

The Trademark Reporter®



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United States Annual Review

The Seventy-First Year of Administration
of the Lanham Act of 1946

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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

THE SEVENTY-FIRST YEAR OF ADMINISTRATION OF THE LANHAM ACT OF 1946*

INTRODUCTION

*By Theodore H. Davis Jr.***

Any year producing two trademark-related opinions accepted for review by the Supreme Court is an unusual one, and such was the case during the twelve months between the seventieth and the seventy-first anniversaries of the Lanham Act's effective date. The first of the two disputes to reach the Court bears on the question of whether the rejection of an executory contract comprising a trademark license by a bankrupt debtor that issued the license

* 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, 2017, and June 30, 2018, as well as certain proceedings falling outside that period.

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In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced in this volume: *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017), *cert. granted sub nom* Iancu v. Brunetti, No. 18-302, 2019 WL 98541 (U.S. Jan. 4, 2019) (counsel for amicus curiae American Intellectual Property Law Association in support of neither party); *Mission Prod. Holdings, Inc. v. Tempnology, LLC* (*In re Tempnology, LLC*), 879 F.3d 389 (1st Cir.), *cert. granted*, 139 S. Ct. 397 (2018) (counsel for amicus curiae American Intellectual Property Law Association in support of neither party); *Booking.com B.V. v. Matal*, No. 17-249, 2019 WL 419053 (4th Cir. Feb. 4, 2019) (counsel for amicus curiae American Intellectual Property Law Association in support of neither party); *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018) (counsel for plaintiffs); *Twentieth Century Fox Television v. Empire Distrib., Inc.*, 875 F.3d 1192 (9th Cir. 2017) (co-counsel for counterclaim defendants), *cert. denied*, 139 S. Ct. 61 (2018); *LPD N.Y., LLC v. adidas Am., Inc.*, 295 F. Supp. 3d 275 (E.D.N.Y. 2017) (counsel for defendants); *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017) (counsel for plaintiffs); *Energizer Brands, LLC v. Procter & Gamble Co.*, 124 U.S.P.Q.2d 1767 (E.D. Mo. 2017) (counsel for plaintiff).

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necessarily terminates the licensee's right to continue using the licensed mark.¹ Under Seventh Circuit law, the answer is yes,² but the First Circuit's contrary conclusion over the past year created a split in the circuits that attracted the Court's attention.³ A determination of the proper resolution of that split is complicated by a number of issues, including a deliberate decision by Congress in 1988 not to provide an answer as a matter of statutory law, the question of whether a licensor's duty to exercise control over the quality of the goods or services provided under the licensed mark arises as a matter of contract law from the license itself or independently under trademark law, and the nature and extent of remedies available to a nonbreaching licensee outside the bankruptcy context.

The second opinion (and the more interesting of the two) was the Federal Circuit's holding in *In re Brunetti*,⁴ that the prohibition in Section 2(a) of the Act on the registration of marks comprising "immoral . . . or scandalous matter"⁵ violates the Free Speech Clause of the First Amendment. That disposition might appear superficially similar to the Supreme Court's invalidation of Section 2(a)'s prohibition on the registration of potentially disparaging matter in *Matal v. Tam*,⁶ but there are significant differences between the outcomes in the two cases. Specifically, all participating Justices in *Tam* (albeit in competing four-Justice opinions) concluded that the prohibition on the registration of potentially disparaging marks had a viewpoint-discriminatory effect⁷ and therefore was subject to strict scrutiny.⁸ The Federal Circuit in *Brunetti* similarly "question[ed] the viewpoint neutrality of the

¹ See *In re Tempnology, LLC*, 879 F.3d 389 (1st Cir. 2018), cert. granted in part sub nom. Mission Prod. Holdings, Inc. v. Tempnology, LLC, 139 S. Ct. 397 (2018).

² See *Sunbeam Prods., Inc. v. Chi. Am. Mfg., LLC*, 686 F.3d 372, 377 (7th Cir. 2012).

³ See *Tempnology*, 879 F.3d at 404.

⁴ 877 F.3d 1330 (Fed. Cir. 2017), cert. granted sub nom. *Iancu v. Brunetti*, No. 18-302, 2019 WL 98541 (U.S. Jan. 4, 2019).

⁵ 15 U.S.C. § 1052(a) (2012).

⁶ 137 S. Ct. 1744 (2017).

⁷ The Court's First Amendment decisions establish two categories of government restrictions on, or regulation of, protected speech; those that are content-based, on the one hand, and those that are viewpoint-based, on the other. As a general proposition, the government acts in a content-discriminatory manner when it attempts to regulate all speech on a particular topic; in contrast, viewpoint discrimination is a subset of content discrimination and occurs when the government attempts to regulate only certain opinions concerning that topic. The former is subject to intermediate scrutiny, while the latter is highly disfavored and subject to strict scrutiny. See generally *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 829 (1995).

⁸ *Tam*, 137 S. Ct. at 1763 (Alito, J.) ("[The prohibition] denies registration to any mark that is offensive to a substantial percentage of the members of any group. But in the sense relevant here, that is viewpoint discrimination: Giving offense is a viewpoint."); *id.* at 1766 (Kennedy, J.) ("The law . . . reflects the Government's disapproval of a subset of messages it finds offensive. This is the essence of viewpoint discrimination.").

immoral or scandalous provision.”⁹ Nevertheless, it ultimately eschewed that inquiry in favor a holding that the prohibition constituted content discrimination that could not survive even intermediate scrutiny under the Supreme Court’s *Central Hudson* test¹⁰ because: (1) the government had failed to establish a substantial interest behind the prohibition; (2) the prohibition did not directly advance the (unconvincing) interests the government had advanced because the owners of marks denied registration under the prohibition could still use the marks in commerce; and (3) the United States Patent and Trademark Office (USPTO)’s “inconsistent application” of the prohibition over the years precluded a holding the prohibition was narrowly tailored.¹¹

Because the USPTO’s evaluation of the registrability of particular potentially immoral or scandalous marks has at times turned on the agency’s approval or disapproval of applicants’ messages, the prohibition at issue has strong overtones of viewpoint discrimination.¹² If the Supreme Court follows the Federal Circuit’s lead and invalidates the prohibition as a content-discriminatory mechanism unable to survive intermediate scrutiny, however, the question will become whether that holding affects any other grounds for refusal under Section 2. The answer to that question should be no. For example, some prohibitions on registration address deceptive and misleading commercial speech and therefore do not qualify for First Amendment protection in the first place.¹³ Those include the bars on the registration of deceptive marks,¹⁴ deceptively misdescriptive marks lacking acquired distinctiveness,¹⁵ primarily geographically deceptively misdescriptive marks,¹⁶ and marks either

⁹ 877 F.3d at 1341.

¹⁰ See *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm’n of N.Y.*, 447 U.S. 557, 566 (1980).

¹¹ 877 F.3d at 1350-54.

¹² For example, in *In re Old Glory Condom Corp.*, 26 U.S.P.Q.2d 1216 (T.T.A.B. 1993), the Board reversed a refusal to register a mark comprising the words OLD GLORY CONDOM CORP. and a stylized condom design in part because of the anti-HIV message of the applicant’s marketing strategy, noting that “the seriousness of purpose surrounding the use of applicant’s mark—a seriousness of purpose made manifest to purchasers on the packaging for applicant’s goods—is a factor to be taken into account in assessing whether the mark is offensive or shocking.” *Id.* at 1221. In contrast, in *In re Boulevard Entm’t, Inc.*, No. 75414435, 2002 WL 1258274 (T.T.A.B. June 5, 2002), *aff’d*, 334 F.3d 1336 (Fed. Cir. 2003), Board affirmed a Section 2(a)-based refusal to register because “[i]n [*Old Glory*] . . . , the Board pointed to the seriousness of purpose surrounding the use of applicant’s mark as a campaign to prevent AIDS. Such a situation does not exist herein.” *Id.* at *6.

¹³ See *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 65 (1983) (“In light of the greater potential for deception or confusion in the context of certain advertising messages, content-based restrictions on commercial speech may be permissible.” (citation omitted)).

¹⁴ 15 U.S.C. § 1052(a) (2012).

¹⁵ *Id.* § 1052(e)(1).

¹⁶ *Id.* § 1052(e)(3).

falsely suggesting an association with another person or entity,¹⁷ or likely to be confused with the marks of prior users.¹⁸ They may also include Section 2(b)'s prohibition on the registration of "the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof."¹⁹

Moreover, even if Federal Circuit is correct that all prohibitions unrelated to an applied-for mark's source-identifying function constitute content discrimination,²⁰ that holding does not reach a number of content-based grounds for unregistrability that *do* have such a relation. These include the prohibitions on the registration of generic terms, merely descriptive marks lacking acquired distinctiveness,²¹ primarily geographically descriptive marks lacking acquired distinctiveness,²² surnames lacking acquired distinctiveness,²³ and functional matter.²⁴ Future applicants might challenge these prohibitions as content-based and therefore subject to intermediate scrutiny under *Central Hudson*. If so, however, the government has a substantial interest in preventing the use of trademark law to acquire the exclusive rights to the categories of claimed marks covered by them—indeed, that interest may have *constitutional* dimensions.²⁵

Of course, a number of courts also addressed the relationship between the Lanham Act and the First Amendment outside the registration context.²⁶ In infringement litigation, the past year saw a retreat of sorts by the Ninth Circuit from its usual pro-defendant

¹⁷ *Id.* § 1052(a).

¹⁸ *Id.* § 1052(d).

¹⁹ *Id.* § 1052(b).

²⁰ *Brunetti*, 877 F.3d at 1349.

²¹ 15 U.S.C. § 1052(e)(1).

²² *Id.* § 1052(e)(2).

²³ *Id.* § 1052(e)(4).

²⁴ *Id.* § 1052(e)(5).

²⁵ See *Wilhelm Pudenz GmbH v. Littlefuse Inc.*, 177 F.3d 1204, 1208 (11th Cir. 1999) ("The functionality doctrine . . . eliminat[es] the possibility of a perpetual exclusive right to the utilitarian features of a product under trademark law, which would be impossible (as well as unconstitutional) under the Patent Act."); *Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd.*, No. CV 14-2307 RSWL FFMX, 2014 WL 4679001, at *9 n.3 (C.D. Cal. Sept. 18, 2014) ("First Amendment issues could be triggered if a person is enjoined from using a generic . . . term . . .").

²⁶ Pro-plaintiff opinions on the issue included *Estate of Barré v. Carter*, 272 F. Supp. 3d 906 (E.D. La. 2017), and *Daniels v. Fanduel, Inc.*, 124 U.S.P.Q.2d 1392 (S.D. Ind. 2017). Pro-defendant opinions included *Lombardo v. Dr. Seuss Enters.*, 279 F. Supp. 3d 497 (S.D.N.Y. 2017), *Chaquico v. Freiberg*, 274 F. Supp. 3d 942 (N.D. Cal. 2017), *Dr. Seuss Enters. v. ComicMix LLC*, 256 F. Supp. 3d 1099 (S.D. Cal. 2017), and *De Havilland v. FX Networks, LLC*, 230 Cal. Rptr. 3d 625 (Ct. App. 2018), *review denied* (July 11, 2018), *cert. denied*, No. 18-453, 2019 WL 113121 (U.S. Jan. 7, 2019).

interpretation of the already pro-defendant *Rogers v. Grimaldi*²⁷ test for liability in trademark-based challenges to the titles and content of creative works, pursuant to which a plaintiff must demonstrate that the defendant's use has no artistic relevance to the underlying work or, if the use *does* have some artistic relevance, it explicitly misleads consumers as to the work's source or content.²⁸ Although in one case that court affirmed the grant of a defense motion for summary judgment,²⁹ it vacated the same outcome in a different one.³⁰ Significantly, the second opinion acknowledged the possibility that the wholesale misappropriation of another party's mark—which seemed to have occurred in that case—can itself be explicitly misleading in a manner that satisfies *Rogers*'s usually difficult-to-meet second prong.³¹ As the court explained, “we cannot decide as a matter of law that defendants’ use of [plaintiff’s] mark was not explicitly misleading. There is at least a triable issue of fact as to whether defendants simply used [plaintiff’s] mark with minimal artistic expression of their own, and used it in the same way that [plaintiff] was using it”³²

As always, the nonfunctionality prerequisite for protectable rights tripped up some claimants to nontraditional marks before the Trademark Trial and Appeal Board.³³ Unusually, however, the Board rejected a claim of functionality in a consolidated opposition against applications to register the configurations of two vehicle tail lamps.³⁴ And federal courts were equally—if surprisingly—unreceptive to claims of utilitarian and aesthetic functionality, at least on defense motions for judgment on the pleadings or to dismiss for failure to state a claim³⁵ or for summary judgment.³⁶ For

²⁷ 875 F.2d 994 (2d Cir. 1989).

²⁸ *Id.* at 999.

²⁹ See *Twentieth Century Fox Television v. Empire Distrib. Inc.*, 875 F.3d 1192 (9th Cir. 2017), *cert. denied*, 139 S. Ct. 61 (2018).

³⁰ See *Gordon v. Drape Creative, Inc.*, 909 F.3d 257 (9th Cir. 2018).

³¹ *Id.* at 271.

³² *Id.*

³³ See *In re Kohler Co. v. Honda Giken Kogyo K.K.*, 125 U.S.P.Q.2d 1468 (T.T.A.B. 2018) (refusing registration to configuration of internal combustion engine); *In re Change Wind Corp.*, 123 U.S.P.Q.2d 1453 (T.T.A.B. 2017) (refusing registration to configuration of wind turbine); *Poly-Am., L.P. v. Illinois Tool Works Inc.*, 124 U.S.P.Q.2d 1508 (T.T.A.B. 2017) (refusing registration to stripes adjacent to closures of zipper bags).

³⁴ See *Grote Indus. v. Truck-Lite Co.*, 126 U.S.P.Q.2d 1197 (T.T.A.B. 2018).

³⁵ See *Mercado Latino, Inc. v. Indio Prods., Inc.*, 122 U.S.P.Q.2d 1590 (C.D. Cal. 2017) (denying, without extended analysis, defense motion for judgment on the pleadings grounded in alleged aesthetic functionality of line of devotional prayer candles).

³⁶ See, e.g., *Can't Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018) (denying defense motion for summary judgment in action to protect configuration of bottle); *Luci Bags LLC v. Younique, LLC*, 125 U.S.P.Q.2d 1039 (E.D. Tex. 2017) (denying defense motion for summary judgment in action to protect fabric stripe adjacent to zippers on cosmetic bag).

example, the Sixth Circuit vacated the grant of a functionality-based defense motion for summary judgment in a case involving the rights to an alleged trade dress comprising the design of a telescopic rifle sight after concluding the district court had failed to consider whether the particular arrangement of individually functional features could result in a nonfunctional whole.³⁷ Likewise, the Ninth Circuit took the same action in a case presenting a claim to the color green for earplugs based on evidence in the summary judgment record of the availability of alternative colors.³⁸

The most interesting opinions to address the issue of use in commerce arose from the increasing trend toward looser state laws governing the possession and sale of cannabis. One came from the Board in an appeal from refusals to register two marks for “retail store services featuring medical marijuana” and “dispensing of pharmaceuticals featuring medical marijuana,” the unlawful nature of which under federal law, the Board concluded, prevented the applicant from having a bona fide intent to use the marks in transactions across state lines.³⁹ A federal court addressing a similar issue—whether a registrant had fraudulently procured several registrations by failing to disclose to the USPTO that its goods constituted drug paraphernalia—declined to resolve that question as a matter of law at the pleadings stage, citing at least one good in question that was not clearly lawful under federal law.⁴⁰

Disputes over the distinctiveness prerequisite for protectable trademark and service mark rights also produced a large number of reported opinions. Those included a burst of genericness findings by the Trademark Trial and Appeal Board.⁴¹ Federal courts did not follow suit, however; instead, they either rejected claims of genericness on the merits⁴² or chose to defer final resolutions of the issue until trial.⁴³ Those same courts produced the usual split on the

³⁷ See *Leapers, Inc. v. SMTS, LLC*, 879 F.3d 731 (6th Cir. 2018).

³⁸ See *Moldex-Metric, Inc. v. McKeon Prods., Inc.*, 891 F.3d 878 (9th Cir. 2018).

³⁹ See *In re PharmaCann LLC*, 123 U.S.P.Q.2d 1568 (T.T.A.B. 2017).

⁴⁰ See *Republic Techs. (NA), LLC v. BBK Tobacco & Foods, LLC*, 262 F. Supp. 3d 605 (N.D. Ill. 2017).

⁴¹ See *In re Serial Podcast, LLC*, 126 U.S.P.Q.2d 1061 (T.T.A.B. 2018) (“serial” for “entertainment in the nature of an ongoing audio program featuring investigative reporting, interviews, and documentary storytelling”); *In re Mecca Grade Growers, LLC*, 125 U.S.P.Q.2d 1950 (T.T.A.B. 2018) (“mechanically floor-malted” for “malt for brewing and distilling”); *In re Empire Tech. LLC*, 123 U.S.P.Q.2d 1544 (T.T.A.B. 2017) (“coffee flour” generic for “flour made by processing and blending together coffee cherry skins, pulp, and pectin for use, alone or in combination with other plant and milk based products, as a dry ingredient in food and beverage products for consumer use”).

⁴² See *Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005 (C.D. Cal. 2017) (UNLOADER and UNLOADER ONE descriptive of orthopedic knee braces).

⁴³ See *ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441 (8th Cir. 2018) (vacating finding as a matter of law that ONEPUL mark was valid and protectable when used in connection with plastic bags for picking up and disposing of canine waste); *Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018) (declining to grant defense

issue of whether the “prima facie evidence” of distinctiveness attaching to a registration on the Principal Register for which no declaration of incontestability has been filed shifts the burden of proof or the burden of production to a party challenging the registered mark’s validity: Some courts applied the majority rule that the challenger bears the burden of proof,⁴⁴ while at least one reached the opposite conclusion.⁴⁵

Although the significance of federal registrations properly is limited to the inquiry into whether the marks covered by them are valid, two federal courts concluded otherwise in spectacularly misguided fashion. The first was the Eleventh Circuit, which, faced with a claim that the defendants’ sale of *goods* bearing reproductions of the plaintiff college’s federally registered *service* marks, improbably questioned (albeit in dictum) the “legal basis for extending the scope of a registered mark in a certain field (e.g., educational services) to a different category altogether (e.g., goods);”⁴⁶ in doing so, it overlooked a number of its opinions and those of its predecessor court, the former Fifth Circuit, reaching the opposite conclusion.⁴⁷ The second court similarly lost its way by granting a defense motion to dismiss because the defendant’s allegedly infringing mark was not an exact reproduction of the mark shown in the lead plaintiff’s federal registration.⁴⁸

On the remedies front, the most significant opinion of the year was a rare affirmance—at least in part—by the Ninth Circuit of a finding that two plaintiffs had demonstrated sufficient irreparable harm to support entry of preliminary injunctive relief.⁴⁹ That opinion arose from litigation between manufacturers of athletic shoes producing two findings of liability, namely, that: (1) a model of shoe offered by the defendant infringed, and was likely to dilute, the trade dress of a shoe offered by the plaintiffs; and (2) a design

motion for summary judgment grounded in alleged genericness of registered bottle design); *Scheu & Scheu, Inc. v. Scheu*, 123 U.S.P.Q.2d 1370, 1375-77 (S.D. Fla. 2017) (denying defense motion for summary judgment grounded in alleged genericness of APE mark for the repair of circuit boards and goods related to the repair of circuit boards).

⁴⁴ See, e.g., *ZW USA*, 889 F.3d at 449; *Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400, 406 (S.D.N.Y. 2018); *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1257 (S.D. Cal. 2018).

⁴⁵ See *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825, 855 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018).

⁴⁶ *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256, 1265 (11th Cir.), *cert. denied*, 139 S. Ct. 57 (2018).

⁴⁷ See *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1334 n.1 (11th Cir. 1999); see also *Beef/Eater Rests., Inc. v. James Burrough, Ltd.*, 398 F.2d 637 (5th Cir. 1968) (affirming finding of infringement of registered trademark by use of service mark); *World Carpets, Inc. v. Dick Littrell’s New World Carpets*, 438 F.2d 482 (5th Cir. 1971) (affirming finding of infringement of registered trademarks by use of service mark).

⁴⁸ See *Old S. Apparel, LLC v. JEB Designs, Inc.*, 272 F. Supp. 3d 734 (E.D.N.C. 2017).

⁴⁹ See *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

comprising three parallel stripes and appearing on the defendant's shoes infringed, and was likely to dilute, a federally registered three-stripe design mark owned by the lead plaintiff. In breaking from its past hostility to claims of irreparable harm by trademark plaintiffs, the court affirmed the district's finding of irreparable harm with respect to the plaintiffs' trade dress based on the plaintiffs' promotional efforts, which included a strategy of deliberately restricting sales of the model in question, favorable coverage by third-party media, and survey evidence of actual confusion.⁵⁰ The court's receptiveness to the plaintiffs' showings had limits, however, for it also overturned the injunction with respect to the infringed mark, rejecting in particular the plaintiffs' reliance on the likelihood of post-sale confusion.⁵¹

Finally, the Board provided valuable guidance on a number of procedural questions, including the circumstances under which evidence from online sources may be submitted in support of, or in opposition to, a claim of rights in the USPTO,⁵² the proper timing of motions for summary judgment,⁵³ the service and filing of expert disclosures,⁵⁴ the deadline for service of discovery requests,⁵⁵ and the appropriate location for the cross-examination of witnesses otherwise testifying by declaration.⁵⁶ The most interesting of all the Board's procedural opinions, however, addressed the question of whether the Board is obligated to recuse itself in all proceedings involving the President of the United States: The answer, it turns out, is no.⁵⁷

⁵⁰ *Id.* at 756-57.

⁵¹ *Id.* at 759-61.

⁵² *See In re Mueller Sports Med., Inc.*, 126 U.S.P.Q.2d 1584 (T.T.A.B. 2018); *WeaponX Performance Prods. Ltd. v. Weapon X Motorsports, Inc.*, 126 U.S.P.Q.2d 1034 (T.T.A.B. 2018).

⁵³ *See KID-Systeme GmbH v. Türk Hava Yollari Teknik Anonim Sirketi*, 125 U.S.P.Q.2d 1415 (T.T.A.B. 2018).

⁵⁴ *See Monster Energy Co. v. Martin*, 125 U.S.P.Q.2d 1774 (T.T.A.B. 2018).

⁵⁵ *See Estudi Moline Dissey, S.L. v. BioUrn Inc.*, 123 U.S.P.Q.2d 1268 (T.T.A.B. 2017).

⁵⁶ *See U.S. Postal Serv. v. RPost Commc'n Ltd.*, 124 U.S.P.Q.2d 1045 (T.T.A.B. 2017).

⁵⁷ *See Prospector Capital Partners, Inc. v. DTTM Operations LLC*, 123 U.S.P.Q.2d 1832 (T.T.A.B. 2017).

PART I. EX PARTE CASES

*By John L. Welch**

A. United States Court of Appeals for the Federal Circuit

1. Section 2(a) Scandalousness

In re Brunetti

In a companion of sorts to *Matal v. Tam*,¹ the United States Court of Appeals for the Federal Circuit (“CAFC”) ruled that the Section 2(a) bar on registering immoral or scandalous marks is an unconstitutional restriction of free speech. The CAFC therefore reversed the decision of the Trademark Trial and Appeal Board (“TTAB”) that had affirmed the USPTO’s refusal to register the mark FUCT for athletic apparel on the ground that the mark is vulgar and therefore scandalous.²

Scandalous or Immoral?: Section 2(a), in pertinent part, provides that the USPTO may refuse to register a mark that “[c]onsists of or comprises immoral . . . or scandalous matter.”³ The USPTO does not distinguish between “immoral” and “scandalous” matter but rather applies the 2(a) bar as a unitary provision (“the immoral or scandalous provision”).⁴ In considering this disqualification, the USPTO asks whether “a substantial composite of the general public” would find the mark scandalous, defined as “shocking to the sense of truth, decency, or propriety; disgraceful; offensive; disreputable . . . giving offense to the conscience or moral feelings; . . . or calling out for condemnation.”⁵ The USPTO may prove scandalousness by

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¹ 582 U.S. ___, 122 U.S.P.Q.2d 1757, 1761 (2017). In *Matal v. Tam*, the Supreme Court ruled that the disparagement provision of Section 2(a) of the Lanham Act violated the Free Speech Clause of the First Amendment.

² *In re Brunetti*, 125 U.S.P.Q.2d 1072 (Fed. Cir. 2017). On January 4, 2019, the Supreme Court granted the petition for writ of certiorari filed by the USPTO, *sub nom. Iancu v. Brunetti*. The question presented by the USPTO is as follows: Is Section 1052(a)’s prohibition on the federal registration of “immoral” or “scandalous” marks facially invalid under the Free Speech Clause of the First Amendment?

³ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a).

⁴ *In re Brunetti*, 125 U.S.P.Q.2d at 1073.

⁵ *Id.* at 1074, quoting *In re Fox*, 105 U.S.P.Q.2d 1247, 1248 (Fed. Cir. 2012) (“Cock Sucker & Design” for rooster-shaped lollipop found to be scandalous and unregistrable under Section 2(a)).

proving that a mark is “vulgar.”⁶ The determination is made “in the context of contemporary attitudes.”⁷

The TTAB concluded that the mark FUCT is vulgar and therefore scandalous.⁸ Dictionary entries for the word “fuck” deemed it “almost universally vulgar.”⁹ The Board found that “fuct” is the “phonetic twin” of “fucked,” the past tense of “fuck.”¹⁰ Evidence of the applicant’s use of the mark buttressed the Board’s finding of a link between the mark and the word “fuck.” The Board observed that the applicant’s assertion that “fuct” is a coined term for “Friends yoU Can’t Trust” “stretches credulity.”¹¹

The CAFC ruled that substantial evidence supported the Board’s findings and the Board did not err in concluding that the mark FUCT comprises immoral or scandalous matter.

Constitutionality: In *Matal v. Tam*, the Supreme Court held that the disparagement provision of Section 2(a) was facially unconstitutional because it violates the Free Speech Clause of the First Amendment.¹² “It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.”¹³ Here the government contended that *Matal v. Tam* does not resolve the constitutionality issue because the disparagement provision implicated viewpoint discrimination, whereas the immoral or scandalous provision is viewpoint neutral. The CAFC, setting aside the question regarding viewpoint discrimination, concluded that the immoral or scandalous provision “impermissibly discriminates based on content in violation of the First Amendment.”¹⁴

The government restricts speech based on content when “a law applies to particular speech because of the topic discussed or the idea or message expressed.”¹⁵ To survive a constitutional challenge, such a law “must withstand strict scrutiny review, which requires the government to ‘prove that the restriction furthers a compelling interest and is narrowly tailored to achieve that interest.’”¹⁶

⁶ *Id.*, quoting *In re Boulevard Entm’t, Inc.*, 334 F.3d 1336, 1340, 67 U.S.P.Q.2d 1475 (Fed. Cir. 2003).

⁷ *Id.*, quoting *In re Fox*, 105 U.S.P.Q.2d at 1248.

⁸ *In re Brunetti*, Serial No. 85310960 (T.T.A.B. Aug. 1, 2014).

⁹ *In re Brunetti*, 125 U.S.P.Q.2d at 1075.

¹⁰ *Id.*

¹¹ *Id.*

¹² The First Amendment to the United States Constitution states, in pertinent part: “Congress shall make no law . . . abridging the freedom of speech, or of the press . . .”

¹³ *Matal*, 122 U.S.P.Q.2d at 1761.

¹⁴ *In re Brunetti*, 125 U.S.P.Q.2d at 1078.

¹⁵ *Id.*, quoting *Reed v. Town of Gilbert*, 576 U.S. ___, 135 S. Ct. 2218, 2227 (2015).

¹⁶ *Id.*, quoting *Reed*, 135 S. Ct. at 2231.

The government contended that the immoral or scandalous provision does not implicate the First Amendment because trademark registration is either a government subsidy program or a limited public forum. The CAFC rejected both arguments.

Alternatively, the government asserted, trademarks are commercial speech requiring only the intermediate level of scrutiny of *Central Hudson*,¹⁷ and under this standard the immoral or scandalous provision is an appropriate content-based restriction tailored to substantial government interests. The CAFC, however, pointed out that trademarks convey a commercial message, but often have an expressive content as well. There is no question that the immoral or scandalous provision targets the expressive component. Therefore, the provision should be subject to strict scrutiny.¹⁸

In any case, the CAFC concluded that, even under the intermediate scrutiny framework, the immoral or scandalous provision is unconstitutional. The government does not have a substantial interest in protecting the public from profane and scandalous marks. Nor does the provision advance the government's asserted interest, since Section 2(a) does not prevent applicants from *using* their marks. And the inconsistent application of the provision shows that the provision has not been "carefully tailored" to serve the government's alleged interests.¹⁹

Finally, the court acknowledged that it must construe statutes narrowly to preserve their constitutionality when possible.²⁰ However, it found no reasonable definition of the statutory terms "scandalous" and "immoral" that would pass muster. In his concurrence, Judge Dyk proposed that the court narrow the scope of the provision to "obscene" marks in order to preserve the provision's constitutionality.²¹ The majority, however, found no basis for construing "immoral or scandalous" to mean "obscene," and pointed out that it could not rewrite the statute.²²

The court held that the immoral or scandalous provision is unconstitutional because it violates the First Amendment, and it therefore reversed the Board's holding that applicant's mark is unregistrable under Section 2(a).

¹⁷ Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n, 447 U.S. 557, 563, 100 S. Ct. 2343 (1980) (Holding that although lesser constitutional protection is accorded to commercial speech than to other constitutionally protected expression, the First Amendment protects commercial speech from unwarranted regulation).

¹⁸ *In re Brunetti*, 125 U.S.P.Q.2d at 1084.

¹⁹ *Id.* at 1087.

²⁰ *Id.* at 1088. See *Schneider v. Smith*, 390 U.S. 17, 26, 88 S. Ct. 682 (1968).

²¹ *Id.*

²² *Id.* at 1899-90.

The First Amendment . . . protects private expression, even private expression which is offensive to a substantial composite of the general public. The government has offered no substantial government interest for policing offensive speech in the context of a registration program such as the one at issue in this case.²³

2. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

In re i.am symbolic, llc

I am not surprised that the CAFC upheld the TTAB's decision in *In re i.am.symbolic, llc*,²⁴ affirming Section 2(d) refusals to register the mark I AM for cosmetics and personal care products, sunglasses, and jewelry "all associated with William Adams, professionally known as will.i.am," in view of the registered mark I AM for the same or related products.²⁵ The Board correctly concluded that the "will.i.am" restriction "does not impose a meaningful limitation in this case for purposes of likelihood of confusion."²⁶

The Board found that William Adams is the well-known front man for the music group The Black-Eyed Peas and is known as "will.i.am." The Board also found that the evidence failed to establish that Adams is well known as "i.am" or that "i.am" and "will.i.am" are used interchangeably.

Applicant symbolic argued that the Board erred by deeming the "will.i.am" restriction to be "precatory" and "meaningless," by ignoring third-party use and registration of other I AM marks, and by finding a likelihood of reverse confusion.²⁷

The CAFC ruled that the Board correctly determined that the first *du Pont*²⁸ factor weighed heavily in favor of a likelihood of confusion: the involved marks are legally identical in appearance, identical in pronunciation, have the same meaning, and engender the same overall commercial impression. Nothing in the record indicated that the "will.i.am" restriction changed that.

²³ *Id.* at 1090.

²⁴ 116 U.S.P.Q.2d 1406 (T.T.A.B. 2015).

²⁵ *In re i.am.symbolic, llc*, 123 U.S.P.Q.2d 1744 (Fed. Cir. 2017).

²⁶ *Id.* at 1748.

²⁷ *Id.* at 1747.

²⁸ *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. The first *du Pont* factor is "The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression."

As to the second, third, and fourth *du Pont* factors,²⁹ symbolic maintained that the restriction fundamentally changes its goods and channels of trade. According to symbolic, consumers purchase goods associated with a celebrity in order to associate themselves with the celebrity. The CAFC, however, concluded that the Board did not err in holding that the “will.i.am” restriction does not limit the goods with regard to trade channels or classes of purchasers, alter the nature of the goods, or represent that the goods will be marketed in any particular, limited way. In the absence of meaningful limitations in the application or cited registrations, the Board was correct in presuming that the goods travel through all usual channels of trade to the usual classes of consumers.³⁰

Other I AM marks: The court agreed with the TTAB that, because there is no evidence of extensive or voluminous third-party use or registration of I AM marks for the same or related goods, the *Jack Wolfskin*³¹ and *Juice Generation*³² decisions are inapposite. Those two cases involved oppositions to marks that were not identical to the opposers’ marks. There, in view of evidence showing the frequency of use of certain components of the applied-for marks, the CAFC concluded that the Board had not adequately considered the weakness of the opposers’ marks in the likelihood of confusion analysis.

In sharp contrast, this case involves identical word marks. Moreover, symbolic’s evidence of third-party use of I AM for the same or similar goods fell short of the “ubiquitous”³³ or “considerable”³⁴ use of the mark components in the two cited cases.

Reverse confusion: “Reverse confusion” refers to a situation in which a significantly larger or prominent newcomer “saturates the market” with a mark that is confusingly similar to a smaller, senior registrant for related goods or services.³⁵

²⁹ The second, third, and fourth *du Pont* factors are: “[t]he similarity or dissimilarity and nature of the goods or services as described in the application or registration . . .”; “[t]he similarity or dissimilarity of established, likely-to-continue trade channels”; and “[t]he conditions under which and buyers to whom sales are made, i.e., ‘impulse’ vs. careful, sophisticated purchasing.” *Id.*

³⁰ See *In re Viterra Inc.*, 671 F.3d 1358, 101 U.S.P.Q.2d 1905, 1908 (Fed. Cir. 2012) (“[I]t is well established that, ‘absent restrictions in the application and registration, goods and services are presumed to travel in the same channels of trade to the same class of purchasers.’” (quoting *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1268 (Fed. Cir. 2002))).

³¹ *Jack Wolfskin Ausrüstung für Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 U.S.P.Q.2d 1129 (Fed. Cir. 2015).

³² *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 U.S.P.Q.2d 1671 (Fed. Cir. 2015)).

³³ *Jack Wolfskin*, 116 U.S.P.Q.2d at 1136.

³⁴ *Juice Generation*, 115 U.S.P.Q.2d at 1674.

³⁵ *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 957 n.12 (7th Cir. 1992). See also *In re Shell Oil Co.*, 992 F.2d 1204, 1208 (Fed. Cir. 1993).

The Board suggested in a footnote that, *to the extent* that Adams or Symbolic's marks are well known and reverse confusion exists, "such fact supports refusal of [Symbolic's] application, because when confusion is likely, it is the prior Registrant which must prevail. Even if it eclipses the renown of the prior Registrant, Applicant's fame does not entitle it to usurp the cited Registrant's rights in the mark."³⁶ The CAFC pointed out, however, that the Board did not make a finding of fame, and it did not make a finding of reverse confusion.

The court concluded that the Board's factual findings were supported by substantial evidence and its legal conclusions were not erroneous. Therefore, it affirmed the Board's decision.

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

In re North Carolina Lottery

The North Carolina Lottery held a losing ticket in this unsuccessful appeal from the TTAB's decision finding the mark FIRST TUESDAY to be merely descriptive of "lottery cards; scratch cards for playing lottery games" and of "lottery services" under Section 2(e)(1).³⁷ The CAFC ruled that the Board did not err in considering the explanatory text appearing on the applicant's specimens of use in determining the issue of descriptiveness.³⁸

North Carolina's specimens included explanatory text such as "[n]ew scratch-offs the first Tuesday of every month."³⁹ The examining attorney found that, in the context of the applicant's promotional materials, the mark "merely describes a feature of [its] goods and services, namely, new versions of the goods and services are offered the first Tuesday of every month."⁴⁰ The Board agreed, concluding that "[n]o mental thought or multi-step reasoning is required to reach a conclusion as to the nature of the involved goods and services."⁴¹

North Carolina argued that the Board's reliance on the explanatory text of the specimens to supplement the meaning of the mark was improper, contending that the inquiry should be limited to what a consumer with "only general knowledge" of the goods and services, and without additional context from the explanatory text,

³⁶ *In re i.am.symbolic*, 116 U.S.P.Q.2d at 1413 n.7.

³⁷ Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark that "when used on or in connection with the goods of the applicant is merely descriptive . . . of them"

³⁸ *In re North Carolina Lottery*, 123 U.S.P.Q.2d 1707 (Fed. Cir. 2017).

³⁹ *Id.* at 1708.

⁴⁰ *Id.*

⁴¹ *Id.*

would immediately understand the mark to mean.⁴² Accordingly, North Carolina maintained, the mark is suggestive because nothing in the mark itself conveys the complete understanding that the USPTO assigns to the mark, and therefore some imagination is needed to connect the mark to the goods and services.⁴³

North Carolina conceded that the USPTO is allowed to consider the specimens of use to discern how a mark is used, but it argued that explanatory text on the specimens cannot supply additional meaning when “the mark itself does not convey that meaning.”⁴⁴ When pressed at oral argument, North Carolina “had difficulty articulating the significance of the explanatory text in this case if not to serve as evidence of the significance of FIRST TUESDAY in the commercial context.”⁴⁵ The CAFC declined to “carve out” explanatory text from the USPTO’s consideration of the commercial context in which a mark is used.⁴⁶

That is not to say, however, that the use of explanatory text with a mark necessarily renders that mark merely descriptive. “Placement of a term on the continuum [of distinctiveness] is a question of fact.” *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1344 (Fed. Cir. 2001). The distinctiveness of a mark in the context of explanatory text remains a case-specific analysis. As a legal matter, however, the TTAB did not err by considering the explanatory text of the specimens in the descriptiveness inquiry.⁴⁷

North Carolina further argued that the fact that it had to explain the meaning of the mark showed that the mark is not descriptive. The court, distinguishing several non-binding decisions from other circuits,⁴⁸ found that the connection between the

⁴² *Id.* at 1709.

⁴³ *Id.* The CAFC observed that “A mark is merely descriptive if it immediately conveys information concerning a feature, quality, or characteristic of the goods or services for which registration is sought. *In re Bayer Aktiengesellschaft*, 488 F.3d 960, 963 (Fed. Cir. 2007). In contrast, ‘a suggestive mark requires imagination, thought and perception to reach a conclusion’ about the nature of the goods or services. *DuoProSS Meditech Corp. v. Inviro Med. Devices, Ltd.*, 695 F.3d 1247, 1252 (Fed. Cir. 2012) (internal quotation marks omitted).”

⁴⁴ *Id.*

⁴⁵ *Id.* at 1710.

⁴⁶ *Id.*

⁴⁷ *In re North Carolina Lottery*, 123 U.S.P.Q.2d at 1710.

⁴⁸ *Tumblebus Inc. v. Cranmer*, 399 F.3d 754, 759 (6th Cir. 2005) (holding that the mark TUMBLEBUS for mobile gymnastics instruction services was suggestive, not merely descriptive, based in part on “the fact that Tumblebus, Inc. has found it necessary to include explanatory phrases such as ‘Gym On Wheels’ in its advertising material”); *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 157 (4th Cir. 2014) (finding that the mark SWAP for watches with interchangeable faces and bands was suggestive because “[e]xplaining the function of [defendant’s] product” through promotional

explanatory text, the mark, and the goods and services was not complicated: “That text simply uses the same two words as the mark—‘first Tuesday’—along with words like ‘new’ and ‘every month’ to describe the relevant feature or characteristic of N.C. Lottery’s scratch-off lottery games.”⁴⁹

The commercial context here demonstrates that a consumer would immediately understand the intended meaning of FIRST TUESDAY. In other words, the evidence shows that the mark is less an identifier of the source of goods or services and more a description of a feature or characteristic of those goods or services. Substantial evidence therefore supports the TTAB’s finding that FIRST TUESDAY is a merely descriptive mark.⁵⁰

B. Trademark Trial and Appeal Board

1. Section 2(a) Deceptiveness

In re Canine Caviar Pet Foods, Inc.

Ruling that website evidence from a no-longer active website is not probative, the Board found the term “caviar” to be not misdescriptive of applicant’s pet foods and pet treats, and so it reversed Section 2(a) deceptiveness⁵¹ and Section 2(e)(1) deceptive misdescriptiveness⁵² refusals of the mark CANINE CAVIAR. The Board did, however, uphold the requirement that applicant disclaim the word “canine.”⁵³

Deceptiveness under Section 2(a) requires a showing that (1) the mark misdescribes the goods, (2) consumers would likely believe the misdescription, and (3) the misrepresentation would materially affect the purchasing decision.⁵⁴ The examining attorney contended that consumers would understand the word “caviar” to mean that caviar is an ingredient of the applicant’s goods. There was no dispute that the goods do not contain caviar.

The applicant maintained that consumers are likely to think of CANINE CAVIAR not as a reference to “fish roe,” but as a laudatory

materials containing diagrams, arrows, and text, evidenced the need for “a further leap.”).

⁴⁹ *In re North Carolina Lottery*, 123 U.S.P.Q.2d at 1710.

⁵⁰ *Id.*

⁵¹ Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), in pertinent part, bars registration of a mark that “Consists of or comprises . . . deceptive . . . matter”

⁵² Section 2(e)(1) of the Lanham Act, 15 U.S.C. § 1052(e)(1), in pertinent part, bars registration of a mark “which . . . when used on or in connection with the goods of the applicant is . . . deceptively misdescriptive of them”

⁵³ *In re Canine Caviar Pet Foods, Inc.*, 126 U.S.P.Q.2d 1590 (T.T.A.B. 2018).

⁵⁴ *In re Budge Mfg. Co.*, 857 F.2d 773, 8 U.S.P.Q.2d 1259, 1260 (Fed. Cir. 1988), citing *In re Shapely, Inc.*, 231 U.S.P.Q. 72, 73 (T.T.A.B. 1986).

reference to the quality of the product as “the best of its kind,” as in “the caviar of pet foods.”⁵⁵ A declaration from an expert linguist supported that assertion. The Board found that some consumers would understand “caviar” to refer to fish roe, while others would understand “caviar” in the laudatory sense, the latter meaning not being misdescriptive.

Turning to the second prong of the test, the examining attorney submitted evidence that pet foods and treats may contain caviar and that pet owners give caviar to their pets. The Board, however, found two problems with that evidence.

First, several of the websites referenced by the examining attorney are “cached” or stored, and the applicant objected that the sites were no longer active. The Board found that to be fatal to the probative value of the evidence: “[A]lthough the Examining Attorney’s evidence did properly include a URL and date, due to Applicant’s objections that certain sites are not active, we find that such evidence is not probative.”⁵⁶

The Board noted that even if the URL resolves to an active link, “there may still be issues raised as to the probative value of the evidence, including, but not limited to, the probative weight to assign consumer perceptions as of the original publishing date.”⁵⁷

The second problem with the examining attorney’s website evidence was that several webpages referred to foreign use (in the United Kingdom). Evidence from foreign websites may be probative in some cases (for example, technical fields),⁵⁸ but in this case the evidence “does not serve to tell us the norms specific to pet owners in the United States who are relevant consumers.”⁵⁹

The applicant submitted a declaration from a consultant in the animal feed industry, stating that “[t]he use of caviar as an ingredient in pet food essentially is non-existent.”⁶⁰ Two of the applicant’s distributors stated that they were unaware of anyone being deceived or confused into thinking that the applicant’s product contains caviar. Instead, the mark is understood as being a metaphor for high-quality food. The examining attorney asserted that the Board should reach its own legal conclusions, but the Board noted that the witnesses were also providing factual testimony: that is, that they were not aware of any confusion or deception that the products in question contain caviar. “Consistent with longstanding

⁵⁵ *In re Canine Caviar*, 126 U.S.P.Q.2d at 1592.

⁵⁶ *Id.* at 1595.

⁵⁷ *Id.* at 1595 n.19.

⁵⁸ See *In re IBM*, 81 U.S.P.Q.2d 1677, 1681 n.7 (T.T.A.B. 2006); *In re Remacle*, 66 U.S.P.Q.2d 1222, 1224 n.5 (T.T.A.B. 2002).

⁵⁹ *In re Canine Caviar*, 126 U.S.P.Q.2d at 1596.

⁶⁰ *Id.*

practice, we accord these declarations such probative value as they may have, and weigh them with the totality of the evidence.”⁶¹

The Board acknowledged that a few companies offer caviar for pets as a special, luxury item, but the overwhelming evidence showed that caviar is almost never used as an ingredient for pet food. During twenty years of use of the CANINE CAVIAR mark, consumers have not mistakenly believed that the applicant’s products contain caviar. “While we expect most pet owners to cherish their pets, we do not expect that they consider it be reasonable to spend over one hundred times the cost of comparable pet food on a single meal for these treasured creatures.”⁶²

The Board concluded that consumers who perceive the word “caviar” in the applicant’s mark to mean “fish roe” are not likely to believe that the goods contain caviar. Therefore the mark is not deceptive under Section 2(a), and since the first two prongs under the applicable test were not met, it perforce is not deceptively misdescriptive under Section 2(e)(1).

Turning to the requirement for disclaimer of CANINE, applicant argued that the mark CANINE CAVIAR is unitary due to its alliteration, and therefore that no disclaimer is required. The Board noted, however, that the combination of the two words provides no additional meaning beyond that proposed by the applicant and its linguistics expert: “luxury dog food.” Similarly alliterative terms like CANINE CRUNCHER and CANINE CANDY are registered with disclaimers of CANINE. The Board had no doubt that CANINE will be viewed as a separable term that conveys the information that the product is dog food and thus the term is merely descriptive thereof.

And so, the Board affirmed the disclaimer requirement.

2. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

In re Solid State Design Inc.

Refusing to read limitations into a cited registration, the Board affirmed a Section 2(d) refusal to register the mark shown below left, for “Computer application software for mobile phones and desktop computers, namely, software for visualizing the popularity of places in real time, that uses an underlying map capability for navigation, sold as ‘business to consumer’ (B2C) software, and not as ‘business to business’ (B2B) software,” finding it likely to cause confusion with the registered mark shown below right, for “Downloadable mobile applications for mobile phones and mobile

⁶¹ *Id.* at 1597.

⁶² *Id.*

electronic devices, primarily software for travel and destination marketing organizations and travel marketing professionals.” Applicant Solid State argued, to no avail, that the registration improperly failed to specify the function of the software. The Board observed, however, that it lacked the authority to read limitations into the unrestricted identification of goods in the registration.⁶³



The Board found the word “populace” dominant in both marks, and the marks identical in sound, similar in appearance, and highly similar in connotation and commercial impression.

[W]e agree with the Examining Attorney that “the average consumer is most likely to recall generally the literal element ‘POPULACE’ . . . rather than making a very nuanced distinction that the outline of a person emphasizes the social aspect of the applicant’s goods and the arguably globe or orb image emphasizes the travel and tourism aspect of the cited goods”⁶⁴

The goods in the cited registration were limited only by the phrase “[d]ownloadable mobile applications for mobile phones and mobile electronic devices.” The Board is required to consider the identification as including “all the goods of the nature and type described therein.”⁶⁵ Therefore, the goods in the registration must be deemed to encompass the applicant’s more specifically identified “computer application software for mobile phones.”

Solid State asserted that the cited registration is inconsistent with the guidance provided by the USPTO’s Acceptable Identification of Goods Manual, which states that “[m]obile applications are software applications design for smartphones, tablet computers, and other mobile devices, and require specification of the function of the software.” The ID Manual further provides that “[s]tating that the ‘downloadable mobile applications’ are ‘for use with mobile devices’ is not acceptable” to specify the

⁶³ *In re Solid State Design Inc.*, 125 U.S.P.Q.2d 1409 (T.T.A.B. 2018).

⁶⁴ *Id.* at 1412.

⁶⁵ *In re Jump Designs LLC*, 80 U.S.P.Q.2d 1370, 1374 (T.T.A.B. 2006).

function of such applications.” It provides the following form language: “Downloadable mobile applications for {**indicate function of software, e.g., managing bank accounts, editing photos, making restaurant reservations, etc. and, if software is content- or field-specific, the content or field of use**}.”⁶⁶

The Board noted that “[t]his appeal illustrates the problems that can arise when the requirement to specify the function of a computer program such as a downloadable app is not satisfied.”⁶⁷ It pointed out, however, that the TTAB lacks the authority to read limitations into the identification of goods,⁶⁸ including a specification of the function of the apps, or to “grant relief under Section 18 *sua sponte*.”⁶⁹ In such a situation, an applicant has the option of “seeking a consent from the owner of the cited registration, or seeking a restriction of the registration under Section 18 of the Trademark Act.”⁷⁰

Trade channels and consumers: Because the involved goods are legally identical, the Board presumed that they travel in the same channels of trade. As to the classes of consumers, the Board must also deem these to be identical.⁷¹ Although both the application and cited registration “contain purported restrictions on the classes of consumers for the respective apps, . . . they do not negate the presumptive overlap in the classes of consumers.”⁷² The language “sold as ‘business to consumer (B2C) software, and not as ‘business to business’ (B2B) software” in the application is aspirational and marketing-related and “does not exclude that businesses (which range from sole proprietorships to large multinational corporations) could purchase the software as well).”⁷³ The word “primarily” in the cited registration does not limit the classes of consumers to only the listed travel professionals.

We therefore find that the apps identified in the cited registration may be sold to general consumers as well as travel professionals. We also find that Applicant’s software could be purchased by businesses. Accordingly, we find that

⁶⁶ Emphasis added by the Board.

⁶⁷ *In re Solid State*, 125 U.S.P.Q.2d at 1413.

⁶⁸ *Id.* at 1414. *See Squirtco v. Tomy Corp.*, 697 F.2d 1038, 1043, 216 U.S.P.Q. 937, 940 (Fed. Cir. 1983).

⁶⁹ *In re Solid State*, quoting *In re Cook Med. Tech. LLC*, 105 U.S.P.Q.2d 1377, 1384 n.6 (T.T.A.B. 2012).

⁷⁰ *Id.* at 1410, citing *Cook Med. Tech.*, 105 U.S.P.Q.2d at 1384. 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.”

⁷¹ *In re Solid State* at 1414, citing *In re Viterra*, 101 U.S.P.Q.2d at 1908.

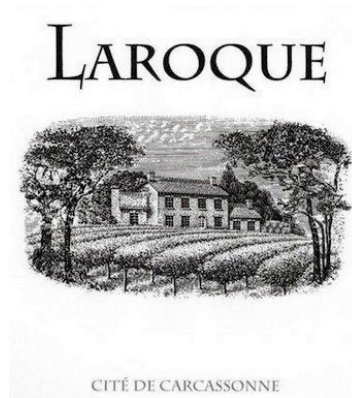
⁷² *Id.*

⁷³ *Id.*

the classes of customers in the application and registration overlap.⁷⁴

In re Aquitaine Wine USA, LLC

Addressing the issue of how to compare a design mark with a standard character mark in a Section 2(d) determination, the Board affirmed a refusal to register the mark shown immediately below, for “Wine of French origin protected by the appellation of the origin Cité de Carcassonne” [CITÉ DE CARCASSONNE disclaimed], finding it likely to cause confusion with the registered, standard character mark CHATEAU LAROQUE for “Wines having the controlled appellation Saint-Emilion Grand Cru” [CHATEAU disclaimed]. Judge Lorelei Ritchie concurred, but disagreed with the panel majority’s ruling that in considering the cited standard character mark CHATEAU LAROQUE, the Board will not take into account design features that the registrant might include its mark.⁷⁵



The Board found, not surprisingly, that both the applied-for mark and the cited mark are dominated by the word “LAROQUE.” There was nothing in the record indicating that LAROQUE has any meaning—geographic, surname, or otherwise—and nothing suggesting that it is weak or not inherently distinctive.

Applicant Aquitaine argued that wine consumers choose wine based on the images on the labels, and therefore the design in the applicant’s mark would be the dominant element. However, the Board pointed out that, even assuming the applicant was correct regarding consumer motivation, the applied-for mark is not a wine label. In any case, wine is often ordered by the glass from a wine list showing only the names of the wines, without images. Furthermore,

⁷⁴ *Id.* at 1415.

⁷⁵ *In re Aquitaine Wine USA, LLC*, 126 U.S.P.Q.2d 1181, 1195-96 (T.T.A.B. 2018).

it is axiomatic that the Board must compare the marks as they appear in the application and cited registration, regardless of how the marks are actually used.⁷⁶

Aquitaine and the examining attorney jostled over whether the Board must consider only “reasonable variations” of the cited, standard character mark, but the Board pointed out that they were misreading the CAFC’s decision in *In re Vitterra, Inc.*⁷⁷ There, the CAFC rejected the “reasonable manners” test as “unduly narrow” and instead endorsed a standard “that allows a broader range of marks to be considered in the *DuPont* analysis when a standard character mark is at issue.”⁷⁸ The *Vitterra* court stated that it was “not suggesting that a standard character mark encompasses all possible design elements,” leaving it “for future cases to determine the appropriate method of comparing design marks with standard character marks.”⁷⁹ The Board observed that this case presents an opportunity for just such a determination:

We hold that when we are comparing a standard character mark to a word + design mark for Section 2(d) purposes, we will consider variations of the depictions of the standard character mark *only with regard to* “font style, size, or color” of the “words, letters, numbers, or any combination thereof.”⁸⁰

In comparing the applied-for mark with the cited mark, the Board pointed out that the pictorial representation in Aquitaine’s mark is taken into account in the *du Pont* analysis. Here, the depiction of a “chateau” would at least call to mind the word CHATEAU in the cited mark.

The Board concluded that when the involved marks are considered in their entirety, they are partly similar in sound, more similar than dissimilar in appearance, and convey similar connotations and commercial impressions. Therefore, the first *du Pont* factor weighed in favor of a finding of likely confusion.

Aquitaine argued that consumers would know that the involved French wines come from different regions in France, but the Board pointed out that nothing in the cited mark itself indicated the origin of the registrant’s wine. Moreover, consumers intending to order the registrant’s wine may remember it as LAROQUE or CHATEAU LAROQUE and may be unaware of its geographic origin; upon encountering Aquitaine’s mark, which includes an image of a

⁷⁶ See, e.g., *In re i.am.symbolic*, 123 U.S.P.Q.2d at 1749.

⁷⁷ 101 U.S.P.Q.2d 1905 (Fed. Cir. 2012).

⁷⁸ *In re Vitterra*, 101 U.S.P.Q.2d at 1910.

⁷⁹ *Id.*

⁸⁰ *In re Aquitaine Wine USA*, 126 U.S.P.Q.2d at 1187 (emphasis added by the Board). See *Citigroup*, 98 U.S.P.Q.2d at 1259; *In re Vitterra*, 101 U.S.P.Q.2d at 1909.

chateau, these consumers may mistakenly believe they are being served the registrant's wine.

In any case, the Board was “aware of no rule, and the record contains no evidence from which we can infer, that confusion is *not* likely when similar marks are used on wines from different viticultural regions, especially where, as here, those regions are in the same foreign country.”⁸¹ Moreover, Aquitaine provided no evidence that American consumers of wine are aware of differences in the specific appellations used in French wine production.

Channels of Trade: The evidence showed that wine purveyors sell, on the same webpages, French wine from different regions, including wines from the Cité de Carcassonne and the Saint-Emilion regions. Moreover, Aquitaine did not show that a company doing business in one region could not establish a winery in another region, and so consumers encountering wines from different regions under similar trademarks may believe that they emanate from the same source.

Sophistication of Purchasers: Because there are no limitations in the application and cited registration as to trade channels, classes of consumers, or conditions of sale, the Board must presume that they encompass inexpensive or moderately priced wines.⁸² In fact, the evidence indicated that the average price of the Aquitaine's pinot noir is about \$17, and the Saint-Emilion wines advertised alongside Aquitaine's wine on the websites of record ranged from about \$15 to \$30.

The Board found that consumers are likely to believe that the Applicant Aquitaine's wines originate from, are associated with, or are sponsored by the same entity as the registrant's wines.

Judge Ritchie concurred in the result but disagreed with the majority's rationale. Specifically, Judge Ritchie found “the pronouncement of the majority that it will not consider ‘design features’ to be both unnecessary and ultimately unhelpful.”⁸³ Instead, Judge Ritchie would find that “the Registrant's right to display of CHATEAU LAROQUE in any ‘font, style, size, or color’ includes designs that would make it similar to the [logo] mark sought by Applicant.”⁸⁴

In re Inn at St. John's, LLC

This applicant's invocation of the thirteenth *du Pont* factor failed to overcome a Section 2(d) refusal of the mark 5IVE STEAKHOUSE & Design (below left) in view of the registered mark 5IVESTEAK in

⁸¹ *Id.* at 1188 (emphasis by the Board).

⁸² *Id.* at 1195.

⁸³ *Id.* at 1196.

⁸⁴ *Id.*

stylized form (below right), both for “restaurant and bar services.” The applicant pointed to its prior registration of a similar mark (shown further below), but the Board found the applied-for mark to be more similar to the cited mark than the prior one.⁸⁵



Third-party registration and usage: In an effort to show that 5IVE is a weak formative, the applicant pointed to twenty-one registrations and applications for marks that include that term, two registrations for marks that include FIFTH for restaurant services, and one registration for 51 FIFTEEN for restaurant and bar services.

The Board first pointed out that pending applications are not evidence of use of the subject marks.⁸⁶ Second, only five of the submitted registrations related to restaurant and bar services, and therefore the others had limited probative value.⁸⁷ Moreover, one of those five registrations had been cancelled and therefore had no probative value at all.⁸⁸ Two of the remaining four registrations were for related but not identical services and the other two covered identical services but contained the non-identical term “FIFTH.”

There was no evidence of third-party usage; only evidence of “just a few” third-party registrations.⁸⁹ The Board pointed out once again that the “existence of [third-party] registrations is not evidence of what happens in the marketplace or that customers are familiar with them.”⁹⁰

⁸⁵ *In re Inn at St. John’s, LLC*, 126 U.S.P.Q.2d 1742 (T.T.A.B. 2018).

