A)'s unfair competition cause of action in *Inwood Labs. v. Ives Labs.*,¹⁷⁸⁷ observing that “when a claim involves trademark infringement, a manufacturer or distributor can be liable if it ‘intentionally induces another to infringe a trademark’ or ‘continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.’”¹⁷⁸⁸ That test, the court concluded, was equally applicable under Section 43(a)(1)(B) because:

These prohibitions [against unfair competition and false advertising] are found in the same statutory provision, and they share the same introductory clause. . . . The placement of the two prohibitions in the same statutory section—and correspondingly, the fact that the introductory language banning both practices is identical—suggests the two causes of action should be interpreted to have the same scope.¹⁷⁸⁹

This meant a plaintiff alleging contributory false advertising must make a two-part showing: “First, the plaintiff must show that a third party in fact directly engaged in false advertising that injured the plaintiff. Second, the plaintiff must allege that the defendant contributed to that conduct either by knowingly inducing or causing the conduct, or by materially participating in it.”¹⁷⁹⁰ That holding represented an initial victory for the plaintiff, whose cause of action had been dismissed for failure to state a claim after the district court declined to recognize the tort of contributory false advertising in the first instance. Unfortunately for the plaintiff, however, the ultimate outcome was the same, as its allegations failed even to satisfy the Eleventh Circuit’s new test.¹⁷⁹¹ As the court explained, “[c]ontributory false advertising

1787. 456 U.S. 844 (1982).

1788. *Duty Free Ams.*, 797 F.3d at 1274 (quoting *Inwood*, 456 U.S. at 854).

1789. *Id.* at 1275.

1790. *Id.* at 1277.

1791. The defendant supplied its high-profit-margin cosmetics to certain duty-free airport vendors other than the plaintiff, which competed with those vendors. The gravamen of the plaintiff’s false advertising claim was that those vendors allegedly misrepresented the plaintiff’s relationship with the defendant when negotiating with airports. The defendant questioned whether the representations by the other vendors constituted false advertising in the first instance, but the court found it unnecessary to address that “fact-intensive” argument, *id.* at 1278, because, it concluded:

[T]here are simply no facts in the complaint that suggest the existence of coordinated action or encouragement, much less inducement, between [the defendant] and the operators [competing with the plaintiff] on the decision to make the disputed claims to airport authorities. There has been no allegation that by selling its products to the duty free operators, [the defendant] monitored, controlled, or participated in operators’ statements to airport authorities during a competitive bidding process for which [the defendant] was not even present. More generally, there are no facts to suggest that [the defendant] commonly exercises any level of control over or involvement in the duty free operators’ conduct during airport RFP bidding.

Id. at 1279.

claims are cognizable under the Lanham Act, but a plaintiff must allege more than an ordinary business relationship between the defendant and the direct false advertiser in order to plausibly plead its claim.”¹⁷⁹²

Plaintiffs came out ahead in other cases as well. For example, mark owners have long complained about use of the Chinese e-commerce platform Alibaba to facilitate the trafficking of goods bearing counterfeit or infringing marks, and one such owner successfully stated claims of contributory counterfeiting and infringement against the platform’s operator and its affiliates.¹⁷⁹³ In moving to dismiss the plaintiff’s complaint, Alibaba cited its takedown system, and the plaintiff conceded it had used that system on occasion. Nevertheless, the complaint identified by name an online vendor of unlawful goods that Alibaba had allowed to use its platform even after receiving notice of the vendor’s activities. That allegation made the grade: “Because Plaintiff claims that Defendant knowingly allowed the infringing seller to continue listing counterfeit . . . merchandise and that Defendant controlled the platform the seller used to infringe Plaintiff’s trademark, Plaintiff sufficiently states a claim for contributory trademark infringement.”¹⁷⁹⁴

A different court rendered a split opinion in a case presenting a claim for contributory infringement and unfair competition after setting forth the standard test for liability: “To prove contributory infringement, a plaintiff must show that the defendant (1) “intentionally induced” the primary infringer to infringe, or (2) continued to supply an infringing product to an infringer with knowledge that the infringer is mislabeling the particular product supplied.”¹⁷⁹⁵ The occasion of that restatement was a complaint the defendant, a former member of the band Boston, had brought about advertisements by third parties promoting his concerts through the use of the BOSTON service mark. While addressing the first prong of the relevant test, the plaintiff papered the summary judgment file with copies of the offending advertisements, but he failed to document the defendant’s intentional inducement of them, and summary judgment of nonliability resulted.¹⁷⁹⁶

In contrast, however, the same plaintiff successfully escaped the defendant’s summary judgment motion under the second prong

1792. *Id.*

1793. *See* *Spy Optic, Inc. v. Alibaba.com, Inc.*, 163 F. Supp. 3d 755 (C.D. Cal. 2015).

1794. *Id.* at 766.

1795. *Scholz v. Goudreau*, 132 F. Supp. 3d 239, 249 (D. Mass. 2015) (quoting *Perfect 10, Inc. v. Visa Int’l Serv., Ass’n*, 494 F.3d 788, 807 (9th Cir. 2007) (quoting *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 855 (1982))).

1796. *Id.* at 249-50.

of the test. The advertising leading to that holding was placed not by wholly independent third parties but instead by a third party over which the defendant may have had some control. The summary judgment record established not only that the defendant was a “member” of that third party, but also that the third party had addressed his objections to the advertising placed by the third party. Those circumstances, the court concluded, “lend credence to the contention that [the defendant] had direct control and monitoring of [the] promotions. Whether [the defendant] exercised sufficient ability to direct and control the promotions, and thus to establish contributory infringement, is the subject of a factual dispute that must be resolved by a jury.”¹⁷⁹⁷

Finally, assertions of contributory infringement against online vendors of downloadable software applications generally failed.¹⁷⁹⁸ For example, one plaintiff’s infringement-related causes of action against a pair of such vendors neglected to assert the vendors had themselves used the allegedly infringing mark, which led the court to treat the causes of action as sounding in contributory infringement.¹⁷⁹⁹ Having thus framed the issue, the court held it possible “to impose liability on those who continue to supply a service (as opposed to a product) to one known to be using it in an infringing manner, so long as the service provider is also shown to have [d]irect control and monitoring of the instrumentality used by a third party to infringe.”¹⁸⁰⁰ The plaintiff’s averments were doubly deficient under this standard: (1) the complaint “alleges no facts showing that [the vendors] intentionally induced the third-party developers to infringe plaintiff’s mark, or that they knew that the third-party developers’ apps/games were infringing plaintiff’s mark but continued to allow the infringing apps/games to remain available in the application stores”;¹⁸⁰¹ and (2) the plaintiff neglected to allege either [vendor] had notice from plaintiff of its trademark infringement claims (or that plaintiff even attempted to put [the vendors] on notice), or even that either knew of plaintiff’s mark and knew that the third parties’ use of the mark was unauthorized.”¹⁸⁰² The court therefore dismissed the plaintiff’s causes of action for failure to state a claim, albeit with leave to amend.¹⁸⁰³

1797. *Id.* at 251.

1798. *See, e.g.*, *Spy Phones Labs LLC v. Google Inc.*, 118 U.S.P.Q.2d 1325, 1329 (N.D. Cal. 2016) (dismissing action for failure to state claim in light of plaintiff’s failure to aver knowledge by defendant vendor of allegedly infringing sales).

1799. *See Free Kick Master LLC v. Apple Inc.*, 140 F. Supp. 3d 975 (N.D. Cal. 2015).

1800. *Id.* at 980 (alteration in original) (quoting *Lockheed Martin Corp. v. Network Sols., Inc.*, 194 F.3d 980, 984 (9th Cir. 1999)).

1801. *Id.*

1802. *Id.*

1803. *Id.*

The court then reached the same conclusion with respect to the plaintiff's claim of contributory infringement against another defendant, a manufacturer of smart phones onto which software associated with the allegedly infringing mark could be downloaded. The plaintiff's allegations against that defendant were fatally deficient because, as the court explained:

[T]he [complaint] does not allege facts showing that [the manufacturer] intentionally induced any infringement of the [plaintiff's] mark, or that [the manufacturer] supplied a product or service to individuals with knowledge that they were infringing plaintiff's mark. Nor does the [complaint] allege any facts showing that [the manufacturer] had actual knowledge that any identified third party was engaged in continuing infringement of plaintiff's mark, whether by development of an allegedly infringing application or by offering an allegedly infringing application for download.¹⁸⁰⁴

ii. Vicarious Liability

“Vicarious liability for trademark infringement requires a finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.”¹⁸⁰⁵ A rare actual finding of liability under this theory came in a suit in which the plaintiffs were purveyors of security-related goods and services.¹⁸⁰⁶ Objecting to misleading tactics employed by sales personnel acting on the defendants' behalf, the plaintiffs targeted the lead defendant with claims of vicarious liability. In granting the plaintiffs' motion for a preliminary injunction, the court credited the plaintiffs' showing that the lead defendant exercised control over the remaining defendants by: (1) requiring them to wear uniforms and badges branded with the lead defendant's mark; (2) requiring them to complete training programs; (3) requiring them to adhere to a code of conduct and sales rules; and (4) punishing them for deviations from its requirements.¹⁸⁰⁷ The court therefore rejected the lead defendant's argument that vicarious liability was appropriate only if it had authorized the particular misrepresentations at issue: To the contrary, it held, “[a]nything that occurs during the sales pitch

1804. *Id.* at 984-85.

1805. *Scholz v. Goudreau*, 132 F. Supp. 3d 239, 251 (D. Mass. 2015) (quoting *Perfect 10, Inc. v. Visa Int'l Serv. Ass'n*, 494 F.3d 788, 807 (9th Cir. 2007)) (internal quotation marks omitted).

1806. *See ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671 (N.D. Tex. 2015).

1807. *Id.* at 692.

of the sales associate is clearly within the scope of the agency, as it is central purpose of the principal-agency relationship here.”¹⁸⁰⁸

In recognizing the possibility of vicarious liability based on a business relationship gone wrong, the Sixth Circuit noted that “[t]his Circuit allows plaintiffs to hold defendants vicariously liable for trademark infringement under the Lanham Act when the defendant and the infringer have an actual or apparent partnership, have authority to bind one another in transactions, or exercise joint ownership or control over the infringing product.”¹⁸⁰⁹ The lead plaintiff in the appeal before that court owned a financial planning, wealth management, and tax preparation firm, which also administered 401(k) plans. One of the lead plaintiff’s employees accepted a job with the defendants, in the process informing clients of the lead plaintiff’s company the plaintiffs were “partnering” with the defendant companies.

The district court dismissed the plaintiffs’ claim of vicarious liability, but the appellate court reversed. As the latter tribunal noted, the plaintiffs’ complaint averred that the former employee’s representations of a partnership had been the idea of one of the defendants moving to dispose of the plaintiffs’ cause of action. That sufficed for the appellate court to reverse the dismissal: “The intent to create an apparent partnership in the eyes of the [plaintiffs’] clients is self-evident . . . , and we therefore proceed to the merits of the claim for improper use of [the plaintiffs’] trade name and false designation of origin brought against the [moving] Defendants.”¹⁸¹⁰

A similar outcome held in an action lodged before a Massachusetts federal district court.¹⁸¹¹ The plaintiff was the founder and principal of the performing group Boston, while the defendant was a former member of the band barred by a prior settlement agreement between the parties from promoting himself through certain uses of the BOSTON mark. The plaintiff’s bid for a finding of vicarious liability rested on the theory that several third parties had had the apparent authority to act on the defendant’s behalf when they placed advertisements allegedly violating the agreement. The court granted the defendant’s motion for summary judgment with respect to two of the third parties after finding no record evidence or testimony the defendant had acted in a manner reasonably indicating the third parties acted on his behalf.¹⁸¹²

Nevertheless, with respect to another third party—another band—the summary judgment record was different: “[The

1808. *Id.*

1809. *Grubbs v. Sheakley Grp.*, 807 F.3d 785, 793 (6th Cir. 2015).

1810. *Id.*

1811. *See Scholz v. Goudreau*, 132 F. Supp. 3d 239 (D. Mass. 2015).

1812. *Id.* at 252.

defendant] acknowledges he was a member of [the band], and he performed with [it] in as many as 60 shows per year From this conduct, a third party could reasonably infer that representatives of [the band] . . . acted on [the defendant's] behalf.”¹⁸¹³ The defendant’s motion therefore failed as to his new band.¹⁸¹⁴

iii. Agency-Based Liability

“As a general rule, a master is subject to liability for torts committed by its servant if the servant is acting in the scope of its designated authority; by contrast, a master is not typically liable for tortious acts committed by its servant if the servant is acting outside the scope of authority.”¹⁸¹⁵ This standard came into play in a case in which the plaintiff accused the defendants of, among other things, fictitious blog posts maligning the plaintiff, as well as “pay-per-click” advertising containing false statements. The defendants adopted a strategy of blaming these transgressions on a third-party contractor, which allegedly had acted without any control or direction from the defendants. On the defendants’ motion for summary judgment, the court evaluated the plaintiff’s theory of agency liability by considering “numerous factors, including: (i) the extent of control which the master may exercise over the work; (ii) whether the person performing the work is engaged in a distinct occupation; and (iii) whether the work is typically done under direction or completed independently, among several others.”¹⁸¹⁶ According the first of these factors the greatest weight, the court found the existence of a factual dispute under it based on conflicting testimony on the extent to which the defendants could and did control their contractor.¹⁸¹⁷ There was also a conflict in the summary judgment record as to instructions received by the contractor: Although a defense witness testified the contractor had received authorization to “write anything that’s

1813. *Id.*

1814. *Id.* at 253.

1815. *Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158, 1170 (D. Colo. 2015) (footnote omitted).

1816. *Id.*

1817. *Id.* at 1171. The court summarized that factual dispute in the following manner:

In many ways, [the contractor] is analogous to [a] full-time cook As with the master employing the cook, [the defendants] hired [the contractor] to achieve a certain goal (preparing food; raising [the defendants’] search engine profile). [The defendants] may not have dictated the moment-to-moment or day-to-day activities of [the contractor], just as the master may not have directed the day-to-day activities of the cook, but both the master and [the defendants] retained the authority to direct the charge. Indeed, there is evidence that [the defendants] gave specific directions to [the contractor] as to content.

Id.

truthful,”¹⁸¹⁸ a witness for the contractor averred the contractor had been given free reign, so long as it did not refer to the plaintiff as a “manufacturer.”¹⁸¹⁹ Summary judgment in the defendants’ favor therefore was inappropriate.¹⁸²⁰

h. Individual Liability

An individual defendant’s personal participation in unlawful conduct will expose him or her to an imposition of personal liability, and this is true even if that defendant is an officer or director of a corporate defendant. Nevertheless, California law provides that a finding of personal liability for such a defendant will lie only on a showing of “both a unity of interest and an injustice.”¹⁸²¹ As the first prong of this test suggests, an ownership interest in a business is a necessary prerequisite for liability on the theory that an individual defendant is merely the alter ego of a corporate defendant.¹⁸²² When a pair of counterclaim plaintiffs neglected to address that issue in their bid to hold an individual liable for the same torts as a business with which he was associated, their claims against the individual therefore were dismissed at the pleadings stage.¹⁸²³

Dismissal for failure to state a claim also resulted in a suit in which the counterclaim plaintiffs targeted two corporate officers of the counterclaim defendant with allegations of unfair competition.¹⁸²⁴ The court framed the issue by noting that “courts have found owners and operators of a corporate entity to be directly liable for trademark and false designation of origin claims”¹⁸²⁵ but also that “[t]hey have . . . rejected claims against officers of infringing corporate entities where [the] plaintiff failed to provide allegations showing how those officers directed or participated in the infringement directly.”¹⁸²⁶ Based on these

1818. *Quoted in id.*

1819. *Id.* at 1172.

1820. *Id.*

Although not expressly invoking the doctrinal framework of agency-based liability, the court’s analysis of another portion of the defendants’ motion was similar. The disputed promotions at issue in that context consisted of pay-per-click advertisements for the corporate defendant, the text of which the summary judgment record established had been reviewed by an “official” of the corporate defendant. *Id.* at 1171, 1175-76. That sufficed for the court to deny the defendants’ motion as to that advertising. *Id.* at 1176.

1821. *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196, 218 (S.D.N.Y. 2015).

1822. *Id.*

1823. *Id.*

1824. *See United Tactical Sys., Inc. v. Real Action Paintball, LLC*, 143 F. Supp. 3d 982 (N.D. Cal. 2015).

1825. *Id.* at 1016.

1826. *Id.* (alteration omitted) (internal quotation marks omitted).

doctrinal rules, the court found the counterclaim plaintiffs' allegations of individual liability fatally deficient because they failed to include any details of the individual defendants' participation in the complained-of activities; the conclusory assertion of their involvement "upon information and belief" was insufficient.¹⁸²⁷

Other plaintiffs enjoyed greater success over the past year.¹⁸²⁸ For example, one dispute driven in significant part by the defendants' use of infringing and counterfeit imitations of the plaintiffs' marks as keywords to trigger the defendants' online advertising led to a finding of personal liability as a matter of law despite conflicting evidence and testimony in the summary judgment record as to whether the individual defendant at issue had drafted the text of the offending advertisements.¹⁸²⁹ That court found the conflict irrelevant because there was no dispute the individual defendant had managed the budget for the defendants' advertising, in connection with which she had authorized payment for specific advertisements: "This active participation renders [the individual defendant] personally liable for [her employer's] infringement."¹⁸³⁰

Summary judgment against two individual defendants associated with a lead corporate defendant also held in an action in which the court explained that "[p]ersonal liability is appropriate for an individual who is a 'moving, active, conscious force' behind the trademark infringement. Individuals may be liable even if their exact corporate title is unknown."¹⁸³¹ The individual defendants admitted they owned the lead defendant and were responsible for its advertising, including advertising featuring a

1827. *Id.* at 1016-17.

1828. *See, e.g.*, *GM L.L.C. v. AutelUS Inc.*, 118 U.S.P.Q.2d 1330, 1338 (E.D. Mich. 2016) (denying motion to dismiss claim of individual liability based on defendant's alleged personal involvement in challenged conduct); *Sebastian Brown Prods. v. Muzooka, Inc.*, 143 F. Supp. 3d 1026, 1037 (N.D. Cal. 2015) (denying motion to dismiss because "a corporate officer or director is, in general, personally liable for all torts which he authorizes or directs or in which he participates, notwithstanding that he acted as an agent of the corporation and not on his own behalf" (alteration omitted) (quoting *Comm. for Idaho's High Desert, Inc. v. Yost*, 92 F.3d 814, 823-24 (9th Cir. 1996) (internal quotation marks omitted), *dismissed on other grounds*, No. 15-CV-01720-LHK, 2016 WL 949004 (N.D. Cal. Mar. 14, 2016); *Microsoft Corp. v. Buy More, Inc.*, 136 F. Supp. 3d 1148, 1157-58 (C.D. Cal. 2015) (finding individual defendants personally liable for infringement and counterfeiting without extensive discussion of record), *appeal docketed*, No. 15-56544 (9th Cir. Oct. 7, 2015); *Adobe Sys. Inc. v. Blue Source Grp.*, 125 F. Supp. 3d 945, 973-74 (N.D. Cal. 2015) (declining, without extended analysis, to dismiss allegation of personal liability at pleadings stage).

1829. *See Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

1830. *Id.* at 1046.

1831. *Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc.*, 104 F. Supp. 3d 371, 383 (S.D.N.Y. 2015) (quoting *Elastic Wonder, Inc. v. Posey*, 2015 WL 273691, at *4 (S.D.N.Y. Jan. 22, 2015)).

mark found as a matter of law to infringe that of the plaintiff. Those admissions were enough for the court to determine on the plaintiff's motion for summary judgment that "[t]hey are therefore personally liable for the infringement."¹⁸³²

Finally, a trio of defendants unsuccessfully sought the dismissal on summary judgment of the allegations against them of infringement, unfair competition, and false advertising.¹⁸³³ With respect to the first individual defendant, the court held, "Plaintiffs point to evidence that [the defendant] manages [the corporate defendant's] marketing and advertising budget, and after the initiation of the lawsuit, has reviewed advertising for approval."¹⁸³⁴ Likewise, "[the second individual defendant] has participated in and had responsibility for certain forms of advertising and since March 2013, has been primarily in charge of the [the corporate defendant's] website and advertising. [The second individual defendant] also consults with [the first individual defendant] regarding [the corporate defendant] marketing and advertising budget."¹⁸³⁵ And, where the third individual defendant was concerned, the summary judgment record suggested he had "designed the [lead individual defendant's] website, developed advertising, and trained salespersons."¹⁸³⁶ Under the circumstances, "[t]here are genuine issues of fact as to these individuals' involvement in the allegedly infringing activities and, therefore, whether they can be held personally liable."¹⁸³⁷

2. Defenses

a. Legal Defenses

i. Abandonment

Section 45 of the Lanham Act identifies two circumstances under which a mark owner can abandon its rights:

A mark shall be deemed to be "abandoned" if either of the following occurs:

- (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima

1832. *Id.* The court did, however, note with respect to a third individual defendant alleged to have incorporated the lead defendant and to have registered a domain name based on the plaintiff's mark that "Plaintiff presents no other evidence as to his active role. There is a question of fact as to his involvement in the infringement." *Id.*

1833. *See* *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971 (D. Minn. 2016), *vacated in part on other grounds*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1834. *Id.* at 995.

1835. *Id.*

1836. *Id.*

1837. *Id.*

facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.¹⁸³⁸

Both types of abandonment came into play over the course of the past year.

(A) *Nonuse*

As always, some courts made the obvious point that nonuse is a prerequisite for a finding of abandonment through nonuse. They included the Sixth Circuit, which rejected the argument by a group of defendants that they had become the senior users of a disputed mark because the lead plaintiff had allowed an application to register the mark to lapse.¹⁸³⁹ As the appellate court observed in affirming the district court’s conclusion that no abandonment had occurred, “the fact that [the lead plaintiff] abandoned [its] trademark application does not mean that it abandoned the [applied-for] mark . . . —as long as it continued to use that mark in commerce, which it did.”¹⁸⁴⁰

In rejecting as a matter of law a claim of abandonment, a California federal district court was similarly influenced by the plaintiff’s ongoing sales of goods bearing its marks.¹⁸⁴¹ Perhaps anticipating that result, the defendant argued the plaintiff’s uses were merely ornamental and, additionally, that the totality of the circumstances created a factual dispute as to whether those uses were bona fide in nature. Following its rejection of the former proposition, the court limited the applicability of the totality-of-the-circumstances test to priority disputes, holding it inapplicable in the abandonment context.¹⁸⁴² That doomed the defendant’s assertion of abandonment, as to which the plaintiff prevailed on summary judgment.

A summary judgment motion brought by a different plaintiff also yielded a positive result.¹⁸⁴³ That plaintiff owned a

1838. 15 U.S.C. § 1127 (2012).

1839. See *LFP IP, LLC v. Hustler Cincinnati, Inc.*, 810 F.3d 424 (6th Cir. 2016).

1840. *Id.* at 429.

1841. See *Macy’s Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743 (N.D. Cal. 2016).

1842. *Id.* at 1749.

1843. See *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947 (N.D. Cal.), vacated in part on other grounds, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec.11, 2015).

registration of its SPY mark covering “[m]edical imaging systems comprised primarily of imaging, lighting, monitoring and video recording equipment and a computer system for controlling such equipment,”¹⁸⁴⁴ while the lead defendant used the SPIES mark in connection with systems “compris[ing] both hardware and software components that enable capture, display and recording of real-time images and video from endoscopic procedures.”¹⁸⁴⁵ Seeking to limit the plaintiff’s rights, the defendants argued in a motion for summary judgment the plaintiff had abandoned its mark as to goods used in endoscopic procedures because it had never sold those goods under its mark. The court rejected that argument as inconsistent with the plaintiff’s identification of goods and the registration system generally:

The owner of a registered trademark . . . knows exactly what it needs to do to avoid abandoning the mark. That is, the owner must maintain an intention to keep using the mark in connection with each of the classes of goods that the owner specified in the registration. Allowing challengers to chip away at the class of goods covered by a registered trademark would introduce uncertainty into the registration system and make it unnecessarily difficult for an owner to keep its marks.¹⁸⁴⁶

The defendants’ motion therefore was without merit.¹⁸⁴⁷

In contrast, another court was more generous to a pair of declaratory judgment plaintiffs whose averments of abandonment lacked much in the way of detail.¹⁸⁴⁸ Nevertheless, the court found enough in their complaint to survive a motion to dismiss for failure to state a claim. For example, the plaintiffs asserted the defendant had produced goods under its mark in limited quantities and only sporadically. Likewise, they also claimed the defendant had never used its mark in connection with all the goods covered by its registration. The defendant’s motion therefore fell short of the mark: “Accepted as true, it is reasonable to infer that [the defendant’s] inconsistent manufacturing practices have left large enough gaps in its production of goods to constitute abandonment under the Lanham Act.”¹⁸⁴⁹

Finally, despite the general difficulty in proving abandonment, one plaintiff managed to pull it off as a matter of law in a suit against a competitor whose predecessor may have enjoyed prior

1844. U.S. Reg. No. 2976652 (issued July 26, 2005).

1845. *Novadaq Techs.*, 143 F. Supp. 3d at 951.

1846. *Id.* at 955.

1847. *Id.*

1848. *See* *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268 (M.D. Fla. 2015).

1849. *Id.* at 1277.

use of the disputed mark through a licensee.¹⁸⁵⁰ Even if that prior use existed, however, the summary judgment record demonstrated the licensee had discontinued its sales under the mark in 2001, while the defendant did not itself resume the mark's use until "well after" the plaintiff filed a successful intent-to-use application to register it in 2006. Responding to the plaintiff's prima facie evidence of abandonment, the defendant argued it had worked with manufacturers to produce samples of goods bearing its claimed mark in 2002, but it failed to produce any evidence of an intent to resume the mark's use between then and the filing of its own intent-to-use application to register the mark in 2007. As the court noted, neither the intent documented by the application nor the defendant's ultimate reintroduction of a branded product through a licensee in 2008 could create a factual dispute as to the defendant's abandonment of its rights because "the intent to resume use in commerce must be formulated within the [initial] three years of nonuse."¹⁸⁵¹ Moreover, the defendant's lack of use for more than three years could not be explained by its aversion to litigation over rights to the mark based on testimony the defendant intended to walk away from the mark in the event of a lawsuit.¹⁸⁵² In the final analysis, "[s]ince [the defendant's licensee's] abandonment of the mark returned it to the public domain, [the plaintiff's] intent-to-use application gave him priority to the mark, and gave him rights superior to any that [the defendant or its licensee] may have acquired through their own later uses of the mark."¹⁸⁵³

(B) Naked Licensing

Most claims of naked licensing fail, often as a matter of law,¹⁸⁵⁴ and that transpired in a dispute in which the defendant's claim of abandonment relied on the plaintiff's alleged lack of quality control in licenses it had issued to third parties.¹⁸⁵⁵ According to the defendant, the recipient of one such license failed

1850. See *Agler v. Westheimer Corp.*, 143 F. Supp. 3d 766 (N.D. Ind. 2015), *motion to certify appeal denied*, No. 1:14-CV-099 JD, 2016 WL 2755505 (N.D. Ind. May 12, 2016).

1851. *Id.* at 773 (quoting *Specht v. Google Inc.*, 747 F.3d 929, 934 (7th Cir. 2014)) (internal quotation marks omitted).

1852. *Id.* at 773-74.

1853. *Id.* at 744.

1854. See, e.g., *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795, 817-18 (W.D. Tex. 2015) (rejecting allegation of naked licensing based on counterclaim defendant's "fail[ure] to develop its quality control theory at trial"); *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1326-27 (S.D. Fla. 2015) (rejecting allegation of naked license based on defendants' failure to prove existence of license in the first instance), *appeal dismissed*, No. 15-12166 (11th Cir. Apr. 20, 2016).

1855. See *Nat'l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171 (E.D. Cal. 2015), *appeal docketed*, No. 15-17179 (9th Cir. Nov. 2, 2015).

to mention the license on its website, but the court quite properly held that “no trier of fact could reasonably conclude from this omission that plaintiff has failed to police the license.”¹⁸⁵⁶ The other licenses proffered by the defendant similarly failed to get the job done after the court found that “those licenses are subject to quality control provisions.”¹⁸⁵⁷ The upshot was “[b]ecause there is a total absence of evidence in the record that plaintiff failed to exercise adequate quality control over its licensing, defendant cannot meet a ‘stringent’ standard of proof on its naked licensing affirmative defense.”¹⁸⁵⁸

A different court similarly rejected a naked licensing-based challenge to the validity of a plaintiff’s service mark, albeit only in the context of a defense motion for summary judgment.¹⁸⁵⁹ The plaintiff produced karaoke tracks, which it licensed to commercial karaoke jocks, or KJs. Responding to the defendants’ motion, the plaintiff initially pointed out its agreements prohibited licenses from modifying the manner in which the plaintiff’s marks were displayed, from applying the marks to any track not produced by the plaintiff, and from disparaging, mutilating, or modifying the marks. Although rejecting that showing because “[t]he ‘control’ required [to avoid a finding of a naked license] is not control over the *mark*, but rather control over the *service* that the mark identifies,”¹⁸⁶⁰ the court still declined to enter summary judgment in the defendants’ favor. As it explained, “a licensor forfeits its interest in a mark only in the ‘extreme case’ where it ‘exercise[s] no authority over the appearance and operations of’ the licensee’s business.”¹⁸⁶¹ In the final analysis, the existence of such an extreme case was placed into dispute by record evidence and testimony that the licenses barred the modification of the plaintiff’s tracks and, additionally, by the parties’ failure to brief the issue of consumers’ expectations in the industry.¹⁸⁶² The latter consideration, however, precluded a grant of the plaintiff’s cross-motion for summary judgment as well.¹⁸⁶³

1856. *Id.* at 1181.

1857. *Id.* at 1182.

1858. *Id.* (quoting *Barcamerica Int’l USA Trust v. Tyfield Imps., Inc.*, 289 F.3d 589, 596 (9th Cir. 2002)).

1859. *See Slep-Tone Entm’t Corp. v. Coyne*, 141 F. Supp. 3d 813 (N.D. Ill. 2015).

1860. *Id.* at 824.

1861. *Id.* at 825 (alteration in original) (quoting *Eva’s Bridal Ltd. v. Halanick Enters.*, 639 F.3d 788, 791 (7th Cir. 2011)).

1862. *Id.*

1863. *Id.* at 825.

ii. Prior Use

On its face, the Lanham Act contains three defenses of which a defendant claiming prior use in an action brought by the owner of an incontestable registration can avail itself. The first is codified in Section 33(b)(5) of the Act,¹⁸⁶⁴ which preserves the rights of an “intermediate junior user” whose use of its mark postdates that of a senior user but predates the issuance of a registration to the senior user.¹⁸⁶⁵ That defense requires a defendant invoking it to demonstrate that: (1) it adopted its mark before the issuance of the senior user’s registration and without knowledge of the senior user’s prior use; (2) the scope of the geographic market in which it used its mark prior to the registration of the senior user’s mark; and (3) it has continuously used the mark in the preregistration geographic market.¹⁸⁶⁶ A second appears in Section 33(b)(6), which recognizes as a “defense or defect” “[t]hat the mark whose use is charged as an infringement was registered and used prior to the registration . . . of the registered mark of the registrant, and not abandoned: Provided, however, [t]hat this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant’s mark.”¹⁸⁶⁷

The Eleventh Circuit availed itself of the opportunity to confirm the nature of Section 33(b)(5)’s and Section 33(b)(6)’s affirmative defenses.¹⁸⁶⁸ Consistent with the treatment of Section 33(b)’s defenses by the Supreme Court in *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*,¹⁸⁶⁹ the court properly recognized the intermediate junior user defense recognized by the statute was not a defense on the merits but instead one only to the conclusive evidence of mark validity recognized by Section 33(b):

The defenses in section [33(b)] rebut the conclusive presumption of validity that comes with incontestability. When that presumption is rebutted, however, the defendant does not automatically prevail. Rebuttal reduces the conclusive presumption of validity to a prima facie presumption of validity. The defendant must still identify some additional reason why

1864. 15 U.S.C. § 1115(b)(5) (2012).

1865. See J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 26:38 (4th ed. 2016) (“If Orange Co. uses the mark in territory X, Blue Inc. then uses it in territory A, and then Orange files a use-based application to register the mark, then Blue is an ‘intermediate junior user.’”).

1866. *What-A-Burger of Va., Inc. v. Whataburger, Inc. of Corpus Christi, Tex.*, 357 F.3d 441, 446 (4th Cir. 2004).

1867. 15 U.S.C. § 1115(b)(6).

1868. See *Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitaller of the Sovereign Order of St. John of Jerusalem, Knights of Malta, the Ecumenical Order*, 809 F.3d 1171 (11th Cir. 2015).

1869. 469 U.S. 189 (1985).

the plaintiff's marks are invalid. . . . The district court erred by treating sections [33(b)(5)] and [33(b)(6)] as complete defenses to infringement.¹⁸⁷⁰

In an extreme example of judicial hairsplitting, the court acknowledged that “prior use *can* be a defense on the merits”;¹⁸⁷¹ at the same time, however, it concluded that the district court's consideration of prior use as an absolute defense under Section 15(b)(5) violated the court's appellate mandate from an earlier appeal.¹⁸⁷²

In doing so, the court touched briefly on the third geographic rights defense provided for by the Act, which appears in the following italicized language of Section 15:

*[E]xcept to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable*¹⁸⁷³

Although this exception to incontestability appears similarly worded to Section 33(b)(5)'s affirmative defense, the relatively few courts addressing the distinction between the two have recognized the two statutes are available to different categories of defendants. Specifically, they have held that, rather than being available to intermediate junior users, Section 15's exception to incontestability is available only to absolute prior users.¹⁸⁷⁴ The

1870. *Sovereign Military Hospitaller Order*, 809 F.3d at 1191 (citations omitted).

1871. *Id.*

1872. *Id.* at 1191-92.

1873. 15 U.S.C. § 1065 (2012).

1874. *See, e.g., Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 374 n.6 (7th Cir. 1976) (“[Section 15's] exception involving prior use must be contrasted with [Section 33(b)(5)] . . . [Section 33(b)(5)] involves a situation where the registrant begins to use a mark (without registering it), the alleged infringer begins use of his mark without knowledge of the registrant's prior use, and then the registrant registers . . . his mark.”); *see also Advance Stores Co. v. Refinishing Specialties, Inc.*, 948 F. Supp. 643, 650 n.4 (W.D. Ky. 1996) (“If Defendant is the senior user, [Section 15] would apply If Defendant were the junior user, [Section 33(b)(5)] would apply.”), *aff'd*, 188 F.3d 408 (6th Cir. 1999). As Professor McCarthy has explained, “[t]he common law rights of . . . ‘intermediate’ junior users who used [their marks] before the senior user's registration are preserved by Lanham Act § 33(b)(5). The common law rights of a senior user are preserved by Lanham Act § 15.” J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:18.50 (4th ed. 2016); *see also id.* § 26:53 (“§ 15 preserves, in a limited area, for limited goods and services and for a limited time frame, the common law rights of the senior user and prevents those rights from being totally cut off by a junior user's incontestable registration.” (emphasis added)).

Eleventh Circuit appeared to follow suit, observing that “[S]ection [15] of the Lanham Act—the provision that defines incontestability . . . contains a defense of prior use.”¹⁸⁷⁵ Because the defendant had failed to aver and prove how it had acquired rights under state law prior to the defendant’s date of first use, however, the court ultimately declined to address the defense’s applicability in the case before it.

In contrast, the declaratory judgment plaintiffs before a Florida district court *did* establish their entitlement to Section 15’s prior use defense, at least for the purposes of the defendant’s motion to dismiss the defense.¹⁸⁷⁶ The court set forth the requirements for Section 15’s defense in the following manner:

The elements to a so-called “prior use” defense under [Section 15] are: (i) acquisition of trademark rights under state law prior to the date of incontestable registration; (ii) continuance of use of . . . the trademark from that date; and (iii) that the prior use is on goods or services which are in issue in the case [to which] infringement is proven.¹⁸⁷⁷

Parsing the counterclaim, the court determined the plaintiffs had alleged use of the challenged mark throughout the United States for six years before the defendant’s date of first use, an allegation the court interpreted as establishing the plaintiffs’ *continuous* prior use.¹⁸⁷⁸ Because the plaintiffs expressly averred their use had occurred in connection with the same goods throughout that period of time, the third requirement for the defense was likewise established.¹⁸⁷⁹

Finally, in a case not turning on an application of either Section 15, 33(b)(5) or 33(b)(6), a panel of the Ohio Court of Appeals tackled the issue of whether a defendant arguing prior use of a descriptive mark must prove the existence of acquired distinctiveness prior to the plaintiff’s acquisition of rights.¹⁸⁸⁰ The traditional rule, of course, is that the plaintiff must prove the distinctiveness of its mark prior to the defendant’s entry.¹⁸⁸¹ The

1875. *Sovereign Military Hospitaller Order*, 809 F.3d at 1185.

1876. *See* *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268 (M.D. Fla. 2015).

1877. *Id.* at 1275 (second and third alterations in original) (quoting *Times Newspapers, Ltd. v. Times Publ’g Co.*, No. 92–1435–CIV–T–15(A), 1993 WL 120614, at *3 (M.D. Fla. Jan. 13, 1993)).

1878. *Id.*

1879. *Id.*

1880. *See* *Lavanty v. Nicolinni’s Ristorante I & II, LLC*, 55 N.E.3d 565 (Ohio Ct. App. 2015).

1881. As one court explained over the past year:

A strictly logical priority rule would be to award ownership to the party who first achieved secondary meaning. But courts instead utilize an easier-to-apply but stricter surrogate test. Thus, priority depends not upon which mark succeeds in first obtaining

Ohio court, however, turned this rule on its head, rejecting the prior use defense of the counterclaim defendant before it on the theory that “[e]ven if we assume, arguendo, that [the counterclaim defendant] used the [disputed surname mark] first, this does not end the analysis. First use does not, by itself, establish secondary meaning, and it is secondary meaning that determines whether a personal name has developed into a trademark.”¹⁸⁸² Because the counterclaim defendant had failed to respond to the counterclaim plaintiffs’ summary judgment with such a showing, the trial court properly had rejected his first use defense.¹⁸⁸³

iii. Descriptive Fair Use

Descriptive fair use, sometimes known as “classic” fair use,¹⁸⁸⁴ by a defendant of either the plaintiff’s mark or the words making up that mark may be justified under any of three theories. First, Section 33(b)(4) of the Act recognizes as a defense to the conclusive evidentiary presumptions attaching to an incontestably registered mark that a defendant is using “otherwise than as a mark” a personal name “in his own business” or other words “fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin.”¹⁸⁸⁵ Second, the common law preserves defendants’ ability to use personal names and descriptive terms in their primary descriptive sense; consequently, a defendant in an action to protect a registered mark who first satisfies Section 33(b)(4)’s requirements can then fall back on the common law to provide a defense on the merits. Finally, Section 43(c)(3)(A) excludes from liability in a likelihood-of-dilution action “[a]ny fair use, including a . . . descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services.”¹⁸⁸⁶

Some defendants claiming descriptive fair use did not fare well. One defended against a preliminary injunction motion by

secondary meaning but upon whether the plaintiff can prove by a preponderance of the evidence that his mark possessed secondary meaning at the time the defendant commenced his use of the mark. If the senior user cannot demonstrate that its use of the term acquired secondary meaning before the junior user commenced its use, there can be no infringement, for if there was no secondary meaning, there was no likelihood of confusion when the junior user arrived on the scene.

JDR Indus. v. McDowell, 121 F. Supp. 3d 872, 885–86 (D. Neb. 2015) (alteration omitted) (citations omitted) (internal quotation marks omitted).

1882. *Lavanty*, 55 N.E.3d at 572.

1883. *Id.*

1884. *See, e.g.,* Select Comfort Corp. v. Baxter, 156 F. Supp. 3d 971, 986 (D. Minn.), vacated in part on other grounds, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1885. 15 U.S.C. § 1115(b)(4) (2012).

1886. *Id.* § 1125(c)(3)(A).

claiming descriptive fair use of the word “supernova” in connection with an athletic shoe allegedly featuring a “cosmic color scheme resembling the colors of a supernova.”¹⁸⁸⁷ In granting the motion, the court determined the defendant was unlikely to establish its right to the defense, which the court held required showings the defendant’s use was: (1) not as a mark; (2) fair and in good faith; and (3) only to describe the defendant’s goods and services.¹⁸⁸⁸ The court concluded with respect to the first of these requirements that the defendant’s website was devoid of references “to the shoe’s ‘cosmic color scheme’ or any other information suggesting that ‘Supernova’ is anything other than the name of the shoe. In other words, [the defendant] is using ‘Supernova’ as a mark, not as a descriptor, and is therefore unlikely to succeed in establishing a fair use defense.”¹⁸⁸⁹ That was not the only problem for the defendant, however, for the court also concluded the defendant’s lack of good faith was an additional obstacle to the successful assertion of the defense.¹⁸⁹⁰

The requirement of good faith also assumed significance in a case in which the court rejected the descriptive fair use defense as a matter of law.¹⁸⁹¹ While determining the defendant’s liability for infringement, the court concluded from the summary judgment record that the defendant’s bad faith was beyond material dispute.¹⁸⁹² This was a sufficient basis for the court to dispose of the defense without the need for a trial: “Because [the defendant] cannot establish one of the essential elements of the fair use affirmative defense, [the plaintiffs are] entitled to summary judgment as a matter of law striking [the defendant’s] fair use affirmative defense.”¹⁸⁹³

In contrast, the factual nature of the descriptive fair use inquiry prevented its resolution as a matter of law in several cases.¹⁸⁹⁴ For example, one defendant’s invocation of Section

1887. *Quoted in* adidas Am., Inc. v. Skechers USA, Inc., 149 F. Supp. 3d 1222, 1246 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016).

1888. *Id.*

1889. *Id.*

1890. *Id.*

1891. *See* Tiffany & Co. v. Costco Wholesale Corp., 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

1892. The defendant argued its uses of the plaintiff’s mark were innocent reproductions of uses appearing in “vendor-supplied quote sheets,” but the court found otherwise: “[The plaintiff] has provided compelling evidence demonstrating that [the defendant] was concurrently requesting that its vendors copy [the plaintiff’s] products, that [the defendant’s] employees were aware of vendors’ efforts to do so, and that [the defendant’s] employees took no action to put a stop to this.” *Id.* at 252.

1893. *Id.* at 256.

1894. *See, e.g.,* Select Comfort Corp. v. Baxter, 156 F. Supp. 3d 971, 987 (D. Minn.) (holding, without extensive discussion of record, that factual disputes prevented grant of

33(b)(4) failed in large part because of its inability to demonstrate in post-trial briefing it had acted in good faith by using “pod” and “pods” in connection with self-storage services and with the containers associated with those services.¹⁸⁹⁵ Declining the defendant’s invitation to overturn a jury finding the defendant had violated the plaintiff’s rights to the PODS mark for competitive goods and services, the court rejected the defendant’s post-trial arguments under the first two of Section 33(b)(4)’s requirements without extended analysis.¹⁸⁹⁶ It then did the same with respect to the third requirement, citing as an initial matter “evidence . . . that [the defendant] used ‘pod’ and ‘pods’ on its website thousands of times.”¹⁸⁹⁷ The jury’s finding of no good faith also reasonably could have rested on internal correspondence between executives of the defendant comparing their conduct to that of a “steel-eyed gunfighter.”¹⁸⁹⁸ Finally, “[the defendant’s] decision to use ‘pod’ and ‘pods’ when it had previously used alternative terms, such as ‘containers’ and ‘portable storage,’ is also relevant to the fair use inquiry.”¹⁸⁹⁹ In the final analysis, “there was sufficient evidence supporting the jury’s finding that [the defendant’s] use of ‘pods’ was not in good faith, defeating [the defendant’s] fair use defense.”¹⁹⁰⁰

Notwithstanding these pro-plaintiff outcomes, the Detroit Metro Convention & Visitors Bureau and the Detroit Sports Commission accomplished the rare feat of establishing their entitlement to the fair descriptive use defense on a motion to dismiss for failure to state a claim.¹⁹⁰¹ A self-styled musician and entrepreneur, the plaintiff suing those defendants owned several registrations of the WELCOME TO THE D and THE D for clothing and entertainment services in the nature of a music and entertainment new show broadcast. He objected to the defendants’ use of the phrase “Welcome to the D” on promotional signs and banners such as the following:¹⁹⁰²

parties’ cross-motions for summary judgment), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1895. *See* PODS Enters. v. U-Haul Int’l, Inc., 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

1896. *Id.* at 1280.

1897. *Id.*

1898. *Quoted in id.*

1899. *Id.*

1900. *Id.*

1901. *See* Kassa v. Detroit Metro Convention & Visitors Bureau, 150 F. Supp. 3d 831 (E.D. Mich. 2015), *aff’d*, No. 16-1007, 2017 WL 117534 (6th Cir. Jan. 12, 2017).

1902. *Id.* at 835.



Granting the defendants' motion, the court first concluded that "the reference to 'the D' in 'Welcome to the D' on the banners can only be a purely descriptive reference to the City of Detroit, and 'Welcome to the D' can be read only as a greeting to this great City. Such a greeting is plainly a non-trademark use of the phrase."¹⁹⁰³ Moreover, it found, "[t]here are simply no plausible factual allegations that could support a finding that the Defendants composed and displayed the signs and banners in bad faith."¹⁹⁰⁴ The plaintiff attempted to ward off summary judgment by pointing to the commercial nature of the defendants' uses and the allegations of likely confusion in his complaint, but the court held those issues inapposite.¹⁹⁰⁵ The plaintiff's likelihood-of-confusion and likelihood-of-dilution causes of action therefore failed to make it past the pleadings stage.¹⁹⁰⁶

Summary judgment of descriptive fair use held in a different case.¹⁹⁰⁷ The plaintiffs owned a federal registration of the OWN YOUR POWER mark for life coaching sessions, while the

1903. *Id.* at 838; *see also id.* at 840 ("[W]hen Defendants' use of 'Welcome to the D' is viewed in context, the only plausible interpretation is that the phrase is being used as a greeting to the City of Detroit.").

1904. *Id.* at 840.

1905. *Id.*

1906. *Id.* at 840-41.

1907. *See Kelly-Brown v. Winfrey*, 95 F. Supp. 3d 350 (S.D.N.Y. 2015), *aff'd*, 659 F. App'x 55 (2d Cir. 2016), *petition for cert. filed*, No. 16-803 (U.S. Dec. 23, 2016).

defendants used the same phrase on the cover of one issue of their magazine, twice in the contents of two issues, and, additionally, on banners at an one-time empowerment event. Although agreeing with the defendants that confusion was unlikely as a matter of law, the court went on to address their fair descriptive use defense. It first found no material dispute that the defendants' uses were otherwise than as marks, citing the consistent appearance of the phrase with more prominent marks owned by the defendants and the varied presentations of the phrase.¹⁹⁰⁸ Second, it determined the defendants had accurately used the phrase "to describe their overall message of self-empowerment."¹⁹⁰⁹ Finally, although the defendants might properly be charged with constructive notice of the plaintiffs' registered mark, the court found it undisputed that "Plaintiffs provide no evidence indicating Defendants' intent to generate confusion regarding the phrase's origin."¹⁹¹⁰ "Accordingly," it concluded, "even if Defendants' use created a likelihood of consumer confusion, Defendants' non-trademark, descriptive, and good faith use is protected by the fair use defense."¹⁹¹¹

An additional defendant successfully established the prerequisites of the defense in a bench trial.¹⁹¹² The defendant's use was of the word "pin" in connection with a website-based travel planning service enabling users to monitor the price fluctuations of airline fares. As to the first two of the three requirements, the court found "[the plaintiff] has provided overwhelming evidence that its use of the word pin is used to describe the common act of pinning—i.e., one of the services offered by the [defendant's] website—and not to identify, distinguish, or indicate the source of those goods or services":¹⁹¹³ That "overwhelming evidence" consisted in significant part of expert testimony and documentary evidence of similar industry usage,¹⁹¹⁴ as well as the plaintiff's express descriptions on its website of its pin button "as a feature of the website that permits users to perform the same well-known pinning function offered by . . . numerous software products and Internet websites."¹⁹¹⁵ Then, with respect to the third requirement, it found "the evidence introduced at trial overwhelmingly supports the conclusion that [the defendant] decided to use the term pin to describe the well-known computer operation of pinning before it

1908. *Id.* at 363-64.

1909. *Id.* at 364.

1910. *Id.* at 365.

1911. *Id.*

1912. *See* *Pinterest, Inc. v. Pintrips, Inc.*, 140 F. Supp. 3d 997 (N.D. Cal. 2015).

1913. *Id.* at 1024.

1914. *Id.* at 1024-25

1915. *Id.* at 1026.

had even heard of the website Pinterest.”¹⁹¹⁶ The court therefore determined it was unnecessary to address the issue of whether the plaintiff had protectable rights to its claimed mark in the first instance.¹⁹¹⁷

iv. Nominative Fair Use

The nature of the nominative fair use doctrine continued to vex and divide courts, especially on the issue of whether the doctrine is an actual affirmative defense or, alternatively, something for plaintiffs to overcome as part of their prima facie cases. Although the Ninth Circuit has in recent years taken the second approach,¹⁹¹⁸ that court backtracked over the past year by holding that “[w]e have long recognized that nominative fair use is a defense to a trademark claim. . . . The defense may be invoked ‘where a defendant uses the mark to refer to the trademarked good itself.’”¹⁹¹⁹ Whether this burden-shifting made a difference in the outcome of the appeal before that court is an open question, however, for the court soon resorted to its historical test for nominative fair use: “[W]e ask ‘whether (1) the product was readily identifiable without use of the mark; (2) defendant used more of the mark than necessary; or (3) defendant falsely suggested he was sponsored or endorsed by the trademark holder.’”¹⁹²⁰ Under an application of that test, the court affirmed entry of summary judgment in favor of a group of defendants allegedly misrepresenting the characteristics of branded software produced by the plaintiff but resold by the defendants: According to the court, the plaintiff’s claim properly sounded in false advertising, rather than trademark infringement.¹⁹²¹

In contrast, the Second Circuit held that nominative fair use is not an affirmative defense but instead something a plaintiff must overcome as part of its prima facie case.¹⁹²² According to that court:

[I]n addition to considering the [standard likelihood-of-confusion] factors, courts are to consider (1) whether the use of the plaintiff’s mark is necessary to describe both the plaintiff’s product or service and the defendant’s product or service, that is, whether the product or service is not readily identifiable

1916. *Id.* at 1030.

1917. *Id.* at 1023 n.3.

1918. *See Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-83 (9th Cir. 2010).

1919. *Adobe Sys. Inc. v. Christenson*, 809 F.3d 1071, 1081 (9th Cir. 2015) (quoting *Toyota Motor Sales*, 610 F.3d at 1175) (internal quotation marks omitted).

1920. *Id.* (quoting *Toyota Motor Sales*, 610 F.3d at 1175–76).