⁸⁶ *Nike Inc. v. WNBA Enters. LLC*, 85 U.S.P.Q.2d 1187, 1193 n.8 (T.T.A.B. 2007); *Interpayment Servs. Ltd. v. Docters & Thiede*, 66 U.S.P.Q.2d 1463, 1468 n.6 (T.T.A.B. 2003).

⁸⁷ *See In re i.am.symbolic, LLC*, 123 U.S.P.Q.2d at 1751 (disregarding third-party registrations for unrelated goods).

⁸⁸ *In re Kysela Pere et Fils Ltd.*, 98 U.S.P.Q.2d 1261, 1264 (T.T.A.B. 2011)) (“‘dead’ or cancelled registrations have no probative value at all”).

⁸⁹ *In re Inn at St. John’s*, 126 U.S.P.Q.2d at 1746.

⁹⁰ *Id.*, quoting *AMF Inc. v. Am. Leisure Prods., Inc.*, 474 F.2d 1403, 177 U.S.P.Q. 268, 269 (C.C.P.A. 1973).

Nevertheless, in determining the degree of weakness, if any, in the shared terms, we must “adequately account for the apparent force of [third-party use and registration] evidence,” regardless of whether “specifics” pertaining to the extent and impact of such use have been proven. *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 U.S.P.Q.2d 1671, 1674-5 (Fed. Cir. 2015). “[E]xtensive evidence of third-party use and registrations is ‘powerful on its face,’ even where the specific extent and impact of the usage has not been established.” *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 U.S.P.Q.2d 1129, 1136 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 982 (2016) (citing *Juice Generation v. GS Enters.*, 115 U.S.P.Q.2d at 1674).⁹¹

However, unlike *Juice Generation*, where “extensive evidence” of third-party registration and use of similar marks was deemed “powerful on its face,” the applicant here presented no evidence of use and at most four third-party registrations of varying probative value (two for non-identical services and two for non-identical terms). “This is a far cry from the large quantum of evidence of third-party use and third-party registrations that was held to be significant in both *Jack Wolfskin v. New Millennium Sports*, 116 U.S.P.Q.2d at 1136, and *Juice Generation v. GS Enters.*, 115 U.S.P.Q.2d at 1674.”⁹² Therefore the Board deemed this sixth *du Pont* factor to be neutral.

The Board again observed that when the involved services are identical, as here, a lesser degree of similarity between the marks is necessary to support a finding of likelihood of confusion.⁹³

The Board found the marks to be “highly similar” in appearance, sound, connotation, and commercial impression. Applicant Inn at St. John’s maintained that the marks have significant differences in appearance, but the Board pointed out that the literal portion of a word + design mark is often considered the dominant feature because it is the portion that is most likely to indicate source. “In other words, the literal elements of a mark are likely to make a greater impression upon purchasers than any stylization of the words or accompanying designs, and would be remembered by them and used by them to request the services.”⁹⁴ Moreover, the knife-and-fork design in the applicant’s mark is a “relatively small

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*, citing *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 U.S.P.Q.2d 1713, 1721 (Fed. Cir. 2012); *Century 21 Real Estate Corp. v. Century Life of Am.*, 970 F.2d 874, 23 U.S.P.Q.2d 1698, 1700 (Fed. Cir. 1992).

⁹⁴ *Id.* at 1747. See *In re Viterra*, 101 U.S.P.Q.2d at 1908 and 1911 (citing *CBS Inc. v. Morrow*, 708 F.2d 1579, 218 U.S.P.Q. 198, 200 (Fed. Cir 1983)).

element of the mark and is at best suggestive of restaurant services.”⁹⁵

Applicant’s prior registration: Under the thirteenth *du Pont* factor, the Board may consider “any other established fact probative of the effect of use.” The Board observed that “[w]here an applicant owns a prior registration that is over five years old and the mark is substantially the same as in the applied-for application, this can weigh against finding that there is a likelihood of confusion.”⁹⁶



Citing *Strategic Partners*,⁹⁷ Applicant Inn at St. John’s pointed to its prior registration for the mark shown immediately above, which had coexisted with the cited registration on the Trademark Register for more than five years. However, the Board observed that, unlike in *Strategic Partners*, the applied-for mark “moves closer to the cited registration” than the mark in the prior registration.⁹⁸ The Board acknowledged that STEAK, STEAKHOUSE, and RESTAURANT are generic, or at best descriptive terms, “but such terms, in appropriate circumstances may—and here, do—contribute to the overall commercial impression created by a mark.”⁹⁹

Because of the similarity of the wording 5IVE STEAKHOUSE and 5IVESTEAK, the Board deemed the existence of the prior registration to be a neutral factor in the Section 2(d) analysis.

⁹⁵ *Id.*

⁹⁶ *Id.* at 1748.

⁹⁷ *In re Strategic Partners Inc.*, 102 U.S.P.Q.2d 1397, 1399 (T.T.A.B. 2012):

[T]he present case involves the unique situation presented by the coexistence of applicant’s existing registration [for the mark ANYWEARS] with the cited registration [for ANYWEAR BY JOSIE NATORI & Design] for over five years, when applicant’s applied-for mark [ANYWEAR (Stylized)] is substantially similar to its existing registered mark, both for identical goods. When we consider these facts under the thirteenth *du Pont* factor, we find in this case that this factor outweighs the others and leads us to conclude that confusion is unlikely.

⁹⁸ *In re Inn at St. John’s*, 126 U.S.P.Q.2d at 1748.

⁹⁹ *Id.* See *Juice Generation*, 115 U.S.P.Q.2d at 1676 (concluding that, in its Section 2(d) analysis, the Board gave insufficient consideration to the word “JUICE” in the applicant’s mark PEACE LOVE JUICE & Design for juice bar services).

3. Section 2(e)(4) Primarily Merely a Surname

In re Weiss Watch Co.

The Board affirmed a Section 2(e)(4)¹⁰⁰ refusal of WEISS WATCH COMPANY for watches, clocks, and related goods [WATCH COMPANY disclaimed], finding the applied-for mark to be primarily merely a surname. The applicant argued that, applying the doctrine of foreign equivalents, WEISS has non-surname significance because “weiss” means “white” in German, and thus the surname bar is inapplicable. Nein, said the Board.¹⁰¹

WEISS is the surname of the applicant’s founder and head watchmaker, Cameron Weiss. The surname “Weiss” ranks number 531 on the list of common surnames in America for the year 2000. A LEXIS/NEXIS search revealed 99,683 appearances of the surname “Weiss” in a nationwide telephone directory. In short, the evidence showed that “WEISS is not rarely encountered as a surname in the United States.”¹⁰²

There was no evidence that WEISS has a recognized meaning in English other than as a surname, but the applicant pointed to the meaning of WEISS in German as “white,” relying on *In re Isabella Fiore LLC*,¹⁰³ where a surname refusal of FIORE was reversed because the mark is the Italian equivalent of “flower.” This other meaning of WEISS, the applicant argued, removed its mark from the surname bar.

The doctrine of foreign equivalents applies when it is likely that the ordinary American purchaser would “stop and translate” the foreign wording into its English equivalent.¹⁰⁴ The “ordinary American purchaser” includes “all American purchasers, including those proficient in a non-English language, who would ordinarily be expected to translate words into English.”¹⁰⁵

The Board has found that consumers would stop and translate a term when it is from a major, modern language, spelled in the standard way in the foreign language, and is the only translation of the English word to which it translates, so that there is no question that its translated meaning would be recognized and not considered obscure.¹⁰⁶

¹⁰⁰ Section 2(e)(4) of the Lanham Act, 15 U.S.C. § 1052(e)(4), bars registration of a mark that “is primarily merely a surname.”

¹⁰¹ *In re Weiss Watch Co.*, 123 U.S.P.Q.2d 1200 (T.T.A.B. 2017).

¹⁰² *Id.* at 1203.

¹⁰³ 75 U.S.P.Q.2d 1564, 1566 (T.T.A.B. 2005).

¹⁰⁴ *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 396 F.3d 1369, 1377, 73 U.S.P.Q.2d 1689, 1696 (Fed. Cir. 2005).

¹⁰⁵ *In re Spirits Int’l, N.V.*, 563 F.3d 1347, 1352, 90 U.S.P.Q.2d 1489, 1492 (Fed. Cir. 2009).

¹⁰⁶ *In re Weiss Watch*, 123 U.S.P.Q.2d at 1204, citing *In re Isabella Fiore, LLC*, 75 U.S.P.Q.2d at 1569.

The Board recognized that German is a major, modern language and the proposed other meaning (“white”) is not obscure, but “WEISS is not the standard orthography for the word ‘white’ in German.”¹⁰⁷ “White” translated from English into German is spelled “weiß”—with the letter eszett—not as “Weiss.” The evidence did not show that “weiss,” spelled without the eszett, translates into “white” in English. The Board concluded that application of the doctrine of equivalents was not appropriate here.

Moreover, the Board took judicial notice that WEISS derives from a German habitational name—that is, a German surname based on a location. That fact reinforces the consumer perception of WEISS as a surname.

In *Fiore*, the term “FIORE” was spelled in the standard Italian form and the English equivalent of “flower” resolved only to “fiore.” There was no question that the term “fiore” would be recognized as the Italian word for “flower.” Nor was the meaning obscure, and so the Board there concluded that consumers would stop and translate the term, a fact that detracted from its surname significance.

Here, however, WEISS is not spelled in the standard German dictionary form. Moreover, “Weiss” is more common as a surname than “Fiore” (5,193 NEXIS entries) and there was no evidence that FIORE was a surname associated with the applicant, whereas here WEISS is advertised to consumers as the name of the applicant’s founder and head watchmaker. Finally, the surname “Weiss” originated as a habitational name in Germany and therefore a German speaker is likely to view WEISS as a surname rather than translate it into another word.

The addition of the words “WATCH COMPANY” to WEISS does not affect the surname significance of the mark, viewed in its entirety, in the context of the applicant’s goods, since neither “watch” nor “company” has any source-identifying significance.

Therefore, the Board affirmed the refusal to register.

In re Olin Corp.

Affirming yet another Section 2(e)(4) refusal, the Board found the applied-for mark OLIN for certain chemical products to be primarily merely a surname and lacking in acquired distinctiveness under Section 2(f).¹⁰⁸ Although the application was filed under the

¹⁰⁷ *Id.*

¹⁰⁸ 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

intent-to-use provisions of Section 1(b), the Board ruled that acquired distinctiveness could be transferred to the involved mark under Trademark Rule 2.41(a) in the same manner as with a use-based application.¹⁰⁹

Under Section 2(e)(4), a mark is barred from registration if it is “primarily merely a surname.” Applicant Olin appeared to argue that OLIN is not “primarily” merely a surname because it had acquired distinctiveness. The Board, however, pointed out that the question of whether a mark is primarily a merely a surname is separate from whether the mark has acquired distinctiveness.¹¹⁰ The Lanham Act makes it clear that a mark that is inherently primarily merely a surname may nonetheless be registered upon a showing of acquired distinctiveness. As stated by Professor J. Thomas McCarthy:

The statutory word “primarily” refers to the main significance of a word as a word, not to its significance as a trademark due to advertising and promotion. MCDONALD’S for quick service restaurants was found to be “primarily merely a surname” even though it has achieved trademark significance. Secondary meaning under § 2(f) must always be submitted on the record to register such a surname as a mark.¹¹¹

In short, “[a] term’s secondary meaning does not necessarily mean second in importance or significance but, merely, second in time.”¹¹²

The Board has repeatedly rejected the argument that acquired distinctiveness eliminates surname significance under Section 2(e)(4).¹¹³ An applicant must make a formal claim under Section 2(f) in order to overcome a Section 2(e)(4) refusal.

Here, Applicant Olin did not explicitly request registration under Section 2(f). Nonetheless, the examining attorney construed its arguments in response to the Section 2(e)(4) refusal as an apparent claim of acquired distinctiveness in the alternative.

Section 2(e)(4): The Board considered the factors set out in *In re Benthin Management GmbH*¹¹⁴ in determining whether OLIN is primarily merely a surname.

applicant in commerce for the five years before the date on which the claim of distinctiveness is made.

¹⁰⁹ *In re Olin Corp.*, 124 U.S.P.Q.2d 1327 (T.T.A.B. 2017).

¹¹⁰ *Id.* at 1329.

¹¹¹ *Id.*, quoting McCarthy on Trademarks and Unfair Competition, § 13:28, 4th ed. 2017) (citing *In re McDonald’s Corp.* 230 U.S.P.Q. 304 (T.T.A.B. 1986)).

¹¹² *In re McDonald’s Corp.*, 230 U.S.P.Q. at 307.

¹¹³ See *In re Cazes*, 21 U.S.P.Q.2d 1796, 1797 (T.T.A.B. 1991); *In re Industrie Pirelli Societa per Azioni*, 9 U.S.P.Q.2d 1564, 1565 (T.T.A.B. 1998).

¹¹⁴ 37 U.S.P.Q.2d 1332, 1333-34 (T.T.A.B. 1995). In *Benthin*, the Board stated that “factors” to be considered in determining whether a term is primarily merely a surname include (1) the degree of a surname’s rareness; (2) whether anyone connected with applicant has

Based on evidence showing that several thousand individuals in this country have the surname “Olin,” the Board found that it is “not rarely encountered as a surname, and therefore it is likely to be perceived by the public as having surname significance.”¹¹⁵

According to its website, Olin Corporation was founded by Franklin Olin in 1892, and his two sons took over the company from him decades later. The applicant stated that no one named Olin is currently in upper management at the company. The Board concluded that, since the applicant still promotes its founding by Mr. Olin, this factor favors a finding that the public perceives OLIN as primarily merely a surname.¹¹⁶

So-called “negative dictionary evidence” submitted by the examining attorney demonstrated an absence of any non-surname meaning for OLIN. Finally, the Board found that OLIN has the structure and pronunciation of a surname, although this finding has “little significance” in view of the other evidence.¹¹⁷

The Board concluded that the evidence, taken as a whole, established that OLIN is primarily merely a surname.

Section 2(f): The Board observed that an applicant “can establish a prima facie case of acquired distinctiveness in the mark in an intent-to-use application where it can show that same mark acquired distinctiveness for sufficiently similar or related goods, and that this acquired distinctiveness will transfer to the goods specified in the application when the mark is used in connection with them.”¹¹⁸

The Board ruled that for a Section 1(b) application, as with a use-based application under Section 1(a), there are three methods for establishing that a mark has acquired distinctiveness for goods sufficiently similar or related to those identified in an intent-to-use application. In brief, Trademark Rule 2.41(a)¹¹⁹ provides that

that surname; (3) whether the term has any recognized meaning other than that of a surname; (4) whether the term has the “structure and pronunciation” of a surname; and (5) whether the stylization of lettering is distinctive enough to create a separate commercial impression. Of course, when the mark at issue is in standard characters, it is unnecessary to consider the fifth factor. *See, e.g., In re Integrated Embedded*, 120 U.S.P.Q.2d 1504, 1506 n.4 (2016).

¹¹⁵ *In re Olin*, 124 U.S.P.Q.2d at 1331.

¹¹⁶ *See In re Adlon Brand GmbH & Co. KG*, 120 U.S.P.Q.2d 1717, 1722 (T.T.A.B. 2016).

¹¹⁷ *In re Olin*, 124 U.S.P.Q.2d at 1332.

¹¹⁸ *Id.* at 1333. *See, e.g., In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 57 U.S.P.Q.2d 1807, 1812 (Fed. Cir. 2001); *In re Highlights for Children, Inc.*; 118 U.S.P.Q.2d 1268, 1273-74 (T.T.A.B. 2016).

¹¹⁹ Trademark Rule 2.41(a), 37 C.F.R. § 2.41(a), states:

For a trademark or service mark—(1) Ownership of prior registration(s). In appropriate cases, ownership of one or more active prior registrations on the Principal Register or under the Trademark Act of 1905 of the same mark may be accepted as prima facie evidence of distinctiveness if the goods or services are sufficiently similar to the goods or services in the application; however, further evidence may be required. (2) Five years substantially exclusive and continuous

distinctiveness may be proven under Section 2(f) by the following means:

- (1) Ownership of prior registration(s);
- (2) Five years substantially exclusive and continuous use in commerce; and/or
- (3) Other evidence (declarations, etc.) showing the duration, extent, and nature of the use in commerce.

Applicant Olin pointed to its ownership of several existing and expired registrations for the mark OLIN for other products, the registrations having issued on the Supplemental Register¹²⁰ or on the Principal Register under Section 2(f).¹²¹ The question, then, was whether the goods of the prior existing registrations were “sufficiently similar or related” to the goods of the subject application to allow “transfer” of the acquired distinctiveness of the former to the latter. “We emphasize that, by the very nature of the inquiry, Section 1(b) applicants face a heavy burden in establishing that their mark will acquire distinctiveness when use commences. Accordingly, the required showing for acquired distinctiveness to “transfer” to new products is a rigorous one.”¹²²

The goods of the subject application involved various chemicals, including acids, resins, and solvents, while those of the Olin’s prior registrations were “cartridges and high explosives,” “non-ferrous metals and alloys,” “ammunition” and “shotguns.” The Board found it “self-evident” that the goods of the registrations were unrelated to those identified in the application, and Olin did not disagree.¹²³

Putting aside the prior registrations, the Board next considered whether Olin “made a *prima facie* showing of acquired distinctiveness based on five years’ use of the same mark with

use in commerce. In appropriate cases, if a trademark or service mark is said to have become distinctive of the applicant’s goods or services by reason of the applicant’s substantially exclusive and continuous use of the mark in commerce for the five years before the date on which the claim of distinctiveness is made, a showing by way of verified statements in the application may be accepted as *prima facie* evidence of distinctiveness; however, further evidence may be required. (3) Other evidence. In appropriate cases, where the applicant claims that a mark has become distinctive in commerce of the applicant’s goods or services, the applicant may, in support of registrability, submit with the application, or in response to a request for evidence or to a refusal to register, verified statements, depositions, or other appropriate evidence showing duration, extent, and nature of the use in commerce and advertising expenditures in connection therewith (identifying types of media and attaching typical advertisements), and verified statements, letters or statements from the trade or public, or both, or other appropriate evidence of distinctiveness.

¹²⁰ The Board did not explain why registrations on the Supplemental Register would have any probative value on the issue of acquired distinctiveness.

¹²¹ The Board noted, not surprisingly, that the expired registrations were irrelevant.

¹²² *In re Olin*, 124 U.S.P.Q.2d at 1335.

¹²³ *Id.*

sufficiently similar or related goods under Rule 2.41(a)(2).”¹²⁴ Olin submitted two declarations, stating that it is a well-known company whose stock is traded on the New York Stock Exchange, with revenues exceeding \$2 billion annually. It maintained that the mark OLIN has been used with its “Historic Products”—chlorine, hydrochloric acid, potassium hydroxide, sodium hydroxide, sodium hypochlorite, hydrogen, and sodium chloride—for at least five years. The Board noted that some of these Historic Products are included in the identification of goods of the application at issue, but it also observed that Olin made no attempt to divide out these goods into a separate application.

In any case, Olin’s claim under Rule 2.41(a)(2) was inadequate because Olin failed to aver that its use of the mark OLIN for these “historic” goods had been “substantially exclusive,” as required by the Rule.

Finally, turning to Rule 2.41(a)(3), the Board looked to Olin’s “other evidence” of acquired distinctiveness and found it insufficient. The Board noted that Olin did not provide evidence of advertising expenditures, survey results, media recognition, or third-party recognition. Although its declarations did address sales and length of use, necessary details were not included: the declarations did not specify how long the applicant has used the mark OLIN with chlorine or any of the other Historic Products, or what portion of the sales of those products occurred in the United States.

Conclusion: The Board therefore found that the mark OLIN is primarily merely a surname, and that Applicant Olin failed to establish acquired distinctiveness under Section 2(f). Therefore, the Board affirmed the refusal to register.

Concurrence: Judge Angela Lykos concurred in the result, but only under Rule 2.41(a)(1).

While the language set forth in Trademark Rule 2.41(a)(1) which makes no mention of use in commerce, and Federal Circuit precedent supports the principle that a “transfer” of acquired distinctiveness may occur from a previously registered mark to an intent-to-use application, I disagree that this tenet extends to either the second or third manner of demonstrating acquired distinctiveness as set forth in subsections (2) and (3) of Trademark Rule 2.41(a).¹²⁵

Judge Lykos opined that, based on the plain language of these subsections—“which clearly contemplate prior use of the applied-for mark and make no mention of ‘the same mark’ or ‘sufficiently

¹²⁴ *Id.* at 1336.

¹²⁵ *Id.* at 1340.

similar goods or services” — Rules. 2.41(a)(2) and Rule 2.41(a)(3) are not applicable to intent-to-use applications.¹²⁶

4. Section 2(e)(5) Functionality

In re Change Wind Corp.

The TTAB affirmed a Section 2(e)(5) refusal to register the product configuration mark shown below, for “Wind turbines; Windpowered electricity generators,” finding the design to be functional because “it is essential to the use or purpose of the product.” Applicant Change Wind’s own utility patent took the wind out of its sails. Moreover, assuming *arguendo* that the design was not *de jure* functional, the Board also rejected Change Wind’s claim that the applied-for mark had acquired distinctiveness under section 2(f).¹²⁷



Section 2(e)(5) of the Lanham Act bars registration of a proposed mark that “comprises any matter that, as a whole, is functional.”¹²⁸ A product design or product feature is considered to be functional for trademark purposes (*i.e.*, *de jure* functional) if it is: (1) “essential to the use or purpose of the article;” or if it (2) “affects the cost or quality of the article.”¹²⁹

In *In re Morton-Norwich Prods., Inc.*,¹³⁰ the U.S. Court of Customs and Patent Appeals (CCPA) set forth four nonexclusive types of evidence that may be helpful in determining the issue of functionality: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian

¹²⁶ *Id.*

¹²⁷ *In re Change Wind Corp.*, 123 U.S.P.Q.2d 1453 (T.T.A.B. 2017).

¹²⁸ Section 2(e)(5) of the Lanham Act, 15 U.S.C. § 1052(e)(5).

¹²⁹ *Traffix Devices Inc. v. Mktg. Displays Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001, 1006 (2001) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 214 U.S.P.Q. 1, 4 n.10 (1982)).

¹³⁰ 671 F.2d 1332, 213 U.S.P.Q. 9, 15-16 (C.C.P.A. 1982).

advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

However, the Supreme Court in *TrafFix* made it clear that there is no need to consider alternative designs if the product configuration at issue is functional under the *Inwood* standard. “Thus, there is no requirement that all of the categories of evidence identified in *Morton-Norwich* appear in every case in order to make a functionality refusal.”¹³¹

Here, in considering the functionality of the configuration as a whole, we may consider the functional role of the individual features of the design—the conical housing and the helical wings—to determine whether the applied-for mark is functional and thus, unregistrable.¹³²

Utility Patent: In *TrafFix*, the Supreme Court stated that a utility patent is “strong evidence” that the features an applicant claims are functional.¹³³ A utility patent need not “claim the exact configuration for which trademark protection is sought in order to undermine an applicant’s assertion that an applied-for mark is not de jure functional.”¹³⁴

Change Wind provided its U.S. Patent 9,103,321.¹³⁵ The Board found that the features contained in the applied-for mark (helical wings and a housing enclosing a frame structure) are “specified in the twenty-one claims of the [patent].”¹³⁶

A wind turbine, comprising: a frame structure; a housing enclosing said frame structure . . . helical swept wings that rotate to capture wind throughout a circumference of the rotary wing assembly from both windward and leeward sides so that a torque input spreads evenly to mitigate damaging harmonic pulsations that would otherwise arise without the torque input spreading evenly¹³⁷

Change Wind contended that the patent describes certain advantages associated with “the mechanical gear drive train system

¹³¹ *In re Change Wind*, 123 U.S.P.Q.2d at 1456, citing *In re Heatcon, Inc.*, 116 U.S.P.Q.2d 1366, 1370 (T.T.A.B. 2015).

¹³² *Id.*

¹³³ *TrafFix Devices*, 58 U.S.P.Q.2d at 1005.

¹³⁴ *In re Becton, Dickinson and Co.*, 675 F.3d 1368, 102 U.S.P.Q.2d 1372, 1377 (Fed. Cir. 2012).

¹³⁵ The patent is entitled “ON OR OFF GRID VERTICAL AXIS WIND TURBINE AND SELF CONTAINED RAPID DEPLOYMENT AUTONOMOUS BATTLEFIELD ROBOT RECHARGING AND FORWARD OPERATING BASE HORIZONTAL AXIS WIND TURBINE.”

¹³⁶ *In re Change Wind*, 123 U.S.P.Q.2d at 1457.

¹³⁷ *Id.*, citing to the ’321 patent by column and line.

and with components that are NOT found in the design sought to be registered.”¹³⁸ The Board disagreed:

[B]oth the disclosures and the claims of the patent reveal that the shape of the housing and the use of helical wings and their placement are not merely arbitrary, ornamental, or incidental, but serve an essential function in the invention for the VAWT [Vertical Axis Wind Turbine] and that these features are necessary for its use.¹³⁹

The Board pointed out that the protective housing enclosing the structural frame and the helical wings “are features of the invention as set forth in the specified claims.”¹⁴⁰ The patent specification described the utilitarian advantages of those features. The preferred embodiment of the invention is shown in patent figures that are essentially the same as the drawing of the applied-for mark.

The patent thus plainly discloses the functional role of the three components disclosed and claimed in Applicant’s drawing of the mark: the conical tower, the helical wings, and the boundary fences affixed to the helical wings. These features are necessary elements of the invention and are essential to the functioning of Applicant’s wind turbine.¹⁴¹

Because Change Wind’s utility patent “demonstrates the utilitarian advantages of the VAWT design at issue,”¹⁴² the Board found that the product configuration is functional under Section 2(e)(5).

Advertising: The Board found the advertising evidence in the record to be “inconclusive” on the issue of functionality because it did not “explicitly” tie the touted benefits of Change Wind’s products to the aspects of the turbine depicted in the trademark drawing.¹⁴³ “While we think that some consumers may connect the listed advantages as flowing from the external design aspects depicted in the application, some may not.”¹⁴⁴

Alternative Designs: Because the Board found the applied-for design to be functional under the *Inwood* test, there was no need to consider design alternatives.¹⁴⁵ Nonetheless, the Board reviewed the evidence provided by Change Wind but found that the proposed

¹³⁸ *Id.*

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 1457-58.

¹⁴¹ *Id.* at 1459-60.

¹⁴² *Id.* at 1460.

¹⁴³ *Id.* at 1461-62.

¹⁴⁴ *Id.*

¹⁴⁵ *Traffix Devices v. Mktg. Displays Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001, 1006 (2001) (“Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature.”)

alternatives “are all merely variations of a single basic VAWT design.”¹⁴⁶ Indeed, the Board observed, “[i]t is probative of functionality that others in the industry use similar designs; they do not have to be identical.”¹⁴⁷

It is apparent there are only a limited number of variations in these design elements which maintain the functional advantages inherent in those design elements and in the overall VAWT design. To allow Applicant to register a design incorporating one of that quite limited number of superior designs as a trademark clearly would hinder competition.¹⁴⁸

Cost of Manufacture: Because the utility patent and the advertisements disclosed use-related benefits, the lack of cost savings did not undermine the finding of functionality. A product feature can be found functional if it affects *either* the quality or cost of the product. “In other words, evidence that a design costs more, or has no impact on cost, is irrelevant if the design is found to work better.”¹⁴⁹ In any case, the Board found Change Wind’s evidence of purported cost savings to be inconclusive as to whether the savings were attributable to the design features depicted in the trademark drawing or to the turbine’s internal workings.

Conclusion on Functionality: That Board found that the evidence, viewed as a whole, established that the subject design is functional under Section 2(e)(5) because it is essential to the use or purpose of the product. Applicant Change Wind failed to rebut that evidence, “specifically, the utility patent and the possible adverse effect on competition because of the similarity of Applicant’s design to those of other VAWTs.”¹⁵⁰

Acquired Distinctiveness: Of course, a product configuration that is functional under Section 2(e)(5) is barred from registration. Product configurations that are not *de jure* functional may be registered under Section 2(f) upon a showing of acquired distinctiveness.¹⁵¹ For the sake of completeness, the Board considered Change Wind’s Section 2(f) claim.¹⁵²

¹⁴⁶ *In re Change Wind*, 123 U.S.P.Q.2d at 1465.

¹⁴⁷ *Id.*

¹⁴⁸ *Id.* at 1466.

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ 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.”

¹⁵² Product configurations cannot be inherently distinctive but may be registrable on the Principal Register upon a showing of acquired distinctiveness under Section 2(f). *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 54 U.S.P.Q.2d 1065, 1068-69 (2000).

Change Wind asserted five years of exclusive use and provided declaration evidence that it spent \$48,750 for sales consulting and \$3,000 in marketing expenditures for a trade show booth. Change Wind was also mentioned a few times in media, and it featured a picture of the product on its website, where it claimed \$12 million in pre-production orders for its \$59,000 wind turbine. Finally, Change Wind pointed to its purported “look for” advertising.

The Board observed that five years of use is not alone sufficient to establish acquired distinctiveness for a product configuration.¹⁵³ As to the “look for” advertising, there was no evidence regarding extent of exposure to, or effect on, relevant consumers. Likewise, there was no evidence of the effect of the trade show and website promotion on consumer perception. The pre-production sales figure may indicate commercial success of the product, but it does not show that consumers view the design as a trademark. The evidence regarding media coverage on Fox News and on a radio show failed to indicate the subject matter of the coverage, and the sole newspaper article focused on the advantages of the design, not on any configuration mark.

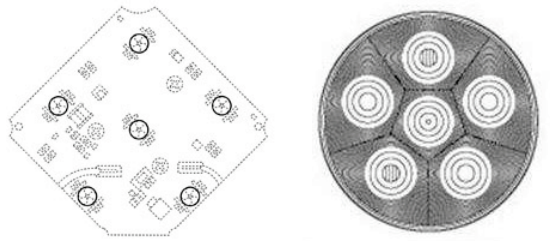
And so the Board blew away Change Wind’s Section 2(f) claim.

Grote Indus. v. Truck-Lite Co.

Although Defendant Truck-Lite dodged Plaintiff Grote’s Section 2(e)(5) functionality claim despite owning a relevant utility patent, and although it steered around Grote’s aesthetic functionality claim, the Board concluded that Truck-Lite’s two product configuration marks lacked acquired distinctiveness under Section 2(f).¹⁵⁴ The Board therefore sustained Grote’s opposition to registration of the product design shown below left, for “Electric lighting fixtures, namely, lights for vehicles,” and granted its petition for cancellation of a registration for the product design shown below right, for “Lighting products for vehicles, namely, a combined stop-turn-tail lamp.”

¹⁵³ See, e.g., *In re R. M. Smith, Inc.*, 734 F.2d 1482, 222 U.S.P.Q. 1, 3 (Fed. Cir. 1984) (eight years of use not sufficient evidence of acquired distinctiveness for configuration of pistol grip water nozzles); *In re Van Valkenburgh*, 97 U.S.P.Q.2d 1757, 1766 (T.T.A.B. 2011) (sixteen years of use not conclusive or persuasive to show acquired distinctiveness of motorcycle stands); *In re ic! berlin brillen GmbH*, 85 U.S.P.Q.2d 2021, 2024 (T.T.A.B. 2008) (five years of use not sufficient to establish acquired distinctiveness for configuration of an earpiece for frames for sunglasses and spectacles).

¹⁵⁴ *Grote Industries v. Truck-Lite Co.*, 126 U.S.P.Q.2d 1197 (T.T.A.B. 2018).



Functionality: A product design or feature is *de jure* functional under Section 2(e)(5) “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”¹⁵⁵ In making a determination regarding functionality, the Board is guided by the analysis set forth in *In re Morton-Norwich Prods., Inc.*¹⁵⁶

Morton-Norwich identifies the following inquiries or categories of evidence as helpful in determining whether a particular design is functional: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.¹⁵⁷

The Board first reviewed Truck-Lite’s U.S. Patent 6,654,172, entitled “Combined Stop/Turn/Tail/Clearance Lamp Using Light Emitting Diode Technology.” The claims of that patent require “at least one light emitting diode,” but not necessarily the six diodes of the applied-for marks. Moreover, although other aspects of the lamp assembly are claimed, the specific pattern of the lights is not claimed.

The Board agreed with Truck-Lite that its so-called “Penta-Star Pattern” is “only incidentally disclosed” in the ‘172 patent.¹⁵⁸ Moreover, Truck-Lite presented evidence that the Penta-Star Pattern was chosen for aesthetic reasons from among other six-diode designs. The Board noted that “although the design is the ‘preferred embodiment’ for the light, any number of diodes can be used” and further that the patent “does not disclose any utilitarian aspect of the specific placement of the optical elements.”¹⁵⁹

Reviewing Truck-Lite’s advertising, the Board concluded that Truck-Lite did not promote any utilitarian advantages arising from the Penta-Star Pattern.

¹⁵⁵ See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 214 U.S.P.Q. 1, 4 n.10 (1982).

¹⁵⁶ 671 F.2d 1332, 213 U.S.P.Q. 9, 15-16 (C.C.P.A. 1982).

¹⁵⁷ *Grote Indus.*, 126 U.S.P.Q.2d at 1202-03, citing *Morton-Norwich*, 213 U.S.P.Q. at 15-16.

¹⁵⁸ *Id.* at 1206.

¹⁵⁹ *Id.*

As to alternative designs, Truck-Lite pointed to a number of allegedly “functionally-equivalent” lights on the market, but the Board found this factor to be neutral. Although the record evidence indicated that competing lights meet applicable federal safety standards without employing the six-diode LED light pattern, it did not establish whether the different patterns offer varying advantages in terms of cost, voltage, longevity, etc.

Finally, the evidence suggested that use of the Penta-Star Pattern makes Truck-Lite’s product more expensive and complex to manufacture.

The Board deemed the design to be non-functional:

In sum, we find that (1) no patent specifically discloses the benefits of the Penta-Star Pattern; (2) the relevant advertising does not suggest a benefit arising from the pattern per se; (3) there appear to be alternative designs that satisfy federal regulations; and (4) there is no clear benefit as to either cost or ease of manufacture attributable to the pattern.¹⁶⁰

Plaintiff Grote also asserted that the Penta-Star Pattern is aesthetically functional because “[c]onsumers prefer that the lights on their vehicles match each other” and “a pentagon is a common aesthetically pleasing geometric arrangement.”¹⁶¹ The Board observed that a proposed mark will be deemed aesthetically functional, and barred from registration under Section 2(e)(5), if there is a “competitive need” for the feature.¹⁶² It found Grote’s contention unpersuasive: “Grote’s argument that consumers want to be able to find matching replacement lights would apply to any design, even one whose light array design is solely arbitrary and whimsical and is known by customers to be a source identifier. Thus, this argument ultimately proves nothing.”¹⁶³

Acquired Distinctiveness: Of course, a product configuration cannot be inherently distinctive, but it may be registered—assuming it is not functional under Section 2(e)(5)—upon a showing of acquired distinctiveness under Section 2(f).¹⁶⁴

Truck-Lite submitted sales figures (\$192 million through 2015), trade show attendance data (40-50 shows per year), and print and media statistics (reaching 400,000 customers per year). The Board

¹⁶⁰ *Id.* at 1209.

¹⁶¹ *Id.*

¹⁶² *See, e.g.,* Brunswick Corp. v. British Seagull Ltd., 32 U.S.P.Q.2d 1120, 1122 (Fed. Cir. 1994) (the color black for outboard boat engines found to be functional because it served the non-trademark purpose of reducing the apparent size of outboard boat engines).

¹⁶³ *Grote Indus.*, 126 U.S.P.Q.2d at 1209.

¹⁶⁴ *Id.* at 1210, citing *Wal-Mart*, 54 U.S.P.Q.2d at 1065 (“Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.”).

pointed out, however, that a product's commercial success is not by itself indicative of customer recognition of a product configuration as an indicator of source because such success may merely indicate the popularity of the product itself.¹⁶⁵

The Board found that the record, viewed in its entirety, contained insufficient probative evidence that the primary significance of Truck-Lite's design is to identify the source of its lights in the minds of consumers. "What is needed—and what is missing from this record—is probative evidence demonstrating that the design presently serves as an indicator of source in the minds of the consuming public."¹⁶⁶

The Board noted that "look-for" advertising may be crucial in product configuration cases, but Truck-Lite's advertising did not call attention to the six-diode configuration, let alone tell consumers to "look for" that pattern to identify a Truck-Lite product.

Concluding that the evidence was insufficient to show that the configuration at issue indicates source or that consumers so recognize it, the Board sustained the opposition and granted the cancellation petition.

5. Section 2(f) Acquired Distinctiveness

In re General Mills IP Holdings II, LLC

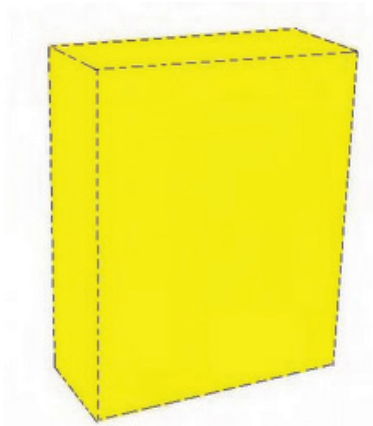
Affirming a refusal to register the color yellow appearing on packaging for "toroidal-shaped, oat-based breakfast cereal," the TTAB found that the alleged mark lacked acquired distinctiveness and therefore failed to function as a trademark.¹⁶⁷ Although Applicant General Mills submitted voluminous evidence to support its claim of acquired distinctiveness, the Board was convinced by proof of third-party use of yellow packaging for cereal products, that consumers "do not perceive the color yellow as having source significance for the goods."¹⁶⁸

¹⁶⁵ *Id.* at 1212.

¹⁶⁶ *Id.*

¹⁶⁷ *In re General Mills IP Holdings II, LLC*, 124 U.S.P.Q.2d 1016 (T.T.A.B. 2017).

¹⁶⁸ *Id.* at 1025.



The Board observed that a single color applied to a product or its packaging may function as a trademark and be entitled to registration.¹⁶⁹ However, a color can never be inherently distinctive as a source indicator.¹⁷⁰ General Mills contended that the public has come to recognize the color yellow on its packaging as indicating the source of its oat-based breakfast cereal.

In light of the evidence of staggering promotional and sales revenues, the Board recognized that General Mills “has worked assiduously to create an association between the color yellow and its ‘regular’ CHEERIOS brand cereal.”¹⁷¹ The Board observed, however, that “no matter how hard a company attempts to make an inherently nondistinctive word or symbol serve as a unique source identifier, it is proof of results—that consumers so perceive the purported mark—that is the touchstone of our inquiry into acquired distinctiveness.”¹⁷²

The examining attorney based the refusal to register primarily on a lack of substantially exclusive use of the color yellow by General Mills. The evidence showed that General Mills “is not alone in offering oat-based cereal, or even toroidal-shaped, oat-based cereal, in a yellow package.”¹⁷³ Moreover, the presence in the market of yellow-packaged cereals from various sources—even cereals that are not made of oats or are not toroidal in shape—further undermined any possible source significance for the color yellow.

When customers see a color appearing on products from many different sources, they are less likely to expect the color to point to a single source of goods. Instead, customers are

¹⁶⁹ See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 34 U.S.P.Q.2d 1161 (1995).

¹⁷⁰ *Wal-Mart*, 54 U.S.P.Q.2d at 1068 (citing *Qualitex*, 34 U.S.P.Q.2d at 1162-3).

¹⁷¹ *In re General Mills*, 124 U.S.P.Q.2d at 1019.

¹⁷² *Id.* at 1019 n.16, citing *Plastilite Corp. v. Kassnar Imps.*, 508 F.2d 824, 184 U.S.P.Q. 348, 350 (C.C.P.A. 1975).

¹⁷³ *Id.* at 1023.

likely to perceive the color on packages as a device designed to make the packages attractive and eye-catching. This is especially true of a primary color, like yellow, which is used by many merchants and is not “a color that in context seems unusual.”¹⁷⁴

General Mills pointed to its survey evidence purporting to show that 48.3% of respondents associated the yellow box with the CHEERIOS brand. The Board, however, saw a hole in the survey, namely that the wording of the survey questions suggested that the respondents could name only one brand: after being shown a drawing of the applied-for mark, the respondents were asked, “If you think you know, what brand of cereal comes in this box?”

Because General Mills did not demonstrate that the yellow background had acquired distinctiveness under Section 2(f), the Board found that the applied-for mark failed to function as a trademark for the applicant’s cereal.

In re American Furniture Warehouse CO

The Board ruled that a phrase may acquire distinctiveness under Section 2(f), even though it contains a generic portion, as long as the generic portion is disclaimed. It affirmed a refusal to register the mark shown below, for “Retail furniture stores,” absent a disclaimer of the generic phrase “furniture warehouse” and it upheld the USPTO’s determination that “AMERICAN FURNITURE WAREHOUSE” is primarily geographically descriptive under Section 2(e)(2).¹⁷⁵ However, it found that the phrase American Furniture Warehouse enjoyed acquired distinctiveness by reason of the applicant’s registration for that phrase in standard character form for the same services.¹⁷⁶



Geographical descriptiveness: The Board first considered whether “American Furniture Warehouse” is primarily

¹⁷⁴ *Id.* at 1025, quoting *Qualitex*, 34 U.S.P.Q.2d at 1162-63.

¹⁷⁵ Section 2(e)(2) of the Lanham Act, 15 U.S.C. § 1502(e)(2), in pertinent part, bars registration of a mark that “when used on or in connection with the goods of the applicant is primarily geographically descriptive of them”

¹⁷⁶ *In re American Furniture Warehouse Co.*, 126 U.S.P.Q.2d 1400 (T.T.A.B. 2018).

geographically descriptive, applying its standard Section 2(e)(2) requirements: (1) that the primary significance of the term in the mark sought to be registered is the name of a place generally known to the public; and (2) that the public would make an association between the services and the place named in the mark by believing that the services originate in that place.¹⁷⁷ The second prong, the services-place association, may be presumed when the services do in fact emanate from the place named.¹⁷⁸ Of course, the presence of a generic term does not detract from the geographical descriptiveness of the mark as a whole.¹⁷⁹

Not surprisingly, the Board found that “American” is a geographic term for a place generally known to American consumers, namely, the United States. The applicant’s stores are located in the United States, and furthermore consumers would believe that its services originate in America.

As to “Furniture Warehouse,” dictionary definitions and third-party registrations and website pages, along with the applicant’s own description of its services as “a shop with a large stock of furniture at wholesale prices” and its website showing furniture displayed in a warehouse setting, convinced the Board that the phrase is “the common descriptive name of a class of goods or services.”¹⁸⁰

Unitary Mark?: The applicant maintained that a disclaimer should not be required because the applied-for mark is “unitary,” but it provided no explanation for its position other than its prior registrations for two highly similar marks—but both of them included claims of acquired distinctiveness-in-part, which “signal that these marks are not unitary in nature.”¹⁸¹ In other words, if a mark is unitary, a partial Section 2(f) claim would not be needed to avoid a disclaimer.

Acquired Distinctiveness: The USPTO did not maintain that “American Furniture Warehouse” is incapable of indicating source, but only that the phrase is primarily geographically descriptive. However, the examining attorney erroneously maintained that “the alleged genericness of FURNITURE WAREHOUSE means that it cannot be a part of the claim of acquired distinctiveness.”¹⁸² Not so, said the Board: “the generic term may be included in the claim of

¹⁷⁷ *Id.* at 1403, citing *In re Societe Generale des Eaux Minerales de Vittel S.A.*, 824 F.2d 957, 3 U.S.P.Q.2d 1450, 1451-52 (Fed. Cir. 1987); *In re Hollywood Lawyers Online*, 110 U.S.P.Q.2d 1852, 1853 (T.T.A.B. 2014).

¹⁷⁸ *In re Hollywood Lawyers Online*, 110 U.S.P.Q.2d at 1853.

¹⁷⁹ *Id.* at 1583-84.

¹⁸⁰ *In re Am. Furniture Warehouse Co.*, 126 U.S.P.Q.2d at 1405, quoting *In re Cordua Rests., Inc.*, 118 U.S.P.Q.2d 1632, 1634 (Fed. Cir. 2016).

¹⁸¹ *Id.* at 1406.

¹⁸² *Id.* at 1407.

acquired distinctiveness as long as an accompanying disclaimer of the generic term is provided.”¹⁸³

The examining attorney made no challenge to the sufficiency of the applicant's Section 2(f) claim—which was based on its ownership of registrations for AMERICAN FURNITURE WAREHOUSE in standard character form, and for a design + word mark identical to the mark at issue but without the phrase “Lifestyle Furniture.” For example, the examining attorney did not claim that AMERICAN FURNITURE WAREHOUSE is so highly descriptive that a higher standard of proof for acquired distinctiveness should apply.

The Board therefore accepted the applicant's Section 2(f) claim for AMERICAN FURNITURE WAREHOUSE, but required a disclaimer of the generic phrase “Furniture Warehouse.” The Board noted that the applicant was not required to disclaim “Furniture Warehouse” in its prior registrations, but that was irrelevant:

While we recognize that “consistency is highly desirable,” *In re Omega SA*, 494 F.3d 1362, 83 U.S.P.Q.2d 1541, 1544 (Fed. Cir. 2007), consistency in examination is not itself a substantive rule of trademark law, and a desire for consistency with the decisions of prior examining attorneys must yield to proper determinations under the Trademark Act and rules. *See In re Cordua Rests.*, 118 U.S.P.Q.2d at 1635. The Board must assess each mark on its own facts and record. *In re Nett Designs Inc.*, 236 F.3d 1339, 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001).¹⁸⁴

6. Failure to Function/Specimen of Use/Phantom Mark

In re University of Miami

The Board reversed two refusals to register the mark shown immediately below, for various paper products, clothing, and educational and entertainment services, finding that it comprised neither a mutilation of the mark as actually used, nor a phantom mark. The applied-for mark, which “consists of an ibis wearing a hat and a sweater,” depicts the mascot of the University of Miami, Sebastian the Ibis.¹⁸⁵

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *In re Univ. of Miami*, 123 U.S.P.Q.2d 1075 (T.T.A.B. 2017).



Mutilation: Section 1(a)(1) of the Lanham Act requires that an applicant submit a specimen of its mark as used.¹⁸⁶ An applicant must also submit a drawing that is a “substantially exact representation of the mark” as used.¹⁸⁷ If the mark in the drawing contains only a minor alteration of the mark as used—that is, if it does not create a different commercial impression from the mark as used—the drawing is acceptable.¹⁸⁸

Here the mark in the drawing (above) differed from the mark as used (example below) in several ways: in use, the stylized letter “U” appears in the center of the hat; the word “Miami” is displayed on the front of the sweater, and the sweater has striping along the sides and shoulders.



¹⁸⁶ Section 1(a)(1) of the Lanham Act, 15 U.S.C. § 1051(a)(1), provides that:

The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director.

See also Trademark Rule 2.56(a), 37 C.F.R. § 2.56(a) (“An application under section 1(a) of the Act . . . must [] include one specimen per class showing the mark as used on or in connection with the goods or services.”).

¹⁸⁷ See Trademark Rule 2.51(a), 37 C.F.R. § 2.51(a), which states that “In an application under section 1(a) of the Act, the drawing of the mark must be a substantially exact representation of the mark as used on or in connection with the goods and/or services.”

¹⁸⁸ *In re Univ. of Miami*, 123 U.S.P.Q.2d at 1077, quoting *In re Schechter Bros. Modular Corp.*, 182 U.S.P.Q. 694, 695 (T.T.A.B. 1974); see also *In re Frankish Enters. Ltd.*, 113 U.S.P.Q.2d 1964, 1974 (T.T.A.B. 2015).

The Board noted that the examining attorney was contending, in effect, that Applicant Miami had mutilated its mark by “severing part of it and seeking registration only of that part.”¹⁸⁹ The question for the Board was this: “What exactly is the ‘trademark,’ and does the designation for which registration is sought comprise a separate and distinct ‘trademark’ in and of itself?”¹⁹⁰

The Board observed that an applicant is allowed some latitude in selecting the mark that it wants to register, as long as the portion it selects creates a separate and distinct commercial impression. If not, the result is an impermissible mutilation of the mark as used. The Board pointed to several prior decisions as examples of a design or word being registrable separate from accompanying matter, including a monster truck design without the words “JURASSIC ATTACK” that appeared on the vehicle,¹⁹¹ the word “PSYCHO” apart from accompanying words and design,¹⁹² and the design of a bear with a can or container around its torso, separate from the word “STERNO” appearing on the label of the container.¹⁹³

In light of those prior decisions, the Board found that the applied-for design mark creates a separate and distinct commercial impression from the letter “U” and the word “Miami” that appear on the specimens of use. Despite the appearance of that text, “the overall display on the specimens creates the commercial impression of a personified ibis.”¹⁹⁴

As to the stripes on the sweater, the Board found their absence to be a minor alteration (like the stylized gills or stripes in the monster truck case) that does not create a different mark with a different commercial impression from that of the specimens.

And so the Board found that Miami’s drawing is a substantially exact representation of Miami’s mark as actually used, and it reversed this refusal to register.

Phantom Mark: The examining attorney further contended that Miami was attempting to register more than one mark because the sweater “operates as a blank slate for whatever additional elements the applicant, in its sole discretion, sees fit to include.”¹⁹⁵

The Board noted that under the Lanham Act an applicant may seek to register only a single mark, and a mark that includes a changeable or phantom element constitutes more than one mark.¹⁹⁶

¹⁸⁹ *Id.* at 1078.

¹⁹⁰ *Id.*

¹⁹¹ *In re Frankish Enters. Ltd.*, 113 U.S.P.Q.2d 1964, 1974 (T.T.A.B. 2015).

¹⁹² *In re Big Pig Inc.*, 81 U.S.P.Q.2d 1436 (T.T.A.B. 2006).

¹⁹³ *In re Sterno, Inc.*, 137 U.S.P.Q. 328 (T.T.A.B. 1963).

¹⁹⁴ *In re Univ. of Miami*, 123 U.S.P.Q.2d at 1079.

¹⁹⁵ *Id.*

¹⁹⁶ *In re Int’l Flavors & Fragrances Inc.*, 183 F.3d 1361, 51 U.S.P.Q.2d 1513, 1516 (Fed. Cir. 1999); *In re Primo Water Corp.*, 87 U.S.P.Q.2d 1376, 1378 (T.T.A.B. 2008).

Registration of phantom marks is prohibited because “they do not disclose the designation used to identify and distinguish the goods covered by the mark, which makes it impossible to conduct an effective search.”¹⁹⁷

Here, neither the drawing nor the mark description (“The mark consists of an ibis wearing a hat and a sweater”) identifies a changeable or missing element. The refusal arose because of the extra elements that appear within the ibis design on the specimens of use. However, these extra elements are not “integral to Applicant’s mark.”¹⁹⁸

Applicant claims no rights to any wording in either the drawing or the mark description. We do not find *Dial-A-Mattress*¹⁹⁹ to be on point here because Applicant has not applied to register a series of marks, or a mark with dashes or a blank space reserved for a term; rather, the applied-for mark incorporates no wording whatsoever. A registration of the ibis design covers only that mark as shown on the drawing, not any house marks or other literal elements Applicant chooses to add to it.²⁰⁰

In short, Applicant Miami was not applying to register multiple marks, and so the Board reversed the phantom mark refusal.

In re Keep A Breast Foundation

The TTAB affirmed three refusals to register the design mark shown below, comprising a “three-dimensional cylindrical cast of female breasts and torso,” for associational, educational, and fund-raising services related to breast cancer awareness, finding that (1) the applicant’s specimens of use failed to show the applied-for-mark in use with the recited services, (2) the design fails to function as a service mark, and (3) assuming *arguendo* that the first two refusals were overcome, the design constitutes nondistinctive trade dress that lacks acquired distinctiveness.²⁰¹

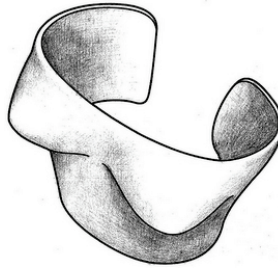
¹⁹⁷ *In re Int’l Flavors*, 51 U.S.P.Q.2d at 1517.

¹⁹⁸ *In re Univ. of Miami*, 123 U.S.P.Q.2d at 1080.

¹⁹⁹ *In re Dial-A-Mattress Operating Corp.*, 57 U.S.P.Q.2d 1807 (Fed. Cir. 2001) (Concluding that the mark (212) M-A-T-T-R-E-S (the “(212)” portion of the mark being depicted in broken lines to indicate that “the area code will change”) did not contain a phantom element and was registrable because the variable element comprised “an area code, the possibilities of which are limited by the offerings of the telephone companies.”).

²⁰⁰ *In re Univ. of Miami*, 123 U.S.P.Q.2d at 1080.

²⁰¹ *In re Keep A Breast Foundation*, 123 U.S.P.Q.2d 1869 (T.T.A.B. 2017).



Specimens of Use: “A specimen that shows only the mark with no reference to, or association with, the services does not show service mark usage.”²⁰² The Foundation’s original specimen of use gave no indication of the services being offered.

Its first substitute specimen did not display the breast cast depicted in the application drawing, but rather six different breast casts. The Foundation’s own promotional materials stated that these breast casts are “one-of-a-kind plaster forms of the female torso . . . given to the castee to document a specific point in their breast cancer journey.”²⁰³ The casts are individual works that lack uniformity and thus they fail to depict a “substantially exact representation of the mark.”²⁰⁴

Furthermore, although the first substitute specimen referred to the services, it appeared to identify the services by the more traditional word mark “The Keep A Breast Foundation”: that is, the presence of other readily perceived source identifiers “makes it impossible to conclude that the public would perceive the casts themselves as source identifiers.”²⁰⁵

A second substitute specimen displayed five breast casts of different sizes and shapes on a table along with other paraphernalia. Again there was no mention of an association with the recited services. This specimen neither depicted the design shown in the application drawing, nor did it associate the supposed mark with any services such that the breast casts would be perceived as a source indicator.

And so, the Board affirmed the refusal on the ground that the Foundation’s specimens failed to show use of the applied-for mark as a source indicator for the recited services.

Failure to Function: The USPTO is “statutorily constrained,” by Section 1, 2, 3, and 45 of the Lanham Act, “to register matter on the

²⁰² *In re DSM Pharm., Inc.*, 87 U.S.P.Q.2d 1623, 1624 (T.T.A.B. 2008).

²⁰³ *In re Keep A Breast Foundation*, 123 U.S.P.Q.2d at 1878.

²⁰⁴ *Id.*, citing Trademark Rule 2.51(a) (“the drawing of the mark must be a substantially exact representation of the mark as used on or in connection with the goods and/or services”).

²⁰⁵ *Id.*

Principal Register only if it functions as a mark.”²⁰⁶ The critical determination is how the proposed mark is perceived by relevant consumers.²⁰⁷

The Board agreed with the examining attorney that the Foundation’s proposed mark fails to function as a service mark. The specimens of use did not associate the design with the services, “thus making it unlikely that the relevant consumers will perceive the casts as indicating source.”²⁰⁸

If anything, the applied-for mark appears to be created as part of the educational and associational services offered under the designation “Keep A Breast Foundation Treasured Chest Program.” As stated in Applicant’s pamphlet, “The Keep A Breast Foundation’s Treasured Chest Program strives to gives women that are newly diagnosed with breast cancer a unique opportunity to document their body and their feelings at a specific time in their treatment by turning their casted torso into a beautiful piece of art.”²⁰⁹

The evidence also showed that other charitable organizations similarly make breast/torso casts as part of their support services. The Board concluded that the cast will be perceived as part of the Foundation’s services rather than as a source indicator.

Acquired Distinctiveness: If a term or design fails to function as a mark, no amount of evidence of acquired distinctiveness can overcome such a refusal.²¹⁰ Nonetheless, for the sake of completeness, and assuming *arguendo* that the design served as a source indicator and that the specimens of use were acceptable, the Board considered the Foundation’s Section 2(f) claim.

Given that the alleged mark is not Applicant’s main identifier (Keep A Breast Foundation is), and given that it is in the form of a product, which consumers do not tend to view as marks but as what they are (products), we find Applicant’s use since April 2000 is insufficient, in itself, to demonstrate that consumers perceive the breast/torso cast as an indicator of source.²¹¹

The Foundation pointed to more than \$1 million in donations and \$100,000 spent on advertising for its services, but that evidence was of minimal probative value because the applicant failed to indicate what amounts were raised and spent in connection with the mark at issue. The Foundation displays its breast/torso casts along

²⁰⁶ *Id.* at 1879.

²⁰⁷ *Id.* citing *In re Eagle Crest Inc.*, 96 U.S.P.Q.2d 1227, 1229 (T.T.A.B. 2010).

²⁰⁸ *Id.* at 1880.

²⁰⁹ *Id.*

²¹⁰ *Id.* at 1881-82.

²¹¹ *Id.* at 1883.

with other potential source identifiers, and promotes its services under the name “Treasured Chest Program.” Thus, the Board could not infer from the Foundation’s advertising that consumers will perceive the breast/torso cast as a source identifier.

The Foundation provided declarations attesting that the 1,500 breast casts it had developed include those of numerous celebrities, musicians, and professional athletes, and that media outlets have published stories about “The Keep A Breast Foundation’s Breast Casts and the organization’s services associated with the Breast Cast campaigns.”²¹² But there was no indication that the breast cast was displayed or discussed as a source indicator, for example, by way of “look for” advertising. Moreover, the fact that the breast casts differ from one another make it more unlikely that the Foundation could show that such individualized casts serve as a mark.

In addition, an applicant’s use of a mark must be “substantially exclusive” in order to achieve acquired distinctiveness under Section 2(f).²¹³ The fact that third parties offer breast casting as part of breast cancer awareness programs “strongly undercuts Applicant’s claim that it is making substantially exclusive use of its proposed breast cast configuration as a service mark or trade dress.”²¹⁴ Therefore, the Foundation’s claim of acquired distinctiveness failed on that basis also.

In re Pitney Bowes, Inc.

Taking into consideration the applicant’s explanation regarding its specimen of use, the Board reversed the USPTO’s refusal to register the mark shown below, for various mailing services, overturning the examining attorney’s rejection of the specimen.²¹⁵ The examining attorney maintained that Applicant Pitney-Bowes’s webpage specimen described a self-service kiosk that consumers use to mail and ship items, but did not clearly indicate that Pitney-Bowes itself provides the subject services. The Board, however, ruled that “Applicant’s explanation of the specimen and how Applicant provides the outsourced mailing services referenced on the specimen resolved the ambiguity, and the refusal should not have been maintained.”²¹⁶

²¹² *Id.* at 1884.

²¹³ *See, e.g.,* *Levi Strauss & Co. v. Genesco, Inc.*, 742 F.2d 1401, 222 U.S.P.Q. 939, 940-41 (Fed. Cir. 1984) (“When the record shows that purchasers are confronted with more than one (let alone numerous) independent users of a term or device, an application for registration under Section 2(f) cannot be successful, for distinctiveness on which purchasers may rely is lacking under such circumstances.”).

²¹⁴ *In re Keep A Breast Foundation*, 123 U.S.P.Q.2d at 1884.

²¹⁵ *In re Pitney Bowes, Inc.*, 125 U.S.P.Q.2d 1417 (T.T.A.B. 2018).

²¹⁶ *Id.* at 1420.



Pitney-Bowes's specimen of use displayed the applied-for mark next to the wording "pitney bowes" in the upper left corner of a webpage, directly above the wording "Outsourced Mailing Services." The webpage text stated that the postal kiosk pictured and described on the webpage "allows users to mail bills [and] ship packages."

According to the examining attorney, the specimen did not show that Pitney-Bowes actually provides the mailing and shipping services; it showed only that Pitney-Bowes provides a kiosk where a purchaser may purchase postage, weigh letters and packages, and compare rates. "The Examining Attorney infers from the webpage reference to third-party services, such as those of USPS (the U.S. Postal Service), that the only services provided through the kiosk are not Applicant's."²¹⁷

Under Section 45 of the Lanham Act,²¹⁸ a service mark is used in commerce "when it is used or displayed in the sale or advertising of services."²¹⁹ "To determine whether a mark is used in connection with the services described in the [application], a key consideration is the perception of the user."²²⁰ With regard to the specimen in this case, the webpage must show the mark used or displayed as a service mark in advertising the services.

For advertisement specimens such as Pitney-Bowes's webpage, "[i]n order to create the required 'direct association,' the specimen must not only contain a reference to the service, but also the mark must be used on the specimen to identify the service and its source."²²¹ Thus, an acceptable specimen must show "some direct

²¹⁷ *Id.*

²¹⁸ Section 45 of the Lanham Act, 15 U.S.C. § 1127, in pertinent part, states that
a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

²¹⁹ See also Trademark Rule 2.56(b)(2), 37 C.F.R. 2.56(b)(2), states: "A service mark specimen must show the mark as used in the sale or advertising of the services."

²²⁰ *In re Pitney Bowes, Inc.*, 125 U.S.P.Q.2d at 1419, quoting *In re JobDiva, Inc.*, 843 F.3d 936, 121 U.S.P.Q.2d 1122, 1126 (Fed. Cir. 2016).

²²¹ *Id.*, quoting *In re Osmotica Holdings Corp.*, 95 U.S.P.Q.2d 1666, 1668 (T.T.A.B. 2010).

association between the offer of services and the mark sought to be registered therefor.”²²²

Both precedent and examination guidance make clear that in assessing the specimens, consideration must be given not only to the information provided by the specimen itself, but also to any explanations offered by Applicant clarifying the nature, content, or context of use of the specimen that are consistent with what the specimen itself shows.²²³

In the response submitted and signed by its in-house counsel, Pitney-Bowes clarified the specimen’s direct reference to “Mailing Services,” stating that:

[t]hese kiosks are furnished by Applicant and are placed in different locations for use by consumers. Consumers use the kiosk to place postage on a letter or package, and then place that [letter or package] in the receptacle that is part of the kiosk system for Applicant to pick up the letter or package and place it in the mail stream for delivery.²²⁴

The Board found that the webpage specimen “supports Applicant’s identified ‘postal delivery services for letters and packages,’ given the proximity of Applicant’s mark to the reference to ‘Outsourced Mailing Services,’ along with the other explanatory text on the webpage (e.g., ‘Kiosk allows users to mail bills [and] ship packages’).”²²⁵ “While the Examining Attorney reasonably found the specimen unclear as to whether Applicant, rather than a third party, provides the services, Applicant’s explanation of the specimen and how Applicant provides the outsourced mailing services referenced on the specimen resolved the ambiguity, and the refusal should not have been maintained.”²²⁶

The Board concluded that the webpage specimen “demonstrates use of the mark in a manner that creates in the minds of potential consumers a direct association between the mark and at least some of the services in the class, and the explanation corroborates this in a manner that removes any doubt.”²²⁷

²²² *Id.*, quoting *In re Universal Oil Prods. Co.*, 476 F.2d 653, 177 U.S.P.Q. 456, 457 (C.C.P.A. 1973).

²²³ *Id.* at 1420. See *In re DSM Pharm., Inc.*, 87 U.S.P.Q.2d 1623, 1626 (T.T.A.B. 2008) (“In determining whether a specimen is acceptable evidence of service mark use, we may consider applicant’s explanations as to how the specimen is used, along with any other available evidence in the record that shows how the mark is actually used.”); see also TMEP § 1301.04 (October 2017).

²²⁴ *Id.* at 1418-19. Cf. *In re U.S. Tsubaki, Inc.*, 109 U.S.P.Q.2d 2002, 2006 (T.T.A.B. 2014) (disregarding outside counsel’s conclusory unverified statements made without proper foundation regarding marketing of goods).

²²⁵ *Id.* at 1420.

²²⁶ *Id.*

²²⁷ *Id.*

In re Minerva Assocs., Inc.

Overturning another specimen rejection, the TTAB reversed a refusal to register the mark AWLVIEW for, inter alia, warehouse inventory management software. Because the mark appears on the login and search screens of Applicant Minerva's downloadable software when the software is in use, the Board concluded that the specimen was acceptable.²²⁸

The first page of Minerva's two-page specimen (the login screen) displayed the wording "AWLview WMS for Sterling Jewelers" appearing above "AWL Logon WS 202" shown in the title bar of the login page. The second page (the SKU search query page) contained the wording "AWLview WMS for Sterling Jewelers WS 202 - LCM" appearing above "Inventory By SKU Report-WS 202" shown in the title bar of the SKU search query window.

The Board observed that, according to Section 904.03(e) of the Trademark Manual of Examining Procedure (October 2017), an acceptable specimen for software "might be a photograph or printout of a display screen projecting the identifying trademark for a computer program."

Because software providers have adopted the practice of applying trademarks that are visible only when the software programs are displayed on a screen, *see* TMEP § 904.03(e), an acceptable specimen might be a photograph or screenshot of a computer screen displaying the identifying trademark while the computer program is in use. The second substitute specimen features screenshots of Applicant's mark appearing on the log-in and search screens viewable by Applicant's customers utilizing the downloaded software. Because the mark appears on the login and search screens of Applicant's downloadable software when the software is in use, we find that the second substitute specimen shows the applied-for mark used in connection with the goods in Class 9 and would be perceived as a trademark identifying the source of those goods.²²⁹

Finally, the Board noted that, again according to Section 904.03(e) of the TMEP:

[i]t is not necessary that purchasers see the mark prior to purchasing the goods, as long as the mark is applied to the goods or their containers, or to a display associated with the goods, and the goods are sold or transported in commerce. *See, e.g., In re Brown Jordan Co.*, 219 U.S.P.Q. 375 (T.T.A.B. 1983) (holding that stamping the mark after purchase of the

²²⁸ *In re Minerva Assocs., Inc.*, 125 U.S.P.Q.2d 1634 (T.T.A.B. 2018).

²²⁹ *Id.* at 1639.

goods, on a tag attached to the goods that are later transported in commerce, is sufficient use).²³⁰

7. Genericness

In re Empire Technology Development LLC

Finding COFFEE FLOUR to be generic for “flour made by processing and blending together coffee cherry skins, pulp, and pectin for use, alone or in combination with other plant and milk based products, as a dry ingredient in food and beverage products for consumer use,” the Board affirmed a refusal to register the term on the Supplemental Register.²³¹ After an exhaustive review of the evidence, the Board concluded that relevant consumers understand “coffee flour” to refer to flour made from the skin, pulp, and pectin of the coffee cherry portion of the coffee plant.

The test for determining whether a proposed mark is generic is its primary significance to the relevant public.²³² “Making this determination ‘involves a two-step inquiry: First, what is the genus of goods or services at issue? Second, is the term sought to be registered . . . understood by the relevant public primarily to refer to that genus of goods or services?’”²³³ The examining attorney must demonstrate that COFFEE FLOUR is generic by “clear evidence” of generic use.²³⁴

Genus: The Board first determined that the genus of Empire’s goods is adequately defined as “flour made from coffee cherry skins, pulp, and pectin,” a definition that “capture[s] the essence of the *genus* involved herein, using somewhat fewer words than [was] required by the Office in order for this Applicant to present a definite identification of goods”²³⁵

Understanding of Relevant Consumers: The Board found that the relevant purchasing public consists of persons who use flour for baking, including retailers of food and beverages, restaurants,

²³⁰ *Id.* at 1639 n.15.

²³¹ *In re Empire Tech. Dev. LLC*, 123 U.S.P.Q.2d 1544 (T.T.A.B. 2017). Section 23 of the Lanham Act, 15 U.S.C. § 1091, permits registration on the Supplemental Register of “[a]ll marks capable of distinguishing applicant’s goods or services and not registrable on the principal register herein provided [with certain specified exceptions].”

²³² *Id.* at 1547 citing *In re Emergency Alert Sols. Grp., LLC*, 122 U.S.P.Q.2d 1088, 1089 (T.T.A.B. 2017) (citing *In re Am. Fertility Soc’y*, 188 F.3d 1341, 51 U.S.P.Q.2d 1832, 1837 (Fed. Cir. 1999)).

²³³ *In re Emergency Alert*, 122 U.S.P.Q.2d at 1089 (quoting *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986)).

²³⁴ *In re Hotels.com, L.P.*, 573 F.3d 1300, 91 U.S.P.Q.2d 1532, 1535 (Fed. Cir. 2009); *In re Emergency Alert*, 122 U.S.P.Q.2d at 1090 (citing cases).

²³⁵ *In re Empire Tech. Dev.*, 123 U.S.P.Q.2d at 1548, quoting *In re ActiveVideo Networks, Inc.*, 111 U.S.P.Q.2d 1581, 1602 (T.T.A.B. 2014).

bakeries, food and beverage producers, and members of the general public who bake.

The Board noted that this appeal involves the rare situation in which an applicant has created a new genus of goods by being the first (and apparently the only) producer and seller of a new product. Professor McCarthy has noted the branding challenges involved in such a situation: “If the public adopts as the generic name of the thing the word that the seller thinks is a mark, then it is no longer a mark at all The critical period is when the product first hits the market.”²³⁶ Prof. McCarthy suggests that the creator adopt two new words—the mark and the generic name.²³⁷

The Board particularly focused on

(1) whether Applicant has adopted an existing generic term, or developed a new one, and has used that generic term together with its proposed COFFEE FLOUR mark; (2) whether Applicant has promulgated to the relevant purchasing public a generic term other than “coffee flour” for its new product; and (3) whether Applicant has policed the misuse of “coffee flour” as the generic term for the new genus, and otherwise has taken steps “to educate the public to use some name other than the term [it] wants to call [its] mark.”²³⁸

Empire conceded that “flour” is a generic term as used in its proposed mark. The Board found this to be significant because the public is accustomed to seeing different types of flour identified by the name of the grain, fruit, etc., from which they are made: for example, apple flour, corn flour. The Board agreed with the examining attorney that the combination of “coffee” and “flour” yields “essentially the apt or common name for the genus of goods at issue.”²³⁹ The aptness of the term is confirmed by Empire’s use of “coffee flour” in its application to patent a process for making flour from coffee.

Aptness, however, is insufficient to establish genericness.²⁴⁰ Although aptness makes it likely that consumers will understand the term as the generic name of the goods, the question was whether the public does so, or whether the public recognizes it as a trademark.²⁴¹

²³⁶ McCarthy on Trademarks and Unfair Competition, §§ 12.25, 12.26 (4th ed. June 2017 update).

²³⁷ *Id.*

²³⁸ *In re Empire Tech. Dev.*, 123 U.S.P.Q.2d at 1549, quoting McCarthy on Trademarks and Unfair Competition, §§ 12.25, 12.26 (4th ed., June 2017 update).

²³⁹ *Id.* at 1550.

²⁴⁰ *See In re Am. Fertility Soc’y*, 51 U.S.P.Q.2d at 1836.

²⁴¹ *In re Empire Tech. Dev.*, 123 U.S.P.Q.2d at 1551.

Applicant Empire did not state what the generic term is for its product, nor has the public so used any other term. Empire's label, promotional video, and website use of "coffee flour" in lower case lettering as a compound noun, without an accompanying generic term, constituted a "classic example of the use of a putative mark as a generic term."²⁴² In short, Empire's own use of the term provided "damaging evidence that its alleged mark is generic."²⁴³

Empire maintained that media articles using the term "coffee flour" are all "about Applicant and/or Applicant's products," and it asserted that no third party uses "coffee flour" as a generic term.²⁴⁴ However, the relevant question is how the public perceives the proposed mark.²⁴⁵

The Board distinguished the THUMBDRIVE case,²⁴⁶ where the applicant used other terminology to identify the goods ("external storage device") and successfully policed the mark, and where the record showed no use of the term by competitors after ten years in the marketplace. Here there was no mixed record regarding use of the term, and the absence of competitive use was explained by the lack of any competitors.

Empire acknowledged that consumers who see the term "coffee flour" will likely recognize that the product referenced is "a coffee product ground up into a powder like flour."²⁴⁷ That, the Board found, is essentially a confirmation of genericness.

In sum, Empire failed to develop and promulgate a generic term other than "coffee flour," used the term generically itself, encouraged the public to use the term generically, and failed to take steps to correct media uses of the term in a generic manner.

[T]he record here shows that the relevant purchasing public understands "coffee flour" to refer specifically to flour made from the skin, pulp, and pectin of the coffee cherry portion of the coffee plant. Applicant itself has communicated this meaning of the term "coffee flour" to the public, and the articles in the record, from which we can infer the public's understanding of the term, show that this message has been received and understood.²⁴⁸

²⁴² *Id.* at 1556.

²⁴³ *Id.* at 1560, quoting *In re Gould Paper Corp.*, 834 F.2d 1017, 5 U.S.P.Q.2d 1110, 1112 (Fed. Cir. 1987).

²⁴⁴ *Id.* at 1564.

²⁴⁵ *Id.*

²⁴⁶ *In re Trek 2000 Int'l Ltd.*, 97 U.S.P.Q.2d 1106 (T.T.A.B. 2010) (reversing genericness refusal of THUMBDRIVE for portable digital electronic storage devices).

²⁴⁷ *In re Empire Tech. Dev.*, 123 U.S.P.Q.2d at 1565.

²⁴⁸ *Id.*

Therefore, finding that the USPTO established by clear evidence that “coffee flour” is generic for Applicant Empire’s goods, the Board affirmed the refusal to register.

In re Serial Podcast, LLC

The Board upheld a refusal to register the term SERIAL in standard character form, finding it to be generic for “entertainment in the nature of an ongoing audio program featuring investigative reporting, interviews, and documentary storytelling.” However, the Board reversed refusals to register two design forms of the mark, shown below, ruling that these two marks had acquired distinctiveness, but requiring a disclaimer of the word “SERIAL” in each mark.²⁴⁹



SERIAL in standard characters: Applicant Podcast and the examining attorney agreed that the genus at issue is set forth in the applicant’s recitation of services. The relevant public, the Board found, consists of ordinary listeners of audio programs.

The examining attorney submitted dictionary definitions showing that “serial” means something that is published or broadcast in installments at regular intervals. The Board found that serial audio programs have “a staple of the radio waves” for decades, continuing to this day.²⁵⁰

Applicant Podcast argued that use of the term “serial” as a noun is antiquated and archaic, and that in modern usage “serial” is an adjective describing a characteristic of audio programs. Therefore, “serial” is at most descriptive and it may acquire distinctiveness under Section 2(f). The Board, however, rejected the noun/adjective distinction, pointing out that both nouns and adjectives may be generic.²⁵¹ Moreover, “serial” is used as a noun even today.

Internet articles and websites of record show that the term “serial,” whether it is used as a noun or an adjective, refers categorically to ongoing audio programs—programs that

²⁴⁹ *In re Serial Podcast, LLC*, 126 U.S.P.Q.2d 1061 (T.T.A.B. 2018).

²⁵⁰ *Id.* at 1064.

²⁵¹ *Id.* at 1067. *See, e.g.*, *Sheetz of Del. Inc. v. Doctor’s Assocs. Inc.*, 108 U.S.P.Q.2d 1341, 1366 (T.T.A.B. 2013) (finding the adjective “footlong” to be generic for sandwiches).

may emanate from multiple sources, not just a single source. These examples of producers and commentators using the term to refer to a category of services is persuasive evidence that the term would be perceived by the relevant public, listeners of audio programs, as a generic designation of those services.²⁵²

Applicant Podcast pointed to the frequent media references to the SERIAL podcast as demonstrating the term's source-identifying significance, but the Board was unmoved. It noted that media stories used capitalization, italics, quotation marks, or context to indicate that the "Serial" to which they referred was one particular serial. At the same time, other articles, website, and Internet stories used the term "serial" in a generic sense. The Board concluded that even though some articles refer to the applicant's podcast by its name "Serial," "that amounts, at most, to 'de facto secondary meaning' in a generic term,"²⁵³ and does not entitle applicant to registration.

Turning to the alternative refusal on the ground of mere descriptiveness, the Board noted that "Applicant's unequivocal claim of acquired distinctiveness under Section 2(f) tacitly concedes that the applied-for marks are not inherently distinctive, and must acquire distinctiveness to be registrable."²⁵⁴

Because the applied-for mark is at best highly descriptive, "more substantial evidence" is required to establish acquired distinctiveness.²⁵⁵ The examining attorney acknowledged that Applicant Podcast had "high sales figures in the form of number of downloads," but argued that these figures may demonstrate the commercial success of the services but not consumer recognition of the mark.²⁵⁶ The Board agreed.

[W]here the media coverage uses devices such as capitalization, italics, and quotation marks to designate Applicant's program in particular, we do not think that Internet searches for the qualified phrase "podcast serial" and the number of downloads shows consumer acceptance of the source-indicating nature of the word SERIAL. In short, the evidence is insufficient to meet Applicant's heavy burden

²⁵² *Id.* at 1069.

²⁵³ *Id.* at 1070. *See, e.g., In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 227 U.S.P.Q. 961, 964 (Fed. Cir. 1985) ("Having affirmed the Board's conclusion that BUNDT is a common descriptive name, neither obsolete nor obscure, evidence of secondary meaning cannot change the result.").

²⁵⁴ *Id.* at 1071. *See Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 92 U.S.P.Q.2d 1626, 1629 (Fed. Cir. 2009); *Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 6 U.S.P.Q.2d 1001, 1005 (Fed. Cir. 1988).

²⁵⁵ *Id.*, citing *Alcatraz Media Inc. v. Chesapeake Marine Tours Inc.*, 107 U.S.P.Q.2d 1750, 1767 (T.T.A.B. 2013), *aff'd mem.*, 565 Fed. Appx. 900 (Fed. Cir. 2014).

²⁵⁶ *Id.* at 1072.

of proving that that the word SERIAL, taken alone, has acquired distinctiveness under Section 2(f).²⁵⁷

Regarding SERIAL in design form, the Board agreed with the examining attorney that the design elements in these two applied-for logo marks are not inherently distinctive, but the question was whether the composite logos, taken as a whole, have acquired distinctiveness. If so, then the two design marks may be registered with a disclaimer of the word “SERIAL.”

Applicant Podcast’s burden was heavy because the elements of the logo are common. Moreover, the word “SERIAL” is depicted in nondescript *san serif* capital letters with little stylization; the coloring of the letters does not generally render a mark distinctive; and the rectangular shapes with rounded corners are common geometric shapes.²⁵⁸

Nonetheless, the Board found that the composite logos have achieved public recognition as source indicators for the applicant’s services. The evidence showed that others have copied and parodied the design elements of the logos, including Saturday Night Live and Sesame Street. The Board found these parodies to be “highly unusual and highly significant evidence,” since a mark “has to be well known in the first place to be parodied.”²⁵⁹ In addition, unauthorized copying by merchandisers “bears silent testament to public demand for articles bearing the logos.”²⁶⁰

The Board ruled that, based on the unique evidence in this case, Podcast had proven acquired distinctiveness for the composite logo marks.

In re Mecca Grade Growers, LLC

Confirming the CAFC’s admonition that there is only one test for genericness, the Board affirmed the USPTO’s refusal to register the term “mechanically floor-malted,” in standard characters, finding it to be generic for “malt for brewing and distilling” in International Class 31 and “processing of agricultural grain” in International Class 40. Applicant Mecca, relying primarily on the CAFC’s *Princeton Vanguard* decision,²⁶¹ contended that the examining attorney’s evidence did not include use of the exact term “mechanically floor-malted” as a generic designation for the

²⁵⁷ *Id.*

²⁵⁸ *Id.* at 1073. *See, e.g., In re Benetton Grp. S.p.A.*, 48 U.S.P.Q.2d 1214, 1215-16 (T.T.A.B. 1998) (green rectangle design); *In re Anton/Bauer Inc.*, 7 U.S.P.Q.2d 1380, 1381 (T.T.A.B. 1988) (background parallelogram design).

²⁵⁹ *Id.* at 1076.

²⁶⁰ *Id.*

²⁶¹ *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 114 U.S.P.Q.2d 1827 (Fed. Cir. 2015).

identified goods or services. The Board pointed out, however, that Mecca was misreading the precedent.²⁶²

Mere Descriptiveness: Mecca first argued that the applied-for term is not merely descriptive of the goods or services, but the Board concluded that the term immediately conveys to prospective consumers characteristics of both the goods and the services.

The explanatory text from Mecca's specimen of use stated that it produces a specific type of malt known as "floor-malted" malt and that Mecca's grain processing services substitute mechanization for traditional floor-malting techniques: "By combining the old world approach to floor-malting with today's modern technology, we have designed a malting machine capable of producing the finest quality, consistent malt available. We call this proprietary process: 'Mechanical Floor-Malting.'"²⁶³

Mecca argued that the juxtaposition of "mechanical" with "floor-malted" creates an incongruity, but the evidence established that "mechanical assistance has been used in the past for some time in order to facilitate the floor malting process."²⁶⁴ Moreover, the record showed it is "not uncommon" for artisan brewers to market their beer as "floor malted" or for malt producers to use a mechanized version of floor malting.²⁶⁵

The Board therefore affirmed the Section 2(e)(1) mere descriptiveness refusal.

Genericness: Mecca argued in the alternative that its proposed mark was registrable on the Supplemental Register. "In order to qualify for registration on the Supplemental Register, a proposed mark 'must be capable of distinguishing the applicant's goods or services.'"²⁶⁶ "Generic terms do not so qualify."²⁶⁷

"The critical issue in genericness cases is whether members of the relevant public primarily use or understand the term sought to be protected to refer to the genus of goods or services in question."²⁶⁸

Making this determination "involves a two-step inquiry: First, what is the genus of goods or services at issue? Second, is the term sought to be registered . . . understood by the relevant public primarily to refer to that genus of goods or

²⁶² *In re Mecca Grade Growers, LLC*, 125 U.S.P.Q.2d 1950 (T.T.A.B. 2018).

²⁶³ *Id.* at 1954.

²⁶⁴ *Id.* at 1955.

²⁶⁵ *Id.* at 1954-55.

²⁶⁶ *Id.* at 1956, quoting *In re Emergency Alert Sols. Grp., LLC*, 122 U.S.P.Q.2d 1088, 1089 (T.T.A.B. 2017) (quoting 15 U.S.C. § 1091(c)).

²⁶⁷ *Id.* See also *Clairol, Inc. v. Roux Distrib. Co.*, 280 F.2d 863, 126 U.S.P.Q. 397, 398 (C.C.P.A. 1960) ("The generic name by which a product is known is not a mark which can be registered on the Supplemental Register under [S]ection 23 because such a name is incapable of distinguishing applicant's goods from goods of the same name manufactured or sold by others.").

²⁶⁸ *Id.*

services?” *Marvin Ginn*, 228 U.S.P.Q. at 530. *See also Princeton Vanguard*, 114 U.S.P.Q.2d at 1829 (“there is only one legal standard for genericness: the two-part test set forth in *Marvin Ginn*”).²⁶⁹

The USPTO has the burden of proving genericness by “clear and convincing evidence.”²⁷⁰

The Board agreed with the examining attorney that the genus of goods and services is defined by Mecca’s identification of goods and services.²⁷¹ The relevant purchasing public comprises purchasers and users of malt for brewing and distilling, and persons and entities that have or obtain grain and need to have it malted.

The Board explained that Mecca’s reliance on *Princeton Vanguard* was misplaced. “The fact that there is no evidence of third-party use of the precise term ‘mechanically floor-malted’ is not, by itself, necessarily fatal to a finding of genericness.”²⁷²

According to *Princeton Vanguard*, “[T]here is only one legal standard for genericness: the two-part test set forth in *Marvin Ginn* Regardless of whether the mark is a compound term or a phrase, the applicable test is the same and the Board must consider the record evidence of the public’s understanding of the mark as a whole.”²⁷³

Princeton Vanguard explicitly did not overturn *In re Gould*,²⁷⁴ in which dictionary definitions and explanatory text in the applicant’s specimen sufficed to establish genericness. By remanding the *Princeton Vanguard* case to the Board for full consideration of the parties’ dueling surveys, the CAFC merely underscored that all evidence bearing on public perception must be given appropriate consideration.

Here, as in *In re Gould*, the record consists of dictionary and industry specific evidence demonstrating the use of the words, “mechanical,” “mechanically,” “malt,” “malting,” “malter,” “malted,” “floor-malting,” “floor-malted,” and “floor-malter,” and demonstrating how these words may be used together. These examples clearly show the meanings that relevant consumers attribute to those words when they

²⁶⁹ *Id.*

²⁷⁰ *Id.*, quoting *In re Cordua Rests.*, 118 U.S.P.Q.2d at 1635.

²⁷¹ *Id.* *See* *Magic Wand Inc. v. RDB Inc.*, 940 F.2d 638, 19 U.S.P.Q.2d 1551, 1552 (Fed. Cir. 1991) (“[A] proper genericness inquiry focuses on the description of [goods or] services set forth in the [application or] certificate of registration.”).

²⁷² *Id.* at 1957.

²⁷³ *Princeton Vanguard v. Frito-Lay N. Am.*, 114 U.S.P.Q.2d at 1830-32, citing *Am. Fertility*, 188 F.3d at 1348-49.

²⁷⁴ *In re Gould Paper Corp.*, 834 F.2d 1017, 5 U.S.P.Q.2d 1110 (Fed. Cir. 1987) (SCREENWIPE deemed generic for “pre-moistened, anti-static cloth for cleaning computer and television screens.”).

are used separately and when they are used together. The purchasers in this case are not members of the general public who might not be familiar with the processing of grain for brewing or distilling. Here, the customers are those in the brewing and distilling business who are likely to know exactly what MECHANICALLY FLOOR-MALTED malt is and the process for producing this type of malt, regardless of the grammatical form of the word “mechanical” or whether “floor-malted” is spelled with a hyphen.²⁷⁵

The Board observed that “an applicant’s own website or marketing materials may be probative, or even, as in *Gould*, ‘the most damaging evidence,’ in indicating how the relevant public perceives a term.”²⁷⁶ On its specimen website page, Applicant Mecca “admits that ‘floor-malted’ refers to a type of malt (available not only from Applicant but from others) for brewing and distilling and that ‘floor-malting’ is a process performed by others.”²⁷⁷ As to the services, Mecca conceded that floor-malted malt may be produced using machinery.

The record as a whole establishes that with regard to the International Class 31 goods, consumers would understand the designation “mechanically floor-malted” to signify a specific kind of “[m]alt for brewing and distilling.” Similarly, with respect to the International Class 40 services, this evidence also shows that consumers would understand Applicant’s proposed mark as a whole to identify “[p]rocessing of agricultural grain.”²⁷⁸

In short, the record evidence demonstrated that the phrase that Mecca sought to register would be understood by the relevant public primarily as referring to the identified genus of goods and services. The fact that the term is an adjective rather than a noun “does not render it less generic.”²⁷⁹

Regardless of whether Mecca was the first and only user of the designation, it is not entitled to register a generic term. The test is not whether relevant consumers *use* the term to identify the genus, but whether consumers *perceive* the term as such.

The Board therefore concluded that MECHANICALLY FLOOR-MALTED is incapable of functioning as a mark for the subject good and services, and it affirmed the refusal to register on the Supplemental Register.

²⁷⁵ *In re Mecca Grade Growers*, 125 U.S.P.Q.2d at 1958.

²⁷⁶ *Id.* at 1958, quoting *In re Gould Paper*, 5 U.S.P.Q.2d at 1112.

²⁷⁷ *Id.*

²⁷⁸ *Id.* at 1959.

²⁷⁹ *Id.* See *In re Central Sprinkler Co.*, 49 U.S.P.Q.2d 1194, 1199 (T.T.A.B. 1998) (ATTIC for fire sprinklers); see also *Sheetz of Del., Inc. v. Doctor’s Assocs. Inc.*, 108 U.S.P.Q.2d 1341, 1366 (T.T.A.B. 2013) (FOOTLONG for sandwiches).

8. Lawful Use in Commerce

In re PharmaCann LLC

Concluding that PharmaCann can't, the Board affirmed refusals to register the marks PHARMACANN and PHARMACANNIS for "Retail store services featuring medical marijuana" and for "Dispensing of pharmaceuticals featuring medical marijuana," on the ground that applicant lacked a bona fide intent to use the marks in commerce. Because the recited services are prohibited by a federal statute, they cannot be in lawful use.

In claiming that its use of the marks in connection with medical marijuana was not unlawful, PharmaCann pointed out that Congress had forbidden the Department of Justice from expending any funds to prevent any state that has legalized medical marijuana from implementing its own laws. The Board was not moved, observing that the funding prohibition is temporary and the law could be changed at any time.²⁸⁰

In order for a mark to qualify for registration, the use of the mark in commerce must be "lawful."²⁸¹ If the goods/services are illegal under federal law "the applicant cannot use its mark in lawful commerce, and it is a legal impossibility for the applicant to have the requisite bona fide intent to use the mark."²⁸² The examining attorney maintained that the applications at issue here involve per se violations of federal law because the dispensing of marijuana is illegal under the federal Controlled Substances Act ("CSA").²⁸³

Applicant PharmaCann put forth two principal arguments: first, that the Departments of Justice announced [in the so-called "Cole Memorandum"²⁸⁴] that it would not prosecute caregivers for providing medical marijuana or individuals for using medical marijuana, so long as the "actions are in clear and unambiguous compliance with existing state laws providing for the medical use of marijuana;"²⁸⁵ and second, that Congress "has taken the same position as the Department of Justice," in several Appropriations Acts, by prohibiting the Department of Justice from expending funds to prevent states that have legalized medical marijuana (including Applicant PharmaCann's home state of Illinois) from implementing their own state laws.²⁸⁶

²⁸⁰ *In re PharmaCann LLC*, 123 U.S.P.Q.2d 1122 (T.T.A.B. 2017).

²⁸¹ *In re JJ206, LLC*, 120 U.S.P.Q.2d 1568, 1569 (T.T.A.B. 2016).

²⁸² *Id.*

²⁸³ 21 U.S.C. §§ 801 *et seq.*

²⁸⁴ The Cole Memorandum was rescinded by the U.S. Department of Justice in January 2018.

²⁸⁵ *In re PharmaCann LLC*, 123 U.S.P.Q.2d at 1124.

²⁸⁶ *Id.* at 1125.

PharmaCann's first argument, the Board pointed out, "is foreclosed by our decision in *JJ206*, in which we 'reject[ed] Applicant's argument that its use and intended use of the mark are lawful based on the [Cole] memorandum.'"²⁸⁷ There, the Board held that the Cole Memorandum by its terms was "intended only 'as a guide to the exercise of investigative and prosecutorial discretion' and specifically provide[d] that '[n]either the guidance herein nor any state or local law provides a defense to a violation of federal law, including any civil or criminal violation of the CSA.'"²⁸⁸

The Board then ruled that the conclusions reached in *JJ206* regarding recreational marijuana applied equally to medical marijuana. "In both contexts, the Cole Memorandum lacks the force of law and "does not and cannot override the CSA."²⁸⁹

PharmaCann's second argument, albeit novel, was equally unsuccessful. The Board observed that in *United States v. McIntosh*,²⁹⁰ the United States Court of Appeals for the Ninth Circuit decided "whether criminal defendants may avoid prosecution for various federal marijuana offenses on the basis of a congressional appropriations rider [sometimes called the Rohrabacher-Farr Amendment] that prohibits the United States Department of Justice from spending funds to prevent states' implementation of their own medical marijuana laws."²⁹¹ The court ultimately concluded that the answer was "yes" if "their conduct was completely authorized by state law, by which we mean that they complied with all relevant conditions imposed by state law on the use, distribution, possession, and cultivation of medical marijuana."²⁹² In doing so, however, the court also concluded that the Appropriations Acts and the Rohrabacher-Farr Amendment did not make medical marijuana legal under the CSA.

The Board found the Ninth Circuit's reasoning to be persuasive: although the Department of Justice is currently prohibited from spending funds for prosecution of those who are in compliance with state law, Congress could change its mind tomorrow. The appellate court further noted: "Moreover, a new president will be elected soon, and a new administration could shift enforcement priorities to place greater emphasis on prosecuting marijuana offenses."²⁹³ In any event, the CSA is still the law.

Nor does any state law "legalize" possession, distribution, or manufacture of marijuana. Under the Supremacy Clause of

²⁸⁷ *In re JJ206*, 120 U.S.P.Q.2d at 1571.

²⁸⁸ *Id.* at 1571 n.18.

²⁸⁹ *Id.*

²⁹⁰ 833 F.3d 1163, 1169-70 (9th Cir. 2016).

²⁹¹ *Id.* at 1168.

²⁹² *Id.* at 1179.

²⁹³ *Id.* at 1180 n.5.

the Constitution, state laws cannot permit what federal law prohibits. U.S. Const. art VI, cl. 2.²⁹⁴ Thus, while the CSA remains in effect, states cannot actually authorize the manufacture, distribution, or possession of marijuana. Such activity remains prohibited by federal law.²⁹⁵

The Board observed that there may be support in Congress for reclassification of medical marijuana under the CSA to a status that would make its possession, distribution, and dispensing lawful under federal law. However, that was not the law as of the date of the Board's decision.

We must determine the eligibility of marijuana-related marks for federal registration by reference to the CSA as it is written, not as it might be enforced at any point in time by any particular Justice Department. The CSA in its current form makes Applicant's intended uses of its marks unlawful, and its marks are thus ineligible for federal registration.²⁹⁶

9. Res Judicata

In re FCA US LLC

Ruling that the court's findings in a federal lawsuit had no estoppel effect on this ex parte appeal, the Board affirmed a Section 2(d) refusal to register the mark MOAB for "Motor vehicles, namely, passenger automobiles, their structural parts, trim and badges," finding the mark likely to cause confusion with the registered mark MOAB INDUSTRIES for "Automotive conversion services, namely, installing specialty automotive equipment" [INDUSTRIES disclaimed].²⁹⁷

Estoppel: While the subject application was pending (and suspended), the federal district court in Arizona ruled in favor of Applicant FCA US LLC (f/k/a Chrysler Group LLC) in a trademark infringement and unfair competition action brought by the cited registrant.²⁹⁸ At the district court, registrant failed to prove that Applicant FCA's use of the mark MOAB in connection with its "JEEP WRANGLER MOAB Special Edition" vehicles "was likely to

²⁹⁴ The Supremacy Clause of the U.S. Constitution states:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

²⁹⁵ *In re PharmaCann*, 123 U.S.P.Q.2d at 1127, quoting *McIntosh*, 833 F.3d at 1180 n.5 (emphasis added).

²⁹⁶ *Id.* at 1128.

²⁹⁷ *In re FCA US LLC*, 126 U.S.P.Q.2d 1214 (T.T.A.B. 2018).

²⁹⁸ *Moab Industries LLC v. Chrysler Group LLC*, No. CV-12-08247-PCT-HRH (D. Ariz. 2016).

cause confusion on the part of reasonably prudent customers for [Registrant's] upfitted vehicles.”²⁹⁹

The district court was aware of the pending trademark application and the USPTO's refusal to register, but observed that “[t]he USPTO finding of potential confusion is entitled to very little weight inasmuch as the USPTO would not have had access to most of the evidence which is before the court.”³⁰⁰

FCA here argued that “The Board . . . should defer to the more fulsome record upon which the District Court relied to draw its conclusions, and the District Court's careful consideration of likelihood-of-confusion factors”³⁰¹ The Board, however, observed that “[a]lthough there is some overlap between Applicant's defense and counterclaims in the federal court action and the basis of refusal of Applicant's application, they also raise discrete issues. In other words, the issues are not identical.”³⁰² In the lawsuit, FCA secured a finding that “specific alleged marketplace activities did not infringe Registrant's rights in the mark MOAB INDUSTRIES.”³⁰³ However, in the registration context,

likelihood of confusion is determined by the marks, the goods and services, and the usages disclosed in the application and the cited registration. Evidence of actual marketplace usages that seeks to limit or alter the usages encompassed by the marks, goods and services, or usages listed in the application and registration are [sic] not considered in assessing likelihood-of-confusion in the registration context.³⁰⁴

Applicant FCA sought to register MOAB alone, whereas the court considered its use of the mark MOAB together with the terms JEEP and WRANGLER. Moreover, the court did not consider automobiles in general, but rather only “expensive” “highway-legal, off-road enhanced performance vehicle[s]” that are “upfitted . . . to enhance their off-road capabilities” and are “intended for off-highway use under difficult to extreme circumstances.”³⁰⁵ Applicant FCA also was seeking registration for “structural parts, trim and badges” of passenger automobiles, goods that were not considered in the lawsuit.

FCA requested that the Board apply issue preclusion in the present appeal, but the court pointed out that the USPTO was not a party to the lawsuit. “The Federal Circuit has long held that a

²⁹⁹ *In re FCA US*, 126 U.S.P.Q.2d at 1216.

³⁰⁰ *Id.*

³⁰¹ *Id.*

³⁰² *Id.* at 1217.

³⁰³ *Id.*

³⁰⁴ *Id.*

³⁰⁵ *Id.* at 1218.

determination in district court litigation does not bind the USPTO in a later *ex parte* proceeding.”³⁰⁶

In sum, at least some of the issues raised in this TTAB appeal were different from those raised in the lawsuit and required different analyses that could result in different determinations. “As the Supreme Court said of the trademark registration process as compared to infringement litigation, ‘it is a separate proceeding to decide separate rights.’”³⁰⁷

Section 2(d): The Board found that customers may expect automotive structural parts to emanate from the same source as automotive conversion services. Furthermore, customers would expect that sellers of new automobiles would provide installation of specialty automotive equipment. And the evidence showed that OEM structural parts, like those of applicant FCA, may be obtained through an independent installer like the registrant. Therefore, this relationship between the goods and service favored a finding of likely confusion.

As to trade channels, there may be little overlap between FCA’s finished automobiles and the registrant’s upfitted autos, but the registrant’s service “is, itself, a trade channel for automotive structural parts, and so this also weighed in favor of a finding of likely confusion.”³⁰⁸

With regard to the conditions of sale, the registrant’s customers would be careful and sophisticated automotive enthusiasts but FCA’s automobile customers would include ordinary drivers with no particular automotive sophistication.³⁰⁹ Those customers would exercise care in purchasing automobiles, with particular attention to the source of the goods, but as to parts or trim they would employ less care. Thus, the facts relevant to this *du Pont* factor were mixed.

Turning to the marks, the Board not surprisingly found them similar in commercial impression. The term “Moab” (a geographic location in Utah known for its off-road trails) may have some suggestiveness vis-a-vis FCA’s vehicles and registrant’s services, but the impact of this fact on the likelihood of confusion is “minor.”³¹⁰

Expert testimony offered by Applicant FCA in the lawsuit on the issue of actual confusion was given little weight by the Board since the expert did not test the impact of the mark MOAB that FCA sought to register. He limited the universe of respondents to

³⁰⁶ *Id. See, e.g., In re Trans Texas Holdings Corp.*, 498 F.3d 1290, 83 U.S.P.Q.2d 1835 (Fed. Cir. 2007).

³⁰⁷ *In re FCA US*, 126 U.S.P.Q.2d at 1219, quoting *B&B Hardware Inc. v. Hargis Indus. Inc.*, 135 S. Ct. 1293, 113 U.S.P.Q.2d 2045, 2053 (2015).

³⁰⁸ *Id.* at 1222.

³⁰⁹ *Id.* at 1223-24.

³¹⁰ *Id.* at 1225.

individuals considering the purchase of off-road vehicles, and he employed an unfair survey test for confusion.

Balancing the relevant *du Pont* factors, the Board found confusion likely and it affirmed the refusal to register under Section 2(d).

10. Internet Evidence

In re Mueller Sports Med., Inc.

Observing that there were no precedential decisions regarding an examining attorney's failure to properly submit Internet evidence, the Board ruled that both applicants and examining attorneys must provide a URL and the date the webpage was accessed.³¹¹ If an applicant does not object to the examining attorney's failure to do so, "the Board will consider the website for whatever probative value it may have."³¹² If an applicant fails to provide the required information, without objection from the examining attorney, the Board may consider the objection waived.

Until *Safer Inc. v. OMS Invs. Inc.*,³¹³ there was no requirement that a party include a webpage address when introducing a webpage into evidence in inter partes proceedings. The Trademark Manual of Examining Procedure adopted the *Safer* requirements for examining attorneys in ex parte proceedings.³¹⁴ But the TMEP is not the law.³¹⁵

In determining whether to make those requirements the law, the Board first considered an analogous situation for guidance (namely, lists of third-party registrations):

If the applicant, during the prosecution of the application, provided a listing of third-party registrations, without also

³¹¹ *In re Mueller Sports Med., Inc.*, 126 U.S.P.Q.2d 1584 (T.T.A.B. 2018).

³¹² *Id.* at 1586.

³¹³ 94 U.S.P.Q.2d 1031 (T.T.A.B. 2010). *Safer* is now codified in Trademark Rule 2.122(e), 37 C.F.R. § 2.122(e).

³¹⁴ Trademark Manual of Examining Procedure (TMEP), § 710.01(b) (October 2017):

When making Internet evidence part of the record, the examining attorney must both (1) provide complete information as to the date the evidence was published or accessed from the Internet, and its source (e.g., the complete URL address of the website), and (2) download and attach the evidence to the Office action. See *Safer Inc. v. OMS Invs. Inc.*, 94 USPQ2d at 1039.

³¹⁵ The Forward to the TMEP, October 2017 revision, states:

The Manual contains guidelines for Examining Attorneys and materials in the nature of information and interpretation, and outlines the procedures which Examining Attorneys are required or authorized to follow in the examination of trademark applications. Trademark Examining Attorneys will be governed by the applicable statutes, the Trademark Rules of Practice, decisions, and Orders and Notices issued by the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, Commissioners, or Deputy Commissioners.

submitting actual copies of the registrations, and the examining attorney did not object or otherwise advise the applicant that a listing is insufficient to make such registrations of record at a point when the applicant could cure the insufficiency, the examining attorney will be deemed to have waived any objection to the admissibility of the list. Trademark Trial and Appeal Board Manual of Procedure (“TBMP”) § 1207.03 (June 2017); *see also* TBMP § 1208.02.³¹⁶

Following that example, the Board ruled that “if an examining attorney fails to include the website URL and the date that the webpage was accessed but the applicant fails to lodge an objection on that ground, then the Board will consider the website for whatever probative value it may have.”³¹⁷

Furthermore, the Board extended those requirements not only to examining attorneys, but to applicants in *ex parte* proceedings as well.

Similar to the submission of third-party registrations, Examining Attorneys have a responsibility to make sure that applicants properly submit Internet evidence. If the applicant’s response includes Internet evidence without a URL or date it was printed, the examining attorney must object to the evidence in the first Office action following the response and advise the applicant as to the proper way to make the Internet evidence of record. Otherwise the Board may consider the objection to be waived.³¹⁸

If the applicant files an appeal, the examining attorney should continue the objection to the evidence in his or her appeal brief.

Turning to the substantive issue in the case, the Board affirmed a Section 2(e)(1) mere descriptiveness refusal of the mark RECOIL for medical and athletic cohesive tape. Dictionary definitions, third-party website pages, and Applicant Mueller’s own packaging confirmed that “recoil” is used to describe the ability of the applicant’s tape to return to its original form.

In re I-Coat Co.

In another decision involving the admissibility of Internet evidence, the Board made clear that its ruling in *In re Mueller Sports Medicine*³¹⁹ extends to trademark applicants as well as examining attorneys.³²⁰ In *Mueller*, the Board held that Internet

³¹⁶ *In re Mueller Sports Med.*, 126 U.S.P.Q.2d at 1586.

³¹⁷ *Id.*

³¹⁸ *Id.* at 1587.

³¹⁹ 126 U.S.P.Q.2d 1584 (T.T.A.B. 2018) (discussed immediately above).

³²⁰ *In re I-Coat Co.*, 126 U.S.P.Q.2d 1730 (T.T.A.B. 2018).

evidence submitted by an examining attorney that did not include the pertinent URL and the date of access was objectionable. Here, the evidence at issue was submitted by the applicant. However, since this applicant's faulty submission occurred prior to issuance of the *Mueller* decision, the Board decided to consider the evidence. Nonetheless, the Board affirmed Section 2(d) refusals of the mark INDIGO in standard character form and in the design forms shown below [AR disclaimed] for "optical lenses, namely, corrective lenses sold through eye care professionals," in view of the registered mark INDIGO for "ski glasses, ski goggles, goggles for sports, protective sport helmets; sunglasses, bags specifically adapted for protective helmets."



Internet Evidence: In the past, the Board preferred, but did not require, that a webpage submitted by an applicant "be identified by the full address (url) for the web page, and the date it was downloaded, either by the information printed on the web page itself, or by providing this information in an Office action or an applicant's response."³²¹

Website evidence submitted without the URL and access date "lacks authenticity and cannot be readily verified by the non-offering party."³²² In *Mueller*, the Board ruled that "to properly make such website evidence of record, a trademark examining attorney must include the URL and the date when the material was accessed, and . . . if an examining attorney fails to do so, and the

³²¹ *Id.* at 1733, quoting TBMP § 1208.03; see also *In re Max Capital Grp. Ltd.*, 93 U.S.P.Q.2d 1243, 1245 n.6 (T.T.A.B. 2010). The Board noted that the better practice is to print or otherwise display the URL and access date on the documents themselves. Alternatively, the URL and access date may be provided by declaration.

³²² *Id.*

applicant objects, the material will not be considered.”³²³ According to the Board, in *Mueller* it “stated [its] intention” to hold applicants to the same standard.³²⁴

In accordance with our decision in *Mueller Sports Medicine*, we will no longer consider Internet evidence filed by an applicant in an *ex parte* proceeding to be properly of record unless the URL and access or print date has been identified, either directly on the webpage itself, or by providing this information in a response, except where the examining attorney does not object.³²⁵

Here, because Applicant I-Coat submitted its website evidence during prosecution of the subject applications (with its request for reconsideration), prior to the *Mueller* decision, the Board chose to consider the evidence.

Likelihood of confusion: The Board’s Section 2(d) analysis was straightforward. I-Coat, in an effort to show the weakness of the word “INDIGO,” submitted three third-party registrations and Internet evidence from three websites. The Board acknowledged that, in determining the degree of weakness of the shared terms, it must “adequately account for the apparent force of [third-party use and registration] evidence,” regardless of whether “specifics” pertaining to the extent and impact of such use have been proven.³²⁶ “[E]xtensive evidence of third-party use and registrations is ‘powerful on its face,’ even where the specific extent and impact of the usage has not been established.”³²⁷

As to the three websites, the Board found that this evidence fell “well short of the volume of evidence found convincing in *Jack Wolfskin* and *Juice Generation*.”³²⁸ The three registrations involved marks (GREAT NORTHWEST INDIGO, INDIGOFERRA, and INDIGO SCHUY) that were significantly different from the marks at issue. Moreover, only two of the registrations recited goods identified in the cited registration, and none of the marks were as similar to the cited mark INDIGO as Applicant Indigo’s marks.

³²³ 126 U.S.P.Q.2d 1584, 1587 (T.T.A.B. 2018).

³²⁴ *In re I-Coat Co.*, 126 U.S.P.Q.2d at 1733. Actually, in *Mueller* the Board did not merely state its intention to extend the *Safer* requirements to applicants. It said: “we further extend these requirements to both examining attorneys and applicants in *ex parte* proceedings.” *In re Mueller Sports Medicine, Inc.*, 126 U.S.P.Q.2d at 1587.

³²⁵ *Id.*

³²⁶ *Id.* at 1735, quoting *Juice Generation, Inc. v. GS Enters. LLC*, 115 U.S.P.Q.2d 1671, 1674-5 (Fed. Cir. 2015).

³²⁷ *Jack Wolfskin Ausrüstung für Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 116 U.S.P.Q.2d 1129, 1136 (Fed. Cir. 2015) (2016) (citing *Juice Generation*, 115 U.S.P.Q.2d at 1674).

³²⁸ *In re I-Coat Co.*, 126 U.S.P.Q. at 1735. In *Jack Wolfskin*, the Board considered at least 14 third-party registrations and uses, and in *Juice Generation* there were 26 registrations and uses.

In sum the totality of Indigo's evidence failed to show that INDIGO is significantly weak in connection with the involved goods.

As to Indigo's two word + design marks, the Board not surprisingly found the word "INDIGO" to be the dominant feature. The evidence established that the disclaimed term "AR" is an acronym for "anti-reflective" and identifies a feature of the goods. In addition, "AR" is displayed in much smaller type than "INDIGO." The rectangle-with-folded-corner design does not create a commercial impression separate from the wording but rather serves merely as a frame therefor. Of course, it is settled that the literal portion of a word + design mark will likely be the dominant portion.³²⁹ The Board concluded that the differences between the cited mark INDIGO and the applicant's word + design marks were outweighed by the similarity in appearance, sound, and meaning.

Third-party website and registration evidence established that the registrant's sunglasses and Indigo's optical lenses travel in the same channels of trade. Although Indigo's goods were limited to sale "through eye care professionals," there were no limitations in the cited registration. The examining attorney submitted evidence that both corrective lenses and sunglasses are sold on the same webpages.

Assuming that the purchasers of the involved goods will be more careful purchasers—seeking vision correction and vision enhancement or eye protection—the Board observed once again that even careful, sophisticated consumers are likely to believe that such goods emanate from the same source when sold under identical or similar marks.³³⁰

And so, the Board found confusion likely, and it affirmed the refusals to register.

³²⁹ *Id.* at 1736. *See, e.g., In re Viterro Inc.*, 671 F.2d 1358, 101 U.S.P.Q.2d 1905, 1911 (Fed. Cir. 2012) ("the verbal portion of a word and design mark likely will be the dominant portion").

³³⁰ *See, e.g., In re Research & Trading Corp.*, 793 F.2d 1276, 230 U.S.P.Q. 49, 50 (Fed. Cir. 1986):

That the relevant class of buyers may exercise care does not necessarily impose on that class the responsibility of distinguishing between similar trademarks for similar goods. "Human memories even of discriminating purchasers . . . are not infallible." *Carlisle Chemical Works, Inc. v. Hardman & Holden Ltd.*, 434 F.2d 1403, 1406, 167 U.S.P.Q. 110, 112 (C.C.P.A. 1970).).

PART II. INTER PARTES CASES

A. United States Court of Appeals for the Federal Circuit

1. Section 2(e)(4) Primarily Merely a Surname

Earnhardt v. Kerry Earnhardt, Inc.

Because the CAFC found it unclear whether the Board properly applied *In re Hutchinson Technology Inc.*³³¹ when it dismissed the opposer's claim that the mark EARNHARDT COLLECTION was primarily merely a surname, the CAFC vacated the TTAB's decision and remanded the case to the Board for further consideration.³³²

Teresa H. Earnhardt, widow of race car driver Dale Earnhardt, opposed the application of Kerry Earnhardt, Inc. (KEI)³³³ to register the mark EARNHARDT COLLECTION for "furniture" and "custom construction of homes," claiming a likelihood of confusion with her registered mark DALE EARNHARDT for a variety of goods and services, and also alleging that the mark EARNHARDT COLLECTION is primarily merely a surname under Section 2(e)(4).³³⁴ The Board ruled in favor of KEI on both claims. Opposer Teresa Earnhardt appealed on only the Section 2(e)(4) ground.

In denying the Section 2(e)(4) claim, the Board explained that the addition of the term "collection" diminished the surname significance of "Earnhardt" in the mark as a whole, because "collection" is not the "common descriptive or generic name" for KEI's goods and services. The Board found the situation similar to that in *Hutchinson*, where the term "technology" in HUTCHINSON TECHNOLOGY was deemed not merely descriptive of Hutchinson's goods, and therefore the mark, taken as a whole, was not primarily merely a surname. The Board reasoned that "[w]hen the wording (in this case, 'Collection') combined with the surname (in this case, 'Earnhardt') is capable of functioning as a mark, the mark (in this case, EARNHARDT COLLECTION) is not considered to be primarily merely a surname."³³⁵

The parties agreed that the word "Earnhardt" by itself is primarily merely a surname but disagreed on whether the mark EARNHARDT COLLECTION, as a whole, is primarily merely a

³³¹ 852 F.2d 552, 7 U.S.P.Q.2d 1490 (Fed. Cir. 1988).

³³² *Earnhardt v. Kerry Earnhardt, Inc.*, 123 U.S.P.Q.2d 1411 (Fed. Cir. 2017).

³³³ The applicant's co-founder and CEO, Kerry Dale Earnhardt (Kerry Earnhardt), is the son of Dale Earnhardt and stepson of Opposer Teresa H. Earnhardt.

³³⁴ Section 2(e)(4) of the Lanham Act, 15 U.S.C. § 1052(e)(4), bars registration of a mark that "is primarily merely a surname."

³³⁵ *Earnhardt v. Kerry Earnhardt, Inc.*, Oppositions Nos. 91205331 (parent) and 91205338 (T.T.A.B. Feb. 26, 2016).

surname. A “key element” in the determination of that issue is the relative distinctiveness of the second term in the mark.³³⁶

Appellant Theresa Earnhardt contended that the Board made an incomplete assessment of the term “collection” because it looked only at whether the term is *generic* for KEI’s goods and services. Under a proper analysis, she maintained, the addition of the *merely descriptive* term “collection” does not alter the surname significance of EARNHARDT. Appellee KEI agreed that the Board should determine both genericness and mere descriptiveness but, KEI maintained, the Board had done so.

In *Hutchinson*, the CAFC reversed the Board’s ruling that the mark HUTCHINSON TECHNOLOGY (for electronic components and computer products) was primarily merely a surname because the Board failed to consider the mark as a whole and incorrectly found that “technology” was merely descriptive of the involved goods and did not alter the surname significance of HUTCHINSON. The CAFC ruled that, because many other goods may be included within the broad term “technology,” that term was not merely descriptive because it did not convey an “immediate idea” of the “ingredients, qualities or characteristics of the goods.”³³⁷ Because the Board had failed to consider “the effect of the inclusion of ‘technology’ in the mark, as a whole,” its findings were clearly erroneous.³³⁸

Here, the CAFC agreed with the parties that the TTAB was required to determine whether the addition of “collection” to the surname “Earnhardt” altered the primary significance of the mark as a whole. As part of that inquiry, the Board must consider whether “collection” is merely descriptive of KEI’s goods and services. The TTAB’s decision, however, left the CAFC “uncertain” as to the Board’s findings on the issue of the descriptiveness of “collection.”³³⁹ It was “unclear” to the court whether the Board confined its analysis to only a genericness inquiry.³⁴⁰ Therefore the Board’s analysis of the mark as a whole was deficient. “On remand, the Board should determine (1) whether the term ‘collection’ is merely descriptive of KEI’s furniture and custom home construction services, and (2) the primary significance of the mark as a whole to the purchasing public.”³⁴¹

³³⁶ *Earnhardt v. Kerry Earnhardt, Inc.*, 123 U.S.P.Q.2d at 1413.

³³⁷ *Hutchinson Tech.*, 7 U.S.P.Q.2d at 1493.

³³⁸ *Id.*

³³⁹ *Earnhardt v. Kerry Earnhardt, Inc.*, 123 U.S.P.Q.2d at 1415.

³⁴⁰ *Id.*

³⁴¹ *Id.* On remand, the Board sustained the opposition on the Section 2(e)(4) ground, finding the term “COLLECTION” to be merely descriptive of both furniture and custom construction of homes, and concluding that “the primary significance of the mark EARNHARDT COLLECTION is that it merely indicates that the goods and services are sold in a group or collection by a person named EARNHARDT.” *Earnhardt v. Kerry Earnhardt, Inc.*, Oppositions Nos. 91205331 and 91205338 (T.T.A.B. Nov. 19, 2018).