1921. *Id.* at 1081-82.

1922. *See Int’l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153 (2d Cir. 2016), *cert. denied*, No. 16-352 (U.S. Jan. 9, 2017).

without use of the mark; (2) whether the defendant uses only so much of the plaintiff's mark as is necessary to identify the product or service; and (3) whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder¹⁹²³

With the Ninth Circuit waffling on the issue and the Supreme Court declining to review the Second Circuit's opinion, federal district courts generally treated the doctrine as an affirmative defense.¹⁹²⁴ One was a Florida federal district court entertaining a claim that the defendants before it had resold genuine goods produced by the plaintiff on websites accessible at domain names incorporating the plaintiff's marks.¹⁹²⁵ Invoking the Ninth Circuit's three factors in the absence of controlling Eleventh Circuit authority, the court held without extended discussion that the defendants had failed to satisfy their burden of proof under the second factor.¹⁹²⁶ As a consequence, it concluded, the defendants were unlikely to defeat the plaintiff's preliminary injunction motion on that basis.¹⁹²⁷

A California federal district court also treated the doctrine as a defense.¹⁹²⁸ It did so in an action in which the plaintiff, a software manufacturer, entered into an agreement with the defendants, which allowed the defendants to bundle the plaintiff's programs with approved hardware components. When an investigator for the plaintiff made a buy from the defendants, the software received by the investigator turned out to be an unauthorized copy accompanied by a card bearing the plaintiff's mark and a serial number allowing users to unlock the software. The plaintiff alleged the mark on the key card bore a counterfeit copy of its mark, while the defendants maintained in a motion to dismiss for failure to state a claim they had made a nominative fair use of the mark. The court's reading of the complaint established that "[a]ccording to [Plaintiff], Defendants' use of [Plaintiff's] marks was not intended to describe [Plaintiff's] product, but rather to make it appear that the software was sanctioned by [Plaintiff] for sale and distribution."¹⁹²⁹ It therefore

1923. *Id.* at 156.

1924. *See, e.g.,* *Spy Optic, Inc. v. Alibaba.com, Inc.*, 163 F. Supp. 3d 755, 765 (C.D. Cal. 2015) (characterizing doctrine as defense while denying nominative fair use-based motion to dismiss allegations of counterfeiting, infringement, and false advertising for failure to state claims).

1925. *See* *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321 (S.D. Fla. 2015), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

1926. *Id.* at 1326 ("[The defendants'] use of [the plaintiff's] marks in Internet domain names goes beyond what is necessary to identify [the plaintiff's] products.").

1927. *Id.*

1928. *See* *Adobe Sys Inc. v. A & S Elecs., Inc.*, 153 F. Supp. 3d 1136 (N.D. Cal. 2015).

1929. *Id.* at 1143.

denied the defendant's motion because "[i]n view of these allegations, the Court cannot conclude at this stage of the litigation that Defendants' use of [Plaintiff's] marks can be classified as nominative fair use."¹⁹³⁰

Finally, without guidance from the Eighth Circuit, some district courts within that jurisdiction adopted the Ninth Circuit's tripartite test for nominative fair use but, through either intention or omission, did not take a position on the nature of the doctrine.¹⁹³¹ The subject of a Nebraska federal district court's discussion of the issue was advertising by the lead defendant identifying its founder (named as an individual defendant) as the founder of the plaintiff.¹⁹³² Although concluding some of the disputed advertising came "very close to the line,"¹⁹³³ the court ultimately rejected the plaintiffs' bid for a preliminary injunction: "[The individual defendant's] identification of himself as the founder of [the lead plaintiff] and its associated entities is accurate—and [the individual defendant] is entitled to accurately describe its experience in the industry when marketing his company's products and services."¹⁹³⁴

v. Statutes of Limitations

The Lanham Act does not contain a statute of limitations,¹⁹³⁵ the absence of which should resolve the issue of whether claims under the Act are subject to such a statute—they are not—but some courts persist in reaching holdings to the contrary. An Arizona appellate panel did so in an appeal from a verdict of nonliability by a jury that had been instructed the relevant statute of limitations under the law of that state was one year for purposes of the plaintiff's request for monetary relief.¹⁹³⁶ Referring to the state statute of limitations for actions sounding in fraud,¹⁹³⁷ the

1930. *Id.*

1931. *See, e.g.,* *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971, 987 (D. Minn.) (applying tripartite Ninth Circuit test to deny parties' cross-motions for summary judgment), *vacated in part on other grounds*, No. 12–2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1932. *See* *Infogroup, Inc. v. Database LLC*, 95 F. Supp. 3d 1170 (D. Neb. 2015).

1933. *Id.* at 1189.

1934. *Id.*

1935. *See, e.g.,* *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268, 1277-78 (M.D. Fla. 2015) (declining to apply statute of limitations to declaratory judgment plaintiffs' fraud-based attack on defendant's registration); *see also* *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047, 1051 (D. Or. 2015); *JDR Indus. v. McDowell*, 121 F. Supp. 3d 872, 889 (D. Neb. 2015); *Best Chairs Inc. v. Factory Direct Wholesale, LLC*, 121 F. Supp. 3d 828, 841 (S.D. Ind. 2015).

1936. *See* *Skydive Ariz., Inc. v. Hogue*, 360 P.3d 153 (Ariz. Ct. App. 2015).

1937. *Ariz. Rev. Stat. § 12-543(3)* (LexisNexis 2016).

court of appeals held the period properly was three years,¹⁹³⁸ but concluded the error had not prejudiced the plaintiff. The reason for the latter determination was that the plaintiff had introduced, and the jury had considered, evidence of actual confusion falling outside of the one-year period contemplated by the trial court's jury instruction: Because the jury nonetheless found noninfringement, thereby mooting the issue of the plaintiff's entitlement to monetary relief, the trial court's error was harmless.¹⁹³⁹

The same error by a New York federal district court was more consequential.¹⁹⁴⁰ That court properly recognized that “[t]he Lanham Act itself establishes no specific limitations period for unfair competition claims,”¹⁹⁴¹ but it then held the plaintiffs' causes of action under the Act subject to the six-year statute of limitations applicable to fraud claims under New York Law. According to the court, “[t]his action was filed on February 14, 2013, so the limitations period would exclude any claims arising from sales made prior to February 14, 2007.”¹⁹⁴² As a matter of law, therefore, the plaintiffs' prayer for monetary relief for actions by the defendant prior to the earlier of those dates could not stand.¹⁹⁴³

Additional opinions addressed the issue in the context of motions to dismiss for failure to state claims.¹⁹⁴⁴ One case leading to such a disposition arose from the defendants' alleged sale of discounted honey of Chinese origin without disclosing its Chinese origin.¹⁹⁴⁵ The plaintiffs averred they had become aware of the defendants' misconduct as a result of a government investigation and had filed suit within a month of that awareness. This alleged fact, accepted as true for purposes of the defendants' motion, rendered moot the defendants' argument that a three-year statute of limitations applied to the plaintiffs' cause of action for false advertising, especially in light of the plaintiffs' averment that the defendants had fraudulently concealed their activities before the investigation.¹⁹⁴⁶

1938. *Skydive Ariz.*, 360 P.3d at 161-62.

1939. *Id.* at 163.

1940. *See Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

1941. *Id.* at 262.

1942. *Id.*

1943. *Id.*

1944. *See, e.g., Manufacture 7 Bell S.P.A. v. Happy Trails LLC*, 118 U.S.P.Q.2d 1596, 1599-1600 (D. Del. 2016) (declining to resolve issue of applicability of statute of limitations to counterclaim defendant's right of publicity claim at pleadings stage).

1945. *See In re Honey Transshipping Litig.*, 87 F. Supp. 3d 855, 867 (N.D. Ill. 2015).

1946. *Id.* at 867-68.

A motion to dismiss a false advertising counterclaim also failed in a case in which the court invoked Illinois law to apply a three-year statute of limitations.¹⁹⁴⁷ Although it was apparent from the pleadings that the counterclaim plaintiff had known of the disputed advertising for more than three years prior to the service of the counterclaim, that consideration did not prove fatal to the counterclaim. Rather, the court held, the continuing violation doctrine excused the counterclaim plaintiff's inaction, at least with respect to the counterclaim defendant's apparent ongoing use of the advertising. As the court explained, "[t]he continuing violation doctrine allows [the counterclaim plaintiff] to bring an action for conduct that occurred outside the statute of limitations period provided that, as here, the last infringing act occurred within the statutory period."¹⁹⁴⁸

b. Equitable Defenses

i. Unclean Hands

"For [a] defendant to succeed on an unclean hands defense, [the] plaintiff's alleged misconduct must bear some connection to the transaction from which the complaint arose."¹⁹⁴⁹ One case presenting a meritless allegation of unclean hands arose from a terminated license between the parties.¹⁹⁵⁰ According to the defendant, which had ill-advisedly continued to use the licensed mark after the plaintiff had revoked its charter as one of the plaintiff's affiliates, the plaintiff had dirtied its hands in part by revoking the charter for political reasons. Granting summary judgment in the plaintiff's favor, the court noted that "[r]egardless of the precise ground for revoking defendant's charter, it is not genuinely disputed that plaintiff was acting within its rights and in accordance with its bylaws when it revoked defendant's charter. Plaintiff even afforded defendant procedural due process, giving defendant the opportunity to appeal the decision. Defendant declined."¹⁹⁵¹ The court then turned to a second basis of the defendant's claim of unclean hands, which was that the plaintiff had taken on a new licensee in the defendant's territory. Although the defendant asserted the plaintiff had taken that step to cripple the defendant, the court found that averment unsupported by the

1947. *See* *Champion Labs. v. Cent. Ill. Mfg. Co.*, 157 F. Supp. 3d 759 (N.D. Ill. 2016).

1948. *Id.* at 764.

1949. *Nat'l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171, 1182 (E.D. Cal. 2015), *appeal docketed*, No. 15-17179 (9th Cir. Nov. 2, 2015).

1950. *Id.* at 1175.

1951. *Id.* at 1182 (citation omitted).

summary judgment record. As a consequence, that aspect of the defendant's defense fell short as a matter of law as well.¹⁹⁵²

An additional claim of unclean hands also failed on a motion for summary judgment.¹⁹⁵³ It was undisputed the plaintiff had misstated its date of first use when applying to register its mark: Rather than October 2009 as claimed in the application, that date was in fact September 2011. It was equally undisputed, however, that the plaintiff's mark was in use as of the application's filing date, which meant "[t]he claimed date of first use thus was not a material misrepresentation."¹⁹⁵⁴ As a consequence, the defendants' motion for summary judgment lacked merit, while the plaintiff's cross-motion on the same issue proved successful.¹⁹⁵⁵

A different court addressing an unclean hands defense rendered a split decision.¹⁹⁵⁶ The plaintiffs' claims depended in part on the defendants' practice of purchasing the plaintiffs' marks as keywords for the defendants' online advertising, which led the defendants to assert unclean hands based on evidence the plaintiffs had engaged in the same conduct. Citing the plaintiffs' objections to the *text* of the defendants' advertisements, the court dismissed that aspect of the defendants' defense on the plaintiffs' motion for summary judgment: "Plaintiffs do not claim keyword purchasing alone is wrongful. Thus, there is no basis for Defendants' unclean hands defense on these grounds."¹⁹⁵⁷ Nevertheless, and without extended discussion, the court declined to dispose of another aspect of the defendants' allegations in similar fashion, namely, that "Plaintiffs have engaged in advertising that is similar to some of Defendants' advertising that Plaintiffs allege constitutes false advertising."¹⁹⁵⁸

1952. *Id.* at 1183.

1953. See *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947 (N.D. Cal.), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015).

1954. *Id.* at 956.

1955. *Id.*

In addition to their attack on the plaintiff's inaccurate date of first use, the defendants argued the plaintiff was guilty of unclean hands because it had prosecuted its infringement claims in bad faith with the purpose of expanding its trademark rights unlawfully. *Id.* The court held these theories meritless as a matter of law as well "because they relate to the current litigation, not to how [the plaintiff] allegedly obtained the asserted trademark rights." *Id.*

1956. See *Select Comfort Corp. v. Baxter*, 156 F. Supp. 3d 971 (D. Minn.), *vacated in part on other grounds*, No. 12-2899 (DWF/SER), 2016 WL 6246765 (D. Minn. Oct. 25, 2016).

1957. *Id.* at 995.

1958. *Id.*

ii. Laches

“The doctrine of laches originated in equity and allows the court to deny relief to a party who has slept on its rights to the detriment of its opponent.”¹⁹⁵⁹ One court noted that:

Laches is a valid defense to claims for both monetary damages and injunctive relief. That said, courts are generally more reluctant to apply the doctrine to claims for prospective injunctive relief, especially if the infringing use is causing consumer confusion. Courts may (and should) tailor application of laches to fit the facts and equities of each case. Thus, even if laches bars certain damages in this case, it may not bar prospective injunctive relief. The scope of injunctive relief can likewise be tailored.¹⁹⁶⁰

Courts over the past year set forth differing, if ultimately consistent, statements of the test for the affirmative defense of laches. On the one hand, some courts held that “to be successful, the party asserting laches must show that 1) the delay was unreasonable, and 2) the party asserting laches would be prejudiced if the infringement were to continue.”¹⁹⁶¹ On the other hand, however, the Fifth Circuit and most other courts applied a tripartite test, namely, that “[t]o establish laches, the [defendant] must prove that [the plaintiff] delayed in asserting the rights at issue; that the delay is inexcusable; and that the [defendant] has suffered undue prejudice as a result of the delay.”¹⁹⁶²

1959. *Navajo Nation v. Urban Outfitters, Inc.*, 118 U.S.P.Q.2d 1612, 1614 (D.N.M. 2016).

1960. *JDR Indus. v. McDowell*, 121 F. Supp. 3d 872, 889 (D. Neb. 2015) (citations omitted).

1961. *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047, 1051 (D. Or. 2015); *see also Navajo Nation*, 118 U.S.P.Q.2d at 1614; *Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, 156 F. Supp. 3d 870, 877 (E.D. Mich. 2016); *Champion Labs v. Cent. Ill. Mfg. Co.*, 157 F. Supp. 3d 759, 765 (N.D. Ill. 2016); *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947, 955 (N.D. Cal.), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015).

1962. *Uptown Grill, L.L.C. v. Shwartz*, 817 F.3d 251, 256 (5th Cir. 2016); *see also Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268, 1276 (M.D. Fla. 2015) (“There are three elements of a laches defense in a lawsuit for trademark infringement: (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.” (quoting *Kason Indus. v. Component Hardware Grp.*, 120 F.3d 1199, 1203 (11th Cir. 1997))); *Best Chairs Inc. v. Factory Direct Wholesale, LLC*, 121 F. Supp. 3d 828, 841 (S.D. Ind. 2015) (“The doctrine of laches applies if the defendant shows that: (1) the plaintiff had knowledge of the defendant’s use of an allegedly infringing mark; (2) the plaintiff inexcusably delayed in taking action with respect to the defendant’s use; and (3) the defendant relied to its detriment on, and was prejudiced by, the delay.”); *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132, 135-36 (S.D.N.Y. 2015) (“Laches is established by demonstrating that the ‘plaintiff had knowledge of defendant’s use of its marks, that plaintiff inexcusably delayed in taking action with respect thereto, and that defendant will be prejudiced by permitting plaintiff inequitably to assert its rights at this time.’” (quoting *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1040 (2d Cir. 1980))), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016).

The Second Circuit summarized the most commonly accepted framework for evaluating claims of unreasonable delay in the laches inquiry:

Laches is an equitable defense. Because the Lanham Act does not prescribe a statute of limitations, federal courts often “look to ‘the most appropriate’ or ‘most analogous’ state statute of limitation” to determine when the presumption of laches applies to Lanham Act claims. If the most closely analogous state statute of limitations has not run, the presumption of laches does not attach and the defendant bears the burden of proving the defense. But once the analogous state statute of limitations has run, the burden shifts to the plaintiff to show why laches should not apply. The ultimate determination of whether laches bars a plaintiff’s claim is within the trial court’s discretion.¹⁹⁶³

Statutes of limitations invoked in this context set the presumption of inexcusable delay at six years under New York law¹⁹⁶⁴ six years under Minnesota law,¹⁹⁶⁵ four years under California law,¹⁹⁶⁶ three years under Michigan law,¹⁹⁶⁷ and two years under Oregon law.¹⁹⁶⁸

As usual, most laches-related disputes focused on the lengths of plaintiffs’ delays and the reasons for them. For example, in a case involving the rights to marks used in connection with religious publications and in which the counterclaim defendant successfully established a presumption of unreasonable delay, the counterclaim plaintiff responded with several unsuccessful strategies, the first of which was to argue the counterclaim defendant had engaged in progressive encroachment.¹⁹⁶⁹ The basis

1963. Fed. Treasury Enter. *Sojuzplodoimport*, OAO v. Spirits Int’l B.V., 809 F.3d 737, 745-46 (2d Cir. 2016) (quoting *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 191 (2d Cir. 1996)) (citations omitted); see also *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047, 1066 (D. Or. 2015).

1964. *Fed. Treasury Enter. Sojuzplodoimport*, 809 F.3d at 746 (insufficient delay to trigger presumption as to plaintiffs’ Section 32(1) claim but sufficient to trigger presumption as to other claims); *Vaad L’Hafotzas Sichos, Inc. v. Kehot Publ’n Soc’y*, 156 F. Supp. 3d 363, 372-73 (E.D.N.Y.) (applying presumption), *amended in part on other grounds*, No. 10-CV-4976 (FB) (JO) (E.D.N.Y. July 25, 2016), *appeal docketed*, No. 16-2934 (2d Cir. Aug 24, 2016).

1965. See *Cedar Valley Exteriors, Inc. v. Profl Exteriors, Inc.*, 119 U.S.P.Q.2d 1445, 1455 (D. Minn. 2016).

1966. See *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947, 955 (N.D. Cal.) (presumption of inexcusable delay not triggered), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015).

1967. See *Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, 156 F. Supp. 3d 870, 877-78 (E.D. Mich. 2016) (applying presumption).

1968. See *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047, 1050-51, 1066 (D. Or. 2015) (dictum).

1969. See *Vaad L’Hafotzas Sichos, Inc. v. Kehot Publ’n Soc’y*, 156 F. Supp. 3d 363, 372-73 (E.D.N.Y.), *amended in part on other grounds*, No. 10-CV-4976 (FB) (JO) (E.D.N.Y. July 25, 2016), *appeal docketed*, No. 16-2934 (2d Cir. Aug 24, 2016).

of that claim was an evolution in the counterclaim defendant's title pages and copyright notices, which the court concluded decreased, rather than increased, the risk of confusion between the parties' marks.¹⁹⁷⁰ The court was no more convinced by the counterclaim plaintiffs' alleged objections to the counterclaim defendant's conduct prior to the escalation of the parties' dispute into actual litigation, which it found unsupported by the record.¹⁹⁷¹ Finally, because the counterclaim defendant had not acted in bad faith, the court dismissed the counterclaim plaintiffs' argument to the contrary as a basis for rejecting the availability of laches.¹⁹⁷² The doctrine therefore barred the counterclaim plaintiffs' request for injunctive relief.¹⁹⁷³

In contrast, the Fifth Circuit held that the clock for measuring a plaintiffs' alleged delay does not begin to run until the commencement of trademark-related hostilities between the parties.¹⁹⁷⁴ That conclusion arose from a dispute originally between the plaintiffs, on the one hand, and parties associated with the defendant asserting laches, on the other hand. It was only when the plaintiffs began threatening that defendant with allegations of infringement that it filed a declaratory judgment action in which it asked the court to reach a determination of laches.¹⁹⁷⁵ Those circumstances, the court held, precluded it from reversing the district court's finding of no inexcusable delay; in addition, there was no basis for attributing any delay by the companies related to the defendant asserting laches to that defendant.¹⁹⁷⁶ The defense therefore was unavailable.¹⁹⁷⁷

A different claim of laches similarly struck out after the defendants asserting it could not establish precisely when their opponents became aware of their activities.¹⁹⁷⁸ Although the defendants introduced into the summary judgment record evidence and testimony they had sold goods under their allegedly infringing mark for up to a decade before the plaintiffs' complaint, their showing neglected to establish those sales had occurred in markets in which the plaintiffs might have noticed them.¹⁹⁷⁹ That showing was equally defective because the nationwide constructive notice of the plaintiffs' rights afforded by the plaintiffs' registrations

1970. *Id.* at 373.

1971. *Id.*

1972. *Id.*

1973. *Id.*

1974. *See* *Uptown Grill, LLC v. Schwartz*, 817 F.3d 251 (5th Cir. 2016).

1975. *Id.* at 256.

1976. *Id.*

1977. *Id.*

1978. *See* *Navajo Nation v. Urban Outfitters, Inc.*, 118 U.S.P.Q.2d 1612 (D.N.M. 2016).

1979. *Id.* at 1615.

prevented the defendants from being lulled a false sense of security¹⁹⁸⁰ and, additionally, because the defendants could not prove prejudice arising from the defendants' alleged delay.¹⁹⁸¹ As a consequence, the court concluded, "Defendants have not demonstrated that the affirmative defense of laches should preclude Plaintiffs' request for pre-suit monetary damages."¹⁹⁸²

A number of opinions from trial courts reached procedural stalemates on the issue of laches.¹⁹⁸³ For example, in one case resulting in the denial of a motion to dismiss, the plaintiff had become aware of the sales through online retailer Amazon of goods bearing an allegedly infringing mark in 2012.¹⁹⁸⁴ According to the complaint, the plaintiff filed a takedown notice with Amazon, and, following the success of the notice, it assumed the matter had been resolved. In January 2014, however, it discovered the defendants selling the offending goods, leading it to file suit in May 2014; it was only during the course of that action the plaintiff learned the lead defendant and the 2012 Amazon vendor were owned by the same person. On these facts, the court recognized two primary reasons why the defendants were not entitled to dismissal of the plaintiff's complaint as a matter of law: (1) the plaintiff's undisputed four-month delay was insufficient to establish laches; (2) even if the plaintiff had tied the 2012 sales to the defendants at that time, "[a] two year delay in filing an action following knowledge of the infringement has rarely been held sufficient to constitute laches."¹⁹⁸⁵ Beyond those considerations, the plaintiff's 2012 takedown notice precluded the defendants from claiming prejudice arising from the plaintiff's alleged inaction until the filing of the suit.¹⁹⁸⁶

A separate opinion denied a laches-based motion to dismiss for other reasons.¹⁹⁸⁷ According to the plaintiffs in the case generating that order, the defendant sold limited quantities of goods under its mark, which it did not promote or market. Accepting those allegations as true, the court held "it is reasonable to infer that Plaintiffs were not aware of [Defendant] or that they had a claim for infringement until they received [Defendant's] cease and desist

1980. *Id.*

1981. *Id.*

1982. *Id.*

1983. *See, e.g.,* *Champion Labs. v. Cent. Ill. Mfg. Co.*, 157 F. Supp. 3d 759, 765 (N.D. Ill. 2016) (denying motion to dismiss because "[laches] is a fact intensive inquiry that is not amenable to resolution at the motion to dismiss stage under the facts present here").

1984. *See* *Best Chair Inc. v. Factory Direct Wholesale, LLC*, 121 F. Supp. 3d 828 (S.D. Ind. 2015).

1985. *Id.* at 842 (quoting *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 942 (7th Cir. 1989)).

1986. *Id.*

1987. *See* *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268 (M.D. Fla. 2015).

letter on January 22, 2015—six months before they filed the instant action.”¹⁹⁸⁸ That was not the only reasonable inference the court drew from the complaint, however, because “[i]t could also readily be inferred that [Defendant] waited sixteen years to send its cease and desist letter because it recently became more squarely in competition with Plaintiffs, which could excuse any delay in Plaintiffs claim.”¹⁹⁸⁹

Other opinions confirmed that, although laches may be an equitable doctrine, factual disputes can scuttle its application on motions for summary judgment. For example, the record in one case suggested the counterclaim plaintiffs had delayed asserting their infringement and unfair competition claims for nearly a ten-year period.¹⁹⁹⁰ Nevertheless, and at least for purposes of the counterclaim defendant’s motion for summary judgment, the court credited the counterclaim defendants’ averment that the “harm was too small to justify the costs of litigation.”¹⁹⁹¹ Consequently, because of a factual dispute concerning the reasonableness of the counterclaim plaintiffs’ delay, the court saw no reason to address the issue of the counterclaim defendant’s claim of prejudice.¹⁹⁹²

Another opinion addressing the length of a plaintiff’s alleged delay also drove home the point that a defendant seeking summary judgment of laches can face an uphill battle in demonstrating the absence of a factual dispute on the issue.¹⁹⁹³ The defendants in the case alleged the plaintiff had sent them a cease-and-desist letter in 2008, in response to which one of the defendants had spoken to “someone” at the plaintiff’s law firm, and after which the defendants continued using the disputed mark without objection until receiving another letter from the plaintiff in late 2014.¹⁹⁹⁴ In support of their summary judgment motion on the issue of laches, however, the defendants produced neither the earlier of the two letters nor meaningful details on the telephone call allegedly following it. Under these circumstances, the defendants were not entitled to summary judgment of laches.¹⁹⁹⁵ Moreover, they also were not entitled to argue the defense at trial in response to the plaintiff’s request for injunctive relief; instead,

1988. *Id.* at 1281.

1989. *Id.* (internal quotation marks omitted).

1990. *See* *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047 (D. Or. 2015).

1991. *Id.* at 1067.

1992. *Id.*

1993. *See* *Vision Info. Techs., Inc. v. Vision IT Servs. USA, Inc.*, 156 F. Supp. 3d 870 (E.D. Mich. 2016).

1994. *Id.* at 877.

1995. *Id.* at 878.

the court concluded, laches is properly a defense only to claims for monetary relief.¹⁹⁹⁶

Finally, two New York federal district courts had the opportunity to remind the defendants before them of the Second Circuit rule that “[i]n the trademark context, it is well established that laches is not a defense against injunctive relief when the defendant intended the infringement.”¹⁹⁹⁷ One then applied this proposition full force after determining from the summary judgment record that “[e]ven viewing the evidence in the light most favorable to defendants, the conclusion that defendants intentionally infringed plaintiffs’ trademark and trade dress is inescapable.”¹⁹⁹⁸ Because “[s]uch overwhelming resemblance between the accused product and the [plaintiffs’ product] could only have been the product of intentional mimicry,”¹⁹⁹⁹ the defendants’ intentional infringement precluded them availing themselves of the equitable defense of laches as a matter of law.²⁰⁰⁰

iii. Acquiescence

“Generally speaking, acquiescence is an equitable doctrine that permits the court to deny relief in an action for trademark infringement if the evidence shows that the owner of the mark has, through his words or conduct, conveyed his consent to the defendant’s use of the mark.”²⁰⁰¹ Courts called upon to apply the defense typically required defendants invoking it to prove three things: “(1) the senior user actively represented that it would not assert a right or a claim; (2) the [senior user’s] delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.”²⁰⁰²

As one opinion demonstrated, however, a holding of acquiescence may not necessarily dispose of a plaintiff’s claims even if these three requirements are met. That opinion arose from an action brought by a brewery against a restaurant using a mark identical to that of the brewery.²⁰⁰³ The record before the court on

1996. *Id.*

1997. *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132, 136 (S.D.N.Y. 2015) (quoting *Harlequin Enters. v. Gulf & W. Corp.*, 644 F.2d 946, 950 (2d Cir. 1981)), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016); *accord Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc.*, 104 F. Supp. 3d 371, 383 (S.D.N.Y. 2015).

1998. *Victorinox AG*, 114 F. Supp. 3d at 136.

1999. *Id.*

2000. *Id.* at 137; *see also Flat Rate Movers*, 104 F. Supp. 3d at 383 (similarly dismissing bad-faith infringers’ laches defense on plaintiff’s motion for summary judgment).

2001. *Hyson USA, Inc. v. Hyson 2U, Ltd.*, 821 F.3d 935, 940 (7th Cir. 2016).

2002. *Id.* at 941 (alteration in original) (quoting *SunAmerica Corp. v. Sun Life Assurance Co. of Canada*, 77 F.3d 1325, 1334 (11th Cir. 1996)).

2003. *See Dist. Brewing Co. CBC Rest., LLC*, 118 U.S.P.Q.2d 1535 (S.D. Ohio 2016).

the plaintiff's preliminary injunction motion established that "[s]ince opening in 1997, owners of the Restaurant have openly used Plaintiff's name, marks, and logo in an effort to market the Restaurant and the Brewery jointly,"²⁰⁰⁴ and, additionally, that the plaintiff's brewery and the defendant's restaurant had "shared a roof" for a time.²⁰⁰⁵ This degree of interaction was hardly accidental; rather, "the two [businesses] were designed to work in tandem."²⁰⁰⁶ Moreover, even after relations between the parties cooled, the plaintiff waited nine years after initially objecting to the defendant's mark before stirring itself finally to file suit.²⁰⁰⁷ Those circumstances might well have barred the plaintiff's suit, but, based in no small part on the plaintiff's showing of actual confusion, the court ultimately held that "even though the Court finds that Plaintiff has acquiesced to Defendant's use of its marks, the Court also finds that confusion regarding Plaintiff's intellectual property will inevitably confuse the public, which means Plaintiff will probably eventually prevail on the merits even over Defendant's acquiescence defense."²⁰⁰⁸ As the court explained of that outcome, "[o]rdinarily, acquiescence puts the senior and junior users at parity rights-wise. However, acquiescence can be overcome if the Court finds that "inevitable confusion arises from the continued dual use of the marks."²⁰⁰⁹

An acquiescence defense also failed in a suit in which a terminated licensee continued to use its former licensor's mark on a post-termination basis.²⁰¹⁰ As the court summarized the defendant's acquiescence defense, "Defendant insists it had a 'long and continued public use of [the disputed mark]' for 150 years that went unchallenged, and so the court should estop plaintiff from prevailing in a suit that it has waited a century-and-a-half to bring."²⁰¹¹ The court was unimpressed, holding:

So long as defendant remained affiliated with plaintiff, a reasonably prudent consumer in the marketplace would have been correct, and not confused, to believe that defendant's use of [the mark] marked its affiliation with plaintiff. There would have been no risk of consumer confusion until after defendant officially declared it was disaffiliating and stopped paying dues

2004. *Id.* at 1537.

2005. *Id.* at 1536.

2006. *Id.*

2007. *Id.*

2008. *Id.* at 1540.

2009. *Id.* (quoting *SunAmerica Corp. v. Sun Life Assur. Co. of Canada*, 77 F.3d 1325, 1334 (11th Cir. 1996)).

2010. See *Nat'l Grange of the Order of Patrons of Husbandry v. Cal. State Grange*, 115 F. Supp. 3d 1171 (E.D. Cal. 2015), *appeal docketed*, No. 15-17179 (9th Cir. Nov. 2, 2015).

2011. *Id.* at 1180.

to plaintiff. Once defendant no longer bore any relation to plaintiff, and was operating by its own bylaws, and collecting dues on its own terms, there arose a risk that consumers might be confused as to whether defendant's use of [the mark] meant the "source" of its services was the [plaintiff].²⁰¹²

Because the plaintiff had challenged the defendant's use of its mark within four months of terminating the defendant, it had not acquiesced in that use.²⁰¹³

Another acquiescence defense failed at the pleadings stage.²⁰¹⁴ With its allegations accepted as true, the plaintiffs' complaint established the individual defendant had worked for the lead plaintiff. Financial troubles caused the lead plaintiff to discontinue its operations, after which the individual defendant founded the lead corporate defendant. Although the defendants adopted a mark confusingly similar to that of the plaintiff—HYSON 2U vs. HYSON USA, both for food distribution services—the principal of the lead plaintiff improbably took a job with the lead defendant, and the plaintiffs transferred their branded inventory and equipment to the defendants. Seventeen months later, the lead defendant fired the principal of the lead defendant, who then successfully reestablished the lead defendant. Litigation ensued shortly thereafter, leading the defendants to pursue a successful motion to dismiss for failure to state a claim on the ground of acquiescence.

The Seventh Circuit reversed. It held as an initial matter that "because affirmative defenses frequently 'turn on facts not before the court at [the pleading] stage,' dismissal is appropriate only when the factual allegations in the complaint unambiguously establish all the elements of the defense. In other words, the plaintiff 'must affirmatively plead himself out of court.'"²⁰¹⁵ Despite the parties' relationship during the lead plaintiff's hiatus, the appellate court held the plaintiffs' complaint did not establish as a matter of law that the plaintiffs affirmatively had represented to the defendants the plaintiffs would not assert a claim against the defendants; moreover, [t]he other two elements of the defense—delay and undue prejudice—cannot alone support a finding of acquiescence"²⁰¹⁶ Especially because "an equitable defense like acquiescence is not ordinarily susceptible to resolution at the

2012. *Id.* (citations omitted).

2013. *Id.* at 1180-81.

2014. *See* Hyson USA, Inc. v. Hyson 2U, Ltd., 821 F.3d 935 (7th Cir. 2016).

2015. *Id.* at 939 (alteration in original) (citation omitted) (quoting Brownmark Films, LLC v. Comedy Partners, 682 F.3d 687, 690 (7th Cir. 2012); Chi. Bldg. Design, P.C. v. Mongolian House, Inc., 770 F.3d 610, 613 (7th Cir. 2014)).

2016. Hyson USA, Inc. v. Hyson 2U, Ltd., 821 F.3d 935, 941 (7th Cir. 2016).

pleading stage,”²⁰¹⁷ the district court’s disposition of the plaintiffs’ complaint could not stand.

Another court rejecting a claim of acquiescence did so as a matter of law on the plaintiff’s motion for summary judgment.²⁰¹⁸ The issue underlying part of the motion was whether the counterclaim plaintiff had acquiesced in the counterclaim defendant’s registration of a mark claimed by both parties. The court rejected the counterclaim defendant’s invocation of the defense, not because the usual doctrinal prerequisites had not been satisfied but instead because of the court’s conclusion that confusion was inevitable between the parties’ respective uses. Referring to the standard likelihood-of-confusion factors, the court observed that “[i]n this case, these factors weigh conclusively in favor of a strong and inevitable likelihood of confusion because [the parties’] purported marks *are exactly the same* and apply to *exactly the same goods*.”²⁰¹⁹ The counterclaim defendant therefore was not entitled to the reinstatement of its registration, which the Trademark Trial and Appeal Board had canceled.²⁰²⁰

Improbably, however, the court also held that acquiescence *did* bar the counterclaim plaintiff’s claim for monetary relief against the counterclaim defendant. In contrast to most determinations of acquiescence, that holding did not turn on the counterclaim defendant’s demonstration of an affirmative representation by the counterclaim plaintiff it did not object to the counterclaim defendant’s conduct. Instead, the representation took the form of the counterclaim plaintiff’s long-standing failure to object to the counterclaim defendant’s claim to own the disputed mark, during the course of which the counterclaim plaintiff provided the counterclaim defendant with goods bearing the mark.²⁰²¹ Beyond that failure, the court determined from the summary judgment record that:

[The counterclaim defendant] has shown economic prejudice that goes beyond the mere inconvenience of losing a mark it has used for a number of years; [the counterclaim defendant’s] investments, misguided as they were, have created the market for [goods bearing the disputed mark] within the United

2017. *Id.*

2018. *See* Prod. Source Int’l, LLC v. Nahshin, 112 F. Supp. 3d 383 (E.D. Va.), *appeal dismissed*, No. 15-2283 (4th Cir. Dec. 22, 2015).

2019. *Id.* at 398.

2020. *Id.* at 398-99.

2021. *Id.* at 400-01. Hostilities between the parties erupted only when the counterclaim defendant began sourcing its goods from a third party, rather than the counterclaim plaintiff. *Id.* at 392.

States, and it would be inequitable to allow [the counterclaim plaintiff] now to collect damages²⁰²²

The counterclaim plaintiff therefore was ineligible to pursue its prayer for monetary relief.²⁰²³

iv. Estoppel

The First Circuit addressed and rejected an estoppel defense grounded in several theories.²⁰²⁴ The dispute placing that defense before the court originated in a series of employment agreements assigning any intellectual property rights arising from the parties' relationship from a doctor to a hospital employing him; the employment agreement itself did not contain an express assignment, but instead incorporated one in the hospital's standalone intellectual property policy. When the hospital sought to enforce the assignment set forth in the policy against the doctor's use of three disputed marks, the doctor argued the hospital had forfeited its right to do so, leading the court to invoke the Massachusetts test for estoppel: "(1) a representation intended to induce reliance on the part of a person to whom the representation is made; (2) an act or omission by that person in reasonable reliance on the representation; and (3) detriment as a consequence of the act or omission."²⁰²⁵

Appealing the entry of summary judgment against him, the doctor identified four representations by the hospital that allegedly satisfied the first of those requirements. One was the hospital's alleged knowledge and endorsement of the doctor's use of the marks in connection with other enterprises, which the court dismissed because of undisputed evidence and testimony the doctor had identified himself as an affiliate of the hospital, and, indeed, had asked the hospital's permission before undertaking those enterprises.²⁰²⁶ Another alleged representation by the hospital was its sharing of space with the doctor's enterprises, in response to which the court noted it "fail[ed] to see how co-tenancy translates into a representation about ownership of the [disputed] [m]arks."²⁰²⁷ Next up was the hospital's failure to oppose an application to register one of the disputed marks, which failed to satisfy the defendant's burden because of the absence of any evidence or testimony in the summary judgment record the

2022. *Id.* at 401.

2023. *Id.* at 401-02.

2024. *See* *Greene v. Ablon*, 794 F.3d 133 (1st Cir. 2015).

2025. *Id.* at 143 (quoting *Bongaards v. Millen*, 793 N.E.2d 335, 339 (Mass. 2003)).

2026. *Id.* at 144.

2027. *Id.* at 145.

hospital had been aware of the doctor's application.²⁰²⁸ Finally, the court rejected the doctor's reliance on the hospital's alleged concealment of the intellectual property policy's assignment of any intellectual property rights developed by the doctor to the hospital because no concealment had occurred; to the contrary, the court noted, the doctor had repeatedly signed employment agreements acknowledging he had read the hospital's various "Bylaws, rules, regulations, and policies."²⁰²⁹ The district court therefore had properly entered summary judgment in the hospital's favor.²⁰³⁰

A California federal district court similarly applied a multifactored test for estoppel, one that required a four-part showing by the defendants invoking the defense, namely, that: (1) the plaintiff knew of the defendants' use of the challenged mark; (2) the plaintiff's actions or failure to act led the defendants reasonably to believe the plaintiff did not intend to enforce its rights against the defendants; (3) the defendants did not actually know the plaintiff objected to their actions; and (4) the defendants were materially prejudiced by the plaintiff's delay.²⁰³¹ Moving the court for summary judgment, the defendants claimed under the second of these factors the plaintiff's inaction against other infringers had led the defendants into a false sense of complacency, but the court concluded the record contained "no evidence from the record—no declaration, no deposition testimony, no email, nothing—to support this assertion."²⁰³² The plaintiff, rather than the defendants, therefore were entitled to summary judgment on the issue.²⁰³³

Finally, one court rejected the "novel theory" of "retroactive estoppel" asserted by the declaratory judgment plaintiff before it.²⁰³⁴ In a parallel proceeding before the Trademark Trial and Appeal Board, the defendant asserted its ELIT mark and the plaintiff's ELITE mark (both used in connection with alcoholic beverages) were "identical in sound and commercial impression, and are nearly identical in appearance."²⁰³⁵ Based on that representation, the plaintiff asserted, the court should cancel registrations covering the defendant's registration because of the

2028. *Id.*

2029. *Quoted in id.* at 146.

2030. *Id.* at 146-47.

2031. *See Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947, 955 (N.D. Cal.), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015).

2032. *Id.*

2033. *Id.*

2034. *See Classic Liquor Imps., Ltd. v. Spirits Int'l B.V.*, 151 F. Supp. 3d 451, 460 (S.D.N.Y. 2015).

2035. *Quoted in id.* at 459 (emphasis omitted).

laudatory, and therefore merely descriptive, nature of the word “elite.” That argument failed to convince the court, which pointed out the plaintiff had responded to a demand letter from the defendant by asserting the defendant’s mark was actually a coined mark. The court therefore granted the defendant’s motion to dismiss the plaintiff’s request for the cancellation of the defendant’s registrations, observing in the process that “[e]vidently, then, plaintiff’s theory of estoppel only reaches defendant’s inconsistent statements, but not its own. In any event, it is enough to say that [plaintiff’s] estoppel-based theory of cancellation has no basis in trademark law.”²⁰³⁶

3. Remedies

a. Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,²⁰³⁷ the Supreme Court identified four showings a plaintiff must make to be entitled to permanent injunctive relief:

(1) that it has suffered an irreparable injury; (2) that remedies available at law such as monetary damages are inadequate to compensate for that injury; (3) that, considering the balance of the hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.²⁰³⁸

In *eBay*’s wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*²⁰³⁹ that the same factors applied in the preliminary injunction context.²⁰⁴⁰ Each of these prerequisites—but especially the first—was addressed over the past year by courts hearing trademark and unfair competition cases.

i. Prerequisites for Injunctive Relief

(A) Irreparable Injury

In unfair competition litigation in which liability has been proven, injunctive relief is generally the rule, rather than the exception. In substantial part, this results from the tendency of courts to conclude plaintiffs will suffer irreparable harm once they have demonstrated a likelihood of confusion or a defendant has

2036. *Id.* at 460.

2037. 547 U.S. 388 (2006).

2038. *Id.* at 391.

2039. 555 U.S. 7 (2008).

2040. *Id.* at 18.

engaged either in false advertising or cybersquatting.²⁰⁴¹ In the words of one court:

[I]n Lanham Act cases involving trademark infringement, a presumption of irreparable injury is generally applied once the plaintiff has demonstrated a likelihood of confusion.” This presumption arises because of the nature of the injury in a typical case of trademark infringement. . . . “Infringement gives rise to irreparable injury, in that plaintiff has lost control of its business reputation to this extent, there is substantial likelihood of confusion of the purchasing public, there may be no monetary recovery available, and there is an inherent injury to the good will and reputation of the plaintiff.”²⁰⁴²

One prevailing plaintiff, a licensor that had terminated the defendant as a licensee, successfully invoked the presumption, but, in a belts-and-suspenders approach, made an independent showing of irreparable harm.²⁰⁴³ That showing consisted in part of testimony that the former licensee’s use of a mark and trade dress confusingly similar to those covered by the terminated license negatively affected the licensor’s ability to secure new licensees.²⁰⁴⁴ Moreover, the former licensee had begun adding surcharges to the bills of customers who paid with credit cards, a practice of which

2041. *See, e.g.*, *Dist. Brewing Co. CBC Rest., LLC*, 118 U.S.P.Q.2d 1535, 1540 (S.D. Ohio 2016) (“A plaintiff can normally show irreparable injury when infringement causes confusion.”); *Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1138 (N.D. Ind. 2015) (“[T]he law presumes that injuries arising from trademark infringement are irreparable.”); *Mun. Credit Union v. Queens Auto Mall, Inc.*, 126 F. Supp. 3d 290, 299 (E.D.N.Y. 2015) (“Irreparable harm is established where ‘there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused.’” (quoting *Lobo Enters., Inc. v. Tunnel Inc.*, 822 F.2d 331, 333 (2d Cir. 1987))); *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032, 1047 (D. Minn. 2015) (“Since a trademark represents intangible assets such as reputation and goodwill, a showing of irreparable injury can be satisfied if it appears that [Plaintiffs] can demonstrate a likelihood of customer confusion.” (alteration in original) (quoting *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 625 (8th Cir. 1987)) (internal quotation marks omitted))).

Of course, an application of this rule presupposes the plaintiff has demonstrated a likelihood of prevailing on the merits of its claim. *See, e.g.*, *Hoop Culture, Inc. v. Gap, Inc.*, 122 F. Supp. 3d 1338, 1346 (M.D. Fla. 2015) (recognizing presumption of irreparable harm, but holding that “such a presumption is inappropriate in the instant case as [the plaintiff] has failed to establish a substantial likelihood of success on the merits of its trademark infringement claim”), *aff’d*, 648 F. App’x 981 (11th Cir. 2016).

2042. *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 470-71 (D.S.C. 2015) (first alteration in original) (alteration omitted) (quoting *Scotts Co. v. United Indus. Corp.*, 315 F.3d 264, 273 (4th Cir. 2002); *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 939 (4th Cir. 1995) (citation omitted) (internal quotation marks omitted)), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016).

2043. *See TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549 (E.D. La. 2016).

2044. *Id.* at 577.

the licensor strongly disapproved.²⁰⁴⁵ Based on that record, the court concluded that “[the licensor] has clearly carried its burden of persuasion in showing that it will suffer irreparable harm if the injunction is denied as it has demonstrated likelihood of confusion and presented evidence that it will be unable to license its trademarks without the injunction.”²⁰⁴⁶

As this outcome suggests, a plaintiff able to demonstrate likely success on the merits of its claims can always prove irreparable harm as a factual matter, even without the assistance of the presumption.²⁰⁴⁷ Although the Eleventh Circuit was the first federal appellate court to question whether *eBay* in particular disposed of the historical presumption of irreparable harm,²⁰⁴⁸ it has since taken a less aggressive approach to the issue. In an appeal from a preliminary injunction against an accused cybersquatter, that court agreed with the district court that the plaintiff successfully had demonstrated it would suffer irreparable harm in the absence of injunctive relief.²⁰⁴⁹ As the appellate court explained, “[i]f the websites were not transferred to [the plaintiff], [the plaintiff] would not have had full control over websites that bear its trademark and could have lost goodwill. ‘Although economic losses alone do not justify a preliminary injunction,’ ‘the loss of customers and goodwill is an irreparable injury.’”²⁰⁵⁰

Noting the Eleventh Circuit’s ambiguous attitude toward the presumption, a Florida federal district court credited the claim of irreparable harm of a prevailing plaintiff before it without the need to resolve the issue of the presumption’s continued viability.²⁰⁵¹ It did so based on two considerations. The first was that a jury had found confusion likely between the parties’ marks, “based on evidence demonstrating actual confusion.”²⁰⁵² The second was that “[t]he jury likewise found that [the plaintiff]

2045. *Id.*

2046. *Id.*

2047. *See, e.g.,* Bernatello’s Pizza, Inc. v. Hansen Foods, LLC, 173 F. Supp. 3d 790, 803 (W.D. Wis. 2016) (“Regardless of whether irreparable harm is presumed, the court finds that [the plaintiff] has shown that it will suffer such harm without a preliminary injunction.”); *Rovio Entm’t, Ltd. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536, 547 (S.D.N.Y. 2015) (holding, without reference to the presumption or substantive discussion of record, that “[the plaintiff] has alleged and presented evidence that the . . . defendants have infringed its trademarks and copyrights, causing irreparable injury to [the plaintiff]”).

2048. *See* *N. Am. Med. Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1227-28 (11th Cir. 2008).

2049. *See* *Jysk Bed’N Linen v. Dutta-Roy*, 810 F.3d 767, 779 (11th Cir. 2015).

2050. *Id.* at 780 (quoting *BellSouth Telecommunications, Inc. v. MCIMetro Access Transmission Servs., LLC*, 425 F.3d 964, 970 (11th Cir. 2005)) (internal quotation marks omitted).

2051. *See* *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2052. *Id.* at 1287.

should be compensated for the loss to its business resulting from [the defendant's] use of [the plaintiff's] trademarks.”²⁰⁵³ Based on those findings, “[the plaintiff] has . . . demonstrated that continued infringement would result in irreparable harm.”²⁰⁵⁴

Entertaining a preliminary injunction motion in a case presenting allegations of infringement and false advertising, a Texas federal district court similarly noted the uncertain status of the presumption in the Fifth Circuit before disclaiming any reliance on it.²⁰⁵⁵ It could do so because of the factual showings of the plaintiffs before it that the defendants’ promotional practices both falsely disparaged the plaintiffs’ goods and services and had led to widespread actual deception among consumers exposed to them. Those showings, the court concluded, established the irreparable harm necessary to support the interlocutory relief sought by the plaintiffs. For one thing, it explained, “[c]ourts recognize that even where products or services continue to enjoy strong reputations in the market, those products or services would suffer irreparable harm in the absence of an injunction preventing a competitor from continuing to make disputed advertising claims challenged as false under the Lanham Act.”²⁰⁵⁶ For another, “[a]s this court and others have recognized, ‘if one trademark user cannot control the quality of the unauthorized user's goods and services, he can suffer irreparable harm.’”²⁰⁵⁷

A Virginia federal district court did not address the presumption at all en route to a finding the plaintiff before it had sufficiently demonstrated irreparable harm to support its request for a preliminary injunction against false advertising contained in a widely distributed e-mail drafted by the defendant’s executive.²⁰⁵⁸ Describing the plaintiff as “a young, but quickly growing company,”²⁰⁵⁹ the court found that “[t]he email had a clear effect on that growth and [the plaintiff's] goodwill, causing [the plaintiff] to lose one customer temporarily and two large customers indefinitely. Those injuries are irreparable and would likely compound if the email is disseminated further.”²⁰⁶⁰ Indeed, “[e]ach forward of the email or word-of-mouth communication of the false or misleading information contained therein poses the risk of

2053. *Id.*

2054. *Id.*

2055. *See* ADT, LLC v. Capital Connect, Inc., 145 F. Supp. 3d 671 (N.D. Tex. 2015).

2056. *Id.* at 696.

2057. *Id.* (quoting *Mary Kay, Inc. v. Weber*, 661 F. Supp. 2d 632, 640 (N.D. Tex. 2009)).

2058. *See* Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc., 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

2059. *Id.* at 575.

2060. *Id.*

additional loss of goodwill, customers, and growth opportunities.”²⁰⁶¹

In the Ninth Circuit, in which the presumption of irreparable harm is very much a dead letter,²⁰⁶² an Oregon federal district court made a number of factual findings underlying its ultimate determination that two prevailing plaintiffs would suffer irreparable harm in the absence of the preliminary injunction they had requested.²⁰⁶³ First, the defendant’s unfair competition “undermines [the plaintiffs’] substantial investment in building its brand and the reputation of [their] trademarks and trade dress,”²⁰⁶⁴ something the court found “will harm [the plaintiffs’] reputation and goodwill—harm that is not compensable by money damages.”²⁰⁶⁵ Second, the plaintiffs deliberately limited sales of goods incorporating its trade dress to maintain the cachet of those goods, and the defendant’s sale of confusingly similar goods threatened that cachet.²⁰⁶⁶ Third, citing to testimony the plaintiffs attempted to control “every aspect” of their goods, the court found that “[the defendant’s] infringing [goods] are likely to irreparably harm [the plaintiffs’] ability to control the quality of goods bearing [the plaintiffs’] marks or trade dress.”²⁰⁶⁷

The parties to an additional case producing a finding of irreparable harm stipulated to the entry of a permanent injunction, but that stipulation did not preclude the court from undertaking its own inquiry into the propriety of that relief.²⁰⁶⁸ The parties’ joint submission established the defendant had gained unauthorized access to the computer system of the plaintiff, a telecommunications provider. He used that access to misappropriate airtime on the plaintiff’s network, which he sold to unknowing consumers after promoting it using the plaintiff’s marks. With liability for this conduct undisputed, the court determined that “[the plaintiff] would be irreparably harmed because [the defendant’s] actions, if allowed to persist, will continue to cause [the plaintiff] to suffer harm by impairing the integrity of [the plaintiffs’] proprietary computer system and wireless telecommunications network”;²⁰⁶⁹ moreover, “if not

2061. *Id.*

2062. *See* Herb Reed Enters. v. Fla. Entm’t Mgmt., Inc., 736 F.3d 1239, 1250 (9th Cir. 2013).