2. Ownership

Lyons v. American College of Veterinary Sports Medicine and Rehabilitation

Registrant Sheila Lyons finished out of the money in her appeal from the TTAB's decision granting a petition for cancellation of her Supplemental Registration for the mark THE AMERICAN COLLEGE OF VETERINARY SPORTS MEDICINE AND REHABILITATION for various "veterinary education services." The CAFC endorsed the legal framework applied by the Board in resolving ownership disputes when a member has departed a group, and it ruled that substantial evidence supported the Board's findings that Lyons never owned the mark. The court consequently agreed with the Board's conclusion that her underlying application was void ab initio.³⁴²

Lyons, along with five other equine veterinarians, formed an organizing committee for the purpose of creating a veterinary specialist organization ("VSO") for treating athletic animals. The committee began using the subject mark by 2002. Lyons was dismissed from the organizing committee in 2004. She then applied to register the mark and in 2006 received a Supplemental Registration.

In 2010, the American Veterinary Medical Association ("AVMA") granted provisional recognition to the proposed VSO under the name "American College of Veterinary Sports Medicine and Rehabilitation." The college administered its first certification test in 2012 and has conducted annual meetings and continuing education programs since then.

The CAFC found no error in the framework applied by the Board in resolving this ownership dispute, a framework developed for situations in which a member of a group has departed and (in the absence of a formal agreement governing ownership of the mark) both the member and the remnant group claim ownership of the mark.³⁴³ Although various sources enunciated the relevant factors differently, they all include three main factors:

- (1) the parties' objective intentions or expectations;
- (2) who the public associates with the mark; and
- (3) to whom the public looks to stand behind the quality of goods or services offered under the mark.³⁴⁴

³⁴² Lyons v. Amer. Coll. of Veterinary Sports Med. & Rehab., 123 U.S.P.Q.2d 1024 (Fed. Cir. 2017).

³⁴³ *Id.* at 1027-28. *See, e.g.*, Wonderbread 5 v. Gilles, 115 U.S.P.Q.2d 1296, 1305 (T.T.A.B. 2015); *see generally*, McCarthy on Trademarks and Unfair Competition § 16:45 (4th ed. 2015).

³⁴⁴ *Id.* at 1028.

The Parties' Collective Intent: Although Lyons may have subjectively believed that she owned the mark and would control the VSO once formed, the objective expectations of the parties were that the organizing committee would form the VSO under the chosen name, not that Lyons would render personal services under the mark. At no time did Lyons communicate to other committee members her belief that she owned the mark, any prior use of the mark, or any objection to the committee naming the VSO after the mark. Thus, her objectively manifested expectations contradicted any subjective notion that she owned the mark. The CAFC concluded that substantial evidence supported the Board's determination that "the collective expectation of the parties, as objectively manifested, was that Lyons and the rest of the organizing committee would form an AVMA-accredited VSO with a name that became the mark."³⁴⁵

Who Does the Public Associate with the Mark?: Lyons cited as her first use of the mark a paper, written in the future tense, indicating her plans to form a VSO under the name at issue. However, the mere preparation and publication of future plans (assuming her paper was published) do not constitute use in commerce.³⁴⁶ Moreover, Lyons never advertised the mark, never maintained a website, has no employees, no volunteers, no students, and no certification program.

On the other hand, the college has certified at least 115 veterinarians, established 13 active residency programs in veterinary colleges, and conducted conferences and continuing education programs. The college has obtained corporate sponsorships from companies in the veterinary industry, has received considerable attention in the press, and is listed on the AVMA website under the mark.

The CAFC concluded that substantial evidence supported the Board's finding that the relevant public looks to the college, not to Lyons, for services in connection with the mark "because Lyons's use of the mark has not created distinctiveness inuring to Lyons."³⁴⁷

To Whom the Public Looks for Quality Control: Lyons provided no evidence that she obtained certification from the AVMA or that she has students enrolled in educational services offered under the mark, or that she offers any certification programs at all. The college, on the other hand, earned AVMA accreditation so that the veterinarians it certifies may hold themselves out as AVMA-approved specialists. Furthermore, "as the Board observed, the college's very name carries the 'AVMA's seal of approval' because many AVMA-accredited VSOs, and none that are not AVMA-

³⁴⁵ *Id.* at 1029.

³⁴⁶ *Id.* See, e.g., *Aycock Eng'g, Inc. v. Airflite, Inc.*, 90 U.S.P.Q.2d 1301 (Fed. Cir. 2009).

³⁴⁷ *Id.* at 1030.

accredited, have names beginning with the words “American College of Veterinary.”³⁴⁸

The CAFC concluded that substantial evidence supported the Board’s finding that “members of the public who seek out veterinary sports medicine and rehabilitation services will rely upon the College’s certification as evidence of a particular veterinarian’s expertise.”³⁴⁹

In summary, the CAFC held that the Board’s findings were supported by substantial record evidence. “One might even say that the lion’s share of the evidence supports the Board’s decision.”³⁵⁰

Although Lyons may have been the first to use the mark, the record shows that her use never rose to the level of use *in commerce*. Rather, she initiated efforts to form an AVMA-accredited VSO with the name of the mark, and that endeavor moved forward without her after she was dismissed from the organizing committee. Her involvement with the committee may have been the very reason that the committee adopted the mark; nevertheless, it is clear from the record that the College used the mark in commerce before Lyons, and Lyons cannot in effect appropriate it. The Board’s findings to that effect were supported by substantial evidence.³⁵¹

B. Trademark Trial and Appeal Board

1. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

Tao Licensing, LLC v. Bender Consulting Ltd.

The Board granted a petition for cancellation of a registration for the mark TAO VODKA for “alcoholic beverages except beer” [VODKA disclaimed] on two grounds: nonuse and likelihood of confusion with petitioner’s registered and famous mark TAO for restaurant and nightclub services.³⁵² Respondent Bender’s “eyebrow-raising activities” in choosing its mark after Petitioner Tao Licensing refused to purchase its vodka, including adoption of a font very similar to the font used by Tao Licensing, factored into the Board’s Section 2(d) ruling.

Nonuse: Under Section 45 of the Lanham Act, a trademark is in “use” when the goods bearing the mark “are sold or transported in

³⁴⁸ *Id.*

³⁴⁹ *Id.*

³⁵⁰ *Id.*

³⁵¹ *Id.*

³⁵² *Tao Licensing, LLC v. Bender Consulting Ltd.*, 125 U.S.P.Q.2d 1043 (T.T.A.B. 2017). The issue of nonuse is discussed in Part II.B.6, below.

commerce.”³⁵³ Here, the Board considered whether the importation or distribution of samples of the goods met the use-in-commerce requirement. Respondent Bender conceded that, prior to filing its statement of use it had not sold any goods under the mark TAO VODKA, but it contended that the distribution of samples sufficed. Bender appeared to concede that mere importation of the goods from the Vietnamese manufacturer did not constitute use in commerce.³⁵⁴

Turning to the issue of distribution of samples, the Board first observed that alcohol is distributed in a three-tiered system: a manufacturer may sell only to a distributor, who may sell only to a retailer, who may sell only to the public. The Board also noted that the testimony of Bender’s witness showed a lack of knowledge of the underlying facts and a lack of corroborating documentation.³⁵⁵

Bender testified that it distributed samples to three entities. The first, J.M. Stevens, was not a distributor of alcohol but rather was a shareholder of Kai Vodka, an entity related to Bender. There was no evidence as to the disposition of those samples.

The second was a restaurant called Tango Cafe, but Tango was not a distributor. The testimony indicated that this activity was “preliminary and exploratory, and [Bender] was not yet ready to introduce the product in the ordinary course of trade.”³⁵⁶

The third was a distributor named Northern Wine & Spirits who, according to Bender, would “review [the product] and see if they had interested parties in their market.”³⁵⁷ There was no written follow-up, and so sales were never made to or by Northern.

None of the three entities purchased or sold any product called TAO VODKA. In fact, the first sale did not occur until two and one-half years later. The Board found that “the record as a whole reflects that Respondent was not yet using or even ready to use the mark in the ordinary course of trade, but was merely exploring such use at some point in the future.”³⁵⁸ The “sharing of these samples . . . was

³⁵³ Section 45 of the Lanham Act, 15 U.S.C. § 1127, states in pertinent part”:

A mark shall be deemed to be in use in commerce . . . on goods when—(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce.

³⁵⁴ See *Avakoff v. S. Pac. Co.*, 765 F.2d 1097, 226 U.S.P.Q. 435, 436 (Fed. Cir. 1985) (shipment of goods from the manufacturer to the trademark owner did not satisfy the use or transportation in commerce requirement because “it was a shipment of the goods in preparation for offering the goods for sale. It did not make the goods available to the purchasing public”).

³⁵⁵ *Tao Licensing, LLC*, 125 U.S.P.Q.2d at 1053. Cf. *Research in Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d 1926 (T.T.A.B. 2009) (lack of documentation contributes to a finding of lack of bona fide intent to use mark).

³⁵⁶ *Id.* at 1054.

³⁵⁷ *Id.* at 1055.

³⁵⁸ *Id.*

more in the nature of a preliminary advisory consultation than bona fide use of the TAO VODKA mark in the ordinary course of trade.”³⁵⁹

Therefore, the Board concluded that respondent did not use the mark TAO VODKA in commerce prior to the statement of use deadline (September 20, 2012), and so the registration was invalid due to nonuse.

Likelihood of Confusion: Petitioner Tao Licensing’s evidence of customer volume and revenue, advertising expenditures, unsolicited media coverage, and industry awards convinced the Board that TAO is a famous mark for restaurant services. The Board noted, however, that even if the mark were of “average strength,” its conclusion under Section 2(d) would be the same.³⁶⁰

Respondent Bender argued that, based on third-party registration and use, TAO was a weak and diluted mark. The Board, however, discounted the third-party use evidence (two dozen or so restaurants) because it was somewhat outdated, it lacked specifics regarding the extent of use, Bender’s witness did not collect the information, and Petitioner Tao Licensing had successfully challenged numerous restaurants using “Tao” in their names. The third-party registrations submitted by Bender were mostly for unrelated goods or services; only one related to alcoholic beverages.

The third-party evidence did show, however, that “tao” suggests that a restaurant has an Asian theme or serves Asian food. Nonetheless, in light of the “compelling evidence” of the fame of Tao Licensing’s mark, the third-party evidence did not convince the Board that TAO is weak or entitled to a limited scope of protection. “The commercial strength of Petitioner’s TAO mark outweighs any conceptual weakness.”³⁶¹

Not surprisingly, the Board found the marks to be similar in look, sound, meaning, and commercial impressions. As to the involved goods and services, the Board recognized that it is not enough to show that restaurants serve food and beverages: “something more” is required to establish that alcoholic beverages and restaurant and nightclub services are related.³⁶²

The evidence showed that Petitioner Tao Licensing uses its TAO mark to promote alcoholic beverages, that its restaurants offer drinks (including at least one vodka drink) that bear TAO-formation names (e.g., “Tao-love potion #9”), that it sometimes engages in joint promotional efforts with vodka manufacturers, and that it advertises “Vodka Open Bars” at events in its venues. The evidence also showed that “private-label” bottling is an industry trend, and

³⁵⁹ *Id.*

³⁶⁰ *Id.* at 1056.

³⁶¹ *Id.* at 1059.

³⁶² *Id.* at 1060, citing *In re Coors Brewing Co.* 343 F.3d 1340, 68 U.S.P.Q.2d 1059, 1063 (Fed. Cir. 2003).

the Board concluded that “consumers on a widespread basis must be aware of the practice.”³⁶³

Moreover, Respondent Bender’s own actions “show that it believed that consumers would view Respondent’s vodka and Petitioner’s services as related.”³⁶⁴ The record indicated that Bender rebranded an existing vodka product, Kai Vodka, as TAO VODKA after its unsuccessful attempt to sell its Kai Vodka to TAO venues. Bender also initially displayed the mark in a stylized font very similar to Tao Licensing’s font. Bender then sought an agreement to sell its registration to Tao Licensing at a “high price” and to supply Tao Licensing with large volumes of vodka. From this evidence, the Board found that “Respondent anticipated a benefit from implying a connection to Petitioner, a benefit that could only exist if Respondent believed that consumers would actually see Respondent’s products as related to Petitioner’s restaurant services.”³⁶⁵

The Board therefore concluded that consumers would likely infer that Bender’s goods emanate from the same source as Petitioner Tao Licensing’s services, or are sponsored by Tao Licensing.

Because Bender’s goods may be sold to individual consumers in restaurants and nightclubs, the channels of trade and classes of consumers overlap. As to the lack of actual confusion evidence, the Board agreed with Tao Licensing that because of Bender’s limited use of its mark, there was little opportunity for actual confusion to occur.

Finally, Tao Licensing maintained that, under the catch-all thirteenth *du Pont* factor, Bender’s bad faith weighed in favor of a finding of likely confusion.³⁶⁶ The Board agreed that Bender’s “more eyebrow-raising activities,” discussed above, were further evidence that confusion is likely.³⁶⁷

And so, the Board found a likelihood of confusion and ruled that Section 2(d) is a second, independent ground for granting the petition for cancellation.

³⁶³ *Id.* at 1061.

³⁶⁴ *Id.* at 1062.

³⁶⁵ *Id.*

³⁶⁶ *Id.* at 1063. *See, e.g.,* J & J Snack Foods Corp. v. McDonald’s Corp., 932 F.2d 1460, 14622, 18 U.S.P.Q.2d 1889, 1891 (Fed. Cir. 1991) (“Whether there is evidence of intent to trade on the goodwill of another is a factor to be considered”).

³⁶⁷ *Id.* The thirteenth *du Pont* factor considers “[a]ny other established fact probative of the effect of use.”

b. Likelihood of Confusion Not Found

Bell's Brewery, Inc. v. Innovation Brewing

In a rare case involving alleged “conjoint use” of trademarks, the Board dismissed an opposition to registration of the mark INNOVATION BREWING for beer, finding that Opposer Bell’s Brewery had failed to prove a likelihood of confusion with its registered mark INSPIRED BREWING, also for beer (the word BREWING being disclaimed in each mark).³⁶⁸ Opposer Bell’s also pled likely confusion with its common law mark BOTTLING INNOVATION SINCE 1985, but it failed to raise that issue in its briefing and so the Board deemed that claim to be waived.

In its reply brief, Bell’s for the first time asserted that confusion is likely under a “conjoint use” analysis: that the opposed mark INNOVATION BREWING combines elements of both of the Bell’s Brewery’s marks. The Board, however, found that Bell’s had failed to plead that claim, and further that the issue of conjoint use had not been tried by consent of the parties. In any case, Opposer Bell’s failed to prove the extent of any conjoint use.

Because the involved goods are identical, the Board presumed that they travel through the same, normal channels of trade to the same classes of consumers. The goods are low-priced and subject to impulse purchase, increasing the risk of likelihood of confusion. Bell’s marks, the Board found, are inherently distinctive. Evidence of third-party use and registration of marks containing formatives of INSPIRE or INNOVATION was insufficient to show that the terms “either have a descriptive significance or are in such widespread use that consumers have come to distinguish marks containing them based on minute differences.”³⁶⁹ The Board concluded that Bell’s marks are to be accorded to “the normal scope of protection to which inherently distinctive marks are entitled.”³⁷⁰

As indicated above, the Board found that Opposer Bell’s had pled a likelihood of confusion with each of its two marks, but “[n]owhere in the notice did Opposer allege that Applicant’s mark would create a likelihood of confusion with Opposer’s conjoint use of INSPIRED BREWING and BOTTLING INNOVATION SINCE 1985.”³⁷¹ In the leading cases on conjoint use, the claim had been clearly pled.³⁷²

We hold that a likelihood of confusion claim based on the claimant’s use of two marks conjointly must be pleaded

³⁶⁸ Bell’s Brewery, Inc. v. Innovation Brewing, 125 U.S.P.Q.2d 1340 (T.T.A.B. 2017).

³⁶⁹ *Id.* at 1347.

³⁷⁰ *Id.* The Board did not explain what the “normal scope of protection” is.

³⁷¹ *Id.* at 1348.

³⁷² *Id.* See, e.g., Schering-Plough HealthCare Prods., Inc. v. Huang, 84 U.S.P.Q.2d 1323 (T.T.A.B. 2007) (finding applicant’s mark DR. AIR likely to cause confusion with the jointly used marks DR. SCHOLL’S and AIR-PILLO).

clearly enough to provide fair notice of the claim to the defendant. Our holding is analogous to our familiar requirement that a plaintiff must plead reliance on a family of marks.³⁷³

The Board also found that the issue of conjoint use was not tried by consent. Opposer Bell's claimed that Applicant Innovation consented because it did not object to evidence of such conjoint use, but the Board concluded that the testimony cited by Bell's "does not directly address the specific extent to which the two marks are used together."³⁷⁴ Although the cited evidence did show use of the marks together, "this evidence also is relevant to Opposer's pleaded claim that confusion is likely as to each of its marks individually" and was insufficient to put Innovation on notice of a claim of conjoint use.³⁷⁵

In any event, Bell's failed to establish that use of its pleaded marks together "has been effective to qualify them for conjoint analysis."³⁷⁶ According to *Schering-Plough*, two elements must be established for conjoint use: (1) the marks have been and are being used together, and (2) the marks "have been used . . . in such a manner and to such an extent in connection with a single product that they have come to be associated together, in the mind of the purchasing public, as indications of origin for opposer's product."³⁷⁷ Bell's satisfied the first element but not the second.

The Board found that Bell's used the two marks together on vehicle wraps, in three magazine issues, on a digital billboard, and at several beer festivals, but that was insufficient to show that the marks "have been used conjointly to such an extent that together they have come to indicate source. Even for the evidence displaying both marks, there is no reason to assume that purchasers would see them as anything other than two distinct marks."³⁷⁸

In sum, Opposer Bell's waived its claim of likelihood of confusion as to the mark BOTTLING INNOVATION SINCE 1895 and failed to plead or prove conjoint use.

As to Bell's mark INSPIRED BREWING, the Board concluded that it differs from the applied-for mark INNOVATION BREWING in sight, sound, meaning, and overall commercial impression to such an extent that the first *du Pont* factor was dispositive.

And so, the Board dismissed the opposition.

³⁷³ *Id.* at 1349. *Cf.* *Wise F&I, LLC v. Allstate Ins. Co.*, 120 U.S.P.Q.2d 1103, 1107 (T.T.A.B. 2016) ("A plaintiff must plead ownership of a family of marks in its complaint in order to rely on the marks as a family as a basis for sustaining the opposition at trial or in a motion for summary judgment.").

³⁷⁴ *Id.*

³⁷⁵ *Id.*

³⁷⁶ *Id.*

³⁷⁷ *Schering-Plough*, 84 U.S.P.Q.2d at 1326.

³⁷⁸ *Bell's Brewery, Inc. v. Innovation Brewing*, 125 U.S.P.Q.2d 1340, 1350 (T.T.A.B. 2017).

RxD Media, LLC v. IP Application Development LLC

The Board dismissed this Section 2(d) opposition to registration of the mark IPAD for various business and computer services, including storage and retrieval of data. Opposer RxD Media claimed prior use of the identical mark for “providing temporary use of a web-based software application for mobile-access database management whereby users can store and access their personal information,” but it failed to prove that its mark had acquired distinctiveness prior to Applicant IP’s constructive first-use dates.³⁷⁹

The Board began by chastising the parties for their introduction of thousands of pages of testimony and other evidence “without regard to what they needed to prove, apparently in the hope that in wading through it, we might find something probative.”³⁸⁰ Furthermore, the parties failed to cite to TTABVUE docket entries³⁸¹ and improperly designated testimony and evidence as confidential, which “made reconciling their references to evidence difficult and inordinately time-consuming, placing the persuasiveness of the presentations at risk.”³⁸²

This is not productive. “Judges are not like pigs, hunting for truffles buried in briefs.” *United States v. Dunkel*, 927 F.2d 955, 956 (7th Cir. 1991). The case was neither prosecuted nor defended based on any clear theory of the case. Neither party made a concise and compelling evidentiary showing, and neither was judicious in the introduction of only relevant testimony and evidence.³⁸³

The Board found most of the evidence to be irrelevant. The only issue was Opposer RxD Media’s priority; Applicant IP’s proof of post-filing use of its mark and of acquired distinctiveness was unnecessary. Similarly, the Board disregarded RxD Media’s evidence regarding its activities after IP’s constructive filing dates.

Priority: Section 2(d) permits an opposition based on “a mark or trade name previously used in the United States.”³⁸⁴ Because RxD Media relied on common law rights in the mark IPAD, it was required to establish proprietary rights in that mark, under the rule

³⁷⁹ RxD Media, LLC v. IP Application Dev. LLC, 125 U.S.P.Q.2d 1801 (T.T.A.B. 2018).

³⁸⁰ *Id.* at 1803.

³⁸¹ TTABVUE is the search engine at the TTAB website by which one may view a TTAB proceeding file by entering the proceeding number, or search for proceedings by application number, registration number, mark, party, or correspondent.

³⁸² *RxD Media*, 125 U.S.P.Q.2d at 1804.

³⁸³ *Id.* at 1803.

³⁸⁴ Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d).

of *Otto Roth*.³⁸⁵ In other words, it had to show that its mark was distinctive, either inherently or through acquired distinctiveness, prior to Applicant IP's actual or constructive first use of its mark.

An applicant may rely on the filing date of its foreign applications under Section 44(d) of the Act as its dates of constructive use: here, July 16, 2009 (Trinidad and Tobago) and January 25, 2010 (Canada).³⁸⁶ The Board noted that even though the opposed applications were published under the provisions of Section 2(f)—a concession by IP that its IPAD mark was not inherently distinctive—IP was still entitled to rely on its foreign filing dates for purposes of priority.³⁸⁷

RxD Media claimed use of its mark since September 1, 2007, but the evidence showed that, prior to Applicant IP's constructive priority dates, RxD Media was using only the "IPAD.mobi logo" shown immediately below. Moreover, in that logo the pen design is an integral part of the term "IPAD," and RxD Media did not show that the term "IPAD" creates a separate commercial impression from the composite logo. "Simply stating that .mobi is a generic TLD is not sufficient to show that the term "IPAD" creates a separate commercial impression"³⁸⁸



Even assuming that the term "IPAD" created a separate commercial impression, the Board found that RxD Media failed to prove a proprietary interest in that term. RxD Media neither

³⁸⁵ *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 U.S.P.Q. 40 (C.C.P.A. 1981).

³⁸⁶ *RxD Media*, 125 U.S.P.Q.2d at 1808. *See, e.g.*, *Fioravanti v. Fioravanti Corrado S.R.L.*, 230 U.S.P.Q. 36, 40 n.9 (T.T.A.B. 1986) (confirming that applicant's constructive date of first use is derived from the filing date of its foreign application). *See also* Section 44(d) of the Lanham Act, 15 U.S.C. § 1126(d), which provides, in pertinent part:

An application for registration of a mark under section[] 1051 . . . filed by [an eligible] person who has previously duly filed an application for registration of the same mark in [an eligible foreign country] shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: *Provided*, that—(1) the application in the United States is filed within six months from the date on which the application was first filed in the foreign country

³⁸⁷ *Id.* at 1809. *See Larami Corp. v. Talk to Me Programs Inc.*, 36 U.S.P.Q.2d 1840, 1846 (T.T.A.B. (1995)) (benefits of constructive use under Section 7(c) of the Lanham Act apply "even if the claim of acquired distinctiveness was made after the filing date of the application and even if the use on which the claim of distinctiveness was predicated was made mostly after the filing date of the application").

³⁸⁸ *Id.*

asserted nor proved that “IPAD” is inherently distinctive. As to acquired distinctiveness, the Board must first assess the degree of descriptiveness of the term, since the more descriptive a term, the more evidence is required under Section 2(f).³⁸⁹

The Board found that, since prior to July 16, 2009 (Applicant IP’s earliest priority date), the letter “I” placed before a word or phrase may mean “Internet-based or enabled.” Third-party registrations, publications, and websites demonstrated the use of “I” formative marks for Internet-based goods and services. The word “Pad” is defined as, among other things, “a collection of sheets of paper glued together at one end.” The word “Notepad” is “a pad of blank pages for writing notes.”³⁹⁰

When the “I” prefix is combined with the “Pad” suffix, and when considered in conjunction with Opposer’s services, the combination directly refers to an Internet-enabled or accessible medium for storing and accessing information, as one can do with a notepad. The combined term, IPAD, does not create a non-descriptive or incongruous meaning, and, thus, it is not an inherently distinctive mark. When used in connection with a web-based software application for mobile-access databases management whereby users can store and access their personal information, the term IPAD directly conveys to consumers the purpose and function of Applicant’s services.³⁹¹

RxD Media’s own use of “IPAD” corroborated the descriptive meaning of the term: for example, in the tagline “Your Mobile Internet Notepad.”

Turning to the issue of acquired distinctiveness, RxD Media was unable to say how many subscribers it had prior to the end of 2009. Its website never received more than 100 hits per day. As of 2010, RxD Media’s revenues were small and it was not profitable. As of 2013, it had expended \$412 on advertising the IPAD.mobi website. There was no evidence that the relevant public, as of July 16, 2009, understood the primary significance of IPAD to be a source-identifier rather than a descriptor of RxD Media’s services.

The Board found that Opposer RxD Media had failed to establish acquired distinctiveness for the term IPAD. The Board therefore concluded that RxD Media had failed to prove proprietary rights in that term prior to Applicant IP’s constructive priority dates, and it dismissed the opposition.

³⁸⁹ *Id.* at 1810.

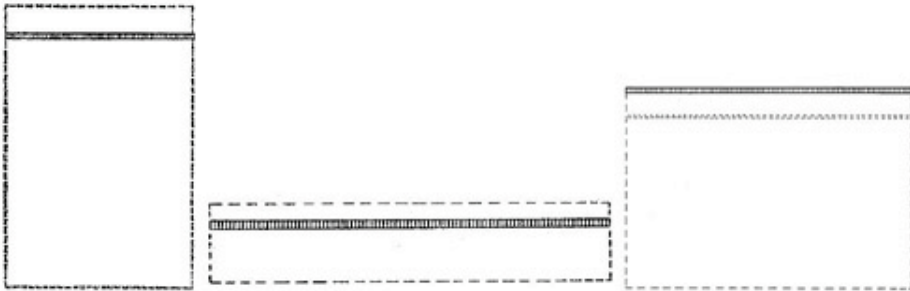
³⁹⁰ *Id.* at 1813.

³⁹¹ *Id.*

2. Section 2(e)(5) Functionality

Poly-America, L.P. v. Illinois Tool Works Inc.

Once again, the existence of a utility patent proved to be of critical importance on the issue of de jure functionality. The Board granted a petition for cancellation of three registrations for the product configurations shown immediately below, on the ground of Section 2(e)(5)³⁹² functionality: on the left, a “horizontal stripe adjacent the bag top” for “plastic bags;” in the center, the configuration of flexible plastic reclosable fastener strips (the “zipper flange” mark); and on the right, “a continuous colored stripe extending for the length of plastic film tubing and plastic film sheeting having a continuous reclosable strip on the surface” (the “rollstock” mark) for “reclosable film tubing and plastic film sheeting, not for wrapping.”³⁹³



Standing: Of course, standing is a threshold issue that must be proven by a plaintiff in every inter partes case. The plaintiff must show that it has a “real interest,” i.e., a direct and personal stake, in the outcome of the proceeding and a reasonable basis for its belief of damage.³⁹⁴

The evidence showed that Petitioner Poly-America, a manufacturer and supplier of plastic film and garbage bag products, was planning to sell reclosable food storage bags with colored closures. Although Poly-America was not intending to sell flexible plastic reclosable fastener strips or film tubing and sheeting, it intended to manufacture or purchase those goods for purposes of manufacturing reclosable food storage bags. Poly-America submitted evidence that it risked being sued for infringement of all three of the subject trademark registrations. The Board concluded

³⁹² Section 2(e)(5) of the Lanham Act, 15 U.S.C. § 1052(e)(5), bars registration of a mark that “comprises any matter that, as a whole, is functional.”

³⁹³ *Poly-America, L.P. v. Illinois Tool Works Inc.*, 124 U.S.P.Q.2d 1508 (T.T.A.B. 2017).

³⁹⁴ *Ritchie v. Simpson*, 170 F.3d 1092, 50 U.S.P.Q.2d 1023, 1025 (Fed. Cir. 1999).

that Poly-America had established its standing to challenge the three registrations.

Functionality: A product configuration or product feature is considered to be functional under Section 2(e)(5) if it is (1) “essential to the use or purpose of the article,” or if it (2) “affects the cost or quality of the article.”³⁹⁵ The Board, in making its determination under Section 2(e)(5), is guided by the analysis of *In re Morton-Norwich Prods., Inc.*³⁹⁶ However, the Supreme Court in *TrafFix Devices* ruled that if functionality is properly established under its *Inwood* test, further inquiry as to the *Morton-Norwich* factors is unnecessary.³⁹⁷

The first *Morton-Norwich* factor considers whether a utility patent discloses the utilitarian advantages of the design at issue. Poly-America submitted expired U.S. Patent No. 3,054,434, entitled “BAG CLOSURE,” issued to the respondent’s predecessor for an “article such as a pouch or similar container having a new and improved resilient type fastener structure.”³⁹⁸ The stated object of the patent is to provide a resilient fastener that would reduce the risk of accidental separation of the fastener. In one embodiment, a pair of flanges assist in the separation of the two strips that form the seal. The patent states that “[e]xcellent results may be obtained” when the strips are of a clear color while one or both of the flanges are colored red.³⁹⁹

Claim 6 of the patent specifically recites that “said flange” is “colored differently than the strips to facilitate identification of the flange and assist in separation of the strips.”⁴⁰⁰ The Board found that this language “defines the same features of the registered trademarks as described by Respondent, namely, the colored stripe on the reclosable fastener strips shown in each of the three registrations.”⁴⁰¹

Respondent Illinois Tool Works (“ITW”) argued that the patent did not describe any utilitarian advantages with regard to the registered marks, and further that the inventor came to understand

³⁹⁵ *TrafFix Devices Inc. v. Mktg. Displays Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001, 1006 (2001) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 214 U.S.P.Q. 1, 4 n.10 (1982)).

³⁹⁶ 671 F.2d 1332, 213 U.S.P.Q. 9, 15-16 (C.C.P.A. 1982). The *Morton-Norwich* factors, used in determining functionality, are: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

³⁹⁷ *TrafFix Devices*, 58 U.S.P.Q.2d at 1006.

³⁹⁸ ’434 patent, column 1, lines 8-13.

³⁹⁹ ’434 patent, column 4, lines 52-70.

⁴⁰⁰ ’434 patent, column 6, lines 29-46.

⁴⁰¹ *Id.* at 1516.

that “his initial belief was incorrect” and that there never was any functionality to the “Color Line Trademark.”⁴⁰²

The Board was wholly unimpressed because ITW’s predecessor, in arguing against the patent examiner’s rejection of the color line feature as lacking utility, asserted that it “affords an advantage.”⁴⁰³ Moreover, the predecessor touted the value of the color line: it “serves a practical purpose. It immediately identifies the point of opening.”⁴⁰⁴ The predecessor listed the ’434 patent in its advertising brochures and submitted the brochures in the underlying application for the color line trademark registration. “Simply put, its predecessors having availed themselves of the protection of the ’434 patent until its expiration, Respondent’s convenient change of heart falls far short of convincing us that the features described in the sixth claim were never functional and may now be the subject of trademark protection.”⁴⁰⁵

ITW contended that, even if the Color Line Trademark “may have been intended to have some functional benefits when first conceived, a trademark can become non-functional over time.”⁴⁰⁶ However, there was no explanation as to how the Color Line Trademark became non-functional over time, and ITW’s reliance on *Eco Manufacturing LLC v. Honeywell International Inc.*⁴⁰⁷ was misplaced. There, the court never decided the ultimate issue of functionality of the “trademarked” round thermostat (although it did suggest three different ways in which the design could be functional).

In sum, the mere argument that one of the inventors of the ’434 patented invention conveniently changed his mind about the functionality of the color strip was not sufficient to outweigh Poly-America’s proofs. It is irrelevant that the invention claimed in the ’434 patent was a closure mechanism. “The fact that the color was part of a larger claim . . . does not reduce its significance, particularly in light of the reliance by Respondent’s predecessors on the color recited in claim 6.”⁴⁰⁸

Because Poly-America established functionality under *Inwood* based upon claim 6 of the ’434 patent, it was not required to provide evidence that consumers recognize color as a functional feature of the involved goods. Nor was it necessary to present evidence under all four *Morton-Norwich* factors. Once Poly-America established a

⁴⁰² *Id.* at 1517.

⁴⁰³ *Id.*

⁴⁰⁴ *Id.*

⁴⁰⁵ *Id.*

⁴⁰⁶ *Id.*

⁴⁰⁷ 357 F.3d 649, 653, 69 U.S.P.Q.2d 1296 (7th Cir. 2003).

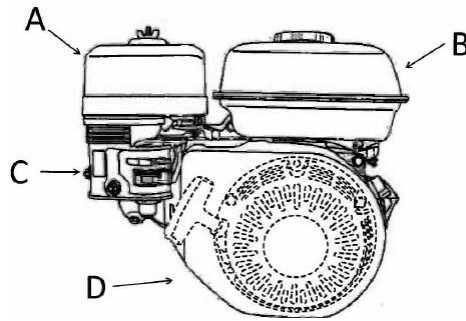
⁴⁰⁸ Poly-America, L.P. v. Illinois Tool Works Inc., 124 U.S.P.Q.2d 1508, 1519 (T.T.A.B. 2017).

prima facie case of functionality, it was Respondent ITW's burden to provide sufficient evidence of non-functionality. ITW did not do so.

Therefore, the Board concluded that ITW's registered trademarks are functional under Section 2(e)(5), and it ordered that the three registrations be cancelled.

Kohler Co. v. Honda Giken Kogyo K.K.

In an exhaustive 129-page opinion (including a 12-page appendix), the Board sustained an opposition to registration of the product configuration shown below, for "engines for use in construction, maintenance and power equipment," finding the applied-for mark to be functional under Section 2(e)(5) and lacking in acquired distinctiveness.⁴⁰⁹



The Board observed that the mark Applicant Honda sought to register is depicted in the drawing. "[T]he drawing of the mark, not the words an applicant uses to describe it, controls what the mark is."⁴¹⁰ Matter not claimed must be shown in broken lines. The Board thus noted that Honda was seeking protection for what Honda described as "the configuration of an engine with an overall cubic design, with a slanted fan cover, the fuel tank located above the fan cover on the right, and the air cleaner located to the left of the fuel tank."⁴¹¹

Evidentiary Issues: The parties raised many evidentiary objections, several of which merited the Board's discussion. Honda objected to the admission of copies of fourteen utility model applications that it filed in Japan, contending that the Japanese utility model system has no counterpart in American law and that it is unclear whether the Japanese applications were ever examined or issued. The Board found this to be an issue of first impression. It

⁴⁰⁹ *Kohler Co. v. Honda Giken Kogyo K.K.*, 125 U.S.P.Q.2d 1468 (T.T.A.B. 2017).

⁴¹⁰ *Id.* at 1488, quoting *In re Change Wind Corp.*, 123 U.S.P.Q.2d 1453, 1459 n.6 (T.T.A.B. 2017).

⁴¹¹ *Id.*

overruled the objection, observing that the “analysis requires us to do what we must do in considering Applicant’s issued United States patents—determine whether the claims and disclosures in the patent show the utilitarian advantages of the design sought to be registered as a trademark.”⁴¹²

The Board sustained Honda’s objection to the admissibility of a decision by the Office of Harmonization in the Internal Market (“OHIM”) affirming a refusal to register a depiction of an engine design and containing a summary of Honda’s argument under European Community Law as to whether the design was inherently distinctive. The Board observed that European Community Law is “at odds with United States law” because in this country a product configuration mark cannot be inherently distinctive.⁴¹³ The Board, however, overruled an objection to the admissibility of certain statements made by Honda’s Turkish counsel before a Turkish court because those were “factual statements made by an authorized agent of Applicant that do not implicate Turkish law.”⁴¹⁴

Functionality: Section 2(e)(5) bars registration of “a mark which . . . comprises any matter that, as a whole, is functional.”⁴¹⁵ In general, “‘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.’”⁴¹⁶ The functionality doctrine is intended to encourage legitimate competition by maintaining the proper balance between patent law and trademark law.⁴¹⁷

The Board observed that its analysis may begin with a consideration of the functionality of individual features, as long as those features are considered in the context of the design as a whole.⁴¹⁸ In particular, the Board considered the air cleaner cover (A), the fuel tank (B), the carburetor cover (C), and the fan cover (D).⁴¹⁹

In assessing the functionality of the design as a whole, the Board must determine whether the mark “is in its particular shape

⁴¹² *Id.*

⁴¹³ *Id.* at 1479.

⁴¹⁴ *Id.*

⁴¹⁵ Section 2(e)(5) of the Lanham Act, 15. U.S.C. § 1052(e)(5).

⁴¹⁶ *Traffix Devices Inc. v. Mktg. Displays Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001, 1006 (2001) (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 34 U.S.P.Q.2d 1161, 1163-64 (1995)); *see also* *Inwood Labs, Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 214 U.S.P.Q. 1, 4 n.10 (1982).

⁴¹⁷ *See Qualitex*, 34 U.S.P.Q.2d at 1163-64.

⁴¹⁸ *Kohler Co. v. Honda Giken Kogyo K.K.*, 125 U.S.P.Q.2d 1468, 1490 (T.T.A.B. 2017), citing *In re Change Wind Corp.*, 123 U.S.P.Q.2d 1453, 1456 (T.T.A.B. 2017).

⁴¹⁹ Letter designations added by the Board for reference.

because it works better in that shape.”⁴²⁰ The Board found that the fan cover (D) “is in its particular slanted shape because (as both experts agree) that slanted shape works better to direct cooling air to the hottest part of the engine than a non-slanted shape.”⁴²¹

The shape of the fuel tank (B) has both utilitarian and design elements, but its positioning and its overall “roughly rectangular” shape are “more prominent, thus making the features of the fuel tank as a whole primarily functional.”⁴²² As to the carburetor cover (C), it also has utilitarian and decorative elements, but its relative positioning and placement make its features as a whole functional, despite its inclusion of purely decorative ribs.⁴²³

The air cleaner cover (A) also includes functional and non-functional elements, but here the Board found its features not to be primarily functional: the choice to use a cube or rectangular shape was a design choice.⁴²⁴

The Board concluded that the “overall cubic design” of the engine has the utilitarian benefit that Honda sought to achieve when it designed its GX engine, including compactness and adaptability to a range of OEM options.

Finally, the Board considered the “critical question”: “the degree of utility present in the overall design of the mark,” taking into account the impact of any “specific styling elements” of each component.⁴²⁵ The Board found these styling components to be relatively insignificant, and it concluded that the overall appearance of the applied-for mark is essential to the use or purpose of the engine and affects its quality under the *Inwood* test because the mark as a whole “is in its particular shape because it works better in that shape.”⁴²⁶

Because the Honda engine design is functional under *Inwood*, there was no need to consider the *Morton-Norwich* factors.⁴²⁷ Nonetheless, for the sake of completeness, the Board addressed those factors briefly. It found the seven United States patents proffered by Opposer Kohler to be non-probative of functionality but

⁴²⁰ *Kohler Co. v. Honda Giken Kogyo K.K.*, 125 U.S.P.Q.2d at 1493, citing *In re Becton, Dickinson and Co.*, 675 F.3d 1368, 102 U.S.P.Q.2d 1372, 1376 (Fed. Cir. 2012): *see also In re Change Wind Corp.*, 123 U.S.P.Q.2d at 1456.

⁴²¹ *Id.*

⁴²² *Id.* at 1495.

⁴²³ *Id.* at 1496.

⁴²⁴ *Id.* at 1497.

⁴²⁵ *Id.* at 1499.

⁴²⁶ *Id.* at 1500.

⁴²⁷ *Id.* at 1489. *See Traffix Devices Inc. v. Mktg. Displays Inc.*, 532 U.S. 23, 58 U.S.P.Q.2d 1001, 1006 (2001) (“Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature.”).

found two of the Japanese utility models to be corroborative of its finding of functionality.

Honda argued that its expired design patent D282,071 is presumptive evidence of non-functionality, but the Board found this evidence “not persuasive” because the patented design differed from the mark at issue here.⁴²⁸

Honda’s advertising touted performance attributes of the GX Engine design but did not specifically tie those benefits to the applied-for design. As to alternative designs, Honda did not show that other engines “offer the same performance benefits” as the applied-for mark.⁴²⁹ In any case, as explained in *TraFFix Devices*, once a product feature is found functional based on other considerations, there is no need to consider the availability of alternative designs. The testimony regarding cost of manufacture was inconclusive, but in any case, since the Board already found that the design has use-related benefits, whether the design was more expensive to manufacture was irrelevant.

Acquired Distinctiveness: Assuming *arguendo* that Honda’s engine design was eligible for registration, the Board considered the issue of acquired distinctiveness. Of course, under *Wal-Mart*,⁴³⁰ a product configuration can never be inherently distinctive. Opposer Kohler had the initial burden to establish a prima facie case that the Honda design did not qualify for acquired distinctiveness under Section 2(f).⁴³¹

The burden to prove acquired distinctiveness is heavier when considering a product configuration.⁴³² Furthermore, where, as here, many third parties use similarly shaped configurations, “a registration may not issue except upon a substantial showing of acquired distinctiveness.”⁴³³ The Board found, based on the third-party uses together with other deficiencies in Honda’s evidence, that Kohler had established a prima facie case that the applied-for mark does not serve as a source identifier.

Honda’s sales and advertising figures, although very substantial, were not probative of purchaser recognition. Declarations from Honda distributors were not persuasive: they were substantively identical, were based on both the trademark drawing and a color photo of the engine and were conclusively

⁴²⁸ *Id.* at 1502. See, e.g., *In re Loggerhead Tools, LLC.*, 119 U.S.P.Q.2d 1429, 1432 (T.T.A.B. 2016).

⁴²⁹ *Id.*

⁴³⁰ *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 54 U.S.P.Q.2d 1065 (2000).

⁴³¹ See *AS Holdings, Inc. v. H & C Milcor, Inc.*, 107 U.S.P.Q.2d 1829, 1837 (T.T.A.B. 2013) (“[W]hen the same mark is challenged in an *inter partes* proceeding such as this opposition, it is the opposer that has the initial burden to establish prima facie that the applicant did not satisfy the acquired distinctiveness requirement of Section 2(f).”).

⁴³² *In re Udor U.S.A. Inc.*, 89 U.S.P.Q.2d 1978, 1986 (T.T.A.B. 2009),

⁴³³ *Id.* at 1986.

worded and failed to explain what it was about the design that was unique or distinctive.

Both parties submitted surveys, which the Board reviewed in some detail. Honda's survey purported to show a 42% level of recognition while Kohler's survey showed 18%. The deficiencies in the Honda survey significantly impacted its probative value: it employed a photograph of the Honda engine rather than the application drawing, as well as a poorly chosen control. The Kohler survey, conducted by Hal Poret, contained some flaws, but they did not significantly reduce the value of the survey. The Board concluded that the true level of association "is likely closer to the net level reported in the Poret survey."⁴³⁴ In any case, however, a net level of association between 18% and 42% has "little evidentiary value" on the issue of the distinctiveness of the applied-for mark.⁴³⁵

As to the circumstantial evidence, Honda's long use of the applied-for design had diminished importance in light of the many third-party engines with similar configurations. Its sales volume and advertising expenditures, though very substantial, were not probative of consumer recognition of the engine design as a source indicator.⁴³⁶ Although the advertising displayed a picture of the Honda engine, none of the advertising directed consumers to the specific features of the applied-for mark.

Honda claimed that intentional copying of the design supported a finding of acquired distinctiveness, but the Board found this evidence of limited value. Although Honda enjoyed some success in enforcing its purported rights, such evidence may show a desire to avoid litigation rather than a confirmation of the distinctiveness of the design.⁴³⁷

The Board therefore ruled that Honda failed to establish acquired distinctiveness under Section 2(f).

⁴³⁴ Kohler Co. v. Honda Giken Kogyo K.K., 125 U.S.P.Q.2d 1468, 1515 (T.T.A.B. 2017).

⁴³⁵ *Id.*

⁴³⁶ *Id.* at 1516. *See, e.g.*, Stuart Spector Designs Ltd. v. Fender Musical Instruments Corp., 94 U.S.P.Q.2d 1549, 1572 (T.T.A.B. 2009) (evidence of substantial sales and market share over the years insufficient to show recognition of guitar body configurations as trademarks).

⁴³⁷ *Id.* at 1518; *Cf. In re Wella Corp.*, 565 F.2d 143, 196 U.S.P.Q. 7, 8 n.2 (C.C.P.A. 1977) ("Appellant argues that various letters (of record) from competitors indicating their discontinuance of use of its mark upon threat of legal action are evidence of its distinctiveness, but we agree with the TTAB that such evidence shows a desire of competitors to avoid litigation rather than distinctiveness of the mark.").

3. Section 2(f) Acquired Distinctiveness

*Apollo Medical Extrusion Technologies Inc. v.
Medical Extrusion Technologies, Inc.*

In an enervating decision, the Board sustained an opposition to registration of the mark MEDICAL EXTRUSION TECHNOLOGIES, in standard character form, for polyurethanes for use in the manufacture of medical devices, finding the mark to be merely descriptive of the goods under Section 2(e)(1), and further finding that Applicant Medical Extrusion's evidence was inadequate to establish acquired distinctiveness for this highly descriptive term.⁴³⁸

By seeking registration under Section 2(f) of the Lanham Act, Medical Extrusion conceded that its mark was not inherently distinctive.⁴³⁹ An applicant who resorts to Section 2(f) bears the ultimate burden to prove by a preponderance of the evidence that the applied-for mark has acquired distinctiveness.⁴⁴⁰ Moreover, "the applicant's burden of showing acquired distinctiveness increases with the level of descriptiveness; a more descriptive term requires more evidence of secondary meaning."⁴⁴¹

Degree of Descriptiveness: Dictionary definitions of the constituent words, numerous examples of third-party use of wording such as "medical extrusion," "extrusion technolog(y/ies)," "medical extrusion industry" and "medical extrusion technolog(y/ies)" in connection with similar goods, Medical Extrusion's own use of the phrase, and its testimony regarding the descriptiveness of the phrase, convinced the Board that the applied-for mark is highly descriptive of the identified goods. "Clearly, no thought or imagination is required to immediately understand that medical extrusion products sold under the designation MEDICAL EXTRUSION TECHNOLOGIES are just that, namely, medical extrusion goods produced by using medical extrusion technologies (or methods or processes)."⁴⁴²

Acquired Distinctiveness: The examining attorney accepted Medical Extrusion's claim of acquired distinctiveness based solely

⁴³⁸ *Apollo Medical Extrusion Techs., Inc. v. Medical Extrusion Techs., Inc.*, 123 U.S.P.Q.2d 1844 (T.T.A.B. 2017).

⁴³⁹ *See In re RiseSmart Inc.*, 104 U.S.P.Q.2d 1931, 1932 (T.T.A.B. 2012) ("[W]hen an applicant responds to a refusal based on mere descriptiveness of a mark, or portion of a mark, by claiming acquired distinctiveness, such amendment to seek registration under Section 2(f) of the Trademark Act is considered an admission that the proposed mark is not inherently distinctive.").

⁴⁴⁰ *See Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 6 U.S.P.Q.2d 1001, 1005-6 (Fed. Cir. 1988).

⁴⁴¹ *In re Steelbuilding.com*, 415 F.3d 1293, 75 U.S.P.Q.2d 1420, 1424 (Fed. Cir. 2005).

⁴⁴² *Apollo Medical Extrusion Techs., Inc. v. Medical Extrusion Techs., Inc.*, 123 U.S.P.Q.2d at 1851.

on a declaration of continuous use of the purported mark in commerce since 1990. Of course, “the Board is not bound by the Examining Attorney’s decision to allow publication of the mark.”⁴⁴³

The Board found that the “nature and number of third-party descriptive uses in the record” demonstrate that Medical Extrusion’s use has not been “substantially exclusive” as required for a Section 2(f) showing.⁴⁴⁴ “Non-exclusive use presents a serious problem for Applicant in obtaining trademark rights in a designation that is not inherently distinctive, because it interferes with the relevant public’s perception of the designation as an indicator of a single source.”⁴⁴⁵

Medical Extrusion claimed that it was unaware of anyone else in the industry using the specific wording “medical extrusion technologies” as a trademark. The Board pointed out, however, that even if Medical Extrusion were the first and only user of MEDICAL EXTRUSION TECHNOLOGIES as a purported mark in the industry, that would not overcome the highly descriptive nature of the wording nor suffice to establish acquired distinctiveness in this case.⁴⁴⁶

The fact that this wording has been used repeatedly by unrelated entities in the industry is inconsistent with the requirement of acquired distinctiveness that the word indicate a single source. Given the number of third-party uses, consumers are likely to perceive the word “medical extrusion technologies” when used for medical extrusion goods, not as a trademark for one company, but rather as common terminology used by different entities in the industry to describe those goods.⁴⁴⁷

The Board noted that the record was devoid of any sales figures whatsoever, and that Medical Extrusion’s promotional expenditures were “hardly impressive, falling far below levels deemed persuasive in other cases involving the acquired distinctiveness of marks that may be highly descriptive.”⁴⁴⁸ There was no evidence regarding the number of visitors to Medical Extrusion’s trade show booths or to its website, nor regarding the circulation of the trade magazines in which it advertised. “In sum, the record falls far short of

⁴⁴³ *Id.* at 1852. *See In re La. Fish Fry Prods., Ltd.*, 797 F.3d 1332, 116 U.S.P.Q.2d 1262, 1265 (Fed. Cir. 2015); *Alcatraz Media Inc. v. Chesapeake Marine Tours Inc.*, 107 U.S.P.Q.2d 1750, 1765 (T.T.A.B. 2013), *aff’d mem.*, 565 Fed. Appx. 900 (Fed. Cir. 2014).

⁴⁴⁴ *Id.* at 1853.

⁴⁴⁵ *Id.* *See, e.g.,* *Levis Strauss & Co. v. Genesco, Inc.*, 742 F.2d 1401, 222 U.S.P.Q. 939, 940-41 (Fed. Cir. 1984); *Ayoub, Inc. v. ACS Ayoub Carpet Serv.*, 118 U.S.P.Q.2d 1392, 1404 (T.T.A.B. 2016); *Miller v. Miller*, 105 U.S.P.Q.2d 1615, 1625 (T.T.A.B. 2013).

⁴⁴⁶ *Id.* at 1854.

⁴⁴⁷ *Id.*

⁴⁴⁸ *Id.* at 1856.

establishing that Applicant's promotional efforts have borne fruit with respect to acquired distinctiveness."⁴⁴⁹

Given that the proposed mark is highly descriptive, much more evidence, especially in the quantity of direct evidence from the relevant purchasing public, than what Applicant has submitted would be necessary to show that the designation MEDICAL EXTRUSION TECHNOLOGIES has become distinctive for Applicant's medical extrusion goods.⁴⁵⁰

4. Abandonment

Executive Coach Builders, Inc. v. SPV Coach Co.

The TTAB dismissed this Section 2(d) opposition to registration of the mark ARMBRUSTER STAGEWAY for "vehicles, namely, customized limousines," finding that Opposer Executive Coach had abandoned its nearly identical mark ARMBRUSTER/STAGEWAY for limousines, prior to Applicant SPV's constructive first use date (December 4, 2012). The Board found Executive Coach's testimony and evidence to be riddled with inconsistencies and contradictions as to whether it ever used the mark at issue, and totally lacking as to its intent to resume use.⁴⁵¹

Under Section 45 of the Lanham Act,⁴⁵² a mark is deemed to be abandoned "[w]hen its use has been discontinued with intent not to resume use." Nonuse for three consecutive years constitutes prima facie evidence of abandonment, triggering a rebuttable presumption that the mark was abandoned without intent to resume use. The party contesting the claim of abandonment must come forward with evidence of use, or with evidence of intent to resume use. The ultimate burden of persuasion, however, remains with the party claiming abandonment.⁴⁵³

The original Armbruster/Stageway company dates back to 1966. Opposer Executive Coach purchased the ARMBRUSTER/STAGEWAY mark and other assets in 1993. Its president testified at one point that from 1993 to 1998 approximately 20% of the cars bore the ARMBRUSTER/STAGEWAY badge, but he later testified

⁴⁴⁹ *Id.*

⁴⁵⁰ *Id.*

⁴⁵¹ *Executive Coach Builders, Inc. v. SPV Coach Co.*, 123 U.S.P.Q.2d 1175 (T.T.A.B. 2017).

⁴⁵² Section 45 of the Lanham Act, 15 U.S.C. § 1127, states, in pertinent part:

A mark shall be deemed to be "abandoned if . . . the following occurs: (1) When its use has been discontinued with intent not to resume use. . . . Nonuse for 3 consecutive years shall be prima 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.

⁴⁵³ *See Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 F.2d 1021, 13 U.S.P.Q.2d 1307, 1309 (Fed. Cir. 1989).

that he was uncertain as to the number. Executive Coach had no documents regarding use of the mark on cars: no invoices, photographs, or customer or sales records. Its president testified at one point that the company ran out of badges by 2011, but later stated that it still had some badges at the time of trial, although it provided none.

Nonuse: The Board observed that the oral testimony of a single witness may be sufficient to establish priority,⁴⁵⁴ but it “should not be characterized by contradictions, inconsistencies, and indefiniteness.”⁴⁵⁵ Here, however, “the testimony is indefinite and internally inconsistent; unsupported by documentary evidence; and contradicted by the documentary evidence that is of record, as well as by the clear and consistent testimony of eight other trial witnesses.”⁴⁵⁶ The testimony of the opposer’s president, the Board observed, was “consistent with a subjective desire to reserve a right in the ARMBRUSTER/STAGEWAY mark.”⁴⁵⁷ However, “[t]he Lanham Act was not intended to provide a warehouse for unused marks.”⁴⁵⁸

The Board found by a preponderance of the evidence that the mark “was not used on vehicles in the ordinary course of trade after Opposer purchased the company in 1993.”⁴⁵⁹

Executive Coach claimed that it used the subject mark in other ways in connection with custom vehicle manufacturing and sales services: in vehicle warranty manuals; on signs, plaques, and memorabilia displayed in its plant; on a trade show banner; in two domain names (armbrusterstageway.com and armbrusterstagewaylimousines.com); and in association with replacement parts.

The Board, however, deemed these uses to be “isolated and de minimis,” and “insufficient to constitute bona fide use of [the] mark in the ordinary course of trade.”⁴⁶⁰ Executive Coach did not contend that it took orders for ARMBRUSTER/STAGEWAY cars in association with the banner. The domain names, per se, did not identify opposer’s goods or services. The sale of unbranded replacement parts for ARMBRUSTER/STAGEWAY vehicles was

⁴⁵⁴ See *Powermatics, Inc. v. Globe Roofing Prods. Co.*, 341 F.2d 127, 144 U.S.P.Q. 430, 432 (C.C.P.A. 1965); *Kohler Co. v. Baldwin Hardware Corp.*, 82 U.S.P.Q.2d 1100, 1108 (T.T.A.B. 2007).

⁴⁵⁵ *B.R. Baker Co. v. Lebow Bros.*, 150 F.2d 580, 66 U.S.P.Q. 232, 236 (C.C.P.A. 1945); *Nationstar Mortg. LLC v. Ahmad*, 112 U.S.P.Q.2d 1361, 1372 (T.T.A.B. 2014).

⁴⁵⁶ *Executive Coach Builders, Inc. v. SPV Coach Co.*, 123 U.S.P.Q.2d at 1184.

⁴⁵⁷ *Id.* at 1192.

⁴⁵⁸ *Id.*, quoting *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 U.S.P.Q. 1390, 1394 (Fed. Cir. 1990).

⁴⁵⁹ *Id.* at 1193.

⁴⁶⁰ *Id.* at 1197.

“insufficient to maintain rights in the mark.”⁴⁶¹ And the displays in Executive Coach’s plant merely reflect the historical use of the ARMBRUSTER/STAGEWAY mark on cars.

Therefore, the Board found that Executive Coach presumably “abandoned the ARMBRUSTER/STAGEWAY mark through nonuse by at least 1996, that is, through nonuse for three consecutive years after Opposer apparently purchased the mark.”⁴⁶² The burden of production shifted to Executive Coach to produce evidence that it intended to resume use.

Intent to Resume Use: To prove that its nonuse of the mark was excusable, Executive Coach was required to provide evidence that its activities were “those that a reasonable business with a bona fide intent to use a mark in U.S. commerce would have undertaken,” and that it planned to use the mark in the “reasonably foreseeable future.”⁴⁶³

Here there was no evidence that Executive Coach “developed an intent to resume commercial use of the ARMBRUSTER/STAGEWAY mark in the reasonably foreseeable future within the three-year period of nonuse from 1993 to 1996.”⁴⁶⁴

The Board found that Executive Coach abandoned the subject mark by 1996 and did not resume use of the mark prior to Applicant SPV’s constructive priority date of December 4, 2012.

*Yazhong Investing Ltd. v.
Multi-Media Technology Ventures, Ltd.*

The Board granted a petition for cancellation of four registrations for the mark GIDGET for clothing, cosmetics, jewelry, entertainment, and various other goods and services in eight classes, ruling that Respondent Multi-Media had discontinued use of the mark with intent not to resume use. Multi-Media failed to show either activities or special circumstances negating or excusing its nonuse.⁴⁶⁵

A mark is abandoned “when its use has been discontinued with intent not to resume use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.”⁴⁶⁶

The testimony of officers of Multi-Media’s predecessors-in-interest and of third parties established that there was no use of the

⁴⁶¹ *Id.* at 1198.

⁴⁶² *Id.*

⁴⁶³ *Id.* at 1198-99.

⁴⁶⁴ *Id.* at 1199.