2063. *See* adidas Am., Inc. v. Skechers USA, Inc., 149 F. Supp. 3d 1222 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016).

2064. *Id.* at 1248.

2065. *Id.* at 1249.

2066. *Id.*

2067. *Id.*

2068. *See* TracFone Wireless, Inc. v. Adams, 98 F. Supp. 3d 1243 (S.D. Fla. 2015).

2069. *Id.* at 1256.

enjoined, [the defendant's] activities would continue to cause confusion amongst consumers as the origin of his fraudulent airtime."²⁰⁷⁰

Integrity also was a key to a finding of irreparable harm in a case before a Georgia federal district court.²⁰⁷¹ The plaintiffs were the successors in interest to the estate of Jimi Hendrix, a musician not known for a substance-free lifestyle. Indeed, drugs and alcohol played a role in his death, which led the plaintiffs to refuse to license their portfolio of Hendrix-related marks in connection with alcoholic beverages. Having successfully challenged the defendants' uses of Hendrix's name in connection with an alcoholic beverage, the plaintiffs argued with equal success that the defendants' "online promotion of alcohol consumption, drug use, and sexually-suggestive behavior will hinder their image of a family-friendly, alcohol and drug-free Jimi Hendrix."²⁰⁷² Based on that argument, the court found irreparable harm sufficient to support the plaintiffs' bid for a preliminary injunction.²⁰⁷³

Other courts demanded somewhat less of plaintiffs, and, indeed, a number of them accepted boilerplate averments plaintiffs would suffer irreparable injury arising from a lack of control over their reputations.²⁰⁷⁴ These included the Sixth Circuit, which observed that "[f]or the purpose of an injunction, '[i]rreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark . . . because loss of control over one's reputation is neither 'calculable nor precisely compensable.'"²⁰⁷⁵ They also

2070. *Id.*

2071. *See* Experience Hendrix, LLC v. Tiger Paw Distrib., 119 U.S.P.Q.2d 1004 (S.D. Ga.), *amended*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016).

2072. *Id.* at 1013.

2073. *Id.*

2074. *See, e.g., See* Rolls-Royce Motors Ltd. v. Davis, 118 U.S.P.Q.2d 1581, 1590 (D.N.J. 2016) (citing risk to plaintiffs' reputation in entering permanent injunction); Astrazeneca AB v. Dr. Reddy's Labs., 145 F. Supp. 3d 311, 319-20 (D. Del. 2015) (citing risk to plaintiffs' reputation in entering temporary restraining order), *appeal dismissed*, No. 15-3827 (3d Cir. April 6, 2016); Chanel, Inc. v. Matos, 133 F. Supp. 3d 678, 689 (D.N.J. 2015) ("[H]aving established that Defendant's use of Plaintiff's exact Marks creates a clear case of confusion, and that Defendant's counterfeited products of inferior quality arguably diminish [the plaintiffs'] reputation, irreparable injury becomes the inescapable conclusion." (internal quotation marks omitted)); TracFone Wireless, Inc. v. Clear Choice Connections, Inc., 102 F. Supp. 3d 1321, 1333 (S.D. Fla. 2015) ("[The plaintiff] has expended money to prosecute this action and has suffered damage to its goodwill and reputation from [the defendants'] use of [the plaintiffs'] marks in the [defendants'] domain names. This qualifies as substantial harm for purposes of a preliminary injunction."), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

2075. CFE Racing Prods., Inc. v. BMF Wheels, Inc., 793 F.3d 571, 596 (6th Cir. 2015) (alterations in original) (quoting Juicy Couture, Inc. v. Bella Int'l Ltd., 930 F. Supp. 2d 489, 503 (S.D.N.Y. 2013)) (internal quotation marks omitted).

included at least one California federal district court,²⁰⁷⁶ notwithstanding the Ninth Circuit's 2013 holding that such a showing ordinarily should not do the trick,²⁰⁷⁷ perhaps to escape that holding, another California federal district court concluded in a counterfeiting action brought by Microsoft Corporation that "Plaintiff has suffered damage to its goodwill as customers who believed they were buying genuine Microsoft software received counterfeit software instead. Such injury constitutes irreparable harm that cannot be compensated by monetary damages."²⁰⁷⁸

Nevertheless, not all courts were similarly credulous, and a number of them concluded the plaintiffs before them had failed to make the required showing.²⁰⁷⁹ One reviewed, and then disposed of, claims the plaintiff would be irreparably harmed in the absence of a preliminary injunction "in the form of loss of goodwill, reputation, positive consumer recognition, and distinctiveness in its [m]ark and [t]rade [d]ress."²⁰⁸⁰ A significant problem for the plaintiff was the absence from its moving papers of record citations supporting its claims of actual confusion, and its proffered declaration testimony of lost revenues were "too vague and unsubstantiated to materially contribute to [the plaintiff's] showing of irreparable harm."²⁰⁸¹ The plaintiff was additionally disadvantaged by its failure "to offer any persuasive explanation of how the decreases in downloads, users, and advertising sales [alleged by its moving papers] are not properly characterized as economic injuries that can be remedied by monetary damages."²⁰⁸² Finally, the court rejected the plaintiff's attempted reliance on a failed overture to a potential partner, concluding that "[t]he lost partnership does not appear to have anything to do with defendants' alleged trademark infringement or unfair competition."²⁰⁸³

2076. See *Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173, 1185 (E.D. Cal. 2016) ("In trademark cases, courts have found irreparable harm in the loss of control of a business's reputation, a loss of trade and loss of goodwill.").

2077. See *Herb Reed Enters. v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1249-51 (9th Cir. 2013).

2078. *Microsoft Corp. v. Buy More, Inc.*, 136 F. Supp. 3d 1148, 1158 (C.D. Cal. 2015), *appeal docketed*, No. 15-56544 (9th Cir. Oct. 7, 2015).

2079. See, e.g., *Sprint Sols., Inc. v. iCell Guru, Inc.*, 119 U.S.P.Q.2d 1166, 1169 (E.D.N.Y. 2016) ("Although [the plaintiff] has presented evidence of harm to its goodwill—in the form of customer complaints when phones purchased from the defendants could not be activated on [the plaintiff's] network—it is not sufficient to conclusively establish the extent or irreparability of the harm.").

2080. *Quoted in Arcsoft, Inc. v. Cyberlink Corp.*, 153 F. Supp. 3d 1057, 1072 (C.D. Cal. 2015).

2081. *Id.* at 1074.

2082. *Id.* at 1074-75.

2083. *Id.* at 1075.

Another court rejected the plaintiff's showing of irreparable harm for multiple reasons.²⁰⁸⁴ For one thing, the court noted, the plaintiff's sales had increased, rather than decreased, during the period of the defendant's alleged infringement.²⁰⁸⁵ For another, there was no testimony consumers who purchased the defendant's goods otherwise would have purchased those of the plaintiff, which the court found not surprising in light of the lower price point at which the defendant's goods were sold.²⁰⁸⁶ Finally, the court credited testimony that the defendant would sell off its goods within the next two months and would not reorder them.²⁰⁸⁷ Under these circumstances, "any injuries sustained by Plaintiff can be cured by monetary damages."²⁰⁸⁸

Increased sales by another plaintiff during a period in which some of its competitors falsely advertised the corrosion resistance of a wire mesh used to produce lobster traps similarly helped sink the plaintiff's allegation of irreparable harm in support of a preliminary injunction motion.²⁰⁸⁹ That was not the only consideration weighing against the plaintiff, however. Rather, the defendants benefited from their discontinuance of the challenged advertising, as well as their swift and voluntary efforts to notify its customers and the trade of the error in their advertising. Under the circumstances, the plaintiff was not in a position to argue credibly its own reputation might be damaged by the defendants' advertising; rather, the court concluded, "I infer that the industry is generally aware of the problem and will not blame the [flawed manufacturing] process [rendering the defendants' advertising false], or [the plaintiff] by association, for any prematurely rusting marine traps."²⁰⁹⁰

Similarly, unproven allegations of diminished revenue scuttled a claim of irreparable harm by a plaintiff alleging the defendant's use of two domain names infringed the plaintiff's service mark.²⁰⁹¹ The plaintiff, the operator of a vocational school, argued it had suffered a drop-off in the number of its enrolled students, which coincided with the inception of the defendant's alleged infringement. The preliminary injunction record, however,

2084. See *Hoop Culture, Inc. v. Gap, Inc.*, 122 F. Supp. 3d 1338 (M.D. Fla. 2015), *aff'd*, 648 F. App'x 981 (11th Cir. 2016).

2085. *Id.* at 1346.

2086. *Id.*

2087. *Id.*

2088. *Id.*

2089. See *Riverdale Mills Corp. v. Cavatorta N. Am., Inc.*, 146 F. Supp. 3d 356, 362 (D. Mass. 2015).

2090. *Id.* at 363.

2091. See *Granite State Trade Sch., LLC v. N.H. Sch. of Mech. Trades, Inc.*, 120 F. Supp. 3d 56, 58 (D.N.H. 2015).

established that enrollment at the plaintiff's school was consistent throughout much of the relevant period and, indeed, the plaintiff had enjoyed record revenues. Not surprisingly, the court found on those facts that "[the plaintiff] simply cannot demonstrate a risk of irreparable harm in the absence of preliminary injunctive relief."²⁰⁹²

An even more extreme example of judicial skepticism toward a claim of irreparable injury came in a case in which the plaintiff supported a preliminary injunction motion with proof of "numerous instances of actual confusion among its customers."²⁰⁹³ That showing, the court noted, "suffices to show a sufficient threat of irreparable harm."²⁰⁹⁴ Nevertheless, because the actual confusion was driven by the actions of a third party not named as a defendant, the court found injunctive relief would not cure the plaintiff's injury; rather, "[i]njunctive relief is not appropriate when the allegedly irreparable injury will occur despite the injunction."²⁰⁹⁵

The flip side of such a holding, of course, is that irreparable harm cannot exist if the defendant has voluntarily discontinued the offending conduct. In one case in which the plaintiff's possible eligibility for injunctive relief turned on this principle, the defendant's liability was established by his failure to appear in the case.²⁰⁹⁶ Despite that failure, however, the court found that "Plaintiff did not identify any examples of infringement that occurred over the past three years."²⁰⁹⁷ Especially because the defendant was accused of giving public concerts under the plaintiff's registered mark, the court rejected the plaintiff's claim of irreparable harm because "if Defendant is continuing to use the [infringing mark], that information would be freely available to Plaintiff, and there is no reason why Plaintiff would not be able to provide that information to the Court."²⁰⁹⁸

Finally, and notwithstanding whatever showing of irreparable harm it otherwise might put forward, a plaintiff's bid for injunctive relief, especially of the preliminary variety, can fail if it is put forward too late. Thus, for example, one court held that a six-month delay in pursuing a preliminary injunction weighed "heavily" against the counterclaim plaintiffs' claim of irreparable harm: Although there might not be a bright-line rule on the issue, the lack of an explanation for the counterclaim plaintiffs'

2092. *Id.* at 67.

2093. *See* JDR Indus. v. McDowell, 121 F. Supp. 3d 872, 891-92 (D. Neb. 2015).

2094. *Id.* at 892.

2095. *Id.*

2096. *See* Greene v. Brown, 104 F. Supp. 3d 12 (D.D.C. 2015).

2097. *Id.* at 20.

2098. *Id.* at 20-21.

“inordinate” inaction foreclosed entry of the requested relief.²⁰⁹⁹ Another court similarly found an absence of irreparable harm based on an apparent ten-month delay in pursuing preliminary injunctive relief.²¹⁰⁰ And, not surprisingly, a plaintiff’s delay of “over a year” weighed against entry of the broad preliminary injunction requested by that plaintiff, even if it did not prevent a more narrowly tailored remedy or rise to the level of laches.²¹⁰¹ In contrast, an eighth-month delay in a different case did not preclude a preliminary injunction after the court accepted the plaintiffs’ showing the delay was necessary to investigate and document the defendants’ misconduct.²¹⁰² And a twenty-month delay did not doom a movant’s request for interlocutory relief in light of settlement negotiations between the parties and an intervening rebranding by the defendants that brought their mark closer to that of the plaintiff.²¹⁰³

(B) Inadequacy of Legal Remedies

Whatever the continued merit of the presumption of irreparable harm may be, “[i]t is generally recognized in trademark infringement cases that . . . there is not adequate remedy at law to redress infringement”²¹⁰⁴ One court recognizing this proposition did so in a case in which the plaintiff had prevailed in a jury trial after introducing “significant evidence that it lost goodwill in the marketplace as a result of [the defendant’s] actions that could not be remedied by an award of damages.”²¹⁰⁵ The court therefore found this consideration to favor the entry of permanent injunctive relief.²¹⁰⁶

A different court entertaining allegations of infringement and false advertising employed a more sophisticated analysis.²¹⁰⁷ It

2099. See *Cablevision Sys. Corp. v. Verizon N.Y. Inc.*, 119 F. Supp. 3d 39, 52 (E.D.N.Y. 2015).

2100. *Solmetex, LLC v. Dentalez, Inc.*, 150 F. Supp. 3d 100, 116-17 (D. Mass. 2015).

2101. See *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253, 1278-79 (N.D. Fla. 2016).

2102. See *ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671, 698 (N.D. Tex. 2015).

2103. See *Inst. v. Justice v. Media Grp. of Am., LLC*, 117 U.S.P.Q.2d 1042, 1054 (E.D. Va. 2015).

2104. *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263, 1287 (M.D. Fla. 2015) (quoting *Tally–Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1029 (11th Cir. 1989)) (internal quotation marks omitted), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015); see also *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 689 (D.N.J. 2015) (“With respect to the second requirement, although a remedy at law would provide some degree of monetary relief, it would not adequately compensate Plaintiff for the reputational and goodwill injury associated with the distribution of low-quality counterfeit goods, nor would it necessarily prevent, or even impede, future trademark infringement.”).

2105. *PODS Enters.*, 126 F. Supp. 3d at 1287.

2106. *Id.*

2107. See *ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671 (N.D. Tex. 2015).

framed the issue by holding that “[a] party sufficiently proves that monetary damages are not adequate when it brings forward evidence, in the form of affidavits, declarations, or any other support, that shows imminent harm that is difficult to quantify.”²¹⁰⁸ This observation came against the backdrop of a preliminary injunction record establishing that “[the defendants] [are] disparaging [the plaintiffs’] brand and [are] continuing to use [the plaintiffs’] reputation and good will to mislead [the plaintiffs’] customers into buying [the defendants’] services.”²¹⁰⁹ Because “[c]ourts agree that the damage caused by this sort of Lanham Act violation is difficult to quantify,” the plaintiffs had demonstrated the inadequacy of legal remedies for the defendants’ misconduct.²¹¹⁰

Prospective damage to the plaintiff’s goodwill drove an additional finding by a Wisconsin federal district court that legal remedies were inadequate.²¹¹¹ The court initially invoked a four-part test on the issue:

Typically a legal remedy is inadequate for one of four reasons: (1) damages would come too late to be of meaningful value to the plaintiff; (2) [the] plaintiff might not be able to afford the full litigation; (3) the [damages] might not be collectible at the end of the litigation; or (4) the monetary damages might be too difficult to calculate.²¹¹²

The plaintiff prevailed under the fourth option, convincing the court that the trier of fact “could determine the number of [products] that [the defendant] had sold and calculate some reasonable compensation for the infringing products. But trademark infringement almost inevitably damages the goodwill and reputation of the trademark owner and impairs the trademark owner’s prospects in ways that are not readily calculable.”²¹¹³

Another finding that legal remedies against a group of infringing defendants were inadequate focused on the defendants’ failure to participate in discovery on the issue of monetary relief.²¹¹⁴ Noting “[a] defendant’s response to litigation is relevant in assessing whether a plaintiff has an adequate remedy at

2108. *Id.* at 697.

2109. *Id.*

2110. *Id.*

2111. *See* *Bernatello’s Pizza, Inc. v. Hansen Foods, LLC*, 173 F. Supp. 3d 790 (W.D. Wis. 2016).

2112. *Id.* at 801.

2113. *Id.* at 801-02.

2114. *See* *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451 (D.S.C. 2015), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016).

law,”²¹¹⁵ the court further observed that “[w]hile the defendants have participated in this case, it appears to the Court that they have, without explanation or justification, refused to respond to the plaintiff’s discovery requests regarding the calculation of potential damages.”²¹¹⁶ The court found additional support for its conclusion in the defendant’s knowing infringement: “The risk of a lawsuit and monetary damages were clearly insufficient to deter the defendants from infringing the plaintiff’s marks. In light of these facts, the Court shares the plaintiff’s concern that it lacks an adequate remedy at law.”²¹¹⁷

Yet an additional pro-plaintiff finding on this issue came in a false advertising action against the owner of the CERTIFIED HUMANE certification mark for various farm products.²¹¹⁸ The preliminary injunction record demonstrated to the court’s satisfaction the defendant had made literally false representations about eggs sold by the plaintiff that had caused monetary damage to the plaintiff’s business. That damage did not mean the plaintiff could be made whole through monetary relief, however. Rather, “[e]ven if [a] number could be sufficiently estimated so as to be recoverable at trial, there is a very small likelihood that [the defendant] could satisfy such a judgment if the injuries continue to swell, as [the defendant] is a nonprofit operating at a [deficit].”²¹¹⁹

Some courts addressing the issue focused on defendants’ failures to cease their unlawful conduct after receiving notice of the plaintiffs’ objections even after the filing of the plaintiffs’ suits against them.²¹²⁰ That sufficed for one court to find that the available legal remedies were inadequate to protect the plaintiff’s rights: As it explained, “[the defendants] past behavior suggests that [they] might continue to engage in infringing activities and counterfeiting unless enjoined by the Court, demonstrating the danger that monetary damages will fail to fully provide [the plaintiff] with relief.”²¹²¹

(C) Balance of Hardships

Some courts finding or holding in favor of plaintiffs kept it simple, holding that “[a]ny harm suffered by Defendant will result

^{2115.} *Id.* at 471.

^{2116.} *Id.*

^{2117.} *Id.*

^{2118.} See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

^{2119.} *Id.* at 575.

^{2120.} See, e.g., *Rolls-Royce Motor Cars Ltd. v. Davis*, 118 U.S.P.Q.2d 1581, 1591 (D.N.J. 2016) (“[A]n injunction is appropriate here because monetary damages are inadequate to compensate for dilution of plaintiff’s marks, particularly where it is ongoing.”).

^{2121.} *Rovio Entm’t, Ltd. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536, 547 (S.D.N.Y. 2015).

from being enjoined from engaging in unlawful trademark infringement²¹²² and that “preventing the defendants from using a mark they never had the right to use in the first place can hardly be characterized as a hardship.”²¹²³ In addition, even when courts undertook an actual weighing of the parties’ respective hardships, plaintiffs typically came out on top.²¹²⁴ Thus, for example, the Sixth Circuit rejected a defense showing of prospective harm upon the entry of a permanent injunction by noting that, although the lead defendant’s principal and his business partner “submitted declarations swearing to their belief that requiring [the lead defendant] to change its name would be a death knell to the company, they did little to substantiate this dire prediction beyond offering their speculation about the possible reactions of their wholesale customers and other business contacts.”²¹²⁵ Likewise, a Florida federal district court rejected virtually the same argument for the same reason, namely, the absence of record evidence and testimony supporting the defendants’ assertion that a requested preliminary injunction would put them out of business.²¹²⁶ So too

2122. *Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173, 1186 (E.D. Cal 2016).

2123. *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 471 (D.S.C. 2015), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016); *see also Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556, 575 (E.D. Va. 2016) (“[A]ny infringement on Defendant’s right to express itself are trumped by the false and misleading nature of [Defendant’s false advertising].”), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016); *Microsoft Corp. v. Buy More, Inc.*, 136 F. Supp. 3d 1148, 1158 (C.D. Cal. 2015) (“The balance of hardships weighs in favor of granting an injunction as the requested injunction would not prohibit Defendants from legally distributing genuine . . . software [produced by Plaintiff]. Defendants would only be prohibited from infringing Plaintiff’s . . . trademarks in the future.”), *appeal docketed*, No. 15-56544 (9th Cir. Oct. 7, 2015); *Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1138 (N.D. Ind. 2015) (“If no injunction was issued, irrevocable damage to the Plaintiffs’ reputations and the goodwill associated with their trademarks would continue to accrue unabated until the Defendants’ infringing activities were enjoined. By comparison, the Defendants will only be prevented from doing what they cannot do lawfully.”); *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 689 (D.N.J. 2015) (“[T]he injunction sought only requires Defendant to abide by the law and to refrain from infringing the [plaintiff’s] federally protected [marks], whereas in the absence of an injunction, Plaintiff faces the hardships that gave rise to this litigation: loss of reputation, goodwill, and sales. In that respect, any harm suffered by Defendant as a result of an injunction would be self-inflicted.” (citation omitted)); *TracFone Wireless, Inc. v. Adams*, 98 F. Supp. 3d 1243, 1256 (S.D. Fla. 2015) (“Simply put, [the defendant] has absolutely no interest whatsoever in continuing his conduct.”); *Rovio Entm’t*, 97 F. Supp. 3d at 547 (“As to the balance of hardships, [i]t is axiomatic that an infringer . . . cannot complain about the loss of ability to offer its infringing product.” (alterations in original) (quoting *WPIX, Inc. v. ivi, Inc.*, 691 F.3d 275, 287 (2d Cir. 2012))).

2124. *See, e.g., Inst. v. Justice v. Media Grp. of Am., LLC*, 117 U.S.P.Q.2d 1042 (E.D. Va. 2015) (holding, in action presenting evolution of defendants’ mark, that availability of original mark tipped the balances of the equities in plaintiff’s favor).

2125. *CFE Racing Prods., Inc. v. BMF Wheels, Inc.*, 793 F.3d 571, 596 (6th Cir. 2015).

2126. *See TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1333 n.10 (S.D. Fla. 2015), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016).

did the claim of impending ruin by another defendant prove unconvincing based on a preliminary injunction record establishing the defendant had lost its lease and would close for that reason.²¹²⁷ Yet another defendant taking this route failed to fend off a preliminary injunction motion after the court determined the defendant “makes many other [goods] that are not at issue here, thus reducing the economic impact of the injunction.”²¹²⁸

Even when they adopted different strategies, defendants usually struck out.²¹²⁹ For example, having been found liable by a jury for infringement and likely dilution, one defendant discontinued its conduct in an attempt to escape entry of a preliminary injunction.²¹³⁰ That pro-active move, however, did not ward off a finding that the balance of the parties’ relative hardships favored the plaintiff. As the court noted, “[the defendant] continued [its infringing uses] on its website after receiving [the plaintiff’s] cease-and-desist letter, after the lawsuit was filed, and even during, finally stopping two days after the jury rendered its verdict.”²¹³¹ This latter-day discontinuance, the court concluded, did not tilt the hardships away from the plaintiff.²¹³²

An averment of potential damage to the defendant’s reputation from a requested preliminary injunction similarly failed as a strategy in a false advertising action.²¹³³ That defendant owned the CERTIFIED HUMANE certification mark, which it licensed to the producers of certain ethically sourced farm products. Targeting an egg producer that did not use its services, the plaintiff falsely represented to the trade in an e-mail that the plaintiff’s certification from another entity was not up to date, which led the court to require a corrective e-mail from the defendant to the same recipients as the first one. The defendant protested that remedy would harm its reputation, but the court was decidedly unsympathetic:

Defendant brought that risk upon itself, however, by sending the [first] email after performing only a cursory investigation of the veracity of the damaging statements made therein. . . . Defendant cannot now be heard to

2127. See *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549, 578 (E.D. La. 2016).

2128. *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1250 (D. Or. 2016), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016).

2129. See, e.g., *Bernatello’s Pizza, Inc. v. Hansen Foods, LLC*, 173 F. Supp. 3d 790, 803 (W.D. Wis. 2016) (finding “not . . . persuasive” defendant’s claim of harm grounded in need to secure new SKU numbers for its goods if forced to adopt new marks).

2130. See *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2131. *Id.* at 1287.

2132. *Id.*

2133. See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

complain about a risk to its reputation from retailers learning that [the investigation] led to false conclusions that Defendant then publicized to the marketplace as fact.²¹³⁴

The same argument fell equally short in a second case in which it was raised.²¹³⁵ Having been found liable for pervasive misrepresentations by its sales personnel, the lead defendant argued, as the court summarized its position, “its lawful interests will be adversely affected by an injunction because an injunction will stymie competition, harm its standing in communities it serves, dictate the speech of its sale force, and would be impossible to monitor.”²¹³⁶ The court rejected these claims, holding in rapid succession: (1) “the injunction will not stymie competition where it only prevents illegal unfair competition”;²¹³⁷ (2) “if the injunction harms [the lead defendant] in its communities, it will entirely due to its own actions violating the Lanham Act,”²¹³⁸ and (3) “preventing people from violating the Lanham Act does not restrain speech in violation of the First Amendment.”²¹³⁹ Especially because “preventing one’s agents from breaking federal law is not impossible to monitor and accepting that argument would be against public policy,” the plaintiffs’ interest in receiving injunctive relief therefore outweighed the defendants’ interest in escaping it.²¹⁴⁰

Holdings like these notwithstanding, the Second Circuit took the most aggressive approach in rejecting a defense claim of harm.²¹⁴¹ Although the district court found the defendants had not adopted their mark in bad faith, the appellate court affirmed the plaintiffs’ entitlement to a broad permanent injunction:

Although [the lead] Defendant did not act with bad faith in the sense of deliberately sowing confusion between its marks and Plaintiff’s, Defendant could easily have avoided the problem that arose from its adoption of marks already reserved by another user. Precisely for the purpose of giving notice of its mark to the world, Plaintiff had registered its mark with the PTO. Had Defendant exercised the precaution of running a trademark search before launching its marks, it would have learned that they were unavailable and would surely have had the good sense not to proceed with a logo so nearly identical to

2134. *Id.* at 575-76.

2135. *See* ADT, LLC v. Capital Connect, Inc., 145 F. Supp. 3d 671 (N.D. Tex. 2015).

2136. *Id.* at 699 (internal quotation marks omitted).

2137. *Id.*

2138. *Id.* at 700.

2139. *Id.*

2140. *Id.*

2141. *See* Guthrie Healthcare Sys. v. ContextMedia, Inc., 826 F.3d 27 (2d Cir. 2016).

one for which trademark rights were already established. Defendant did not conduct a trademark search until it sought to register its marks and [its applications were refused]. Accordingly, while Defendant is not a “bad faith” infringer, nor is it an entirely innocent infringer. The government had placed a convenient tool at its disposition, which it could have used to avoid this infringement, and it failed to utilize that tool.²¹⁴²

Nevertheless, not all defendants came out on the short end of the balancing-of-the-harm inquiry.²¹⁴³ In one case resulting in the denial of a preliminary injunction motion, the plaintiff proffered the harm to its reputation that would result from the defendants’ alleged misconduct, as well as claiming, as the court summarized the argument, “the relief sought will merely require Defendants to place new labels on their products”²¹⁴⁴ In addition to that inconvenience, however, the court found that “Defendants . . . will suffer harm if they are enjoined from marketing and selling their new product, which has already been introduced publicly to the [trade] [under Defendants’ mark].”²¹⁴⁵ Consequently, the outcome of the balancing exercise favored the defendants, rather than the plaintiff.²¹⁴⁶

A second case similarly balanced the parties’ respective hardships to the defendants’ advantage.²¹⁴⁷ The plaintiff manufactured one of two types of corrosion-resistant mesh used to construct marine traps, and it alleged in support of a preliminary injunction motion it had invested significant resources into educating purchasers of the superiority of its mesh. There was no dispute that, because of a manufacturing error, the defendants had falsely advertised a run of their mesh as having the same characteristics as the plaintiff’s mesh. Having discovered their error, however, the defendants took a number of remedial actions, which included recalling their mesh from the marketplace, as well as contacting the purchasers of it and reaching financial settlements with many of them. Although the plaintiff claimed to have suffered reputational harm from the defendants’ advertising, its sales had increased during the period of the defendants’ false advertising, and that helped lead the court to conclude that “the

2142. *Id.* at 50.

2143. *See, e.g.*, *Dist. Brewing Co. CBC Rest., LLC*, 118 U.S.P.Q.2d 1535, 1540 (S.D. Ohio 2016) (denying preliminary injunction based on testimony by defendant’s principal that “rebranding to a different name and using different logs would be ‘very detrimental’”).

2144. *Solmetex, LLC v. Dentalez, Inc.*, 150 F. Supp. 3d 100, 116 (D. Mass. 2015)

2145. *Id.*

2146. *Id.* at 116-17.

2147. *See Riverdale Mills Corp. v. Cavatorta N. Am., Inc.*, 146 F. Supp. 3d 356 (D. Mass. 2015).

equities weigh in favor of Defendants. Defendants have taken accountability for their mistake and have corrected it, and the status quo has returned without the need for injunctive relief. The public interest is not served by an order for something that has already been done.”²¹⁴⁸

Preemptive remedial actions also paid off for a defendant distributor of an alcoholic beverage promoted through what were found to be infringing uses of marks owned by the plaintiffs.²¹⁴⁹ The record established the distributor had returned its inventory of the goods associated with the infringing marks and, additionally, had cut its ties to the goods. Those facts, the court concluded, merited the denial of the plaintiffs’ preliminary injunction motion as to the distributor:

[T]he Court is concerned about the harm that [the distributor] would incur if an injunction was entered against it. According to [the distributor], if it was subject to an injunction, its consumer base would infer wrongdoing and, consequently, its reputation would be damaged. Although uncertain as to the exact amount of potential damage, the Court . . . is confident that the harm an injunction would cause to [the distributor] would outweigh any injury [the distributor] threatens against Plaintiffs.²¹⁵⁰

Unusually for a trademark case, one court balanced the parties’ respective hardships in the context of an opinion holding the defendants—officials of a state university—had violated the plaintiffs’ First Amendment rights.²¹⁵¹ The plaintiffs belonged to a student group that advocated the legalization of marijuana, and they had unsuccessfully sought a license to use the university’s marks in connection with that activity (as opposed to in connection with marijuana itself). The court ruled in the plaintiffs’ favor, but it declined their request to invalidate the university’s licensing guidelines in their entirety, opting instead for a more limited permanent injunction prohibiting the defendants from further discrimination on the basis of potential licensees’ political viewpoints. That injunction’s limited scope was integral to the court’s determination that the parties’ respective hardships supported the injunction’s issuance: While the plaintiffs’ loss of their First Amendment rights constituted irreparable harm, the relief entered did not place an undue burden on the defendants.²¹⁵²

2148. *Id.* at 363.

2149. See *Experience Hendrix, LLC v. Tiger Paw Distribs.*, 119 U.S.P.Q.2d 1004 (S.D. Ga.), *amended*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016).

2150. *Id.* at 1013 (citation omitted).

2151. See *Gerlich v. Leath*, 152 F. Supp. 3d 1152 (S.D. Iowa 2016), *aff’d*, No. 16-1518, 2017 WL 562459 (8th Cir. Feb. 13, 2017).

2152. *Id.* at 1181.

(D) Public Interest

As always, defendants found liable for infringement and unfair competition generally fared poorly where consideration of the public interest was concerned. Weighing the entitlement of the prevailing plaintiff before it to a permanent injunction, one court explained why: “In trademark infringement cases, the public interest ordinarily favors the issuance of injunctions to avoid consumer confusion. The jury found [the defendant’s conduct] was likely to confuse. It follows that to prevent consumer confusion, the public interest favors a permanent injunction.”²¹⁵³

2153. *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263, 1287 (M.D. Fla. 2015) (citations omitted), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015); *see also* *Experience Hendrix, LLC v. Tiger Paw Distribs.*, 119 U.S.P.Q.2d 1004, 1013 (S.D. Ga.) (Because [Defendant’s conduct is] likely to cause confusion with Plaintiffs’ trademarks, the Court finds that an injunction is in the public interest.), *amended*, No. CV 416-107, 2016 WL 3963079 (S.D. Ga. July 21, 2016); *Rolls-Royce Motor Cars Ltd. v. Davis*, 118 U.S.P.Q.2d 1581, 1591 (D.N.J. 2016) (“I find that the public interest would not be disserved by issuing an injunction. To the contrary, the public can only benefit from the cessation of illegal conduct. There is certainly a public interest in a truthful and accurate marketplace.”); *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549, 578 (E.D. La. 2016) (“The Court, having found that there is a substantial likelihood of success on [the claimant’s] trademark infringement claims, finds . . . that a preliminary injunction will serve the public interest as [the claimant] has demonstrated that its marks are entitled to protection and an injunction will reduce confusion and foster competition.”); *adidas Am., Inc. v. Skechers USA, Inc.*, 149 F. Supp. 3d 1222, 1251 (D. Or. 2016) (“An injunction that prevents consumer confusion in trademark cases . . . serves the public interest.”) (quoting *Am. Rena Int’l Corp. v. Sis–Joyce Int’l Co.*, 534 F. App’x 633, 636 (9th Cir. 2013)), *appeal docketed*, No. 16-35204 (9th Cir. Mar. 17, 2016); *ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671, 700 (N.D. Tex. 2015) (“The public interest is always served by requiring compliance with Congressional statutes such as the Lanham Act and by enjoining the use of infringing marks.”) (quoting *S & H Indus. v. Selander*, 932 F. Supp. 2d 754, 765 (N.D. Tex. 2013)) (internal quotation marks omitted); *Astrazeneca AB v. Dr. Reddy’s Labs.*, 145 F. Supp. 3d 311, 320 (D. Del. 2015) (“The most basic public interest at stake in all Lanham Act cases [is] the interest in prevention of confusion, particularly as it affects the public interest in truth and accuracy.”) (alteration in original) (quoting *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 730 (3d Cir. 2004)) (internal quotation marks omitted), *appeal dismissed*, No. 15-3827 (3d Cir. April 6, 2016); *Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173, 1186 (E.D. Cal 2016) (“In the trademark context, courts often define the public interest at stake as the right of the public not to be deceived or confused.”) (quoting *CytoSport, Inc. v. Vital Pharm., Inc.*, 617 F. Supp. 2d 1051, 1081 (E.D. Cal. 2009)) (internal quotation marks omitted); *Microsoft Corp. v. Buy More, Inc.*, 136 F. Supp. 3d 1148, 1159 (C.D. Cal. 2015) (“[T]he public interest would be served by granting an injunction, as it would prevent consumers from unknowingly receiving counterfeit and illicit . . . software and components from the Defendants.”), *appeal docketed*, No. 15-56544 (9th Cir. Oct. 7, 2015); *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 471 (D.S.C. 2015) (“It is well established that ‘the public interest is served by preventing consumer confusion in the marketplace.’” (quoting *Davidoff & CIE, S.A. v. PLD Int’l Corp.*, 263 F.3d 1297, 1304 (11th Cir. 2001))), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016); *Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1138 (N.D. Ind. 2015) (“An injunction serves the public interest in this case ‘because enforcement of the trademark laws prevents consumer confusion.’” (quoting *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir. 2000))); *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 690 (D.N.J. 2015) (“[I]ssuing an injunction that will enforce Plaintiff’s rights in [its marks] furthers the public’s interest in the protection of trademarks (and the trademark holder’s property interest) and in the

Nevertheless at least one infringing defendant successfully turned consideration of the public interest to its advantage.²¹⁵⁴ That defendant was Uber Technologies, which faced the possibility of a preliminary injunction against the use of its flagship mark in the Gainesville, Florida, area. Although generally in the transportation business, the prevailing plaintiff did not directly compete with the ride-sharing services offered by its adversary, and that allowed Uber Technologies to identify several ways in which the public would be harmed if (as it claimed) an injunction forced it to withdraw from the Gainesville market. First, the withdrawal would negatively affect its driver partners.²¹⁵⁵ Second, it would bring to an end Uber Technologies' "Freedom in Motion" and "Safe Rides" programs, which provided subsidized transportation to senior citizens and university students, respectively.²¹⁵⁶ Finally, it would deprive local consumers of "a lower-cost alternative to traditional taxi services that has apparently grown in popularity with Gainesville riders as of

avoidance of consumer confusion."); *Dama S.p.A. v. Does* 1-35, 113 F. Supp. 3d 686, 689 (S.D.N.Y. 2015) ("[The plaintiff] has demonstrated that the public interest favors a preliminary injunction in this case because Defendants' unlawful conduct causes consumer confusion and will continue to cause consumer confusion unless enjoined."); *Steak n Shake Enters. v. Globex Co., LLC*, 110 F. Supp. 3d 1057, 1078 (D. Colo. 2015) "[T]he issuance of a permanent injunction will not adversely affect the public interest. The unauthorized use of the [Plaintiffs'] brand by Defendants will certainly cause consumer confusion", *aff'd*, No. 16-1010, 2016 WL 4743685 (10th Cir. Sept. 12, 2016); *Butler v. Hotel Cal., Inc.*, 106 F. Supp. 3d 899, 907 (N.D. Ohio 2015) ("The Court recognizes and has considered the fact that Defendants' [sic] will incur some cost in complying with this decision, but the possibility of expense alone does not outweigh the public interest in preventing confusion as to the origin of services."); *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032, 1048 (D. Minn. 2015) ("The public interest . . . favors an injunction because 'the public interest is served by preventing customer confusion in the marketplace.'" (quoting *Davidoff & CIE, S.A. v. PLD Int'l Corp.*, 263 F.3d 1297, 1304 (11th Cir 2001))); *TracFone Wireless, Inc. v. Clear Choice Connections, Inc.*, 102 F. Supp. 3d 1321, 1334 (S.D. Fla. 2015) ("The public interest relevant to the issuance of a preliminary injunction is the public's interest in avoiding unnecessary confusion." (quoting *Angel Flight of Ga., Inc. v. Angel Flight Am.*, 522 F.3d 1200, 1209 (11th Cir. 2008)) (internal quotation marks omitted)), *appeal dismissed*, No. 15-12166 (11th Cir. April 20, 2016); *TracFone Wireless, Inc. v. Adams*, 98 F. Supp. 3d 1243, 1256 (S.D. Fla. 2015) ("[T]he public interest is advanced by enforcing faithful compliance with the laws of the United States and the State of Florida."); *Rovio Entm't, Ltd. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536, 547 (S.D.N.Y. 2015) ("[T]he public has an interest in not being deceived—in being assured that the mark it associates with a product is not attached to goods of unknown origin and quality." (quoting *N.Y.C. Triathlon, LLC v. NYC Triathlon Club, Inc.*, 704 F. Supp. 2d 305, 344 (S.D.N.Y. 2010)) (internal quotation marks omitted)).

Of course, this proposition depends on the plaintiff's ability to demonstrate liability in the first instance. *See Granite State Trade Sch., LLC v. N.H. Sch. of Mech. Trades, Inc.*, 120 F. Supp. 3d 56, 68 (D.N.H. 2015) (holding that public interest did not warrant entry of preliminary injunction in light of failure of plaintiff's claim of infringement).

2154. *See Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253 (N.D. Fla. 2016).

2155. *Id.* at 1281.

2156. *Id.*

late.”²¹⁵⁷ These showings did not preclude preliminary injunctive relief altogether, but they did cause the court to qualify that relief in many important respects.²¹⁵⁸

ii. Terms of Injunctive Relief

Trial courts enjoy broad discretion when crafting terms of injunctive relief, and that proposition was apparent in a Sixth Circuit opinion arising from a dispute between Cincinnati brothers and pornographers Larry Flynt and Jimmy Flynt.²¹⁵⁹ At an earlier stage of the litigation, Larry and companies affiliated with him secured injunctive relief against the use of the HUSTLER mark by Jimmy and a company affiliated with him. When Jimmy subsequently opened a retail store under the FLYNT SEXY GIFTS mark, Larry and his companies sought a finding of contempt, only to have the district court decline their request because the original injunction did not reach Jimmy’s conduct. Nevertheless, the district invited, and then granted, a motion to modify the injunction’s scope so that it imposed various restrictions on Jimmy’s use of his surname on a standalone basis.

The Sixth Circuit rejected Jimmy’s challenge to the district court’s disposition of the motion. Noting that “[c]ourts have long held the power to modify injunctions,”²¹⁶⁰ it held the district court had “amply justified” the particular modifications at issue.²¹⁶¹ In particular, the district court noted, “[b]ecause the original injunction was tailored to prevent trademark infringement by Jimmy’s corporations, and because Jimmy had committed new violations, the district court acted appropriately when it modified its initial grant of relief to cover Jimmy’s conduct”²¹⁶² That the injunction affected Jimmy’s ability to use his own last name was of little consequence to the appellate court. Rather:

[J]ust as trademark law protects one business and its marks from sharp practices by unrelated businesses, it must do the same for related businesses—when one family member tries to sow confusion in the marketplace over the source and goodwill of a product by using a mark that another family member has created and developed. While one might think this problem arises where you least expect it, the reality is otherwise. Sibling and other family rivalries have generated all manner of trademark disputes over the use of a shared last name. . . .

2157. *Id.*

2158. *See id.* at 1280.

2159. *See LFP IP, LLC v. Hustler Cincinnati, Inc.*, 810 F.3d 424 (6th Cir. 2016).

2160. *Id.* at 426.

2161. *Id.*

2162. *Id.* at 426-27.

[T]he trademark laws do not prevent parties from receiving trademark protection for personal names.²¹⁶³

Nevertheless, and although the terms of injunctive relief are reviewed under a deferential abuse-of-discretion standard, that does not mean they are immune from appellate scrutiny. In another opinion from the Sixth Circuit driving this point home to the detriment of the defendants before that court, the district court had acted on a jury finding of infringement between the parties' BMF and BMF WHEELS marks for automotive parts by enjoining the defendants from particular presentations of their mark.²¹⁶⁴ Seeking a broader injunction, the plaintiff appealed, and it was wise to do so, for the appellate court focused on the standard-character format of its registration in disposing of the district court's limited injunction. As the appellate court noted of the district court's belief that a redesign of the defendants' logo would render confusion unlikely, "this position is untenable in light of the jury's finding that Defendants' use of 'BMF' Wheels' created a likelihood of confusion with Plaintiff's registered "BMF" trademark, which had no specification as to style, font, size, or color."²¹⁶⁵ Because "[e]ffective relief must address the harm to Plaintiff's interest in its registered trademark, not simply in its logo,"²¹⁶⁶ the court observed, "[t]he source of the district court's error was in overlooking the scope of Plaintiff's registered mark, and therefore in failing to meaningfully address the likelihood of confusion created by Defendants' use of the letters 'BMF,' regardless of the visual design."²¹⁶⁷

The proper terms of injunctive relief obviously came into play in opinions from trial courts as well. For example, having prevailed in an action for infringement and likely dilution, one plaintiff did not restrain itself in requesting a permanent injunction against the defendant's use of the plaintiff's mark as:

trade names, business names, descriptors, product names, domain names, keywords, metatags, or on websites (whether as part of hidden or visible text), Internet sites (including without limitation social media sites), products, or on any other electronic or printed material for the purpose of advertising, promoting, marketing, or describing any products or services.²¹⁶⁸

2163. *Id.* at 427.

2164. *See* CFE Racing Prods., Inc. v. BMF Wheels, Inc., 793 F.3d 571, 580 (6th Cir. 2015).

2165. *Id.* at 596.

2166. *Id.*

2167. *Id.*

2168. *Quoted in* PODS Enters. v. U-Haul Int'l, Inc., 126 F. Supp. 3d 1263, 1288 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

The court was generally receptive to the request, deeming it “appropriate” with one exception.²¹⁶⁹ That exception, the court explained, was that “this language would prohibit the use of comparative advertising, which one of [the plaintiff’s] experts admitted at trial was acceptable and non-confusing.”²¹⁷⁰ “Accordingly,” it held, “the proposed injunction will be revised to allow for comparative advertising that clearly designates [the plaintiff] as the source of moving and storage containers that compete with [the defendant’s] products.”²¹⁷¹

Although acknowledging the propriety of a preliminary injunction in a counterfeiting case, a different court also declined to give the plaintiffs the entirety of the relief they sought.²¹⁷² Among other things, the plaintiffs’ proposed terms would have required the defendants to turn over “any counterfeit devices, component parts, or counterfeit labels within their possession, custody, or control, and that they use their best efforts to recover all counterfeit devices that either they or their agents have sold or distributed, and surrender them to the [plaintiff’s] designated representative.”²¹⁷³ Beyond that, the plaintiffs further proposed “that the Defendants turn over a list of sales and contact information, cooperate with the Plaintiffs in contacting these individuals to alert them that the device they purchased is not authentic, and return any money the customers paid for such products.”²¹⁷⁴ Finally, the plaintiffs requested the court to order the defendants to disclose “the names, addresses, and contact information for all other individuals and entities involved with the manufacture, tooling, sale, offering for sale or distribution of the counterfeit devices, and to use their best efforts to assist the Plaintiffs in locating and contacting these individuals and entities.”²¹⁷⁵ The court balked: The usual prohibitions against future unlawful conduct and spoliation of evidence, it held, “will serve to minimize hardship to the Plaintiffs pending ultimate resolution of this lawsuit.”²¹⁷⁶

An additional court to issue a narrowly tailored preliminary injunction did so in an action against ride-sharing service Uber

2169. *Id.*

2170. *Id.*

2171. *Id.*

2172. *See Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130 (N.D. Ind. 2015).

2173. *Id.* at 1139.

2174. *Id.*

2175. *Id.*

2176. *Id.*

Technologies.²¹⁷⁷ The plaintiff successfully demonstrated a likelihood of confusion between Uber Technologies' flagship mark and a series of marks incorporating the word "uber," which the plaintiff, a Gainesville, Florida-based company, used in connection with self-described "passenger transportation services, including through limousine and charter services."²¹⁷⁸ That victory, however, entitled the plaintiff to injunctive relief only within the Gainesville market. In addition, noting the likelihood of Uber Technologies responding to such an order by withdrawing from the market altogether, the court expressed concern that such a departure "would deprive citizens of a service they've come to rely on for transportation,"²¹⁷⁹ a result it considered undesirable, "particularly when [plaintiff] is not directly competitive with [Uber Technologies] and could not fill the void left by [Uber Technologies'] departure."²¹⁸⁰ The court therefore instead enjoined Uber Technologies from using the UBER or UBEREVENTS marks, but only in connection with Uber Technologies' UBEREVENTS services. At the same time, however, it also required Uber Technologies to establish a local telephone number, to list the number in local directories, and to promote the number in such a way that Internet searches "using the keywords 'Uber Gainesville phone' or 'Uber Gainesville phone number' returns a result containing [Uber Technologies'] [local] number, along with words clearly indicating that the result is associated with [Uber Technologies]."²¹⁸¹ The establishment of the number, the court concluded, would address confusion attributable to Uber Technologies' "lack of an easy-to-find phone number" without unduly burdening that company.²¹⁸²

Similarly, the prevailing plaintiff on a preliminary injunction motion against a certifier of ethically sourced farm products also came away with less relief than it requested.²¹⁸³ The gravamen of the plaintiff's complaint was that the defendant had widely disseminated an e-mail falsely advising the trade that the plaintiff's eggs lacked certifications the plaintiff claimed they had. The plaintiff convinced the court the defendant's e-mail constituted false advertising, and that success entitled the plaintiff to a corrective e-mail from the defendant to the same recipients as the

2177. See *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253 (N.D. Fla. 2016).

2178. Quoted in *id.* at 1259.

2179. *Id.* at 1281.

2180. *Id.*

2181. *Id.* at 1282.

2182. *Id.* at 1280.

2183. See *Handsome Brook Farm, LLC v. Humane Farm Animal Care, Inc.*, 193 F. Supp. 3d 556 (E.D. Va. 2016), *appeal docketed*, No. 16-1813 (4th Cir. July 15, 2016).

first one on the theory that “[i]t was [the defendant’s] credibility that caused the email to penetrate the marketplace so effectively. It requires the same credible source to halt the harm of the email until this matter is resolved through trial.”²¹⁸⁴ Nevertheless, the court balked at requiring the defendant also to post a corrective statement on its website. As it explained, “[a]n appropriate injunctive remedy ‘should be no more burdensome to the defendant than necessary to provide complete relief to the plaintiffs.’ The website was not used to distribute or publish the false or misleading information. Thus, the Court finds no reason to utilize the website to fashion an injunctive remedy.”²¹⁸⁵

Finally, a group of defendants found liable for infringement and false advertising after they or their agents persistently misrepresented their relationship with a pair of plaintiffs and disparaged the plaintiffs’ security-related goods and services also escaped the full scope of the preliminary injunctive relief sought by the plaintiffs.²¹⁸⁶ One practice targeted by the plaintiffs was the defendants’ representations to consumers that the plaintiffs’ security systems were outdated, but the court declined to enjoin those representations because “preventing a competitor from discussing the age of equipment unduly restrains [the defendants]’ speech in [their] sales pitches.”²¹⁸⁷ The court also declined to require the defendants’ agents to use pre-approved language in their sales pitches, explaining that “[r]equiring [the defendants]’ sales force to pursue sales like a robot, regurgitating a court ordered script imposes too much restraint on [the defendants].”²¹⁸⁸ The plaintiffs’ request that the defendants’ agents wear uniforms branded with the lead defendant’s marks also proved unnecessary because the lead defendant already had a policy to that effect in place and because “[t]he court expects [the lead defendant] to enforce, and ensure compliance with, its company policies and code of conduct, which the record shows it has not sufficiently accomplished thus far.”²¹⁸⁹

iii. Security

Under ordinary circumstances, Rule 65 of the Federal Rules of Civil Procedure requires the successful movant for interlocutory relief to post a bond “in an amount that the court considers proper to pay the costs and damages sustained by any party found to have

2184. *Id.* at 575.

2185. *Id.* at 576 (quoting *PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 128 (4th Cir. 2011)).

2186. *See ADT, LLC v. Capital Connect, Inc.*, 145 F. Supp. 3d 671 (N.D. Tex. 2015).

2187. *Id.* at 701.

2188. *Id.*

2189. *Id.*

been wrongfully enjoined or restrained,”²¹⁹⁰ assuming a defendant is wrongfully enjoined, 28 U.S.C. § 1352 allows it to pursue an action to recover monetary relief in the amount of the bond.²¹⁹¹ One court explained of this requirement that “[t]he purpose of an injunction bond is to protect the restrained party from damages that it would incur in the event that the injunction was wrongfully issued.”²¹⁹² Without discussion of the considerations underlying its determination on the issue, it then determined a surety bond of \$5,000 was sufficient security to support a preliminary injunction.²¹⁹³

The analysis of a second court entering a preliminary injunction was only marginally more in depth.²¹⁹⁴ The defendant facing the imposition of that relief was ride-sharing service Uber Technologies, which convinced the court it would abandon the entire state of Florida if forced to use an alternative mark there. Based on that predicate, it requested the court to require the posting of a bond of \$64 million, but that request fell by the wayside when the court entered an injunction limited to a single city. The court admitted to some difficulty in coming up with an appropriate alternative number, but it ultimately held that “[t]hinking in terms of orders of magnitude, it seems that one thousand (10^3) dollars would be too low and one hundred thousand dollars (10^5) would be too high. Ten thousand (10^4) dollars may or may not be close, but it’s certainly in the right ballpark.”²¹⁹⁵

iv. Contempt

Alleged contemnors did not fare well, with perhaps the best example of that phenomenon coming in a Sixth Circuit opinion.²¹⁹⁶ That court addressed an appeal from the entry of sanctions against a group of defendants found to have violated a permanent injunction requiring them to withdraw advertising featuring an infringing mark. The appellate court held as a threshold matter that to support a motion for civil contempt, “a plaintiff has ‘the burden of establishing by clear and convincing evidence that [the defendant] ‘violated a definite and specific order of the court

2190. Fed. R. Civ. P. 65(c).

2191. 28 U.S.C. § 1352 does, not, however, create federal subject-matter jurisdiction for other causes of action arising from the wrongful issuance of an injunction. *See* Tactical Sys. v. Real Action Paintball, Inc., 143 F. Supp. 3d 982, 1005 (N.D. Cal. 2015).

2192. *Simpson Performance Prods., Inc. v. Wagoner*, 133 F. Supp. 3d 1130, 1139 (N.D. Ind. 2015).

2193. *Id.*

2194. *See* *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253 (N.D. Fla. 2016).

2195. *Id.* at 1282

2196. *See* *CFE Racing Prods., Inc. v. BMF Wheels, Inc.*, 793 F.3d 571 (6th Cir. 2015).

requiring [the defendant] to perform or refrain from performing a particular act or acts with knowledge of the court's order.”²¹⁹⁷ Significantly, the court added, “[t]here is no requirement to show intent beyond knowledge of the order.”²¹⁹⁸

Caught dead to rights after having failed to withdraw the proscribed advertising, the defendants invoked a provision in the district court's injunction allowing them to continue selling goods bearing their infringing mark for a longer period of time. As the court explained their position, “Defendants argue that the injunction was ambiguous on the theory that permission to continue selling products bearing the old logos [following termination of the advertising] created an implied exception to the requirement to withdraw [the] advertising”²¹⁹⁹ The court rejected the claimed ambiguity, holding instead that:

The terms of the injunction do not admit such a meaning; rather, the injunction clearly states two absolute, independently applicable requirements: Defendants were required to withdraw “all advertising in all media that bears the logos set out” in the judgment by the deadline of April 30, 2014; separately, Defendants were required to dispose of all products bearing the logos, by sale or otherwise, by September 30, 2014. Defendants could easily comply with both requirements simultaneously by displaying product photographs that did not show the old logo, or by displaying advertising that did not include pictures of the product.²²⁰⁰

A different factual scenario led the Supreme Court of Georgia to affirm a trial court order holding a defendant in civil and criminal contempt.²²⁰¹ Embroiled in a dispute over ownership of service marks her deceased husband had registered, the defendant submitted a successful takedown notice that resulted in the disabling of the plaintiffs' Facebook page. The trial court granted the plaintiffs' motions for two preliminary injunction orders requiring the defendant to cooperate in securing the reinstatement of the plaintiffs' page, but she failed to do so on a timely basis, acting only on the eve of a hearing on the plaintiffs' motion for contempt. Especially because “the record reveals that once [the defendant] fully complied with the instructions set forth in the trial court's order, the Facebook page was reactivated,” thereby demonstrating the ease with which the defendant could have

2197. *Id.* at 598 (alterations in original) (quoting *Rolex Watch U.S.A., Inc. v. Crowley*, 74 F.3d 716, 720 (6th Cir. 1996) (quoting *NLRB v. Cincinnati Bronze, Inc.*, 829 F.2d 585, 591 (6th Cir. 1987))).

2198. *Id.*

2199. *Id.* 599.

2200. *Id.*

2201. *See Davis v. VCP S., LLC*, 774 S.E.2d 606 (Ga. 2015).

complied with the order, the appellate court was disinclined to disturb the sanctions levied upon her.²²⁰²

The Fifth Circuit also got into the act by affirming a finding of civil contempt.²²⁰³ Earlier litigation between the parties before that court had led to an injunction prohibiting the defendants from, among other things, advertising in Texas and threatening or harassing the plaintiff or its employees. According to the plaintiff, the defendants had violated the injunction by continuing to advertise in Texas, instructing their employees to post negative comments and defamatory videos about the plaintiff. As the court summarized it, “[o]ne posting referenced a state-court paternity suit involving [the plaintiff’s] founder . . . ; the posting labeled [the founder] a ‘deadbeat dad’ and mentioned the minor child involved in the suit by name.”²²⁰⁴ Crediting the plaintiff’s factual showings, the court held the district court’s finding of contempt had not been an abuse of discretion because, it determined: (1) the injunction had been in effect as of the allegedly contemptuous conduct; (2) the injunction neither vaguely nor ambiguously required the defendants to perform or abstain from the proscribed conduct, and (3) the defendants failed to comply with the injunction’s requirements.²²⁰⁵

Nevertheless, the court reached the opposite conclusion with respect to the district court’s decision to hold the defendants’ lead counsel in contempt along with his clients—a decision resulting in the attorney’s temporary incarceration following a hearing on the plaintiff’s contempt motion. There were two bases for the court’s holding the district court had abused its discretion in ordering the attorney taken into custody, the first of which was the district court had deprived him of due process by failing to warn him he was at risk of that sanction.²²⁰⁶ The second was that, although the scope of the earlier injunction swept in the attorney, the record lacked any evidence he personally had violated it, much less the required clear and convincing evidence.²²⁰⁷

At the trial court level, a group of defendants were deemed contemnors after attempting to take liberties with the language of the injunction against them.²²⁰⁸ That injunction prohibited the defendants from, among other things, manufacturing, advertising, marketing, promoting, offering to sell, and/or selling wine that

2202. *Id.* at 613.

2203. *See* Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc., 799 F.3d 437 (5th Cir. 2015), *cert. denied*, 137 S. Ct. 499 (2016).

2204. *Id.* at 451.

2205. *Id.* at 454.

2206. *Id.* at 456.

2207. *Id.* at 456-57.

2208. *See* C & N Corp. v. Kane, 142 F. Supp. 3d 783 (E.D. Wisc. 2015).

uses, copies, or misappropriates the HALLOWINE mark or other existing or future names or designs that are not more than a colorable variation of the HALLOWINE mark in or into the states of Illinois and Wisconsin.”²²⁰⁹ In response, the defendants began selling wine under labels reading “HALLOW wine,” mark, distinguishable from their earlier use primarily by the smaller font in which their label displayed the second of these two words. Neither the plaintiff nor the court was amused by the defendants’ antics, and the court granted the plaintiff’s motion for contempt, finding in the process that: (1) the order was unambiguous;²²¹⁰ (2) “[t]he reality is that there is a very high probability that a consumer would identify a wine called ‘HALLOW’ as ‘Hallow wine’”;²²¹¹ (3) the defendants’ violation of the earlier order was a significant one;²²¹² and (4) the defendants’ efforts at compliance “were neither reasonable nor diligent.”²²¹³ The plaintiff therefore was entitled to a recall of wine bearing the defendants’ new labels, an award of its attorneys’ fees, and disgorgement of the profits arising from the defendants’ violation of the injunction.²²¹⁴

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

The Sixth Circuit confirmed that “[p]laintiffs seeking damages for false advertising must ‘present evidence that a significant portion of the consumer population was deceived.’”²²¹⁵ In reversing the dismissal of a Section 43(a)(1)(B) cause of action for failure to state a claim, that court addressed the question of whether the defendants’ transmittal of communications to twenty-two of the plaintiffs’ customers could make the grade. The court concluded it could: “Where false advertising cases have involved only mass mailings—albeit several orders of magnitude more than at issue here—this Court has treated the intended audience as the recipients of the letters.”²²¹⁶

2209. *Quoted in id.* at 785 (emphasis deleted).

2210. *Id.* at 789.

2211. *Id.* at 790.

2212. *Id.* at 790-91.

2213. *Id.* at 791.

2214. *Id.* at 792.

2215. *Grubbs v. Sheakley Grp.*, 807 F.3d 785, 802 (6th Cir. 2015) (quoting *Herman Miller, Inc. v. Palazzetti Imps. & Exports, Inc.*, 270 F.3d 298, 323 (6th Cir. 2001)).

2216. *Id.*

A Florida federal district court adopted a similarly strict standard for an award of actual damages in an infringement and likelihood-of-dilution action.²²¹⁷ Addressing a post-trial challenge to a jury finding that a prevailing plaintiff was entitled to recover the costs associated with a corrective advertising campaign, that court held, “[t]o recover actual damages, [the plaintiff] ‘was required to establish that [the defendant’s] Lanham Act violations proximately caused it to suffer monetary damages.’”²²¹⁸ Nevertheless, the court found, “[t]hat is exactly what [the plaintiff] presented to the jury, evidence that [the defendant’s] use of the [plaintiff’s mark] damaged the [plaintiff’s] brand,” including testimony of the negative impact of the defendant’s conduct on the distinctiveness of the plaintiff’s mark, on the plaintiff’s growth, and on the plaintiff’s sales.²²¹⁹ The plaintiff need not have demonstrated it actually had invested in a corrective advertising campaign.²²²⁰

Interpreting one of the more obscure provisions of federal unfair competition law, a Virginia federal district court addressed the question of whether a successful claim under 15 U.S.C. § 8131, which renders actionable the bad-faith registration of domain names corresponding to plaintiffs’ personal names,²²²¹ provides for the recovery of actual damages.²²²² The court noted that the operative language of the statute²²²³ did not so provide. It therefore granted a defense motion for summary judgment, with the explanation that “though the statute authorizes the Court to grant injunctive relief and award attorneys’ fees in certain instances, it does not permit the Court to award damages.”²²²⁴ Based on the express language of Section 35(a), however, the court rejected the defendants’ concomitant argument that the plaintiff’s failure to register his personal name as a service mark with the USPTO precluded him from recovering his actual damages under his more

2217. See *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2218. *Id.* at 1282 (quoting *Optimum Techs., Inc. v. Henkel Consumer Adhesives, Inc.*, 496 F.3d 1231, 1252 (11th Cir. 2007)).

2219. *Id.* at 1282.

2220. *Id.* at 1283.

2221. 15 U.S.C. § 8131(1)(A) (2012).

2222. See *Zinner v. Olenych*, 108 F. Supp. 3d 369 (E.D. Va. 2015).

2223. 15 U.S.C. § 8131(2) (“In any civil action brought under paragraph (1), a court may award injunctive relief, including the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff. The court may also, in its discretion, award costs and attorneys’ fees to the prevailing party.”).

2224. *Zinner*, 108 F. Supp. 3d at 395.

conventional cause of action for cybersquatting under Section 43(d).²²²⁵

Finally, one court addressing the entitlement of the plaintiffs before it to an award of damages under Section 43(c)(5)(A)²²²⁶ engaged in a profound misreading of that statute.²²²⁷ That statute allows a prevailing plaintiff “to be awarded monetary damages, attorneys’ fees, and costs . . . if . . . the mark that is likely to cause dilution by blurring or tarnishment was first used in commerce by the person against whom the injunction is sought after October 6, 2006.”²²²⁸ Failing to recognize this statutory language refers to the *defendant’s*, and not the *plaintiff’s*, date of first use, the court held:

Throughout [their] briefing, [the plaintiffs] assert[] that [their] mark was first used in commerce in 1868. The Court therefore holds that, as a matter of law, [the defendants] cannot assert a damages claim based on dilution of [their] mark under the Lanham Act, and [the defendant’s] summary judgment motion is granted insofar as it seeks dismissal of this claim.²²²⁹

(2) Calculation of Actual Damages

Competing expert witness testimony on the value of a corrective advertising campaign produced an award of \$45 million in actual damages following a jury trial before a Florida federal district court.²²³⁰ According to testimony from a fact witness, the defendant’s infringement had produced 113.6 million online “misimpressions” among consumers.²²³¹ The plaintiff’s expert in turn testified “his review of the literature suggested that it took three correct impressions to remedy a single misimpression” and, additionally, “that it took about 28 cents to create an impression.”²²³² Multiplication of the number of misimpressions by .28 yielded a figure of \$95.4 million, which the defendant countered with expert testimony of its own that \$1.6 million was the appropriate figure. Although the defendant accused the jury of

2225. *Id.* at 395-96. As the court properly concluded, “the Lanham Act . . . permits an award of damages for ‘a violation under section [43(a)] and [Section 43(d)] . . .’ without reference to whether the plaintiff has registered his mark. *Id.* at 397 (quoting 15 U.S.C. § 1117(a)).

2226. 15 U.S.C. § 1125(c)(5)(A) (2012).

2227. *See Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

2228. 15 U.S.C. § 1125(c)(5)(A).

2229. *Tiffany*, 127 F. Supp. 3d at 262.

2230. *See PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2231. *Id.* at 1283.

2232. *Id.*

having arbitrarily split the difference between the two experts' numbers, the court was unmoved:

The parties presented differing views of the damages to which [the plaintiff] was entitled, if it prevailed, and supported their views with competing evidence. . . . [T]he determination of actual damages is inherently a question of fact for the jury in an infringement case, and its discretionary determination of damages will not be disturbed or second guessed.²²³³

The court similarly rejected an additional basis of the plaintiffs attack on the jury's award, which was that the award greatly exceeded the plaintiff's advertising. As it explained, Eleventh Circuit case law allowed reimbursement of the costs of corrective advertising "without regard to the relevant advertising spent by either party."²²³⁴ "Moreover," it held, "considering the discretion afforded the trier of fact (here, the jury) in computing damages under the Lanham Act, the verdict will be upheld where, as here, the verdict is supported by the evidence."²²³⁵

As that outcome demonstrates, some courts may be receptive to requests for damage awards covering the cost of corrective advertising campaigns, but that does not mean those awards are easy to come by. For example, although one set of prevailing plaintiffs successfully demonstrated their entitlement to a finding of infringement as a matter of law, their bid to recover for corrective advertising allegedly necessitated by the defendants' misconduct fell short, at least for purposes of their motion for summary judgment.²²³⁶ The plaintiffs' showing failed in multiple respects, one of which was the absence from their moving papers of "any content of the advertisements Plaintiffs claim were created solely to clear up confusion resulting from [Defendants'] infringement."²²³⁷ Another was that "[w]hile [Plaintiffs] may have spent \$208,898 in advertising following discovery of [Defendants'] infringement, the suggestion that the entire amount was expended *only* to clear up any confusion, divorced from effort to solicit new business is highly doubtful."²²³⁸ The court therefore denied the plaintiffs' motion as it related to the alleged advertising with the explanation that "[s]upplemental evidence is . . . required before

2233. *Id.* at 1284-85.

2234. *Id.* at 1284 (quoting *Aronowitz v. Health-Chem Corp.*, 513 F.3d 1229, 1241 (11th Cir. 2008)) (internal quotation marks omitted).

2235. *Id.*

2236. See *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

2237. *Id.* at 1049.

2238. *Id.*

the Court can accurately determine the amount of actual damages Plaintiffs are entitled to receive.”²²³⁹

Finally, one court served up a reminder that even plaintiffs pursuing default judgments must substantiate their claimed actual damages.²²⁴⁰ The plaintiff before that court candidly admitted in its moving papers that “[s]etting an amount of damages against [the] Defendant in default would require some speculation as to sales levels of said parties, which is unknown. Without data from each Defendant concerning sales, any amount of damages would be speculative.”²²⁴¹ Therefore, “in the interests of adjudicating this matter fully,” the plaintiff sought an award of \$25,000 in actual damages, which, it advised the court, “seems reasonable to Plaintiff in terms of Defendant’s apparent size and conduct.”²²⁴² What seemed reasonable to the plaintiff, however, did not seem that way to the court, which remarked that “[e]ven in the context of default judgment, the Court has an obligation to ensure that there is a legitimate basis for any award of damages that it enters. Damages may only be awarded on default judgment where the record adequately supports a basis for the award.”²²⁴³ As a result, it denied the plaintiff’s request, albeit with leave to the plaintiff to supplement the record and try again.²²⁴⁴

(B) Statutory Damages

If a defendant is found liable for counterfeiting, the prevailing plaintiff has the opportunity to elect, in lieu of an award of its actual damages or an accounting of the defendant’s profits, the statutory damages provided for under Section 35(c) of the Act: Such an award can be “not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just,” or, alternatively, “if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.”²²⁴⁵ Likewise, under Section 35(d),²²⁴⁶ a prevailing plaintiff in a cybersquatting action can elect to receive “an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.”²²⁴⁷

2239. *Id.*

2240. *See* Zinganything, LLC v. Imp. Store, 158 F. Supp. 3d 668 (N.D. Ohio 2016).

2241. *Quoted in id.* at 675.

2242. *Quoted in id.*

2243. *Id.* (citation omitted).

2244. *Id.* at 675-76.

2245. 15 U.S.C. § 1117(e) (2012).

2246. *Id.* § 1117(d).

2247. *Id.*

Awards of statutory damages at the high end of these ranges rarely occur, but they did take place on occasion over the past year. One came in a case in which the defendant, a former authorized distributor of the plaintiff, began selling directly competitive goods purchased from other sources under the plaintiff's mark.²²⁴⁸ The court's analysis was short on details, however: "The Court may award up to \$2,000,000 for [the two marks misappropriated by the defendant], because the use of the counterfeit mark was willful pursuant to 15 U.S.C. § 1117(c)(2), resulting in an award of \$4,000,000."²²⁴⁹

That maximum award was the exception, rather than the rule, however.²²⁵⁰ In the absence of express guidance from either Congress or the Third Circuit, a New Jersey federal district court resorted to an application of the following factors from the copyright context when determining an appropriate award of statutory damages:

- (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.²²⁵¹

The court held as an initial matter the plaintiff deserved something more than the statutory minimum, observing that "[t]his action amounts, in essence, to the prototypical internet case, in that it involves a suit against someone selling counterfeit luxury items on the internet (rather than more localized at a storefront), thereby enabling the counterfeited goods to be widely disseminated."²²⁵² Nevertheless, and despite the defendant's failure to participate in the case, the court entered an award of \$30,000 per mark misappropriated in part because "[t]his amount falls well within the parameters established by Congress, takes into account Defendant's culpability (and even willfulness), and constitutes a sum significant enough to compensate Plaintiff for any arguable losses and to deter Defendant and others";²²⁵³ other

2248. See *Covertech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489, 540 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

2249. *Id.*

2250. See, e.g., *Rovio Entm't Ltd. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536, 546 (S.D.N.Y. 2015) (awarding \$100,000 in statutory damages per infringed mark against defaulting defendants).

2251. *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 688 (D.N.J. 2015) (quoting *Platypus Wear v. Bad Boy Club, Inc.*, No. 08-2662, 2009 WL 2147843, at *7 (D.N.J. July 15, 2009)).

2252. *Id.*

2253. *Id.*

reasons cited by the court included the defendant's misappropriation of a relatively small number of the plaintiff's overall portfolio of marks and the court's willingness to revisit the issue should the defendant resume his unlawful conduct.²²⁵⁴

Other courts whittled down requests for statutory damages in less developed analyses. A more characteristic award occurred in an action in which the defendants were found as a matter of law to have trafficked in goods bearing counterfeit copies of the plaintiff's registered marks.²²⁵⁵ The court's summary judgment order was replete with findings suggesting the defendants knew well the unlawful nature of their conduct;²²⁵⁶ moreover, the court observed, "Defendants either did not maintain records or failed to disclose them to hide the extent of their infringement."²²⁵⁷ Even though the defendants apparently did not oppose the plaintiff's moving papers, those considerations did not result in an award at the absolute top of the range in cases of willful counterfeiting. Instead, the court awarded "\$200,000 each for the nine counterfeit trademarks [at issue] for a total of \$1,800,000 in damages under the Lanham Act."²²⁵⁸

Another dispute similarly resulted in an imposition of statutory damages less than the maximum award, despite a record decidedly unfavorable to the defendants.²²⁵⁹ The defendants did not help themselves by defaulting in the matter and then failing to contest the plaintiff's allegations of willfulness when given the opportunity to do so on a post-default basis.²²⁶⁰ The court framed the issue in the following manner: "Statutory damage awards

2254. *Id.*

2255. *See* Microsoft Corp. v. Buy More, Inc., 136 F. Supp. 3d 1148, 1159 (C.D. Cal. 2015), appeal docketed, No. 15-56544 (9th Cir. Oct. 7, 2015).

2256. *See, e.g., id.* at 1154 ("Defendants continued to distribute counterfeit and infringing . . . software and components after receipt of Plaintiff's letters and follow up calls.").

2257. *Id.*

2258. *Id.* at 1158.

2259. *See* Mun. Credit Union v. Queens Auto Mall, Inc., 126 F. Supp. 3d 290 (E.D.N.Y. 2015).

2260. Whether any showing by the defendants would have made a difference is doubtful. Not only did they fail to respond to the plaintiff's objections on a timely basis, the extent of their misappropriation of the plaintiff's mark, which was registered for credit union services, including automobile financing, can be seen in the following side-by-side comparison of the parties' respective uses:



Id. at 293-94.

should be both compensatory and significant enough to discourage future wrongful conduct by the individual defendant and other potential would-be infringers.”²²⁶¹ After calculating \$11,488.40 as a “rough measure” of the profits enjoyed by the defendants through their infringement, the court trebled that figure and then rounded it down to \$330,000, concluding that “[t]his award should appropriately deter defendant[s] (and others), and compensate plaintiff, without creating an unjust windfall.”²²⁶²

(C) Punitive Damages

Except in cases of wrongful seizures,²²⁶³ the Lanham Act does not allow punitive damages, and courts rarely award them in cases presenting state law causes of action corresponding to those provided for by federal law. Nevertheless, having been found liable as a matter of law for trafficking in goods associated with counterfeit imitations of the lead plaintiff’s registered mark, one defendant failed to secure the dismissal of the plaintiffs’ request for punitive damages under New York law.²²⁶⁴ In denying the defendant’s motion for summary judgment, the court initially noted that “New York state law sets an exceptionally high bar for awarding punitive damages, permitting them only when ‘the defendant’s wrongdoing is not simply intentional but evince[s] a high degree of moral turpitude and demonstrate[s] such wanton dishonesty as to imply a criminal indifference to civil obligations.’”²²⁶⁵ Nevertheless, even if the plaintiffs therefore were required to demonstrate gross, wanton, or willful misconduct, they had done so in the form of showings the defendant had instructed its vendors to copy the plaintiffs’ goods (in addition to copying their marks) and had done nothing to remedy confusion of which it became aware.²²⁶⁶ The defendant was not entitled to summary judgment as a result.²²⁶⁷

2261. *Id.* at 297.

2262. *Id.* at 298.

2263. *See* 15 U.S.C. § 1116(d)(11) (2012).

2264. *See* *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

2265. *Id.* at 261 (alteration in original) (quoting *Ross v. Louise Wise Servs. Inc.*, 868 N.E.2d 189, 196 (N.Y. 2007) (citation omitted) (internal quotation marks omitted)).

2266. *Id.* at 262.

2267. *Id.*

ii. Accountings of Profits

(A) Eligibility of Prevailing Plaintiffs for Accountings of Profits

Courts continued to differ on the issue of whether a prevailing plaintiff seeking an accounting of a defendant's profits under Section 35 must demonstrate the defendant acted in bad faith. On the one hand, some followed the traditional rule such a showing is required.²²⁶⁸ These included the Federal Circuit, which, in a detailed application of Second Circuit law, held that a prevailing plaintiff's failure to prove willful infringement by a group of defendants precluded an accounting.²²⁶⁹ They also included a Colorado federal district court, which applied a variation on that rule: "Under the Lanham Act, plaintiffs must show either actual damages or willful action on the part of the defendant as a prerequisite to recover disgorgement of profits."²²⁷⁰

Other courts rejected that proposition, with a Florida federal district court applying the Eleventh Circuit rule that "[a]n accounting for profits is appropriate where (1) defendant has deliberately and willfully infringed a mark, (2) the defendant was unjustly enriched, or (3) the sanction is necessary for future deterrence."²²⁷¹ Explaining those factors, the court held they did not require a "higher showing of culpability on the part of defendant, who is purposely using the trademark."²²⁷² Moreover, there was equally no need for the prevailing plaintiff before the court to prove its own actual damages before securing an accounting of the defendant's profits.²²⁷³

2268. See, e.g., *Greene v. Brown*, 104 F. Supp. 3d 12, 18 (D.D.C. 2015) (finding requirement satisfied by defaulting defendant's failure to contest allegations of willfulness in complaint).

2269. See *Romag Fasteners, Inc. v. Fossil, Inc.*, 817 F.3d 782, 784-91 (Fed. Cir. 2016), *petition for cert. filed*, No. 16-202 (U.S. Aug. 12, 2016); see also *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 261 (S.D.N.Y.) ("This Court agrees with those authorities that continue to uphold the willfulness requirement [for an accounting]."), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015); *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032, 1048 (D. Minn. 2015) ("An accounting of profits should be limited to cases involving bad faith.").

2270. *Steak N Shake Enters. v. Globex Co.*, 110 F. Supp. 3d 1057, 1079 (D. Colo. 2015) (quoting *Klein-Becker USA, LLC v. Englert*, 711 F.3d 1153, 1161 (10th Cir. 2013) (alteration in original omitted) (internal quotation marks omitted)), *aff'd*, No. 16-1010, 2016 WL 4743685 (10th Cir. Sept. 12, 2016).

2271. *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1281 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2272. *Id.* (quoting *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988)) (internal quotation marks omitted).

2273. *Id.* at 1280 ("A plaintiff need not demonstrate actual damage to obtain an accounting of an infringer's profits under section 35 of the Lanham Act.").

(B) The Accounting Process

Section 35 provides “[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,”²²⁷⁴ but the statute on its face does not explain whether “sales” means “gross sales” or “infringing sales.” Although incorrectly addressing the issue under a heading styled as “*Damages* pursuant to 15 U.S.C. § 1117(a), (b),”²²⁷⁵ one opinion properly allocated the parties’ respective burdens in the accounting process by observing that “[t]o establish profits [the plaintiff] is only required to prove [the defendant’s] sale[s]. Once the sales figure is established, then the statute provides that Defendant must prove any costs or deductions from the amount.”²²⁷⁶ The same opinion amply demonstrated the dangers attaching to a defendant’s failure to take seriously the second part of the process: “[The defendant’s] principal asserted that his profit margin was around 30%. [The defendant] has failed to introduce evidence to support this assertion, and the Court therefore determines that no cost or deduction has been proved.”²²⁷⁷

Other courts applied the same methodology, right down to mistakenly addressing the issue under headings styled as “*Damages*”²²⁷⁸ and “*Monetary Damages*.”²²⁷⁹ One held that:

Once [the plaintiff] established infringement, it was only required to prove [the defendant’s] sales [under the infringing marks]. The burden then shifted to [the defendant] to prove its expenses and other deductions from gross sales. [The plaintiff] was not, contrary to [the defendant’s] contention, required to prove that [the defendant’s] [infringement] contributed to [the defendant’s] profits.²²⁸⁰

2274. 15 U.S.C. § 1117(a) (2012).

2275. See *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489, 539 (W.D. Pa. 2015) (emphasis added), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

2276. *Id.* (citations omitted).

2277. *Id.*

2278. See *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263, 1280 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015). The court later doubled down on this error by asserting that “[d]amages for trademark infringement may include a defendant’s profits, any damages sustained by the plaintiff, and the cost of the action.” *Id.* at 1282.

2279. See *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 472 (D.S.C. 2015), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016).

2280. *PODS Enters.*, 126 F. Supp. 3d at 1280 (citations omitted).

Based on these rules and expert witness testimony, the court sustained a jury's accounting of \$15.7 million against the defendant's post-trial challenge to that figure.²²⁸¹

A different court faulted the failure of the defendants before it to serve timely responses to discovery requests on the issue of their profits.²²⁸² It summarized the doctrinal framework governing the accounting mechanism in the following manner:

“If the infringer provides no evidence from which the court can determine the amount of any cost deductions, there is no obligation to make an estimate, and ‘costs’ need not form any part of the calculation of profits.” In other words, the court may award proceeds as if they were profits.²²⁸³

Although responding to the plaintiff's motion for summary judgment with belated documentation of their claimed deductions, “[t]he defendants did not submit a brief or affidavit identifying the significance of these documents, proposing a revised damage calculation, or authenticating any of the documents.”²²⁸⁴ Not surprisingly, the court held that “[u]nless the defendants can provide a compelling explanation for why these documents were not produced in discovery, the Court will be forced to accept the plaintiff's calculation of the defendants' profits, which is \$2,366,506.80.”²²⁸⁵ It therefore gave the defendants additional time to provide that explanation.²²⁸⁶

Nevertheless, not all courts took defendants to task in the accounting inquiry. For example, one defendant before a relatively

2281. *Id.* at 1281. The court took this step without an extensive discussion of the trial record. It did, however, cite to the testimony of an expert witness that the defendant had made \$34-48 million in incremental profits as a result of its infringement, after taking into account deductions from the defendant's gross sales. *Id.* at 1281. It then concluded that “[t]he jury's award of \$15.7 million in profits based on [the expert's] testimony is therefore supported by the evidence.” *Id.*

2282. *See Choice Hotels*, 135 F. Supp. 3d at 473 (“In this case, the defendants appear to have completely disregarded the plaintiff's discovery requests regarding [their] revenue and expenses.”).

2283. *Id.* at 472 (quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:66 (4th ed. 2014)).

2284. *Id.* at 474.

2285. *Id.* at 475. The court noted of the figure proposed by the plaintiff that:

The plaintiff submits that the only evidence it has regarding [the defendants'] proceeds, profits, expenses, etc. with regard to the Subject Property is the testimony of [the defendants'] 30(b)(6) deponent that as of October 30, 2014, the gross revenue for the Subject Property was \$876,484.00. Drawing a monthly average from this figure, the plaintiff estimates that the gross revenues from the Subject Property are \$87,648.40. Applying this monthly figure to the 27 months during which the defendants are alleged to have infringed the mark, the Court calculates gross proceeds in the amount of \$2,366,506.80.

Id. at 473-74 (citation omitted).

2286. *Id.* at 476.

forgiving court defaulted in response to allegations he had provided musical performances under a mark owned and registered by the plaintiff.²²⁸⁷ The plaintiff provided the court with evidence the defendant had enjoyed \$19,500 in profits during two years of his infringing conduct, but that figure paled in comparison with the \$64,000 in profits sought by the plaintiff based on the theory the defendant had given sixteen performances during that period, for which he enjoyed \$4,000 in profit per performance. As the court noted, however, the plaintiff based his estimates of the frequency of the defendant's performances not on factual evidence but instead on "his experience as a soul music artist."²²⁸⁸ The court therefore declined to accept the entirety of the plaintiff's calculations, holding:

The estimate of eight concerts per year is speculation as applied to these two specific years by this specific performer. While the Court agrees with Plaintiff that the evidence of *profits per concert* is substantially within Defendant's control, evidence as to the *total number of concerts* is freely available to Plaintiff, whether through research on the Internet on the various websites that advertise musical performances or by contacting concert venues individually.²²⁸⁹

Nevertheless, the court did credit the plaintiff's showing of the defendant's profits for five concerts the defendant had given, which were \$4,000 for each of four concerts and \$3,500 for the remaining one. Moreover, although the plaintiff could not determine the defendant's profits from two additional documented concerts, the court found \$4,000 an appropriate figure for each of those events.²²⁹⁰

Finally, a New York federal district court served notice that the generally pro-plaintiff rules governing accountings do have limits.²²⁹¹ The occasion of that outcome was a suit in which the plaintiffs successfully demonstrated the defendant, a discount retailer, had trafficked in goods associated with counterfeit imitations of the lead plaintiff's mark. In addition to the profits the defendant had enjoyed on those sales, the plaintiffs' proposed accounting sought to recover "profits earned by [the defendant] on the sales of memberships and goods other than the [goods] at issue here."²²⁹² The problem with that strategy, the court pointed out, was that:

2287. See *Greene v. Brown*, 104 F. Supp. 3d 12 (D.D.C. 2015).

2288. *Id.* at 18.

2289. *Id.*

2290. *Id.* at 19.

2291. See *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

2292. *Id.* at 259.

[The plaintiffs] make[] no attempt to link these sales to [the defendant's] alleged infringement and, as [the defendant] points out, [have] not alleged that customers who purchased these items or memberships were confused, misled, or deceived as to the origin of those goods and services. Further, [the plaintiffs] [have] not offered any non-speculative evidence demonstrating that [the defendant's] alleged use of the [lead plaintiff's] mark had an impact on [the defendant's] sale of non-subject goods or memberships.²²⁹³

The court therefore limited the accounting to profits attributable to the defendant's sale of goods under the infringing mark.²²⁹⁴

iii. Adjustments of Awards of Damages and Accountings of Profits

Section 35 contains several provisions authorizing adjustments to an award of a plaintiff's actual damages or a defendant's profits. To begin with, Section 35(a) provides, "[i]n assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount";²²⁹⁵ the same provision also recites, "[i]f the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case."²²⁹⁶ Likewise, Section 35(b) provides for enhancements in cases in which a defendant has been found liable for having trafficked in goods or services associated with counterfeit marks:

In assessing damages . . . in a case involving use of a counterfeit mark . . . , the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of

(1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark . . . , in connection with the sale, offering for sale, or distribution of goods or services; or

(2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that

2293. *Id.* (citation omitted) (internal quotation marks omitted).

2294. *Id.* at 260.

2295. 15 U.S.C. § 1117(a) (2012).

2296. *Id.*

the recipient of the goods or services would put the goods or services to use in committing the violation.²²⁹⁷

Successful invocations of these provisions by prevailing plaintiffs, especially those in cases not involving counterfeiting, are rare.²²⁹⁸ For example, an opinion from a Minnesota federal district court articulated two common explanations for refusing to treble an award of monetary relief.²²⁹⁹ The first was that “[w]hile the court may increase damages up to three times the amount of actual damages according to the circumstances of the case, such increased damages shall constitute compensation and not a penalty.”²³⁰⁰ The second was that “the permanent injunction [previously entered by the court] serves as the most effective remedy to curtail any continued infringement.”²³⁰¹

An equally characteristic treatment of the issue came from a Florida federal district court following a jury trial that led to findings of infringement and likely dilution.²³⁰² Addressing the plaintiff’s argument that the monetary relief entered by the court should be doubled, the court acknowledged that “[e]vidence was presented during trial which would support a finding of willfulness, although it was unnecessary for the jury to find the conduct willful with respect to any element of liability or damages.”²³⁰³ At the same time, however, “there was also ample evidence in favor of finding that [the plaintiff’s mark] was generic, and that [the defendant’s] decision to use [the mark] on its website did not rise to the level of intentional misconduct or gross negligence.”²³⁰⁴ Under the circumstances, “[a]dditional damages would essentially penalize [the defendant], rather than compensate [the plaintiff], and will therefore not be awarded.”²³⁰⁵

Nevertheless, at least some requests for upward adjustments of monetary relief paid off. Those included one before a Georgia federal district court, which entered a default judgment augmenting the lost profits established by the plaintiffs’ moving

2297. *Id.* § 1117(b).

2298. For a representative opinion trebling an accounting under Section 35(b) based on the defendant’s having trafficked in services associated with a counterfeit imitation of the plaintiff’s registered mark, see *Greene v. Brown*, 104 F. Supp. 3d 12, 20 (D.D.C. 2015).

2299. See *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

2300. *Id.* at 1050 (quoting *Ford Motor Co. v. B. & H. Supply, Inc.*, 646 F. Supp. 975, 998 (D. Minn. 1986) (internal quotation marks omitted)).

2301. *Id.*

2302. See *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2303. *Id.* at 1290.

2304. *Id.*

2305. *Id.*

papers.²³⁰⁶ As it explained, “[i]n light of Defendants’ willful violation of the Lanham Act and affirmative absence from this case, and because Defendants have caused damage significantly greater than that actually confirmed by [the plaintiffs] investigation, the Court will treble these damages”²³⁰⁷

The Eighth Circuit affirmed an augmented accounting of profits for largely the same reason.²³⁰⁸ In the case before that court, the plaintiff demonstrated the defendants had enjoyed \$124,910 in revenues attributable to one transaction taking place during their use of the plaintiff’s mark to solicit third parties for business. What’s more, “recognizing that the defendants had intentionally destroyed evidence that would permit an accurate calculation of their ill-gotten gains, the [district] court increased the damages award [sic] beyond that which could be proved by direct evidence.”²³⁰⁹ The district court grounded that adjustment on record evidence and testimony of: (1) “four other businesses also known to have paid the defendants based on solicitations containing the [plaintiff’s] mark,” which warranted an increase in the accounting to \$174,874; and (2) “payments from unknown businesses that could not be proved due to defendants’ spoliation of evidence,” which warranted a trebling of that figure to \$524,622.²³¹⁰ Especially because the defendants had failed to document their claimed deductions of overhead and operating costs from their revenues, the district court’s calculation of the proper quantum of monetary relief “was admirably transparent, and does not reveal any improper compensatory purpose.”²³¹¹

Downward adjustments are even more rare,²³¹² but they did occur on occasion.²³¹³ For example, one Pennsylvania federal district court undertook just such an adjustment in a convoluted

2306. See *Sprint Sols., Inc. v. Connections Digital, LLC*, 142 F. Supp. 3d 1355 (N.D. Ga. 2015).

2307. *Id.* at 1358; accord *Sprint Sols., Inc. v. JP Int’l Grp.*, 139 F. Supp. 3d 1363, 1365-66 (N.D. Ga. 2015).

2308. See *Peter Kiewit Sons’, Inc. v. Wall St. Equity Grp.*, 809 F.3d 1018 (8th Cir. 2016).

2309. *Id.* at 1021.

2310. *Id.* at 1022.

2311. *Id.* at 1023.

2312. For a representative opinion declining to adjust downward a \$45 million award of actual damages to fund a corrective advertising campaign under federal and Florida law, see *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263, 1285 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2313. For an opinion allowing the defendants to brief the issue of whether a downward adjustment was appropriate, see *Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 476 (D.S.C. 2015) (“[T]he Court is hesitant to award damages that could total around **three million dollars** without giving the defendants a final opportunity to explain themselves and to convince the Court to exercise its discretion and reduce the damages authorized by law.”), *reconsideration denied*, No. CV 4:13-01961-BHH, 2016 WL 4055023 (D.S.C. July 29, 2016), *appeal dismissed*, No. 16-1877 (4th Cir. Oct. 3, 2016).

analysis generating more heat than light.²³¹⁴ Having found the defendant liable for violating the plaintiff's rights after a bench trial, the court initially ordered an accounting of the entirety of the defendant's sales under two infringing marks after determining the defendant had failed to substantiate its claimed profit margin of 30%.²³¹⁵ Rather inexplicably, however, and without discussion of the record, the court then observed that "[t]he court finds that damages [sic] in this amount would be excessive. Therefore, the Court will use its discretion to reduce the amount by 30% . . . , which the Court finds to be just under the circumstances of this case."²³¹⁶ The court did not stop there, however, but instead reduced a second accounting arising from the defendant's infringement of a third mark by a full 50%; that reduction similarly occurred without reference to the record.²³¹⁷

iv. Pre-Judgment and Post-Judgment Interest

Section 35 of the Lanham Act does not authorize prejudgment interest in ordinary cases, but it does contemplate such an award if a defendant has willfully engaged in counterfeiting.²³¹⁸ Having reached such a finding, one court determined the prevailing plaintiff before it deserved the remedy at a rate of 3% per annum.²³¹⁹ In contrast, despite reaching the same finding, a different court held that "such an award is ordinarily reserved for exceptional cases, and Plaintiff has not demonstrated that this action rises to that level."²³²⁰

The lack of express statutory authority for an award of prejudgment interest in non-counterfeiting actions did not phase the magistrate judge assigned to one New York federal district court, who recommend the entry of just such a remedy.²³²¹ The basis of the recommendation, according to the magistrate, was that "[a]lthough [Section 35] does not provide for prejudgment interest, such an award is within the discretion of the trial court and is normally reserved for 'exceptional' cases."²³²² Because the district

2314. See *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

2315. *Id.* at 539.

2316. *Id.* at 540.

2317. *Id.* at 541.

2318. 15 U.S.C. § 1117(b) (2012).

2319. *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489, 540, 541 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

2320. *Chanel, Inc. v. Matos*, 133 F. Supp. 3d 678, 689 n. 11 (D.N.J. 2015) (citation omitted) (internal quotation marks omitted).

2321. See *Melodrama Publ'g, LLC v. Santiago*, 117 U.S.P.Q.2d 1162 (S.D.N.Y. 2015).

2322. *Id.* at 1168 (quoting *Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 264 (2d Cir. 2014)) (internal quotation marks omitted).

court previously had determined the case was indeed exceptional, an award of prejudgment interest was appropriate.²³²³

In a second case involving findings of run-of-the-mill infringement and likelihood of dilution, a Florida federal district court addressed the availability of prejudgment interest under the law of that state.²³²⁴ The court noted the general availability of that remedy, unless (1) imposing it would be inequitable; and (2) the underlying monetary relief was too speculative to liquidate prior to final judgment.²³²⁵ The defendant attempted to avail itself of the second exception, but it did so unsuccessfully. To begin with, “Florida courts have awarded prejudgment interest on tort claims so long as the damages were sufficiently ‘ascertainable,’” and the jury hearing the case had awarded the plaintiff a discrete amount of money to fund a corrective advertising campaign.²³²⁶ The court proved no more sympathetic to a second argument advanced by the defendant, namely, that there was no fixed date of loss from which damages could be calculated: As to that theory, the plaintiff based its claim for actual damages on conduct by the defendant between February 2012 and August 2014, which fully addressed and disposed of the defendant’s objection.²³²⁷

In contrast, Section 35 does not address post-judgment interest at all. Nevertheless, 28 U.S.C. § 1961²³²⁸ authorizes that remedy, and courts did not hesitate to enter it. Those included a Florida federal district court, which granted a motion by the prevailing plaintiff before it to include post-judgment interest at a rate of .25%, “computed daily and compounded annually.”²³²⁹ They also included a Florida federal district court, which invoked Section 1961 to hold that “[p]ost-judgment interest is measured ‘from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield . . . for the calendar week preceding the date of the judgment,’ ‘computed daily to the date of payment’ and ‘compounded annually.’”²³³⁰

v. Attorneys’ Fees

Awards of attorneys’ fees to prevailing parties in trademark and unfair competition litigation are left to the discretion of trial

2323. *Id.*

2324. *PODS Enters. v. U-Haul Int’l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2325. *Id.* at 1289.

2326. *Id.*

2327. *Id.* at 1290.

2328. 28 U.S.C. § 1961 (2012).

2329. *PODS Enters.*, 126 F. Supp. 3d at 1290.

2330. *Rovio Entm’t, Ltd. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536, 546 (S.D.N.Y. 2015) (second alteration in original) (quoting 28 U.S.C. § 1961(a)-(b)).

courts, and there are a number of mechanisms authorizing the exercise of that discretion. It is possible in some jurisdictions for prevailing parties to secure awards of fees under state law,²³³¹ but, as always, most cases awarding fees over the past year did so under federal law, which recognizes a number of bases for fee petitions. For example, and of perhaps greatest familiarity to trademark practitioners, Section 35(a) authorizes the imposition of fees upon the losing party in “exceptional cases,”²³³² while Section 35(b) makes such an award virtually mandatory in cases in which a defendant has been found liable for trafficking in goods or services associated with counterfeit marks.²³³³ The Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals,²³³⁴ and federal district courts also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case.²³³⁵ Federal courts likewise have the inherent power to award fees if bad-faith litigation practices by the parties or other considerations justify them²³³⁶ and also may impose awards of fees in the form of sanctions under Rule 11 of the Federal Rules of Civil Procedure,²³³⁷ or, in the case of discovery violations, under Rule 37.²³³⁸ Finally, Section 21(b)(3) of the Act²³³⁹ provides for an automatic award of the USPTO’s “expenses,” including attorneys’ and paralegals’ fees, if an unsuccessful *ex parte* appeal from a Trademark Trial and Appeal Board decision is taken to the U.S. District Court for the Eastern District of Virginia.²³⁴⁰

2331. *See, e.g.*, CFE Racing Prods., Inc. v. BMF Wheels, Inc., 793 F.3d 571, 597-98 (6th Cir. 2015) (rejecting claim for attorneys’ fees under Michigan Consumer Protection Act in light of plaintiff’s failure to prove actual damages).

2332. 15 U.S.C. § 1117(a) (2012).

2333. *Id.* § 1117(b).

2334. Fed. R. App. P. 38.

2335. 28 U.S.C. § 1927 (2012).

2336. *See, e.g.*, Coen Co. v. Pan Int’l, Ltd., 307 F.R.D. 498, 508 (N.D. Cal. 2015) (granting motion to vacate default judgment but requiring defendants to reimburse fees incurred by plaintiff in pursuing default judgment and in opposing motion).

2337. Fed. R. Civ. P. 11.

2338. Fed. R. Civ. P. 37.

2339. 15 U.S.C. § 1071(b)(3) (2012).

2340. *See* Shammas v. Focarino, 990 F. Supp. 2d 587, 590-92 (E.D. Va. 2014), *aff’d*, 784 F.3d 219 (4th Cir. 2015), *cert. denied*, 136 S. Ct. 1376 (2016).

**(A) Eligibility of Prevailing Parties for
Awards of Attorneys' Fees**

(1) Fee Requests by Prevailing Plaintiffs

The Supreme Court's reformulation in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*²³⁴¹ of the test for awards of attorneys' fees under Section 185 of the Patent Act²³⁴² continued to play a role in interpretations of Section 35, which, like Section 185, codifies an "exceptional case" standard. Based on guidance from its reviewing court, a Pennsylvania federal district court invoked *Octane Fitness* when reviewing a fee petition by a prevailing plaintiff.²³⁴³ That application took place in the context of a dispute in which the defendant, a former authorized distributor of the plaintiff, had begun sourcing its goods from other manufacturers, yet sold those goods under the plaintiff's marks; choosing to live even more dangerously, the defendant even registered one of those marks under its own name.²³⁴⁴ Based on that conduct, the court found, "the manner in which [the defendant] benefited from the reputation of [the plaintiff's] marks in the marketplace in order to promote its own mark makes this case stand out from others."²³⁴⁵ The court therefore held the plaintiff entitled to recover the fees the plaintiff had invested in prosecuting its infringement and counterfeiting causes of action, as well as those associated with the cancellation of the defendant's misbegotten registration.²³⁴⁶

One opinion reached a finding of counterfeiting as a matter of law but nevertheless applied the Section 35(b)'s "exceptional case" standard when evaluating the prevailing plaintiffs' fee petition.²³⁴⁷ That error did not prejudice the plaintiffs, however, for the

2341. 134 S. Ct. 1749 (2014).

2342. 35 U.S.C. § 285 (2012).

2343. See *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

According to the court:

An "exceptional" case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated. It is thus within a court's discretion to find a case "exceptional" based upon the governing law and the facts of the case, irrespective of whether the losing party is culpable. . . . That discretion is not cabined by a threshold requirement that the losing party acted culpably, though the losing party's blameworthiness may well play a role.

Id. at 539 (citations omitted).

2344. See *Coverttech Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

2345. *Id.* at 541.

2346. *Id.*

2347. See *Zerorez Franchising Sys., Inc. v. Distinctive Cleaning, Inc.*, 103 F. Supp. 3d 1032 (D. Minn. 2015).

summary judgment record demonstrated the defendants' infringement had been "willful, deliberate, and blatant."²³⁴⁸ Specifically, there was no factual dispute that "[Defendants] received two cease and desist letters, direct advice from [their] counsel, and a court order [to which Defendants had stipulated earlier in the litigation] explicitly prohibiting the use of confusingly similar terms to the protected mark."²³⁴⁹ Especially because the defendants' "quite blatant" misconduct had persisted "[d]espite . . . clear and repeated warnings," an award of fees was appropriate.²³⁵⁰

A different court finding liability for counterfeiting after the defendant before it defaulted did not make a similar doctrinal error.²³⁵¹ It held that "[b]ecause . . . Plaintiff prevailed on his claim for trademark counterfeiting as a result of Defendant's default, Plaintiff is eligible for attorney's fees under section [35(b)]. Therefore, the Court need not determine whether this case represents exceptional circumstances that merit attorneys' fees under section [35(a)]."²³⁵² It was thus equally unnecessary for the court to address the possible significance of *Octane Fitness* to the plaintiff's fee petition.²³⁵³

A default judgment entered as a sanction for the defendants' litigation-related misconduct not surprisingly included an award of the prevailing plaintiffs' fees.²³⁵⁴ That misconduct included coordinated perjured testimony, as well as the defendants' failures to appear for a noticed deposition, to respond appropriately to written discovery requests, to motions by the plaintiff, and to court orders, and, eventually, to participate in the case altogether. In granting the plaintiff's fee petition, the court observed that "[f]or the same reason that Defendants' collusive perjury and efforts to frustrate the litigation process support a finding of bad faith to justify sanctions under the Court's inherent authority, the Court finds that Defendants' conduct renders this case an exceptional one under [Section 35(a)] that merits an award of attorneys' fees."²³⁵⁵

2348. *Id.* at 1050.

2349. *Id.*

2350. *Id.*

2351. As always, some defendants ill-advisedly failed to respond to the allegations against them, and that failure inevitably led to default judgments imposing awards of fees. *See, e.g.,* *Mun. Credit Union v. Queens Auto Mall, Inc.*, 126 F. Supp. 3d 290, 299-301 (E.D.N.Y. 2015) (awarding fees in action finding defendants liable for counterfeiting).

2352. *Greene v. Brown*, 104 F. Supp. 3d 12, 21 (D.D.C. 2015).

2353. *Id.* at 21 n.8.

2354. *See Sprint Sols., Inc. v. Fils-Amie*, 83 F. Supp. 3d 1290 (S.D. Fla. 2015).

2355. *Id.* at 1298.

As always, some courts declined to grant fee petitions by prevailing plaintiffs. One did so by applying *Octane Fitness* in a case brought against a terminated licensee after the terminated licensee failed to phase out its infringing uses with sufficient alacrity.²³⁵⁶ In denying the motion, the court credited testimony from the terminated licensee's witnesses that it had taken immediate steps to disassociate itself from its former licensor. Those steps included the investment of approximately \$40,000 toward the replacement of its "t-shirts, menus, pictures, business cards, signage, and floor mats," as well as the retention of a graphic design company to develop a new logo; they also included attempts to change a domain name used by the terminated licensee and even efforts to get third parties to refer to the terminated licensee's restaurant by a new (but still infringing name).²³⁵⁷ Based on those showings, the court declined to find bad-faith conduct justifying an award of fees.²³⁵⁸

Octane Fitness played less of a role in some opinions denying requests for reimbursement of their fees. One came from a Florida federal district court, which noted the absence of controlling Supreme Court or Eleventh Circuit authority on the issue.²³⁵⁹ In the final analysis, however, the prevailing plaintiff before the court was not entitled to an award of fees, regardless of the standard at issue. That result held because the defendant had advanced "a relatively strong, if ultimately unsuccessful, argument that [the plaintiff's mark was] generic,"²³⁶⁰ which, the court observed, "precludes a finding that the substantive strength or manner in which [the plaintiff] litigated its position favors an award of attorneys' fees."²³⁶¹ Moreover, the same consideration proved a significant factor in the court's denial of the plaintiff's fee petition under Florida law as well.²³⁶²

2356. See *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549 (E.D. La. 2016).

2357. *Id.* at 579.