⁴⁶⁵ *Yazhong Investing Ltd. v. Multi-Media Tech. Ventures, Ltd.*, 126 U.S.P.Q.2d 1526 (T.T.A.B. 2018).

⁴⁶⁶ Section 45 of the Lanham Act, 15 U.S.C. § 1127.

GIDGET mark from at least 2008 to 2012. Because this established a prima facie case of abandonment, the burden of coming forward and rebutting the prima facie showing fell on Multi-Media.⁴⁶⁷

To support a finding of intent to resume use, an owner “must do more than simply assert a vague, unsubstantiated intent to make use of the mark at some unspecified time in the future.”⁴⁶⁸ Multi-Media did not carry its burden of proof.

Simply put, there is no credible evidence that Respondent or its predecessors made any use of the GIDGET mark apart from a few sporadic promotions of surfing events—which activity is not listed among the goods or services identified in the subject registrations—and vaguely described, unsuccessful attempts at licensing the GIDGET mark in connection with its numerous identified goods and services.⁴⁶⁹

Multi-Media’s “vaguely explained attempts”⁴⁷⁰ to license the mark fell far short of rebutting the presumption of abandonment. All other activities of Multi-Media and its predecessors added up to little more than attempts to secure additional investors. There was no evidence of serious negotiations toward a license agreement. “Respondent’s efforts were neither consistent nor sustained, and assertions of discussions concerning the potential use of the mark at some unknown point in the future are insufficient to show an intent to resume use.”⁴⁷¹

Quite simply, the record is devoid of any evidence showing a specific and consistent plan to resume use—to the extent Respondent ever used the GIDGET mark—during a period of at least four years from 2008 through 2012.⁴⁷²

5. Genericness

Frito-Lay North America, Inc. v. Princeton Vanguard, LLC

In May 2015, the CAFC vacated the TTAB’s decision finding the term “PRETZEL CRISPS” to be generic for “pretzel crackers,” and it remanded the case to the Board for application of the correct legal standard for genericness, namely the two-part test set forth in the *Marvin Ginn* decision.⁴⁷³ The CAFC concluded that the Board had

⁴⁶⁷ *Yazhong*, 126 U.S.P.Q.2d at 1538.

⁴⁶⁸ *Id.*

⁴⁶⁹ *Id.* at 1539.

⁴⁷⁰ *Id.*

⁴⁷¹ *Id.*

⁴⁷² *Id.*

⁴⁷³ *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 114 U.S.P.Q.2d 1827 (Fed. Cir. 2015).

failed to consider evidence of the relevant public's understanding of the term "pretzel crisps" as a whole. On remand, the TTAB again ruled that PRETZEL CRISPS is generic for pretzel crackers.⁴⁷⁴

Frito-Lay petitioned for cancellation of Princeton Vanguard's Supplemental Registration for the mark PRETZEL CRISPS for "pretzel crackers" [PRETZEL disclaimed], and it opposed Princeton Vanguard's application to register that same mark on the Principal Register. In February 2014, the Board ruled in favor of Frito-Lay.⁴⁷⁵ In reaching its original decision, the Board gave controlling weight to dictionary definitions of the constituent words, evidence of use by the public, including use by the media and by third parties in the food industry, and Princeton Vanguard's own use of the term. The Board found that when "pretzel" and "crisps" are combined, no additional meaning results, and therefore the purported mark PRETZEL CRISPS may be analyzed via its constituent terms, in accordance with *In re Gould*, using "the ordinary grammatical construction."⁴⁷⁶

The CAFC, however, concluded that the Board had failed to consider evidence of the relevant public's understanding of "PRETZEL CRISPS" in its entirety. The Board "stated in passing"⁴⁷⁷ that had if it had analyzed "PRETZEL CRISPS" as a phrase⁴⁷⁸ it would have reached the same conclusion because "the words strung together as a unified phrase also create a meaning that we find to be understood by the relevant public as generic for 'pretzel crackers.'"⁴⁷⁹ The appellate court, however, found "no evidence that the Board conducted the necessary step of comparing its findings with respect to the individual words to the record evidence demonstrating the public's understanding of the combined term: PRETZEL CRISPS."⁴⁸⁰

Regardless of whether the mark is a compound term or a phrase, the applicable test is the same and the Board must consider the record evidence of the public's understanding of the mark as a whole. *Am. Fertility*, 188 F.3d at 1348-48. Our decision in *Gould* merely provides additional assistance in assessing the genericness of compound terms where it can be shown that "the public understands the individual terms to

⁴⁷⁴ *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 124 U.S.P.Q.2d 1184 (T.T.A.B. 2017).

⁴⁷⁵ *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 109 U.S.P.Q.2d 1949 (T.T.A.B. 2014).

⁴⁷⁶ *Id.* at 1953, quoting *In re Gould Paper Corp.*, 834 F.2d 1017, 5 U.S.P.Q.2d 1110, 1112 (Fed. Cir. 1987).

⁴⁷⁷ *Princeton Vanguard v. Frito-Lay N. Am.*, 114 U.S.P.Q.2d at 1833.

⁴⁷⁸ See *In re Am. Fertility Soc'y*, 188 F.3d 1341, 51 U.S.P.Q.2d 1832, 1837 (Fed. Cir. 1999)).

⁴⁷⁹ *Princeton Vanguard v. Frito-Lay N. Am.*, 114 U.S.P.Q.2d at 1829.

⁴⁸⁰ *Id.* at 1833.

be generic,” and the joining of those terms into one compound word provides no additional meaning. *Id.* It is not a short-cut and does not supplant the two-part test set forth in *Marvin Ginn*.⁴⁸¹

The CAFC therefore concluded that the Board applied the incorrect legal standard. On remand, the Board was directed to consider the evidence concerning the relevant public’s understanding of the term “pretzel crisps” in its entirety. Furthermore, the Board must give “appropriate consideration to the proffered survey evidence.”⁴⁸²

Genericness: The test for genericness has two parts: (1) what is the genus of the goods; and (2) does the relevant public understand the designation at issue primarily to refer to that genus?⁴⁸³ There was no dispute that the category of goods here at issue is adequately defined by Princeton Vanguard’s identification of goods: “pretzel crackers.” The relevant public comprised ordinary consumers who purchase and eat pretzel crackers. The focus, then, was on the relevant public’s understanding of the term “pretzel crisps.”

The Board considered the dictionary definitions of “pretzel” and “crisp,” the results of LexisNexis database searches of “pretzel crisps,” media references, negative dictionary evidence, and consumer feedback.

The search results contained many references to the term “pretzel crisps” in lowercase letters, while uppercase letters were used for other terms that were “presumably considered by the authors to be brand names.”⁴⁸⁴ On the whole, this evidence indicated “that consumers reading these articles may see Defendant as a potential source of ‘pretzel crisps,’ or ‘pretzel crackers,’ but would not view the applied-for mark ‘PRETZEL CRISPS’ as a trademark identifying the source of the goods.”⁴⁸⁵ Similarly, emails and product reviews used uppercase letters for some words—often to indicate brands—but not for “pretzel crisps.”

The Board deemed several declarations submitted by Princeton Vanguard to be of limited probative value because the declarants were distributors of its products, not consumers. Moreover, although Princeton Vanguard had used PRETZEL CRISPS in the manner of a source identifier, it also used the term “pretzel crisps”

⁴⁸¹ *Id.* at 1832.

⁴⁸² *Id.* at 1834.

⁴⁸³ *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986).

⁴⁸⁴ *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 124 U.S.P.Q.2d 1184, 1193 (T.T.A.B. 2017).

⁴⁸⁵ *Id.* at 1193.

to identify the type of goods, “which has contributed to and otherwise reflects a generic understanding of the term.”⁴⁸⁶

Each party submitted the results of a “Teflon survey”⁴⁸⁷ conducted to test how consumers perceive the term “PRETZEL CRISPS.” The Board, however, found these surveys to be irrelevant because the Teflon survey format is not appropriate for a term that is not inherently distinctive.⁴⁸⁸ Because PRETZEL CRISPS is at least merely descriptive of the goods, the survey results merely reflect what the CCPA referred to as “de facto secondary meaning.”⁴⁸⁹ Moreover, even if the survey results were relevant, they were not probative due to methodological flaws in the two surveys. And even if they were probative, the survey results overall supported a finding of genericness.

Considering all relevant evidence and arguments, the Board found that Frito-Lay had proven by a preponderance of the evidence that PRETZEL CRISPS is generic for “pretzel crackers.”

Acquired Distinctiveness: For the sake of completeness, the Board also considered Princeton Vanguard’s claim that the term “PRETZEL CRISPS” had achieved acquired distinctiveness under Section 2(f). Frito-Lay established at least a *prima facie* case that PRETZEL CRISPS is highly descriptive of pretzel crackers. The burden therefore shifted to Princeton Vanguard to present evidence to overcome Frito-Lay’s showing. Since the Board found the term “PRETZEL CRISPS” to be generic for “pretzel crackers,” it considered, for purposes of the alternative Section 2(f) analysis, that the term is “close to the genericness boundary on the continuum.”⁴⁹⁰ Consequently, Princeton Vanguard had a “heavy burden of showing acquired distinctiveness.”⁴⁹¹

Princeton Vanguard pointed to its extensive sales and advertising, unsolicited media coverage, and its survey results, but the Board found that evidence inadequate. A secondary meaning survey (the “Mantis survey”) proffered by Princeton Vanguard

⁴⁸⁶ *Id.* at 1195.

⁴⁸⁷ The term “Teflon survey” refers to the format of the survey used in *E. I. du Pont de Nemours & Co. v. Yoshida Intl., Inc.*, 393 F. Supp. 502, 185 U.S.P.Q. 597 (E.D.N.Y. 1975) to demonstrate that the coined term “Teflon” had not become generic. Professor McCarthy describes a “Teflon survey” as a mini-course in the generic versus trademark distinction, followed by a test. McCarthy on Trademarks and Unfair Competition, § 12:16 (4th ed. June 2017 Update).

⁴⁸⁸ See *Hunt Masters, Inc. v. Landry’s Seafood Restaurant, Inc.* 240 F.3d 251, 255, 57 U.S.P.Q.2d 1884, 1886 (4th Cir. 2001); *Miller Brewing Co. v. Jos. Schlitz Brewing Co.*, 605 F.2d 990, 203 U.S.P.Q. 642, 647 (7th Cir. 1979); *Schwan’s IP, LLC v. Kraft Pizza Co.*, 460 F.3d 971, 79 U.S.P.Q.2d 1790, 1794 (8th Cir. 2006).

⁴⁸⁹ *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 124 U.S.P.Q.2d at 1203. See *Weiss Noodle Co. v. Golden Cracknel and Specialty Co.*, 290 F.2d 845, 129 U.S.P.Q. 411, 414 (C.C.P.A. 1961) (“Ha-Lush-Ka” generic for egg noodles).

⁴⁹⁰ *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 124 U.S.P.Q.2d at 1205.

⁴⁹¹ *Id.*

concluded that 38.7% of participants associated the term “PRETZEL CRISPS” with “only one company.”⁴⁹² While the parties disagreed as to whether that fraction is sufficient to establish secondary meaning, the Board observed that “it has been stated that numbers in this range are ‘marginal.’”⁴⁹³

While this evidence regarding sales and advertising is impressive, it is significantly undercut by the evidence discussed previously that the relevant public and many survey respondents, including more than half the respondents to the Mantis survey, perceive the term “pretzel crisps” as referring to a product that may derive from multiple sources. Ultimately, the question is not the extent of advertising and promotion, but the success of it in establishing brand recognition.⁴⁹⁴

The Board found that Princeton Vanguard’s evidence was insufficient to establish acquired distinctiveness under Section 2(f).

The Board granted the petition for cancellation of Princeton Vanguard’s Supplemental Registration for PRETZEL CRISPS, and it sustained the opposition to registration of the same mark on the Principal Register. The Board also found, assuming *arguendo* that PRETZEL CRISPS is not generic, that the requirements for registration under Section 2(f) were not satisfied.

6. Use in Commerce

Jung v. Magic Snow, LLC

Because Opposer Sun Hee Jung failed to allege use of her mark SULBING in the United States, the Board dismissed her claim of likelihood of confusion under Section 2(d). The Board observed that the “well-known mark” doctrine does not provide a basis for a Section 2(d) claim, nor does the United States–Korea Free Trade Agreement (“KORUS”). However, Jung’s claim that the opposed application was void ab initio due to non-use survived Magic Snow’s motion to dismiss.⁴⁹⁵

Opposer Jung alleged, in a second amended notice of opposition, that she filed applications with the USPTO to register her marks (containing the word “SULBING”) under Sections 1(b) or 66(a) of the Lanham Act, and that her marks had become famous to Korean

⁴⁹² *Id.* at 1206.

⁴⁹³ *Id.* See *Shuffle Master Inc. v. Awada*, 83 U.S.P.Q.2d 1054, 1057 (D. Nev. 2006) (finding a secondary meaning survey showing 35% association to be probative); *but see* *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 46 U.S.P.Q.2d 1026, 1040 (7th Cir. 1998) (secondary meaning figures in the 30s, while they can be probative, are generally “marginal”).

⁴⁹⁴ *Id.* at 1205-06.

⁴⁹⁵ *Jung v. Magic Snow, LLC*, 124 U.S.P.Q.2d 1041 (T.T.A.B. 2017).

Americans in the United States and had acquired secondary meaning by means of her website, social media, and persons traveling between Korea and this country. However, she did not allege that her marks were in use in the United States.⁴⁹⁶

Section 2(d) expressly requires that an opposer establish either a mark registered in the United States or “a mark or trade name previously used in the United States.” Jung was relying on the so-called “well-known mark” doctrine, under which “a party asserts that its mark, while as yet unused in the United States, has become so well known here that it may not be registered by another.”⁴⁹⁷

The Board pointed out, however, that the “well-known mark” doctrine “provides no basis for a Section 2(d) ground for opposition because it does not establish use of the mark in the United States as required by the statutory language of the section.”⁴⁹⁸ The Board does not recognize the well-known mark doctrine as a basis for establishing priority in inter partes proceedings, and so opposer’s pleading of priority under Section 2(d) was insufficient.⁴⁹⁹

The Board therefore dismissed the Section 2(d) claim with prejudice, observing that further attempts to plead the claim would be futile.

Jung also invoked KORUS,⁵⁰⁰ but it was not clear whether she meant to assert an independent cause of action, or whether this was part of her claim of priority and likelihood of confusion under the “well-known mark” doctrine. In any event, KORUS (like the Paris Convention⁵⁰¹) is not self-executing and does not provide an independent cause of action in Board proceedings. If KORUS was invoked in support of Jung’s Section 2(d) claim, Jung failed, for the reasons discussed above, to establish priority.

Finally, turning to Jung’s non-use claim, the Board observed that an application may be opposed on the ground that the applied-for mark was not in use in commerce on the identified goods or services at the time that the use-based application was filed, or at the time an allegation of use was filed in a Section 1(b) application.

⁴⁹⁶ Note that Opposer Jung’s applications were filed after Magic Snow’s filing date, and therefore Jung could not establish priority based on her own application filing dates. *See, e.g.,* Spirits Int’l B.V. v. S. S. Taris Zeytin Ve Zeytinyagi Tarim Satis Kooperatifleri Birligi, 99 U.S.P.Q.2d 1545, 1549 (T.T.A.B. 2011); Larami Corp. v. Talk to Me Programs Inc., 36 U.S.P.Q.2d 1840, 1844 (T.T.A.B. 1995).

⁴⁹⁷ Fiat Grp. Autos. S.p.A. v. ISM Inc., 94 U.S.P.Q.2d 1111, 1113 (T.T.A.B. 2010).

⁴⁹⁸ *See* Bayer Consumer Care AG v. Belmora LLC, 90 U.S.P.Q.2d 1587, 1592 n.4 (T.T.A.B. 2009).

⁴⁹⁹ *Jung*, 124 U.S.P.Q.2d at 1044.

⁵⁰⁰ United-States-Korea Free Trade Agreement Implementation Act, 125 Stat. 428, Pub. L. 112-41 (Oct. 21, 2011).

⁵⁰¹ International Convention for the Protection of Intellectual Property, Mar. 20, 1883, as revised at Stockholm on July 14, 1967.

Jung alleged that Applicant Magic Snow had only one store (located in Virginia) at the time it filed its allegation of use, that Magic Snow's sales were made in person to individuals at its store, and that such use was not in regulable commerce: that is, that Magic Snow's use was intrastate and not in "commerce" as defined by the Lanham Act.⁵⁰² The Board, however, pointed out that goods need not cross state lines in order that Congress may regulate that activity under the Commerce Clause.⁵⁰³ Similarly, services need not be rendered in more than one state to satisfy the use-in-commerce requirement.⁵⁰⁴

Although Jung alleged that Magic Snow's services were limited to intrastate commerce, she failed to allege that "Applicant's rendering of its services, in the aggregate, does not have an effect on commerce that is regulable by Congress."⁵⁰⁵ Therefore, the Board found that Jung had failed to adequately plead her non-use claim, and it granted the motion to dismiss.

However, the Board allowed Jung twenty days within which to re-plead her non-use claim.

Tao Licensing, LLC v. Bender Consulting Ltd.

The Board granted a petition for cancellation of a registration for the mark TAO VODKA for "alcoholic beverages except beer" (VODKA disclaimed) on two grounds: nonuse and likelihood of confusion with petitioner's registered and famous mark TAO for restaurant and nightclub services.⁵⁰⁶ As to the nonuse claim, respondent conceded that, prior to filing its Statement of Use, it had not sold any goods under the mark TAO VODKA, but it contended that the distribution of samples to three entities—a restaurant, a distributor, and a shareholder of a related entity—sufficed. The Board, however, concluded that the "sharing of these samples . . . was more in the nature of a preliminary advisory consultation than bona fide use of the TAO VODKA mark in the ordinary course of trade."⁵⁰⁷ It therefore upheld Petitioner Tao Licensing's nonuse claim.

⁵⁰² As used in the Lanham Act, "commerce" means "all commerce which may lawfully be regulated by Congress." Section 45 of the Lanham Act, 15 U.S.C. § 1127.

⁵⁰³ *Christian Faith Fellowship Church v. adidas AG*, 120 U.S.P.Q.2d 1640, 1647 (Fed. Cir. 2016).

⁵⁰⁴ *Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 18 U.S.P.Q.2d 1292, 1295 (Fed. Cir. 1991).

⁵⁰⁵ *Jung, LLC*, 124 U.S.P.Q.2d at 1045.

⁵⁰⁶ *Tao Licensing, LLC v. Bender Consulting Ltd.*, 125 U.S.P.Q.2d 1043 (T.T.A.B. 2017). The issue of likelihood of confusion is discussed in Part II.B.1.a, above.

⁵⁰⁷ *Id.* at 1055.

7. Priority of Use

Moreno v. Pro Boxing Supplies, Inc.

In a case of first impression, the TTAB ruled that a licensee cannot establish priority based on use of the subject mark by her licensor. Consequently, the Board dismissed Plaintiff Julie A. Moreno's oppositions to registration of the marks shown immediately below and denied her petition for cancellation of a registration for the word mark CASANOVA, all for boxing equipment. Moreno claimed prior rights in the mark CASANOVA for boxing gloves based on her licensor's use of the mark since 1972, well before Defendant Pro Boxing's priority dates.⁵⁰⁸



Moreno is the exclusive U.S. licensee of Deportes Casanova of Mexico City. Moreno alleged that Deportes owns a Mexican registration for a mark highly similar to the mark shown above right. She claimed priority for herself and for Deportes Casanova based on common law use of the latter's mark CASANOVA since at least 1972.

Moreno and Deportes Casanova entered into a license agreement on July 23, 2013, granting Moreno the exclusive right to use the mark CASANOVA and the design mark, and to protect the marks by "all appropriate legal means."⁵⁰⁹

Standing: Pro Boxing challenged Moreno's standing to bring these proceedings, claiming that the license was invalid because it did not contain a control provision. The Board disagreed, finding quality control to be "inherent in this particular licensing agreement because Moreno is buying the licensed products from Deportes Casanova and simply re-selling them."⁵¹⁰

Priority: There was no question that the marks at issue are confusingly similar. The critical issue to be determined was priority. Defendant Pro Boxing relied on the filing dates of its applications in March 2013 as its priority dates. Because Moreno did not use the licensed mark before Pro Boxing's constructive first use dates, she

⁵⁰⁸ *Moreno v. Pro Boxing Supplies, Inc.*, 124 U.S.P.Q.2d 1028 (T.T.A.B. 2017).

⁵⁰⁹ *Id.* at 1032.

⁵¹⁰ *Id.* at 1033.

based her priority claim on the common law use of the mark CASANOVA by non-party Deportes Casanova.

Although the Board had not previously addressed this precise issue, it had encountered cases in which a licensor and licensee were joint plaintiffs, and each was required to establish its own priority.⁵¹¹ However, whether a licensee can assert priority based on use by the licensor of the licensed mark, as Moreno claimed, was an issue of first impression for the Board.

Of course use of a mark by a licensee inures to the benefit of the licensor.⁵¹² Moreno provided no support for the converse principle—“that use of a mark by the controlling trademark owner inures to the benefit of the licensee”⁵¹³—nor was the Board aware of any supporting authority. The Board found such a proposition troubling: “Allowing a licensee to claim priority for itself in an inter partes proceeding based on the licensor’s use of the mark (whether through the license or otherwise), could result in a licensee being able to claim *de facto* ownership of the licensed mark.”⁵¹⁴ The license was clear, however, that Moreno obtained no ownership rights in the mark.

The Board found that Moreno, as a mere licensee, could not rely on her licensor’s use to establish priority. Therefore, she could not prevail on her Section 2(d) claim. And so the Board dismissed the oppositions and denied the petition for cancellation.

Kemi Organics, LLC v. Gupta

In another priority battle, the Board granted a petition for cancellation of a registration for the mark KEMI OYL for cosmetics and personal care products, finding the mark likely to cause confusion with Opposer Kemi’s identical mark previously used for overlapping goods. In stipulating to invoke the Board Accelerated Case Resolution (“ACR”) procedure,⁵¹⁵ the parties agreed that the

⁵¹¹ *Id.* at 1034-35. *See, e.g.*, *Chicago Bears Football Club Inc. v. 12th Man/Tenn. LLC*, 83 U.S.P.Q.2d 1073, 1075 (T.T.A.B. 2007); *Chem. New York Corp. v. Conmar Form Sys., Inc.*, 1 U.S.P.Q.2d 1139, 1142 and 1144 (T.T.A.B. 1986); *Gen. Mills, Inc. v. Fage Dairy Processing Indus. SA*, 100 U.S.P.Q.2d 1584, 1594 n.12 (T.T.A.B. 2011).

⁵¹² *Id.* at 1035-36. *See, e.g.*, *Gen. Motors Corp. v. Aristide & Co.*, 87 U.S.P.Q.2d 1179, 1184 (T.T.A.B. 2008) (“A trademark owner can rely on the use of a licensee for its priority.”); *Quality Candy Shoppes/Buddy Squirrel of Wisconsin, Inc. v. Grande Foods*, 90 U.S.P.Q.2d 1389, 1392 (T.T.A.B. 2007) (“A basic principle underpinning trademark law in the United States is use of a mark in commerce; and years of precedent make it very clear that proper use of a mark by a trademark owner’s licensee or related company constitutes ‘use’ of that mark attributable to the trademark owner.”).

⁵¹³ *Id.* at 1036.

⁵¹⁴ *Id.*

⁵¹⁵ The TTAB provides considerable information regarding various ACR options at its website at <http://www.uspto.gov/trademarks-application-process/trademark-trial-and-appeal-board-ttab>. *See also* Section 702.04 of the Trademark Trial and Appeal Board Manual of Procedure (TBMP) (June 2018 revision).

sole issue for resolution regarding the Section 2(d) claim was priority, but that Respondent Rakesh Gupta could pursue his affirmative defense of laches.⁵¹⁶

Priority/Abandonment: Respondent Gupta was allowed to rely on the filing date of his underlying trademark application, which in turn claimed the priority of his U.K. filing under Section 44(d) (in 2010). While there was some question as to what exact date Gupta was entitled to because he misstated the foreign filing date in his application, that was of no consequence since Petitioner Kemi established its use before Gupta's earliest priority date.

Section 2(d) provides a ground for cancellation based upon likelihood of confusion with "a mark . . . previously used in the United States . . . and not abandoned . . ." A mark is deemed abandoned when its use has been discontinued with intent not to resume use."⁵¹⁷ Respondent Gupta asserted abandonment as a defense to Kemi's claim of prior use.

Looking at the record as a whole, as required, the Board found that Kemi's documentary evidence had little or no probative value. However, its principal witness testified that Kemi sold hair and skin care products under the KEMI OYL mark for more than thirty years, that the products are sold throughout the United States, and that annual sales for the years 2010 through 2016 have been in the six-figure range.

Gupta contended that Kemi's testimony failed to establish that the KEMI OYL mark was in continuous use, but the Board pointed out that "continuous use is not required to establish Petitioner's priority."⁵¹⁸

Section 2(d) "does not speak of 'continuous use,' but rather of whether the mark or trade name has been 'previously used in the United States by another and not abandoned.'" *West Fla. Seafood*, 31 U.S.P.Q.2d at 1665. *** Although the record as a whole suggests sporadic past use of the KEMI OYL mark, Petitioner is only required to show "proprietary rights in its pleaded common-law mark that precede [Respondent's] actual or constructive use of its involved mark," *Exec. Coach Builders*, 123 U.S.P.Q.2d at 1180, which rights were not thereafter abandoned. *West Fla. Seafood*, 31 U.S.P.Q.2d at 1665.⁵¹⁹

The Board observed that even if Petitioner Kemi abandoned the KEMI OYL mark through non-use between 2001 and 2005, as

⁵¹⁶ *Kemi Organics, LLC v. Gupta*, 126 U.S.P.Q.2d 1601 (T.T.A.B. 2018). The laches issue is discussed in Part II.B.8, below.

⁵¹⁷ Section 45 of the Lanham Act, 15 U.S.C. § 1147.

⁵¹⁸ *Kemi Organics*, 126 U.S.P.Q.2d at 1607.

⁵¹⁹ *Id.*

Gupta claimed, or at some other point, it was Gupta's burden to show that Kemi did not resume use before Gupta's priority date.⁵²⁰

Gupta's attacks on the probative value and credibility of Kemi's witness were rejected by the Board. "[O]ral testimony even of a single witness may be adequate to establish priority, but only if it is sufficiently probative. Such testimony 'should not be characterized by contradictions, inconsistencies, and indefiniteness but should carry with it conviction of its accuracy and applicability.'"⁵²¹ Although the witness's testimony declaration was "far from being a model of clarity and completeness" and was not accompanied by "the type or quantity of documentary evidence that one would expect to be readily available"⁵²² to show use of a supposedly famous mark, the critical portions of his testimony were clear and neither contradicted by Gupta nor indefinite or internally inconsistent.

The Board found that this testimony "established, at minimum, that Petitioner used the KEMI OYL mark at least as early as 2010, prior to Respondent's constructive use date, and that Petitioner has not abandoned the mark."⁵²³ The Board was also persuaded by two third-party witnesses who sold Kemi's products from a time prior to Gupta's constructive use date.

"Petitioner's evidence of prior use stands un rebutted."⁵²⁴ Therefore, the Board concluded, Petitioner Kemi was entitled to cancellation of Gupta's registration, unless Gupta could establish its claim of laches.

8. Laches

TPI Holdings, Inc. v. TrailerTrader.com, LLC

The Board dismissed this petition for cancellation of a Supplemental Registration for the mark TRAILERTRADERS.COM, in standard character form, for advertising and informational services in the field of trailers, ruling that Petitioner TPI unreasonably delayed for more than four years before filing the petition, and finding that TPI could not prove that confusion was inevitable between the respondent's mark and TPI's alleged but unproven family of -TRADER marks.⁵²⁵

The defense of laches requires that the defendant prove two elements: "(1) unreasonable delay in assertion of one's rights

⁵²⁰ *Id.* See *Executive Coach Builders, Inc. v. SPV Coach Co.*, 123 U.S.P.Q.2d 1175, 1180 (T.T.A.B. 2017).

⁵²¹ *Executive Coach Builders*, 123 U.S.P.Q.2d at 1184, quoting *B.R. Baker Co. v. Lebow Bros.*, 66 U.S.P.Q. 232, 236 (C.C.P.A. 1945).

⁵²² *Kemi Organics*, 126 U.S.P.Q.2d at 1608.

⁵²³ *Id.*

⁵²⁴ *Id.* at 1609.

⁵²⁵ *TPI Holdings, Inc. v. TrailerTrader.com, LLC*, 126 U.S.P.Q.2d 1409 (T.T.A.B. 2018).

against another; and (2) material prejudice to the latter attributable to the delay.”⁵²⁶

Delay: In measuring the period of delay, the Board recognized that there are important differences between registrations on the Supplemental Register and those on the Principal Register. Applications for registration on the Supplemental Register are not published for opposition and, although the issuance of a registration on the Supplemental Register is published in the Official Gazette, this does not give constructive notice of a claim of rights in the mark.⁵²⁷

Therefore, in the present case, one must look to the date when TPI had actual notice of the issuance of the Supplemental Registration. Here, the challenged registration issued on October 23, 2012, and the TPI admitted that its counsel received notice of the registration on or about October 29, 2012. Therefore, laches began to run on October 29, 2012. This cancellation proceeding was commenced on December 8, 2016, more than four years later, a period of delay that is “within the realm of time found to be sufficient for purposes of laches.”⁵²⁸

The Board found, in view of the record evidence, that it was unreasonable for Petitioner TPI to hold off as long it did before filing the petition to cancel. It admittedly had actual knowledge of Respondent TrailerTrader’s filing of the underlying application as early as December 2010, and sent a cease-and-desist letter in April 2011 alleging likelihood of confusion and acknowledging the existence of TrailerTrader’s website. TrailerTrader’s reply made it clear that it would not comply with TPI’s demands for a cessation of use. TPI’s asserted excuses for its subsequent delay had little or no merit, or were unsubstantiated.

Prejudice: The Board found that TrailerTrader and its predecessor “made significant efforts to grow their businesses, which

⁵²⁶ *Id.* at 1413. *See* *Lincoln Logs Ltd. v. Lincoln Pre-Cut Logs Homes Inc.*, 971 F.2d 732, 23 U.S.P.Q.2d 1701, 1703 (Fed. Cir. 1992).

⁵²⁷ *Id.* at 1414, citing *Loma Linda Food Co. v. Thompson & Taylor Spice Co.*, 279 F.2d 522, 126 U.S.P.Q. 261, 263 (C.C.P.A. 1960). *See* Section 26 of the Lanham Act, 15 U.S.C. § 1094, which states:

The provisions of this chapter shall govern so far as applicable applications for registration and registrations on the supplemental register as well as those on the principal register, but applications for and registrations on the supplemental register shall not be subject to or receive the advantages of sections . . . 1057(c) . . . of this title.

Section 7(c) of the Lanham Act, 15 U.S.C. § 1057(c) provides, in pertinent part, that “Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark”

⁵²⁸ *Id.* at 1414. *See* *Ava Ruha Corp. v. Mother’s Nutritional Ctr., Inc.*, 113 U.S.P.Q.2d 1575, 1580-81 (T.T.A.B. 2015). (three years and two months); *Teledyne Techs. Inc. v. Western Skyways Inc.*, 78 U.S.P.Q.2d 1203, 1211 (T.T.A.B. 2006) (more than three and one-half years).

are based in large part on the website www.trailertraders.com and the mark TRAILERTRADERS.COM.”⁵²⁹ Consequently, cancellation of its registration would result in severe economic prejudice.

Therefore, the Board found merit in TrailerTrader’s laches defense. However, laches cannot serve as a bar to a Section 2(d) claim when confusion is, in fact, inevitable. In such a case, injury to the defendant is outweighed by the public’s interest in preventing confusion.⁵³⁰ Inevitable Confusion: Generally, in cases where confusion is found to be inevitable, the marks and goods/services are identical or nearly so.⁵³¹ The Board applied the *du Pont* factors in assessing the inevitability of confusion.

Rather than rely on any individual mark, TPI relied on an alleged family of -TRADER marks for “classified advertising listing services for vehicles and vehicle-related equipment,” contending that the TRAILERTRADERS.COM mark is “confusingly similar to the TRADER family of marks in that it also consists of a vehicle/category followed by the term ‘TRADER.’”⁵³² TPI therefore had the burden to prove priority by showing that it established a “-TRADER” family of marks before the respondent’s first use date (July 2010).⁵³³

To establish a family of marks, the TPI had to prove three elements:

- (1) prior use of marks that share the common characteristic (the TRADER family “surname”); (2) the common characteristic, the -TRADER formation, is distinctive and not highly descriptive or suggestive and is not so commonly used as not to constitute a distinguishing feature; and (3) prior to July 2010, Respondent’s first use of its mark, Petitioner’s marks were used in advertising or sales so as to create common exposure to and recognition by purchasers of the common characteristic as indicating origin. Wise F & I,

⁵²⁹ *Id.* at 1418.

⁵³⁰ *Id.* at 1418-19. *See, e.g.*, *Ultra-White Co. v. Johnson Chem. Indus., Inc.*, 465 F.2d 891, 175 U.S.P.Q. 166, 167 (C.C.P.A. 1972) (“notwithstanding the equities between the parties and the equitable principles of § 1069, the public interest expressed in § 1052 is the dominant consideration”). Section 19 of the Lanham Act, 15 U.S.C. § 1069, states: “In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable, may be considered and applied.”

⁵³¹ *Id.* at 1419. *See, e.g.*, *Metro Traffic Control, Inc. v. Shadow Network Inc.*, 104 F.3d 336, 41 U.S.P.Q.2d 1369, 1373 (Fed. Cir. 1997) (affirming Board finding that confusion was “so likely that it is virtually inevitable, because the parties are using the identical mark for the identical services”) (internal citation omitted); *Ultra-White*, 175 U.S.P.Q. at 167 (confusion inevitable for nearly identical BRIGHT WHITE and BRIGHTWHITE marks for laundry products).

⁵³² *Id.*

⁵³³ *Id.* at 1420.

LLC v. Allstate Ins. Co., 120 U.S.P.Q.2d 1103, 1109 (T.T.A.B. 2016) (citing *Truescents*, 81 U.S.P.Q.2d at 1337-38).⁵³⁴

As to the first and third elements, the record evidence showed that since the 1970s, TPI has used various -TRADER marks in connection with print publications. As early as 1996, it expanded to websites, using similar mastheads for both its print and online publications, and it launched a TRADER ONLINE website highlighting the different publications. Sales of its publications have been substantial and impressive: from 2007 to 2012 revenues exceeded \$500 million. By 2005, TPI's various websites were averaging 30 million hits per month. It spent \$250 million on advertising between 2000 and 2005.

The second element, however, proved to be TPI's downfall. "A term cannot serve as a separate, distinctive family characteristic if it is descriptive or highly suggestive and commonly adopted by others."⁵³⁵ The evidence revealed that numerous third parties have adopted -TRADER formative marks preceded by generic or descriptive terms, in connection with the sale or advertisement of various types of goods. Respondent TrailerTrader provided copies of 67 live, third-party registrations for such marks, accompanied by printouts or photographs showing use of the marks. In addition, other third-party, unregistered -TRADER marks were shown to be in use.

The Board observed that the term "trader" is inherently weak, and perhaps descriptive, in this context. Indeed, "the weakness is accentuated when it is preceded by terms that are descriptive or generic for the particular type or field of goods being offered for sale."⁵³⁶ In view of the third-party "-TRADER" formative marks, the Board found this case to be similar to *Juice Generation*,⁵³⁷ in which evidence of widespread third-party formative marks was "powerful" evidence of weakness, even without evidence of the extent of use.

The Board concluded that -TRADER formative marks are so commonly used that the shared element "-TRADER" does not constitute a distinguishing feature, and therefore Petitioner TPI could not claim a family of marks based on this common element. Consequently, TPI's claim of likelihood of confusion could not succeed.

⁵³⁴ *Id.*

⁵³⁵ *Id.* at 1421, citing *Hester Indus. Inc. v. Tyson Foods Inc.*, 2 U.S.P.Q.2d 1645, 1647 (T.T.A.B. 1987) (finding no family of CHIK'N marks and observing that "a 'family' of marks cannot be acquired in a nonarbitrary term or a term that has been so commonly used in the trade that it cannot function as the distinguishing feature of any one party's mark").

⁵³⁶ *Id.* at 1427.

⁵³⁷ *Juice Generation, Inc. v. GS Enter. LLC*, 794 F.3d 1334, 115 U.S.P.Q.2d 1671, 1674 (Fed. Cir. 2015).

The question of inevitable confusion was therefore moot, but the Board noted that even if it had found that the TPI had established prior rights in a family of marks, it did not find confusion inevitable. This conclusion was based on the weakness of the -TRADER formative marks, the numerous third-party uses, and the lack of actual confusion despite more than seven years of coexistence of the parties' respective marks.

Petitioner TPI's Section 2(d) claim was barred by the doctrine of laches, and the petition for cancellation was therefore denied.

Kemi Organics, LLC v. Gupta

The Board granted this petition for cancellation of a registration for the mark KEMI OYL for cosmetics and personal care products, finding the mark likely to cause confusion with Opposer Kemi's identical mark previously used for overlapping goods. Invoking the Board Accelerated Case Resolution procedure, the parties agreed that the sole issue for resolution as to the Section 2(d) claim was priority, but that Respondent Rakesh Gupta could pursue his affirmative defense of laches.⁵³⁸ The defense failed.

Laches: Section 19 of the Lanham Act⁵³⁹ provides that in "all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable, may be considered and applied."⁵⁴⁰ The affirmative defense of laches requires the defendant to prove undue or unreasonable delay and resulting prejudice.⁵⁴¹

Respondent Gupta's registration issued on June 3, 2014, and this proceeding commenced on March 14, 2017. Gupta contended that Petitioner Kemi was on notice of his mark on May 1, 2013, when Kemi's pending application was suspended based on Gupta's (non-use based) underlying application. The Board was unimpressed, noting that Gupta cited no authority for the proposition that "the prospective citation of Respondent's intent-to-use application . . . put Petitioner on notice of Respondent's use of his mark."⁵⁴² There was no evidence that the mark was in use at the time, and, in fact, Gupta's statement of use alleged a first use date of November 1, 2013. "In the absence of evidence of Petitioner's actual knowledge of Respondent's actual use of his mark prior to the close of the opposition period, the June 3, 2014 date of registration is the operative date for laches."⁵⁴³

⁵³⁸ *Kemi Organics, LLC v. Gupta*, 126 U.S.P.Q.2d 1601 (T.T.A.B. 2018). The issue of priority is discussed in Part II.B.7, above.

⁵³⁹ 15 U.S.C. § 1069.

⁵⁴⁰ *Kemi Organics*, 126 U.S.P.Q.2d at 1609-10.

⁵⁴¹ *Id.* at 1610. *See, e.g.,* *Ava Ruha Corp. v. Mother's Nutritional Ctr., Inc.*, 113 U.S.P.Q.2d 1575, 1580 (T.T.A.B. 2015).

⁵⁴² *Id.*

⁵⁴³ *Id.*

Although Kemi's delay was a bit less than three years, shorter and slightly longer periods of delay have sufficed to support a laches defense.⁵⁴⁴ The Board then turned to consideration of the reasons for the delay.

Shortly after the registration issued, the parties exchanged correspondence, but after Gupta provided information about his mark, Kemi was silent for two years. During that period, Kemi's pending application was abandoned and revived on three separate occasions, but ultimately went abandoned. In a letter in June 2016, Gupta stated that he had priority and accused Kemi of being the infringer. There was no testimony explaining why Kemi waited another nine months or so to file its petition.

Kemi's assertion that its delay was justified because Gupta's use of the marks was inconspicuous was supported by discovery responses, which indicated that Gupta's sales between 2014 and 2016 were negligible.

The Board observed that "[t]he defense of laches is not determined by adherence to rigid legal rules; rather, we analyze laches by a consideration of the specific facts and a balancing of the respective interests and equities of the parties, as well as of the general public."⁵⁴⁵ Noting Gupta's negligible sales and his inaction after July 2014, the Board found Kemi's delay to be not unreasonable, and it concluded that Gupta failed to prove his laches defense.

For completeness, the Board also considered Gupta's claim of prejudice but found it unsupported. Gupta's sales increased 18-fold from 2015 to 2016, but that was only from about \$500 to \$7000, and his sales trended downward in 2017. Thus, Gupta did not, as he claimed, build up a "valuable business and goodwill"⁵⁴⁶ during the relevant period. The Board concluded that this lack of prejudice was a further ground for denial of the laches defense.

9. Procedural Issues

a. Arbitrability

Hu v. TJ Food Serv., LLC

The Board suspended this opposition proceeding in view of an LLC operating agreement that called for arbitration of any dispute

⁵⁴⁴ See, e.g., *Ava Ruha Corp.*, 113 U.S.P.Q.2d at 1580 (delay of three years and two months sufficient to support a laches claim), citing *Teledyne Techs. Inc. v. Western Skyways Inc.*, 78 U.S.P.Q.2d 1203, 1203 (T.T.A.B. 2006) (finding laches based on three years and eight months of unexplained delay) and *Trans Union Corp. v. Trans Leasing Int'l Inc.*, 200 U.S.P.Q. 748, 756 (T.T.A.B. 1978) (finding laches based on a two and a half year delay).

⁵⁴⁵ *Kemi Organics*, 126 U.S.P.Q.2d at 1612, quoting *Jansen Enters. Inc. v. Rind*, 85 U.S.P.Q.2d 1104, 1117 (T.T.A.B. 2007).

⁵⁴⁶ *Id.*

between the members of the LLC arising out of or relating to the agreement. The particular dispute centered on the issue of ownership of the mark LATEA and whether Applicant TJ Food Service transferred its ownership of the mark to the LLC when it became a member thereof.⁵⁴⁷

The Arbitration Clause: Opposer Hu filed a motion for summary judgment on the ground that the Board lacked jurisdiction in view of the arbitration clause. That clause stated that “[a]ny dispute, claim, or controversy among the Members [of the Company [(the LLC)] or between a Member and the Company arising out of or related to this agreement shall be settled by arbitration in Tippecanoe County, Indiana.”⁵⁴⁸

Section 2 of the Federal Arbitration Act (the “FAA”) provides that an agreement to arbitrate “shall be valid, irrevocable, and enforceable”⁵⁴⁹ The Supreme Court has recognized that this statute “requires that we rigorously enforce agreements to arbitrate.”⁵⁵⁰ “[A]ny doubts concerning the scope of arbitrable issues should be resolved in favor of arbitration.”⁵⁵¹

The Board found that the arbitration clause here is broad. At issue was whether Applicant TJ contributed the LATEA mark to the LLC in exchange for an equity position in the company, or whether it contributed a mere nonexclusive license. The Board concluded that, since Applicant TJ’s contribution was made pursuant to the operating agreement—which authorized a member’s contribution of any cash, property, labor, or services to obtain an equity position in the LLC—the nature of TJ’s contribution “arguably falls within the purview of the arbitration clause”⁵⁵² The agreement does not expressly exclude Lanham Act claims or any statutory claims. The Board therefore was not persuaded that the parties’ trademark ownership dispute is excepted from the arbitration clause.

Arbitrability of Trademark Ownership: The next question for the Board was whether trademark ownership can be arbitrated. Administrative proceedings are not necessarily exempt from the FAA even when there is a federal statute enabling a federal agency to resolve the dispute. The focus is on the intent of Congress, in this case as expressed in the Lanham Act.

The Board noted that the Lanham Act provides the Board with authority to determine only the right to register marks, but it may

⁵⁴⁷ Hu v. TJ Food Serv., LLC, 123 U.S.P.Q.2d 1777 (T.T.A.B. 2017).

⁵⁴⁸ *Id.* at 1778.

⁵⁴⁹ 9 U.S.C. § 2.

⁵⁵⁰ Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth Inc., 473 U.S. 614, 625-26 (1985) (quoting Dean Witter Reynolds Inc. v. Byrd, 470 U.S. 213, 221 (1985)).

⁵⁵¹ Moses H. Cone Mem’l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 24-25 (1983).

⁵⁵² *Hu*, 123 U.S.P.Q.2d at 1780.

consider the construction or validity of an agreement.⁵⁵³ Moreover, the Act does not contain language expressly exempting such determinations from being decided by arbitration.⁵⁵⁴

The question presented in this case is whether Applicant transferred any ownership rights in the subject mark to WNH [the LLC] when it relied on the value of the mark as part of its capital contribution. Because one cannot register a mark that it does not own, the ownership issue is central to deciding the registrability of the mark in dispute. [citations omitted]. Accordingly, the issue of whether the WNH Operating Agreement is determinative of ownership rights in the mark is arbitrable.⁵⁵⁵

The Board deemed it appropriate to honor the arbitration clause with regard to the dispute over trademark ownership (a question turning on the parties' intent). It therefore suspended the opposition proceeding for sixty days, with the proceeding to be resumed unless an arbitration had been commenced on the ownership issues. If arbitration did occur, the parties were required to report to the Board the decision of the arbitrator on the arbitrability and ownership issues so that the Board may decide how to proceed.⁵⁵⁶

b. Court-Ordered Transfer of Ownership of Application

Piano Wellness, LLC v. Williams

The United States District Court for the District of New Jersey issued a final judgment ordering the Commissioner of Trademarks to “transfer” to Piano Wellness LLC the application of Charlotte K. Williams to register the mark KEYBOARD WELLNESS.COM for “Computer education training services.” The Board, however, concluded that the District Court lacked authority to order the transfer of a pending application, but the Board proposed several alternative ways to give effect to the court’s judgment.⁵⁵⁷

This opposition proceeding, commenced in 2009, was suspended in view of a civil action filed by Piano Wellness, LLC against Applicant Williams. The district court found that “the trademark ‘KEYBOARD WELLNESS.COM,’ together with the associated goodwill, is rightly the property of Piano Wellness, LLC.”⁵⁵⁸ The court directed the Commissioner of Trademarks to transfer the

⁵⁵³ *Id.* at 1779. *See Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 217 U.S.P.Q. 641, 647 (Fed. Cir. 1983); *M-5 Steel Mfg. Inc. v. O'Hagin's Inc.*, 61 U.S.P.Q.2d 1086, 1094-95 (T.T.A.B. 2001).

⁵⁵⁴ *Id.* at 1781. *See Lanham Act Sections 13, 14, 17, and 18.*

⁵⁵⁵ *Id.*

⁵⁵⁶ The parties subsequently stipulated to dismissal of the opposition with prejudice.

⁵⁵⁷ *Piano Wellness, LLC v. Williams*, 126 U.S.P.Q.2d 1739 (T.T.A.B. 2018).

⁵⁵⁸ *Piano Wellness, LLC v. Williams*, Civil Action No. 1:11-cv-01601 (D.N.J. June 29, 2017).

subject application to Piano Wellness, LLC, permanently enjoined Williams from using or claiming any rights in the mark, and entered judgment in favor of Piano Wellness, LLC.

The Board concluded that the court's directive to "transfer the application" fell outside the court's statutory authority to rectify the register under Section 37 of the Lanham Act (15 U.S.C. § 1119), which is limited to registrations and does not encompass pending applications.⁵⁵⁹ Section 37 provides:

In 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 canceled registrations, and otherwise rectify the register *with respect to the registrations* of any party to the action. (Emphasis added by the Board.)

The Board recognized that a district court may "determine the right to registration" of an applied-for mark, as it did here.⁵⁶⁰ But when it determines that an application should be transferred, the source of its authority is not Section 37, "but rather its plenary power to order to parties to take the steps required to effectuate such transfer."⁵⁶¹ Here, for example, the court could direct Applicant Williams to assign the application to the opposer and to record the assignment with the USPTO (or it could appoint the opposer as attorney in fact for Applicant Williams for purposes of the recordation of the assignment).

Secondly, the Board pointed to another mechanism by which the court's judgment could be given effect. Under Section 18 of the Lanham Act,⁵⁶² the Board may, upon motion of any party before it, amend the ownership of an application pursuant to the Board's authority to "register the mark or marks for the person or persons entitled thereto, as the rights of the parties . . . may be established in the proceedings."⁵⁶³ As a third alternative, the Board could, upon motion, sustain the opposition—which would have the effect of an abandonment of the application—in view of the District Court's permanent injunction against Applicant Williams.

⁵⁵⁹ See *Pinnacle Pizza Co. v. Little Caesar Enters., Inc.*, 395 F. Supp. 2d 891, 905 (D.S.D. 2005) ("[Section 37] is limited to cancellation of registered marks, not trademark applications."); *Johnny Blastoff Inc. v. L.A. Rams Football Co.*, 48 U.S.P.Q.2d 1385, 1386 (W.D. Wis. 1998) ("this court is without authority to direct [the USPTO] to grant or deny the pending applications"), *aff'd on other grounds*, 188 F.3d 427 (7th Cir. 1999)).

⁵⁶⁰ *Piano Wellness*, 126 U.S.P.Q.2d at 1741.

⁵⁶¹ *Id.*

⁵⁶² 15 U.S.C. § 1068.

⁵⁶³ *Piano Wellness*, 126 U.S.P.Q.2d at 1741.

The Board allowed Opposer Piano Wellness LLC thirty days in which to inform the Board as to which of the three alternatives it wished to pursue.⁵⁶⁴

c. Motion to Add Counterclaim

Jive Software, Inc. v. Jive Communications, Inc.

In this consolidated opposition and cancellation proceeding, the Board considered whether an answer may be amended to add an omitted counterclaim “when justice so requires,”⁵⁶⁵ or whether a compulsory counterclaim must be pleaded in the original answer (unless based on newly discovered grounds). The Board ruled that the failure to plead a compulsory counterclaim in an original answer is not a per se bar to its later assertion of the claim in the same proceeding.⁵⁶⁶

This proceeding began with a notice of opposition filed on October 14, 2014. Applicant Jive Communications filed its answer on November 5, 2014, without any counterclaim. Beginning on December 12, 2014, the parties sought and obtained numerous suspensions of the opposition in view of settlement negotiations, and the proceeding remained in suspension until May 11, 2017.

Each of the parties then filed two petitions for cancellation. Shortly thereafter, Applicant Jive Communications filed a motion for leave to amend its answer in the opposition to add a counterclaim for cancellation, and it sought to amend its answer as a matter of course in one of the cancellation proceedings brought by Opposer Jive Software to add a counterclaim for cancellation of two of the latter’s registrations. Applicant Jive Communications also moved to consolidate all five proceedings.

Opposer Jive Software challenged Applicant Jive Communications’ amendments and its two petitions for cancellation on the ground that the new claims were compulsory counterclaims that should have been raised in Jive Communications’ original answer in the opposition, and therefore were time barred.

The Board observed that, under Trademark Rule 2.106(b)(3)(i), a “defense attacking the validity of a registration pleaded in an opposition is a compulsory counterclaim if grounds for the counterclaim exist at the time when the answer is filed or are learned during the course of the opposition proceeding.”⁵⁶⁷

⁵⁶⁴ Opposer Piano Wellness chose the second option. It filed a motion under Section 18 to amend the ownership of the application, which the Board granted. The Board then dismissed the opposition as moot.

⁵⁶⁵ Rule 15(a)(2), Fed. R. Civ. P.

⁵⁶⁶ *Jive Software, Inc. v. Jive Commc’ns, Inc.*, 125 U.S.P.Q.2d 1175 (T.T.A.B. 2017).

⁵⁶⁷ Trademark Rule 2.106(b)(3)(i), 37 C.F.R. § 2.106(b)(3)(1). Trademark Rule 2.114(b)(3)(i), 37 C.F.R. § 2.114(b)(3)(i), the counterpart for compulsory counterclaims in cancellation

The purpose of the compulsory counterclaim rules is to avoid multiple proceedings. The rule states that

If grounds for a counterclaim are known to the applicant when the answer to the opposition is filed, the counterclaim shall be pleaded with or as part of the answer. If grounds for a counterclaim are learned during the course of the opposition proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned.”⁵⁶⁸

The Board observed that the language of the rule “does not suggest that the answer may never be amended to include an omitted counterclaim.”⁵⁶⁹

The Trademark Rules explicitly provide that “[p]leadings in [Board proceedings] may be amended in the same manner and to the same extent as in a civil action in a United States district court.”⁵⁷⁰ Federal Rule 15(a), made applicable to inter partes proceedings by Trademark Rule 2.116(a),⁵⁷¹ further provides that “leave [to amend a pleading] shall be freely given when justice so requires.”

The Board has previously ruled on motions to amend to add an omitted compulsory counterclaim under the Trademark Rules, in view of the flexible standard of Fed. R. Civ. P. 15(a), allowing amendment when justice so requires, even in cases where the counterclaim was not included in the original answer and was not based on newly discovered evidence.⁵⁷²

To be clear, Trademark Rules 2.106(b)(3)(i) and 2.114(b)(3)(i) do not require that, after a defendant’s initial answer, amendment to add an omitted compulsory counterclaim must be denied where the movant has not demonstrated that the counterclaim is based on newly-acquired evidence.

proceedings, has the same requirement for bringing counterclaims, and equivalent language.

⁵⁶⁸ Trademark Rule 2.114(b)(3)(i), 37 C.F.R. § 2.114(b)(3)(i).

⁵⁶⁹ *Jive Software*, 125 U.S.P.Q.2d at 1178.

⁵⁷⁰ Trademark Rule 2.107(a), 37 U.S.C. 2.107(a) provides that: “Pleadings in an opposition proceeding against an application filed under section 1 or 44 of the Act may be amended in the same manner and to the same extent as in a civil action in a United States district court, except that, after the close of the time period for filing an opposition including any extension of time for filing an opposition, an opposition may not be amended to add to the goods or services opposed, or to add a joint opposer.” Trademark Rule 2.115, 37 C.F.R. § 2.115 states: “Pleadings in a cancellation proceeding may be amended in the same manner and to the same extent as in a civil action in a United States district court.”

⁵⁷¹ Trademark Rule 2.116(a), 37 C.F.R. § 116(a), states: “Except as otherwise provided, and wherever applicable and appropriate, procedure and practice in inter partes proceedings shall be governed by the Federal Rules of Civil Procedure.”

⁵⁷² See, e.g., *Zanella Ltd. v. Nordstrom Inc.*, 90 U.S.P.Q.2d 1758 (T.T.A.B. 2008); *Libertyville Saddle Shop Inc. v. E. Jeffries & Sons Ltd.*, 22 U.S.P.Q. 1994 (T.T.A.B. 1992); *See’s Candy Shops, Inc. v. Campbell Soup Co.*, 12 U.S.P.Q.2d 1395 (T.T.A.B. 1989).

* * *

The rules require compulsory counterclaims to be pleaded in the answer, if known, but under Fed. R. Civ. P. 15(a), where justice requires, answers may be amended to add an omitted compulsory counterclaim, subject to the same rules applicable to other amendments to pleadings.⁵⁷³

Turning to the circumstances of this case, the Board found that Applicant Jive Communications did not unduly delay by waiting two years after filing its answer to introduce the counterclaim. The delay in attempting to amend its answer and assert its counterclaim was limited to the brief period of time during which the case was not suspended. Neither party pointed to any evidence of prejudice caused by the short delay. “Although it would have been better practice for Applicant to plead the counterclaim with its original answer, Applicant’s forbearance from filing an amendment as a matter of course, or later with a motion for leave to amend was not unreasonable.”⁵⁷⁴

Moreover, the Board observed, it would be unfair to deem the motion to amend untimely just because a few weeks passed after the answer was filed and before proceedings were formally suspended. Opposer Jive Software would not be prejudiced by the amendment, whereas a refusal to allow a compulsory counterclaim “could preclude Applicant from raising those claims in any subsequent proceeding between these parties.”⁵⁷⁵

Taking all circumstances into account, and applying the liberal standards of Rule 15, the Board ruled in favor of Applicant Jive Communications on the subject motion to amend and it deemed its two petitions for cancellation to be timely. The Board also ordered consolidation of the proceedings in view of their common claims of priority and likelihood of confusion as to the parties’ marks.

d. Compulsory Counterclaims

Freki Corp. N.V. v. Pinnacle Entertainment, Inc.

The Board granted in part a Respondent Pinnacle’s motion for summary judgment on the ground of claim preclusion, finding that Petitioner Freki’s claim of abandonment due to naked licensing was a compulsory counterclaim that should have been pleaded in a prior proceeding between the same two parties. However, the Board ruled that Freki’s claims of nonuse, fraud, and abandonment through nonuse were not precluded by the prior judgment.⁵⁷⁶

⁵⁷³ *Jive Software*, 125 U.S.P.Q.2d at 1180.

⁵⁷⁴ *Id.* at 1181.

⁵⁷⁵ *Id.*

⁵⁷⁶ *Freki Corp. N.V. v. Pinnacle Entm’t, Inc.*, 126 U.S.P.Q.2d 1697 (T.T.A.B. 2018).

In October 2016, Pinnacle commenced a cancellation proceeding, seeking to cancel Freki's registrations for the marks PINNACLE SPORTS AFFILIATES and PINNACLE SPORTS DIRECT for various advertising services. Pinnacle Entertainment claimed ownership of, inter alia, the registered mark PINNACLE ENTERTAINMENT for amusement centers and nightclubs. Freki's answer included an "affirmative defense" that Pinnacle had abandoned its marks through naked licensing. In April 2017, during the discovery period, Pinnacle withdrew its petition for cancellation without consent, the Board then dismissed the proceeding with prejudice.

In August 2017, Freki filed a petition to cancel Pinnacle's registrations, alleging nonuse, abandonment through nonuse, abandonment via naked licensing, and fraud. Pinnacle then filed a motion for summary judgment, asserting that all of Freki's claims were compulsory counterclaims in the prior proceeding and therefore were barred by claim preclusion in light of the prior judgment.

The Board observed that when a party seeks to preclude a defendant in a first action from bringing certain claims in a second action the rules of defendant preclusion apply.