2358. *Id.* at 580.

2359. See *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263 (M.D. Fla. 2015), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015).

2360. *Id.* at 1291.

2361. *Id.*

2362. It was not the only consideration, however. Rather, the court held:

[T]he following factors are considered [in the disposition of fee petitions under Florida law], without limitation: (1) the scope and history of the litigation, (2) the ability of the nonprevailing party to pay fees, (3) whether an award of fees would deter future conduct by others in similar circumstances, (4) the merits of the parties' positions, including the nonprevailing party's culpability or bad faith, (5) whether the claim was frivolous, unreasonable, or groundless, (6) whether the nonprevailing party raised a defense mainly to delay the case, and (7) whether the case posed a significant legal question.

Id. at 1291-92. In an application of these factors, the court found "[m]ost of [them] weigh against awarding fees or are neutral." *Id.* at 1292.

(2) Fee Requests by Prevailing Defendants

Citing to the Third and Fourth Circuit's holdings to identical effect,²³⁶³ the Fifth Circuit vacated the denial of a defense fee petition,²³⁶⁴ observing in the process that “[i]n light of the Supreme Court’s clear guidance under § 285—and given the parallel purpose, structure, and language of § [35(a)] to § 285—we join our sister circuits in their reading of ‘exceptional’ under *Octane Fitness* and construe the same meaning here.”²³⁶⁵ It then clarified that “same meaning” in the following manner:

[A]n exceptional case is one where (1) in considering both governing law and the facts of the case, the case stands out from others with respect to the substantive strength of a party’s litigating position; or (2) the unsuccessful party has litigated the case in an “unreasonable manner.” The district court must address this issue “in the case-by-case exercise of their discretion, considering the totality of the circumstances.”²³⁶⁶

An opinion from a New York federal district court not applying *Octane Fitness* demonstrated the difficulty of prevailing defendants recovering their legal fees, regardless of the standard applied.²³⁶⁷ The lack of merit of the ACPA claim asserted by the plaintiff in the case producing that opinion was not in dispute: The court dismissed that cause of action on the defendants’ motion for summary judgment. Nevertheless, and despite having sanctioned the plaintiff for discovery-related misconduct as well, the court declined to find the plaintiff had demonstrated the “fraudulent conduct in the course of conducting trademark litigation” required by Second Circuit authority.²³⁶⁸ It might be true, the court acknowledged, the defendants had adduced circumstantial evidence of bad-faith litigation by the plaintiff in the form of showings the plaintiff had not used its mark prior to the defendants’ domain name registration and had applied to register the mark with the USPTO only after learning of the defendants’ acquisition of the domain name. Still, however, it ultimately held that “even though there is circumstantial evidence of bad faith,

2363. See *Ga.-Pac. Consumer Prods. LP v. von Drehle Corp.*, 781 F.3d 710, 720-21 (4th Cir. 2015); *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 314 (3d Cir. 2014).

2364. Applying pre-*Octane Fitness* Fifth Circuit authority, the district court required the prevailing defendant to demonstrate by clear and convincing evidence the plaintiffs had pursued their meritless case in bad faith. See *Baker v. DeShong*, 821 F.3d 620, 621 (5th Cir. 2016).

2365. *Id.* at 624.

2366. *Id.* at 625 (quoting *Octane Fitness*, 134 S. Ct. at 1756).

2367. See *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287 (S.D.N.Y. 2015).

2368. *Id.* at 335 (quoting *Patsy’s Brand, Inc. v. I.O.B. Realty, Inc.*, 317 F.3d 209, 221–22 (2d Cir. 2003)) (internal quotation marks omitted).

there is no direct evidence of bad faith, and, in the absence of direct evidence, the Court does not deem that this case is ‘exceptional’ within the meaning of [Section 35(a)].”²³⁶⁹

(B) Calculation of Attorneys’ Fees

As always, the “lodestar” method of calculating fees played a role in some courts’ opinions. That method entails as a threshold calculation the multiplication of a reasonable hourly rate by a reasonable number of hours invested by counsel for the prevailing party.²³⁷⁰ Although “presumptively reasonable,”²³⁷¹ the resulting figure can be discounted through an application of a number of factors,²³⁷² of which the ones set out in *Johnson v. Georgia Highway Express Inc.*²³⁷³ are characteristic.²³⁷⁴ One court noted the following of this methodology:

The Supreme Court of the United States . . . has stated that there is a “strong presumption” that the lodestar figure represents a reasonable attorneys’ fee, which may be overcome only “in those rare circumstances in which the lodestar does not adequately take into account a factor that may properly be considered in determining a reasonable fee.”²³⁷⁵

The first inquiry in the lodestar analysis is the determination of a reasonable hourly rate for the work of the prevailing party’s counsel. “[I]n the majority of cases, the relevant market for determining the prevailing rate is the community in which the court where the action is prosecuted sits.”²³⁷⁶ Moreover, “[t]his rule applies unless the fee applicant demonstrates that the case at

2369. *Id.* at 336.

2370. *See, e.g.*, *Two Men & A Truck/Int’l, Inc. v. A Mover Inc.*, 128 F. Supp. 3d 919, 924 (E.D. Va. 2015).

2371. *Melodrama Publ’g, LLC v. Santiago*, 117 U.S.P.Q.2d 1162, 1166 (S.D.N.Y. 2015).

2372. *See Mun. Credit Union v. Queens Auto Mall, Inc.*, 126 F. Supp. 3d 290, 299 (E.D.N.Y. 2015) (“Attorney’s fees under the lodestar method are the product of a reasonable hourly rate and the reasonable number of hours required by the case. A court must then determine whether this presumptively reasonable fee is subject to an upward or downward departure.” (citation omitted)).

2373. 488 F.2d 714 (5th Cir. 1974).

2374. Those factors are: (1) The time and labor expended; (2) the novelty and difficulty of the questions raised; (3) the skill required to properly perform the legal services rendered; (4) the attorney’s opportunity costs in pressing the instant litigation; (5) the customary fee for like work; (6) the attorney’s expectations at the outset of the litigation; (7) the time limitations imposed by the client or circumstances; (8) the amount in controversy and the results obtained; (9) the experience, reputation, and ability of the attorney; (10) the undesirability of the case within the legal community in which the suit arose; (11) the nature and length of the professional relationship between attorney and client; and (12) attorneys’ fees awards in similar cases. *Id.* at 717-19.

2375. *Two Men & A Truck*, 128 F. Supp. 3d at 925 (quoting *Perdue v. Kenny A. ex rel. Winn*, 559 U.S. 542, 553–54 (2010)).

2376. *Id.*

hand was sufficiently complex or specialized such that the required services were not available in the visited market.”²³⁷⁷

In a case lodged in Hampton Roads, Virginia, the court took a dim view of the attempt by counsel for the prevailing plaintiff to demonstrate a reasonable hourly rate through reliance on testimony by its counsel and on the American Intellectual Property Law Association’s annual economic survey, which documented rates in the Washington DC area.²³⁷⁸ In rejecting the first of these showings, the court concluded that although it set forth the backgrounds and experience of the attorneys and their qualifications in intellectual property law, “the affidavit of Plaintiff’s lead counsel is insufficient to establish that the rates sought are commensurate with the prevailing market rates of attorneys in the [local] legal community, of similar skill and for similar experience, handling intellectual property litigation matters before this Court.”²³⁷⁹ Moreover, “the AIPLA report proved unconvincing because “Plaintiff had provided no evidence that the report, which pertains to hourly rates of litigation attorneys in major metropolitan cities such as Washington, D.C., is a reliable indicator of the hourly rates of intellectual property litigation attorneys in [the local market].”²³⁸⁰ The court therefore ordered both parties to submit declaration testimony “from detached, neutral counsel with similar qualifications to Plaintiff’s counsel attesting to the prevailing rates charged in similar cases in the Hampton Roads area.”²³⁸¹ Finding the numbers recited in one of the defendant’s proffered declarations “somewhat consistent” with the ranges set forth in the plaintiff’s showing, the court allowed recovery of fees within the latter.²³⁸²

In contrast, attorneys for the prevailing plaintiff in an action before a New York federal district court successfully demonstrated their proffered hourly fees—\$425 per hour for two attorneys with twenty-one years of experience and \$375 per hour for a third attorney with nineteen years of experience—were “in line with those prevailing in the community for similar services by lawyers

2377. *Id.*

2378. *Id.* at 926.

2379. *Id.* at 927.

2380. *Id.* at 926-27.

2381. *Id.* at 927.

2382. The plaintiff’s witness “stated the following prevailing rates: attorneys with more than 25 years of experience (\$500 to \$800 an hour); attorneys with five years of experience (\$325 to \$450 an hour); and paralegals with more than 25 years of experience (\$200 to \$300 an hour).” *Id.* Ultimately, the court found that “the following hourly rates are reasonable in this case: \$600 for [a partner with more than 25 years of experience], \$400 for [an associate with five years of experience], and \$250 for [a paralegal with more than 25 years of experience].” *Id.*

of reasonably comparable skill, expertise and reputation.”²³⁸³ That these rates reflected a fifteen percent discount influenced the court, which additionally noted that the plaintiff’s payment of its law firm’s bills “strongly suggests that they are fair and reasonable.”²³⁸⁴ The plaintiff did not have comparable luck seeking judicial approval of the \$175 hourly rate charged by its outside counsel’s paralegal, however, which the court lowered by \$100 based in part on the “small size of the Firm.”²³⁸⁵

The threshold inquiry into the reasonableness of the hourly rates of prevailing parties’ counsel becomes more complicated if those counsel are in-house. Nevertheless, one court faced with that circumstance resolved to use “a rate that counsel would have earned if they were acting in the capacity of outside counsel”;²³⁸⁶ more specifically, it held, “[the prevailing] plaintiff is entitled to recover the rate that a substantial commercial litigation firm would reasonably have charged plaintiff to enforce its rights in its intellectual property and its reputation.”²³⁸⁷ Ultimately, however, the court based its evaluation of the propriety of the rates sought by the plaintiff less on a substantive discussion of their credentials than on the court’s familiarity “with the rates charged by commercial litigators in this district, and judicial notice of similar cases.”²³⁸⁸

The next step is the inquiry into whether counsel for the prevailing party invested a reasonable number of hours into the matter. On that issue, one court explained, “[p]roper documentation is the key to ascertaining the number of hours reasonably spent on legal tasks.”²³⁸⁹ Thus, “inadequate documentation, which may take the form of vague task entries or block billing, impedes a court’s reasonableness review.”²³⁹⁰ Although some opinions applying these principles declined to second-guess the documentation submitted by prevailing

2383. *Melodrama Publ’g, LLC v. Santiago*, 117 U.S.P.Q.2d 1162, 1166 (S.D.N.Y. 2015) (quoting *I.B. v. N.Y.C. Dep’t of Educ.*, 336 F.3d 79, 80 (2d Cir. 2003)) (internal quotation marks omitted).

2384. *Id.* at 1167.

2385. *Id.*

2386. *Mun. Credit Union v. Queens Auto Mall, Inc.*, 126 F. Supp. 3d 290, 299 (E.D.N.Y. 2015).

2387. *Id.* at 300.

2388. *Id.* The court ultimately approved hourly rates of \$400, \$500, and \$650; the last of these was for the plaintiff’s General Counsel. *Id.*

2389. *Two Men & A Truck/Int’l, Inc. v. A Mover Inc.*, 128 F. Supp. 3d 919, 925 (E.D. Va. 2015) (quoting *EEOC v. Nutri/Sys. Inc.*, 685 F. Supp. 568, 573 (E.D. Va. 1988)) (internal quotation marks omitted).

2390. *Id.*

parties,²³⁹¹ that disposition was the exception rather than the rule.²³⁹²

For example, one court examining the billing records for a prevailing plaintiff's counsel initially rejected the defendant's argument that the attendance of two attorneys at hearings on a contempt motion was unnecessarily duplicative: As the court noted, its local rules required local counsel to accompany "foreign" attorneys not admitted to the bar of the court, and that was the scenario documented by the plaintiff's billing records.²³⁹³ The court was decidedly less sympathetic to the remainder of the plaintiff's showing, however, finding that "nearly 80 hours for a routine contempt proceeding, which . . . involved two 10-minute hearings, is excessive. Moreover, the reasonableness of the number of hours (79.7) expended by Plaintiff's counsel is not adequately documented due to excessive use of block billing."²³⁹⁴ Specific flaws in that showing included bills for travel time by an attorney, which the court believed "should be billed at a substantially lower than usual rate,"²³⁹⁵ and those for clerical tasks undertaken by a paralegal, of which the court remarked, "courts in this circuit have determined that because purely clerical tasks are ordinarily a part of a law office's overhead, (which is covered in the hourly rate), they should not be compensated for at all."²³⁹⁶ As a result of these and other considerations, "the relevant factors weigh in favor of the reducing the number of hours [claimed by the plaintiff's counsel] to 59.5 from 79.9."²³⁹⁷

Similarly, in a case in which the defendant failed to appear, his absence did not lead the court blindly to accept the prevailing plaintiff's fee petition.²³⁹⁸ To the contrary, although the plaintiff deserved an award of fees in the abstract, the court found he had

2391. *See, e.g.*, *Mun. Credit Union v. Queens Auto Mall, Inc.*, 126 F. Supp. 3d 290, 300 (E.D.N.Y. 2015) ("Based upon plaintiff's submission, there is no reason to conclude that any of these hours were unreasonable or should be excluded.")

2392. *See, e.g.*, *Melodrama Publ'g, LLC v. Santiago*, 117 U.S.P.Q.2d 1162, 1167-68 (S.D.N.Y. 2015) (reducing figure generated by application of lodestar methodology by twenty-five percent without extended explanation).

2393. *Two Men & A Truck/Int'l, Inc. v. A Mover Inc.*, 128 F. Supp. 3d 919, 927 (E.D. Va. 2015).

2394. *Id.* at 928.

2395. *Id.*

2396. *Id.* at 929. According to the court:

Examples of clerical work include: collating and filing documents with the court, issuing summonses, scanning and mailing documents, reviewing files for information; printing pleadings and preparing sets of orders; document organization; creating notebooks or files and updating attorneys' calendars; assembling binders; emailing documents or logistical telephone calls with the clerk's office or the judge's chambers.

Id. at 929-30.

2397. *Id.* at 931.

2398. *See Greene v. Brown*, 104 F. Supp. 3d 12 (D.D.C. 2015).

failed to provide sufficient support for his requested quantum of fees. Specifically, the court observed, “through the declaration of Plaintiff’s [lead] attorney, . . . Plaintiff only provides the total number of hours spent in connection with this matter by [that attorney] and by her associate, broken down into two time periods, as well as the attorneys’ billable rates.”²³⁹⁹ This meant that “[b]ecause Plaintiff has not submitted documentation itemizing the activities in which each attorney engaged on Plaintiff’s behalf, as well as information about each attorney’s qualifications that would support the billable rates presented, the Court cannot issue an award of attorneys’ fees.”²⁴⁰⁰ The court did, however, only deny the plaintiff’s petition without prejudice.²⁴⁰¹

A final issue coming into play in the calculation of attorneys’ fees is that of apportionment. Appellate courts facing it in recent years have increasingly required prevailing parties (and trial courts) to distinguish between fees expended on causes of action under the Lanham Act and those expended on separate causes of action, especially those brought under state law. The Arizona Court of Appeals bucked this trend over the past year in an appeal from an award of fees and costs to a group of prevailing defendants.²⁴⁰² The trial court’s order granting the defendants’ fee petition referenced only the plaintiff’s unsuccessful breach of contract claim under Arizona law, without mentioning its unsuccessful causes of action under the Lanham Act. According to the plaintiff, that omission meant the trial court had abused its discretion by granting the entirety of the defendants’ request for fees, but the appellate court disagreed. The court of appeals noted that the plaintiff’s federal causes of action depended on the plaintiff successfully demonstrating the defendants’ breach.²⁴⁰³ Consequently, “[b]ecause the Lanham Act claims were inextricably interwoven with the contract claims, the trial court did not err in awarding [the defendants] fees, costs, and expenses. The Lanham Act claims were ‘substantially dependent upon’ provisions of the agreement and the ‘ability to prevail’ on the contract claims.”²⁴⁰⁴

2399. *Id.* at 21-22.

2400. *Id.* at 22.

2401. *Id.* The denial without prejudice was subject to one exception: The court previously had denied an earlier motion for a default judgment based on the plaintiff’s failure to identify the relevant portions of the Act at issue. It therefore warned the plaintiff that “activities by Plaintiff’s counsel solely to remedy Plaintiff’s counsel’s earlier failure to rely on the appropriate provisions of the Lanham Act in the original Complaint are not compensable. It would not be reasonable for Defendant to pay to remedy a mistake by Plaintiff’s counsel.” *Id.*

2402. *See Skydive Ariz., Inc. v. Hogue*, 360 P.3d 153 (Ariz. Ct. App. 2015).

2403. The plaintiff alleged the defendants’ breach of a prior settlement agreement between the parties obligated the defendants to transfer to the plaintiff a domain name similar to the plaintiff’s service mark. *Id.* at 156-60.

2404. *Id.* at 166 (citation omitted).

The court therefore not only affirmed the trial court's imposition of fees, it awarded the defendants their fees on appeal.²⁴⁰⁵

vi. Taxation of Costs

Section 35(a) of the Act and the Federal Rules of Civil Procedure²⁴⁰⁶ provide for the taxation of costs incurred by the prevailing party.²⁴⁰⁷ Although taxable costs are defined by federal statutory law,²⁴⁰⁸ some courts undertook taxable-cost inquiries without apparent reference to that definition.²⁴⁰⁹ For example, the costs at issue in one arose from the travel of an attorney from Atlanta, Georgia, to Hampton Roads, Virginia, for a hearing on a successful contempt motion.²⁴¹⁰ The court found the requested taxation “unreasonable,” noting, “[t]his was a ten-minute hearing which [local counsel] was fully capable of handling alone without incurring airfare, hotel expenses, and car rental fees for [a second attorney] to travel from Atlanta.”²⁴¹¹ The court did, however, allow recovery of the costs incurred by the plaintiff's local counsel in attending the hearing.²⁴¹²

The prevailing plaintiff in a different case, in which a default had been entered, sought taxation of \$1,106,60 of costs, which included “the initial filing fee for this action, costs for service of the original Complaint and the Amended Complaint, and postage for serving subpoenas via certified mail.”²⁴¹³ The court found “[t]here is adequate support for this request in the record”;²⁴¹⁴ indeed, the court pointed out, the plaintiff's showing established a total of \$1,115.61 in taxable costs, rather than \$1,106.60.²⁴¹⁵ Nevertheless,

2405. *Id.*

2406. *See* Fed. R. Civ. P. 54(d).

2407. *But see* TWTB, Inc. v. Rampick, 152 F. Supp. 3d 549, 580 (E.D. La. 2016) (apparently applying Section 35's “exceptional case” standard for awards of attorneys' fees to deny prevailing claimant's request for costs).

2408. *See* 28 U.S.C. § 1920 (2012).

2409. *See, e.g.,* Chanel, Inc. v. Matos, 133 F. Supp. 3d 678, 689 (D.N.J. 2015) (taxing costs to losing defendant, “includ[ing] an award of the \$400 filing fee”); Mun. Credit Union v. Queens Auto Mall, Inc., 126 F. Supp. 3d 290, 299 (E.D.N.Y. 2015) (Plaintiff is awarded \$1,640.25 in costs. These costs consist of plaintiff's \$400 filing fee, \$100 bond for the issuance of a preliminary injunction, \$345 for service to defendants, and \$795.25 in court reporter fees for [the] deposition [of a defense witness.]”).

2410. *See* Two Men & A Truck/Int'l, Inc. v. A Mover Inc., 128 F. Supp. 3d 919 (E.D. Va. 2015).

2411. *Id.* at 931.

2412. *Id.*

2413. *Greene v. Brown*, 104 F. Supp. 3d 12, 21 (D.D.C. 2015).

2414. *Id.*

2415. *Id.* at 21 n.17.

in an unforgiving mood, the court found the plaintiff entitled to taxation of the lower figure.²⁴¹⁶

B. The Relationship Between Courts and the United States Patent and Trademark Office

1. Judicial Review of, and Deference to, United States Patent and Trademark Office Determinations

Courts are most commonly invited to defer to actions by the USPTO in three scenarios. The first occurs if the Trademark Trial and Appeal Board previously has produced findings and holdings bearing on one or more marks at issue. A court also may have an opportunity to defer to the USPTO if the parties are engaged in ongoing litigation before the Board, and one moves the court to stay its proceedings in favor of allowing the Board to take the first bite at the apple. Finally, litigants often encourage courts to defer to actions taken by examining attorneys in processing applications filed by one of the parties, or, less commonly, by a third party.

In a case falling within the first of these scenarios, namely, a district court appeal from a TTAB decision under Section 21(b),²⁴¹⁷ a Virginia federal district court articulated the standard of review extant in the Fourth Circuit as follows:

[T]he parties to a § [21(b)] action retain “an unrestricted right to submit further evidence” in addition to the TTAB record. When such new evidence is submitted, the district court must consider the entire factual record de novo and is not limited to the usual deference to the agency’s factual findings. This is so because “the district court cannot meaningfully defer to the PTO’s factual findings if the PTO considered a different set of facts.” Nevertheless, a district court in a § 1071(b) action may give newly submitted evidence less weight if “the facts of a particular case cast suspicion on the new evidence that an applicant failed to introduce before the TTAB.”²⁴¹⁸

Hearing a case presenting the second of the three scenarios, a New York federal district court declined the defendant’s request to stay the proceedings pending the TTAB’s disposition of an opposition action the defendant had brought against the plaintiff’s application to register the disputed mark.²⁴¹⁹ One problem with

^{2416.} *Id.*

^{2417.} 15 U.S.C. § 1071(b) (2012).

^{2418.} *Prod. Source Int’l, LLC v. Nahshin*, 112 F. Supp. 3d 383, 387-88 (E.D. Va.) (quoting *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 155-56, 155 n.6 (4th Cir. 2014); *Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012)), *appeal dismissed*, No. 15-2283 (4th Cir. Dec. 22, 2015).

^{2419.} *See Classic Liquor Imps., Ltd. v. Spirits Int’l B.V.*, 151 F. Supp. 3d 451 (S.D.N.Y. 2015).

the defendant's request was that the Board already had stayed its own proceedings, which led the court to observe that "[i]t would be odd for this Court to dismiss this action in order to defer to the TTAB, when the TTAB has already stayed the proceedings pending before it in order to defer to this Court."²⁴²⁰ Another problem was Second Circuit authority suggesting the issuance of such a stay would be an abuse of discretion, "as '[d]elaying consideration of [plaintiff's] claim pending the outcome of the TTAB proceedings undercuts the purpose of declaratory relief by forcing [plaintiff] either to abandon use of trademarks . . . or to persist in piling up potential damages."²⁴²¹

In the third of the three scenarios described above, the Eleventh Circuit accorded near total deference to a USPTO examiner when evaluating the distinctiveness of the BY DESIGN and BYDESIGNFURNITURE.COM marks for furniture.²⁴²² In an action to protect the marks against an accused cybersquatter, the district court found the marks inherently distinctive as a matter of law, and the appellate court affirmed. As the latter explained:

[I]n a November 2012 letter, the United States Patent and Trademark Office responded to [the plaintiff's] application for acquired distinctiveness status for the *bydesignfurniture.com* mark, stating that the application was "unnecessary because the mark appears to be inherently distinctive and is eligible for registration on the Principal Register without proof of acquired distinctiveness." [The plaintiff's] marks *bydesignfurniture.com* and *By Design* are therefore distinctive.²⁴²³

Respect for the USPTO's examining corps extended to an Ohio federal district court.²⁴²⁴ Entertaining a motion for preliminary injunctive relief, the court credited the plaintiffs' showing that an examiner had rejected an application to register the defendants' primary mark because confusion was likely between that mark and the lead plaintiff's prior-registered mark. Describing the weight properly accorded to the examiner's refusal of the defendants' application under Section 2(d),²⁴²⁵ the court held that "[b]earing in mind that the office action is not conclusive, this Court acknowledges that likelihood of confusion is an important component of the Office's decision, and, in this instance, the

2420. *Id.* at 459.

2421. *Id.* (alterations in original) (quoting *Goya Foods, Inc. v. Tropicana Prods., Inc.*, 846 F.2d 848, 854 (2d Cir. 1988)).

2422. *See Jysk Bed'N Linen v. Dutta-Roy*, 810 F.3d 767 (11th Cir. 2015).

2423. *Id.* at 779.

2424. *See Butler v. Hotel Cal., Inc.*, 106 F. Supp. 3d 899 (N.D. Ohio 2015).

2425. 15 U.S.C. § 1052(d) (2012).

driving element of the decision.”²⁴²⁶ The court then recapitulated the examiner’s analysis, which, it concluded, resolved the issue of the defendants’ liability when coupled with the plaintiffs’ independent showing of mark strength.²⁴²⁷

In stark contrast, a Michigan federal district court declined to defer to an examiner’s finding of likely confusion between the parties’ marks while granting the defendant’s motion for summary judgment.²⁴²⁸ The plaintiff’s response to that motion relied heavily on the initial refusal of the defendant’s application under Section 2(d), but to no avail. Adopting the Ninth Circuit’s rule on the issue, the court held:

Any such determination made by the Patent Office under the circumstances just noted must be regarded as inconclusive since made at its lowest administrative level. . . . The determination by the Patent Office is rendered less persuasive still by the fact that the Patent Office did not have before it the great mass of evidence which the parties have since presented to both the District Court and this court in support of their claims.²⁴²⁹

In the final analysis, because “the USPTO’s rejection of UPS’s mark was a low-level determination, and there is no indication in the record that the examining attorney reviewed the evidence presented to this Court . . . , this Court declines to give any weight to the PTO examiner’s likelihood of confusion determination.”²⁴³⁰

2. Judicial Authority Over Federal Registrations and Applications

Section 37 of the Act provides “[i]n any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore cancelled registrations, and otherwise rectify the register with respect to the registrations of any party to the action.”²⁴³¹ As usual, litigants in federal district courts availed themselves of Section 37 to challenge registrations as either fraudulently procured or maintained and, just as usual, they often met with greater success than they might have had if litigating their claims before the less

^{2426.} *Butler*, 106 F. Supp. 3d at 907.

^{2427.} *Id.*

^{2428.} See *Progressive Distrib. Servs., Inc. v. United Parcel Serv., Inc.*, 186 F. Supp. 3d 741 (W.D. Mich. 2016), *appeal docketed*, No. 16-1830 (6th Cir. June 17, 2016).

^{2429.} *Id.* at 749 (alteration in original) (quoting *Carter–Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 902 (9th Cir. 1970)).

^{2430.} *Id.*

^{2431.} 15 U.S.C. § 1119 (2012).

receptive Trademark Trial and Appeal Board.²⁴³² An example of that phenomenon came in a case in which one basis of the court's finding of fraudulent procurement was the defendant's recitation of a 2006 date of first use in its original application.²⁴³³ That date, the court concluded, was knowingly false because the trial record demonstrated the registrant had been selling goods under the mark three years earlier;²⁴³⁴ how that false representation might have been material to the registration's issuance went unaddressed.²⁴³⁵

The other bases of the court's finding of fraud were only marginally more convincing. The parties' dispute arose out of a distribution agreement gone wrong, pursuant to which the defendant distributed in the United States goods bearing the disputed mark and manufactured by the Canadian-based plaintiff. Such agreements usually lead to findings that the manufacturer owns the mark in question, but they do not always do so,²⁴³⁶ and, under the strict scienter requirement for a finding of fraud,²⁴³⁷ the defendant might have been forgiven for its belief that it owned the mark in the United States. Likewise, the court might have credited the defendant's claim it believed the plaintiff had abandoned its use of the mark in the United States, but it instead imposed an affirmative obligation on the defendant to investigate the status of the plaintiff's use of the mark,²⁴³⁸ an obligation arguably inconsistent with the law of fraud generally.²⁴³⁹ The upshot was

2432. See, e.g., *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268, (M.D. Fla. 2015).

2433. See *Covertch Fabricating, Inc. v. TVM Bldg. Prods., Inc.*, 124 F. Supp. 3d 489 (W.D. Pa. 2015), *appeal docketed*, No. 15-3893 (3d Cir. Dec. 7, 2015).

2434. *Id.* at 542 (“[The] . . . statement [by the registrant’s signatory] that [the registrant] first used the mark in 2006 is clearly false. The Court refuses to lend credence to [the registrant’s] suggestion that the incorrect year merely constituted a ‘typo.’”).

2435. A mistaken claim in a use-based application of a date of first use *earlier* than the actual date on which the applied-for mark was introduced is immaterial so long the actual date of first use was prior to the application’s filing date. *Novadaq Techs., Inc. v. Karl Storz GmbH*, 143 F. Supp. 3d 947, 956 (N.D. Cal.), *vacated in part on other grounds*, No. 14-cv-04853-PSG, 2015 WL 11110632 (N.D. Cal. Dec. 11, 2015). How a mistaken claim of a *later* date of first use can be material to a registration’s issuance is not apparent.

2436. As Professor McCarthy has noted, “[a] dispute as to trademark ownership between a manufacturer and a distributor often presents difficult problems.” J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:48 (4th ed. 2016).

2437. As the court itself acknowledged, “[m]ere negligence or gross negligence are [sic] not sufficient to infer fraud or dishonesty. . . . Subjective intent to deceive is an indispensable element in the analysis.” *Covertch Fabricating*, 124 F. Supp. 3d at 541 (citations omitted).

2438. *Id.* at 542-43 (“[The defendant’s signatory] signed a declaration specifically stating that he had read the application and signed it under penalty of perjury. [The signatory] should have made an effort to ensure that the information he provided in the application was correct. . . . [The defendant] presented no evidence to show [the signatory] had made inquiries to determine whether [the plaintiff] had abandoned the mark.”).

2439. *Cf. Iowa Pub. Emps.’ Ret. Sys. v. Deloitte & Touche LLP*, 919 F. Supp. 2d 321, 332 (S.D.N.Y. 2013) (“[I]f an auditor is ‘not aware of facts indicating that a transaction was

that the knowingly false claims of mark ownership and exclusive right to use the disputed mark contained in the defendant's application led to the invalidation of its registration.²⁴⁴⁰

An allegation of fraudulent procurement similarly bore fruit in an appeal to the Second Circuit.²⁴⁴¹ The defendant was one of a number of family members involved in the historically peacefully coexisting use the PUDGIE'S mark for restaurant services in either adjacent or overlapping geographic markets in western New York. When the family's ties began to unravel, the defendant sought and received an unrestricted federal registration of the mark based upon his alleged use of it as early as 1980 and supported by one of the plaintiffs' pizza boxes as a specimen. The summary judgment record before the district court demonstrated the plaintiff had been only seven years old as of that claimed date, but that consideration was not the worst of the defendant's problems. Instead, the Second Circuit determined, the defendant's specimen demonstrated he "knew fully well that other Pudgies's locations used their PUDGIE'S mark even before [the defendant's restaurant] existed, in the same general area as [the defendant's restaurant] and for use in connection with pizza restaurants."²⁴⁴² Because the application from which the defendant's registration had matured contained the oath to the contrary required by Section 1 of the Act,²⁴⁴³ the district court therefore had properly ordered the cancellation of the defendant's mark as fraudulently procured.²⁴⁴⁴

En route to this holding, the court took the opportunity to clarify its test for fraud. In an earlier case, one also involving competing restaurants serving pizza, the court had held:

suspicious, or part of a fraud, the auditor's failure to investigate the transaction—even if negligent—does not provide a basis for a fraud claim." (quoting *In re CBI Holding Co.*, 419 B.R. 553, 566–67 (S.D.N.Y. 2009)).

2440. *Covertch Fabricating*, 124 F. Supp. 3d at 543.

In contrast, having determined the plaintiff owned another disputed mark at issue, the court rejected the defendant's challenge to the plaintiff's registration of that mark as fraudulently procured. *Id.* at 549 ("The Court . . . finds that [the plaintiff] owned the mark because of its first use [of the mark] in interstate commerce, and that [the plaintiff] was not making a willful false statement [of ownership] in its application to the USPTO.").

2441. See *MPC Franchise, LLC v. Tarantino*, 826 F.3d 653 (2d Cir. 2016).

2442. *Id.* at 661.

2443. 15 U.S.C. § 1051 (2012). If they neither seek a concurrent-use registration nor base their claims on a filing in another national trademark office, applicants seeking to register marks in the USPTO must include in their applications a verified statement that:

[T]o the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive . . .

15 U.S.C. §§ 1051(a)(3)(D), 1051(b)(3)(D) (2012).

2444. *MPC Franchise*, 826 F.3d at 661.

[A] party alleging that a registration was fraudulently obtained must prove the following elements by clear and convincing evidence:

1. A false representation regarding a material fact.
2. The person making the false 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 representation.
5. Damage proximately resulting from such reliance.²⁴⁴⁵

In its later opinion, however, the court took issue with the italicized language above by holding that “any suggestion in [the earlier opinion] that the scienter element is satisfied when a plaintiff shows merely that an applicant ‘should have known’ the falsity of a representation is dicta”;²⁴⁴⁶ as a consequence, and although the defendant’s victory on the issue was moot in light of the undisputed record and evidence concerning his scienter, only a knowing misrepresentation of fact deliberately intended to mislead the USPTO could be the basis of a successful fraudulent procurement claim.²⁴⁴⁷

Although the Second Circuit therefore may have abandoned a negligence standard for the evaluation of allegations of fraudulent procurement, the same was not true of all courts. Significantly, these appeared to include the First Circuit, which noted with apparent approval that:

The district court determined that a claim [for fraudulent procurement] under . . . the Lanham Act must sufficiently plead: (1) that the registrant . . . made a false representation to the USPTO regarding a material fact; (2) that the petitioner knew *or should have known* the representation was false; (3) that the petitioner intended to induce the USPTO to act or refrain from acting based upon such representation; (4) that the USPTO reasonably relied on the misrepresentation; and (5) that some damage was proximately caused by the USPTO’s reliance on the false material fact. These criteria have been adopted in some form by other circuits and applied by district courts within our circuit.²⁴⁴⁸

2445. *Patsy’s Italian Rest., Inc. v. Banas*, 658 F.3d 254, 270-71 (2d Cir. 2011) (emphasis added) (footnote omitted) (quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 31:61 (4th ed. 2008)).

2446. *MPC Franchise*, 826 F.3d at 659.

2447. *Id.* at 660.

2448. *Lorenzana v. S. Am. Rests. Corp.*, 799 F.3d 31, 35 (1st Cir. 2015) (emphasis added) (citation omitted).

On a similar note, as described by the court hearing their case, a pair of declaratory judgment plaintiffs alleging fraudulent procurement of an incontestable registration vaguely averred “[Defendant] knew *or should have known* at the time it filed its application that Plaintiffs, through their predecessor, were already using the [disputed] trademark in commerce in the United States.”²⁴⁴⁹ Notwithstanding the plaintiffs’ apparent reliance on a negligence standard, the court rather inexplicably held “[t]hese allegations state a claim for fraud with sufficient particularity to meet the requirement of Rule 9(b). The question of whether [Defendant’s] misrepresentations were ‘fraudulent’ statements or merely ‘false’ statements is a factual question that cannot be resolved at this stage.”²⁴⁵⁰

Of course, fraud remained a difficult claim to pull off in most cases.²⁴⁵¹ For example, one court confirmed that mere knowledge of another party’s use of a confusingly similar mark will not disqualify an applicant from averring under oath an exclusive right to use the applied-for mark.²⁴⁵² To the contrary, the court held, only if an applicant is aware of a party whose superior right to a conflicting mark has been “*clearly established*, for example, by a court decree, by the terms of a settlement agreement, or by a registration.”²⁴⁵³ Because the counterclaim for cancellation before the court failed to identify any such rights, it was fatally deficient and failed to state a claim.²⁴⁵⁴

Likewise, one plaintiff unsuccessfully challenged its opponent’s registration by pointing out the goods sold under the

2449. *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268, 1277 (M.D. Fla. 2015) (emphasis added).

2450. *Id.* (citation omitted).

An additional (and equally deficient) ground for fraud asserted by the plaintiffs was that “[Defendant] does not make and sell products bearing the [disputed] mark to the extent represented in the application”; allegations of the defendant’s scienter were apparently absent. *Id.* at 1277.

2451. *See, e.g., Lorenzana v. S. Am. Rests. Corp.*, 799 F.3d 31, 35 (1st Cir. 2015) (affirming dismissal of fraudulent procurement cause of action for failure to state a claim because “[Plaintiffs] aver[] that [Defendant] ‘intentionally, willfully, fraudulently and maliciously procured the registration of Plaintiff[s]’ [mark] in the Patent and Trademark Office without his consent and . . . with the intent to injure the plaintiffs,’ but the complaint is silent as to any facts to support such conclusions” (fourth alteration in original); *Dynamic Measurement Grp. v. Univ. of Or.*, 121 F. Supp. 3d 1047, 1059-60 (D. Or. 2015) (dismissing fraudulent procurement cause of action for failure to state a claim in light of lack of counterclaim plaintiffs’ failure to plead fraud with particularity).

2452. *See AirWair Int’l Ltd. v. Schultz*, 84 F. Supp. 3d 943 (N.D. Cal. 2015).

2453. *Id.* at 952 (quoting *Rosso & Mastracco, Inc. v. Giant Food Inc.*, 720 F.2d 1263, 1266 (Fed. Cir. 1983)) (internal quotation marks omitted).

2454. *Id.* at 953; *see also id.* at 954 (rejecting defense argument, advanced in brief in opposition to plaintiff’s motion to dismiss, that plaintiff had fraudulently failed to disclose generic nature of its registered mark based on failure to alleged theory in counterclaim).

registered mark were produced using licensed technology.²⁴⁵⁵ The veracity of that allegation went undisputed, but the court determined after a bench trial the plaintiff's theory of fraud was fatally flawed. As it pointed out, the technology licenses between the defendant and two third parties did not address, much less cover, the registered mark. That circumstance, the court held, precluded a finding the plaintiff's representations during the application process that the plaintiff owned the disputed mark and no other parties were entitled to use it were false.²⁴⁵⁶ The absence of falsity in the first instance in turn precluded a finding of fraud.²⁴⁵⁷

A failure to prove falsity similarly scuttled a fraud claim grounded in the allegation the lead plaintiff had procured a registration of its mark by inaccurately averring substantially exclusive use of the mark as part of its showing of acquired distinctiveness under Section 2(f).²⁴⁵⁸ According to the defendants, the lead plaintiff had deliberately omitted information regarding other companies' use of the same mark while prosecuting its application. That allegation, the court held in disposing of the defendants' argument as a matter of law, failed to make the grade because "the fact that others used the mark does not, standing alone, establish that the applicant's use was not 'substantially exclusive.'²⁴⁵⁹ The court also dismissed the defendants' reliance on a nearly two-decade-old opinion²⁴⁶⁰ from a case brought by the plaintiffs' United States distributor rejecting a claim of acquired distinctiveness for the plaintiffs' trade dress both because the earlier opinion was not binding on the parties and, additionally because the lead plaintiff eventually had merged with the defendant in the earlier action, thereby removing it from the scene.²⁴⁶¹

The existence of factual disputes over falsity in the first instance led to the denial of some motions for summary judgment.²⁴⁶² One such disposition came in a case before an Illinois federal district court on the parties' cross-motions for summary

2455. See *RJ Mach. Co. v. Canada Pipeline Accessories Co.*, 116 F. Supp. 3d 795 (W.D. Tex. 2015).

2456. *Id.* at 816.

2457. *Id.*

2458. See *Victorinox AG v. B & F Sys., Inc.*, 114 F. Supp. 3d 132 (S.D.N.Y. 2015), *appeal docketed*, No. 16-386 (2d Cir. Aug. 4, 2016).

2459. *Id.* at 138.

2460. See *Forschner Grp. v. Arrow Trading Co.*, 124 F.3d 402 (2d Cir. 1997).

2461. *Victorinox*, 114 F. Supp. 3d at 138-39.

2462. See, e.g., *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287, 334 (S.D.N.Y. 2015) (denying cross-motions of summary judgment based on conflicting evidence and testimony concerning accuracy of plaintiff's claimed date of first use).

judgment.²⁴⁶³ Beyond that, however, the court denied the defendants' motion for the additional reason that "[t]o be fraudulent, a statement to the USPTO cannot be merely false, but must be intentionally false. 'There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive.'"²⁴⁶⁴ Although the signatory on the plaintiff's applications may have practiced trademark law for four years and "testified that he intended to 'close a hole' in [the plaintiff's] rights,"²⁴⁶⁵ those showings by the defendants did "not come close to indisputably demonstrating, for summary judgment purposes, that [the plaintiff] filed the applications with fraudulent intent."²⁴⁶⁶

In contrast, falsity was not seriously disputed in another case leading to the rejection of a fraudulent procurement claim.²⁴⁶⁷ Having filed statements of use sweeping in a broad range of banking and related services, as well as subsequent declarations under Section 8²⁴⁶⁸ and Section 15 averring the ongoing and continuous use of its mark in connection with the same services, the plaintiff conceded it did not actually use its marks in connection with a number of the services; indeed, during the pendency of the litigation, it amended its registrations to delete those services from its registrations. The plaintiff defended its statements of use with testimony by its signatory that "at the time he executed these statements, he was under the mistaken belief that the Statement of Use should include uses that [the plaintiff] had a bona fide intent to offer in connection with the mark within a reasonable period of time."²⁴⁶⁹ Likewise, when the signatory on the plaintiff's combined Section 8 and Section 15 filing executed those documents, she mistakenly believed "the term 'use in commerce' meant only that the [registered] marks had been used continuously in commerce for at least five years after the date of the original registrations, not that the . . . marks were required to be used with all of services listed in the registration."²⁴⁷⁰ These misunderstandings of registration practice proved the downfall of the defendants' claim of fraudulent procurement and maintenance because the defendants had failed to demonstrate by clear and

2463. See *Slep-Tone Entm't Corp. v. Coyne*, 141 F. Supp. 3d 813 (N.D. Ill. 2015).

The allegedly false averment was that the plaintiff used its mark in commerce at the time of its averments to that effect. See *id.* at 823-26.

2464. *Id.* at 826 (quoting *In re Bose Corp.*, 580 F.3d 1240, 1246 (Fed. Cir. 2009)).

2465. *Id.*

2466. *Id.*

2467. See *Flushing Bank v. Green Dot Corp.*, 138 F. Supp. 3d 561 (S.D.N.Y. 2015).

2468. 15 U.S.C. § 1058 (2012).

2469. *Flushing Bank*, 138 F. Supp. 3d at 573.

2470. *Id.*

convincing evidence the signatories' intent to mislead the USPTO.²⁴⁷¹

Courts also entertained requests for judicial intervention in applications of Section 37 outside the fraud-on-the-USPTO context. Although some were conventional in nature,²⁴⁷² others produced more unusual results. One such result came from the Sixth Circuit, which entertained an appeal by a prevailing, but disgruntled, plaintiff.²⁴⁷³ Despite having demonstrated a likelihood of confusion between its registered mark and a registered mark owned by the lead defendant, the plaintiff failed to convince the district court to order the cancellation of the defendant's registration because, as the district court explained, an injunction restricting the defendant's presentation of its mark would adequately protect the plaintiff's interests. The plaintiff found a far more receptive audience on appeal, however, with the Sixth Circuit relying on the standard-character format drawing in the plaintiff's registration to reverse the refusal to order the invalidation of the defendant's registration: "Plaintiff's registered . . . trademark provided no restriction as to size, style, font, or color, so the principal point of confusion found by the jury could not have been the similar style, font, and colors of the two marks."²⁴⁷⁴

A final noteworthy action under Section 37 reached an outcome resting on questionable doctrinal moorings.²⁴⁷⁵ The plaintiff owned two incontestable federal registrations covering the following marks for various construction, roofing, and repair services:²⁴⁷⁶

2471. *Id.* 593.

2472. *See, e.g.*, *PODS Enters. v. U-Haul Int'l, Inc.*, 126 F. Supp. 3d 1263, 1288 (M.D. Fla. 2015) (acknowledging merit of prevailing plaintiff's request for order dismissing defendant's inter partes challenge to plaintiff's registrations, but deferring order pending disposition of defendant's appeal), *appeal docketed*, No. 15-13977 (11th Cir. Sept. 24, 2015); *Kelly Servs., Inc. v. Creative Harbor, LLC*, 124 F. Supp. 3d 768, 778 (E.D. Mich. 2015) (acknowledging, but not deciding merits of, challenge to validity of intent-to-use applications grounded in applicant's alleged lack of bona fide intent to use applied-for marks).

2473. *See CFE Racing Prods., Inc. v. BMF Wheels, Inc.*, 793 F.3d 571 (6th Cir. 2015).

2474. *Id.* at 594 (internal quotation marks omitted).

2475. *See Cedar Valley Exteriors, Inc. v. Prof'l Exteriors Inc.*, 119 U.S.P.Q.2d 1445 (D. Minn. 2016).

2476. The illustrations in the text following this footnote are taken from U.S. Reg. No. 3429642 (issued May 20, 2008) and U.S. Reg. No. 3429643 (issued May 20, 2008).



Having found the marks were both functional and phantom marks, the court exercised its authority under Section 37 both to limit the services covered by each registration and to narrow the descriptions of the mark covered by each. As it explained, “the Court ha[s] the authority to rectify the register on these particular grounds notwithstanding the incontestable status of [the plaintiff’s] marks.”²⁴⁷⁷

In reaching this conclusion, the court confused Section 14’s statute of limitations on certain grounds for cancellation, on the one hand, with incontestability under Sections 15 and 33, on the other: They are two different concepts, and the former’s operation is not dependent on the latter.²⁴⁷⁸ In particular, a registration that has passed its fifth anniversary can be cancelled only on the grounds expressly recognized by Section 14. The significance of those limited grounds lies in the Supreme Court’s admonition that because “in the Lanham Act, Congress meticulously detailed the remedies available . . . , other remedies should not readily be implied.”²⁴⁷⁹ Even where nonincontestable registrations less than five years old are concerned, it therefore is inappropriate to create grounds for cancellation the statute does not recognize.²⁴⁸⁰ Functionality is such a ground under Section 14(3), and the court would have been well within its authority had it based its holding only on that ground; its reliance on the phantom nature of the plaintiff’s registered marks, however, lacked a statutory basis.

2477. *Cedar Valley Exteriors*, 119 U.S.P.Q.2d at 1454 n.8.

2478. *See, e.g.*, *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 n.6 (Fed. Cir. 1990) (“[S]ection [14] is not dependent on the filing of a declaration under section 15 which provides incontestable rights of use”); *W. Worldwide Enters. v. Qinqdao Brewery*, 17 U.S.P.Q.2d 1137, 1139 (T.T.A.B. 1990) (“[A] registration that is over five years old may be cancelled solely on the grounds set forth in Section 14[3], irrespective of whether or not the owner of the registration has filed an affidavit under Section 15.”).

2479. *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 719 (1967) (reversing Ninth Circuit’s creation of extrastatutory remedy).

2480. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995) (reversing cancellation of registration on extrastatutory ground); *Levi Strauss & Co. v. GFTM Inc.*, 196 F. Supp. 2d 971, 981-84 (N.D. Cal. 2002) (rejecting claimed extrastatutory ground for cancellation); *Finanz St. Honore B.V. v. Johnson & Johnson*, 85 U.S.P.Q.2d 1478, 1480 (T.T.A.B. 2007) (same).

C. The Relationship Between Courts and the International Trade Commission

A prior-filed proceeding before the International Trade Commission led a Massachusetts federal district court to suspend the lawsuit before it at the invitation of the defendant in both actions.²⁴⁸¹ The plaintiff unsuccessfully proffered four reasons why the court should not take that step: (1) unlike the ITC, the court could order the cancellation of a registration covering the defendant's mark; (2) the ITC would not afford the plaintiff a jury trial; (3) the rules of evidence applied by the court were more rigorous than those followed by the ITC; and (4) under an expedited schedule requested by the plaintiff, the court could resolve the parties' claims and defenses more quickly than the ITC.²⁴⁸² The court rejected each of these points seriatim. To begin with, "[a]lthough remedies such as money damages and cancellation of trademarks are unavailable at the ITC, the underlying facts and key legal issues of trademark infringement and validity can and will be decided in the pending ITC action," with the plaintiff able to renew its cancellation action before the court once that decision occurred.²⁴⁸³ Moreover, the plaintiff's response to the defendant's motion to suspend "failed to explain how the absence of a jury trial or the more relaxed hearsay rules in the ITC will adversely affect its ability to defend [its] brand."²⁴⁸⁴ Finally, the plaintiff's nearly two-year delay in challenging the defendant's alleged misconduct belied its latter-day claim of urgency.²⁴⁸⁵

D. Constitutional Matters

1. 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.²⁴⁸⁶ According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,²⁴⁸⁷ 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

2481. See *New Balance Athletic Shoe, Inc. v. Converse, Inc.*, 86 F. Supp. 3d 35 (D. Mass. 2015).

2482. *Id.* at 37.

2483. *Id.*

2484. *Id.*

2485. *Id.*

2486. U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2012).

2487. 549 U.S. 118 (2007).

substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”²⁴⁸⁸ As usual, applications of this standard produced varying results.

Without a doubt, the most interesting opinion to reject a claim of an actionable case and controversy arose from a declaratory judgment action brought by graduates of the Texas Wesleyan School of Law, a standalone institution before it was purchased by Texas A&M University and its name changed to Texas A&M University School of Law.²⁴⁸⁹ According to the plaintiffs’ complaint against Texas A&M University School of Law, the school refused to recognize them as graduates,²⁴⁹⁰ but that allegation failed to satisfy the requirements of Article III and the Declaratory Judgment Act. Instead, as the court determined from the complaint when granting a defense motion to dismiss for failure to state a claim, “plaintiffs argue that they should not have to ‘make fake diplomas’ to create standing. But, they admit that they are using A&M Systems’ mark ‘in commerce’ and have not suffered any consequences as a result. Thus, there does not appear to be any substantial controversy.”²⁴⁹¹

The same result transpired in an action against the Internet Corporation for Assigned Names and Numbers (ICANN) by a “registry specializing in ‘expressive’ TLDs [top-level domains], such as .art, .food, .magic, .music, .now, and .sucks.”²⁴⁹² When, in 2012, ICANN accepted applications for new TLDs, 189 of the applications covered TLDs in use by the plaintiff, in response to which the plaintiff filed suit on the theory that the prospective grant of any or all of the applications would constitute trademark infringement. The district court dismissed the complaint as presenting issues not ripe for resolution, and the Ninth Circuit affirmed. According to the appellate court, “[a]ll that [the plaintiff] alleges is that ICANN has accepted applications from companies wanting to use one of those TLDs Although [the plaintiff] may

2488. *Id.* at 127 (alteration in original) (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)) (internal quotation marks omitted).

2489. *See Brown v. Tex. A&M Univ. Sch. of Law*, 117 U.S.P.Q.2d 1572 (N.D. Tex. 2016).

2490. The relief sought by the plaintiffs included:

a declaration regarding the use of TAMU’s trademarks, as follows: a) the Pre-Acquisition Graduates may use “Texas A&M University School of Law” as their alma mater with third parties without fear of trademark infringement claims; b) the Law School must respond to queries regarding Pre-Acquisition Graduates in the same way that it responds to its current graduates; c) the Law School must replace diplomas upon request to Pre-Acquisition Graduates in the same way that it replaces diplomas for all other graduates.

Quoted in id. at 1574.

2491. *Id.* at 1574-75 (citations omitted).

2492. *See name.space, Inc. v. Internet Corp. for Assigned Names & Nos.*, 795 F.3d 1124 (9th Cir. 2015).

have a ripe claim if such a delegation occurs, the complaint as it stands does not allege ‘actual or imminent infringement.’”²⁴⁹³

As always, not all claims of actionable cases and controversies failed.²⁴⁹⁴ For example, after receiving letters from a competitor requesting it to amend the identification of goods in a pending intent-to-use application and, additionally, for information on its proposed product line, one plaintiff responded with a declaratory judgment action for noninfringement.²⁴⁹⁵ Seeking the dismissal of the action, the defendant pointed out its correspondence had not threatened the plaintiff with an infringement action, and, indeed, it had disclaimed an intent to file its own suit in another letter sent “well after” the litigation had begun.²⁴⁹⁶ The court instead agreed with the plaintiff an actionable case and controversy existed. A number of considerations underlay that finding, not the least of which was that the plaintiff’s launch of the challenged brand rendered moot the defendant’s arguments that the launch was not imminent, the plaintiff’s mark was not “sufficiently fixed” to allow a comparison with the defendant’s marks, and evidence of consumer confusion was unavailable because of the absence of the plaintiff’s goods from the market.²⁴⁹⁷ Another was a recitation in the last of the defendant’s letters purporting to reserve the defendant’s rights to take action “if and when [the plaintiff] launches and has any actual sales, and depending on the iteration of the mark used, and if we observe or learn of any actual consumer confusion.”²⁴⁹⁸ Finally, the court credited the plaintiff’s demonstration the defendant had opposed applications by the plaintiff to register its mark throughout the world, including with the USPTO.²⁴⁹⁹ These were sufficient bases to deny the defendant’s motion to dismiss:

At bottom, [the defendant] is seeking to preserve an option to sue [the plaintiff] at its discretion—potentially after [the plaintiff], an upstart in the industry, spends millions of dollars building brand recognition and establishing a foothold in the marketplace. . . . To state the obvious, the declaratory

2493. *Id.* at 1133.

2494. *See, e.g.* Uptown Grill, L.L.C. v. Shwartz, 817 F.3d 251, 256 (5th Cir. 2016) (recognizing existence of actionable case and controversy based on defendants’ assertion of infringement in related, and eventually consolidated, action).

2495. *See* Classic Liquor Imps., Ltd. v. Spirits Int’l B.V., 151 F. Supp. 3d 451 (S.D.N.Y. 2015).

2496. *Id.* at 454.

2497. *Id.* at 455.

2498. *Quoted in id.*; *see also id.* at 457 (“[The plaintiff] can hardly be blamed for taking little comfort in this litigation-induced disclaimer, insofar as [the defendant] expressly reserved the right in that very same letter to sue [the plaintiff] for trademark infringement . . .”).

2499. *Id.* at 457.

judgment procedure would be pointless in this context if a party had to wait to be sued for infringement before seeking a declaratory judgment of non-infringement.²⁵⁰⁰

2. The First Amendment

a. The Right to Free Speech

The most notable intersection between trademark law and the First Amendment²⁵⁰¹ to produce an opinion occurred in a clash arising from the trademark licensing guidelines of Iowa State University (ISU), the disposition of which was ultimately affirmed by the Eighth Circuit.²⁵⁰² As the court summarized ISU's licensing policies:

[ISU's] guidelines state that designs using ISU marks "must . . . appropriately portray the image of Iowa State University," that an ISU "[m]ark cannot be incorporated into or dominated by the marks of others," and that "[n]o products considered dangerous or offensive will be approved, including but not limited to products . . . promoting firearms, drugs, alcohol, gambling, gaming or tobacco." The Trademark Office will not license ISU marks for certain items it considers a liability risk or as inappropriately portraying the University's image, including sex toys, alcohol products, ashtrays, condoms, drug-related items, weapons, knives, toilet paper, and diapers.²⁵⁰³

ISU's licensing personnel initially issued a license to the student chapter of the National Organization for the Reform of Marijuana Laws (NORML), only to withdraw it in the face of political pressure from the state capitol, and, additionally, to replace NORML ISU's faculty advisor.

NORML ISU's members sued ISU's leadership for violating their constitutional right to free speech, and they prevailed on summary judgment. Rejecting the defendants' claim ISU's licensing decisions constituted government speech not subject to the restrictions of the First Amendment,²⁵⁰⁴ the court found that "[f]ar from using its student group licensing program to communicate with the public, ISU remains staunchly neutral as to the professed views of its student groups, and exercises its power to deny licenses only when certain minimum standards of

2500. *Id.* at 458-59.

2501. U.S. Const. amend. I.

2502. *See Gerlich v. Leath*, 152 F. Supp. 3d 1152 (S.D. Iowa 2016), *aff'd*, No. 16-1518, 2017 WL 562459 (8th Cir. Feb. 13, 2017).

2503. *Id.* at 1158 (second, third, and fourth alterations in original).

2504. *See generally Walker v. Tex. Div., Sons of Confederate Veterans, Inc.*, 135 S. Ct. 2239 (2015).

acceptability are not met (e.g., use of the marks on toilet paper and diapers).”²⁵⁰⁵ Indeed, “[t]he Trademark Office’s history of design approvals further demonstrates ISU does not license its trademarks to student groups to announce its political views, because the office has approved designs for an inchoate set of interest groups that are in one instance pro-life, then pro-BDSM, then pro-LGBT, pro-Democrat, and pro-Republican.”²⁵⁰⁶ ISU’s licensing decisions therefore were subject to review under the First Amendment.

In the course of that review, the court quickly determined the licensing policy’s prohibitions discriminated on the basis of content because ISU had applied them to discourage political advocacy in favor of decriminalizing marijuana use, rather than discouraging marijuana use itself.²⁵⁰⁷ That holding presented a problem for the defendants because, under controlling authority from the Eighth Circuit, “[c]ontent-based discrimination can be justified only if the government demonstrates that its regulation is narrowly drawn and is necessary to effectuate a compelling state interest.”²⁵⁰⁸ The defendants failed to satisfy that standard in part because ISU “apparently previously applied the guidelines with flexibility, in one instance allowing designs with guns and swords—which apparently are not dangerous products under the guidelines—and in another instance prohibiting NORML ISU’s designs, including designs with cannabis leaves—which presumably run afoul of the guidelines’ ban on promoting illegal drugs.”²⁵⁰⁹ The court additionally credited the plaintiffs’ showing their political message “was a driving factor behind Defendants’ actions.”²⁵¹⁰ In the final analysis, though, the court may have been most influenced by its view that “[v]iewpoint discrimination is especially dangerous on university campuses, because ‘[f]or the University, by regulation, to cast disapproval on particular viewpoints of its students risks the suppression of free speech and creative inquiry in one of the vital centers for the Nation’s intellectual life, its college and university campuses.’”²⁵¹¹

Nevertheless, the opinion was not a total loss for the university. Although the plaintiffs sought to invalidate the restrictions in their entirety as unconstitutionally overbroad, the

2505. *Id.* at 1174.

2506. *Id.*

2507. *Id.* at 1172.

2508. *Id.* (quoting *Gay & Lesbian Students Ass’n v. Gohn*, 850 F.2d 361, 362 (8th Cir. 1988)) (internal quotation marks omitted).

2509. *Id.*

2510. *Id.*

2511. *Id.* at 1171 (second alteration in original) (quoting *Rosenberger v. Rector & Visitors of the Univ. of Va.*, 515 U.S. 819, 829 (1995)).

court declined to take that step, at least on the plaintiffs' motion for summary judgment:

A statute that criminalizes a substantial amount of speech protected by the First Amendment poses a grave danger to the free exchange of ideas, but Defendants' actions and policies, while unconstitutionally discriminatory as applied to Plaintiffs, do not pose so substantial a risk to the rights of third parties as to justify invalidation of the guidelines themselves.²⁵¹²

It then rejected the plaintiffs' claim the guidelines were unconstitutionally vague as a matter of law based on the absence of record evidence or testimony of "any material risk of chilled speech connected with Defendants' revised trademark guidelines given that there are no penalties for submitting a design that is ultimately rejected; student groups are free to submit any designs they wish."²⁵¹³

The First Amendment made a more unexpected appearance in a Second Circuit opinion addressing the question of whether the compliance of a pharmaceutical label with Food and Drug Administration (FDA) regulations immunized the label's users from a false advertising-based challenge under Section 43(a).²⁵¹⁴ The court held it did, observing in the process that:

This principle rightfully insulates pharmaceutical companies from liability when they engage in First Amendment speech that is consistent with the directive of the regulatory body having oversight of product labels.

We "have been careful not to permit overextension of the Lanham Act to intrude on First Amendment values." Accordingly, in order to avoid chilling speech that ought to be protected, [the defendant's] advertisements cannot form the basis for [the plaintiffs] claims to the extent they were in line with the FDA-approved label.²⁵¹⁵

A Ninth Circuit opinion²⁵¹⁶ also held allegedly unlawful conduct nonactionable as free speech, albeit in the context of an application of the California anti-strategic lawsuit against public participation ("anti-SLAPP") statute.²⁵¹⁷ Believing the defendants had based the motion picture *The Hurt Locker* on his life and experiences as a bomb-disposal expert in Iraq, the plaintiff argued they had violated his right of publicity. The district court granted

2512. *Id.* at 1179.

2513. *Id.* at 1180.

2514. *See* *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51 (2d Cir. 2016).

2515. *Id.* at 64 (quoting *Groden v. Random House, Inc.*, 61 F.3d 1045, 1052 (2d Cir. 1995)).

2516. *See* *Sarver v. Chartier*, 813 F.3d 891 (9th Cir. 2016).

2517. Cal. Civ. Proc. Code § 425.16 (West 2016).

the defendants' anti-SLAPP-based motion, however, and the Ninth Circuit affirmed that disposition of the plaintiff's complaint.

According to the appellate court, the statute required a two-step evaluation of the claims in the complaint:

The defendant must first “make a prima facie showing that the plaintiff's suit arises from an act by the defendant made in connection with a public issue in furtherance of the defendant's right to free speech under the United States or California Constitution.” Second, if the defendant has made such showing, we evaluate whether the plaintiff has “establish[ed] a reasonable probability that the plaintiff will prevail on his or her . . . claim.”²⁵¹⁸

Addressing the first prong, the court concluded that “[the movie's] focus on the conduct of the Iraq War satisfies California's standards for determining whether an issue is one of public concern. That war, its dangers, and soldiers' experiences were subjects of longstanding public attention.”²⁵¹⁹ Turning to the second, the court held that, even if the plaintiff could establish a prima facie right of publicity violation, the First Amendment precluded him demonstrating a probability of success on the merits. That result held because, far from constituting speech proposing a commercial transaction, *The Hurt Locker* is speech that is fully protected by the First Amendment, which safeguards the storytellers and artists who take the raw materials of life—including the stories of real individuals, ordinary or extraordinary—and transform them into art, be it articles, books, movies, or plays.²⁵²⁰

In contrast, however, an opinion from the California Court of Appeal demonstrated the limits of that state's anti-SLAPP statute.²⁵²¹ According to the plaintiffs, the defendants had placed false and misleading online advertising for a taxi cab company, which was triggered by key words the defendants had purchased. The defendants sought the dismissal of the plaintiff's cause of action, but both the trial court and appellate court determined the defendants' alleged conduct fell outside the scope of the statute. The appellate court held “[i]t is well established that commercial speech that does nothing but promote a commercial product or service is not speech protected under the anti-SLAPP statute”;²⁵²² moreover, “[a]s alleged, the advertisements made no statements

2518. *Sarver*, 813 F.3d at 901 (alterations in original) (quoting *In re NCAA Student-Athlete Name & Likeness Licensing Litig.*, 724 F.3d 1268, 1272-73 (9th Cir. 2013)).

2519. *Id.* at 902.

2520. *Id.* at 905.

2521. See *L.A. Taxi Coop., Inc. v. Indep. Taxi Owners Ass'n of Los Angeles*, 191 Cal. Rptr. 3d 579 (Cal. Ct. App. 2015).

2522. *Id.* at 586.

about the taxicab industry, the taxicab licensing process, or local taxicab regulations. In short, the subject advertisements are purely commercial speech.”²⁵²³ The trial court therefore properly had denied the defendants’ motion to dismiss.²⁵²⁴

b. The Right to Petition

Under *Eastern Rail Road Presidents Conference v. Noerr Motor Freight, Inc.*,²⁵²⁵ and *United Mine Workers v. Pennington*,²⁵²⁶ petitioning government bodies is a privileged activity under the First Amendment. According to the Supreme Court’s most extensive explanation of the doctrine, a defendant’s petitioning activity is protected unless a plaintiff can establish the defendant’s conduct was a “sham” in the sense that: (1) it was objectively baseless; and (2) it was undertaken with a subjective intent to harm the plaintiff.²⁵²⁷ If a plaintiff cannot carry its burden under the first prong of this test, it will not be entitled to discovery bearing on the second.²⁵²⁸

This constitutional right to petition played a role in the interpretation of the California anti-SLAPP statute in a case arising from an earlier lawsuit before an Indiana federal district court.²⁵²⁹ In that earlier action, the counterclaim defendant allegedly secured a meritless order allowing the seizure from the counterfeit plaintiffs of goods not bearing counterfeit imitations of the counterclaim defendant’s marks. That led the counterclaim plaintiffs to assert myriad causes of action against the counterclaim defendant under Indiana and California law, which eventually wound up before a California federal district court. Weighing the counterclaim defendant’s motion to dismiss those causes of action for failure to state a claim, the California court held that the counterclaim defendant’s initiation of the Indiana lawsuit constituted a constitutionally protected activity, therefore satisfying the first requirement of the anti-SLAPP statute.²⁵³⁰ It reached differing results where the second step of the required analysis was concerned, however, concluding the counterclaim plaintiffs had established a likelihood of success on their claims for

^{2523.} *Id.*

^{2524.} *Id.*

^{2525.} 365 U.S. 875 (1961).

^{2526.} 381 U.S. 657 (1965).

^{2527.} See generally *Prof'l Real Estate Invs., Inc. v. Columbia Pictures Indus.*, 508 U.S. 49, 60-61 (1993).

^{2528.} *Id.* at 65.

^{2529.} See *United Tactical Sys., LLC v. Real Action Paintball, Inc.*, 143 F. Supp. 3d 982 (N.D. Cal. 2015).

^{2530.} *Id.* at 1007, 1008, 1010, 1023, 1024.

abuse of process under Indiana law,²⁵³¹ interference with contractual relations under California and Indiana law,²⁵³² interference with prospective economic advantage under California law,²⁵³³ unjust enrichment under Indiana law,²⁵³⁴ and conspiracy under California and Indiana law;²⁵³⁵ in contrast, the court found, the counterclaim plaintiffs had failed to establish they were likely to prevail on their claims for malicious prosecution under Indiana law,²⁵³⁶ and tortious and criminal conversion under California and Indiana law.²⁵³⁷ As a consequence, only the latter two causes of action failed to make it past the pleadings stage.

3. The Seventh Amendment

The Seventh Amendment provides, “[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 reexamined in any court of the United States, than according to the rules of the common law.”²⁵³⁸ The amendment’s express text therefore refers only to the trial by jury of *legal* causes of action, not *equitable* ones, but that did not stop an Illinois federal district court from recognizing a right to a jury trial of a plaintiff’s request for the equitable remedy of an accounting.²⁵³⁹ This result held in part because “[c]ourts allow parties to pursue an award of profits as a proxy for damages because of the evidentiary barriers to proving damages.”²⁵⁴⁰ An additional consideration was a Seventh Circuit pattern jury instruction requiring the exclusion from “any award of profits any amount that you took into account in determining actual damages,”²⁵⁴¹ which the court interpreted as authorizing jury trials on requests for accountings. Moreover, “to the extent that the law is ambiguous, any doubts should be resolved in favor of finding a constitutional jury right, as the ‘federal policy favoring jury trials is of historic and continuing strength,’ and the risk of error is greater when denying rather than recognizing a constitutional

2531. *Id.* at 1008-09.

2532. *Id.* at 1010-12.

2533. *Id.* at 1012-14.

2534. *Id.* at 1023-24.

2535. *Id.* at 1024.

2536. *Id.* at 1007-08.

2537. *Id.* at 1014-15.

2538. U.S. Const. amend. VII.

2539. *See* Black & Decker Corp. v. Positec USA Inc., 118 F. Supp. 3d 1056 (N.D. Ill. 2015).

2540. *Id.* at 1061.

2541. *Quoted in id.* at 1064.

right.”²⁵⁴² In the final analysis, “[t]he Lanham Act’s creation of an alternative evidentiary regime [*i.e.*, the accounting remedy]—one meant to facilitate the recovery of a plaintiff’s loss—should not strip a party of its constitutional right to what is otherwise essentially a request for damages.”²⁵⁴³

A New York federal district court employed virtually the same analysis in declining to strike a demand for a jury trial by a pair of plaintiffs seeking an accounting:

The Court finds that [the plaintiffs’] punitive damages claim is triable to a jury because it involves particular allegations of willfulness on [the defendant’s] part that require resolution by a jury. The Court further holds that [the plaintiffs’] allegations of willfulness take [their] claims for a recovery of profits outside the scope of restitution and make them—more likely than not—a proxy for damages. In light of these determinations, the Court holds that it is appropriate to submit all remaining questions to a jury. The Court therefore denies [the defendant’s] summary judgment motion insofar as it seeks to strike [the plaintiffs’] demand for a jury trial.²⁵⁴⁴

4. The Eleventh Amendment

When the Utah legislature placed restrictions on the ability of political parties to place their marks and logos on ballots, the state Republican Party and state Constitution Party joined in a declaratory judgment action seeking to invalidate the new statute on the theory it permitted the state to make unlawful uses of the party’s marks.²⁵⁴⁵ In partial response, the state invoked the protection of the Eleventh Amendment, which provides that “[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.”²⁵⁴⁶ Weighing a defense motion for summary judgment, the court confirmed that nothing in federal statutory law abrogates the amendment for actions brought under the Lanham Act. It then held that Utah’s establishment of a state registration system did not constitute an express waiver of the state’s constitutional immunity to suit under a trademark theory.²⁵⁴⁷ Nevertheless, relying on the Supreme

2542. *Id.* (quoting *Simler v. Conner*, 372 U.S. 221, 222 (1963)).

2543. *Id.* at 1066.

2544. *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 263 (S.D.N.Y.), *appeal dismissed*, No. 15-2916 (2d Cir. Nov. 10, 2015).

2545. *See Utah Republican Party v. Herbert*, 141 F. Supp. 3d 1195 (D. Utah 2015).

2546. U.S. Const. amend. XI.

2547. *Utah Republican Party*, 141 F. Supp. 3d at 1200-01.

Court's opinion in *Ex Parte Young*,²⁵⁴⁸ the court also confirmed the parties could seek injunctive relief (but only injunctive relief) by naming the state's governor and lieutenant governor as individual defendants, provided those individuals had a nexus to the parties' cause of action:²⁵⁴⁹ Each did—the governor because he was the state's chief law enforcement officer and the lieutenant governor because state law charged him with responsibility for administering the election system.²⁵⁵⁰

E. Procedural Matters

1. Federal Subject-Matter Jurisdiction

One of the few treatments of federal subject-matter jurisdiction in a trademark or unfair competition dispute over the past year appeared in an opinion from the Fifth Circuit.²⁵⁵¹ The appeal before that court related to the ownership of a mark and arose out of three state court actions, which had been consolidated and then removed to federal district court. The mark ownership issue turned on the proper interpretation of several transactions entered into by the parties, which forced the court to address the threshold question of whether any federal law principles were at stake. The court concluded there were: Because the action requiring interpretation of the transaction documents had been filed in response to threats of infringement in one of the other actions, that the transactions were governed by Louisiana law did not preclude the existence of federal subject-matter jurisdiction.²⁵⁵²

In contrast, a disputed claim of ownership failed to establish the existence of federal subject-matter jurisdiction over a battle between the members of a Led Zeppelin tribute band and a company affiliated with them, on the one hand, and a former member of the band, the band's terminated manager, and a company affiliated with them, on the other.²⁵⁵³ The plaintiffs' complaint established the existence of a registration covering the disputed mark, which identified both the band's current members (named as individual defendants) and the lead plaintiff as record owners. That joint ownership led the court to hold it lacked federal subject-matter jurisdiction over the plaintiffs' cause of action under Section 32. Citing Professor McCarthy, it noted that "[a] leading trademark treatise broadly concludes that '[w]hen parties are co-owners of a mark, one party cannot sue the other for

2548. 209 U.S. 123 (1908).

2549. *Utah Republican Party*, 141 F. Supp. 3d at 1200-01.

2550. *Id.* at 1201.

2551. *See Uptown Grill, L.L.C. v. Shwartz*, 817 F.3d 251 (5th Cir. 2016).

2552. *Id.* at 526.

2553. *See Piccari v. GTLO Prods., LLC*, 115 F. Supp. 3d 509 (E.D. Pa. 2015).

infringement. A co-owner cannot infringe the mark it owns.”²⁵⁵⁴ Because the plaintiffs’ claim against the defendants more properly sounded in one for an accounting under Pennsylvania law, the court granted the defendants’ motion to dismiss for failure to state a claim.²⁵⁵⁵

2. Standing

a. *Opinions Finding Standing*

The past year produced a bumper crop of reported opinions finding standing in false advertising actions. The most notable such a finding came as a matter of law at the hands of the Fourth Circuit.²⁵⁵⁶ The counterclaim plaintiffs in the appeal before that court had no relevant commercial activity in the United States but nevertheless asserted causes of action under the Act based on the counterclaim defendant’s alleged passing off of its FLANAX-branded goods as FLANAX-branded goods sold by the counterclaim plaintiffs outside the United States.²⁵⁵⁷ After concluding as a threshold matter that use in commerce was not a prerequisite for the counterclaim plaintiffs’ causes of action, the court invoked the Supreme Court’s holding in *Lexmark Int’l, Inc. v. Static Control Components, Inc.*²⁵⁵⁸ that “a plaintiff suing under [Section 43(a)] ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant’s advertising; and . . . that [economic or reputational injury] occurs when deception of consumers causes them to withhold trade from the plaintiff.”²⁵⁵⁹

In reversing the dismissal of the lead counterclaim plaintiffs’ cause of action for false association under Section 43(a)(1)(A), the Fourth Circuit determined its averments satisfied the first prong of the *Lexmark* standard, because, as the court explained:

The complaint alleges [the counterclaim defendant’s] misleading association with [the lead counterclaim plaintiffs] FLANAX has caused [the counterclaim defendant’s] customers to buy the [the counterclaim defendant’s] FLANAX in the United States instead of purchasing [the lead counterclaim

2554. *Id.* at 516 (alteration in original) (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 16:40 (4th ed. 2015)).

2555. *Id.* at 516-17.

2556. See *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697 (4th Cir. 2016), *petition for cert. filed*, No. 16-548 (U.S. Oct. 21, 2016).

2557. The three causes of action at issue were: (1) false association in violation of Section 43(a)(1)(A), 15 U.S.C. § 1125(a)(1)(A); (2) false advertising in violation of Section 43(a)(1)(B), *id.* § 1125(a)(1)(B); and (3) cancellation based on alleged misrepresentation of source in violation of Section 14(3). *Id.* § 1064(3).

2558. 134 S. Ct. 1377 (2014).

2559. *Id.* at 1391.

plaintiff's] FLANAX in Mexico. For example, the complaint alleges that [the lead counterclaim plaintiff] invested heavily in promoting its FLANAX to Mexican citizens or Mexican-Americans in border areas. Those consumers cross into the United States and may purchase [the counterclaim defendant's] FLANAX here before returning to Mexico. And Mexican-Americans may forego purchasing the FLANAX they know when they cross the border to visit Mexico because [the counterclaim defendant's] alleged deception led them to purchase the [the counterclaim defendant's] product in the United States.²⁵⁶⁰

Turning to the second prong of the *Lexmark* test, the court held the lead counterclaim plaintiff had plausibly alleged damage “in at least two ways.”²⁵⁶¹ The first was that, “[a]s reflected in the zone of interests discussion, [the lead counterclaim plaintiff's] FLANAX customers in Mexico near the border may be deceived into foregoing a FLANAX purchase in Mexico as they cross the border to shop and buy the [the counterclaim defendant's] product in the United States.”²⁵⁶² The second was that “[the counterclaim defendant] is alleged to have targeted Mexican-Americans in the United States who were already familiar with the FLANAX mark from their purchases from [the lead counterclaim plaintiff] in Mexico.”²⁵⁶³

The court then addressed the standing of both counterclaim plaintiffs to assert a false advertising cause of action under Section 43(a)(1)(B), which it evaluated using much the same analysis. To begin with, “[a]s a direct competitor to [the counterclaim defendant] in the United States, [the lead counterclaim plaintiff] sufficiently alleges that [the counterclaim defendant] engaged in Lanham Act unfair competition by using deceptive advertisements that capitalized on [the lead counterclaim plaintiff's] goodwill”;²⁵⁶⁴ in particular, “[i]f not for [the counterclaim defendant's] statements that its FLANAX was the same one known and trusted in Mexico, some of its consumers could very well have instead purchased [the other counterclaim plaintiff's] ALEVE brand [in the United States].”²⁵⁶⁵ “These lost customers,” the court concluded, “likewise satisfy *Lexmark's* second prong: they demonstrate an injury to sales or reputation proximately caused by [the counterclaim defendant's] alleged conduct.”²⁵⁶⁶

2560. *Belmora*, 819 F.3d at 711 (footnote omitted).

2561. *Id.* at 712.

2562. *Id.*

2563. *Id.*

2564. *Id.*

2565. *Id.*

2566. *Id.*

Finally, the court reached the same holding with respect to the counterclaim plaintiffs' allegations that the counterclaim defendant had misrepresented the source of its goods, thereby exposing its registration to cancellation under Section 14(3) of the Act. For one thing, it concluded, "§ 14(3) pertains to the same conduct targeted by § 43(a) false association actions—using marks so as to misrepresent the source of goods. Therefore, '[m]ost of the [Lanham Act's] enumerated purposes are relevant' to § 14(3) claims as well."²⁵⁶⁷ For another, "[a]s with § 43(a), neither § 14(3) nor *Lexmark* mandate that the plaintiff have used the challenged mark in United States commerce as a condition precedent to its claim."²⁵⁶⁸ Like the district court's disposition of the plaintiff's first two causes of action, its dismissal of the counterclaim plaintiff's third cause of action therefore failed to survive appellate scrutiny.

An application of *Lexmark* in multidistrict litigation lodged in a Kansas federal district court similarly resulted in findings of standing for three distinct groups of plaintiffs challenging various alleged misrepresentations made by a manufacturer of genetically modified crop seeds, particular traits of which had become incorporated into the nation's corn supply.²⁵⁶⁹ Two sets of those misrepresentations concerned the ease with which contamination could be avoided and the likelihood and timing of the Chinese government's withdrawal of a ban on the affected corn, which had led to a decrease in corn prices generally. Because two of the three sets of plaintiffs were themselves grain producers, the court had little difficulty finding those plaintiffs had standing to avail themselves of Section 43(a): Not only were their claimed injuries proximately caused by the defendant's alleged misconduct,²⁵⁷⁰ but those plaintiffs "have alleged that their sales were adversely affected (a commercial injury) as a result of [the defendant's] false advertising, and [those] plaintiffs thus fall within the zone of the Act's interests in redressing such injuries."²⁵⁷¹

The analysis was more complicated with respect to the third set of plaintiffs. According to their complaints, they did not produce competitive corn but instead had purchased tainted corn from third parties. Although the defendant seized upon that allegation to argue those plaintiffs claimed (impermissible) consumer standing under the Act, the court framed the issue as "whether the non-producers are alleging injuries as buyers of . . . contaminated corn (thus injured as consumers who are disappointed in the product purchased) or as sellers in the market (thus injured as commercial

2567. *Id.* at 714-15 (alterations in original) (quoting *Lexmark*, 134 S. Ct. at 1389).

2568. *Id.* at 715.

2569. *In re Syngenta AG MIR 162 Corn Litig.*, 131 F. Supp. 3d 1177 (D. Kan. 2015).

2570. *Id.* at 1222.

2571. *Id.* at 1223.

parties and not as consumers).”²⁵⁷² The court ultimately concluded the non-producer plaintiffs fell into the second of these categories because “they were not trying to get corn made from [the defendant’s] seeds (and thus were not an indirect consumer of the seeds). These plaintiffs are alleging injury as commercial actors in the marketplace and not as disappointed consumers of seeds or products from seeds.”²⁵⁷³

In a different case presenting allegations of false advertising, this one before a New Jersey federal district court, the parties rather inexplicably failed to address the significance of *Lexmark* when briefing a defense motion to dismiss for want of standing, but that failure did not prevent the court from applying the proper framework.²⁵⁷⁴ The parties provided medical malpractice insurance policies, and the gravamen of the counterclaim plaintiff’s Section 43(a) cause of action was that the counterclaim defendant had falsely represented it enjoyed a more favorable rating from A.M. Best Company than it really did. The court denied the counterclaim defendant’s motion because the counterclaim: (1) identified by name a customer of the counterclaim plaintiff to which the counterclaim defendant had made the representation; and (2) averred the customer had transferred its business from the counterclaim defendant to the counterclaim plaintiff. These allegations, the court held, sufficiently established the counterclaim plaintiff’s standing under the two prongs of the *Lexmark* test.²⁵⁷⁵

Lexmark also cast a long shadow in an action in which the plaintiff asserted allegations of false advertising against the e-commerce platform Alibaba, on which, the plaintiff alleged, third parties sold goods bearing counterfeit and infringing imitations of the plaintiff’s mark.²⁵⁷⁶ Apparently without familiarizing itself with the Supreme Court’s controlling opinion, Alibaba contended in a motion to dismiss that the plaintiff lacked standing because of the lack of a competitive relationship between the parties. Citing *Lexmark*, the court made short work of Alibaba’s motion:

Plaintiff alleges that Defendant’s misrepresentations on its websites caused injuries to Plaintiff’s commercial interest in sales or business reputation because counterfeit sales would reduce authentic . . . sales [of authentic goods produced by Plaintiff] and consumers would erroneously associate the reduced-quality counterfeit items with Plaintiff’s products.

2572. *Id.*

2573. *Id.*

2574. *See N.J. Physicians United Reciprocal Exch. v. Boynton & Boynton, Inc.*, 141 F. Supp. 3d 298 (D.N.J. 2015).

2575. *Id.* at 305.

2576. *See Spy Optic, Inc. v. Alibaba.com, Inc.*, 163 F. Supp. 3d 755 (C.D. Cal. 2015).

Accordingly, Plaintiff has standing to sue under section [43(a)(1)(B)].²⁵⁷⁷

Moreover, because of the level of detail in the plaintiff's complaint, which identified specific instances of Alibaba's alleged conduct, complete with supporting exhibits, the plaintiff had adequately stated a claim even if held to the strict pleading requirements of Federal Rule of Civil Procedure Rule 9.²⁵⁷⁸

Challenges to plaintiffs' standing were far less frequent in conventional trademark actions, but they did occur. For example, the Fifth Circuit entertained an appeal arising in part from an opposition proceeding brought by an opposer who previously had been enjoined from applying to register the mark upon which it based its opposition.²⁵⁷⁹ The applicant argued the prior injunction deprived the opposer of standing, but the court disagreed. As it pointed out, the injunction did not prevent the opposer from claiming common-law rights to his mark; the opposer therefore enjoyed standing to challenge the application.²⁵⁸⁰

A different court finding standing rejected the well-worn argument that a plaintiff did not have standing to pursue an infringement action under Section 32 because the defendants allegedly sold goods not covered by the plaintiff's registration.²⁵⁸¹ The goods in question were baby, toddler, and juvenile clothing, which were expressly excluded from the identification of goods set forth in the plaintiff's registration, but that exclusion did not merit the dismissal of the plaintiff's complaint for failure to state a claim. As the court explained, the complaint averred the defendants sold adult clothing, and that averment was necessarily true for purposes of the defendants' motion;²⁵⁸² moreover, the plaintiff's theory was substantiated, at least at the pleadings stage, by an exhibit to the complaint consisting of a failed application by the lead defendant to register the challenged mark that *did* cover clothing.²⁵⁸³

Another court reached a less conventional finding of standing.²⁵⁸⁴ The declaratory judgment plaintiffs were affiliated companies, one based in the United Kingdom and one based in the United States. Only the former company claimed protectable

2577. *Id.* at 767 (citation omitted).

2578. *Id.*

2579. *See Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437 (5th Cir. 2015) *cert. denied*, 137 S. Ct. 499 (2016).

2580. *Id.* at 444-45.

2581. *See Pulse Creations, Inc. v. Vesture Grp.*, 154 F. Supp. 3d 48 (S.D.N.Y. 2015).

2582. *Id.* at 54.

2583. *Id.*

2584. *See Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 151 F. Supp. 3d 1268 (M.D. Fla. 2015).

rights to the disputed mark, and the plaintiffs' complaint was devoid of allegations the latter was an exclusive licensee; instead, the United States company apparently sold goods bearing the mark in the United States. Denying a motion to dismiss for failure to state a claim, the court was untroubled by the lack of detailed allegations concerning the United States company's interest in the mark. To the contrary, it applied *Lexmark* to hold that the relationship between the parties and the United States company's sales gave the United States company a cognizable interest in the mark.²⁵⁸⁵ Moreover, with respect to proximate cause, the plaintiffs' allegations of likely confusion and irreparable harm were "sufficient to assert that the alleged harm [the United States company] suffers is not too remote from [the defendant's] alleged infringement."²⁵⁸⁶

b. Opinions Declining to Find Standing

The Supreme Court's *Lexmark* opinion undoubtedly loosened the test for standing in false advertising actions under Section 43(a), but plaintiffs availing themselves of that statute still must show economic or reputational injury from the challenged advertising in the form of withheld trade.²⁵⁸⁷ A New Jersey federal district court appeared to read that requirement as mandating detailed averments of actual economic damage for a complaint to survive a motion to dismiss.²⁵⁸⁸ The false advertising counterclaim producing that result alleged that agents of the counterclaim defendant had misrepresented its financial condition to two customers of the counterclaim plaintiff. The counterclaim was sufficiently detailed it identified the customers at issue by name, but the court faulted it for failing to recite that those customers had transferred their business from the counterclaim plaintiff to the counterclaim defendant: "Although [the counterclaim plaintiff] alleges that it has suffered 'substantial economic damages' as a result of these statements, it does not allege any loss of sales or damage to its business reputation that was proximately caused by [the agents]."²⁵⁸⁹ Those omissions precluded satisfaction of *Lexmark*'s standing requirements.²⁵⁹⁰

2585. *Id.* at 1279.

2586. *Id.*

2587. *See, e.g.,* Caudill Seed & Warehouse Co. v. Jarrow Formulas, Inc., 161 F. Supp. 3d 513, 533 (W.D. Ky. 2015) (granting defense motion for summary judgment based on increase in sales by plaintiff during period of alleged false advertising).

2588. *See* N.J. Physicians United Reciprocal Exch. v. Boynton & Boynton, Inc., 141 F. Supp. 3d 298 (D.N.J. 2015).

2589. *Id.* at 306.

2590. *Id.*

The California Court of Appeal adopted a similarly restrictive test for standing in actions for false association under Section 2(a) of the Act,²⁵⁹¹ a statute that on its face is limited to the registration context.²⁵⁹² The appellant before that court had challenged the appellee's alleged practice of creating the impression the appellee was a government agency. Rather bizarrely interpreting the plaintiff's claim as one under Section 2(a) rather than one for false advertising under Section 43(a) (as the appellant pleaded in its complaint), the appellate court held the appellant's cause of action properly had been dismissed on summary judgment. It observed that:

[T]o have standing to bring such a claim, the plaintiff must possess a commercial interest in the misused mark, name or device or in the good or service that is allegedly being misrepresented. In this case, even if [the appellant] had requested leave to amend its pleading, we cannot conceive of facts it could allege in order to establish that it suffered this type of commercial injury.²⁵⁹³

3. Personal Jurisdiction

An evaluation of the propriety of an exercise of personal jurisdiction over a nonresident defendant by the courts of a particular state traditionally has turned on whether: (1) the forum state's long-arm statute confers personal jurisdiction over the defendant; and (2) an exercise of jurisdiction would comport with the Due Process Clauses of the Fifth and Fourteenth Amendments.²⁵⁹⁴ If the reach of the state long-arm statute in question is coextensive with due process, only the constitutional analysis need take place.²⁵⁹⁵

2591. 15 U.S.C. § 1052(a) (2012).

2592. *See* *Two Jinn, Inc. v. Gov't Payment Serv., Inc.*, 183 Cal. Rptr. 3d 432 (Ct. App. 2015).

2593. *Id.* at 450 (citation omitted).

2594. *See generally* *GM L.L.C. v. Autel.US Inc.*, 118 U.S.P.Q.2d 1330, 1335 (E.D. Mich. 2016); *721 Bourbon, Inc. v. House of Auth, LLC*, 140 F. Supp. 3d 586, 591-92 (E.D. La. 2015); *Bellagio, LLC v. Bellagio Car Wash & Express Lube*, 116 F. Supp. 3d 1166, 1169 (D. Nev. 2015).

2595. *See, e.g., GM L.L.C.*, 118 U.S.P.Q.2d at 1335 (Michigan long-arm statute coextensive with due process); *Luverne Truck Equip., Inc. v. Worldwide Equip., Inc.*, 173 F. Supp. 3d 915, 919 (D.S.D. 2016) (South Dakota long-arm statute coextensive with due process); *Lions Gate Entm't Inc. v. TD Ameritrade Servs. Co.*, 170 F. Supp. 3d 1249, 1257 (C.D. Cal.) (California long-arm statute coextensive with due process), *vacated in part on other grounds*, No. CV 15-05024 DDP (Ex), 2016 WL 4134495 (C.D. Cal. Aug. 1, 2016); *adidas Am., Inc. v. Cougar Sport, Inc.*, 169 F. Supp. 3d 1079, 1086 (D. Or. 2016) (Oregon long-arm statute coextensive with due process); *721 Bourbon*, 140 F. Supp. 3d at 592 (Louisiana long-arm statute coextensive with due process); *Adobe Sys. Inc. v. Blue Source Grp.*, 125 F. Supp. 3d 945, 958 (N.D. Cal. 2015) (California long-arm statute coextensive with due process); *Best Chairs Inc. v. Factory Direct Wholesale, LLC*, 121 F. Supp. 3d 828, 835 (S.D. Ind. 2015) (Indiana long-arm statute coextensive with due process); *Pub. Impact, LLC v. Boston*

There are two ways in which these standards may be satisfied: Personal jurisdiction may be either general or specific. General jurisdiction over a defendant exists where the defendant has continuous and systemic business contacts with the state, even where those contacts do not relate to the action at issue. Specific jurisdiction, on the other hand, “exists for controversies that arise out of or are related to the defendant’s forum contacts.”²⁵⁹⁶

In cases in which specific personal jurisdiction is at issue, the due process inquiry properly turns on: (1) whether the plaintiff’s claims arise or relate to the defendant’s contacts with the forum; (2) whether the defendant purposefully availed itself of the privilege of conducting activities within the forum state; and (3) whether the exercise of personal jurisdiction comports with traditional notions of fair play and substantial justice.²⁵⁹⁷ “It is the plaintiff’s burden to plead allegations satisfying the first two prongs. If the plaintiff does so, the burden then shifts to the defendant to show why the exercise of personal jurisdiction would not be reasonable and fair.”²⁵⁹⁸

In addition to this traditional analysis, plaintiffs faced with non-U.S. defendants have in recent years turned to Federal Rule of Civil Procedure 4(k)(2) as an alternative means of establishing the propriety of an exercise of jurisdiction. That rule provides that:

For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

- (A) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction; and
- (B) exercising jurisdiction is consistent with the United States Constitution and laws.²⁵⁹⁹

Consulting Grp., 117 F. Supp. 3d 732, 737 (M.D.N.C. 2015) (North Carolina long-arm statute coextensive with due process); *Bellagio*, 116 F. Supp. 3d at 1169 (Nevada long-arm statute coextensive with due process). *But see* *A Corp. v. All Am. Plumbing, Inc.*, 812 F.3d 54, 58-59 (1st Cir. 2016) (considering the scope of the Massachusetts long-arm statute an open issue).

2596. *Best Chairs*, 121 F. Supp. 3d at 835 (citation omitted) (quoting *Hyatt Int’l Corp. v. Coco*, 302 F.3d 707, 713 (7th Cir. 2002)); *accord Cougar Sport*, 169 F. Supp. 3d at 1086; *721 Bourbon*, 140 F. Supp. 3d at 592; *Bellagio*, 116 F. Supp. 3d at 1169.

2597. *A Corp.*, 812 F.3d at 59. For examples of substantively identical tests, see *Lions Gate Entm’t*, 170 F. Supp. 3d at 1259-60; *721 Bourbon*, 140 F. Supp. 3d at 592-93; *Adobe Sys.*, 125 F. Supp. 3d at 958; *Best Chairs*, 121 F. Supp. 3d at 836; *Bellagio*, 116 F. Supp. 3d at 1169-70; *Rovio Entm’t, Inc. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536, 543 (S.D.N.Y. 2015).

2598. *Adobe Sys.*, 125 F. Supp. 3d at 958 (citation omitted); *accord Lions Gate Entm’t*, 170 F. Supp. 3d at 1260.

2599. Fed. R. Civ. P. 4(k)(2).

a. Opinions Exercising Personal Jurisdiction

Opinions addressing the question of whether a defendant has purposefully availed itself of the privilege of doing business in a forum often turn on applications of the tripartite standard found in *Calder v. Jones*:²⁶⁰⁰ (1) the defendant must have committed an intentional act; (2) the defendant’s act was expressly aimed at the forum state; and (3) the defendant knew the brunt of the harm was likely to be suffered in the forum state.²⁶⁰¹ A California federal district court invoked this test in a case in which the plaintiff accused the defendant of distributing copies of software bearing unauthorized copies of the plaintiff’s marks.²⁶⁰² Holding that “[i]n the context of the *Calder* test, an intentional act is ‘an external manifestation of the actor’s intent to perform an actual, physical act in the real world,’” the court found the defendant’s mere distribution of the challenged software in California sufficient to satisfy the first prong.²⁶⁰³ Likewise, testimony the plaintiff’s software bore notices the plaintiff was based in California satisfied the second prong, even in the absence of averments in the complaint that the defendant had sold its software in the state.²⁶⁰⁴ The plaintiff’s claim of lost revenue, if proven, likewise made it foreseeable that injury would occur in California.²⁶⁰⁵ The last of these averments was equally effective in establishing that the plaintiff’s claims arose out of the defendant’s forum-related activities,²⁶⁰⁶ and, in light of the defendant’s failure to contest the reasonableness of an exercise of personal jurisdiction over it, the defendant’s bid for a dismissal of the action fell short.²⁶⁰⁷

A second California federal district court also invoked *Calder* to the disadvantage of a New York defendant seeking to escape an exercise of specific personal jurisdiction in that state.²⁶⁰⁸ The California-based plaintiff owned the rights to the motion picture *Dirty Dancing*, and there was no dispute the moving defendant had developed an advertising campaign for a California-based defendant that imitated a line from the movie, namely, “Nobody puts Baby in a corner,” which the plaintiff had applied to register

2600. 465 U.S. 783 (1984).

2601. *Id.* at 788–89.

2602. *See* Adobe Sys. Inc. v. Blue Source Grp., 125 F. Supp. 3d 945 (N.D. Cal. 2015).

2603. *Id.* at 960 (quoting Wash. Shoe Co. v. A–Z Sporting Goods, Inc., 704 F.3d 668, 674 (9th Cir. 2012)).

2604. *Id.* at 961–62.

2605. *Id.* at 962.

2606. *Id.*

2607. *Id.* at 963–64.

2608. *See* Lions Gate Entm’t Inc. v. TD Ameritrade Servs. Co., 170 F. Supp. 3d 1249 (C.D. Cal.), *vacated in part on other grounds*, No. CV 15-05024 DDP (Ex), 2016 WL 4134495 (C.D. Cal. Aug. 1, 2016).

with the USPTO for various collateral goods.²⁶⁰⁹ At least initially, the moving defendant argued the challenged use was a parody of the plaintiff's mark, which was all the court needed to conclude the defendant had knowledge its conduct could damage the plaintiff on the plaintiff's home turf.²⁶¹⁰ According to the court, "it does not matter that [the defendant] did not [itself] distribute the advertisements; as in *Calder*, the intentional act, the direct aim to California, and the knowledge of the harm that would be caused in California are sufficient to establish purposeful direction."²⁶¹¹ From there, the court had no difficulty concluding the defendant's ties to California were directly related to the plaintiff's infringement cause of action²⁶¹² and, additionally, an exercise of personal jurisdiction over the defendant was constitutionally reasonable.²⁶¹³

The *Calder* analysis likewise led to the inability of a New York-based corporation to escape suit in Oregon.²⁶¹⁴ The court held the first of the *Calder* factors satisfied by the defendant's deliberate imitation of the plaintiff's mark and by the defendant's shipment of goods bearing that imitation into Oregon.²⁶¹⁵ The defendant's operation of an interactive website accessible to Oregon residents did not in and of itself satisfy the second *Calder* factor,²⁶¹⁶ but, when that consideration was combined with the defendant's Oregon sales and its awareness the Oregon-based plaintiff would suffer harm in its home state, the defendant had expressly aimed its conduct toward Oregon.²⁶¹⁷ Finally, with respect to the final *Calder* factor, "it was foreseeable that [the plaintiff] would be harmed [in Oregon] by the alleged trademark infringement, including harm to [the plaintiff's] goodwill and reputation."²⁶¹⁸ From there, the propriety of an exercise of specific person jurisdiction was not reasonably in doubt, with the court additionally finding the plaintiff's claims had arisen out of the

2609. The challenged advertising campaign featured the line, "Nobody puts your old 401(k) in a corner." *Id.* at 1255.

2610. *Id.* at 1261.

2611. *Id.* at 1262.

2612. *Id.* at 1263.

2613. *Id.* at 1263-64.

2614. *See* *adidas Am., Inc. v. Cougar Sport, Inc.*, 169 F. Supp. 3d 1079 (D. Or. 2016).

2615. *Id.* at 1087-88.

2616. According to the court, "[the plaintiff] . . . has not presented any evidence or allegations that [the defendant] has had contact with Oregon residents through its website." *Id.* at 1088.

2617. *Id.* at 1088-92.

2618. *Id.* at 1092.

defendant's forum-related activities²⁶¹⁹ and it would be reasonable and fair for the defendant to answer for its conduct in Oregon.²⁶²⁰

An application of *Calder* similarly led to an exercise of specific personal jurisdiction by an Illinois federal district court.²⁶²¹ The record established the lead defendant, an online retailer based in Georgia, had sold \$102,500 worth of goods bearing the disputed mark in Indiana, leading the court to conclude that "where an internet company holds itself out as open to do business with a forum state and actually does sell products to residents of the forum, specific jurisdiction is proper";²⁶²² the plaintiff's claim of purposeful availment was additionally substantiated by the lead defendant's knowledge that the plaintiff was domiciled in Indiana and therefore would suffer injury there.²⁶²³ Not surprisingly, the court next found the lead defendant's sales to Indiana residents sufficient to satisfy the plaintiff's burden to show its claims arose from, or related to, the defendant's contacts with the forum.²⁶²⁴ Finally, the court found haling the lead defendant before an Indiana tribunal would not violate due process because "[w]hile [the lead defendant] may be burdened by litigation in Indiana, Indiana has a strong interest in providing Indiana businesses like [the plaintiff] with a forum in which to seek relief."²⁶²⁵

Several inquiries into an exercise of personal jurisdiction were resolved without the need for extended analysis or extensive reliance on *Calder*.²⁶²⁶ For example, the forum in one case was the state of New Jersey, and the record demonstrated the plaintiff had served the defendant at his home in that state.²⁶²⁷ In concluding it could properly exercise general jurisdiction over the defendant, the court not surprisingly held the issue to be

2619. *Id.* at 1092-93.

2620. *Id.* at 1093-94.

2621. *See* Best Chairs Inc. v. Factory Direct Wholesale, LLC, 121 F. Supp. 3d 828 (S.D. Ind. 2015).

2622. *Id.* at 837.

2623. *Id.* at 838.

2624. *Id.*

Improbably, the lead defendant argued this factor favored it in the absence of evidence of actual confusion. Even assuming the accuracy of that theory, however, the court found actual confusion had, in fact, occurred. *Id.*

2625. *Id.* at 839.

Having reached this conclusion, the court bootstrapped it into an exercise of specific personal jurisdiction over a group of additional defendants on the theory those defendants were engaged in an actionable conspiracy with the lead defendant. *Id.* at 839-40.

2626. *See, e.g.,* TracFone Wireless, Inc. v. Adams, 98 F. Supp. 3d 1243, 1254-55 (S.D. Fla. 2015) (exercising personal jurisdiction over nonresident based on joint motion for entry of permanent injunction reciting unlawful conduct in Florida and injury to plaintiff in that state).

2627. *See* Chanel, Inc. v. Matos, 133 F. Supp. 3d 678 (D.N.J. 2015).

“relatively straightforward, because an ‘individual’s domicile,’ or home, constitutes the paradigmatic ‘forum for the exercise of general jurisdiction.’”²⁶²⁸ Any due process concerns implicated by that resolution—to the extent there could be any—went unaddressed by the court.