A defendant is precluded only if: (1) the claim or defense asserted in the second action was a compulsory counterclaim that the defendant failed to assert in the first action; or (2) the claim or defense represents what is essentially a collateral attack on the first judgment.⁵⁷⁷

The Board observed that, under Trademark Rule 2.114(b)(3)(i), "a defense attacking the validity of a registration pleaded in a cancellation action is a compulsory counterclaim if grounds for the counterclaim existed at the time when the answer is filed or are learned during the course of the cancellation action."⁵⁷⁸

Compulsory Counterclaim?: To the extent Freki's naked licensing affirmative defense was an attack on the validity of Pinnacle's pleaded registrations, it was a compulsory counterclaim that should have been pleaded with the original answer or pleaded promptly after the grounds were learned.⁵⁷⁹ Freki's assertion of its naked licensing claim as an affirmative defense in the prior proceeding demonstrated that the claim and its underlying facts were known at the time the answer in that proceeding was filed. There was nothing to indicate that Freki learned of any information

⁵⁷⁷ *Id.* at 1701, citing *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320, 86 U.S.P.Q.2d 1369, 1372 (Fed. Cir. 2008).

⁵⁷⁸ *Id.*, citing *Jive Software, Inc. v. Jive Commc'ns, Inc.*, 125 U.S.P.Q.2d 1175, 1177 (T.T.A.B. 2017), discussed immediately above.

⁵⁷⁹ *Id.* See Section 14 of the Lanham Act, 15 U.S.C. § 1064; *Jive Software*, 125 U.S.P.Q.2d at 1177.

about the naked licensing claim asserted in the second proceeding that it did not have when it asserted the naked licensing affirmative defense in the first proceeding. Because Freki knew of the basis for the counterclaim when it filed its answer in the first proceeding, its failure to counterclaim served as a bar to bringing that claim as a plaintiff in the new action.⁵⁸⁰

On the other hand, Freki did not assert nonuse, abandonment, and fraud in the first proceeding, and the record did not indicate that Freki was aware of the grounds for these counterclaims during the first proceeding.

Collateral Attack?: Turning to the second basis for applying defendant claim preclusion, the CAFC has found a collateral attack where the later action would impair the other party's rights as established in the first action.⁵⁸¹ In the prior proceeding, however, the Board dismissal with prejudice did not determine any specific rights of Pinnacle with respect to its pleaded registrations.⁵⁸² Therefore, this basis for applying claim preclusion did not apply to Freki's naked licensing claim in the second proceeding.

As to Freki's claims of nonuse, abandonment, and fraud, those claims were not before the Board, and therefore Freki's assertion of these claims in the new proceeding could not be considered a collateral attack on the judgment in the prior proceeding. Consequently, the second basis for defendant claim preclusion did not apply to these claims.

The Board granted Pinnacle's motion for summary judgment with respect to Freki's claim of abandonment due to naked licensing but denied the motion as to the claims of abandonment due to nonuse, nonuse, and fraud.

The Board went on to find that Freki's claims of nonuse and fraud were not properly pleaded: the nonuse allegations had not been clearly delineated as a separate claim, and the fraud allegations were based merely on "information and belief" rather than on specific factual allegations as required by FRCP 9(b).⁵⁸³ The Board allowed Freki nineteen days within which to file an amended petition for cancellation.

⁵⁸⁰ *Id.* See *Libertyville Saddle Shop, Inc. v. E. Jeffries & Sons Ltd.*, 24 U.S.P.Q.2d 1376, 1379 (T.T.A.B. 1992).

⁵⁸¹ *Id.*, citing *Nasalok Coating Corp.*, 86 U.S.P.Q.2d at 1376.

⁵⁸² *Id.* at 1702. See *Am. Hygienic Lab., Inc. v. Tiffany & Co.*, 228 U.S.P.Q. 855 (T.T.A.B. 1986) (the only claims extinguished by virtue of the stipulated dismissal in the previous action are claims made by the plaintiff in the previous action).

⁵⁸³ Rule 9(b), Fed. R. Civ. P. (FRCP), states: "In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally."

*e. Motion to Limit Scope Section 66(a) Opposition**Destileria Serralles, Inc. v. Kabushiki Kaisha Donq*

Every year or two, the Board reminds us that Madrid Protocol applications are not treated like other trademark applications. Here, the Board struck Opposer Destileria Serralles's evidence regarding common law rights in its DON Q marks for certain goods (other than rum, the subject of its pleaded registrations) because Destileria did not list those alleged rights when it completed the ESTTA⁵⁸⁴ cover sheet for this opposition to Applicant Donq's Section 66(a) request for extension of protection under the Madrid Protocol.⁵⁸⁵

The Board pointed out once again that "Madrid applications are treated differently in many key respects from other applications."⁵⁸⁶ The USPTO, in order to meet its obligations under the Madrid Protocol, has promulgated specific regulations and requirements to accommodate the Madrid system.

[T]he USPTO must . . . notify the International Bureau ("IB") of the World Intellectual Property Organization, informing it of certain information required under U.S. law implementing the Madrid Protocol. This notice must be sent within strict time limits, and any USPTO failure to fully and timely notify the IB may result in the opposition being limited by the information sent or dismissed in its entirety.⁵⁸⁷

The ESTTA cover sheet "performs an integral function in cataloguing and reporting to the IB information on oppositions filed against Madrid applications."⁵⁸⁸ The ESTTA sends to WIPO only the information that is entered on the ESTTA electronic form. The system is fully automated, and "Board personnel do not review or edit the information provided on the electronic form in order to ensure that it is complete."⁵⁸⁹

⁵⁸⁴ "ESTTA" is an acronym for the USPTO's Electronic System for Trademark Trials and Appeals.

⁵⁸⁵ *Destileria Serralles, Inc. v. Kabushiki Kaisha Donq*, 125 U.S.P.Q.2d 1463 (T.T.A.B. 2017). The opposition was dismissed the same day, in a nonprecedential opinion. *Destileria Serralles, Inc. v. Kabushiki Kaisha Donq*, Opposition No. 91204129 (T.T.A.B. December 28, 2017). The Board found the applicant's mark DONQ for a variety of food and non-alcoholic beverages in Classes 29, 30, and 32, and for food and beverage services, not likely to cause confusion with the opposer's registered marks DON Q and DONQ COCO for rum. The Board also dismissed the opposer's dilution claim due to failure to prove the fame of the pleaded marks.

⁵⁸⁶ *Id.* at 1465.

⁵⁸⁷ *Id.*, quoting *CSC Holdings, LLC v. SAS Optimhome*, 99 U.S.P.Q.2d 1959, 1960 (T.T.A.B. 2011).

⁵⁸⁸ *Id.*

⁵⁸⁹ *Id.*, quoting *CSC Holdings*, 99 U.S.P.Q.2d at 1960.

ESTTA allows the opposer to identify the grounds for opposition, as well as the registrations and/or pending applications of which it claims ownership, and on which it relies as a basis for its opposition. ESTTA also permits an opposer to identify common law rights in a mark or marks, and the goods and/or services associated therewith as a basis for its asserted claims.⁵⁹⁰

The Board ruled that Destileria's failure to identify on the ESTTA cover sheet its common law rights in "other goods and services" (including rum cakes, chocolates and bar services) precluded Destileria from relying on such common law rights in connection with its likelihood of confusion and dilution claims.⁵⁹¹

Indeed, if an opposer is precluded from amending its pleading to add an additional claimed registration to support a previously asserted likelihood of confusion claim under Section 2(d) of the Trademark Act [See Rule 2.107(b) and accompanying Notice of Proposed Rulemaking], it would follow that an opposer also could not add common law trademark rights not previously identified on the ESTTA cover sheet. By doing so, an opposer would be impermissibly expanding, not clarifying, the scope and/or basis of its Section 2(d) claim.⁵⁹²

The Board, construing Donq's objection to the evidence as a motion to strike, granted the motion and refused to consider Destileria's common law rights in its DON Q marks for these additional goods or services, and it further refused to allow Destileria to amend its pleading to add said common law rights.

f. Timeliness Issues Under 2017 Rule Changes

i. Motion for Summary Judgment

KID-Systeme GmbH v.

Türk Hava Yollari Teknik Anonim Sirketi

On June 29, 2017, the day its pretrial disclosures were due, Opposer KID-Systeme filed a motion to reopen its time to file a motion for summary judgment. Trademark Rule 2.127(e)(1),⁵⁹³ as amended in January 2017, provides that a summary judgment motion must be filed "prior to the deadline for pretrial disclosures, as originally set or reset." The Board noted that "prior to" means the

⁵⁹⁰ *Id.*

⁵⁹¹ *Id.* at 1467.

⁵⁹² *Id.* at 1467-68.

⁵⁹³ Trademark Rule 2.127(e)(1), 37 C.F.R. § 2.127(e)(1).

day before the deadline.⁵⁹⁴ Therefore, KID-Systeme missed the deadline by one day. Would the Board reopen? Not to worry! Because KID-Systeme’s motion was filed during the period of transition to the amended Rules, and because the Board clarified Rule 2.127(e)(1) in a July 21, 2017, notice issued after KID-Systeme’s filing,⁵⁹⁵ the Board chose to consider the summary judgment motion and to treat the motion to reopen as moot.

Before January 14, 2017, the deadline for filing a motion for summary judgment was “prior to the commencement of the first testimony period, as originally set or as reset.” In January 2017, that was changed to “prior to the deadline for pretrial disclosures, as originally set or reset.” The Board’s July 21, 2017, clarification of Rule 2.127(e)(1) merely changed the words “prior to the deadline” to “before the day of the deadline.” In any event, the Board looked kindly on KID-Systeme and its predicament, pointing to the Notice of Proposed Rulemaking of April 4, 2016, which states:

[A]ny issues that may arise concerning the transition to the revised rules for cases pending as of the effective date of the rules would be addressed by the Board and the parties on a case-by-case basis, allowing for flexibility to respond to the unique needs in each case, *particularly with respect to scheduling matters*. (Emphasis by the Board).⁵⁹⁶

The Board allowed the applicant thirty days to respond to Kid-Systeme’s motion for summary judgment.

ii. Motion for Judgment on the Pleadings

Shared, LLC v. SharedSpaceofAtlanta, LLC

The TTAB was not so forgiving to this party who ran afoul of the amended Rules. The Board denied Opposer Shared, LLC’s motion for judgment on the pleadings under FRCP 12(c)⁵⁹⁷, directed at the applicant’s counterclaims, because the motion was untimely.⁵⁹⁸ The Board followed its established practice of applying to motions for judgment on the pleadings the same deadline applicable to summary judgment motions under recently amended Rule 2.127(e)(1).⁵⁹⁹

⁵⁹⁴ KID-Systeme GmbH v. Türk Hava Yolları Teknik Anonim Sirketi, 125 U.S.P.Q.2d 1415, 1416 (T.T.A.B. 2018).

⁵⁹⁵ Miscellaneous Changes to Trademark Trial and Appeal Board Rules of Practice; Clarification, 82 Fed. Reg. 33804, 33804 (July 21, 2017).

⁵⁹⁶ Miscellaneous Changes to Trademark Trial and Appeal Board Rules of Practice, 81 Fed. Reg. 19296, 19396 (Apr. 4, 2016).

⁵⁹⁷ Rule 12(c), Fed. R. Civ. P., provides that “After the pleadings are closed—but early enough not to delay trial—a party may move for judgment on the pleadings.”

⁵⁹⁸ Shared, LLC v. SharedSpaceofAtlanta, LLC, 125 U.S.P.Q.2d 1143 (T.T.A.B. 2017).

⁵⁹⁹ Trademark Rule 2.127(e)(1), 37 C.F.R. § 2.127(e)(1).

A motion for judgment on the pleadings, like a summary judgment motion, is

[A] pretrial device intended to save the time and expense of a full trial when a party is able to demonstrate, prior to trial, that there is no genuine dispute of material fact to be resolved, and the moving party is entitled to judgment on the substantive merits of the controversy as a matter of law.⁶⁰⁰

According to TBMP § 504.01 (June 2017), a motion for judgment on the pleadings should be filed “[a]fter the pleadings are closed, but within such time as not to delay the trial.” More significantly, FRCP 12(c) states that “After the pleadings are closed—but early enough not to delay trial—a party may move for judgment on the pleadings.” The Board’s “established practice” has been to apply to such motions the deadline that applies to summary judgment motions as set forth in Trademark Rule 2.127(e)(1).⁶⁰¹

Before January 14, 2017, the deadline for filing a summary judgment was, according to Rule 2.127(e)(1), “prior to the commencement of the first testimony period, as originally set or as reset.” That Rule was amended as of January 14, 2017, and clarified on July 21, 2017,⁶⁰² to provide that a summary judgment motion “must be filed before the day of the deadline for pretrial disclosures for the first testimony period, as originally set or as reset.”

Applying the new summary judgment deadline to the subject motion, the Board ruled that a motion for judgment on the pleadings must likewise be filed before the day of the deadline for pretrial disclosures for the first testimony period, as originally set or as reset.

Here, the deadline for Opposer Shared’s pretrial disclosures, as reset in the Board’s July 26, 2017, order, was August 7, 2017 (fifteen days before the opening of Shared’s testimony period on August 22). Shared’s motion filed August 19, 2017, was therefore untimely, and the Board denied the motion.

iii. Service and Filing of Expert Disclosures

Monster Energy Co. v. Martin

In this consolidated cancellation proceeding involving registrations for the marks MONSTER SEAL A FLAT, MONSTER UP, and UNLEASH THE BEAST for “tire sealing compound,” Respondent Martin moved to strike Petitioner Monster Energy’s notice of expert disclosure and to preclude the testimony of the named expert. The Board denied both motions, finding the notice to

⁶⁰⁰ *Shared*, 125 U.S.P.Q.2d at 1143.

⁶⁰¹ *Id.*

⁶⁰² Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 81 Fed. Reg. 69950, 69967 (Oct. 7, 2016).

be timely and pointing out that Martin may request additional time to take discovery of the expert.⁶⁰³

The Notice: The deadline for Monster's notice of expert disclosure was set for July 4, 2017, by the Board scheduling order. Because July 4th is a Federal holiday in the District of Columbia, the due date was automatically extended to the next day.⁶⁰⁴ On July 5, 2017, Monster Energy filed with the TTAB its notice of expert disclosure (and it served its expert report on the same day). The notice stated the correct proceeding number, but Monster's law firm entered the wrong proceeding number during the electronic filing. On July 6th, the firm informed the Board of the error and on July 7th the Board entered the notice in the correct case and assigned it a date of July 5.

Respondent Martin claimed that the notice was untimely filed.⁶⁰⁵ Martin did not say that he did not receive the notice (correctly captioned) on July 5th.

In the context of discovery, the Board has made clear that an "obvious typographical error" should not operate to derail the discovery process, and that it expects parties who become aware of such an error to cooperate so as to avoid unnecessary delay and increased costs. *Cadbury UK Ltd. v. Meenaxi Enter., Inc.*, 115 U.S.P.Q.2d 1404, 1407 (T.T.A.B. 2015) (parties are expected to demonstrate good faith and cooperation during discovery; a party cannot avoid discovery obligations due to an obvious typographical error in discovery requests).⁶⁰⁶

The Board therefore considered the filing as timely, and it denied Martin's quixotic motion to strike the notice of expert disclosure.

Respondent's Discovery: Pointing to a seeming clash of the applicable rules, Martin asserted that because the amended rules require written discovery requests be served at least thirty days prior to the close of discovery (August 3),⁶⁰⁷ he would be denied the

⁶⁰³ *Monster Energy Co. v. Martin*, 125 U.S.P.Q.2d 1774 (T.T.A.B. 2018).

⁶⁰⁴ Trademark Rule 2.196, 37 C.F.R. § 2.196, entitled "Times for taking action: Expiration on Saturday, Sunday or Federal holiday," states:

Whenever periods of time are specified in this part in days, calendar days are intended. When the day, or the last day fixed by statute or by regulation under this part for taking any action or paying any fee in the Office falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding day that is not a Saturday, Sunday, or a Federal holiday.

⁶⁰⁵ This author wonders why the filing date was even an issue, since there is no requirement that expert disclosures be filed with the Board.

⁶⁰⁶ *Monster Energy*, 125 U.S.P.Q.2d at 1777.

⁶⁰⁷ Trademark Rule 2.120(a)(3), 37 C.F.R. § 2.120(a)(3), provides in pertinent part that:

right to written discovery regarding Monster's expert if the Board found the July 5th expert disclosure (and the expert report) acceptable. Moreover, Rule 2.120(a)(3) provides that "[t]he time to respond may be extended upon stipulation of the parties, or upon motion granted by the Board, or by order of the Board, *but the response may not be due later than the close of discovery.*" (Emphasis added by the Board.) No problem, said the Board.

The requirement in Trademark Rule 2.120(a)(3) that discovery requests be served early enough in the discovery period so that responses are due no later than the close of discovery does not, and is not intended to, preclude or encumber the opportunity to take discovery of an expert, regardless of whether the party makes an expert disclosure on or after the deadline therefor, provided that the Board is informed of the disclosure and finds it appropriate under the circumstances, so that it can issue an order that allows time for the discovery to occur.

* * *

Trademark Rule 2.120(a)(2)(iii) provides the Board wide latitude in managing a proceeding following any party's disclosure of plans to use expert testimony, including but not limited to, suspending proceedings to allow for discovery of the expert and for any other party to disclose plans to use a rebuttal expert.⁶⁰⁸

The Board therefore found no reason to preclude the expert's testimony on the basis of Rule 2.120(a)(3), since Martin could request additional time for discovery. The Board then suspended the proceeding under Trademark Rule 2.117(a)⁶⁰⁹ in light of a pending civil action between the parties.

[R]equests for production of documents and things, and requests for admission must be served early enough in the discovery period, as originally set or as may have been reset by the Board, so that responses will be due no later than the close of discovery. Responses to interrogatories, requests for production of documents and things, and requests for admission must be served within thirty days from the date of service of such discovery requests.

See also *Estudi Moline Dissey, S.L. v. BioUrn Inc.*, 123 U.S.P.Q.2d 1268, 1270 (T.T.A.B. 2017), discussed immediately below.

⁶⁰⁸ *Monster Energy*, 125 U.S.P.Q.2d at 1777-78.

⁶⁰⁹ Trademark Rule 2.117(a), 37 C.F.R. § 2.117(a), provides that:

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action or the other Board proceeding.

iv. Service of Discovery Requests

Estudi Moline Dissey, S.L. v. BioUrn Inc.

Once again addressing the revised TTAB Rules effective as of January 14, 2017, the Board found that the Petitioner Dissey had served its discovery requests too late. Under Rule 2.120(a)(3),⁶¹⁰ written discovery requests must be served early enough in the discovery period so that responses will be due no later than the close of discovery. Here, the last day to serve discovery (31 days before the end of the discovery period, not counting the day of service) was February 19, 2017. Because that was a Sunday, Dissey concluded that, under Rule 2.196,⁶¹¹ it had until Monday, February 20, to timely serve its discovery requests. Not so, said the Board. Nonetheless, the Board reopened discovery so that Dissey's previously served written discovery requests could be considered timely.⁶¹²

Prior to January 14, 2017, written discovery requests could be served at any time during the discovery period, including on the last day. The revised Rule 2.120(a)(3), however, provides that written discovery requests must be served "early enough in the discovery period, as originally set or as may have been reset by the Board, so that responses will be due no later than the close of discovery."⁶¹³ It also provides that responses to written discovery requests must be served within thirty days from the date of service of such discovery requests.⁶¹⁴

Rule 2.196 provides that when the *last day* of a period for taking action is fixed by statute or rule and falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the action may be taken on the next business day. However, the Board pointed out, in light of the revision of Rule 2.120(a)(3), Rule 2.196 no longer applies to the deadline for *service* of written discovery requests.

Thus, discovery requests must be served with at least *thirty-one days* remaining in the discovery period, including the date of service, regardless of whether the *day of service* falls on a weekend or holiday. The date of service of the requests

⁶¹⁰ Trademark Rule 2.120(a)(3), 37 C.F.R. § 2.120(a)(3).

⁶¹¹ Trademark Rule 2.196, 37 C.F.R. § 2.196.

⁶¹² *Estudi Moline Dissey, S.L. v. BioUrn Inc.*, 123 U.S.P.Q.2d 1268 (T.T.A.B. 2017).

⁶¹³ Trademark Rule 2.120(a)(3), 37 C.F.R. § 2.120(a)(3), in pertinent part, states that

Interrogatories, requests for production of documents and things, and requests for admission must be served early enough in the discovery period, as originally set or as may have been reset by the Board, so that responses will be due no later than the close of discovery. Responses to interrogatories, requests for production of documents and things, and requests for admission must be served within thirty days from the date of service of such discovery requests.

⁶¹⁴ Under Trademark Rule 2.119(b), 37 C.F.R. § 2.119(b), service of written discovery requests must be made by email, absent special circumstances.

is not counted as part of the response period, so the first day of the 30-day response period is the day after service.⁶¹⁵

In this case, Dissey was required to serve its discovery requests no later than Sunday, February 19, 2017, for Respondent BioUrn to have the full thirty days to respond by the close of discovery on March 21, 2017. Because Dissey served its requests on February 20, BioUrn's responses were due on March 22, after the close of discovery, in violation of Rule 2.120(a)(3). Therefore, BioUrn's objection to the requests was proper.

The Board noted, however, that Dissey's delay of one day in serving its discovery requests appears to have arisen from a misunderstanding of how Rule 2.196 applies to the revised discovery rules. Because the case was commenced under the old rules,⁶¹⁶ the current dispute arose during the transition to the new rules, and the dispute involved a scheduling matter, the Board exercised its discretion to reopen discovery for the limited purpose of allowing BioUrn time to respond to Dissey's written discovery requests.

v. Motion to Use Third-Party Discovery Deposition

Azalea Health Innovations, Inc. v. Rural Health Care, Inc.

In yet another decision involving application of the 2017 Trademark Rule changes, the Board refused to allow Applicant Rural Health to submit thirteen third-party discovery deposition transcripts by way of notice of reliance. However, because the 2017 amendments changed the time for making a motion to allow use of a non-party discovery deposition, the Board looked kindly on Rural Health, allowing it time to take oral cross-examination of the witnesses (nine of the thirteen) whose testimony declarations had been submitted by Opposer Azalea.⁶¹⁷

Rural Health submitted via notice of reliance thirteen discovery deposition transcripts of witnesses who were employees of Azalea, but who were not officers, directors, or managing agents of Azalea. Rural Health contended that the discovery depositions were being used for impeachment purposes in connection with the testimony declarations of these employees. Azalea moved to strike, arguing that the Rules do not permit the introduction of non-party discovery depositions via notice of reliance, and that Rural Health should have elected to conduct oral cross-examination of the nine witnesses for whom Rural Health submitted testimony declarations.

The Board divided the discovery depositions into two groups. Four of these depositions involved individuals for whom Azalea did

⁶¹⁵ *Estudi Moline Dissey*, 123 U.S.P.Q.2d at 1270 (emphasis added).

⁶¹⁶ The proceeding was commenced on May 18, 2015.

⁶¹⁷ *Azalea Health Innovations, Inc. v. Rural Health Care, Inc.*, 125 U.S.P.Q.2d 1236 (T.T.A.B. 2017).

not submit trial declarations. Therefore, there was no trial testimony to impeach. The Board granted Azalea's motion to strike these four discovery deposition transcripts from the record.

The second group included nine discovery depositions of individuals whose testimony declarations were submitted by Azalea. Rural Health did not avail itself of the opportunity to cross-examine these witnesses.

The Board observed that under FRCP 32, FRE 613, and Trademark Rule 2.120(k)(6),⁶¹⁸ a discovery deposition may be used during the examination or cross-examination of a party or a non-party witness. In addition, Rule 2.120(k)(1)⁶¹⁹ permits the use, for all purposes, of a discovery deposition of *a party* in Board proceedings. For a *non-party*, however, the discovery deposition may be introduced only pursuant to a stipulation between the parties or by order of the Board upon motion. Here there was no stipulation and no Board order.

Having failed to cross-examine Azalea's trial witnesses, Rural Health had two options: (1) file a motion at the time of its pre-trial disclosures seeking Board approval of its use of the discovery depositions, or (2) file a motion claiming exceptional circumstances. *See* Rule 2.120(k)(2).⁶²⁰ Rural Health did neither.

The Board therefore granted the motion to strike these nine discovery depositions.

However, the Board noted that Rule 2.120(k)(2) was amended on January 24, 2017, "to change the time for a motion to use a discovery deposition to *when the offering party makes its pretrial disclosures* and to clarify that the exceptional circumstance standard applies when this deadline has passed."⁶²¹ Prior to the Rule change, the

⁶¹⁸ Trademark Rule 2.120(k)(6), 37 C.F.R. § 2.120(k)(6), provides that:

Paragraph (k) of this section [entitled "Use of discovery deposition, answer to interrogatory, admission or written disclosure"] will not be interpreted to preclude reading or use of written disclosures or documents, a discovery deposition, or answer to an interrogatory, or admission as part of the examination or cross-examination of any witness during the testimony period of any party.

⁶¹⁹ Trademark Rule 2.120(k)(1), 37 C.F.R. § 2.120(k)(1), states:

The discovery deposition of a party or of anyone who at the time of taking the deposition was an officer, director or managing agent of a party, or a person designated by a party pursuant to Rule 30(b)(6) or Rule 31(a) of the Federal Rules of Civil Procedure, may be offered in evidence by an adverse party.

⁶²⁰ Rule 2.120(k)(2), 37 C.F.R. § 2.120(k)(2), provides in pertinent part that:

The use of a discovery deposition by any party under this paragraph will be allowed only by stipulation of the parties approved by the Trademark Trial and Appeal Board, or by order of the Board on motion, which shall be filed when the party makes its pretrial disclosures, unless the motion is based upon a claim that such exceptional circumstances exist as to make it desirable, in the interest of justice, to allow the deposition to be used, even though such deadline has passed, in which case the motion shall be filed promptly after the circumstances claimed to justify use of the deposition became known.

⁶²¹ *Azalea Health Innovations*, 125 U.S.P.Q.2d at 1241 (emphasis added).

motion could be made at the time of the offer of the deposition into evidence (i.e., during the testimony period).

The Board, noting its April 2016 statement⁶²² regarding flexible application of the revised rules in cases pending as of the effective date of the rules, decided to construe Rural Health's response to the motion to strike as a motion to re-open the period for electing and taking cross-examination of these nine witnesses. The Board then reset the period for cross-examining these witnesses.

vi. Motion to Strike Testimonial Declarations

Barclays Capital Inc. v. Tiger Lily Ventures Ltd.

In this consolidated proceeding concerning the LEHMAN BROTHERS mark, Applicant Tiger Lily Ventures Ltd. moved to strike certain testimony and evidence submitted by Opposer Barclays Capital Inc. during the latter's case-in-chief, on both procedural and substantive grounds. The TTAB struck some of Barclays' evidence but refused to rule regarding the admissibility of two testimonial declarations, deferring that question until final hearing.⁶²³

Notices of Reliance: The TTAB found that Tiger Lily's procedural objections were timely, since they were promptly raised after the close of Barclays' initial testimony period while there was still an opportunity to cure. Tiger Lily objected to the descriptions of the evidence included in four notices of reliance. Rule 2.122(g) requires that a notice of reliance indicate generally the relevance of the evidence and associate it with one or more of the issues in the proceeding.⁶²⁴

The Board found two of Barclays' notices of reliance to be acceptable, but the other two to be inadequate in part because they failed to indicate which pages of certain exhibits related to which *du Pont* factor, which element of Barclays' dilution claim or its false association claim, or which defense asserted by Tiger Lily. Therefore, the motion to strike was granted in part, but with leave to amend the notices of reliance within twenty days.

The Board also granted Tiger Lily's motion to strike from the record certain press releases by Barclays because they did not qualify as printed publications in general circulation under Rule 2.122(e).⁶²⁵ But the Board declined to strike several financial reports

⁶²² Miscellaneous Changes to Trademark Trial and Appeal Board Rules of Practice, 81 Fed. Reg. 19296, 19296 (Apr. 4, 2016) (Notice of Proposed Rulemaking).

⁶²³ *Barclays Capital Inc. v. Tiger Lily Ventures Ltd.*, 124 U.S.P.Q.2d 1160 (T.T.A.B. 2017).

⁶²⁴ Trademark Rule 2.122(g), 37 C.F.R. § 2.122(g), provides in pertinent part: "For all evidence offered by notice of reliance, the notice must indicate generally the relevance of the evidence and associate it with one or more issues in the proceeding."

⁶²⁵ See *Hard Rock Cafe Licensing Corp. v. Elsea*, 48 U.S.P.Q.2d 1400, 1403 (T.T.A.B. 1998).

downloaded from the LexisNexis online database and showing the date and source of each report. The Board noted, however, that such reports have limited probative value and cannot be used to prove the truth of facts stated therein.⁶²⁶

Testimony Declarations: Tiger Lily objected to the admissibility of two testimonial declarations, but the TTAB pointed out that substantive objections are ordinarily considered only at final hearing. Tiger Lily contended that the reference to “ordinarily” leaves open a window for its challenge. It argued that the declarations of Barclays’ in-house counsel and of a paralegal at its outside counsel’s law firm should be stricken immediately because of bias and lack of credibility, pointing to 37 C.F.R. Section 10.63, which states that an attorney may not represent a party on whose behalf the practitioner is likely to appear as a witness.⁶²⁷

Tiger Lily argued that the issue should be decided immediately because, under Rule 2.123(a)(1) (implemented in January 2017), a “cost-shifting burden” has been imposed on the party that wishes to cross-examine the testimony declarant.⁶²⁸ The amended Rule provides that the offering party must make the witness available for cross-examination, but the adverse party must “bear the expense of oral cross-examination of the affiant or declarant.”⁶²⁹ Tiger Lily contended that in light of clear precedent against an attorney giving evidence, it would be unnecessarily burdened by the inflated costs of cross-examination, costs that could be saved by an early ruling.

The Board was unmoved. It noted that even when testimony is taken orally, the cross-examining party must pay its own attorney fees and its travel expenses to attend the deposition. Thus the added expenses to the cross-examining party are the cost of the court reporter and the cost of arranging for the venue. The Board, in promulgating the Rule change, determined that this minor cost-

⁶²⁶ *Barclays Capital Inc.*, 124 U.S.P.Q.2d at 1165. Trademark Rule 2.122(e), 37 C.F.R. § 2.122(e) provides in pertinent part that:

Printed publications, such as books and periodicals, available to the general public in libraries or of general circulation among members of the public or that segment of the public which is relevant in a particular proceeding, and official records, if the publication or official record is competent evidence and relevant to an issue, may be introduced in evidence by filing a notice of reliance on the material being offered in accordance with paragraph (g) of this section.

⁶²⁷ 37 C.F.R. Part 10 was removed on April 3, 2013. At the time of this decision, the applicable rule 37 C.F.R. § 11.307(a), stated:

A practitioner shall not act as advocate at a proceeding before a tribunal in which the practitioner is likely to be a necessary witness unless: (1) The testimony relates to an uncontested issue; (2) The testimony relates to the nature and value of legal services rendered in the case; or (3) Disqualification of the practitioner would work substantial hardship on the client.

⁶²⁸ *Barclays Capital Inc.*, 124 U.S.P.Q.2d at 1166.

⁶²⁹ Trademark Rule 2.123(a)(1), 37 C.F.R. § 2.123(a)(1), provides in pertinent part that the adverse party may “elect to take and bear the expense of oral cross-examination.”

shifting would “support the goal of the final rule to create litigation efficiencies by ‘minimiz[ing] the ability of a party seeking cross-examination to thwart the other party’s efforts to rein in the cost of litigation by opting for testimony by affidavit.’”⁶³⁰

Moreover, the Board pointed out that Tiger Lily need not cross-examine the declarants in order to lodge its objections. It could forego cross-examination and still raise the issue in its final brief. “Thus there is not necessarily a cost-shifting burden incurred solely for raising substantive objections.”⁶³¹

The Board concluded that Tiger Lily was not entitled to an early ruling on its substantive objections, and it deferred until final hearing consideration of Tiger Lily’s motion to strike Barclay’s testimony declarations.

vii. Admissibility of Uncorroborated Internet Evidence

WeaponX Performance Products Ltd. v. Weapon X Motorsports, Inc.

The Board dismissed this Section 2(d) opposition to registration of the mark WEAPON X MOTORSPORTS for various automotive parts, automotive body kits, and conversions services, finding that Opposer WeaponX Performance (“Performance”) failed to prove priority. Performance relied on several Internet webpages in attempting to show prior use of the mark WEAPONX, but the factual statements made on those webpages were hearsay and Performance failed to provide corroborating testimony.⁶³²

Objection to Testimony: Opposer Performance objected to two testimony declarations submitted by Applicant Weapon X Motorsports (“Motorsports”) as exhibits to its notice of reliance rather than as separate declarations, thereby supposedly denying Performance the opportunity to cross-examine the witnesses. The Board noted that the two witnesses were properly identified in Applicant Motorsports’s pre-trial disclosures.

Although the better practice would have been for Applicant to file and serve separately copies of the Messrs. Herndon and Polter testimony declarations, instead of attaching them as exhibits to its notice of reliance, Applicant’s failure to do so is of no consequence. Opposer was still served with copies of the testimony declarations (which Opposer does not contest) filed during Applicant’s testimony period. Pursuant to Trademark Rule 2.123(c), Opposer could have elected to

⁶³⁰ *Barclays Capital Inc.*, 124 U.S.P.Q.2d at 1167, quoting Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 81 Fed. Reg. 69950, 69964 (Oct. 7, 2016).

⁶³¹ *Id.*

⁶³² *WeaponX Performance Prods. Ltd. v. Weapon X Motorsports, Inc.*, 126 U.S.P.Q.2d 1034 (T.T.A.B. 2018).

cross-examine these witnesses by filing and serving its notice of election to cross-examine, but it did not do so.⁶³³

Observing that Performance's objection "elevates form over substance," the Board overruled it.⁶³⁴

Priority: Applicant Motorsports was unable to show actual use of its mark earlier than its filing date of October 29, 2013, but it was entitled to rely on that date as its constructive first use date.⁶³⁵

Performance relied solely on the Internet evidence submitted with its notice of reliance. However, Internet evidence is admissible only for what it shows on its face, not for proof of any matter stated therein.⁶³⁶ "[A]ssertions appearing in the printouts submitted by Opposer under notice of reliance cannot be used to demonstrate its priority without testimony corroborating the truth of this matter."⁶³⁷ Performance failed to provide such testimony.

Reviewing the Internet evidence, the Board pointed out that entries made by Performance at online community board forums cannot be taken as true. Screenshots bearing the domain name www.weaponxperformance.com and displaying the mark WEAPONX on their faces do not prove that Opposer Performance was the owner of the websites or that the mark displayed on the websites was being used by Performance for the goods and services identified on the webpage. A press release on a third-party website stating "WeaponX Performance announced today that its revolutionary new spark plug is now available to consumers on its new Web site, www.weaponxperformance.com" is not evidence of the truth of the matters stated in the press release. "In sum, Opposer has not proven it is the owner of the mark pleaded in the notice of opposition, and, even if it did prove ownership, it has not demonstrated it has priority. Accordingly, Opposer cannot prevail on its claim of likelihood of confusion."⁶³⁸

Even if it had proven priority, the Board observed, Performance did not provide any evidence that it sold any of the pleaded goods or rendered any of the services. Therefore, the Board could not assess

⁶³³ *Id.* at 1037. The Board observed in footnote 12 that:

Normally, exhibits filed under a notice of reliance consist of pleaded registrations, pleaded applications, printed publications, official records, Internet materials, written disclosures of an adverse party, discovery depositions of the adverse party, and certain written discovery responses of an adverse party. *See generally* Trademark Rules 2.122(d)(2), 2.122(e)(1) and (2), 37 C.F.R. §§ 2.122(d)(2), (e)(1) and (2); and 2.120(k), 37 C.F.R. § 2.120(k).

⁶³⁴ *Id.*

⁶³⁵ *Id.* at 1041.

⁶³⁶ *Id.* at 1038. *See Safer, Inc. v. OMS Invs., Inc.*, 94 U.S.P.Q.2d 1031, 1040 (T.T.A.B. 2010).

⁶³⁷ *Id.* at 1041. *See Safer*, 94 U.S.P.Q.2d at 1040; *Coach/Braunsdorf Affinity, Inc. v. 12 Interactive, LLC*, 110 U.S.P.Q.2d 1458, 1467 n.30 (T.T.A.B 2014).

⁶³⁸ *Id.* at 1041-42.

the likelihood of confusion between the marks at issue and Performance failed to prove its Section 2(d) claim.

Abandonment: Finally, the Board considered Performance's unpleaded abandonment claim, which the Board found was tried by consent. Performance argued that Motorsport's failure to demonstrate use of its mark from 2001 to 2012 amounted to abandonment. However, since Performance itself failed to show prior rights in its pleaded mark, Motorsports's constructive first use date sufficed and the assertion that Motorsports did not use its mark prior to that date was irrelevant. And so, the Board dismissed the abandonment claim.

10. Discovery and Motion Practice

a. Motion to Disqualify the TTAB

Prospector Capital Partners, Inc. v. DTTM Operations LLC

The TTAB denied Petitioner Prospector Capital's motion to disqualify the Board from adjudicating this cancellation proceeding involving several registrations for the mark TRUMP. Prospector contended that because President Donald J. Trump owns an interest in the challenged registrations, the Board was incapable of fairly adjudicating the issues before it, since the Board's judges are appointed by the Secretary of Commerce, who is hired and fired by the President. The Board also denied Prospector's motion to transfer the case to a federal district court in California, and it denied Respondent DTTM's motion for default judgment.⁶³⁹

The Board had granted DTTM's motion to dismiss the petition for cancellation because Prospector did not properly plead standing or its abandonment claim. However, the Board allowed Prospector twenty days to file an amended petition. Instead, Prospector filed its motion to disqualify and to "transfer" venue to the U.S. District Court for the Central District of California.

Disqualification: TTAB Chief Judge Gerard F. Rogers authored the portion of the opinion dealing with disqualification. The Board found no basis for Prospector's assertion that it lacks the independence necessary to make unbiased decisions in this cancellation proceeding.

First, the judicial qualification provision of 28 U.S.C. Section 455,⁶⁴⁰ which Prospector invoked, is inapplicable because the Board is not a "court" as defined in Section 451⁶⁴¹ and therefore the Board's

⁶³⁹ Prospector Capital Partners, Inc. v. DTTM Operations LLC, 123 U.S.P.Q.2d 1832 (T.T.A.B. 2017).

⁶⁴⁰ 28 U.S.C. § 455(a) states that "Any justice, judge, or magistrate judge of the United States shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned."

⁶⁴¹ 28 U.S.C. § 451 states that:

administrative trademark judges are not “judges” under that statutory provision.⁶⁴²

Second, a “presumption of regularity attaches to the procedure of government agencies,” and to any order issued by an agency.⁶⁴³ Prospector provided no facts to support its asserted suspicions that the President or the Secretary of Commerce has or will assert improper influence on the Board. Thus, the Board found, the motion to disqualify was entirely without merit.

The Board observed that it has the authority to determine cancellation proceedings involving all registrations, irrespective of the owners thereof, and regardless of whether a party is directly or indirectly connected to the United States Government.

Finally, the Board pointed out that to the extent Prospector is dissatisfied with any final decision of the Board, it may seek judicial review of the decisions, either before the Federal Circuit or by way of civil action in a federal district court.⁶⁴⁴ Those courts are part of the judicial branch of the federal government, which is independent of the executive and legislative branches.

Therefore, the Board denied the motion to disqualify.

Motion to Transfer: The Board pointed out that, to the extent Prospector’s motion for transfer seeks judicial review of the Board’s decision on the motion to dismiss, such a request is premature because the Board’s ruling was only interlocutory. To the extent Prospector sought to have the district court adjudicate the entire cancellation proceeding, the Board has no statutory authority to “transfer” a proceeding to a district court.

Therefore, Prospector’s motion to transfer was denied.

Cross-Motion for Default Judgment: Respondent DTTM sought a default judgment because Prospector did not amend its petition for cancellation within the Board’s deadline. Prospector did not contest the motion. The Board, however, exercised its discretion to not consider the motion for default as conceded.

The term “court of the United States” includes the Supreme Court of the United States, courts of appeals, district courts constituted by chapter 5 of this title, including the Court of International Trade and any court created by Act of Congress the judges of which are entitled to hold office during good behavior.

⁶⁴² 28 U.S.C. § 451 states that “[t]he term ‘judge of the United States’ includes judges of the courts of appeals, district courts, Court of International Trade and any court created by Act of Congress, the judges of which are entitled to hold office during good behavior.” *See* *Bunnell v. Barnhart*, 336 F.3d 1112, 1115 (9th Cir. 2003) (administrative law judges do not fall within 28 U.S.C. § 455); *Greenberg v. Bd. of Governors of Fed. Res. Sys.*, 968 F.2d 164, 166-67 (2d Cir. 1992) (same).

⁶⁴³ *See, e.g.*, *U.S. Postal Serv. v. Gregory*, 534 U.S. 1, 10 (2001); *Busboom Grain Co. v. I.C.C.*, 830 F.2d 74, 75 (7th Cir. 1987). *Cf.* *U.S. v. Chem. Found., Inc.*, 272 U.S. 1, 14 (1926) (“In the absence of clear evidence to the contrary, courts presume that they have properly discharged their official duties.”).

⁶⁴⁴ *See* Section 1071 of the Lanham Act, 15 U.S.C. § 1071.

The Board noted that Prospector's motion to disqualify the Board was filed within the twenty-day deadline for amending the petition for cancellation. "Petitioner apparently concluded, although incorrectly, that the pendency of its motion to disqualify and request for transfer meant it did not need to file an amended petition to cancel, as allowed by the Board's order, to avoid dismissal of the petition."⁶⁴⁵

In view of that misunderstanding, the Board chose not to enter judgment by default, but instead gave Prospector a second opportunity to file an amended petition for cancellation.⁶⁴⁶

b. Location for Cross-Examination

U.S. States Postal Service v. RPost Communication Ltd.

In this opposition to registration of the mark CERTIFIED EMAIL for various email services, Opposer United States Postal Service (USPS) submitted the testimony declarations of four witnesses, all located in the Washington, D.C., area. Applicant RPost served a notice to take oral cross-examination of these witnesses at its attorney's offices in Santa Monica, California. USPS moved to quash the notice of election and to require RPost to conduct the oral cross-examinations in Washington, D.C. The Board granted the motion.⁶⁴⁷

USPS contended that, due to the expense, inconvenience, and lost time, Santa Monica is not a "reasonable time and place" for the depositions, citing Rule 2.123(c).⁶⁴⁸ RPost pointed out that, although Rule 2.120(b)⁶⁴⁹ requires that discovery depositions be taken in the federal judicial district in which the individual "resides or is regularly employed." Rule 2.123(c) does not contain such a provision.

The Board noted that Rule 2.123(a)(1), effective on January 14, 2017, allows trial testimony in declaration or affidavit form, subject to the right of an adverse party to "elect to take and bear the expense of oral cross-examination of that witness."⁶⁵⁰ The witnesses must be made "available" for cross-examination.⁶⁵¹

⁶⁴⁵ *Prospector Capital Partners*, 123 U.S.P.Q.2d at 1837.

⁶⁴⁶ After the Board denied Prospector's request for reconsideration, Prospector did not file an amended petition for cancellation, and so the Board dismissed the proceeding with prejudice on December 28, 2017.

⁶⁴⁷ *U.S. Postal Service v. RPost Commc'n Ltd.*, 124 U.S.P.Q.2d 1045 (T.T.A.B. 2017).

⁶⁴⁸ Trademark Rule 2.123(c), 37 C.F.R. § 2.123(c), provides in pertinent part that "[d]epositions may be noticed for any reasonable time and place in the United States."

⁶⁴⁹ Trademark Rule 2.120(b), 37 C.F.R. § 2.120(b).

⁶⁵⁰ Trademark Rule 2.123(a)(1), 37 C.F.R. § 2.123(a)(1).

⁶⁵¹ *Id.*

In its notice of final rulemaking⁶⁵² prior to implementation of the new rules, the Board stated that the phrase “reasonable time and place” in Rule 2.123(c) must be read in conjunction with Rule 2.123(a)(1)’s edict that the deposing party “bear the expense of oral cross-examination.”⁶⁵³ The intent of that provision was to add “no burden” on the proffering party in terms of additional travel or attorney expense in connection with producing its witness for oral cross-examination.⁶⁵⁴ The cross-examining party bears the expense of the court reporter and any accommodations for taking the deposition.⁶⁵⁵

Here, if RPost’s notice of election were approved, not only would USPS face additional travel expenses, but its witnesses would each miss two or more days of work to travel to Santa Monica. Moreover, under the old rule, had the direct testimony of these witnesses been taken by USPS in Washington, D.C., RPost’s counsel would have had to travel there to conduct cross-examination. Thus, conducting its elected cross-examination in Washington, D.C., would not impose any new travel burden on RPost. Consequently, the Board concluded that Santa Monica is not a “reasonable . . . place” for the cross-examination.

The Board further noted that RPost could accept USPS’s proposal that the cross-examination be conducted by videoconference or telephone, which would satisfy some of RPost’s concerns.

The Board therefore granted the motion to quash and allowed RPost ten days to file a new notice of election of cross-examination of the declarants in Washington, D.C., or any place mutually agreed upon.

c. Motion to Strike Pretrial Disclosures and Exclude Testimony

Kate Spade LLC v. Thatch, LLC

The Board denied Opposer Kate Spade’s motion to strike Applicant Thatch’s pretrial disclosures and to exclude three subsequently filed testimony declarations, rejecting Spade’s assertion that Thatch failed to timely supplement its initial disclosures to identify the three declarants. Because the testimony related to third-party use of marks similar to Thatch’s marks,

⁶⁵² Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 81 Fed. Reg. 69950, 69964 (Oct. 7, 2016).

⁶⁵³ *U.S. Postal Service v. RPost Comm’n Ltd.*, 124 U.S.P.Q.2d at 1047.

⁶⁵⁴ *Id.*, quoting Notice of Proposed Rulemaking, 81 Fed. Reg. at 69964.

⁶⁵⁵ *Id.*

Thatch's identification of the witnesses after trial had begun was sufficient and timely.⁶⁵⁶

In its initial disclosures, Thatch stated it might introduce at trial "[d]ocuments reflecting third party use and registration of marks similar to Applicant's." During Spade's trial period, Thatch supplemented its initial disclosures to identify as witnesses one Nart-anong Chinda as well as "third-party use witnesses to be determined" to authenticate use of third-party marks. Thatch also served Spade with documents demonstrating third-party use.

Subsequently, in its pre-trial disclosures, Thatch identified Ms. Chinda as a trial witness, as well as Gabriel Mann and Medhi Neyestanki, to testify and introduce exhibits regarding third-party use. Thatch then filed the testimony declarations of these three witnesses. Spade argued that Thatch's disclosures were untimely and deprived it of the opportunity to seek discovery from these witnesses.

The Board turned to FRCP 37(c)(1) in determining whether Thatch's pre-trial disclosures were proper and adequate. Under that rule, the Board applies a five-factor test to determine whether to strike pretrial disclosures.

- 1) the surprise to the party against whom the evidence would be offered; 2) the ability of that party to cure the surprise; 3) the extent to which allowing the testimony would disrupt the trial; 4) importance of the evidence; and 5) the nondisclosing party's explanation for its failure to disclose the evidence.⁶⁵⁷

Supplemental Initial Disclosures: The Board observed that Ms. Chinda testified merely as an authenticating witness, and such testimony "does not add substantively to the evidence."⁶⁵⁸ Because her identity was promptly disclosed after she collected the third-party evidence, the supplemental initial disclosure was sufficient. Likewise, the subsequent pre-trial disclosure regarding her testimony was timely, and therefore the Board denied Spade's motion to strike her testimony.

The other two witnesses, however, were not identified until Thatch's pre-trial disclosures. Applying the *Great Seats* factors, the Board noted that evidence of third-party use and registration "can be powerful evidence of [a] term's weakness,"⁶⁵⁹ and so the fourth factor favored Applicant Thatch. Since there is no duty to

⁶⁵⁶ Kate Spade LLC v. Thatch, LLC, 126 U.S.P.Q.2d 1098 (T.T.A.B. 2018).

⁶⁵⁷ *Id.* at 1101, quoting *Great Seats Inc. v. Great Seats Ltd.*, 100 U.S.P.Q.2d 1323, 1327 (T.T.A.B. 2011).

⁶⁵⁸ *Id.* at 1102.

⁶⁵⁹ *Id.* at 1103, *See* *Jack Wolfskin Ausrüstung für Draussen GmbH & Co. v. Millennium Sports, S.L.U.*, 797 F.3d 1363, 116 U.S.P.Q.2d 1129, 1136 (Fed. Cir. 2015); *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 115 U.S.P.Q.2d 1671, 1674 (Fed. Cir. 2015).

investigate third-party use during discovery, nor is there a duty to disclose every exhibit a party plans to use at trial, the fifth factor favored Thatch.⁶⁶⁰

As to the first factor, Opposer Spade

[K]new of the two parties as third party users, and was aware of the subject matter ultimately covered by the testimony of Mr. Mann and Mr. Neyestanki. Even if Opposer was not aware of every fact set forth in their declarations, the record reflects that it was aware of the pertinent information therein.⁶⁶¹

Although Thatch listed third-party use as a category in its initial disclosures, Spade did not seek discovery thereon, nor did it claim surprise when it received Thatch's supplemental initial disclosure. Instead it waited three months to challenge the pre-trial disclosures.

Spade argued that cross-examination was not sufficient to challenge the testimony of these two witnesses, and that discovery was needed. The Board disagreed:

Based on the limited nature of the testimony regarding third party use, broad discovery is unnecessary. Opposer is free to challenge the evidence about third party use. Any need for Opposer to have learned about Applicant's evidence earlier could have been addressed months ago and Opposer has only its own inaction to blame. Accordingly, the second and third factors favor Applicant.⁶⁶²

The Board concluded that, on balance, Thatch's failure to disclose these two witnesses until its pre-trial disclosures was "substantially justified and harmless,"⁶⁶³ and so the motion to strike the pre-trial disclosures as to these two witnesses was denied.

⁶⁶⁰ *Id.* See *Rocket Trademarks Pty Ltd. v. Phard S.p.A.*, 98 U.S.P.Q.2d 1066, 1071-72 (T.T.A.B. 2011); *Sheetz of Del., Inc. v. Doctor's Assocs. Inc.*, 108 U.S.P.Q.2d 1341, 1348 (T.T.A.B. 2013).

⁶⁶¹ *Id.* at 1104.

⁶⁶² *Id.*

⁶⁶³ *Id.*

PART III. LITIGATION IN THE FEDERAL COURTS AND STATE COURTS OF GENERAL JURISDICTION

A. Infringement, Unfair Competition, and Related Torts

1. Establishing Liability

a. Violations of Trademark and Service Mark Rights

i. Defining Claimed Marks

A plaintiff's first task when preparing a lawsuit is to define the mark or marks in which it claims rights. Under Section 45 of the Act, a trademark conceivably can consist of "any word, name, symbol, or device, or any combination thereof"; the same statute contains a substantively identical definition of "service mark."⁶⁶⁴ These definitions are deliberately broad, but that does not prevent defendants from moving to dismiss complaints allegedly failing to describe claimed marks with enough specificity to give sufficient notice of the plaintiffs' grievances.

More often than not, this phenomenon occurs in trade dress disputes, and such was the case over the past year in a battle between manufacturers of insulated drinkware.⁶⁶⁵ Apparently anticipating a motion to dismiss, the plaintiff's complaint included pictures of each of the four goods in which it claimed trade dress rights, along with detailed descriptions of their appearances.⁶⁶⁶ Weighing the defendant's challenge to the adequacy of the plaintiff's averments, the court observed that "[the plaintiff] needs only to articulate its trade dress with enough specificity to allow the court to 'evaluate the plausibility' of [the plaintiff's] claim and provide [the defendant] with 'fair notice of the grounds of the claim.'"⁶⁶⁷ It found that the complaint satisfied this standard, in the process rejecting the defendant's argument that, as the court summarized it, "when there's less of a likelihood of confusion, a district court should require a plaintiff to articulate its trade dress with more specificity."⁶⁶⁸

⁶⁶⁴ 15 U.S.C. § 1127 (2012).

⁶⁶⁵ See *YETI Coolers, LLC v. JDS Indus.*, 300 F. Supp. 3d 899 (W.D. Tex. 2018).

⁶⁶⁶ *Id.* at 908-10.

⁶⁶⁷ *Id.* at 911 (quoting *N.Y. Pizzeria, Inc. v. Syal*, 56 F. Supp. 3d 875, 882 (S.D. Tex. 2014)).

⁶⁶⁸ *Id.* The court rejected the defendant's argument on this point because:

To adopt [the defendant's] position would require the Court to analyze the merits of [the plaintiff's] trade dress claims and to then raise [the plaintiff's] pleading requirements on the basis of that merits analysis. Not only is a merits analysis improper at this stage of the litigation, there is no authority—and [the defendant] does not attempt to cite any—for increasing a plaintiff's pleadings requirements as a result of such an analysis.

Id. at 911.

A similar attack on the specificity of a plaintiff's definition of its claimed trade dress failed on a motion for judgment on the pleadings.⁶⁶⁹ The disputed trade dress comprised the appearance of a line of stained-glass devotional prayer candles. As the court summarized the primary basis of the motion, "Defendant argues . . . that the alleged trade dress is described so broadly as 'to capture nearly any stained glass type design, essentially making [the plaintiff's] stained glass design generic.'"⁶⁷⁰ The court was unconvinced, holding instead that "Plaintiff's relatively detailed description of its claimed trade dress is adequate to put defendant on notice, particularly in light of Plaintiff's inclusion of images of the claimed trade dress in the [complaint]."⁶⁷¹

In contrast, although addressing the issue in the context of an inquiry into whether the formats of three advertisements for pediatric dental crowns were inherently distinctive, a different court found the plaintiff's descriptions of its claimed trade dresses fatally defective as a matter of law.⁶⁷² As reproduced in the court's opinion, the three advertisements comprised the following:⁶⁷³



Noting that the plaintiff's description of the first of these was replete with boilerplate recitations of "unique[ness]" and "distinctive" but short on details as to which elements might qualify for those adjectives, the court observed that "[a]s currently defined, the court and competitors remain in the dark as to what [the plaintiff] purports to own. Are competitors never to advertise using the same third-party stock photograph? Can they use the same photograph, but pair it with different text, logo and company information?"⁶⁷⁴ Its skepticism extended to the second advertisement, as to which it inquired, "is plaintiff claiming to own the right to arrange any image

⁶⁶⁹ See *Mercado Latino, Inc. v. Indio Prods., Inc.*, 122 U.S.P.Q.2d 1590 (C.D. Cal. 2017).

⁶⁷⁰ *Id.* at 1593.

⁶⁷¹ *Id.*

⁶⁷² See *EZ Pedo, Inc. v. Mayclin Dental Studio, Inc.*, 284 F. Supp. 3d 1065 (E.D. Cal. 2018).

⁶⁷³ *Id.* at 1068-69.

⁶⁷⁴ *Id.* at 1073.

of metallic gears next to a slogan containing the words ‘engineered for’? Does the font matter? Do the color, size and shape of the gears matter? Can the word ‘engineered’ be used without the preposition ‘for’?”⁶⁷⁵ Turning to the third advertisement, it observed that “[i]t is unclear whether plaintiff’s claimed trade dress focuses on computer-aided shaded teeth with the same vertices and angles, or only when depicted in the same deep-blue color. Can a competitor use the same image, but in deep red?”⁶⁷⁶ Under these circumstances, the defendants were entitled to summary judgment because “[w]ithout the requisite specificity plaintiff’s trade dress claims cannot proceed to trial under an inherent distinctiveness theory.”⁶⁷⁷

ii. Establishing Protectable Rights

(A) *The Effect of Federal Registrations on the Mark-Validity Inquiry*

Ownership of a federal registration may not be a prerequisite for a successful enforcement action,⁶⁷⁸ but it nevertheless can have its benefits. Specifically, if a claimed mark is not registered on the Principal Register, its owner bears the burden of proving the mark’s validity,⁶⁷⁹ but, even if the owner of a registration on the Principal Register has not yet filed a declaration of incontestability under Section 15,⁶⁸⁰ Sections 7(b) and 33(a) of the Act both recognize the registration as “prima facie evidence” of the validity of the registered mark.⁶⁸¹ As always, courts differed on the precise nature of that evidence. On the one hand, some courts held that that prima facie evidence shifted the burden of proof to the party challenging the validity of the registered mark.⁶⁸² As the Eighth Circuit explained in a case in which the registration at issue had spent less than five years on the Principal Register:

⁶⁷⁵ *Id.*

⁶⁷⁶ *Id.*

⁶⁷⁷ *Id.*

⁶⁷⁸ *See Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724, 745 (Tex. Ct. App. 2017).

⁶⁷⁹ *See, e.g., Military Certified Residential Specialist, LLC v. Fairway Indep. Mortg. Corp.*, 251 F. Supp. 3d 750, 757 (D. Del. 2017) (requiring owner of marks registered on Supplemental Register to prove distinctiveness).

⁶⁸⁰ 15 U.S.C. § 1065 (2012).

⁶⁸¹ *Id.* §§ 1057(b), 1115(a).

⁶⁸² *See, e.g., Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400, 406 (S.D.N.Y. 2018) (“[The plaintiff’s] mark is presumptively distinctive and nonfunctional because it is registered with the PTO. ‘As a result, when a plaintiff sues for infringement of its registered mark, the defendant bears the burden to rebut the presumption of [the] mark’s protectibility by a preponderance of the evidence.’” (citation omitted) (quoting *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 345 (2d Cir. 1999)).

In a trademark suit, whether a mark is registered is important because it determines which party bears the burden of persuasion. If the mark is not registered, the mark user bears the burden of showing that the mark is protected by the Lanham Act. But if a mark is listed on the PTO's Principal Register, the party challenging the mark's validity bears the burden of showing the mark is not protected by the Lanham Act.⁶⁸³

In contrast, other courts held that the *prima facie* evidence of mark validity represented by a not-yet-incontestable registration merely shifted the burden of production and that, "once a defendant produces sufficient evidence to 'burst' the presumption [of validity], the plaintiff can no longer 'rely on that presumption to defeat' a motion for summary judgment."⁶⁸⁴

The "conclusive evidence" of mark validity under Section 33(b)⁶⁸⁵ represented by registrations for which declarations of incontestability under Section 15 had been filed received greater respect.⁶⁸⁶ Thus, for example, one court rejected a defendant's attack on the distinctiveness of a mark covered by an incontestable registration by noting the conclusive evidence of validity it represented.⁶⁸⁷ It then observed that "[i]n arguing that [the mark] is not inherently distinctive, [the defendant] does not invoke any of the defenses that the Lanham Act provides for as a challenge to a mark's incontestable status. Accordingly, the Court finds that by virtue of [the plaintiff's] ownership of an incontestable registration . . . , the mark is valid"⁶⁸⁸

A California federal district court applied this rule with perhaps too much enthusiasm.⁶⁸⁹ The plaintiff before that tribunal owned four federal registrations, for only two of which it had filed

⁶⁸³ ZW USA, Inc. v. PWD Sys., LLC, 889 F.3d 441, 449 (8th Cir. 2018) (citations omitted); *accord* Marketquest Grp. v. BIC Corp., 316 F. Supp. 3d 1234, 1257 (S.D. Cal. 2018) ("As all of [the plaintiff's] marks in this case are registered on the Principal Register of the PTO, the registrations are 'prima facie evidence of the validity of the registered marks.' 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." (citations omitted) (quoting 15 U.S.C. § 1057(b); 15 U.S.C. § 1115(a)).

⁶⁸⁴ Uncommon, LLC v. Spigen, Inc., 305 F. Supp. 3d 825, 855 (N.D. Ill. 2018) (quoting *Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 938 (7th Cir. 1986)), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018).

⁶⁸⁵ 15 U.S.C. § 1115(b).

⁶⁸⁶ *See, e.g.*, *Military Certified Residential Specialist, LLC v. Fairway Indep. Mortg. Corp.*, 251 F. Supp. 3d 750, 756 (D. Del. 2017) ("If the mark at issue [i]s federally registered and ha[s] become incontestable, . . . validity, legal protectability, and ownership are proved." (alterations in original) (quoting *Ford Motor Co. v. Summit Motor Prod., Inc.*, 930 F.2d 277, 291 (3d Cir. 1991)).

⁶⁸⁷ *See* *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018).

⁶⁸⁸ *Id.* at 356.

⁶⁸⁹ *See* *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

declarations of incontestability. In finding the two incontestably registered marks protectable as a matter of law, the court held (quite properly) that “[a]s a result of their incontestable nature here, the marks in the . . . registrations are ‘presumed to be at least descriptive with secondary meaning,’ regardless of whether the mark would otherwise be descriptive and regardless of its strength or weakness as a mark.”⁶⁹⁰ Unusually, it then held that one of the two remaining marks was “functionally incontestable” because the salient portion of that mark was the same as that covered by the two incontestable registrations.⁶⁹¹ Although the defendants pointed out the absence of a Section 15 filing for the registration, the court considered that an inconsequential detail, holding (quite improperly) that:

Defendants’ argument confuses the issue here, which is not about what requirements a registrant must satisfy to register a given mark with the PTO, but about whether it makes any practical sense to challenge a mark on “merely descriptive” grounds when other iterations of the *same* salient feature of the marks for the *same* goods cannot be so challenged. Here, the Court finds that doing so would be nothing more than an “idle act.”⁶⁹²

(B) Ownership

The perennial issue of who owns the rights to the name of a musical group with a revolving cast of members took center stage in an appeal to the Eleventh Circuit.⁶⁹³ The group in question was the Commodores, which first achieved fame in the 1970s, and which was controlled by a corporation founded by the group’s original members, and eventually owned by two of those members. Another original member was the guitarist Thomas McClary, who left the group in 1984 to pursue a solo career, but who, along with his own corporation, eventually began promoting his performances under the marks COMMODORES FEATURING THOMAS MCCLARY, and THE 2014 COMMODORES. Not surprisingly, the corporation controlled by his former bandmates sued, asserting infringement.

Following a bench trial, the district court assigned to the case entered a permanent injunction against the defendants, and the Eleventh Circuit affirmed. In the process, the appellate court rejected the defense argument that McClary retained an ownership

⁶⁹⁰ *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1264 (S.D. Cal. 2018) (quoting *Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC*, 605 F.3d 931, 939 (11th Cir. 2010)).

⁶⁹¹ *Id.* at 1265.

⁶⁹² *Id.*

⁶⁹³ *See Commodores Entm’t Corp. v. McClary*, 879 F.3d 1114 (11th Cir.), *cert. denied*, 139 S. Ct. 225 (2018).

interest in the original band's THE COMMODORES mark. The court began with the proposition that "[c]ommon-law trademarks existed in the name 'The Commodores,' and the original owner of the marks was the group as a whole."⁶⁹⁴ From there, it concluded that "[o]wnership of the marks did not stay with McClary when he left the performing group. Rather, ownership of the marks began in, remained in, and could not be divided from the group, as opposed to its individual members."⁶⁹⁵ There were several reasons for this, the first of which was McClary's three-decade-long absence from the band.⁶⁹⁶ Another was that "the unrefuted record can lead only to the reasonable conclusion that McClary lacked control over the musical venture known as 'The Commodores' after he left the band to pursue his solo career."⁶⁹⁷ Likewise, in response to the defendants' showing that McClary had on several occasions after his departure filled in as a guest guitarist, the court held that "[e]ven if the evidence could support a finding that McClary rejoined the group—and in no way does it afford that inference—it could not support the conclusion that McClary should be able to use the group's name while performing separately from the group."⁶⁹⁸ The defendants' reliance on McClary's receipt of royalties from Commodores recordings similarly fell short because those royalties arose only from sales of songs recorded while McClary remained a formal member of the group.⁶⁹⁹ Finally, under the various contractual arrangements between the parties, "leaving the group meant leaving behind any rights to the group's name."⁷⁰⁰

A different court addressed an ownership-related question arising in another context, namely, under what circumstances a distributor of particular goods can establish it owns the mark appearing on those goods.⁷⁰¹ The case presented claims by a distributor that historically had ordered dinnerware from an intermediary, which then ordered it from the manufacturer. This relationship worked productively for a nineteen-year period, but it ended when the lead defendant purchased the intermediary and advised the plaintiff, *inter alia*, that the lead defendant owned the rights to certain trade dresses incorporated into the dinnerware in question. The plaintiff responded to that notice with a lawsuit and motions for expedited relief premised on the theory that it, and not the lead defendant, owned the trade dress.

⁶⁹⁴ *Id.* at 1132.

⁶⁹⁵ *Id.*

⁶⁹⁶ *Id.* at 1132-33.

⁶⁹⁷ *Id.* at 1133.

⁶⁹⁸ *Id.* at 1134.

⁶⁹⁹ *Id.* at 1135-36.

⁷⁰⁰ *Id.* at 1137.

⁷⁰¹ *See Oneida Grp. v. Steelite Int'l U.S.A. Inc.*, 122 U.S.P.Q.2d 1694 (E.D.N.Y. 2017).

The court turned to the test for ownership most commonly applied in the past to untangle parties' rights in similar scenarios. As the court explained it, that test assumes that "[a]s a general rule, where a manufacturer and exclusive distributor contest the ownership of a trademark and no agreement controls, it is the manufacturer who presumptively owns the mark,' even where the manufacturer is located outside the United States."⁷⁰² Nevertheless, the test allows an exception to the general rule if consideration of the following factors discloses a distributor's reputation or business style has contributed to the mark's value: "(1) which party invented and first affixed the mark onto the product; (2) which party's name appeared with the trademark; (3) which party maintained the quality and uniformity of the product; and (4) with which party the public identified the product and to whom purchasers made complaints."⁷⁰³ "In addition," the court concluded, "a court may look at which party possesses the goodwill associated with the product, or which party the public believes stands behind the product."⁷⁰⁴

The plaintiff did not fare well in the court's weighing of these considerations. Although the plaintiff claimed to have designed one of the disputed trade dresses with a third party, the defendants proffered testimony from a principal of the third party and documentary evidence placing that claim into dispute.⁷⁰⁵ The plaintiff also failed to convince the court its name had appeared on anything more than the packaging for one line of the dinnerware in question.⁷⁰⁶ Finally, the plaintiff also fell short in substantiating its arguments that it had anything to do with the quality of the dinnerware at issue⁷⁰⁷ and that dinnerware consumers associated the disputed trade dresses with it, rather than the defendants.⁷⁰⁸ The court therefore concluded the plaintiff had failed to demonstrate its ownership of the disputed trade dresses, at least for purposes of its motion for preliminary injunctive relief.⁷⁰⁹

⁷⁰² *Id.* at 1704 (quoting *Tactica Int'l, Inc. v. Atl. Horizon Int'l, Inc.*, 154 F. Supp. 2d 586, 600 (S.D.N.Y. 2001)).

⁷⁰³ *Id.* (quoting *Tecnimed SRL v. Kidz-Med, Inc.*, 763 F. Supp. 2d 395, 403 (S.D.N.Y. 2011), *aff'd*, 462 F. App'x 31 (2d Cir. 2012)).

⁷⁰⁴ *Id.* (quoting *Tactica Int'l, Inc. v. Atl. Horizon Int'l, Inc.*, 154 F. Supp. 2d 586, 600 (S.D.N.Y. 2001)).

⁷⁰⁵ *Id.* at 1704-06.

⁷⁰⁶ *Id.* at 1706-07.

⁷⁰⁷ The plaintiff's only evidence on this issue was that of a single customer service visit. *Id.* at 1707.

⁷⁰⁸ The plaintiff's case regarding association rested on declaration testimony from a single witness, and, the court found, that witness's inconsistent deposition testimony "virtually destroyed" the credibility of his declaration. *Id.*

⁷⁰⁹ *Id.*

(C) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

Prior use is a prerequisite for common-law trademark rights: Indeed, the Supreme Court opined over a century ago that “as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question,”⁷¹⁰ and another court correctly remarked over the past year that “[t]he basic rule of trademark ownership in the United States is priority of use.”⁷¹¹ Prior use in commerce also is a mandatory requirement for protectable rights under the Lanham Act’s private causes of action.⁷¹² If they do not own a federal registration on the Principal Register, plaintiffs have the burden of proving their priority of rights.⁷¹³ As always, disputes over prior use and prior use in commerce proved a rich source of reported opinions.

(a) The Nature and Quality of Use in Commerce Necessary to Establish Protectable Rights

The most notable appellate opinion to reach an actual resolution of a dispute over the use-in-commerce prerequisite for trademark rights issued in an appeal to the Fifth Circuit from the entry of a preliminary injunction against the impending use of the mark THE KRUSTY KRAB in connection with restaurant services.⁷¹⁴ The plaintiff was the broadcasting and cable company responsible for the animated television series *SpongeBob SquarePants*, a key location in which was a restaurant operating as THE KRUSTY KRAB. The plaintiff “extensively licensed” its mark for “many consumer products,”⁷¹⁵ and that practice was a secondary consideration underlying the court’s conclusion that the plaintiff had used the mark in commerce. The primary one, though, was the prominent role the fictional restaurant played in the plaintiff’s series. Observing that “[w]hen an element plays a more central role in a franchise, trademark protection is ordinarily granted,”⁷¹⁶ the

⁷¹⁰ United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 100 (1918).

⁷¹¹ CSL Silicones, Inc. v. Midsun Grp., 301 F. Supp. 3d 328, 346 (D. Conn. 2018) (quoting 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 16:1 (5th ed. 2017)).

⁷¹² See 15 U.S.C. §§ 1114, 1125(a), 1125(c)-(d) (2012).

⁷¹³ Dille Family Tr. v. Nowlan Family Tr., 276 F. Supp. 3d 412, 428 (E.D. Pa. 2017).

⁷¹⁴ See Viacom Int’l v. IJR Invs., L.L.C., 891 F.3d 178 (5th Cir. 2018).

⁷¹⁵ *Id.* at 188. On this issue, the court concluded from the preliminary injunction record that “[t]he record verifies that The Krusty Krab appears on many consumer products including: reusable SpongeBob-themed stickers; multiple Krusty Krab playsets from brands like Lego; an aquarium ornament; a video game; and shirts, among other products. On most of those products, The Krusty Krab is featured prominently and contributes in identifying the good.” *Id.*

⁷¹⁶ *Id.* at 187.

court credited the plaintiff's argument that the claimed mark "is integral to 'SpongeBob SquarePants,' as it appears in over 80% of episodes, plays a prominent role in the SpongeBob films and musical, and is featured online, in video games, and on licensed merchandise."⁷¹⁷ The plaintiff therefore had adequately established its priority of rights.

The same result held in a case presenting more conventional facts.⁷¹⁸ The issue of whether the plaintiff had established its priority of rights arose in the context of a claim by the defendants that the plaintiff's marks were void ab initio because the plaintiff had never used them in commerce, much less prior to the defendants' adoption of their allegedly infringing marks. Reviewing the summary judgment record, the court found it undisputed that the plaintiff had used all of its marks on its website, in catalogs, and at trade show booth displays; moreover, at least some of the marks also appeared on containers, shipping labels, and packing slips.⁷¹⁹ In entering summary judgment in the plaintiff's favor on the issue, the court found these uses sufficient to establish the plaintiff's priority,⁷²⁰ especially because the plaintiff's distributor-customers were exposed to the marks, even if end users of the goods associated with the marks were not.⁷²¹

Not all claims of priority succeeded. In a case in which the counterclaim defendants averred use predating the priority date attaching to an incontestable registration owned by their opponent, the court found after a bench trial that the counterclaim defendants had failed to carry their burden.⁷²² One basis of the United Kingdom-based counterclaim defendants' claim of priority was their distribution of "thousands of catalogs into the United States," but, as the court found, their mark appeared only on the catalogs' covers, rather than in connection with the goods for which they claimed rights.⁷²³ Another was their operation of a website accessible throughout the United States, in connection with which

⁷¹⁷ *Id.* at 188.

⁷¹⁸ *See* Marketquest Grp. v. BIC Corp., 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

⁷¹⁹ *Id.* at 1282.

⁷²⁰ *Id.* at 1283-88.

⁷²¹ *Id.* at 1284.

⁷²² *See* Spiral Direct, Inc. v. Basic Sports Apparel, Inc., 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605 (11th Cir. Mar. 13, 2018).

⁷²³ As the court explained:

[A] customer viewing the catalog would have no idea what goods, if any at all, were associated with the [counterclaim defendants'] [m]ark because it did not appear on any of the pages except for the cover. Indeed, a reasonable customer could have believed that [the counterclaim defendants] *only* re-sold third-party goods because the catalog did not distinguish . . . goods [bearing the mark] from third-party goods.

Id. at 1369.

the court found that the counterclaim defendants had produced “no data regarding the number of customers who visited or purchased goods through the . . . website”;⁷²⁴ moreover, and of equal significance, “[s]imply operating a website that is accessible to every person in the United States does not confer common law trademark rights on the owner for the entire United States.”⁷²⁵ A final showing by the counterclaim defendants was of “twenty-three invoices of sales made . . . in twelve states,” which the court rejected because the counterclaim defendants had failed to prove those sales were “sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.”⁷²⁶ The counterclaim defendants’ claim of prior use therefore failed.

Defense claims of priority predating the filing dates of plaintiffs’ intent-to-use applications fall short in two cases. In the first, the plaintiff filed its application on February 12, 2014, a date the defendant initially attempted to beat by claiming use of its confusingly similar mark in May and September of the same year, dates it claimed preceded the plaintiff’s filing of a statement of use by at least five months.⁷²⁷ The court properly dismissed that argument in part because:

[B]y filing its intent-to-use application and obtaining federal registration, [the plaintiff] established constructive use of the trademark nationwide, meaning that as of the date of the application . . . , [the plaintiff] establishe[d] a priority date with the same legal effect as the earliest actual use of a trademark at common law.”⁷²⁸

The court then identified two reasons why the defendant’s showing was deficient even had the claimed use occurred prior to the plaintiff’s filing date. The first was the defendant’s failure to demonstrate its proffered transactions had occurred under the mark at issue, while the second was that “[t]wo [transactions] (four months apart) are simply not to link the . . . mark with [the defendant’s] services in the minds of consumers, nor put other businesses on notice of [the defendant’s] unregistered mark.”⁷²⁹

A defense claim of priority grounded in allegations of analogous use also fell short in a case similarly demonstrating the potential

⁷²⁴ *Id.* at 1370.

⁷²⁵ *Id.*

⁷²⁶ *Id.* (quoting *Crystal Entm’t & Filmworks, Inc. v. Jurado*, 643 F.3d 1313, 1321 (11th Cir. 2011)).

⁷²⁷ *See Vacation Rental Partners, LLC v. VacayStay Connect, LLC*, 122 U.S.P.Q.2d 1514 (N.D. Ill. 2017).

⁷²⁸ *Id.* at 1520 (fourth alteration in original) (quoting 2 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 16:17 (4th ed.)).

⁷²⁹ *Id.* at 1521.

value of the nationwide constructive priority of rights available to federal registrants.⁷³⁰ The plaintiff filed two intent-to-use applications to register its mark on March 22, 2016, and those applications matured into registrations, giving the plaintiff priority of rights at least as early as its filing date under Section 7(c) of the Act.⁷³¹ Having applied to register its own mark on April 29, 2016, and formally begun using it on May 2, 2016, the plaintiff's applications forced the defendant into the position of having to prove it had acquired rights through beta testing and pre-market presentations. In attempting to do so, the defendant invoked the doctrine of analogous use, which the court defined in the following manner:

A party can claim priority when the prior use is an analogous use, i.e., there is "evidence showing, first, adoption, and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark." Analogous use is a fact-specific inquiry, which "does not require direct proof of an association in the public mind." Generally, the party is required to demonstrate that its use of the mark "was sufficiently clear, widespread, and repetitive to create the required association in the minds of potential purchasers between the mark as the indicator of a particular source and the service to become available later."⁷³²

That definition proved an insurmountable obstacle to the defendant. Although there was no apparent dispute the defendant had beta tested the software sold under its mark, the court faulted the defendant's showing for three reasons: (1) the twenty participants were nothing more than "a small, hand-picked group" and therefore did not represent "a substantial segment of [the defendant's] customer base";⁷³³ (2) the participants had executed non-disclosure agreements, which precluded use of the mark from being "open and notorious";⁷³⁴ and (3) not all the tests exposed participants to the mark.⁷³⁵ The defendant also proffered evidence it had made "pre-sale presentations" to "over one thousand people," but those similarly failed to qualify as sufficiently public to link the claimed mark to its

⁷³⁰ See *Nexsan Techs., Inc. v. EMC Corp.*, 260 F. Supp. 3d 68 (D. Mass. 2017).

⁷³¹ 15 U.S.C. § 1057(c) (2012).

⁷³² *Nexsan Techs.*, 260 F. Supp. 3d at 75-76 (quoting first *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 418 (1st Cir. 1951), then *Herbko Int'l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1162 (Fed. Cir. 2002), and *T.A.B. Sys. v. PacTel Teletrac*, 77 F.3d 1372, 1376 (Fed. Cir. 1996)).

⁷³³ *Id.* at 76.

⁷³⁴ *Id.* at 76-77.

⁷³⁵ *Id.* at 77.

goods, especially because attendees also had signed nondisclosure agreements.⁷³⁶ Likewise, the court declined to give any weight to references to the defendant's mark on an independent blog operated by one of the defendant's employees in significant part because "a member of the public would not reasonably believe that the words used in the blog reflect actual commercial intent or authorization by [the defendant]." Finally, the plaintiff's awareness of the defendant's claimed mark before filing its applications did not make the grade, as it was irrelevant to the question of whether "a wider segment of [the defendant's] customer base would link [the defendant] and the [defendant's claimed mark]." ⁷³⁷ The plaintiff therefore enjoyed priority of rights as a matter of law.⁷³⁸

Another failed bid for priority came in an action by a Ukrainian limited liability company in a dispute over a domain name incorporating the plaintiff's service mark.⁷³⁹ The record developed by the parties in support of their cross-motions for summary judgment established that the plaintiff operated an online platform for the sale and exchange of children's clothing in its home country and had secured a registration of its mark for that service from the Ukrainian trademark office. Nevertheless, although the plaintiff's website was accessible in the United States, the court determined that:

The record makes clear that plaintiff did not provide *this service* in the United States or to United States citizens abroad Although plaintiff has presented evidence that persons in the United States accessed [plaintiff's] website, mere access to the webpage is insufficient to establish that plaintiff provided any service to individuals accessing the website in the United States, or to establish that the [claimed] mark was used in connection with any kind of business activity in the U.S.⁷⁴⁰

The court then addressed and rejected the plaintiff's backup argument that the plaintiff's participation in Google's AdSense program gave it protectable rights, holding instead that "the fact that plaintiff provided a service to a U.S. citizen is not enough to establish common law trademark rights in the United States" ⁷⁴¹

Finally, some courts deferred their resolution of use-in-commerce disputes. For example, one court declined to grant a

⁷³⁶ *Id.*

⁷³⁷ *Id.* at 78.

⁷³⁸ *Id.* at 79.

⁷³⁹ See *Klumba.UA, LLC v. klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018), *appeal docketed*, No. 18-1731 (4th Cir. June 29, 2018).

⁷⁴⁰ *Id.* at 778.

⁷⁴¹ *Id.* at 779.

motion to dismiss the claim by a pair of plaintiffs that their opponent had registered a number of marks it had not lawfully used in commerce.⁷⁴² According to the plaintiffs, the goods associated with the defendant's registered marks were drug paraphernalia and therefore barred from interstate commerce by the Controlled Substances Act (CSA).⁷⁴³ The challenged registrations covered at least fifteen different goods, and the defendant's motion accused the plaintiffs' complaint of failing to identify those clearly covered by the CSA. In denying the motion, the court agreed with the defendant that at least some of the goods, such as the defendant's rolling papers, almost certainly qualified for an exemption under the CSA covering products intended for use with tobacco papers. "Nevertheless," it concluded, "[the plaintiffs] identif[y] at least one . . . trademarked product [offered by the defendant]—a vaporizer—that does not incontrovertibly fall under the exemption."⁷⁴⁴ Because "[w]hether [the defendant's] device constitutes drug paraphernalia is a factual question that cannot be resolved at the motion-to-dismiss stage," the court declined to dismiss the plaintiffs' cause of action not only with respect to that good but as to all of them.⁷⁴⁵

Opinions deferring final resolutions of priority questions also arose out of motions for summary judgment. For example, a factual dispute precluded a finding of priority as a matter of law in litigation in which the plaintiff challenged imitations of two of its marks by a former distributor.⁷⁴⁶ Based on the summary judgment record assembled by both parties, the court found it undisputed that the Canadian-based plaintiff had distributed goods under one of its marks through third parties in the United States prior to engaging the defendant as a distributor. Unable to rebut that finding in and of itself, the defendant argued unsuccessfully that the court should disregard that use because it had not occurred in conjunction with a TM designation; the court rejected that contention by observing, "[t]he use of a 'TM' symbol in connection with a mark, either registered or unregistered, is not statutorily required, and does not, by itself, establish trademark rights."⁷⁴⁷ It also rebuffed the defendant's backup argument that the plaintiff's claimed mark always had appeared on packaging for the plaintiff's goods in conjunction with a house mark, observing in the process that "[t]he use of a house mark in connection with a [claimed] trademark is common, and does not speak to the validity of [that]

⁷⁴² See *Republic Techs. (NA), LLC v. BBK Tobacco & Foods, LLC*, 262 F. Supp. 3d 605 (N.D. Ill. 2017).

⁷⁴³ 21 U.S.C. § 801 (2012).

⁷⁴⁴ *Republic Techs.*, 262 F. Supp. 3d at 608.

⁷⁴⁵ *Id.*

⁷⁴⁶ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018).

⁷⁴⁷ *Id.* at 349.

trademark”⁷⁴⁸ Finally, the court held that, even though the plaintiff’s original sales to the third parties had taken place in Canada, that circumstance did not detract from third parties’ subsequent resale of the goods in the United States.⁷⁴⁹

Despite these initial victories, however, the plaintiff failed to prevail, at least as a matter of law, because of conflicting evidence and testimony on the issue of whether its use of the mark had been sufficiently continuous to create protectable rights prior to the defendant’s adoption of its allegedly infringing mark. The court teed up that issue by observing that “[t]o prove bona fide usage, the proponent of the trademark must demonstrate that his use of the mark has been deliberate and continuous, not sporadic, casual or transitory.”⁷⁵⁰ It then discounted declaration testimony proffered by the plaintiff because that testimony failed to connect the sales activities described in it with the mark at issue, the witness had left the plaintiff’s employ to attend college during of the years in question, and because the plaintiff had failed to produce any contemporary sales records supporting its claim of continuity.⁷⁵¹ The defendant’s own claim of priority therefore survived for resolution at trial.

Cross-motions for summary judgment similarly produced a procedural statement in a dispute in which both parties claimed rights to the BUCK ROGERS mark for various goods.⁷⁵² The defendant’s claim of priority rested on the January 15, 2009, filing date of an intent-to-use application, which the court properly recognized was the date to beat by the plaintiff.⁷⁵³ Although declining to find the plaintiff had done so as a matter of law, the court nevertheless found it had created a factual dispute on the issue. In reaching that conclusion, the court cited the plaintiff’s ownership of two (eventually cancelled) federal registrations “during the 1980s,” as well as “evidence of a license agreement executed between Plaintiff and [a third-party] licensee.”⁷⁵⁴ “Taken together,” the court concluded from the summary judgment record, a trier of fact could reasonably conclude . . . [the licensee’s] use of the BUCK ROGERS mark for games, comics and books between

⁷⁴⁸ *Id.*

⁷⁴⁹ *Id.* at 350.

⁷⁵⁰ *Id.* (quoting *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1271-72 (2d Cir. 1974)).

⁷⁵¹ *Id.* at 350-53.

⁷⁵² *See Dille Family Tr. v. Nowlan Family Tr.*, 276 F. Supp. 3d 412 (E.D. Pa. 2017).

⁷⁵³ The plaintiff improbably argued the defendant’s application was void because, at the time it was filed, the defendant did not use its claimed mark and therefore could not be its owner. The court concluded that argument “make[s] no sense because the intent-to-use application provision expressly contemplates that no use has yet taken place.” *Id.* at 431.

⁷⁵⁴ *Id.* at 429.

approximately 1988 and 1997 was ‘sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of [Plaintiff].’”⁷⁵⁵

(b) Use in Commerce Through Tacking

As one court properly recognized, “trademark law also recognizes that ‘[a] mark can be modified or changed without abandonment . . . if done in such a way that the continuing common element of the mark retains its impact and symbolizes a continuing commercial impression.’”⁷⁵⁶ The court did so in the context of a defense claim that the evolution of the mark shown below on the left to the one shown below on the right worked an abandonment of the plaintiff’s rights to the former.⁷⁵⁷



Finding that the original mark’s salient component consisted of the words “All in One,” the court found as a matter of law that no abandonment had occurred because the mark’s two versions created the same commercial impression.⁷⁵⁸

In contrast, a different court declined to resolve the tacking dispute before it as a matter of law.⁷⁵⁹ That dispute arose in the context of the defendants’ claimed prior use of the mark the plaintiffs accused them of infringing. The defendants’ original use appears below on the left, a use that eventually evolved to that on the right.⁷⁶⁰



⁷⁵⁵ *Id.* (third alteration in original) (quoting *Lucent Info. Mgmt., Inc. v. Lucent Techs., Inc.*, 186 F.3d 311, 315 (3d Cir. 1999)).

⁷⁵⁶ *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1289 (S.D. Cal. 2018) (alteration in original) (quoting *Iowa Health Sys. v. Trinity Health Corp.*, 177 F. Supp. 2d 897, 922 (N.D. Iowa 2001)).

⁷⁵⁷ *Id.* at 1290.

⁷⁵⁸ *Id.* at 1290-91.

⁷⁵⁹ *See Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

⁷⁶⁰ *Id.* at 1045.

Citing the Supreme Court's holding in *Hana Financial, Inc. v. Hana Bank*⁷⁶¹ that tacking is a question of fact, the court concluded, "factual disputes remain as to whether the consuming public would view the prior use of the FABICK mark as the same as the current use of [the] Fabick CAT mark."⁷⁶² It therefore denied the parties' cross-motions for summary judgment on the issue.

(c) Use Through Licensees

The claimant to a mark need not itself use the mark in commerce to acquire protectable rights: Instead, as reflected in Section 5 of the Act,⁷⁶³ properly licensed uses can do the job. The acquisition of rights through licensees played a critical role in a case brought by the producer and distributor of the animated television series *SpongeBob SquarePants*, which successfully pursued and then defended on appeal a finding of infringement as a matter of law against the impending use of the mark THE KRUSTY KRAB by a Houston-area restaurateur.⁷⁶⁴ The plaintiff claimed rights to the same mark, although it did not itself use the mark in connection with a similar business; to the contrary, the plaintiff's restaurant was an entirely fictional enterprise existing only on the plaintiff's television show. No matter, the Fifth Circuit concluded in affirming entry of summary judgment in the plaintiff's favor. As the appellate court observed, the plaintiff had an extensive licensing program, through which its mark appeared on "many consumer products."⁷⁶⁵ That licensed use gave the plaintiff priority of rights even in the absence of the plaintiff's own use of the mark.

A Florida federal district court applied the same principle to resolve a priority dispute between a licensor and its former licensees in the licensor's favor.⁷⁶⁶ Having been sued for infringement after continuing to use the marks covered by their license following the license's termination, the licensees argued in response to the licensor's motion for summary judgment that they were the first users of the marks in the United States. The court's description of the summary judgment record suggested that was indeed the case, but it was to no avail: Because that use was under license, and because "a licensee's use of marks does not confer ownership rights

⁷⁶¹ 135 S. Ct. 907, 910 (2015).

⁷⁶² *Fabick*, 296 F. Supp. 3d at 1045.

⁷⁶³ 15 U.S.C. § 1065 (2012).

⁷⁶⁴ See *Viacom Int'l v. IJR Invs., L.L.C.*, 891 F.3d 178 (5th Cir. 2018).

⁷⁶⁵ *Id.* at 188.

⁷⁶⁶ See *Casa Dimitri Corp. v. Invieta Watch Co. of Am., Inc.*, 270 F. Supp. 3d 1340 (S.D. Fla. 2017).

to the licensee,” it inured only to the licensor’s benefit, not that of the licensees.⁷⁶⁷ The licensor therefore enjoyed priority of rights.⁷⁶⁸

In a final case to address the significance of licensing to the priority inquiry, the plaintiff had assigned the registered marks to which it asserted rights to a shell corporation owned and controlled by the plaintiff’s principal; the marks were later reassigned to the plaintiff but only after a five-year period in which there was no apparent license in place between those two companies.⁷⁶⁹ The defendants claimed the rights to the marks had gone abandoned during the five years in question, and it moved the court for summary judgment on the issue. The court denied the motion, citing record testimony from the plaintiff’s principal that he controlled both the companies in question as evidence the plaintiff (and not the defendant) deserved to prevail without the need for a trial: “In light of [the principal’s] total control of both entities for most, if not all, of the claimed period of abandonment, the evidence would strongly suggest that [the two companies] are ‘related parties’ as a matter of law.”⁷⁷⁰

(d) Use-Based Geographic Rights

Under the *Tea Rose-Rectanus* doctrine, if neither party to a priority dispute owns a registration on the Principal Register, its rights ordinarily will be limited to the geographic areas in which it does business, or, possibly, its zone of natural expansion.⁷⁷¹ As set forth by the Supreme Court, though, that general rule is subject to a significant exception in cases in which “the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.”⁷⁷² If that circumstance exists, the senior user may be entitled to injunctive relief despite any geographic separation in the parties’ markets.

The Court’s failure to further define “inimical” has led to a split among the lower courts as to its meaning. On the one hand, some circuits have held that a defendant is ineligible for the doctrine’s protection only if adopts its mark with a bad-faith intent to misappropriate the senior user’s goodwill.⁷⁷³ On the other hand, however, the Ninth Circuit adopted the contrary rule, namely, that

⁷⁶⁷ *Id.* at 1358.

⁷⁶⁸ *Id.*

⁷⁶⁹ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

⁷⁷⁰ *Id.* at 1060.

⁷⁷¹ 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).

⁷⁷² *Hanover Star*, 240 U.S. at 415.

⁷⁷³ See, e.g., *C.P. Interests, Inc. v. Cal. Pools, Inc.*, 238 F.3d 690, 700 (5th Cir. 2001); *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990).

“there is no good faith if the junior user had [mere] knowledge of the senior user’s prior use.”⁷⁷⁴ It did so in part because “[w]hen describing good faith [in articulating the *Tea Rose-Rectanus* doctrine], the Supreme Court emphasized that the junior user had no awareness of the senior user’s use of the mark.”⁷⁷⁵ Of equal importance, the court explained, “[t]ying good faith to knowledge makes sense in light of the policy underlying the doctrinal framework,” because “the *Tea Rose-Rectanus* doctrine operates to protect a junior user who unwittingly adopted the same mark and invested time and resources into building a business with that mark.”⁷⁷⁶ Finally, the court found guidance in the affirmative defense set forth in Section 33(b)(5), which on its face is available if a junior user’s mark “was adopted *without knowledge* of the registrant’s prior use”:⁷⁷⁷ The court concluded from that statutory language that “the Lanham Act displaces the *Tea Rose-Rectanus* defense by charging later users with knowledge of a mark listed on the federal register. If constructive notice is sufficient to defeat good faith, it follows that actual notice should be enough too.”⁷⁷⁸

In a geographic-rights dispute in which the *Tea Rose-Rectanus* doctrine did not come into play, one court confirmed that the accessibility of a website through the United States does not create nationwide protectable rights to a mark appearing on goods sold on that site.⁷⁷⁹ As it explained:

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

⁷⁷⁴ *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 437 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018).

⁷⁷⁵ *Id.* at 437.

⁷⁷⁶ *Id.* at 438-39.

⁷⁷⁷ *Id.* at 439 (quoting 15 U.S.C. § 1115(b)(5) (2012)).

⁷⁷⁸ *Id.*

⁷⁷⁹ *See Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No 18-10189-AA, 2018 WL 1957606 (11th Cir. Mar. 13, 2018).

software or purchasing a product—a website essentially functions as an advertisement for the owner’s goods.⁷⁸⁰

(2) Distinctiveness

(a) *Determining the Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks*

(i) Generic Designations

“[A] generic [claimed] mark ‘denotes the product rather than any of the brands of the product.’”⁷⁸¹ No readily apparent reported opinions reached actual findings of genericness, although some addressed the issue without resolving it.⁷⁸² For example, the Eighth Circuit entertained an appeal from a finding as a matter of law that the claimed ONEPUL mark was valid and protectable when used in connection with plastic bags for picking up and disposing of canine waste.⁷⁸³ It concluded that the summary judgment record was inconclusive on the issue: Although the plaintiff had proffered its federal registration before the district court, the defendant had responded with “printouts from several websites where competitors use the phrases ‘one pull’ or ‘one-pull’ to describe their dog bags, which [the defendant] contends establishes that ‘one-pull’ is just a type of dog bag.”⁷⁸⁴ Based on those conflicting showings, the appellate court concluded, the district court had improperly entered summary judgment in the plaintiff’s favor.⁷⁸⁵

The same disposition—the need for a trial to resolve the issue—held in a district court action to protect the appearance of a water bottle,⁷⁸⁶ depicted here in the form in which it was registered on the Principal Register.⁷⁸⁷

⁷⁸⁰ *Id.* at 1370.

⁷⁸¹ *ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441, 448 (8th Cir. 2018) (quoting *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 171 (7th Cir. 1996)).

⁷⁸² *See, e.g., Scheu & Scheu, Inc. v. Scheu*, 123 U.S.P.Q.2d 1370, 1375-77 (S.D. Fla. 2017) (denying defense motion for summary judgment grounded in alleged genericness of APE mark for the repair of circuit boards and goods related to the repair of circuit boards).

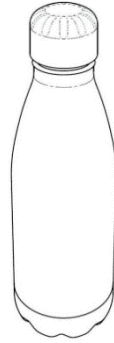
⁷⁸³ *See ZW USA, Inc. v. PWD Sys., LLC*, 208 F. Supp. 3d 1025 (E.D. Mo. 2016), *aff’d in part, rev’d in part*, 889 F.3d 441 (8th Cir. 2018).

⁷⁸⁴ *ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441, 449 (8th Cir. 2018) (footnote omitted).

⁷⁸⁵ *Id.* at 450.

⁷⁸⁶ *See Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

⁷⁸⁷ The graphic in the text accompanying this footnote is reproduced from the drawing in U.S. Reg. No. 5118514.



Seeking to prove the genericness of the bottle as a matter of law, the defendant introduced into the summary judgment record “declarations from various employees who state that they purchased [similar] bottles from various stores and websites, providing pictures, descriptions, and receipts.”⁷⁸⁸ The defendant then rolled out the novel argument that if “the total number of such different sources exceeds 20, the alleged mark is generic because it cannot indicate that it emanates from a single source.”⁷⁸⁹ The court reached a different conclusion, holding that “no such numeric rule exists.”⁷⁹⁰ Rather, “[i]f, for example, one source has such a large market share and strong brand awareness that the public strongly associates its mark with that brand, consumers will likely assume that products bearing that mark are associated with that brand, regardless of the number of ‘knockoff’ manufacturers.”⁷⁹¹ In the final analysis, it held, “[t]he number of manufacturers is . . . a relevant, but not determinative factor.”⁷⁹²

(ii) Descriptive Marks

“Descriptive marks—such as ‘5 Minute glue’ or ‘After Tan post-tanning lotion’—merely describe a function, use, characteristic, size, or intended purpose of the product and are not inherently distinctive.”⁷⁹³ Having conceded the descriptiveness of its mark—THE WRITE CHOICE for magnets, computer peripherals, writing instruments, paper clips, bumper stickers, rulers, letter openers, and plastic key tags—by registering it with a showing of acquired distinctiveness under Section 2(f),⁷⁹⁴ one plaintiff switched gears

⁷⁸⁸ *Can’t Live Without It*, 287 F. Supp. 3d at 406.

⁷⁸⁹ *Quoted in id.* at 406.

⁷⁹⁰ *Id.*

⁷⁹¹ *Id.*

⁷⁹² *Id.*

⁷⁹³ *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651, 661 (4th Cir. 2018).

⁷⁹⁴ 15 U.S.C. § 1052(f) (2012); *see also In re Profl Learning Ctrs.*, 230 U.S.P.Q. 70, 71 (T.T.A.B. 1986) (“By . . . seeking registration under Section 2(f), applicant, in effect, has

and argued the mark was in reality fanciful and therefore inherently distinctive.⁷⁹⁵ Giving the USPTO's placement of the mark on the spectrum of distinctiveness some, but not dispositive, weight, the court rejected that argument as a matter of law.⁷⁹⁶ Not only was the mark's "write" component merely descriptive of writing instruments, it determined, but the mark in its entirety was "necessarily of a laudatory nature" and therefore also descriptive.⁷⁹⁷

Another easy finding of descriptiveness came in litigation to protect the ALZHEIMER'S ASSOCIATION mark, owned by the world's largest private non-profit funder of Alzheimer's research.⁷⁹⁸ The court's analysis was brief and to the point: "Conceptually, the Court finds that the mark "Alzheimer's Association" is descriptive; it describes a charitable organization that does work related to the disease called Alzheimer's."⁷⁹⁹ Moreover, it found, as a shorthand for the organization's formal name of Alzheimer's Disease and Related Disorders Association, "the mark is comprised of two fairly common words. . . . Even taken together, the two words suggest nothing beyond forming a bare descriptor for an association related to Alzheimer's."⁸⁰⁰

So too did a court hearing a motion for a temporary restraining order have no difficulty concluding that the plaintiff's claimed CAJUN FILET BISCUIT mark merely described a chicken breast fillet prepared with Cajun seasoning and enclosed in a biscuit.⁸⁰¹ In reaching that finding, the court drew upon its personal familiarity with the plaintiff's product:

While [the plaintiff's] unique blend of Cajun spices, its buttery biscuit, and fried chicken are well known to the court, its mark is not arbitrary—it describes what the product is: a fried chicken fillet (or fillet) with Cajun spices within a biscuit. Even if another quick-service restaurant were to use a phrase similar to "Cajun Chicken Filet Biscuit," it simply is what it is—a description of the product.⁸⁰²

Other findings of descriptiveness were less predictable. One reported opinion reached such a finding while rejecting the

conceded that its mark is not inherently distinctive and is not registrable in the absence of a showing of acquired distinctiveness.").

⁷⁹⁵ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

⁷⁹⁶ *Id.* at 1266.

⁷⁹⁷ *Id.* at 1267.

⁷⁹⁸ See *Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260 (S.D.N.Y. 2018).

⁷⁹⁹ *Id.* at 288.

⁸⁰⁰ *Id.*

⁸⁰¹ See *Bojangles' Int'l, LLC v. CKE Rests. Holdings, Inc.*, 123 U.S.P.Q.2d 1786 (W.D.N.C. 2017).

⁸⁰² *Id.* at 1790.

plaintiffs' claim of suggestiveness and the defendants' claim of genericness.⁸⁰³ Two of the plaintiffs' marks—UNLOADER and UNLOADER ONE—were registered for orthopedic knee braces, which led the court hearing the plaintiffs' preliminary injunction motion to place the burden of proving invalidity on the defendants. That the defendants failed to do, despite their proffered evidence of genericness from “various medical websites,” in documents from the National Institutes of Health and the Department of Veterans Affairs, and in medical studies.⁸⁰⁴ “In total,” the court acknowledged, “this evidence shows that consumers, as well as medical and insurance professionals, use unloader to refer to a type of knee brace rather than a specific firm's knee brace.”⁸⁰⁵ Nevertheless, the defendants' attack on the plaintiffs' marks ultimately failed in light of their inability to adduce evidence that consumers viewed the marks generically.⁸⁰⁶ At the same time, the court's opinion did not uniformly favor the plaintiff's position. Rather:

Here, [the plaintiffs] argue[] that Unloader One is suggestive because it suggests a product quality (unloading stress on relevant body parts), yet the consumer must use some imagination to conclude that the product is a knee brace. The Court disagrees: “unloader” literally describes the product's function—unloading weight. Therefore, it is a descriptive mark.⁸⁰⁷

In another less foreseeable finding, the CAPSULE mark fell into the category of descriptive when used in connection with cell phone cases.⁸⁰⁸ Reaching this finding as a matter of law, the court credited the defendant's showings of “dictionary definitions; a finding by the USPTO that ‘Capsule’ is descriptive as applied to cell phone cases; and relatively common use of the term among cell phone case suppliers.”⁸⁰⁹ Considered together, those showings made for a “somewhat sparse” record, but the court had “no trouble” determining that “[c]apsule . . . ‘specifically describes a *characteristic*’ of Plaintiff's cell phone case, which is all that it need do to be considered descriptive.”⁸¹⁰ Because “‘capsule’ directly imparts information about a characteristic of Plaintiff's product:

⁸⁰³ See *Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005 (C.D. Cal. 2017).

⁸⁰⁴ *Id.* at 1013.

⁸⁰⁵ *Id.*

⁸⁰⁶ *Id.*

⁸⁰⁷ *Id.* at 1015.

⁸⁰⁸ See *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018).

⁸⁰⁹ *Id.* at 855.

⁸¹⁰ *Id.* (quoting *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 952 (7th Cir. 1992)).

namely, that it is a case or covering,” it required acquired distinctiveness to be protectable.⁸¹¹

As always, courts treated surnames as descriptive marks. Thus, for example, the Third Circuit affirmed a finding as a matter of law that the claimed PARKS mark required a showing of acquired distinctiveness to qualify as a protectable indicator of the origin of the frankfurters sold under them.⁸¹² In doing so, the court rejected the argument that “the word ‘parks’ is also the plural of ‘park,’ as in recreational land, and therefore could be seen as an ‘arbitrary’ mark.”⁸¹³ On the contrary, the court determined, “it is undisputed that [the plaintiff] was named after its founder, someone who [the plaintiff] describes with justifiable pride as “an important figure in the history of American Business,” and [the plaintiff’s] reputation is closely linked to its founder.”⁸¹⁴ “Based on that record,” the court concluded, “no reasonable juror could conclude that the name PARKS was anything other than a reference to the founder.”⁸¹⁵

(iii) Suggestive Marks

“Suggestive marks—such as ‘Orange Crush®’—merely suggest a product’s features and require some imagination on the part of the consumer.”⁸¹⁶ Granting a defense motion for summary judgment, one court apparently found the MR WASH and MR WASH BRUSHLESS CAR WASH marks suggestive for car wash services.⁸¹⁷ Things did not begin in promising fashion for the plaintiff in light of the court’s comment that “the words ‘wash’ and ‘car wash’ are purely generic, and are therefore not entitled to any trademark protection.”⁸¹⁸ Moreover, the summary judgment record also demonstrated that “there are numerous car washes, both across the country and within Plaintiff[s] . . . territory, that use ‘MR’ in connection with car wash services.”⁸¹⁹ Nevertheless, “‘Mr.’ arguably requires ‘some degree of imagination’ in order to ‘associate . . . the

⁸¹¹ *Id.* at 856.

⁸¹² *See Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 226 (3d Cir. 2017).

⁸¹³ *Id.* at 231.

⁸¹⁴ *Id.* (citation omitted).

⁸¹⁵ *Id.*

⁸¹⁶ *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651, 662 (4th Cir. 2018); *see also* *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825, 855 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. April 26, 2018) (“An example of a suggestive mark is ‘Tide,’ which requires imagination to be connected with soap.”).

⁸¹⁷ *See Protect-A-Car Wash Sys., Inc. v. Car Wash Partners, Inc.*, 276 F. Supp. 3d 439 (D. Md. 2017), *appeal dismissed*, No. 17-2073, 2018 WL 1326272 (4th Cir. Jan. 16, 2018).

⁸¹⁸ *Id.* at 448.

⁸¹⁹ *Id.*

mark with' cleaning services."⁸²⁰ In the final analysis, though, the court found the mark conceptually weak as a matter of law even if it was inherently distinctive.⁸²¹

A more skeptical California federal district court declined to accept the claim of the plaintiff before it that the federally registered ALL IN ONE mark for the "dissemination of advertising matter" and the "customized printing of equipment, merchandise and accessories for business promotion" was suggestive as a matter of law.⁸²² The court invoked two tests for distinguishing between suggestive marks and their merely descriptive counterparts, the first of which was "the 'imagination test,' which asks whether 'imagination or a mental leap is required in order to reach a conclusion as to the nature of the product being referenced.'"⁸²³ The second was the competitive need test, which the court interpreted as asking "whether 'the suggestion made by the mark is so remote and subtle that it is really not likely to be needed by competitive sellers to describe their goods.'"⁸²⁴ Under either, the court concluded, a factual dispute precluded it from granting the plaintiff's motion for summary judgment on the issue of the mark's inherent distinctiveness.⁸²⁵

(iv) Arbitrary Marks

A Ninth Circuit opinion tackled the issue of where on the spectrum of distinctiveness to place a mark that might be a geographic place-name but for the absence of a geographic location with that name.⁸²⁶ The mark in question was STONE CREEK, used in connection with furniture. In reversing a finding of noninfringement, the appellate court faulted the district court's failure to give proper weight to the conceptual strength of the mark. Specifically, it observed that "[the plaintiff's] mark falls at the high end as a fanciful or arbitrary mark";⁸²⁷ because there was nothing fanciful about the mark's constituent elements, however, the mark undoubtedly fell only within the latter category.

That was not the only opinion in which the Ninth Circuit reached a determination of arbitrariness. In an opinion affirming

⁸²⁰ *Id.* at 449 (alteration in original) (quoting *George & Co. v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009)).

⁸²¹ *Id.*

⁸²² *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

⁸²³ *Id.* at 1259 (quoting *Rudolph Int'l, Inc. v. Realys, Inc.*, 482 F.3d 1195, 1198 (9th Cir. 2007)).

⁸²⁴ *Id. Zobmondo Entm't, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1116 (9th Cir. 2010)).

⁸²⁵ *Id.* at 1261.

⁸²⁶ *See Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018).

⁸²⁷ *Id.* at 433.

the entry of a preliminary injunction,⁸²⁸ that court affirmed a finding that the following registered three-stripe design marks qualified as arbitrary when used in connection with athletic footwear.⁸²⁹



The court did not elaborate on its conclusion, noting only that “[t]he Three-Stripe mark . . . features an arbitrary and distinctive design.”⁸³⁰

At the trial court level, a Connecticut federal district court found a plaintiff’s 529 mark arbitrary as a matter of law when used in connection with a vulcanizing silicon rubber coating material.⁸³¹ Attempting to create a factual dispute on the issue, the defendant pointed to the USPTO’s initial refusal to register the plaintiff’s mark because of the agency’s determination it was merely a grade designator. The court acknowledged that “deference should be given by a court to the interpretation by the agency charged with its administration,”⁸³² but it also was true that “the PTO examiner’s initial rejection of [the plaintiff’s] trademark application was not a final determination.”⁸³³ In addition, and of greater significance to the court’s analysis, the defendant had attested to the mark’s inherent distinctiveness in discovery responses, in deposition testimony, and in a sworn declaration submitted to the USPTO while pursuing its own registration of the same mark.⁸³⁴

In a different dispute, one between two restaurateurs, the plaintiff successfully demonstrated its LA BAMBA mark was arbitrary.⁸³⁵ As the court summarized the plaintiff’s position,

⁸²⁸ See *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

⁸²⁹ The graphics in the text accompanying this footnote are reproduced from the drawings in U.S. Reg. Nos. 1815956, 1833868, 2278589, 3029129, and 3029135.

⁸³⁰ *adidas Am.*, 890 F.3d at 758.

⁸³¹ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018).

⁸³² *Id.* at 355 (quoting *Buti v. Perosa, S.R.L.*, 139 F.3d 98, 105 (2d Cir. 1998)).

⁸³³ *Id.*

⁸³⁴ *Id.* at 355-56.

⁸³⁵ See *La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 295 F. Supp. 3d 756 (W.D. Ky. 2018).

“Plaintiff states that the term has some common usage in ordinary language (such as the term’s association with a 1980’s song and movie), but that the term ‘La Bamba’ is unrelated to the restaurant services Plaintiff provides.”⁸³⁶ That satisfied the court’s test for arbitrariness, pursuant to which “[a]n arbitrary mark has ‘a significance recognized in everyday life, but the thing it normally signifies is unrelated to the product or service to which the mark is attached.’”⁸³⁷

(v) Coined or Fanciful Marks

One court opined that “[f]anciful marks consist of coined phrases that also have no commonly known connection with the product at hand.”⁸³⁸ Another observed, “fanciful . . . marks may be made-up words crafted to represent a product or service, such as Xerox, Exxon or Kodak.”⁸³⁹ Actual findings placing marks into this category, however, were absent from reported opinions.

(b) *Determining the Inherent Distinctiveness of Trade Dress and Nontraditional Marks*

One lead plaintiff, a perfume manufacturer holding licenses from the other plaintiffs, who were various celebrities (or the companies set up by them), had little difficulty establishing that the thirteen unregistered packaging trade dresses it sought to protect qualified as inherently distinctive and therefore eligible for protection without showings they had achieved secondary meaning.⁸⁴⁰ The court singled out the following packages as representative examples of those at issue:⁸⁴¹



⁸³⁶ *Id.* at 766.

⁸³⁷ *Id.* (quoting *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Center*, 109 F.3d 275, 280 (6th Cir. 1997)).

⁸³⁸ *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1267 (S.D. Cal. 2018) (quoting *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 631-32 (9th Cir. 2005)).

⁸³⁹ *Scheu & Scheu, Inc. v. Scheu*, 123 U.S.P.Q.2d 1370, 1373 (S.D. Fla. 2017).

⁸⁴⁰ *See Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

⁸⁴¹ *Id.* at 473, 474.

Referring to these and to the lead plaintiff's packages in the aggregate, the court found after a bench trial that they "all consist of original, detailed, and specific fragrance packaging combinations, and thus merit trade dress protection."⁸⁴² Moreover, "[a]lthough some individual features of a given fragrance [packaging]—indeed, of all the fragrance[] [packaging] [the lead plaintiff] seeks to protect—may be common in the fragrance industry, 'the impression given by all of [the features] in combination' is plainly inherently distinctive."⁸⁴³

Not all plaintiffs were as successful in demonstrating the inherent distinctiveness of their nonverbal marks. Although, as one court noted, the North American quadruped popularly known as the "buffalo" (but more properly referred to as a "bison") has no readily apparent connection to bourbon,⁸⁴⁴ that disconnect did not result in a finding of inherent distinctiveness for a buffalo-themed bottle on which that beverage was sold. The plaintiff's claimed trade dress consisted of a pair of buffalo and white and gold lettering, along with the BUFFALO TRACE word mark, which the plaintiff asserted was protectable in the absence of a showing of acquired distinctiveness. Following a bench trial, the court found:

Under the Lanham Act, "[t]he predominant test for inherent distinctiveness asks whether (1) the design or shape is a common, basic shape or design; (2) it was unique or unusual in a particular field; and (3) it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods which consumers view as mere ornamentation."⁸⁴⁵

It then rejected the plaintiff's pretensions to ownership of an inherently distinctive mark, concluding from the trial record that "[the defendant] submitted extensive evidence of other alcoholic beverages with trade dresses that include a buffalo image, some with similarly 'realistic' depictions."⁸⁴⁶ That was not all, however, for "[the plaintiff's] own evidence showed that [the plaintiff's bourbon] has low brand recognition and comprises only one half of one percent of the whiskey market. There is simply no basis for a

⁸⁴² *Id.* at 443.

⁸⁴³ *Id.* at 444 (sixth alteration in original) (quoting *Fun-Damental Too, Ltd. v. Gemmy Indus.*, 111 F.3d 993, 1001 (2d Cir. 1997)).

⁸⁴⁴ See *Sazerac Co. v. Fetzer Vineyards, Inc.*, 265 F. Supp. 3d 1013, 1017 (N.D. Cal. 2017), *appeal docketed*, No. 17-16916 (9th Cir. Sept. 22, 2017).

⁸⁴⁵ *Id.* at 1033 (quoting *Mattel, Inc. v. MGA Entm't, Inc.*, 782 F. Supp. 2d 911, 1004 (C.D. Cal. 2011)).

⁸⁴⁶ *Id.*

finding that [the plaintiffs claimed] trade dress is inherently distinctive.”⁸⁴⁷

Likewise, a different plaintiff failed to convince the court hearing its bid to protect a claimed trade dress associated with a line of devotional prayer candles that the trade dress was inherently distinctive.⁸⁴⁸ In response to a defense motion for judgment on the pleadings, the plaintiff asserted its trade dress was “of the product packaging variety” and therefore eligible for protection without acquired distinctiveness.⁸⁴⁹ Although otherwise denying the motion, the court balked at that claim, concluding to the contrary that “[a]lthough a trade dress claim premised on [Plaintiff’s] label alone might qualify as a packaging claim, Plaintiff describes its trade dress as encompassing even the essential, physical aspects of the . . . candles, including a cylindrical container and a solid, single color wax.”⁸⁵⁰ Especially in light of First Circuit authority categorizing a similar claimed trade dress as product design⁸⁵¹ and the Supreme Court’s mandate that “courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning,”⁸⁵² “Plaintiff’s trade dress is best characterized as product design rather than packaging, and therefore cannot be inherently distinctive”⁸⁵³

(c) Acquired Distinctiveness

(i) Opinions Finding Acquired Distinctiveness

The existence or nonexistence of acquired distinctiveness may be an inherently factual question, but that does not prevent its resolution as a matter of law on motions for summary judgment. One opinion making that point arose from an appeal to the Fifth Circuit in which the distinctiveness of THE KRUSTY KRAB as a mark for fictional restaurant services depicted in the *SpongeBob SquarePants* animated television series, as well as for various real-life consumer goods, was at issue.⁸⁵⁴ In affirming the district court’s entry of summary judgment in the plaintiff’s favor, the appellate court identified the following factors as relevant to the inquiry at hand:

⁸⁴⁷ *Id.*

⁸⁴⁸ *See Mercado Latino, Inc. v. Indio Prods., Inc.*, 122 U.S.P.Q.2d 1590 (C.D. Cal. 2017).

⁸⁴⁹ *Id.* at 1593.

⁸⁵⁰ *Id.*

⁸⁵¹ *See Yankee Candle Co. v. Bridgewater Candle Co.*, 259 F.3d 25, 40-41 (1st Cir. 2001).

⁸⁵² *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 215 (2000).

⁸⁵³ *Mercado Latino*, 122 U.S.P.Q.2d at 1594.

⁸⁵⁴ *See Viacom Int’l v. IJR Invs., L.L.C.*, 891 F.3d 178 (5th Cir. 2018).