Of course, even in *Calder*-less analyses, a defendant need not be domiciled in a particular forum to be haled into court there. One New York resident to learn that lesson opened up seven different on-line accounts with the Michigan-based plaintiff, which he and his company allegedly then used to misappropriate various intellectual property rights owned by the plaintiff.²⁶²⁹ Rejecting the defendant’s argument his interactions with the plaintiff had been limited, the court instead accepted the plaintiff’s allegations the defendant had shared his log-in information “with people in China, leading to higher than normal use.”²⁶³⁰ The result was that the defendant’s accounts “registered thousands of . . . events,” each of which was equivalent to the defendant reaching into Michigan and availing himself of the opportunity to do business there.²⁶³¹ Findings that the plaintiff’s claims arose from the defendant’s contacts with Michigan and that an exercise of personal jurisdiction over him was constitutionally reasonable quickly followed.²⁶³²

A New York federal district court similarly had no difficulty concluding it could exercise specific personal jurisdiction over a group of nonresident—and defaulting—defendants.²⁶³³ According to the plaintiff’s uncontested allegations, the lead corporate defendant operated a “highly interactive website that offered merchandise that New York customers could buy and have shipped to them within the state”;²⁶³⁴ indeed, the plaintiff’s investigators had purchased and had delivered into New York just such merchandise bearing infringing copies of the plaintiff’s mark.²⁶³⁵ Having found the lead defendant properly haled into court in New York under the New York long-arm rule,²⁶³⁶ the court reached the same conclusion with respect to the lead defendant’s “President, Manager, and Registered Agent,” especially because that individual was the signatory on correspondence offering

2628. *Id.* at 684 (quoting *Daimler AG v. Bauman*, 134 S. Ct. 746, 760 (2014)).

2629. *See GM L.L.C. v. AutelUS Inc.*, 118 U.S.P.Q.2d 1330 (E.D. Mich. 2016).

2630. *Id.* at 1336.

2631. *Id.*

2632. *Id.* at 1337.

2633. *See Rovio Entm’t, Inc. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536 (S.D.N.Y. 2015).

2634. *Id.* at 542.

2635. *Id.*

2636. N.Y. C.L.P.R 302 (2014).

merchandise for sale to the plaintiff's investigators.²⁶³⁷ Having thus found the requirements of the long-arm statute satisfied, the court made short work of any due process considerations, citing the defendants' contacts with New York, the plaintiff's interest in securing relief, and the judicial system's interest in "an expedited resolution of this matter."²⁶³⁸

Finally, a South Dakota federal district court addressed a scenario opposite that of the usual one in which a defendant has shipped goods bearing an allegedly infringing mark into the disputed forum.²⁶³⁹ Specifically, the defendant before that court was accused of purchasing goods *from* the South Dakota-based plaintiff, the trade dress of which the defendant allegedly copied. The defendant argued neither it nor its representatives had ever visited South Dakota, but the court was more impressed with the plaintiff's showing it had received 73 orders over a four-year period from the defendant.²⁶⁴⁰ Noting that "[v]iewing the facts in a light most favorable to [the plaintiff], there is nothing random, fortuitous, are attenuated about [the defendant's] contacts with South Dakota,"²⁶⁴¹ the court also concluded the plaintiff's various causes of action arose from those contacts²⁶⁴² and, additionally, that haling the defendant into court in the state did not violate due process.²⁶⁴³

b. Opinions Declining to Exercise Personal Jurisdiction

Despite the obvious general utility to plaintiffs of the *Calder* analysis, some applications of it resulted in defense victories on motions to dismiss for want of personal jurisdiction. For example, one Louisiana-based plaintiff failed to hale an opponent into court on the plaintiff's home turf, despite the defendant's delivery into Louisiana of a good bearing an allegedly infringing copy of the plaintiff's mark.²⁶⁴⁴ Citing *Calder*, the plaintiff claimed a deliberate injury in its chosen forum, but the court found more probative the defendant's showing the buy in question had been

²⁶³⁷. *Rovio Entm't*, 97 F. Supp. 3d at 543 ("As these allegations make clear that [the individual defendant] played a central role in the New York transactions at issue, the Court may exercise personal jurisdiction over him consistent with New York's long-arm statute.").

²⁶³⁸. *Id.*

²⁶³⁹. *See* *Luverne Truck Equip., Inc. v. Worldwide Equip., Inc.*, 173 F. Supp. 3d 915 (D.S.D. 2016).

²⁶⁴⁰. These included post-infringement purchases of accessories, which the defendant shipped with the goods accused of infringing the plaintiff's trade dress. *Id.* at 918.

²⁶⁴¹. *Id.* at 922.

²⁶⁴². *Id.* at 922-23.

²⁶⁴³. *Id.* at 923.

²⁶⁴⁴. *See* *721 Bourbon, Inc. v. House of Auth, LLC*, 140 F. Supp. 3d 586 (E.D. La. 2015).

made by an investigator of the plaintiff through the defendant's website, rather than in response to a direct overture by the defendant. The court declined to consider the investigator's purchase because "a plaintiff cannot rely on such unilateral activity to manufacture jurisdiction in its chosen forum,"²⁶⁴⁵ which meant the defendant's routine post-purchase customer service interactions with the investigator also were irrelevant.²⁶⁴⁶

The court then disposed of the plaintiff's reliance on another theory, which was that the plaintiff had been injured when the USPTO rejected two applications to register the defendant's allegedly infringing mark based on a likelihood of confusion with the plaintiff's mark: As the court summarized its position, "[the plaintiff] argues that because these Office Actions put [the defendant] on notice of [the plaintiff's] mark, [the defendant's] continued use of its mark is aimed directly at [the plaintiff] and intended to cause harm in this state."²⁶⁴⁷ "This argument fails," the court held, "because it focuses inordinately on [the defendant's] connection with [the plaintiff], not Louisiana."²⁶⁴⁸ In the final analysis, "[w]here, as here, a defendant's contacts with the forum state occur merely because a plaintiff is a resident of that state, there is nothing to indicate that the defendant directed its activities at the state or purposefully availed itself of the state's benefits and protections."²⁶⁴⁹

Having failed in a Massachusetts federal district court to establish the propriety of an exercise of specific personal jurisdiction over an Arizona-based business, a different plaintiff suffered the same fate in an appeal to the First Circuit.²⁶⁵⁰ On appeal, as it had done below, the plaintiff unsuccessfully relied on the injury it putatively had sustained in Massachusetts, "[b]ut, in fact, what [the plaintiff's] allegations more precisely establish is that any injury occurs in Arizona where [the plaintiff's] Arizona franchisee potentially loses business, with the effect that this out-of-state injury might eventually be felt by [the plaintiff] in Massachusetts where it resides;"²⁶⁵¹ that type of injury, the court concluded, was insufficient to establish a nexus between the

2645. *Id.* at 596.

2646. Those interactions consisted of an e-mailed confirmation of the investigator's order, "routine customer service efforts that the investigator himself initiated, first by placing his order and then by emailing and calling [the defendant] to check the status of his shipment," and the defendant's refund of expedited delivery services that had not been used. *Id.* at 596-97.

2647. *Id.* at 598.

2648. *Id.* at 598-99.

2649. *Id.* at 599.

2650. *See A Corp. v. All Am. Plumbing, Inc.*, 812 F.3d 54 (1st Cir. 2016).

2651. *Id.* at 59-60.

defendant's conduct and the plaintiff's claimed injury.²⁶⁵² The court next rejected the plaintiff's argument the defendant had purposefully availed itself of the privilege of doing business in Massachusetts by operating a non-interactive website accessible there, noting in the process the defendant was licensed to do business only in Arizona.²⁶⁵³ Under the circumstances, the court found it unnecessary to address the issue of whether an exercise of personal jurisdiction would be constitutionally unreasonable;²⁶⁵⁴ instead, the district court had properly dismissed the action.²⁶⁵⁵

A North Carolina plaintiff similarly failed to establish the propriety of an exercise of general and specific jurisdiction alike over a Massachusetts-based defendant accused of infringement.²⁶⁵⁶ The defendant was registered to do business in the plaintiff's home state, and the plaintiff argued the registration in and of itself subjected the defendant to an exercise of general jurisdiction there. Addressing the relevant provision of the North Carolina code,²⁶⁵⁷ the court concluded the plaintiff's suggested interpretation of it was "not immediately obvious from the face of the statute."²⁶⁵⁸ Of equal importance, the plaintiff cited "no decision—State or federal—construing North Carolina's registration statute to extend [general] personal jurisdiction over registered business."²⁶⁵⁹

The court then similarly disposed of the plaintiff's claim the defendant was properly subject to an exercise of specific personal jurisdiction. The record established the defendant engaged in various promotional activities in North Carolina and, indeed, that it enjoyed at least some revenue from within the state. That revenue, however, amounted to only 0.3% of the defendant's revenues, and the plaintiff failed to explain to the court's satisfaction how its claims might have arisen from most of the defendant's conduct in North Carolina. An arguable exception was

2652. *Id.* at 60.

2653. *Id.*

2654. The court did, however, set forth a multifactor test for evaluating reasonableness, which took into account:

(1) the defendant's burden of appearing [in the forum state], (2) the forum state's interest in adjudicating the dispute, (3) the plaintiff's interest in obtaining convenient and effective relief, (4) the judicial system's interest in obtaining the most effective resolution of the controversy, and (5) the common interests of all sovereigns in promoting substantive social policies.

Id. at 61 (alteration in original) (quoting *C.W. Downer & Co. v. Bioriginal Food & Sci. Corp.*, 771 F.3d 59, 69 (1st Cir. 2014)).

2655. *Id.* at 61-62.

2656. *See Pub. Impact, LLC v. Boston Consulting Grp.*, 117 F. Supp. 3d 732 (M.D.N.C. 2015).

2657. N.C. Gen. Stat. § 55-15-05(b) (2015).

2658. *Pub. Impact*, 117 F. Supp. 3d at 740.

2659. *Id.*

the defendant's operation of a website promoting those services that was accessible to state residents, but the court found that showing inadequate under controlling Fourth Circuit authority:

[A] State may, consistent with due process, exercise judicial power over a person outside of the State when that person (1) directs electronic activity into the State, (2) with the manifested intent of engaging in business or other interactions within the State, and (3) that activity creates, in a person within the State, a potential cause of action cognizable in the State's courts.²⁶⁶⁰

Applying this test, the court found the defendant's website "at best, 'semi-interactive,'"²⁶⁶¹ as well as that "nothing about [the] website suggests that it is specifically directed at North Carolina,"²⁶⁶² and "[the defendant's] online use of [the site] manifests no intent to target North Carolina."²⁶⁶³ The court therefore granted the defendant's motion to dismiss.²⁶⁶⁴

Reliance on a website operated by California-based defendants proved similarly availing to a plaintiff seeking to hale those defendants into a Nevada federal district court.²⁶⁶⁵ The record established the defendants operated a car wash "close to 250 miles from the nearest Nevada border,"²⁶⁶⁶ and the court rejected various attempts by the plaintiff to overcome that circumstance. One was the argument that the defendants advertised on a website accessible in Nevada, which the court dismissed because the defendants otherwise limited their advertising to the Los Angeles area²⁶⁶⁷ and because the site was both passive in nature²⁶⁶⁸ and did not target Nevada residents.²⁶⁶⁹ The court also declined to credit the plaintiffs' claim the defendants had the constitutionally required minimum contacts with Nevada because they had failed to comply with a cease-and-desist letter forwarded by the plaintiffs' counsel from that state: Although the plaintiff argued

^{2660.} *Id.* at 743 (quoting *ALS Scan, Inc. v. Digital Serv. Consultants, Inc.*, 293 F.3d 707, 743 (4th Cir. 2002)).

^{2661.} *Id.* at 744 (quoting *Christian Sci. Bd. of Directors of the First Church of Christ, Scientist v. Nolan*, 259 F.3d 209, 218 n.11 (4th Cir. 2001)).

^{2662.} *Id.*

^{2663.} *Id.*

^{2664.} *Id.* at 745.

^{2665.} See *Bellagio, LLC v. Bellagio Car Wash & Express Lube*, 116 F. Supp. 3d 1166 (D. Nev. 2015).

^{2666.} *Id.* at 1172.

^{2667.} *Id.*

^{2668.} According to the court, "[the website] lists the name, address, and phone number of the [defendants'] business in Los Angeles, California, and allows viewers to text a number to receive a coupon for their next car wash." *Id.* at 1173.

^{2669.} *Id.* at 1172-73.

the defendant had targeted the plaintiff in Nevada from its receipt of the letter forward, the court instead held that “it is the defendant who must create contacts with the forum state, not the plaintiff or plaintiff’s contact with the defendant.”²⁶⁷⁰

An individual defendant escaped an exercise of specific personal jurisdiction by a New York federal district court, despite his failure to participate in the case.²⁶⁷¹ In support of its motion for a default judgment, the plaintiff successfully demonstrated the individual defendant’s employer was properly haled into court in New York, but that holding did not extend to the individual defendant. Rather, as the court noted, the complaint described the individual defendant as the president and principal of the corporate defendant, but it otherwise failed to provide any details on the individual defendant’s participation in the alleged infringement. As a consequence, even if taken as true, the plaintiff’s allegations of the individual defendant’s conduct were insufficient to satisfy the requirements of the New York long-arm statute.²⁶⁷²

Finally, an invocation of Rule 4(k)(2) fell short in an action brought in part under the Lanham Act by a citizen of Sweden in Pennsylvania federal district court.²⁶⁷³ The defendants targeted by the plaintiff’s complaint included a Swiss corporation with a primary place of business in Switzerland, which moved to dismiss the complaint on the theory it was not subject to an exercise of jurisdiction under the rule. In granting the motion, the court noted as an initial matter that:

[F]or a Court to constitutionally exercise personal jurisdiction over a foreign defendant under the Rule: (1) there must be a claim arising under federal law; (2) the defendant must be beyond the jurisdictional reach of any state court of general jurisdiction; and (3) the defendant must have sufficient contacts with the United States as a whole so that the court’s exercise of personal jurisdiction over the defendant comports with the due process requirements of the Constitution or other federal law.²⁶⁷⁴

The defendant did not contest the first two of these requirements, but instead argued it lacked sufficient contacts with the United States to satisfy the third requirement. In response, the plaintiff pointed to a statement on the defendant’s website that the defendant maintained a research and development facility in the United States. Citing the Supreme Court’s decisions in *Goodyear*

2670. *Id.* at 1172.

2671. *See* *Rovio Entm’t, Inc. v. Allstar Vending, Inc.*, 97 F. Supp. 3d 536 (S.D.N.Y. 2015).

2672. *Id.* at 542-43.

2673. *See* *Sköld v. Galderma Labs.*, 99 F. Supp. 3d 585 (E.D. Pa. 2015).

2674. *Id.* at 603.

Dunlop Tires Operations, S.A. v. Brown,²⁶⁷⁵ and *Daimler AG v. Bauman*,²⁶⁷⁶ the court held the plaintiff's averment of a single domestic facility failed to establish the defendant was "essentially at home" in the United States, a showing now required under the rule.²⁶⁷⁷ The court therefore concluded the rule could not support an exercise of personal jurisdiction.²⁶⁷⁸

4. Venue

Under 28 U.S.C. § 1391(b), venue in a federal court action will properly lie in a district in which "any defendant resides, if all defendants are residents of the State in which the district is located," "in which a substantial part of the events or omissions giving rise to the claim occurred," or in which any defendant may be found "if there is no district in which an action may otherwise be brought."²⁶⁷⁹ A challenge to the venue chosen by a plaintiff can take the form of a motion to dismiss brought under Federal Rule of Civil Procedure 12(b)(3) and 28 U.S.C. § 1406(a), the latter of which authorizes federal district courts to transfer or dismiss cases "laying venue in the wrong division or district,"²⁶⁸⁰ and which is arguably a codification of the common-law doctrine of *forum non conveniens*.²⁶⁸¹ A venue challenge can also include a motion to transfer under 28 U.S.C. § 1404(a), which provides "[f]or the convenience of [the] parties and the witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought"²⁶⁸² Because improper venue is an affirmative defense, a plaintiff need not recite the proper statutory basis for its decision to file in a particular forum to survive a motion to dismiss.²⁶⁸³

a. Opinions Finding Venue Proper

The undisputed facts underlying one finding that venue was proper in an action before the United States District Court for the

2675. 564 U.S. 915.

2676. 134 S. Ct. 746 (2014).

2677. *Sköld*, 99 F. Supp. 3d at 604.

2678. *Id.* at 605. The court did, however, ultimately exercise personal jurisdiction over the defendant based on a forum selection clause in an agreement to which the defendant was not a signatory. *Id.* at 605-09.

2679. 28 U.S.C. § 1391(b) (2012).

2680. *Id.* § 1406(a).

2681. See generally *Sinochem Int'l Co. v. Malaysia Int'l Shipping Corp.*, 549 U.S. 422, 423 (2007) (noting that dismissal or transfer appropriate under *forum non conveniens* "when considerations of convenience, fairness, and judicial economy so warrant").

2682. 28 U.S.C. § 1404(a).

2683. *Luverne Truck Equip., Inc. v. Worldwide Equip., Inc.*, 173 F. Supp. 3d 915, 924 (D.S.D. 2016).

Southern District of Florida were noteworthy.²⁶⁸⁴ A joint motion for entry of a permanent injunction recited the plaintiff was a telecommunications provider domiciled in that district. The same submission also established the defendant had coerced employees of the plaintiff to grant him access to the plaintiff's proprietary computer, which allowed the defendant to misappropriate prepaid air time on the plaintiff's network; he then sold that airtime using the plaintiff's marks. Not surprisingly, the court held that "[v]enue is proper pursuant to 28 U.S.C. § 1391(a) and (b), because a substantial part of the events and property that are the subject of the action are located within the Southern District of Florida, and the impact of [the defendant's] conduct occurred in this District."²⁶⁸⁵

Another straightforward finding of proper venue came on a defense motion to transfer an action from the District of Oregon to the Southern District of New York.²⁶⁸⁶ After finding the requirements of 28 U.S.C. § 1391(b) satisfied because Oregon consumers were likely to be confused by the sale of the defendant's goods,²⁶⁸⁷ the court denied the defendant's motion to transfer. The plaintiff's request of injunctive relief against the New York-based defendant weighed "slightly" in favor of a transfer,²⁶⁸⁸ but that was the only relevant consideration supporting a grant of the plaintiff's motion. One supporting the opposite result was the plaintiff's choice of forum, a factor entitled to "great weight" because that choice was the plaintiff's home district.²⁶⁸⁹ With the remaining relevant factors neutral at best, the court declined to disturb that choice.²⁶⁹⁰

The "considerable deference" properly due a plaintiff's choice of forum similarly led a South Carolina federal district court to deny a motion to transfer the action before it to the Eastern District of Kentucky under 28 U.S.C. § 1404(a).²⁶⁹¹ The sole basis for overturning that choice proffered by the defendant was that its sales of goods allegedly violating the plaintiff's trade dress rights had taken place in Kentucky and that purchasers of those goods were likely witnesses in the case. It neglected to provide evidentiary support for that proposition, however: "While there

2684. See *TracFone Wireless, Inc. v. Adams*, 98 F. Supp. 3d 1243 (S.D. Fla. 2015).

2685. *Id.* at 1255.

2686. See *adidas Am., Inc. v. Cougar Sport, Inc.*, 169 F. Supp. 3d 1079 (D. Or. 2016).

2687. *Id.* at 1094-95.

2688. *Id.* at 1096.

2689. *Id.*

2690. The neutral factors were the parties' contacts with the forum, differences in the costs of litigation between the two districts, and the availability of compulsory process. *Id.*

2691. See *Luverne Truck Equip., Inc. v. Worldwide Equip., Inc.*, 173 F. Supp. 3d 915, 924 (D.S.D. 2016).

may be necessary witnesses in the areas where the product is marketed, [the defendant] has failed to support this assertion with any specificity other than offering a limited representation of where it markets its products.”²⁶⁹² Accordingly, the defendant’s bid for a transfer failed.²⁶⁹³

A more unexpected finding of proper venue came in an action in the District of Massachusetts in which the parties previously had entered into an agreement requiring them to form an entity named “Inner Mongolia Xiao Wei Yang Catering Chain Overseas Management Company”; a forum-selection clause then required the parties to litigate any disputes between them in the home forum of that entity.²⁶⁹⁴ By the time hostilities erupted between the parties, they had indeed jointly formed a company in China, but its name was “Inner Mongolia Xiao Wei Yang Catering Chain Management Co., Ltd.” Although the parties’ agreement contemplated a possible name change for “Inner Mongolia Xiao Wei Yang Catering Chain Overseas Management Company” following its formation, the court held on the defendants’ motion to dismiss that the defendants had failed to demonstrate the extant company was merely the renamed company provided for in the agreement. The court therefore denied the motion with leave to the defendants to make that showing.²⁶⁹⁵ In the absence of that proof, the court explained, the forum-selection clause did not govern the plaintiffs’ trademark claims because those claims arose independent of the agreement.²⁶⁹⁶

Finally, reported opinions addressing claims of *forum non conveniens* are relatively rare in trademark and unfair competition litigation, but one came from the Federal Circuit in an appeal from the dismissal by an Illinois federal district court of design patent, trademark, and copyright infringement action by a furniture designer located in Hong Kong against a Canadian competitor.²⁶⁹⁷ The district court concluded Canada was an adequate venue for the plaintiff’s claims, citing Canada’s obligation as a signatory to the Berne Convention to protect the plaintiff’s copyrights; the suitability of Canada as a forum for the plaintiff’s design patent and trademark infringement claims went unaddressed. Applying Seventh Circuit law, the Federal Circuit concluded the district court had abused its discretion by dismissing the action. According

²⁶⁹². *Id.* at 924.

²⁶⁹³. *Id.*

²⁶⁹⁴. *See* Xiao Wei Yang Catering Linkage in Inner Mongolia Co., LTD. v. Inner Mongolia Xiao Wei Yang USA, Inc., 150 F. Supp. 3d 71, 77 (D. Mass. 2015).

²⁶⁹⁵. *Id.* at 78-79.

²⁶⁹⁶. *Id.* at 79-81.

²⁶⁹⁷. *See* Halo Creative & Design Ltd. v. Comptoir Des Indes Inc., 816 F.3d 1366 (Fed. Cir. 2016).

to the appellate court, Canada was not an adequate alternative forum unless it permitted litigation of the subject matter of the suit, and, even as to the plaintiff's copyright claims, the defendants had failed to demonstrate that was the case.²⁶⁹⁸ Moreover, even had they done so, "it appears that the only intellectual property law the Federal Court of Canada would apply is its own."²⁶⁹⁹ Holding that "[i]t is particularly important that a *forum non conveniens* movant demonstrate the adequacy of an alternative forum when the dispute implicates the enforcement of intellectual property rights,"²⁷⁰⁰ the court further observed, "[t]he policies underlying United States copyright, patent, and trademark laws would be defeated if a domestic forum to adjudicate the rights they convey was denied without a sufficient showing of the adequacy of the alternative foreign jurisdiction."²⁷⁰¹

b. Opinions Declining to Find Venue Proper

Compared to motions to transfer under 28 U.S.C. § 1404(a), motions to transfer trademark-related litigation under 28 U.S.C. § 1406(a) are relatively rare, but a group of defendants successfully invoked the latter statute to secure a transfer of the litigation against them from the Northern District of Illinois to the Central District of Illinois.²⁷⁰² The plaintiffs' complaint recited that venue was proper under 28 U.S.C. § 1391(b)(2) because the defendants transacted business in the Northern District, because part of the events giving rise to the action occurred in that district, and because the plaintiffs had been injured there. Nevertheless, the plaintiffs themselves resided outside of the Northern District, and the complaint lacked any details supporting their choice of venue other than allegations that the defendants—who were domiciled in the Central District—had solicited a single potential customer in the Northern District, had retained an attorney in the Northern District to prosecute their trademark applications, and had retained a technology vendor located in the Northern District to "fully wipe" data related to the plaintiffs from the defendants' computers.²⁷⁰³

2698. The defendants' showing on this point was apparently limited to "a printout of a webpage from the site of the Federal Court of Canada, simply showing that the Federal Court of Canada has jurisdiction to adjudicate 'intellectual property rights, including copyright, industrial design ... patents ... and trade-marks.'" *Id.* at 1372. The court dismissed that evidence as "demonstrat[ing] nothing more than the unremarkable proposition that the Federal Court of Canada has jurisdiction over Canadian intellectual property disputes." *Id.*

2699. *Id.*

2700. *Id.* at 1373.

2701. *Id.*

2702. *See Dutch Valley Growers, Inc. v. Rietveld*, 314 F.R.D. 293 (N.D. Ill. 2015).

2703. *Id.* at 296.

Characterizing these alleged facts as “scanty,”²⁷⁰⁴ the court held them inadequate to satisfy the requirements of 28 U.S.C. § 1391(b)(2).²⁷⁰⁵ It then rejected the plaintiffs’ claim the allegations rendered the defendants residents of the Northern District for purposes of 28 U.S.C. § 1391(b)(1), concluding instead the defendants were subject to an exercise of neither general nor specific personal jurisdiction in that forum.²⁷⁰⁶ Finally, although outright dismissal of the action was an option under 28 U.S.C. § 1406, the court held transfer to the Central District the better disposition of the defendants’ motion because the plaintiffs could have brought the action there in the first place and because, unlike the Northern District, “[a]t the very least, a substantial part of the events giving rise to the Complaint occurred [there]”²⁷⁰⁷

5. Issue and Claim Preclusion

a. Issue Preclusion (Collateral Estoppel)

The doctrine of issue preclusion, or collateral estoppel, provides that “[w]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.”²⁷⁰⁸ Since the Supreme Court’s 2015 opinion in *B & B Hardware, Inc. v. Hargis Indus.*,²⁷⁰⁹ in which the Court recognized the possibility of Trademark Trial and Appeal Board decisions having issue-preclusive effect, the doctrine has attracted increased attention, and, indeed, the past year saw the first applications of *B & B Hardware* by federal district courts.

One such application came in action in which the Board previously had found that the lead defendant had committed fraud while prosecuting an application to register the disputed mark.²⁷¹⁰ The lead defendant failed to appeal that adverse determination, and the parties later wound up in district court in litigation over the same mark as in the opposition proceeding. On the plaintiff’s motion for summary judgment, the Virginia federal district court hearing the case gave the prior Board finding dispositive effect under the Fourth Circuit’s five-part test for issue preclusion because: (1) the issue at stake was identical to that decided by the

^{2704.} *Id.*

^{2705.} *Id.* at 297.

^{2706.} *Id.* at 297-99.

^{2707.} *Id.* at 299.

^{2708.} Restatement (Second) of Judgments § 27, at 250 (1980).

^{2709.} 135 S. Ct. 1293 (2015).

^{2710.} See *Nationstar Mortg., LLC v. Ahmad*, 155 F. Supp. 3d 585 (E.D. Va. 2015), *appeal dismissed*, No. 16-1422 (4th Cir. July 13, 2016).

Board; (2) the Board had reached an actual determination of that issue; (3) that determination had been a critical and necessary part of the Board's decision; (4) the Board's decision was final and unappealed; and (5) the lead defendant had had a full and fair opportunity to litigate the issue.²⁷¹¹

A similar outcome transpired in litigation before a Maryland federal district court.²⁷¹² The issue at stake in that litigation was that of priority, something the parties previously had litigated in an opposition. The Board found as a matter of law the defendant enjoyed prior use of the disputed mark, and the plaintiff referred to that disposition in his complaint before the district court, which led the defendant to move the court for judgment on the pleadings. Although acknowledging *B & B Hardware* did not establish a bright-line rule requiring federal courts to give all final decisions by the Board issue-preclusive effect, the court held that "the issue of priority determined in an earlier proceeding before the Trademark Board 'is identical to priority of use in an infringement suit.'"²⁷¹³ Having thus determined the two proceedings presented an identity of issues, the court found the other requirements for a holding of issue preclusion were met, and it therefore held the defendant entitled to prevail at the pleadings stage.²⁷¹⁴

In an opinion not involving a prior opinion from the Board but instead one from a federal district court, the Fifth Circuit held that issue preclusion "precludes a party from litigating an issue already raised in an earlier action between the parties only if: (1) the issue at stake is identical to the one involved in the earlier action; (2) the issue was actually litigated in the prior action; and (3) the determination of the issue in the prior action was a necessary part of the judgment in that action."²⁷¹⁵ The appeal before that court involved a prior determination in litigation between the same parties that the defendants' descriptive mark lacked acquired distinctiveness, which the court previously had given issue-preclusive effect in an earlier appeal. The defendants argued intervening material factual changes had rendered the earlier finding moot, citing an additional thirteen years of use, an increase in their annual revenues from "just over \$3 million to an average of \$14 million," an expansion of their advertising, increased exposure on the Internet, favorable survey results, and the

2711. *Id.* at 593.

2712. *See Ashe v. PNC Fin. Servs. Grp.*, 165 F. Supp. 3d 357 (D. Md. 2015).

2713. *Id.* at 362 (quoting *Coryn Grp. II, LLC v. O.C. Seacrets, Inc.*, No. WDQ-08-2764, 2011 WL 6202479, at *2 (D. Md. Dec. 6, 2011)).

2714. *Id.* at 364-65.

2715. *Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc.*, 799 F.3d 437, 448 (5th Cir. 2015) (quoting *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559, 572 (5th Cir. 2005)), *cert. denied*, 137 S. Ct. 499 (2016).

emergence of actual confusion.²⁷¹⁶ Despite these showings, the appellate court held the district court had not erred by holding the defendants still bound by issue preclusion. Instead, “[a] significant intervening factual change must be shown. Evidence of increased business success alone is insufficient to show a significant intervening change.”²⁷¹⁷

b. Claim Preclusion (Res Judicata)

Claim preclusion, or *res judicata*, “precludes litigation of issues that were actually decided or could have been decided in a prior action.”²⁷¹⁸ Notwithstanding its significance in the opinions addressed immediately above, *B & B Hardware* does not mean the Board’s disposition of a case on a purely procedural ground should have issue-preclusive effect, because, as one court properly recognized, such a scenario must be evaluated under a claim-preclusion rubric.²⁷¹⁹ In the case before that court, a petitioner for cancellation had withdrawn its abandonment-based petition without the respondent’s permission, which had resulted in the entry of judgment against it. When the petitioner again alleged abandonment in the context of an infringement action, the respondent sought to have the Board’s disposition of the cancellation action given preclusive effect, but the court declined to do so. It noted that “[c]laim preclusion operates to bar a second trademark proceeding where: ‘(1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first.’”²⁷²⁰ Notwithstanding a superficial similarity between the petitioner’s two attacks on the respondent’s registration, the court held they were not based on the same transactional facts because the second one alleged a period of nonuse postdating the original period alleged in the petition for cancellation:

Here, [the petitioner] has credibly stated that in litigating the merits of its cause of action for cancellation of [the respondent’s registration], this Court will necessarily be adjudicating facts that post-date [the petitioner’s] initial trademark registration challenge. The Court therefore finds that [the petitioner] has stated a plausible claim that because its present challenge to [the respondent’s] registration . . . will

2716. *Id.* at 449.

2717. *Id.* (internal quotation marks omitted).

2718. *Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158, 1185 (D. Colo. 2015).

2719. *See CSL Silicones Inc. v. Midsun Grp.*, 170 F. Supp. 3d 304 (D. Conn. 2016).

2720. *Id.* at 318 (quoting *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000)).

necessarily involve the litigation of facts that occurred [after the original period of nonuse], it will not be based on the same set of transactional facts as its first petition.²⁷²¹

In an opinion not turning on a prior Board opinion, but instead the disposition by another federal trial court of an earlier dispute between the parties, a Colorado federal district court held that issue preclusion “applies where: (i) the prior suit resulted in a final judgment on the merits; (ii) the same parties were involved in both suits; and (iii) the same cause of action is pressed in both suits.”²⁷²² The plaintiff’s objections in the earlier suit arose from a corporate defendant’s “boasting of false accomplishments on its own website and falsely appropriating [the plaintiff’s] name in pay-per-click advertisements.”²⁷²³ Those in the second suit, however, were to the defendants’ establishment of a website featuring negative commentary about the plaintiff allegedly generated by consumers but in fact originating with the defendants. The timing of the establishment of that site, the court held, precluded an application of claim-preclusion principles: “[I]t is clear that the . . . site only came into existence . . . months before the [earlier] case was tried . . . , and long after the deadline for amending pleadings and adding claims.”²⁷²⁴ This outcome held despite the plaintiff’s reliance on the existence of the site during the trial of the earlier case.²⁷²⁵

The doctrine of nonparty claim preclusion made a rare appearance in an opinion by a Florida federal district court, which held the assignee of a trademark was bound by the disposition of a suit brought by the plaintiff’s predecessor.²⁷²⁶ According to the preliminary injunction record before that tribunal, the predecessor had filed an earlier action against the defendants alleging breach of a license between the predecessor and the lead defendant. That litigation settled with an agreement containing mutual releases as to any issues within the scope of the litigation and reciting the agreement was binding upon the parties and, *inter alia*, their “assigns” and “affiliates.”²⁷²⁷ Before the execution of the settlement papers, however, the predecessor assigned its trademark rights to the plaintiff in an agreement acknowledging the pendency of the litigation and the plaintiff’s entitlement to share in any proceeds,

2721. *Id.* at 319 (citation omitted).

2722. *Gen. Steel Domestic Sales, LLC v. Chumley*, 129 F. Supp. 3d 1158, 1185-86 (D. Colo. 2015).

2723. *Id.* at 1186.

2724. *Id.*

2725. *Id.*

2726. *See Peter Coppola Beauty, LLC v. Casaro Labs.*, 108 F. Supp. 3d 1323 (S.D. Fla. 2015).

2727. *Quoted in id.* at 1327.

after which the plaintiff hired the predecessor as its CEO. There was no dispute the plaintiff and its principals were aware of the settlement agreement but failed to object to it before its execution.

On these facts, the court held that nonparty claim preclusion barred the plaintiff's prosecution of a latter-day infringement claim against the defendants. As to claim preclusion itself, the court noted that: (1) the settlement agreement had led to a final judgment in the original litigation via a stipulated dismissal;²⁷²⁸ (2) there was no dispute as to the court's jurisdiction over that litigation;²⁷²⁹ (3) "it is likely that Plaintiff was in privity with [its predecessor] and therefore was his successor in interest";²⁷³⁰ and (4) both the original litigation and the second action involved the same cause of action, namely one for infringement against the defendants' alleged misuse of the plaintiff's mark.²⁷³¹ Moreover, the relationship between the two cases satisfied the Supreme Court's test for nonparty claim preclusion in *Taylor v. Sturgell*²⁷³² because: (1) the plaintiff's entitlement to share in the proceeds of the earlier litigation constituted an agreement to be bound by the litigation's outcome;²⁷³³ (2) there was a substantive legal relationship between the plaintiff and its predecessor;²⁷³⁴ (3) the predecessor had adequately represented the plaintiff's interests;²⁷³⁵ and (4) the plaintiff could and did exercise control over the earlier litigation.²⁷³⁶ With the plaintiff unable to demonstrate a likelihood of success on the merits, its bid for a preliminary injunction fell short.²⁷³⁷

In contrast, the Second Circuit split the proverbial baby, accepting a defense assertion of claim preclusion as to some of the plaintiffs' claims but rejecting it as to another.²⁷³⁸ In an earlier stage of the parties' dispute, the plaintiffs' Section 32(1) cause of action had fallen short because they lacked a registration of the mark they sought to protect; at the same time, the plaintiffs' claims under Section 43(a) and the common law were abandoned in light of their failure to pursue them. Following those developments, the lead plaintiff acquired the mark's registration through an assignment, which led it and its co-plaintiff to renew

²⁷²⁸ *Id.* at 1331.

²⁷²⁹ *Id.*

²⁷³⁰ *Id.*

²⁷³¹ *Id.*

²⁷³² 553 U.S. 880 (2008).

²⁷³³ *Peter Coppola Beauty*, 108 F. Supp. 3d at 1333.

²⁷³⁴ *Id.* at 1332-33.

²⁷³⁵ *Id.* at 1333-34.

²⁷³⁶ *Id.* at 1334.

²⁷³⁷ *Id.*

²⁷³⁸ *See Fed. Treasury Enter. Sojuzplodoimport, OAO v. Spirits Int'l B.V.*, 809 F.3d 737 (2d Cir. 2016).

its claims. Rejecting the defendants' assertion that claim preclusion barred the plaintiffs' Section 32(1) cause of action, the Second Circuit held that "[i]n the prior litigation, [the lead plaintiffs] section 32(1) claims were dismissed for lack of statutory standing. Dismissal for lack of statutory standing is not 'on the merits' and therefore lacks res judicata effect."²⁷³⁹ Because "[t]he lack of statutory standing is a 'curable' defect," the lead plaintiffs' acquisition of the registration allowed it to survive and fight another day, at least as far as Section 32(1) was concerned.²⁷⁴⁰

The outcome was different with respect to the plaintiffs' remaining causes of action, however. As the court noted, "[a]ll of [the] non-section 32(1) claims were, or could have been, asserted in the prior litigation. [The] unfair competition claims and federal trademark claims were previously brought but abandoned, while [the] state law trademark infringement and dilution claims could have been brought but were not."²⁷⁴¹ The result was that "all of [the] non-Section 32(1) claims are barred."²⁷⁴²

6. Extraterritorial Applications of the Lanham Act

When a counterclaim plaintiff challenged allegedly false statements contained in an e-mail message addressed solely to recipients in Latin America and the Caribbean, the counterclaim defendant moved to dismiss the counterclaim plaintiff's false advertising cause of action for failure to state a claim.²⁷⁴³ In granting the motion, the court initially looked to trademark infringement doctrine to hold that "[t]o determine whether the Lanham Act reaches foreign business activities, Courts evaluate three factors: (1) whether the allegedly infringing party was a United States citizen; (2) whether the party's actions affected commerce in the United States; and (3) whether any foreign trademark law conflicted with American trademark law."²⁷⁴⁴ The court's application of the second of these factors proved fatal to the counterclaim plaintiff's case. Even though the sales territory of the e-mail's author included Puerto Rico, the court found "that fact alone . . . insufficient to establish that the particular email at issue here affected commerce in the United States . . ."²⁷⁴⁵ Beyond that determination, the court faulted the counterclaim plaintiff for failing to allege the challenged advertising affected the

²⁷³⁹. *Id.* at 745.

²⁷⁴⁰. *Id.*

²⁷⁴¹. *Id.*

²⁷⁴². *Id.*

²⁷⁴³. *See* *Champion Labs. v. Cent. Ill. Mfg. Co.*, 157 F. Supp. 3d 759 (N.D. Ill. 2015).

²⁷⁴⁴. *Id.* at 766.

²⁷⁴⁵. *Id.* at 767.

counterclaim plaintiff's domestic sales or otherwise injured the counterclaim plaintiff in the United States.²⁷⁴⁶ Because “[the counterclaim plaintiff's] broad view of geographic harm in the United States stretches the Lanham Act's territorial reach too far,” dismissal was appropriate.²⁷⁴⁷

7. Sanctions

The entry of a default judgment as a sanction for litigation-related misconduct is a disfavored remedy, but a Florida federal district court took that step after reviewing a record with ample evidence of the defendants' vexatious conduct.²⁷⁴⁸ Because one defendant was incarcerated, the plaintiff gained access to recordings of conversations between them in which they reached a “brazen agreement to infect the record with perjured testimony.”²⁷⁴⁹ That was not the full extent of the defendants' misbehavior, though, for the court also found that the defendants had “sought to disrupt this action by bringing into question the status of their representation by defense counsel, failing to appear for a noticed deposition, failing to respond appropriately to written discovery requests, motions, and court-ordered briefing, and finally by refusing to participate further in these proceedings.”²⁷⁵⁰ Taken as a whole, these actions justified the sanction of a default judgment under the Eleventh Circuit's tripartite standard because: (1) the defendants had acted in bad faith; (2) the plaintiff was prejudiced by their conduct; and (3) lesser sanctions would not adequately serve the goals of punishment and deterrence.²⁷⁵¹

8. Judicial Reassignment

Appellate courts are often reluctant to reassign matters because of alleged bias, and there was perhaps no better example of that reluctance than the Fifth Circuit's refusal to order the transfer of litigation in which the district court abused its discretion by ordering the incarceration of the defendants' counsel after holding his clients in contempt of a prior injunction.²⁷⁵² Despite what might seem the patent unfairness of requiring an attorney to return to a district court in which he or she had received such treatment, the court of appeals declined to grant the

^{2746.} *Id.*

^{2747.} *Id.*

^{2748.} *See* Sprint Sols., Inc. v. Fils-Amie, 83 F. Supp. 3d 1290 (S.D. Fla. 2015).

^{2749.} *Id.* at 1297.

^{2750.} *Id.* at 1297-98.

^{2751.} *Id.* at 1295, 1297-99.

^{2752.} *See* Test Masters Educ. Servs., Inc. v. Robin Singh Educ. Servs., Inc., 799 F.3d 437 (5th Cir. 2015), *cert. denied*, 137 S. Ct. 499 (2016).

defendants' motion for reassignment. As it explained, unfavorable judicial rulings alone did not ordinarily constitute evidence of bias, and it saw nothing else in the appellate record calling the district court judge's impartiality into dispute.²⁷⁵³

The difficulty in securing the reassignment of a case was equally apparent in the Eleventh Circuit's refusal to grant a plaintiff's motion for reassignment after reversing a district court for the second time.²⁷⁵⁴ Not without justification, the plaintiff complained of "the district judge's continued reliance on . . . inadmissible testimony, his continued reliance on [a] rejected finding of fraud [overturned as a matter of law in the first appeal], and his negative comments about the parties and their motives."²⁷⁵⁵ The appellate court framed the issue in the following terms:

In the absence of actual bias, we consider at least three factors in determining whether to reassign a case: "(1) whether the original judge would have difficulty putting his previous views and findings aside; (2) whether reassignment is appropriate to preserve the appearance of justice; (3) whether reassignment would entail waste and duplication out of proportion to gains realized from reassignment." Reassignment can become warranted on the second or third appeal, even though it was not warranted on the first or second appeal.²⁷⁵⁶

Although the procedural history of the case suggested the district court judge "may have 'difficulty putting his previous views and findings aside,'"²⁷⁵⁷ the Eleventh Circuit concluded that "his most recent missteps seem more akin to garden-variety errors of law than the kind of direct defiance or 'stalemated posture' that requires reassignment."²⁷⁵⁸ Still, however, the appellate court took the opportunity to express "our expectation that, on remand, both parties will be treated with the respect they deserve and that the district court will be able to freshly consider the remanded claims notwithstanding its previously expressed views."²⁷⁵⁹

The Third Circuit also declined to reassign a case on remand despite facts suggesting a district court had approached the claims

2753. *Id.* at 455.

2754. *See* Sovereign Military Hospitaller Order of St. John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitaller of the Sovereign Order of St. John of Jerusalem, Knights of Malta, the Ecumenical Order, 809 F.3d 1171 (11th Cir. 2015).

2755. *Id.* at 1193.

2756. *Id.* (quoting *United States v. Torkington*, 874 F.2d 1441, 1447 (11th Cir. 1989)).

2757. *Id.* (quoting *Torkington*, 874 F.2d at 1447).

2758. *Id.* (quoting *Brooks v. Cent. Bank of Birmingham*, 717 F.2d 1340, 1343 (11th Cir. 1983)).

2759. *Id.* at 1194 (internal quotation marks omitted).

of the plaintiffs before it with a certain lack of seriousness.²⁷⁶⁰ A significant concern of the plaintiffs was the district court's having kept their preliminary injunction motion under advisement for a remarkable four years and three months before finally denying it, all the while denying (without explanation) the plaintiffs' motions to supplement the record with additional evidence of actual confusion. Although the appellate court vacated the district court's finding of no likelihood of confusion on the merits, it declined to grant the "exceptional remedy" of removing the not-so-quick-on-the-trigger district court from the case.²⁷⁶¹ Instead, it noted, "[w]e have never held that delay alone merits reassignment";²⁷⁶² moreover, "adverse rulings—even if erroneous—are not in themselves proof of prejudice or bias."²⁷⁶³

F. Evidentiary Matters

1. Admissibility of Expert Witness Testimony

As usual, the general concept of expert testimony on the issues of survey evidence and monetary relief proved uncontroversial, but courts also proved receptive to experts in less traditional fields.²⁷⁶⁴ For example, an Illinois federal district court allowed expert testimony by a digital forensic examiner in a case turning in part on the issue of whether the defendants had "media-shifted" certain karaoke accompaniment tracks they had licensed from the plaintiff.²⁷⁶⁵ After rejecting the defendants' attacks on the substance of the witness's report,²⁷⁶⁶ the court turned to his credentials and found them adequate: "[The witness] has worked as a digital forensic examiner for over eight years, has extensive

2760. See *Arrowpoint Capital Corp. v. Arrowpoint Asset Mgmt., LLC*, 793 F.3d 313 (3d Cir. 2015).

2761. *Id.* at 329 (quoting *United States v. Kennedy*, 682 F.3d 244, 258 (3d Cir. 2012)) (internal quotation marks omitted).

2762. *Id.*

2763. *Id.* at 330.

2764. See, e.g., *Cedar Valley Exteriors, Inc. v. Profl Exteriors, Inc.*, 119 U.S.P.Q.2d 1445, 1450 (D. Minn. 2016) (considering expert testimony on functionality of color orange in construction, roofing, and siding industries, as well as testimony of court appointed expert on trademark law on coverage of plaintiff's registrations).

2765. See *Slep-Tone Entm't Corp. v. Coyne*, 141 F. Supp. 3d 813 (N.D. Ill. 2015).

2766. See *id.* at 818 ("Defendants contend that the report violates Rule 26(a)(2)(B) because it does not identify who conducted the examination (incorrect: the report clearly states that [the witness did]; does not indicate how the analysis was conducted (incorrect: the report identifies which hard drives [the witness] examined, the software he used, and the results of his analysis); and does not indicate how [the witness] knew the files were copies of [the plaintiffs] tracks or who altered the tracks (incorrect and irrelevant: [the witness] explained that he sampled the files and concluded that they were [the plaintiffs] files based on their filename and graphical content, and one does not need to know who altered a file to conclude that the file has been altered).") (citations omitted)).

technical training, and has given expert testimony in several cases. That is sufficient to qualify him to testify as an expert on his forensic examination of [the lead defendant's] computer."²⁷⁶⁷

Similarly, proffered expert testimony also made the grade in a case in which the genericness of the plaintiff's claimed mark—"red gold" for jewelry—was at issue.²⁷⁶⁸ One defense witness's testimony withstood attack on the theories that it rested on insufficient facts and data and that it applied unreliable principles and methods; the court ultimately found more probative the defendants' argument the witness had based his opinion "on citations to use of the [disputed] term in trade dictionaries, books, encyclopedia, the popular press, and textbooks."²⁷⁶⁹ Another defense witness similarly lacked scientific credentials, but her testimony proved acceptable because, as the court explained:

[The witness's] position of employment and over twenty years of experience in the industry establish her knowledge of the use of the term 'red gold' in the industry. She also provides an extensive overview of the basis for her opinion. And she supports it with examples of the use of the term in the industry.²⁷⁷⁰

Unfortunately for the defendants, however, the court was equally receptive to testimony from the plaintiff's witnesses. Although the defendants argued the plaintiff's experts' reports were fatally inconsistent, the court held that "[t]he fact that . . . expert witnesses are internally inconsistent or subject to impeachment does not preclude the Court from considering their opinions upon a motion for summary judgment."²⁷⁷¹ Moreover, the court also rejected the defendants' challenge to a report drafted by a linguist, observing that "[the witness's] declaration is relevant under well-settled [controlling authority]. He opines on the use of 'red gold' in 'ordinary English,' primarily drawing upon use, or lack of use, of the term in dictionaries."²⁷⁷²

Of course, not all putative experts proved acceptable. In a suit to protect the trade dress of its outdoor grills, the plaintiff proffered testimony from one of its own employees that confusion was likely between the parties' respective designs.²⁷⁷³ Without addressing the witness's clear potential bias, the court identified

2767. *Id.* (citations omitted).

2768. *See* *Solid 21, Inc. v. Hublot of Am.*, 109 F. Supp. 3d 1313 (C.D. Cal. 2015).

2769. *Id.* at 1318.

2770. *Id.* at 1319.

2771. *Id.*

2772. *Id.* (citing *Filipino Yellow Pages, Inc. v. Asian J. Publ'ns, Inc.*, 198 F.3d 1143, 1151 (9th Cir. 1999)).

2773. *See* *Weber-Stephen Prods. LLC v. Sears Holding Corp.*, 145 F. Supp. 3d 793 (N.D. Ill. 2015).

another reason for excluding his testimony, which was that “[w]hen an expert witness ‘is relying solely or primarily on experience,’ . . . ‘then the witness must explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how that experience is reliably applied to the facts.’”²⁷⁷⁴ Because the witness’s report and deposition testimony lacked such an explanation, the court declined to consider his opinion while considering the defendant’s motion for summary judgment.²⁷⁷⁵

2. Admissibility of Other Evidence and Testimony

Appealing from a jury finding of infringement, one group of defendants argued to the Sixth Circuit they had been unfairly prejudiced by the jury’s consideration of the file-wrapper history of an application unsuccessfully prosecuted by one of their members.²⁷⁷⁶ The application had received a refusal under Section 2(d) based on a prior registration of the plaintiff’s mark. The application lapsed following the rejection, but the defendants continued to use the underlying mark until they were enjoined from doing so, and that continued use led to the downfall of their challenge to the file-wrapper history’s admission into evidence: “As a matter of relevance, we agree with the district court that Defendants’ continued use of [their infringing mark] in their advertising after learning of the PTO rejection and abandoning the application has a tendency to make it more probable that their use of the [mark] was willful.”²⁷⁷⁷

The same court similarly declined to overturn the district court’s admission of testimony by the plaintiff’s principal as to what his attorney had allegedly told him about the scope of a registration owned by the plaintiff. The testimony focused on the witness’s understanding of the significance of the International Class system to the infringement inquiry. On that issue, the court credited the defendants’ argument that “[the witness’s] testimony during this passage conveyed an opinion regarding the legal effects of Plaintiff’s trademark registration—a legal matter which was the responsibility of the trial court to explain to the jury.”²⁷⁷⁸

2774. *Id.* at 799 (quoting Fed. R. Evid. 702, 2000 advisory committee’s note).

2775. *Id.*

2776. *See* CFE Racing Prods., Inc. v. BMF Wheels, Inc., 793 F.3d 571 (6th Cir. 2015).

2777. *Id.* at 586 (internal quotation marks omitted).

Significantly, this result held despite the court’s affirmance of the district court’s refusal to allow the defendants to introduce the file-wrapper history of another application filed by the same defendant and that similarly received a Section 2(d) refusal. That refusal was overcome, but, as the court pointed out, the defendants had entered into a stipulation not to rely on the withdrawal of the refusal in exchange for the plaintiff’s agreement not to rely on the initial refusal. *Id.* at 587.

2778. *Id.* at 588.

Nevertheless, and although “[a]s legal opinion testimony, [the witness’s] statements should not have been admitted,”²⁷⁷⁹ the district court’s decision to the contrary was harmless error. This was in part because, like the plaintiff, the defendants had tried at trial to use the witness’s testimony “as a proxy for legal argument.”²⁷⁸⁰ It also was in part because the district court had instructed the jury that “the PTO’s classification system ‘is merely for convenience of searching; it does not limit or extend the applicant’s or registrant’s rights,’ and that ‘[t]he classification assigned to a trademark registration has no effect on the validity or scope of protection of the registered trademark.’”²⁷⁸¹

Finally, the court also resolved—once again in the plaintiff’s favor—a dispute over the admissibility of competing testimony on whether a third-party witness had been confused by the similarity between the parties’ marks. The plaintiff’s showing consisted of testimony from its marketing director of a telephone call from the witness during which the witness expressed an interest in ordering the defendants’ goods from the plaintiff; that testimony, the court concluded, had properly been admitted not for the truth of the matter asserted, but instead as probative evidence of the witness’s confusion.²⁷⁸² In contrast, the court held, the district court properly had rejected the defendants’ reliance on a declaration from the same witness that he had *not* been confused because that statement “was a statement of memory offered for its truth.”²⁷⁸³

The admissibility of declaration testimony from consumers of allegedly misleading sales tactics by agents of the defendants was at stake in a different case.²⁷⁸⁴ Taking the declarations into account when considering the plaintiff’s motion for summary judgment, the court rejected the defendants’ argument the testimony was inadmissible hearsay for three reasons. First, the declarations “include the customers’ out of court statements to show the customers’ state of mind, an exception to the rule against hearsay.”²⁷⁸⁵ Second, “most of the declarants cite [the defendants’] sales associates’ out of court statements not for the truth of the matter asserted in the statements, but simply as proof that the sales associates made the statements, a verbal act.”²⁷⁸⁶ Finally, “[a]t the preliminary injunction stage, a district court may rely on affidavits and hearsay materials which would not be admissible

2779. *Id.*

2780. *Id.*

2781. *Id.* at 589 (alterations in original) (citations omitted).

2782. *Id.*

2783. *Id.*

2784. *See* ADT, LLC v. Capital Connect, Inc., 145 F. Supp. 3d 671 (N.D. Tex. 2015).

2785. *Id.* at 682.

2786. *Id.*

evidence for a permanent injunction, if the evidence is appropriate given the character and objectives of the injunctive proceeding.”²⁷⁸⁷

Another court addressed the admissibility of declaration testimony of various individuals in a case turning on the validity of the claimed (but ultimately generic) “red gold” mark for jewelry.²⁷⁸⁸ One proffered fact witness was a member of the defense’s legal team, and his testimony was admissible because it merely authenticated copies of patents and other materials using the phrase as an undifferentiated noun.²⁷⁸⁹ The court also admitted declarations from another group of witnesses to the effect that their employers also used the term generically over the plaintiff’s objection that industry usage was irrelevant to the dispositive issue of consumers’ perception of the claimed mark: As the court explained, industry usage did, in fact, play a role in the genericness inquiry.²⁷⁹⁰ Finally, and for the same reason, the court declined the plaintiff’s invitation to exclude testimony from the president and CEO of a trade association to the effect that “red gold” was included in a database of generic terms the trade association had developed at the behest of the USPTO.²⁷⁹¹

The defendants continued their string of successes by challenging the testimony from ten defense witnesses proffered by the plaintiff in response to the defendants’ motion for summary judgment but undisclosed by the plaintiff’s discovery responses. Because the plaintiff should have anticipated the need to demonstrate the distinctiveness of its claimed mark as part of its *prima facie* case, its failure to identify the witnesses earlier was fatal to the admissibility of their testimony: “Disclosure of new fact witnesses at the time of summary judgment places the opposing party at a disadvantage and constitutes unfair surprise.”²⁷⁹² Of equal importance, the testimony was irrelevant because it purported to show acquired distinctiveness, when the genericness of the plaintiff’s claimed mark was at issue.²⁷⁹³

The same disposition of a challenge to declaration testimony of acquired distinctiveness transpired in an action to protect the appearance of a sports helmet.²⁷⁹⁴ Responding to defense motions

2787. *Id.* (alteration in original) (quoting *Levi Strauss & Co. v. Sunrise Int’l Trading Inc.*, 51 F.3d 982, 985 (11th Cir. 1985)) (internal quotation marks omitted).

2788. *See Solid 21, Inc. v. Hublot of Am.*, 109 F. Supp. 3d 1313 (C.D. Cal. 2015).

2789. *Id.* at 1317.

2790. *Id.* at 1317-18.

2791. *Id.* at 1318-19.

2792. *Id.* at 1321.

2793. *Id.* (“Even assuming, *arguendo*, that [the plaintiff] could overcome the Rule 37(c) problem resulting from its failure to disclose, the declarations are irrelevant to the question of genericness because they are evidence of secondary meaning.”).

2794. *See Bern Unlimited, Inc. v. Burton Corp.*, 95 F. Supp. 3d 184 (D. Mass. 2015).

for summary judgment on the issue, the plaintiff proffered five declarations from both retail and end customers averring the witnesses' familiarity with the plaintiff's design. The plaintiff had failed to disclose any of the five witnesses until that point in the litigation, however, and that failure led the court to exclude their testimony. The plaintiff argued it had not recognized the need for the disputed testimony until being served with the defendants' motions, but the court held that "[the plaintiff] . . . has it backwards. Defendants do not need, and have never needed, to prove that [the plaintiff's] trade dress was *not* distinctive. Instead, [the plaintiff] must prove its trade dress *was* distinctive because it acquired secondary meaning."²⁷⁹⁵ Especially because "the potential need for such evidence was entirely predictable,"²⁷⁹⁶ the testimony of the retailer witnesses was entitled to limited weight,²⁷⁹⁷ and the late proffer would prejudice the defendants,²⁷⁹⁸ the court excluded the testimony.

Exclusion also was the remedy in a case brought by a company with two co-owners as of the filing date of the complaint.²⁷⁹⁹ During the pendency of the action, one of the co-owners assigned his rights to the other and then left the United States, answering the defendant's attempts to depose him by first claiming in a written communication he had no knowledge of any material facts and then offering in a fax that the defendants' counsel may not have received to make himself available a month after the close of discovery. When the plaintiff responded to the defendant's summary judgment motion with a declaration from the former co-owner, the defendant understandably—and successfully—moved to strike his testimony. Citing testimony of the witness's ongoing involvement with the plaintiff's business, the materiality of the testimony, the potential prejudice to the defendant, and the advanced status of the litigation, the court concluded that bad-faith obfuscation was the only explanation for the witness's conduct.²⁸⁰⁰

The court then tackled the admissibility of certain exhibits to the declaration testimony of the plaintiff's other co-founder, as well as portions of the declaration itself. Because the plaintiff had not disclosed the challenged exhibits prior to its summary judgment filings,²⁸⁰¹ the court excluded most of those as well, and it also struck the challenged testimony as irrelevant and not based on the

2795. *Id.* at 200.

2796. *Id.* at 200-01.

2797. *Id.* at 201.

2798. *Id.*

2799. *See New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287 (S.D.N.Y. 2015).

2800. *Id.* at 307-09.

2801. *Id.* at 310-13.

witness's personal knowledge.²⁸⁰² The court did, however, allow the plaintiff to rely on some of the exhibits, which the plaintiff argued responded to arguments raised by the defendant for the first time in its summary judgment papers.²⁸⁰³

A final notable opinion addressing evidentiary issues did so in the context of a plaintiff's request for judicial notice of a variety of materials, upon which the plaintiff sought to rely in response to the defendant's motion to dismiss.²⁸⁰⁴ One of the disputed pieces of evidence was an article from the Internet on the defendant's lax policing of the sale on the defendant's e-commerce platform of goods bearing counterfeit marks, which the court admitted, "but only as an indication of what information was in the public realm at the time."²⁸⁰⁵ The court also granted the plaintiff's motion with respect to screen shots from the defendant's website, of which it noted that "in analyzing a motion to dismiss, the Court may consider not only documents attached to the complaint, but also documents whose contents are alleged in the complaint, provided the complaint necessarily relies on the documents or contents thereof, the document's authenticity is uncontested, and the document's relevance is uncontested";²⁸⁰⁶ both those prerequisites were satisfied as to two screenshots, but a third screenshot was excluded because the plaintiff's complaint did not rely on it.²⁸⁰⁷ Finally, the court took into account the defendant's Form 20-F filings with the Securities and Exchange Commission, but only as evidence of the defendant's advertising practices, rather than for the truth of any statements contained within them.²⁸⁰⁸

A final opinion of note tackled the question of whether deposition testimony from an earlier opposition proceeding before the Trademark Trial and Appeal Board was properly the subject of judicial notice.²⁸⁰⁹ The defendant, which had prevailed before the Board, referred the court to the inter partes record in support of a motion to dismiss the plaintiff's district court appeal from the Board's decision under Section 21(b). The court declined to consider it, accusing the defendant of an "overbroad use of judicial notice"²⁸¹⁰ and noting that "courts generally do not take judicial

2802. *Id.* at 314-15.

2803. *Id.* at 312.

2804. *See* *Spy Optic, Inc. v. Alibaba.com, Inc.*, 163 F. Supp. 3d 755 (C.D. Cal. 2015).

2805. *Id.* at 762.

2806. *Id.* at 763.

2807. *Id.*

2808. *Id.*

2809. *See* *Vina Undurraga S.A. v. Serine Cannonau Vineyard, Inc.*, 118 U.S.P.Q.2d 1724 (C.D. Cal. 2016).

2810. *Id.* at 1727.

notice of deposition testimony”²⁸¹¹ It then reached the same conclusion with respect to the defendant’s attempted reliance on third-party media articles.²⁸¹²

G. Trademark- and Service Mark-Related Transactions

1. Interpretation and Enforcement of Trademark and Service Mark Assignments

The long-standing battle over the STOLICHNAYA mark for vodka took another turn in an opinion from the Second Circuit.²⁸¹³ The issue before that court was whether a purported assignment of the rights to the mark from the Russian government to a Russian government-chartered entity was valid under Russian law. The district court held the assignment was invalid, but that holding failed to face appellate scrutiny. The reason, the Second Circuit held, was that “[u]nder the principles of international comity, United States courts ordinarily refuse to review acts of foreign governments and defer to proceedings taking place in foreign countries, allowing those acts and proceedings to have extraterritorial effect in the United States.”²⁸¹⁴ The appellate court acknowledged an exception to this rule—namely, if extending comity to the Russian government’s assignment would be contrary to the policies of, or prejudicial to, the interests of the United States—but it held the exception inapplicable: “So long as the act is the act of the foreign sovereign, it matters not how grossly the sovereign has transgressed its own laws.”²⁸¹⁵

Considerations of international comity aside, the court identified an additional basis for overturning the district court’s inquiry into the validity of the assignment, which was the act of state doctrine. As described by the appellate court, that doctrine “precludes any review whatever of the acts of the government of one sovereign State done within its own territory by the courts of another sovereign State.”²⁸¹⁶ In the case at hand, the doctrine was applicable because the Russian government’s assignment “was the act of a foreign sovereign; it was also ‘done’ within the boundaries of Russia.”²⁸¹⁷ Moreover, “[t]he . . . Assignment [does] not purport

^{2811.} *Id.*

^{2812.} *Id.*

^{2813.} *See* Fed. Treasury Enter. Sojuzplodoimport, OAO v. Spirits Int’l B.V., 809 F.3d 737 (2d Cir. 2016).

^{2814.} *Id.* at 742-43 (quoting Pravin Banker Assocs., Ltd. v. Banco Popular Del Peru, 109 F.3d 850, 854 (2d Cir. 1997)) (internal quotation marks omitted).

^{2815.} *Id.* at 743 (quoting Banco de Espana v. Fed. Reserve Bank of N.Y., 114 F.2d 438, 444 (2d Cir. 1940)) (internal quotation marks omitted).

^{2816.} *Id.* at 743 (quoting First Nat’l City Bank v. Banco Nacional de Cuba, 406 U.S. 759, 763 (1972)) (internal quotation marks omitted).

^{2817.} *Id.* at 744.

to decide the merits issue of whether [the defendants] have violated the Lanham Act by misappropriating the Marks. Rather, the validity of the Assignment determines only [the lead plaintiffs] statutory standing to assert such claims as the Russian Federation may have.”²⁸¹⁸ In the final analysis, “[t]hat is a question of Russian law decided within Russia’s borders, rather than a matter of U.S. law with a situs in the United States.”²⁸¹⁹

Challenges under Massachusetts law to two different assignments of rights similarly fell short. The first occurred in an appeal to the First Circuit in an action between a doctor and a hospital that previously had employed him.²⁸²⁰ The doctor had signed three employment agreements, each of which incorporated by reference a standalone intellectual property policy assigning to the hospital any intellectual property rights developed during the parties’ relationship. Claiming ownership of three service marks developed and cultivated while employed by the hospital, the doctor asserted the assignment was invalid because there had been no meeting of the minds, but that argument failed based on the court’s conclusion that:

[N]otwithstanding [the doctor’s] assertions that he was unaware of the IP policy, he objectively manifested the intent to be bound by that policy when, without reservation, he signed the employment agreements that incorporated it by reference. Under these circumstances, there can be no doubt that [the doctor] intended to be bound by his employment agreements in their totality. Separate evidence of [the doctor’s] assent to a particular provision (the incorporated IP policy) would be superfluous.²⁸²¹

Another challenge to the assignment by the doctor, namely, that his employment agreements were void under the doctrine of unilateral mistake, fared no better. As the court characterized the plaintiff’s argument on that issue, “the mistake to which [the doctor] refers is his misunderstanding about whether an IP policy existed and applied to the [disputed] [m]arks.”²⁸²² The argument failed because the doctor “bore the risk of that mistake when he signed his employment contracts knowing that he had incomplete knowledge about the terms of those contracts. All of his employment contracts clearly stated that he would be bound to

2818. *Id.*

2819. *Id.*

2820. *See* *Greene v. Ablon*, 794 F.3d 133 (1st Cir. 2015).

2821. *Id.* at 147 (citation omitted). Despite this holding, the court held that the record indeed contained separate evidence of his assent to the intellectual property policy because two of the three employment agreements the doctor had executed “gave explicit notice of the IP policy and provided a URL address where the policy text could be accessed.” *Id.*

2822. *Id.* at 148.

[the hospital's] 'policies,' yet he did not seek out or read those policies."²⁸²³ Moreover, the court held, "[e]ven if [the doctor] did not bear the risk, we could not find it unconscionable to enforce the agreements under the circumstances."²⁸²⁴ The district court therefore had properly entered summary judgment in the hospital's favor.²⁸²⁵

The second challenge to an assignment of rights to fall short under Massachusetts law did so at the hands of a Massachusetts federal district court.²⁸²⁶ After registering two marks with the USPTO for health club services, the plaintiffs entered into a transaction with the defendants, pursuant to which the defendants acquired all the assets associated with the plaintiffs' three clubs. The agreement between the parties broadly defined "assets" as "[a]ll of [the plaintiffs'] right, title, interest in, to and of the [clubs], including but not limited to, all of the assets, any and all customer lists, goodwill, name, equipment, leasehold improvements, security deposits, Accounts Receivables, computers, software, furniture and equipment, and any and all assets used in the business."²⁸²⁷ Despite the breadth of that definition, the plaintiffs rather improbably claimed to have retained ownership of the two registered marks, which they alleged the defendants had infringed. The court proved unsympathetic to the plaintiffs' argument that the parties' agreement failed expressly to list "service marks" as among the transferred assets. Rather, it concluded:

Although the parties did not specifically enumerate service marks or trademarks amongst the assets to be transferred, they did express a clear intent to transfer *all* assets used in the business, and *all* of the Seller's goodwill. Thus, it is presumed that the . . . service marks passed to the Purchaser "as an important part of the business and its good will."²⁸²⁸

The plaintiffs therefore had no rights to the marks the defendants could violate.²⁸²⁹

2823. *Id.*

2824. *Id.*

2825. *Id.*

2826. *See* *Pereyra v. Sedky*, 148 F. Supp. 3d 134 (D. Mass. 2015).

2827. *Quoted in id.* at 138 (alteration in original).

2828. *Id.* at 143 (quoting J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 18:37 (4th ed. 2014)).

2829. *Id.* at 144-45 ("[B]ecause the language of the parties' [asset purchase agreement] is clear and unambiguous with respect to the parties' intent to transfer all assets, because those assets include the Seller's goodwill and therefore any associated trade or service marks, and because there is no language in the APA that compels a contrary conclusion, the Court holds that the . . . service marks were transferred to [the defendants] upon execution of the APA. Accordingly, Plaintiffs' Lanham Act claims for service mark infringement, unfair competition, and cyberspiracy fail as a matter of law.").

An equally loosely worded agreement governed by Louisiana law and providing for the sale of assets associated with a restaurant on Carrollton Avenue in New Orleans led to a mixed outcome at the hands of the Fifth Circuit.²⁸³⁰ One portion of the agreement recited that the assignors assigned “all . . . tangible personal property” related to that location to the assignees; another, however, defined the same “tangible personal property” as including “trademarks, names, logos, likenesses, etc.”²⁸³¹ According to the assignors, these allegedly inconsistent recitations rendered the assignment document ambiguous, therefore requiring the consideration of parole evidence. The court disagreed, holding instead “[t]he Bill of Sale . . . clearly and unambiguously transfers to [the assignees] the trademarks within or upon the Carrollton Avenue location.”²⁸³²

The appellate court did, however, take issue with the district court’s separate, and *sua sponte*, holding that the assignors had assigned away their rights to the disputed mark at all other restaurants opened by the assignors: As the Fifth Circuit summarized the district court’s holding on this point, “[t]he court reasoned that since the [assignors] only used the trademarks at the Carrollton Avenue location, and since the trademarks within or upon that location were sold, [none of the assignors] retained an interest in any of the trademarks that are now used at other . . . locations.”²⁸³³ That holding’s fatal flaw was the absence from the pleadings of any request by the assignees for it, which the Fifth Circuit concluded merited a reversal and remand on the theory that “[a]t least, the court must take all facts and circumstances of the parties’ contractual relations, litigation tactics, and applicable trademark law into consideration before reinstating relief plainly beyond the [assignees’] pleadings.”²⁸³⁴

An assignment of a mark without its accompanying goodwill risks characterization as an invalid assignment in gross. Nevertheless, as a Michigan federal district court held, that rule does not mean express references to transferred goodwill are necessary prerequisites for valid transfers of rights.²⁸³⁵ The particular assignment before that court failed to refer to goodwill, but it did cover the assignee’s trademarks and all “other intellectual or industrial property rights.”²⁸³⁶ That was enough for

2830. See *Uptown Grill, LLC v. Shwartz*, 817 F.3d 251 (5th Cir. 2016).

2831. Quoted in *id.* at 257.

2832. *Id.* at 258.

2833. *Id.* at 529.

2834. *Id.* at 260.

2835. See *Ford Motor Co. v. Thermoanalytics, Inc.*, 116 U.S.P.Q.2d 1934 (E.D. Mich. 2015), *reconsideration denied*, No. 14-cv-13992, 2016 WL 386431 (E.D. Mich. Feb. 2, 2016).

2836. Quoted in *id.* at 1938.

the court, which concluded as a matter of law that “while goodwill may not be explicitly spelled out within the terms of the Agreement, it is certainly captured impliedly by the [Agreement’s] broad property grant”²⁸³⁷

Finally, one case confirmed a quitclaim assignment of a mark can do the job as well as a more elaborate document.²⁸³⁸ The parties used the identical mark in connection with identical goods, and the plaintiff’s claim of priority depended on an assignment from a financial institution that had seized the mark from a lender and then assigned it to the plaintiff. Neither the lender’s intervening ownership of the mark nor its conveyance of the mark to the plaintiff through a quitclaim assignment jeopardized the plaintiff’s ownership of it: As to the latter issue, the court rejected the defendants’ attacks on the validity of the assignment with the observation that “[w]hile a quitclaim deed does not provide any assurance that the grantor actually has good title to the property transferred, it is still as effective as any deed to transfer whatever interest the grantor does have.”²⁸³⁹

2. Interpretation and Enforcement of Trademark and Service Mark Licenses

Considerations of marketplace efficiency often play significant roles in Chicago-style law-and-economics analyses, and they did so in a Seventh Circuit opinion addressing an intellectual property license covering trademark and patent rights.²⁸⁴⁰ The license prohibited the licensee from assigning the license without permission, but it failed expressly to provide a remedy to the licensor if control over the licensee changed. Such a change occurred when a sublicensee engineered a purchase of the licensee, following which the licensor sued, alleging a breach of the license. The Seventh Circuit affirmed the district court’s holding as a matter of law that the licensor lacked a remedy:

[B]y failing to place any restrictions on who could own its licensee . . . , [the licensor] exposed itself to being taken advantage of by a change of ownership at [the licensee] that would result in operating changes and alter its relationship to [the licensor]. Had [the sublicensee] bought [the licensee’s] license, or instead bought [the licensee] and dissolved the company so that when the dust settled all that [the sublicensee] would have obtained from the purchase was the license, [the sublicensee] would have violated the terms of the

2837. *Id.* at 1939.

2838. *See* JDR Indus. v. McDowell, 121 F. Supp. 3d 872 (D. Neb. 2015).

2839. *Id.* at 882-83.

2840. *See* VDF Futureceuticals v. Stieffel Labs., 792 F.3d 842 (7th Cir. 2015).

license by obtaining it without [the licensor's] consent. That didn't happen. [The licensee] remained in existence after its acquisition by [the sublicensee], as [the licensor's] licensee and [the sublicensee's] sublicensor.²⁸⁴¹

“Were this not the rule,” the appellate court added, “routine anti-assignment clauses would impede liquidity in the market for corporate control.”²⁸⁴²

A similar analysis led to a similar result in the licensor's challenge to another aspect of the sublicensee's conduct. Having gained control of the licensee, the sublicensee predictably negotiated a reduction in the royalty it paid to the licensee, which resulted in reduced royalty payments to the licensor. This led the licensor to argue the sublicensee's payment for the licensee's stock constituted an advance royalty payment and that the licensor was entitled to a share of that payment: As the court explained, “[the licensor's] interpretation of the royalty provision in the license would require a seller of corporate stock to pay a portion of the purchase price to the corporation's licensors, a portion estimated from the expected cash flow from exploiting the acquired corporate assets to generate revenue.”²⁸⁴³ Once again, the court proved unconvinced, holding that “[s]uch a requirement, involving complex and contestable financial estimations, would be another impediment to the smooth operation of the market in corporate control.”²⁸⁴⁴ The district court therefore properly had granted summary judgment against the licensor.

A more conventional issue to arise out of a licensor-licensee relationship gone wrong was that of licensee estoppel.²⁸⁴⁵ Having been terminated as a licensee, one defendant disadvantaged by an application of that doctrine averred its former licensor's mark was invalid because the mark lacked distinctiveness. In granting the former licensor's motion for a preliminary injunction, the court held that “a licensee, by virtue of the agreement, has recognized the holder's ownership and is therefore estopped from contesting the validity of the licensor's title during the course of the licensing arrangement.”²⁸⁴⁶ An exception existed for claims of invalidity based on facts post-dating the license, but the former licensee's argument did not qualify for it:

[The former licensee's] argument regarding [the former licensor's] ownership of the [mark] . . . is that the [mark] is not

2841. *Id.* at 846 (citation omitted).

2842. *Id.*

2843. *Id.* at 847.

2844. *Id.*

2845. *See* TWTB, Inc. v. Rampick, 152 F. Supp. 3d 549 (E.D. La. 2016).

2846. *Id.* at 569.

inherently distinctive, not that circumstances have changed since the termination of the License Agreement that undermine the validity of the mark. Because this argument is not based on facts that arose after the License Agreement was terminated, it does not fall within the exception to estoppel by a former licensee.²⁸⁴⁷

3. Interpretation and Enforcement of Settlement Agreements

To resolve a dispute over a domain name similar to the plaintiff's service mark, the parties to a dispute before the Court of Appeals of Arizona entered into a settlement agreement allowing the defendants to own and use the domain name to promote a skydiving business located at a certain address in Coolidge, Arizona.²⁸⁴⁸ That term, however, was conditioned on the lead defendant's maintenance of "at least a 34% equity ownership of such business," as well as his responsibility for, and active management of, "such business";²⁸⁴⁹ if either of those conditions ceased to exist, the agreement provided that the domain name "will be promptly assigned to [the plaintiff]."²⁸⁵⁰ Litigation ensued when the lead defendant moved his business from Coolidge to Gila Bend, Arizona, and the plaintiff accused him of violating the clause in the settlement agreement requiring the transfer of the domain name.

The appellate court agreed with the trial court that the plaintiff was not entitled to specific performance in the form of an assignment of the domain name. Because the settlement agreement was ambiguous on the issue of whether agreement's reference to "such business" meant the lead defendant's skydiving business only so long as the business was located in Coolidge, the court of appeals turned extrinsic evidence and testimony to resolve the ambiguity. Some of that testimony came from the lead defendant, who averred under oath that, at the time he executed the agreement, he: (1) had not been sure whether he could get a hangar lease from the City of Coolidge; (2) was aware that urban sprawl might force him to relocate the business; and (3) knew that his commitments to the Marine Corps made it likely that he would be deployed to Iraq in the near future, something that would prevent him operating the business onsite during the deployment.²⁸⁵¹ Especially because there was no dispute the lead

2847. *Id.* (footnote omitted).

2848. *See* Skydive Ariz., Inc. v. Hogue, 360 P.3d 153 (Ariz. Ct. App. 2015).

2849. *Quoted in id.* at 157.

2850. *Quoted in id.*

2851. *Id.* at 164.

defendant retained ownership of more than 34% of his business, he had not breached the agreement, and the plaintiff therefore was not entitled to specific performance.²⁸⁵²

The Court of Appeals of Arizona was not the only tribunal to reject allegations of a breach of an earlier settlement agreement. A Massachusetts federal district court did the same thing in an action brought by the founder and principal of the rock band Boston against a former guitarist of the band who had settled an earlier dispute with his adversary.²⁸⁵³ The settlement agreement contained two salient sentences: (1) “[the defendant] may use the term ‘Formerly of Boston’ for and in conjunction with any biographical usage with respect to future performances”²⁸⁵⁴ and (2) “[w]ithout limiting the foregoing, [the defendant] may not use the name ‘BOSTON’ for or in conjunction with any advertisement or promotion.”²⁸⁵⁵ The plaintiff argued the second sentence controlled and that the agreement therefore prohibited the defendant from using the BOSTON mark altogether. The court disagreed: “The phrase ‘without limiting the foregoing’ means that the second sentence is subject to the rights granted in the first sentence. . . . The second sentence may not vitiate the rights bestowed by the first or the first would be meaningless.”²⁸⁵⁶ As a matter of law, therefore, the defendant’s use of “formerly of Boston” did not breach the agreement.²⁸⁵⁷

In contrast, a claim of breach succeeded in an action before a California federal district court.²⁸⁵⁸ The settlement agreement in question prohibited the defendants from using CLOUD as a mark, “except in combination with another word as a unitary mark.”²⁸⁵⁹ In an attempt at compliance, the defendants adopted the following:²⁸⁶⁰

2852. *Id.* at 165.

2853. *See* Scholz v. Goudreau, 132 F. Supp. 3d 239 (D. Mass. 2015).

2854. *Quoted in id.* at 255 (second alteration in original).

2855. *Quoted in id.* (emphasis omitted).

2856. *Id.*

2857. *Id.*

The plaintiff asserted an additional theory of breach, but that theory fared no better. According to the plaintiff, the defendant had used language other than “formerly of Boston” in promoting his performances. The summary judgment record, however, demonstrated beyond material dispute that the alleged violations to which the plaintiff objected were the responsibility of third parties beyond the defendant’s control. *Id.*

2858. *See* Eksouzian v. Albanese, 116 U.S.P.Q.2d 1972 (C.D. Cal. 2015).

2859. *Quoted in id.* at 1974.

2860. *Id.* at 1973 n.2.



The court found the defendants’ new mark failed to fall within the definition of “unitary mark” recited in the settlement agreement, namely, “a group of words or symbols that are considered a single trademark, that is, where the elements are so closely aligned and situated that the average consumer would view the group of words or symbols as a single trademark.”²⁸⁶¹ For one thing, “Defendants’ design would lead an ordinary consumer to encounter the mark as three separate elements, not an indivisible symbol”²⁸⁶² because “[n]o lines or designs unite ‘CLOUD’ with ‘PEN’; the words ‘CLOUD’ and ‘PEN’ are typed in significantly different size fonts; and neither ‘CLOUD’ nor ‘PEN’ nor the circular design are side-by-side, on the same line, or in any way interconnected.”²⁸⁶³ For another, “the white backdrop does little to connect Defendants’ elements—in fact, the faded-blue font used for ‘PEN’ is difficult to read despite the white backdrop, particularly because the circular design incorporates a slightly bolder shade of blue, which further downplays the faded-blue used for ‘PEN.’”²⁸⁶⁴ Finally, “placing ‘PEN’ below ‘CLOUD’ in small letters, and in a different font and color, encourages average consumers to perceive ‘PEN’ as a descriptive sub-term, rather than as an inseparable part of the brand or mark.”²⁸⁶⁵

H. The Relationship Between the Lanham Act and Other Statutes

1. The Copyright Act

The proper relationship between trademark law and copyright law took center stage in a declaratory judgment action in which the counterclaim plaintiffs advanced a cause of action for false endorsement under Section 43(a) based on the counterclaim defendants’ use of Marilyn Monroe’s image on glassware and other

2861. *Quoted in id.* at 1974.

2862. *Id.* at 1977 (internal quotation marks omitted).

2863. *Id.*

2864. *Id.*

2865. *Id.*

goods.²⁸⁶⁶ The counterclaim defendants filed a motion to dismiss the counterclaim plaintiffs' cause of action for failure to state a claim, which, as the court summarized it, was "premised on the notion that the 'countless copyrighted images of Monroe not owned' by the Monroe Estate render implausible any claims of ownership in Monroe's identity, persona, name, and likeness."²⁸⁶⁷ Although it characterized the case law addressing the intersection of trademark and copyright law as "inchoate,"²⁸⁶⁸ the court nevertheless held the counterclaim defendants' "conflation of the distinct disciplines of copyright and trademark law" was "fatally flawed."²⁸⁶⁹ As it explained, "the existence of a copyright does not automatically invalidate a trademark, just as the existence of a trademark does not automatically vitiate a copyright."²⁸⁷⁰ The upshot was that "the Court cannot conclude, as a matter of law, that the existence of the copyrights cited by the [counterclaim defendants] precludes the Monroe Estate's ownership and vindication of trademark interests in Monroe's name, likeness, and persona."²⁸⁷¹

A considerably less successful treatment of the relationship between federal trademark and copyright law came at the hands of a California federal district court in the context of a motion to dismiss for failure to state a claim.²⁸⁷² That tribunal addressed causes of action to protect a mark that, although originally a line in the movie *Dirty Dancing*—"Nobody puts Baby in a corner"—had allegedly been licensed for use in connection with various goods. Although the plaintiff's allegations to that effect should have established its standalone trademark rights to the phrase for purposes of the defendants' motion, and although the plaintiff's complaint otherwise was apparently replete with allegations of likely confusion arising from the defendants' use of the phrase "Nobody puts your old 401(k) in a corner" to promote their financial services, the court accepted the defendants' argument the Copyright Act "preempted" the plaintiff's Lanham Act claims. Leaving aside the issue of whether one provision of federal law can preempt another, one error made by the court was its conclusion that "[f]alse association and its related unfair competition is the same claim as that of false designation of origin, just under a

2866. See *A.V.E.L.A., Inc. v. Estate of Marilyn Monroe, LLC*, 131 F. Supp. 3d 196 (S.D.N.Y. 2015).

2867. *Id.* at 207.

2868. *Id.*

2869. *Id.*

2870. *Id.*

2871. *Id.*

2872. See *Lions Gate Entm't Inc. v. TD Ameritrade Servs. Co.*, 170 F. Supp. 3d 1249 (C.D. Cal.), *vacated in part on other grounds*, No. CV 15-05024 DDP (Ex), 2016 WL 4134495 (C.D. Cal. Aug. 1, 2016).

different name”;²⁸⁷³ another was its holding the defendants’ admitted imitation of the plaintiff’s mark was actionable only as an unauthorized derivative work under copyright law.²⁸⁷⁴ The result was the court’s apparent acceptance of the oft-discredited theory that material covered by past or present copyrights cannot also serve as a protectable indicator of origin.²⁸⁷⁵

2. The Food, Drug and Cosmetic Act

Federal false advertising lawsuits have increasingly required courts to address the relationship between the Lanham Act and the FDA’s administration of the federal Food, Drug, and Cosmetic Act (FDCA).²⁸⁷⁶ In *POM Wonderful LLC v. Coca-Cola Co.*,²⁸⁷⁷ the Supreme Court clarified that relationship in the context of FDA regulations governing food and beverage labels. In doing so, it held that compliance with those regulations does not immunize the content of labels from false advertising challenges under § 43(a) of the Lanham Act. Significantly, however, the *Pom Wonderful* Court did not resolve the closely related, but distinguishable, question of whether the use of FDA-approved labels for pharmaceutical products, as well as the use of information on those labels in advertising for those labels, can be challenged under Section 43(a).

The Second Circuit squarely addressed that question and answered it in the negative: “[R]epresentations commensurate with information in an FDA label generally cannot form the basis for Lanham Act liability.”²⁸⁷⁸ According to the court, “[s]uch a rule reflects proper ‘deference to the expertise’ of the FDA as the regulatory agency responsible for issuing the label by respecting the exhaustive process preceding the issuance of a label.”²⁸⁷⁹ Moreover, “[t]his principle rightfully insulates pharmaceutical companies from liability when they engage in First Amendment speech that is consistent with the directive of the regulatory body

2873. *Id.* at 1266.

2874. *Id.* at 1266-67.

2875. For examples of opinions from the same federal district (properly) rejecting this theory, see *Tristar Pictures Inc. v. Del Taco Inc.*, 59 U.S.P.Q.2d 1091 (C.D. Ca. 1999) (concluding trademark claim was not defeated as a matter of law by mere existence of copyright owned by someone other than party claiming trademark ownership); *Danjaq LLC v. Sony Corp.*, 49 U.S.P.Q.2d 1341 (C.D. Cal.) (holding defendant’s proposed James Bond movie would likely infringe plaintiff’s copyright and trademark rights in the James Bond movie character), *aff’d*, 165 F.3d 915 (9th Cir. 1998).

2876. Pub. L. No. 75-717, §§ 1-902, 52 Stat. 1040 (1938) (codified as amended at 21 U.S.C. §§ 301-97 (2012)).

2877. 134 S. Ct. 2228 (2014).

2878. *Apotex Inc. v. Acorda Therapeutics, Inc.*, 823 F.3d 51, 64 (2d Cir. 2016).

2879. *Id.* (quoting *Am. Home Prods. Corp. v. Johnson & Johnson*, 672 F. Supp. 135, 144 (S.D.N.Y. 1987)).

having oversight of product labels.”²⁸⁸⁰ This was true even if the approved label was silent on a particular point but the challenged advertising was not inconsistent with the text that was on the label: “A pharmaceutical company is entitled to make advertising statements outside the four corners of an FDA label so long as none of its representations is inconsistent with it.”²⁸⁸¹

3. The Bankruptcy Code

The perennial question of whether a debtor-in-possession can assume an executory license without the licensor’s consent came to the fore in a dispute arising from the bankruptcy of a group of restaurant franchisees in the Middle District of Georgia.²⁸⁸² In the absence of clear controlling Eleventh Circuit authority, the bankruptcy court read Section 365(c) of the Bankruptcy Code²⁸⁸³ to provide that “Debtors may not assume the franchise agreement if (1) applicable law would excuse [the franchisor] from accepting performance from a party other than Debtors, and (2) [the franchisor] does not consent to Debtors’ assumption of the executory contract.”²⁸⁸⁴ From there, the court held that “[t]he Lanham Act excuses [the franchisor] from accepting performance from a party other than Debtors, and [the franchisor] does not consent to Debtors’ assumption of the executory contract. Accordingly, Debtors are barred from assuming the franchise agreement.”²⁸⁸⁵

A second federal district court to address the proper relationship between the Act and the Bankruptcy Code did so in the context of a possible withdrawal of the court’s reference of the matter to a bankruptcy court.²⁸⁸⁶ The focus of the opinion was Section 157(d) of the Code, which provides that “[t]he district court shall, on timely motion of a party, so withdraw a proceeding if the court determines that resolution of the proceeding requires consideration of both title 11 [of the Code] and other laws of the United States regulating organizations or activities affecting

2880. *Id.*

2881. *Id.* at 68.

In reaching this holding, the Second Circuit placed on shaky ground a prior opinion from a New York federal district court hearing a claim of false advertising involving pre-approved representations about medical devices. *See Church & Dwight Co. v. SPD Swiss Precision Diagnostics, GmbH*, 104 F. Supp. 3d 348, 355-62 (S.D.N.Y. 2015) (interpreting *POM Wonderful* to allow Section 43(a) claim based on allegedly inaccurate (but pre-approved by the FDA) information used to promote home pregnancy tests).

2882. *See In re Taylor Inv. Partners II, LLC*, 533 B.R. 837 (Bankr. M.D. Ga. 2015).

2883. 11 U.S.C. § 365(c) (2012).

2884. *Taylor Inv. Partners II*, 533 B.R. at 843.

2885. *Id.*

2886. *See Eli Global, LLC v. Univ. Directories, LLC*, 532 B.R. 249 (M.D.N.C. 2015).

interstate commerce.”²⁸⁸⁷ One of the plaintiff creditors in the action moved for just such a withdrawal, pointing out the defendant debtors had asserted a number of claims against the plaintiff creditors, including one for trademark infringement under the Lanham Act. The district court granted the motion and withdrew the referral, holding, “[i]f left with the bankruptcy court, the [defendant debtors’] trademark infringement claim will require that court to determine the validity and scope of alleged marks under the Lanham Act. Resolution of this claim will thus require significant consideration, interpretation, and application of the Lanham Act.”²⁸⁸⁸

4. The Tariff Act of 1930

Section 304(a) of the Tariff Act of 1930²⁸⁸⁹ requires the marking of goods of foreign manufacture in a manner sufficient to identify their country of origin, and an implementing regulation promulgated by Customs further provides when words, letters, or names such as “United States,” “American,” “U.S.A.” appear on an imported good or its container, and the words, letters, or names “may mislead or deceive the ultimate purchaser as to the actual country of origin of the article,” the good must also be marked with its country of origin in a manner that is legible and permanent “in close proximity to [the location of] words, letters or name” and “in at least a comparable size.”²⁸⁹⁰ Another Customs regulation, however, sets forth more lenient labeling requirements if the offending words are “part of a trademark or trade name”:²⁸⁹¹ In such a case, the required country-of-origin notice must be legible, permanent, conspicuous, and either “in close proximity [to the location words, letters, or name] or in some other conspicuous location.”²⁸⁹²

The distinction between the two scenarios led to a Federal Circuit opinion addressing the question of whether the affixation of “C’est Toi Jeans USA,” “CT Jeans USA,” and “C’est Toi Jeans Los Angeles” to blue jeans in a manner consistent with the following example constituted a trademark use:²⁸⁹³

2887. 28 U.S.C. § 157(d) (2012).

2888. *Eli Global*, 532 B.R. at 252 (citation omitted).

2889. 19 U.S.C. § 1304 (2012).

2890. 19 C.F.R. § 134.46 (2016).

2891. *Id.* § 137.47.

2892. *Id.*

2893. *See JBLU, Inc. v. United States*, 813 F.3d 1377 (Fed. Cir. 2016).



The Court of International Trade held the issue to turn on whether the disputed words were covered by federal registrations, and it therefore imposed the more stringent labeling requirements on an importer of the jeans, at least as to jeans imported before the importer registered two of the three disputed phrases.²⁸⁹⁴ The Federal Circuit, however, disagreed. The appellate court looked to a dictionary definition of “trademark” dating back to the promulgation of the Customs regulations, noting the definition was “not limited to registered trademarks or trademarks with a pending application.”²⁸⁹⁵ It then reached the same conclusion with respect to the definitions of the same word in the circa-1946 and current versions of the Lanham Act.²⁸⁹⁶ The ultimate result was that “[t]here is nothing in the record indicating that the plain meaning of ‘trademark’ is limited to registered trademarks and trademarks with pending applications. Nor is there anything in the record calling into question the unambiguousness of the term ‘trademark.’”²⁸⁹⁷ The Court of International Trade’s imposition of the more stringent labeling requirements therefore could not stand.²⁸⁹⁸

I. Insurance-Related Issues

1. Opinions Ordering Coverage

Applying Georgia law, a federal district court in that state confirmed an express exclusion of coverage for the defense of

²⁸⁹⁴. See *JBLU, Inc. v. United States*, 44 F. Supp. 3d 1391 (Ct. Int’l Trade 2015), *rev’d and remanded*, 813 F.3d 1377 (Fed. Cir. 2016).

²⁸⁹⁵. *JBLU*, 813 F.3d at 1381 (citing Random House Dictionary of the English Language 1501 (1966)).

²⁸⁹⁶. *Id.* (citing 15 U.S.C. § 1127 (2006); 15 U.S.C. § 1127 (1946)).

²⁸⁹⁷. *Id.*

²⁸⁹⁸. *Id.* at 1382.

allegations of trademark infringement meant what it said.²⁸⁹⁹ The counterclaim in the underlying suit leading to the coverage dispute accused the insureds of falsely representing to customers that the parties were engaged in litigation and, additionally, that if those customers purchased the counterclaim plaintiff's goods, they would be subject to expensive and time-consuming litigation. The insureds' carrier denied coverage for the defense of this allegation, relying on the following exclusion: "Personal and advertising injury' arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights." Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your 'advertisement'."²⁹⁰⁰ Entering summary judgment in the insureds' favor, the court noted that the counterclaim plaintiff's averments against the insureds related to alleged infringements of the insureds' rights, rather than of any intellectual property rights owned by the counterclaim plaintiff. Under the circumstances, the exclusion did not apply.²⁹⁰¹

A different court addressed the issue of whether hangtags attached to clothing fell within the definition of advertising in the disputed policy, namely, "a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters."²⁹⁰² In an application of Florida law, the court observed that "[a] company's merely informational notice to the public is not an 'advertisement,'"²⁹⁰³ and, additionally, that "[a] notice that is part of the product itself arguably is not an 'advertisement' either."²⁹⁰⁴ Nevertheless, "[w]hile the hang tags provided information . . . the hang tags' special design presumably had the additional function of attracting consumers to the garments themselves and to the brand more generally. If the hang tags' only purpose was to provide information, they would not need such a particular aesthetic."²⁹⁰⁵ In the final analysis, the court held on the parties' cross-motions for summary judgment, "the broad definition of 'advertisement' in the Policy governs. If the hang tags did not clearly fit within this category, the definition at least is ambiguous

2899. See *Folliar Nutrients, Inc. v. Nationwide Agribusiness Ins. Co.*, 133 F. Supp. 3d 1372 (M.D. Ga. 2015).

2900. *Quoted in id.* at 1383.

2901. *Id.* at 1384-85.

2902. *Quoted in E.S.Y., Inc. v. Scottsdale Ins. Co.*, 139 F. Supp. 3d 1341, 1354 (S.D. Fla. 2015), *appeal dismissed*, No. 15-15377 (11th Cir. Feb. 24, 2016).

2903. *Id.*

2904. *Id.*

2905. *Id.* at 1355.

with respect to the question of the hang tags. Under Florida law, such ambiguities are resolved in favor of coverage.”²⁹⁰⁶

The court then accepted the insureds’ arguments that two other provisions of the policy mandated coverage as well. The first swept in allegations of “the use of another’s advertising idea in your ‘advertisement,’” of which the court remarked that “[f]or substantially the same reasons a hang tag is an advertisement, it is also an advertising idea”;²⁹⁰⁷ consequently, because the complaint in the underlying action alleged the insureds’ hang tags improperly copied those of the plaintiff, those allegations provided an additional basis for coverage.²⁹⁰⁸ The second provision required the carrier to cover the defense of allegations of trade dress infringement, which was triggered by allegations in the underlying action of “unfair competition” and “false designation of origin” arising from the insureds’ alleged copying of the plaintiff’s hang tags.²⁹⁰⁹

2. Opinions Declining to Order Coverage

Applying Texas law, the Fifth Circuit held coverage inappropriate under a policy expressly excluding from its scope allegations of trademark *infringement* but not allegations of *trade dress* infringement.²⁹¹⁰ The counterclaim plaintiff in the underlying suit accused the insured of “chang[ing] its website so that it was confusingly similar to [the counterclaim plaintiff’s site],”²⁹¹¹ but that allegation was not enough to state a cause of action for trade dress infringement as far as the district court and the court of appeals were concerned. According to the latter tribunal, the counterclaim plaintiff’s reliance on Section 43(a) did not do the job; rather, “[t]his provision . . . also covers a range of other claims, including trademark infringement and false advertising.”²⁹¹² Moreover, the counterclaim’s averment of online imitation also fell short because, read in context, that averment focused on the insured’s copying of factual representations on the counterclaim plaintiff’s website, which became inaccurate when imported onto the insured’s site. That caused the counterclaim plaintiff’s Section 43(a) cause of action to sound in false advertising, rather than trade dress infringement, therefore triggering the exclusion. Lest there be any doubt, however, “[t]he

2906. *Id.*

2907. *Id.* at 1356.

2908. *Id.*

2909. *Id.*

2910. *See* Test Masters Educ. Servs., Inc. v. State Farm Lloyds, 791 F.3d 561 (5th Cir. 2015), *cert. denied*, No. 16-353, 2016 WL 5105380 (U.S. Nov. 28, 2016).

2911. *Quoted in id.* at 566.

2912. *Id.* at 565-66 (footnote omitted) (citation omitted).

term ‘trade dress’ is not mentioned in [the counterclaim plaintiff’s] Amended Counterclaim, and there are no allegations suggesting that [the counterclaim plaintiff] even has a protectable trade dress.”²⁹¹³ The district court’s entry of summary judgment in the carrier’s favor therefore had been appropriate.²⁹¹⁴

A second application of Texas law also resulted in a denial of coverage.²⁹¹⁵ The policy at issue covered the defense of allegations of “personal and advertising injury,” including infringement of a slogan and misappropriation of an advertising idea, but an exclusion removed trademark infringement from the scope of that language.²⁹¹⁶ The insured sought coverage after being served with a complaint reciting causes of action for, inter alia, trademark infringement, false advertising, and unfair competition. In response, the carrier moved for summary judgment because the plaintiff in the underlying action sought relief only for encroachments on its trademark rights, not infringement of a slogan. The court granted the motion, holding “[a]lthough there may be cases in which a phrase is so obviously a slogan that the court can infer slogan infringement despite the absence of any reference to a ‘slogan’ in the underlying complaint, it would be unreasonable to draw such an inference here”²⁹¹⁷ It then did the same with respect to the insured’s alternative theory it had been sued for pirating an advertising idea, relying on Fifth Circuit authority excluding trademarks from the definition of advertising.²⁹¹⁸ The carrier therefore prevailed as a matter of law.²⁹¹⁹

In contrast, a “prior publication” exclusion led the Third Circuit to affirm the denial of coverage in an appeal before that court.²⁹²⁰ According to the complaint in the underlying action, the lead insured had infringed the plaintiff’s marks “[s]ince at least March 16, 2009,”²⁹²¹ a date prior to the July 7, 2010, beginning of coverage under the insured’s policy. Applying Pennsylvania law, the court held as an initial matter that “[a]n insurer that disavows its duty to defend by reference to a policy exclusion effectively ‘assert[s] an affirmative defense and, accordingly, bears the burden

2913. *Id.* at 567.

2914. *Id.*

2915. *See Shanze Enters. v. Am. Casualty Co. of Reading, PA*, 150 F. Supp. 3d 771 (N.D. Tex. 2015).

2916. *Id.* at 774-75.

2917. *Id.* at 782.

2918. *Id.* at 786 (citing *Am.’s Recommended Mailers, Inc. v. Md. Cas. Co.*, 339 F. App’x 467, 469 (5th Cir. 2009)).

2919. *Id.* at 787.

2920. *See Hanover Ins. Co. v. Urban Outfitters, Inc.*, 806 F.3d 761 (3d Cir. 2015).

2921. *Quoted in id.* at 763 (alteration in original).

of proving such defense.”²⁹²² Nevertheless, the court concluded the carrier had carried its burden through its citations to the four corners of the complaint in the underlying action, which the court determined alleged a “remarkably consistent” chronology.²⁹²³

The insured’s only way around that chronology was to demonstrate “fresh wrongs” in the form of new infringements falling within the policy period: “Where a plaintiff alleges a substantive difference between allegedly infringing advertisements, published before and during the relevant policy period, the later advertisements are ‘fresh wrongs’ that fall outside the ‘prior publication’ exclusion. But variations, occurring within a common, clearly identifiable advertising objective, do not give rise to ‘fresh wrongs.’”²⁹²⁴ Based in significant part on an exhibit to the complaint in the underlying action showing an allegedly infringing mark in advertisements on the plaintiff’s website six months before the policy period, the court held that any later advertisements were “thematically consistent” with any post-coverage conduct to which the plaintiff objected. Consequently:

It is apparent from [the plaintiff’s] complaint that [the insured’s] advertisements, which predated [the] coverage period, share a common objective with those that followed. Thus, we conclude that the latter ads are not “fresh wrongs.” The “prior publication” exclusions apply, and [the carrier] has no duty to defend [the insured] in the underlying action.²⁹²⁵

3. Opinions Deferring Resolution of the Coverage Inquiry

Contract interpretation is typically a legal question, but that does not mean all coverage disputes properly are resolved as a matter of law. For example, a Georgia federal district court looked with disfavor on a carrier’s motion for summary judgment grounded in an exclusion of coverage for the defense of actions arising from a “knowing violation” of the rights of another.²⁹²⁶ Rather than establishing undisputed facts establishing the insureds’ scienter, the carrier instead pursued the easier—but ill-fated—strategy of relying solely on the allegations against the insureds in the underlying action, which included claims of intentional bad faith. Denying the motion, the court observed that

^{2922.} *Id.* at 765 (second alteration in original) (quoting *Madison Constr. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100, 106 (Pa. 1999)).

^{2923.} *Id.* at 767.

^{2924.} *Id.* at 768.

^{2925.} *Id.* at 769.

^{2926.} See *Foliar Nutrients, Inc. v. Nationwide Agribusiness Ins. Co.*, 133 F. Supp. 3d 1372 (M.D. Ga. 2015).

“without more, the Court cannot unequivocally say [the carrier] is entitled to summary judgment.”²⁹²⁷ In particular, “[n]either [the] counterclaim [against the insureds] nor [the carrier’s] brief in support of its motion for summary judgment demonstrate whether or not [the insureds] had actual knowledge that their conduct would both violate the rights of [the plaintiff in the underlying case] would inflict personal and advertising injury.”²⁹²⁸ Consequently, [the carrier] has provided no evidence outside of [the counterclaim plaintiffs] pleadings that [the insureds] acted with actual knowledge. Therefore, [the carrier] is not entitled to summary judgment on the basis of the ‘Knowing Violation’ exclusion.”²⁹²⁹

2927. *Id.* at 1383.

2928. *Id.*

2929. *Id.*

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