(1) length and manner of use of the [claimed] 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 [mark].⁸⁵⁵

The first of these considerations favored a finding of distinctiveness, as the fictional restaurant had appeared in eighty percent of the episodes of the plaintiff's programs over an eighteen-year period.⁸⁵⁶ The plaintiff also benefitted from the "millions" of dollars it had earned from sales of licensed goods bearing the mark, which the court weighed in conjunction with the plaintiff's showing that the *SpongeBob SquarePants* franchise as a whole had grossed "a combined \$470 million."⁸⁵⁷ The court further concluded that the effectiveness of the plaintiff's promotional efforts was "evident" in the success of product sales and feature films in which the fictional restaurant appeared prominently.⁸⁵⁸ The mark's acquired distinctiveness also was reflected in unsolicited media coverage and its frequent appearances on the plaintiff's social media platforms.⁸⁵⁹ Although the summary judgment record lacked survey evidence, direct consumer testimony, and proof of a bad-faith intent by the defendant, those gaps in the plaintiff's case did not place the mark's acquired distinctiveness into dispute or require the court to credit the defendant's argument that consumers associated the plaintiff's mark with a cartoon restaurant rather than viewing it as a distinct source of goods.⁸⁶⁰

Findings of acquired distinctiveness occurred in contexts other than on summary judgment. For example, a trade dress dispute between manufacturers of athletic footwear led the Ninth Circuit to affirm a finding of acquired distinctiveness for one of the plaintiffs' models in affirming the grant of the plaintiff's preliminary injunction motion.⁸⁶¹ The appellate court began its analysis by noting that "[s]ome of the relevant factors for determining secondary meaning include the exclusivity, manner, and length of use of the trade dress, the amount and manner of advertising, the amount of sales, and proof of intentional copying by the defendant."⁸⁶² The plaintiff's successful showing included exclusive use since the 1970s, the expenditure of "considerable capital and

⁸⁵⁵ *Id.* at 190.

⁸⁵⁶ *Id.*

⁸⁵⁷ *Id.* at 190-91.

⁸⁵⁸ *Id.* at 191.

⁸⁵⁹ *Id.*

⁸⁶⁰ *Id.*

⁸⁶¹ *See adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

⁸⁶² *Id.* at 754.

human resources to promote the shoe,” and the plaintiffs’ receipt of “significant but difficult-to-quantify value from placing the [shoe] with celebrities, musicians, athletes, and other ‘influencers’ to drive consumer hype and recognition of the trade dress—which, in 2014, became [the plaintiffs’] top selling shoe of all time with the 40 millionth pair sold.”⁸⁶³ The plaintiff also benefitted from the “considerable amount of unsolicited media coverage praising the [shoe’s] influence and iconic status as one of the most famous sneakers of all time,”⁸⁶⁴ as well as the defendant’s intentional copying of the shoe.⁸⁶⁵

A New York federal district court rolled out the Second Circuit’s multifactored test for acquired distinctiveness en route to findings that a pair of unregistered verbal marks—LADY GAGA and LADY GAGA FAME—used in connection with perfumes had achieved secondary meaning:

In analyzing secondary meaning, courts generally consider six factors: “(1) the senior user’s advertising and promotional expenses; (2) consumer studies linking the name to the source; (3) the senior user’s sales success; (4) third-party uses and attempts to plagiarize the mark; (5) length and exclusivity of the mark’s use; and (6) unsolicited media coverage of the products at issue.”⁸⁶⁶

Following a bench trial, the court used a far simpler analysis to find that the marks had achieved secondary meaning. As it explained without a substantive discussion of the evidence and testimony in the trial record, the marks “have plainly achieved secondary meaning as they function as distinctive source identifiers for the eponymous entertainer Lady Gaga and her fragrance line. That secondary meaning has attached to the Lady Gaga marks is not—and cannot be—disputed.”⁸⁶⁷ The plaintiffs also sought to protect additional verbal marks covered by federal registrations, as well as a number of packaging designs found inherently distinctive by the court. Declining to require showings of secondary meaning with respect to those, the court nevertheless observed that even if those showings were necessary, “[the lead plaintiff] presented evidence of secondary meaning in the form of sales success, advertising expenditures, unsolicited media coverage showcasing its marks and trade dresses, consumer studies linking the names to the source,

⁸⁶³ *Id.*

⁸⁶⁴ *Id.*

⁸⁶⁵ *Id.* at 755.

⁸⁶⁶ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 441 (S.D.N.Y. 2017) (quoting *Mobileye, Inc. v. Picitup Corp.*, 928 F. Supp. 2d 759, 779 (S.D.N.Y. 2013)).

⁸⁶⁷ *Id.* at 443.

and [the defendant's] conscious imitation of its marks and trade dress."⁸⁶⁸

(ii) Opinions Declining to Find Acquired Distinctiveness

The highly factual nature of the inquiry into the acquired distinctiveness attaching to claimed marks did not stop one court from granting a motion to dismiss on the issue.⁸⁶⁹ The plaintiff falling victim to that result sought to protect the claimed trade dress of two bridesmaid dress designs. Its complaint did not entirely ignore the issue of distinctiveness, but it nevertheless limited itself to averments the designs had enjoyed instant success, received media coverage, and been the subject of "consistent advertising."⁸⁷⁰ The court found the plaintiff had failed to connect the designs' alleged success to the designs themselves (as opposed to some other cause), and it found the advertising-related allegations lacked substance. With the plaintiff additionally having neglected to plead the existence of favorable survey evidence or intentional copying, its case could not make it past the pleadings stage.⁸⁷¹

Other claims of acquired distinctiveness proved so deficient they failed to survive defense motions for summary judgment. For example, the Third Circuit affirmed the grant of such a motion through an application of the following factors:

- (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.⁸⁷²

That disposition was unusual because the plaintiff's claimed mark was once one of some consequence; indeed, its original owner had been the first African-American-owned business to be traded on the New York Stock Exchange and, as the court determined, "the [plaintiff's] brand had likely developed prominence sufficient for common law trademark protection earlier than 1970 . . ."⁸⁷³ Plus, although the company later fell on hard times, was sold to new owners, and eventually used its mark only through two licensees, the licensees enjoyed tens of millions of dollars in sales of goods

⁸⁶⁸ *Id.* at 444.

⁸⁶⁹ *See* Jenny Yoo Collection, Inc. v. Watters Design Inc., 124 U.S.P.Q.2d 1553 (S.D.N.Y. 2017).

⁸⁷⁰ *Quoted in id.* at 1557.

⁸⁷¹ *Id.*

⁸⁷² *Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 231 (3d Cir. 2017) (quoting *Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432, 438 (3d Cir. 2000)).

⁸⁷³ *Id.* at 224.

bearing the licensed mark in the years prior to the onset of hostilities.

Nevertheless, like the district court, the Third Circuit held there was no material dispute concerning the lack of acquired distinctiveness attaching to the mark. There might be “faint echoes” in consumers’ minds of “a ubiquitous and long-running ad campaign” undertaken decades earlier, but the plaintiffs’ licensees had done nothing comparable in more recent years.⁸⁷⁴ The court also found unconvincing the plaintiff’s attempt to use the results of a confusion survey to create a factual dispute as to acquired distinctiveness, concluding that, even if the survey’s results actually reflected confusion among respondents, “[e]stablishing that two marks are similar does not necessarily lead to any valid conclusion about whether either of the two has secondary meaning.”⁸⁷⁵ It then dismissed the plaintiff’s evidence of licensed sales by the two licensees by characterizing that evidence as insignificant within the national market in which the plaintiff claimed rights, even if the licensee enjoyed “considerably greater” sales in Pennsylvania and New Jersey.⁸⁷⁶ Even “a handful of vague complaints of [actual] confusion” from “friendly sources” failed to do the job;⁸⁷⁷ “[i]f anything,” the court explained, “the paucity of proof of actual confusion suggests that the [plaintiff’s] mark lacks secondary meaning.”⁸⁷⁸

A different opinion rejecting a claim of acquired distinctiveness as a matter of law did so by applying the Seventh Circuit’s multifactored test on the subject: “Factors used to assess whether a term has secondary meaning include: ‘(1) the amount and manner of advertising; (2) the sales volume; (3) the length and manner of use; (4) consumer testimony; and (5) consumer surveys.’”⁸⁷⁹ A critical flaw in the showing of acquired distinctiveness before the court was that the plaintiff had used its mark for only a year prior to the defendant’s first use, a fact “provid[ing] a significant reason to doubt that the mark achieved secondary meaning, particularly in a market replete with similar products.”⁸⁸⁰ The court also gave the defendant credit for survey results indicating that only 6 percent of respondents recognized the plaintiff’s claimed mark; “[t]hus,” the court concluded from the survey results, “Plaintiff’s product does not

⁸⁷⁴ *Id.* at 232.

⁸⁷⁵ *Id.* at 235.

⁸⁷⁶ *Id.*

⁸⁷⁷ *Id.* at 236.

⁸⁷⁸ *Id.*

⁸⁷⁹ *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825, 856 (N.D. Ill. 2018) (quoting *Platinum Home Mortg. Corp. v. Platinum Fin. Grp.*, 149 F.3d 722, 728 (7th Cir. 1998)), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018).

⁸⁸⁰ *Id.* (citation omitted).

enjoy ‘a *mental association* in buyers’ minds between the alleged mark and a single source of the product.”⁸⁸¹ Although “[t]he record shows that Plaintiff hired a marketing firm, used Google ads, ran traditional ads, and sought celebrity placements,”⁸⁸² and although “Defendant provides no evidence allowing this Court to assess the relative strength of such sales in the cell phone case market,”⁸⁸³ those considerations failed to create a factual dispute as to the lack of acquired distinctiveness attaching to the plaintiff’s mark.⁸⁸⁴

Yet another claim of acquired distinctiveness not to survive a defense motion for summary judgment arose from the defendants’ alleged copying of three advertisements for the plaintiff’s pediatric dental crowns.⁸⁸⁵ The court held the relevant inquiry to turn on two factors, namely: (1) “direct evidence, such as consumer surveys or consumer testimony”; (2) circumstantial evidence such as the length of time the claimed trade dresses had been used and the sales volume associated with them, as well as evidence of intentional copying.⁸⁸⁶ The plaintiff’s showing fell short as a matter of law, regardless of the category of evidence at issue. First, the court found, “[n]ot one of its promotional advertisements was on the market for more than a year before the alleged infringements happened.”⁸⁸⁷ Second, “there is no consistent theme between the three advertisements, thus diminishing the possibility that consumers associated these advertisements with the same source.”⁸⁸⁸ Third, “not one of these advertisements was ever placed on [the plaintiff’s] product or product packaging, further weakening any association.”⁸⁸⁹ Fourth, “the record is completely devoid of direct evidence suggesting any consumer, let alone ‘a substantial portion’ of consumers, associates any of the alleged trade dress with the [plaintiff’s] brand.”⁸⁹⁰ And, fifth, “[a]lthough sales success, advertising expenditures and media coverage may show consumers were so exposed to trade dress that they have come to associate it with a single source, the evidence here does not support the possibility of such a finding.”⁸⁹¹ Against this factual backdrop, the

⁸⁸¹ *Id.* at 857 (quoting *Packman v. Chi. Tribune Co.*, 267 F.3d 628, 641 (7th Cir. 2001)).

⁸⁸² *Id.* at 856.

⁸⁸³ *Id.* at 857.

⁸⁸⁴ *Id.*

⁸⁸⁵ *See EZ Pedo, Inc. v. Mayclin Dental Studio, Inc.*, 284 F. Supp. 3d 1065 (E.D. Cal. 2018), *certification granted*, No. 2:16-cv-00731-KJM-CKD, 2018 WL 1920030 (E.D. Cal. Apr. 24, 2018).

⁸⁸⁶ *Id.* at 1074.

⁸⁸⁷ *Id.*

⁸⁸⁸ *Id.* at 1075.

⁸⁸⁹ *Id.*

⁸⁹⁰ *Id.*

⁸⁹¹ *Id.* at 1076.

court declined to hold that the plaintiff's allegations of intentional copying created a factual dispute concerning the advertisements' lack of acquired distinctiveness.⁸⁹²

Rather than doing so on summary judgment, a different court rejected claims of acquired distinctiveness in response to the plaintiff's motion for a preliminary injunction.⁸⁹³ The subjects of those claims were the trade dresses of lines of dinnerware distributed, but not manufactured, by the plaintiff. Attempting to overcome that obvious obstacle, the plaintiff gamely demonstrated the "great sales success" of the lines, as well as that it had spent "a great deal [in] advertising" them;⁸⁹⁴ the court also credited its showing of "two instances of unsolicited media coverage."⁸⁹⁵ At the same time, however, the plaintiff failed to adduce any evidence that consumers actually associated the appearance of the dinnerware exclusively with the plaintiff, a consideration the court found "may be the fact most fatal to its current application [for interlocutory relief]."⁸⁹⁶ That failure was hardly surprising, though, as the defendants responded effectively to the plaintiff's case by demonstrating that other industry participants had long sold pieces with similar appearances and without triggering objections from the plaintiff.⁸⁹⁷ Indeed, rather than accepting the plaintiff's claims of proprietary rights, the court toyed with the idea of finding the plaintiff's designs generic.⁸⁹⁸

Finally, some assertions of acquired distinctiveness fell short after full trials. One falling victim to this fate came in an action to protect the appearance of a label appearing on bourbon bottles.⁸⁹⁹ The California federal district court assigned to it noted as an initial matter that:

In determining whether a plaintiff's trade dress has acquired secondary meaning, courts consider the following factors: "direct consumer testimony; survey evidence; exclusivity, manner, and length of use of a mark; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying by the defendant."⁹⁰⁰

⁸⁹² *Id.*

⁸⁹³ *See* *Oneida Grp. v. Steelite Int'l U.S.A. Inc.*, 122 U.S.P.Q.2d 1694 (E.D.N.Y. 2017).

⁸⁹⁴ *Id.* at 1708.

⁸⁹⁵ *Id.*

⁸⁹⁶ *Id.*

⁸⁹⁷ *Id.* at 1709.

⁸⁹⁸ *Id.*

⁸⁹⁹ *See* *Sazerac Co. v. Fetzer Vineyards, Inc.*, 265 F. Supp. 3d 1013 (N.D. Cal. 2017), *appeal docketed*, No. 17-16916 (9th Cir. Sept. 22, 2017).

⁹⁰⁰ *Id.* at 1033-34 (quoting *Filipino Yellow Pages, Inc. v. Asian J. Publ'ns, Inc.*, 198 F.3d 1143, 1151 (9th Cir. 1999)).

Declining to pursue survey evidence in support of its case, the plaintiff instead emphasized the continuous use of its trade dress for fifteen years prior to the defendant's first use, its sales of "millions of bottles" of bourbon, its promotional efforts, awards won by its beverage, and its "thousands" of social media followers.⁹⁰¹ Concluding the plaintiff had failed to demonstrate the effectiveness of its advertising or that its sales were attributable to its claimed trade dress, the court additionally observed that "secondary meaning requires more than extensive use alone."⁹⁰² It therefore found the plaintiff's showing fatally deficient.

A New York federal district court also rejected a claim of acquired distinctiveness following a bench trial on the merits.⁹⁰³ The plaintiff, a provider of funds for Alzheimer's-related causes, had registered its mark on the Principal Register and subsequently filed a declaration of incontestability under Section 15, which, as a matter of law, precluded the court from finding the mark unprotectable in the first instance because it was descriptive and lacked acquired distinctiveness. Undiscouraged, however, the court reached much the same finding in the context of its inquiry into the commercial strength of the plaintiff's mark, which expressly focused on evidence and testimony ordinarily relevant to determinations of acquired distinctiveness. First and foremost, that methodology included consideration of a survey previously commissioned by the plaintiff, which, as the court read the results, disclosed that "when respondents are prompted for the first two health charity organizations that come to mind, only 3% mention the [plaintiff]."⁹⁰⁴ In the face of that evidence, the plaintiff's status as "the world's largest Alzheimer's-related non-profit and the world's largest non-governmental funder of Alzheimer's research,"⁹⁰⁵ and its showings that it had raised "more than \$160 million in contributions and spending more than \$44 million on advertising or public awareness in 2016 alone"⁹⁰⁶ and that it had "nearly 9 billion media impressions and more than 41 million website visits in 2016"⁹⁰⁷ had no effect on the outcome.

⁹⁰¹ *Id.* at 1034.

⁹⁰² *Id.* (quoting *Art Attacks Ink, LLC v. MGA Entm't Inc.*, 581 F.3d 1138, 1146 (9th Cir. 2009)).

⁹⁰³ *See Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260 (S.D.N.Y. 2018).

⁹⁰⁴ *Id.* at 290.

⁹⁰⁵ *Id.* at 289.

⁹⁰⁶ *Id.*

⁹⁰⁷ *Id.*

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

The fact-intensive nature of the acquired-distinctiveness inquiry led some courts to decline to resolve it as a matter of law, especially at the pleadings stage.⁹⁰⁸ Thus, for example, a California federal district court denied a defense motion for judgment on the pleadings with the threshold observation that “[c]ontrary to Defendant’s suggestion, Plaintiff need not make any showing or provide any evidence at the pleading stage.”⁹⁰⁹ In any case, the plaintiff adequately had alleged the existence of secondary meaning in the appearance of its line of devotional prayer candles:

The [complaint] alleges that Plaintiff has promoted and sold [its] candles for over twenty years, and has marketed [the] candles through advertisements, sales representatives, and catalogs. The [complaint] further alleges that consumers seek out [the] candles and that Plaintiff is the exclusive source of the trade dress, which identifies Plaintiff as its source.⁹¹⁰

“Although the veracity of those allegations remains to be seen,” the court concluded, “they are adequate to survive a motion for judgment on the pleadings.”⁹¹¹

The Sixth Circuit also declined to accept or reject a claim of acquired distinctiveness as a matter of law in an appeal from the grant of summary judgment to a group of defendants accused of trade dress infringement.⁹¹² That grant rested on the district court’s determination that the plaintiff’s claimed trade dress was functional as a matter of law, and, having failed to defend that determination on appeal, the defendants asked the Sixth Circuit to find on the appellate record that the plaintiff’s design lacked acquired distinctiveness. In addressing that request, the court held that:

This Court applies a seven-factor test to determine whether secondary meaning exists in a trade dress: (1) direct consumer testimony, (2) consumer surveys, (3) exclusivity,

⁹⁰⁸ See, e.g., *Silvertop Assocs. v. Kangaroo Mfg., Inc.*, 319 F. Supp. 3d 754, (D.N.J. 2018) (holding, without extensive discussion, that plaintiff had adequately alleged distinctiveness of banana costume to survive motion to dismiss for failure to state a claim), *appeal docketed*, No. 18-2266 (3d Cir. June 11, 2018); *Military Certified Residential Specialist, LLC v. Fairway Indep. Mortg. Corp.*, 251 F. Supp. 3d 750, 757 (D. Del. 2017) (denying motion to dismiss with explanation that “[p]laintiffs have alleged sufficient facts to support secondary meaning, i.e., in the minds of the consuming public, the primary significance of the [claimed mark] is not the product but the producer”).

⁹⁰⁹ *Mercado Latino, Inc. v. Indio Prods., Inc.*, 122 U.S.P.Q.2d 1590, 1594 (C.D. Cal. 2017).

⁹¹⁰ *Id.*

⁹¹¹ *Id.*

⁹¹² See *Leapers, Inc. v. SMTS, LLC*, 879 F.3d 731 (6th Cir. 2018).

length, and manner of use, (4) amount and manner of advertising, (5) amount of sales and number of customers, (6) established place in the market, and (7) proof of intentional copying.⁹¹³

Ultimately, however, it declined to go through the factors, choosing instead to remand the action for the district court to do so.⁹¹⁴

A California federal district court similarly rejected an invitation to find as a matter of law that a claimed mark either had or had not acquired distinctiveness.⁹¹⁵ The court began its analysis by rolling out the Ninth Circuit's multifactor test:

To determine whether a descriptive mark has acquired secondary meaning, courts consider: "(1) whether actual purchasers of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark, and (4) whether use of the claimed trademark has been exclusive."⁹¹⁶

It then found the existence of a factual dispute on the issue, citing: (1) the absence of survey evidence; (2) conflicting declaration testimony; (3) contradictory showings by the parties as to the exclusivity of the plaintiff's use of the mark; and (4) the parties' differing views on the significance of the plaintiff's advertising expenditures.⁹¹⁷

En route to its denial of the parties' cross-motions for summary judgment, the court addressed a contention by the plaintiff that, because its claim of infringement sounded in reverse confusion, its burden of demonstrating acquired distinctiveness was necessarily lower than would otherwise be the case. It found that argument unconvincing because "[t]hat a smaller, senior user claims reverse confusion should not, without more, countenance a relaxation of basic requirements to show that a mark is entitled to trademark protection."⁹¹⁸ It did, however, hold that "a lower evidentiary burden would be more appropriate if there is direct or circumstantial evidence showing an intent by a junior, larger user to use the known mark of the smaller, senior user."⁹¹⁹

⁹¹³ *Id.* at 740-41 (Gen. Motors Corp. v. Lanard Toys, Inc., 468 F.3d 405, 418 (6th Cir. 2006)).

⁹¹⁴ *Id.* at 741.

⁹¹⁵ *See* Marketquest Grp. v. BIC Corp., 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

⁹¹⁶ *Id.* at 1262 (quoting Yellow Cab Co. of Sacramento v. Yellow Cab of Elk Grove, Inc., 419 F.3d 925, 928 (9th Cir. 2005)).

⁹¹⁷ *Id.* at 1262-63; *see also id.* at 1268 (citing conflicting declaration testimony in rejecting plaintiff's invitation to find that separate mark had acquired distinctiveness).

⁹¹⁸ *Id.* at 1262 n.15.

⁹¹⁹ *Id.*

Without referencing the test for acquired distinctiveness it was applying, a New York federal district court similarly declined to resolve the issue at the summary judgment stage.⁹²⁰ The claimed indicator of origin at issue was a federally registered bottle design, which the defendant maintained was unprotectable, but the distinctiveness of which the plaintiff bolstered with “undisputed, significant levels of advertising expenditures, sales success, and unsolicited media coverage.”⁹²¹ The plaintiff also introduced for the court’s consideration evidence that the defendant’s own personnel referred to their competing bottle as a “knockoff” of the plaintiff’s design and that “[o]nline retailers have similarly advertised [the defendant’s] [b]ottles to the public as being similar to [the plaintiff’s] [b]ottles.”⁹²² The court concluded from the latter showing that “[t]hese comparisons would be meaningless if the audience did not associate the shape with the brand,” and it therefore denied the defendant’s motion for summary judgment.⁹²³

(d) Survey Evidence of Distinctiveness

The Third Circuit rejected the probative value of a confusion survey in an inquiry into the acquired distinctiveness of the PARKS mark for meat products.⁹²⁴ The defendant’s allegedly infringing mark was PARK’S FINEST for frankfurters, and the plaintiff commissioned a *Squirt* survey to measure the extent to which consumers confused the two marks.⁹²⁵ In affirming the grant of a defense motion for summary judgment, the court observed as an initial matter that “a well-designed *Squirt* survey may show a likelihood of confusion. What it does not do or even purport to do, however, is prove secondary meaning.”⁹²⁶ As it saw things, “[b]ecause the survey presented an image of both PARKS and PARK’S FINEST, a consumer who had never heard of PARKS could still conclude that the two products were affiliated.”⁹²⁷ “Specifically,” it held:

[P]articipants were shown two products with the words “Parks” or “Park’s” in the title and several other hot dog or sausage products with names bearing no obvious linguistic

⁹²⁰ See *Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

⁹²¹ *Id.* at 407.

⁹²² *Id.*

⁹²³ *Id.*

⁹²⁴ See *Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220 (3d Cir. 2017).

⁹²⁵ As the court explained, “[i]n a *Squirt* survey, two products are placed side by side, often with other products that serve as controls, and participants are asked questions to determine if confusion exists as to the source of the products.” *Id.* at 233.

⁹²⁶ *Id.*

⁹²⁷ *Id.*

connection to Parks, and then asked whether any of the products were affiliated. Given the products shown, PARKS and PARK'S FINEST were the obvious choices.⁹²⁸

Moreover, the court determined that “there were at least three equally plausible conclusions that a participant could have reached when responding that PARKS and PARK'S FINEST were associated”⁹²⁹ Those possible conclusions were that “1) that PARK'S FINEST came from [the plaintiff] (the inference [the plaintiff] obviously preferred); 2) that PARKS was made by [the defendant] . . . ; or 3) that PARK'S FINEST and PARKS were both made by some unknown third party.”⁹³⁰ In the final analysis, “[n]one of those inferences is more likely than the other, so the survey tells us nothing about whether the PARKS mark had achieved sufficient consumer recognition to qualify as having secondary meaning.”⁹³¹

(3) Nonfunctionality

(a) Utilitarian Nonfunctionality

Although the Supreme Court observed in *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*,⁹³² that “[a] utility patent is strong evidence that the features therein claimed are functional,”⁹³³ the Court did *not* hold that the disclosure of a related utility patent creates a presumption of functionality; rather, the presumption in that case arose from the unregistered status of the claimed trade dress at issue under Section 43(a)(3).⁹³⁴ A proper understanding of *TrafFix* therefore makes it possible for the owner of an active or expired patent to distinguish the patent's disclosure in the functionality inquiry, especially if the claimed trade dress is covered by a federal registration, and one plaintiff did just that in a jury trial.⁹³⁵ The goods at issue were mounting arms for attaching cell phones and similar devices to the interior of vehicles, and the expiration of

⁹²⁸ *Id.*

⁹²⁹ *Id.* at 234.

⁹³⁰ *Id.*

⁹³¹ *Id.*

⁹³² 532 U.S. 23 (2001).

⁹³³ *Id.* at 29.

⁹³⁴ This is apparent in the Court's observation that “[i]f trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the *statutory presumption* that features are deemed functional until proved otherwise by the party seeking trade dress protection.” *Id.* at 29-30 (emphasis added). It is equally apparent in the Court's subsequent comment on the parties' respective burdens, namely, “*even if there has been no previous utility patent* the party asserting trade dress has the burden to establish the nonfunctionality of alleged trade dress features.” *Id.* at 32 (emphasis added).

⁹³⁵ See *Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

certain utility patents bearing on that design emboldened the defendant to copy the plaintiff's design. Successfully defending the jury's finding of nonfunctionality against the defendant's post-trial attack, the plaintiff convinced the court that "the trade dress was shown, described, and claimed only in expired patents,"⁹³⁶ a rather dubious proposition in light of the expired patents underlying the outcome in *TrafFix*. Somewhat more convincingly, the court also held that "reference to a trade dress outside the claims of a final issued patent do [sic] not support invalidity."⁹³⁷

The fact-intensive nature of the utilitarian functionality inquiry led other courts to hold it inappropriately resolved on a matter of law. For example, a Texas federal district court declined to grant a functionality-based motion to dismiss for failure to state a claim.⁹³⁸ In determining that the plaintiff had sufficiently pleaded the nonfunctionality of its insulated drinkware, the court held:

There are two tests to determine whether a product feature is functional. The traditional test is whether a feature is "essential to the use or purpose of the article or if it affects the cost or quality of an article." Under this definition, "if a product feature is the reason the device works, then the feature is functional." The second test is the "competitive necessity" test, under which a feature is functional "if the exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." Even if individual constituent parts of a product's trade dress are functional, "a particular arbitrary combination of functional features, the combination of which is not itself functional, properly enjoys protection." The question, in other words, is not whether some component of a product's trade dress is functional, but whether the entirety of a product's trade dress is functional.⁹³⁹

Without identifying which of the two tests it was applying, the court then held without extended analysis that, as described in the plaintiff's complaint—"the taper of the side walls for the 30 oz. and 20 oz. tumblers, the color contrast between the tumbler or beverage holder and the lid or upper band, and the style line"—the plaintiff's trade dress was plausibly nonfunctional.⁹⁴⁰ Although the defendant targeted individual features of that claimed trade dress, the court concluded that "[the defendant's] argument does no more than prove

⁹³⁶ *Id.* at 1062.

⁹³⁷ *Id.*

⁹³⁸ See *YETI Coolers, LLC v. JDS Indus.*, 300 F. Supp. 3d 899 (W.D. Tex. 2018).

⁹³⁹ *Id.* at 913 (quoting *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 355, 356 (5th Cir. 2002); *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992)).

⁹⁴⁰ *Id.* at 913.

that certain features of [the plaintiff's] trade dress are functional. Nothing in [the defendant's] argument is evidence that the combination of features that comprise [the plaintiff's] trade dress are [sic] not a 'particular arbitrary combination of functional features' that properly enjoys protection."⁹⁴¹

In an appeal arising from the grant of a defense motion for summary judgment, the Sixth Circuit had the opportunity to address the same question, namely, whether individually functional elements of a claimed trade dress can become protectable if arranged in a nonfunctional way.⁹⁴² It did so in an action to protect the appearance of the handles of adjustable rifle scopes allegedly made in a unique "knurling" pattern. There was no dispute that knurling generally allowed users "to grip the products more easily and to make fine-tuned adjustments,"⁹⁴³ and that led the district court to grant summary judgment to the defendant. In vacating that disposition, the Sixth Circuit noted as an initial matter that "[t]he burden of proving nonfunctionality is unusual because it requires a party to introduce affirmative evidence that a quality is *not* present—to introduce 'evidence of an absence' rather than merely an absence of evidence."⁹⁴⁴ The appellate court then held the district court had erred in holding the pattern of the plaintiff's knurling as a matter of law, resting that conclusion on the plaintiff's showings that: (1) it was unaware of any functional benefit associated with its pattern;⁹⁴⁵ (2) it had chosen the pattern for purely aesthetic purposes;⁹⁴⁶ (3) "its competitors apply knurling to their rifle scopes' adjustment knobs in a wide variety of patterns, many of which are more effective than Plaintiff's design at making the knobs' adjustment surfaces graspable";⁹⁴⁷ (4) one of the defendants had sought a design patent in China covering the same pattern to which the plaintiff claimed trade dress protection;⁹⁴⁸ and (5) a representative from that defendant had refused to testify on the same subject.⁹⁴⁹ "From this evidence," the court concluded, "a jury could properly conclude that Plaintiff's design is purely ornamental and therefore nonfunctional."⁹⁵⁰

⁹⁴¹ *Id.* at 914 (quoting *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1119 (5th Cir. 1991), *aff'd*, 505 U.S. 763 (1992)).

⁹⁴² *See* *Leapers, Inc. v. SMTS, LLC*, 879 F.3d 731 (6th Cir. 2018).

⁹⁴³ *Id.* at 733.

⁹⁴⁴ *Id.* at 736.

⁹⁴⁵ *Id.* at 738.

⁹⁴⁶ *Id.* at 739.

⁹⁴⁷ *Id.* at 738-39.

⁹⁴⁸ *Id.* at 740.

⁹⁴⁹ *Id.* at 739.

⁹⁵⁰ *Id.* at 740.

Trial courts found summary judgment motions wanting as well.⁹⁵¹ Thus, for example, a factual dispute as to the claimed nonfunctionality of a water bottle design precluded the grant of a defense motion for summary judgment in a case before a New York federal district court.⁹⁵² The defendant had a number of theories why the bottle's shape was functional, including that it was the most efficient container from which to drink and that its circular configuration was the strongest and most easily produced.⁹⁵³ Unfortunately for the defendant, however, it failed to back up those theories with record evidence and testimony. Worst still, it also failed to respond adequately to the plaintiff's responsive showings that: (1) a rectangular shape would facilitate stacking; (2) the bottle's designer had made several aesthetic choices while designing the bottles she knew would increase its cost; (3) the bottle's "distinctive [and presumably nonfunctional] cap" was part of the plaintiff's claimed trade dress; and (4) there might not be a "perfect mouth size" for bottles.⁹⁵⁴ The court therefore held the defendant not entitled to prevail as a matter of law.⁹⁵⁵

(b) Aesthetic Nonfunctionality

Opinions addressing claims of aesthetic functionality were comparatively infrequent, but they did occur.⁹⁵⁶ One came from the Sixth Circuit, which vacated the grant of a defense motion for summary judgment in a case turning on the protectability of a "knurling" pattern on adjustable telescopic rifle sights.⁹⁵⁷ The court introduced the subject by observing that "a party's initial burden to show that a design lacks aesthetic functionality is not substantial; the plaintiff need only show that the design is not a competitive necessity such that 'exclusive use . . . would put competitors at a significant non-reputation related disadvantage.'"⁹⁵⁸ It then credited the plaintiff's showing that "competition in the rifle scope industry is not based on the visual appeal of knurling or of adjustment knobs more generally; instead, rifle scope manufacturers design their knobs in ways that allow them to be

⁹⁵¹ See, e.g., *Luci Bags LLC v. Younique, LLC*, 125 U.S.P.Q.2d 1039, 1042-43 (E.D. Tex. 2017) (denying defense motion for summary judgment based largely conflicting expert testimony on subject of fabric stripe adjacent to zippers on cosmetic bag).

⁹⁵² See *Can't Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

⁹⁵³ *Id.* at 407.

⁹⁵⁴ *Id.* at 407-08.

⁹⁵⁵ *Id.* at 408.

⁹⁵⁶ See, e.g., *Mercado Latino, Inc. v. Indio Prods., Inc.*, 122 U.S.P.Q.2d 1590, 1594 (C.D. Cal. 2017) (denying, without extended analysis, defense motion for judgment on the pleadings grounded in alleged aesthetic functionality of line of devotional prayer candles).

⁹⁵⁷ See *Leapers, Inc. v. SMTS, LLC*, 879 F.3d 731 (6th Cir. 2018).

⁹⁵⁸ *Id.* at 737 (quoting *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 37 (2001)).

better gripped to perform the function of adjustment.”⁹⁵⁹ It also found probative an expert report proffered by the plaintiff showing numerous alternative designs that the court determined “cast doubt on [the defendants’] assertion of a design constraint and would allow a jury to find that the variety of knurling patterns that can be applied to an adjustment knob is effectively unlimited”⁹⁶⁰ The logical conclusion was that, “[f]inding no ‘scarcity’ or ‘depletion’ of available designs, the jury could then conclude that exclusive use of Plaintiff’s design would not put competitors at a significant, non-reputation related disadvantage.”⁹⁶¹

In an appeal producing the same outcome, the Ninth Circuit addressed the significance of alternative designs to the aesthetic functionality inquiry in an appeal bearing on the eligibility for protection of the color green for ear plugs.⁹⁶² Reviewing the grant of a defense motion for summary judgment below, the appellate court noted that its past authority established a two-part test for functionality, one that required an examination of whether the claimed feature was functional in the utilitarian sense and, if not, whether it performed some function such that its exclusive use would put competitors at a significant non-reputation-related disadvantage.⁹⁶³ Although neither prong of that test bore on the existence of alternative designs, the court next concluded that “evidence of alternative colors should be considered in deciding functionality of the mark in this case, and the district court gave insufficient recognition to the importance of the alternative colors and their evidentiary significance in evaluating the functionality of [the plaintiff’s] green color mark.”⁹⁶⁴ Specifically, it found from the summary judgment record that “[the plaintiff’s] evidence that numerous color shades are equally or more visible than its bright green color and would result in the same function of visibility during compliance checks weighs against a finding of functionality, and a reasonable jury could conclude that [the plaintiff’s] green color is not functional.”⁹⁶⁵

⁹⁵⁹ *Id.* at 739.

⁹⁶⁰ *Id.*

⁹⁶¹ *Id.*

⁹⁶² *See* *Moldex-Metric, Inc. v. McKeon Prods., Inc.*, 891 F.3d 878 (9th Cir. 2018).

⁹⁶³ *Id.* at 884 (citing *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1072 (9th Cir. 2006)).

⁹⁶⁴ *Id.* at 886.

⁹⁶⁵ *Id.* at 887.

iii. Establishing Liability for Violations of Trademark and Service Mark Rights

(A) Actionable Uses in Commerce by Defendants

As a prerequisite for liability, the Lanham Act's primary statutory causes of action, namely, those set forth in Sections 32,⁹⁶⁶ 43(a),⁹⁶⁷ and 43(c),⁹⁶⁸ require the challenged use be one in connection with goods or services in commerce. Likewise, corresponding state law causes of actions often contemplate similar showings by plaintiffs, albeit without requiring that use to occur across state lines.⁹⁶⁹ These requirements often lead defendants to challenge the adequacy of plaintiffs' averments or proof of the necessary use.

(1) Opinions Finding Actionable Uses in Commerce

Although it once was an open question whether the purchase of a competitor's mark as a keyword for paid online advertising was actionable, courts generally have resolved that issue in plaintiffs' favor. The latest to do so was a New York federal district court, which concluded after a bench trial the practice was actionable, at least in theory.⁹⁷⁰ It cautioned, though, that "[v]irtually no court has held that, on its own, a defendant's purchase of a plaintiff's mark as a keyword term is sufficient for liability."⁹⁷¹

(2) Opinions Declining to Find Actionable Uses in Commerce

Of course, not all averments of actionable use made the grade.⁹⁷² One that did not came in a district court appeal from a decision in an opposition proceeding before the Trademark Trial and Appeal finding that the parties' marks were not confusingly similar; in

⁹⁶⁶ 15 U.S.C. § 1114 (2012).

⁹⁶⁷ *Id.* § 1125(a).

⁹⁶⁸ *Id.* § 1125(c).

⁹⁶⁹ *See, e.g.*, N.Y. Gen. Bus. Law 360-k(a) (McKinney 2012) (providing for cause of action against "any person who shall . . . (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this article in connection with the sale, distribution, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services").

⁹⁷⁰ *See Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260, 283–84 (S.D.N.Y. 2018).

⁹⁷¹ *Id.* at 284.

⁹⁷² *See, e.g.*, *Apogee Handcraft, Inc. v. Verragio, Ltd.*, 65 N.Y.S.3d 27, 29 (App. Div. 2017) ("The seventh counterclaim (for trademark infringement) was properly dismissed because defendant failed to allege that plaintiff made any "use" of its trademarks at all, let alone an infringing one."), *leave to appeal denied*, 102 N.E.3d 431 (N.Y. App. Div. 2018).

addition to challenging that finding, the plaintiff's complaint before a Virginia federal district court asserted claims for infringement and unfair competition.⁹⁷³ During discovery in the opposition, a defense witness testified the defendant had not sold, and would not sell, its goods (medicinal, cosmetic, and dermatological products) under the disputed mark unless and until a resolution of the plaintiff's challenge to its application was reached. Despite that testimony, however, the plaintiff claimed the Germany-based defendant had taken a number of steps to enter the United States market beyond applying to register its mark, including: (1) establishing a website containing links to third-party pharmacies selling its goods; (2) meeting with representatives of a United States-based drugstore about a potential distribution agreement; (3) providing a consultant with slides for use at an investor conference in the United States; and (4) pursuing regulatory approval for its products from the Food and Drug Administration.⁹⁷⁴ Finding the defendant's motion to dismiss for failure to state a claim meritorious, the court referred to the definition of "use in commerce" set forth in Section 45 to hold as an initial matter that "the plain text of the statute makes clear that to use a mark in commerce on goods, (i) the defendant must affix the mark to the good or its container and (ii) the defendant must sell or transport a good in commerce such that it can be regulated by Congress."⁹⁷⁵ "Given this definition," the court concluded, "neither the Lanham Act's use in commerce requirement, nor Virginia law's similar requirement, is satisfied where, as here, the complaint does not allege, nor does the record reflect, any facts suggesting that defendant has sold or transported . . . products [bearing its mark] in United States commerce."⁹⁷⁶ This was particularly true because "[t]he complaint here does not allege, nor does the record reflect, that defendant is *imminently* preparing to market its products in the United States."⁹⁷⁷

A Wisconsin federal district court also reached a finding of no actionable use in commerce as a matter of law, albeit on a defense motion for summary judgment, rather than on one to dismiss.⁹⁷⁸ The complaint in the action targeted two defendants, the first of which, the lead defendant, was a business slated for acquisition by the second. Following that acquisition, the lead defendant was wound down, and the second defendant went on to use a mark alleged to

⁹⁷³ See *Combe Inc. v. Dr. Aug. Wolff GmbH & Co. KG Arzneimittel*, 309 F. Supp. 3d 414 (E.D. Va. 2018).

⁹⁷⁴ *Id.* at 417.

⁹⁷⁵ *Id.* at 420.

⁹⁷⁶ *Id.*

⁹⁷⁷ *Id.* at 423.

⁹⁷⁸ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

infringe the rights of the plaintiff. The lead defendant's motion for summary judgment argued that only the second defendant had ever used the accused mark in commerce, in response to which the plaintiff pointed out several press releases and advertisements placed by both defendants, which announced that the second defendant would use the mark on a going-forward basis after the transaction. Although the court found the plaintiff's showing created a factual dispute as to the lead defendant's possible *contributory* liability for the second defendant's alleged infringement, the same was not true of the lead defendant's *direct* liability. It therefore granted the lead defendant's summary judgment motion for want of an actionable use in commerce.⁹⁷⁹

Finally, a New York federal district court also granted a defense motion for summary judgment because of the absence of an actionable use in commerce.⁹⁸⁰ The plaintiff sold a water bottle under the registered S'WELL word mark, and it had registered the shape of the bottle as well. Its lawsuit targeted a competitor that, the plaintiff alleged, had described its bottles "as a type of S'well Bottle" and also sold its own bottles to customers requesting those of the plaintiff.⁹⁸¹ Leaning heavily on the definition of use in commerce found in Section 45, which it held mandated by controlling Second Circuit authority,⁹⁸² the court rather improbably concluded the plaintiff had failed to adduce evidence or testimony that the defendant had used the plaintiff's mark and trade dress in commerce; even the appearance of the plaintiff's word mark in a promotional guide distributed by the defendant did not create a factual dispute on the subject because the guide referred to the brands of numerous other industry participants.⁹⁸³

(B) Likelihood of Confusion

(1) The Standard Multifactor Test for Likelihood of Confusion

(a) Factors Considered

(i) The First Circuit

Unusually, no reported opinions arising in the First Circuit addressed that jurisdiction's test for likely confusion. Nevertheless, unreported opinions applied an eight-factor standard taking into account: (1) the similarity of the parties' marks; (2) the similarity of the parties' goods or services; (3) the relationship between the

⁹⁷⁹ *Id.* at 1038.

⁹⁸⁰ *See* *Can't Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

⁹⁸¹ *Id.* at 414.

⁹⁸² *See* *1-800 Contacts, Inc. v. WhenU.Com, Inc.*, 414 F.3d 400 (2d Cir. 2005).

⁹⁸³ *Can't Live Without It*, 287 F. Supp. 3d at 416.

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 adopting its mark; and (8) the strength of the plaintiff's mark.⁹⁸⁴

(ii) The Second Circuit

As usual, the *Polaroid* factors⁹⁸⁵ 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 goods or services; (4) the likelihood of the senior user bridging any gap between its goods or services and those of the junior user; (5) evidence of actual confusion between the parties' marks; (6) whether the defendant adopted its mark in good faith; (7) the quality of the defendant's goods or services; and (8) the sophistication of the parties' respective customers.⁹⁸⁶

(iii) The Third Circuit

The Third Circuit's ten-factor *Lapp* test for likelihood of confusion⁹⁸⁷ 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 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

⁹⁸⁴ See *Hilsinger Co. v. Kleen Concepts, LLC*, No. CV 14-14714-FDS, 2017 WL 3841468, at *5 (D. Mass. Sept. 1, 2017); *Milk St. Cafe, Inc. v. CPK Media, LLC*, No. CV 16-11416-DJC, 2017 WL 3425170, at *10 (D. Mass. Aug. 9, 2017).

⁹⁸⁵ See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

⁹⁸⁶ See, e.g., *Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260, 285 (S.D.N.Y. 2018); *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 347 (D. Conn. 2018); *Can't Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400, 408 (S.D.N.Y. 2018); *Fischer v. Forrest*, 286 F. Supp. 3d 590, 612 (S.D.N.Y. 2018), *appeal docketed*, No. 18-2955 (2d Cir. Oct. 4, 2018); *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 442 (S.D.N.Y. 2017); *Oneida Grp. v. Steelite Int'l U.S.A. Inc.*, 122 U.S.P.Q.2d 1694, 1709 (E.D.N.Y. 2017).

⁹⁸⁷ See *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983).

provide goods or services in the defendant's market or to expand into the defendant's market.⁹⁸⁸

(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.⁹⁸⁹

(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.⁹⁹⁰ At least one panel of the court disposed with the last of those considerations after noting that the parties had not adduced any evidence or testimony bearing on it; moreover, and in any case, "[n]o single factor is dispositive, and a finding of a likelihood of confusion need not be supported by a majority of the factors."⁹⁹¹ Likewise, a panel of the Texas Court of Appeals also affirmed a finding of infringement based on a jury's consideration of only the first seven of those factors.⁹⁹²

⁹⁸⁸ See *Military Certified Residential Specialist, LLC v. Fairway Indep. Mortg. Corp.*, 251 F. Supp. 3d 750, 756 (D. Del. 2017).

⁹⁸⁹ See *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651, 660 (4th Cir. 2018); *Protect-A-Car Wash Sys., Inc. v. Car Wash Partners, Inc.*, 276 F. Supp. 3d 439, 447 (D. Md. 2017), *appeal dismissed*, No. 17-2073, 2018 WL 1326272 (4th Cir. Jan. 16, 2018); *Bojangles' Int'l, LLC v. CKE Rests. Holdings, Inc.*, 123 U.S.P.Q.2d 1786, 1789 (W.D.N.C. 2017).

⁹⁹⁰ See *Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928, 935 (S.D. Tex. 2017).

⁹⁹¹ *Viacom Int'l, Inc. v. IJR Capital Invs., L.L.C.*, 891 F.3d 178, 192 (5th Cir. 2018) (alteration in original) (quoting *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 475, 478 (5th Cir. 2008)).

⁹⁹² See *Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724, 744 (Tex. Ct. App. 2017).

(vi) The Sixth Circuit

The eight *Frisch's* factors⁹⁹³ remained those of choice in the Sixth Circuit, which characterized them as “nothing-is-off-the-table, totality-of-the-circumstances test” for infringement.⁹⁹⁴ 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.⁹⁹⁵

(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.⁹⁹⁶ A Wisconsin federal district court noted of these factors that “[n]o single [one] is dispositive, and the court may assign varying weights to each factor based on the particular case. The Seventh Circuit has, however, recognized that three of the factors are particularly important: the similarity of the marks, the defendant’s intent and actual confusion.”⁹⁹⁷

(viii) The Eighth Circuit

The six *SquirtCo* factors⁹⁹⁸ remained controlling in the Eighth Circuit. Those factors included: (1) the strength of the plaintiff’s mark; (2) the similarity between the plaintiff’s mark and the

⁹⁹³ See *Frisch’s Rest., Inc. v. Shoney’s Inc.*, 759 F.2d 1261, 1264 (6th Cir. 1985).

⁹⁹⁴ *Sazerac Brands, LLC v. Peristyle, LLC*, 892 F.3d 853, 857 (6th Cir. 2018).

⁹⁹⁵ See *La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 295 F. Supp. 3d 756, 765 (W.D. Ky. 2018); *Tecumseh Prods. Co. v. Kulthorn Kirby Public Co.*, 123 U.S.P.Q.2d 1570, 1577 (E.D. Mich. 2017).

⁹⁹⁶ See *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825, 856 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018); *IPOX Schuster, LLC v. Nikko Asset Mgmt. Co.*, 304 F. Supp. 3d 746, 762 (N.D. Ill. 2018); *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022, 1046 (W.D. Wis. 2017); *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627, 1631-32 (N.D. Ill. 2017); *Vacation Rental Partners, LLC v. VacayStay Connect, LLC*, 122 U.S.P.Q.2d 1514, 1523 (N.D. Ill. 2017).

⁹⁹⁷ *Fabick*, 296 F. Supp. 3d at 1046 (citing *Barbecue Marx, Inc. v. 551 Ogden, Inc.*, 235 F.3d 1041, 1044 (7th Cir. 2000)).

⁹⁹⁸ See *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

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.⁹⁹⁹

(ix) The Ninth Circuit

The *Sleekcraft* test for infringement¹⁰⁰⁰ 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.¹⁰⁰¹ One panel of the court explained that "[n]ot all factors are created equal, and their relative weight varies based on the context of a particular case."¹⁰⁰²

Although not addressing the merits of the claim of likely confusion advanced by the plaintiff before it, another panel of the court examined the nature of the likelihood-of-confusion inquiry in cases presenting allegations of reverse confusion. To begin with, it noted, plaintiffs relying on that theory need not affirmatively plead it in their complaints; rather, mere cognizable averments of infringement will do the job.¹⁰⁰³ The court then additionally opined on the options available to reverse-confusion plaintiffs seeking to prove the bad faith of their opponents:

⁹⁹⁹ See *ZW USA, Inc. v. PWD Sys., LLC*, 889 F.3d 441, 446 (8th Cir. 2018); *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609, 622 (W.D. Ark. 2018); *EyeBobs, LLC v. Snap, Inc.*, 259 F. Supp. 3d 965, 973 (D. Minn. 2017).

¹⁰⁰⁰ See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

¹⁰⁰¹ See, e.g., *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 432-36 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018); *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 755 (9th Cir. 2018); *Marketquest Grp. v. BIC Corp.*, 862 F.3d 927, 934 n.1 (9th Cir. 2017); *Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005, 1013-14 (C.D. Cal. 2017); *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1269 (S.D. Cal. 2018); *Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042, 1058 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018); *Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061, 1070 (C.D. Cal. 2017), *aff'd*, 742 F. App'x 291 (9th Cir. 2018); *UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 609 (C.D. Cal. 2017); *Sazerac Co. v. Fetzer Vineyards, Inc.*, 265 F. Supp. 3d 1013, 1034 (N.D. Cal. 2017), *appeal docketed*, No. 17-16916 (9th Cir. Sept. 22, 2017); *Aegis Software, Inc. v. 22nd Dist. Agric. Ass'n*, 255 F. Supp. 3d 1005, 1011-12 (S.D. Cal. 2017); *VIP Prods., LLC v. Jack Daniel's Props., Inc.*, 291 F. Supp. 3d 891, 905-06 (D. Ariz. 2018), *appeal docketed*, No. 18-16012 (9th Cir. June 4, 2018).

¹⁰⁰² *Stone Creek*, 875 F.3d at 431; *accord Marketquest Grp.*, 862 F.3d at 934.

¹⁰⁰³ *Marketquest Grp.*, 862 F.3d at 933.

[W]hen a court applies *Sleekcraft* in a case that presents reverse confusion, and the intent factor is relevant, it may consider several indicia of intent. At one extreme, intent could be shown through evidence that a defendant deliberately intended to push the plaintiff out of the market by flooding the market with advertising to create reverse confusion. Intent could also be shown by evidence that, for example, the defendant knew of the mark, should have known of the mark, intended to copy the plaintiff, failed to conduct a reasonably adequate trademark search, or otherwise culpably disregarded the risk of reverse confusion. The tenor of the intent inquiry shifts when considering reverse confusion due to the shift in the theory of confusion, but no specific type of evidence is necessary to establish intent, and the importance of intent and evidence presented will vary by case.¹⁰⁰⁴

(x) The Tenth Circuit

There were no readily reported opinions bearing on the test for infringement from courts in the Tenth Circuit. Citing authority from its reviewing court, however, a Utah federal district court held in an unreported opinion that:

To evaluate whether a likelihood of consumer confusion exists, the Court examines the following non-exhaustive factors: (1) evidence of actual confusion between the marks, (2) the degree of similarity between the marks, (3) the similarity of the parties' goods and the manner in which they are marketed, (4) the degree of care consumers are likely to exercise in purchasing those goods, (5) the strength of the [plaintiff's] mark, and (6) the intent of [the defendant] in adopting [its] mark.¹⁰⁰⁵

(xi) The Eleventh Circuit

Courts in the Eleventh Circuit applied the same test for likely confusion they always have. Its seven factors took into account: (1) the type of the plaintiff's mark; (2) the similarity of the parties'

¹⁰⁰⁴ *Id.* at 934-35 (citations omitted).

¹⁰⁰⁵ *Nutraceutical Corp. v. Affordable Nats., LLC*, No. 214CV00907JNPPMW, 2017 WL 4564739, at *5 (D. Utah Oct. 11, 2017), *appeal dismissed*, No. 17-4184, 2018 WL 2329625 (10th Cir. Mar. 9, 2018); *accord* *Mionix, LLC v. ACS Tech.*, No. 16-CV-02154-RBJ, 2018 WL 2196065, at *4 (D. Colo. May 14, 2018); *Lodestar Anstalt v. Route 66 Junkyard Brewery*, No. CV 17-0062 JCH/JHR, 2018 WL 1271326, at *1 (D.N.M. Mar. 9, 2018); *Poison Spider Bicycles, Inc. v. TAP Mfg., LLC*, No. 2:16-CV-00148, 2018 WL 836364, at *3 (D. Utah Feb. 12, 2018); *Video Gaming Techs., Inc. v. Castle Hill Studios LLC*, No. 17-CV-454-GKF-JFJ, 2018 WL 284991, at *5 (N.D. Okla. Jan. 3, 2018); *Entrepreneur Media, Inc. v. Spencer*, No. 1:17-CV-01637-RBJ, 2017 WL 6405810, at *5 (D. Colo. Dec. 15, 2017).

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.¹⁰⁰⁶ A bankruptcy court applying the factors gave particular weight to the sixth, holding, "a likelihood of confusion can be found as a matter of law if the defendant intended to derive benefit from the plaintiff's trademark."¹⁰⁰⁷

(xii) The District of Columbia Circuit

There were no readily reported or unreported opinions bearing on the test for infringement from courts in the D.C. Circuit.

(b) Findings and Holdings

(i) Opinions Finding Likelihood of Confusion on Motions for Preliminary Injunctive Relief

As usual, plaintiffs able to rely on prior contractual relationships with defendants in, for example, the franchise or license contexts, had the upper hand in demonstrating the existence of likely confusion.¹⁰⁰⁸ Outside of that context, the purveyor of the athletic shoe shown below on the left, secured an affirmance by the Ninth Circuit of a finding on a preliminary injunction motion that the shoe shown on the right was likely to cause confusion with its counterpart on the left.¹⁰⁰⁹



Citing the "unmistakable" similarities between the parties' respective designs, the court not surprisingly concluded that that consideration favored the district court's finding of liability,¹⁰¹⁰ as

¹⁰⁰⁶ See, e.g., *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334, 1372 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605-AA (11th Cir. Mar. 13, 2018); *In re Bhalla*, 573 B.R. 265, 282 (Bankr. M.D. Fla. 2017).

¹⁰⁰⁷ *Bhalla*, 573 B.R. at 282 (quoting *Babbitt Elecs., Inc. v. Dynascan Corp.*, 38 F.3d 1161, 1179 (11th Cir. 1994)).

¹⁰⁰⁸ See, e.g., *Cajun Global LLC v. Swati Enters.*, 283 F. Supp. 3d 1325, 1330 (N.D. Ga. 2017) (preliminarily enjoining former franchisees of a plaintiffs' restaurant system failing to disassociate themselves sufficiently from that system).

¹⁰⁰⁹ See *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 753 (9th Cir. 2018).

¹⁰¹⁰ According to the court, "[b]oth shoes share the same leather upper, a raised green mustache-shaped heel path, angled stripes with perforations, the identical defined stitching pattern around the perforations, and a flat white rubber outsole." *Id.* at 755. The lack of identity between the shoes did have dispositive effect: "Minor differences,

did the competitive proximity of the parties' goods, the "tremendous commercial success and market recognition" of the plaintiffs' shoe, and the defendant's bad-faith intent.¹⁰¹¹ The last of these considerations was documented by the defendant's copying of the plaintiffs' shoe and its use of metatags to divert consumers searching for the plaintiffs' shoe to the defendant's website.¹⁰¹²

The court then turned to a second claim of infringement advanced by the plaintiff, namely, that the plaintiffs' registered three-stripe design mark for footwear, shown below on the left,¹⁰¹³ was infringed by the parallel stripes on the defendant's shoe on the right:¹⁰¹⁴



The court noted the existence of some distinctions between the designs, which "included a difference in the thickness of the stripes, the inclusion of a strip between the three stripes on the [defendant's shoe], and the fact that the stripes do not continue to the sole of the shoe," but the district court had been within its rights to discount them when finding the parties' uses similar.¹⁰¹⁵ The plaintiffs additionally benefitted from the conceptual and commercial strength of their mark, which arose from the mark's arbitrary nature, "a long history of marketplace recognition," and the plaintiffs' "significant investment of resources to advertise the mark."¹⁰¹⁶ Finally, citing the parties' prior litigation history, the court declined to disturb a finding below that the defendant had acted in bad faith with the observation that "[w]hen one party knowingly adopts a mark similar to another's, reviewing courts presume that the defendant will accomplish its purpose, and that

including the use of the [defendant's] logo, do not negate the overall impression of similarity between these two shoes." *Id.*

¹⁰¹¹ *Id.*

¹⁰¹² *Id.*

¹⁰¹³ The lead plaintiff asserted ownership of numerous registrations of its three-stripe design mark. The graphic shown in the text accompanying this footnote is reproduced from the drawing of U.S. Reg. No. 1815956.

¹⁰¹⁴ *adidas Am.*, 890 F.3d at 753.

¹⁰¹⁵ *Id.* at 757.

¹⁰¹⁶ *Id.* at 758.

the public will be deceived.”¹⁰¹⁷ “Taken together,” the court concluded, those considerations justified the district court’s finding of likely confusion.¹⁰¹⁸

Another preliminary injunction originated in an action between competitors in the orthopedic brace industry.¹⁰¹⁹ The plaintiffs sold their braces under the UNLOADER, THE UNLOADER, UNLOADER ONE CUSTOM, UNLOADER FIT, UNLOADER CUSTOM, UNLOADER ONE PLUS, and UNLOADER SPIRIT marks, all of which the defendants were accused of infringing through their use of the OFFLOADER ONE mark. The court found “unloader” descriptive and conceptually weak, but that did not prevent it from also finding the plaintiffs’ overall marks commercially strong.¹⁰²⁰ The defendants’ case suffered just as much from the directly competitive nature of the parties’ goods,¹⁰²¹ the similarities between the marks at issue,¹⁰²² and the individual defendants’ bad faith, as evidenced by the adoption of their mark after leaving their jobs with the lead plaintiff.¹⁰²³ Although rejecting the plaintiffs’ claimed proof of actual confusion, the court held that “evidence of actual confusion is not necessary—particularly at the preliminary injunction stage.”¹⁰²⁴

(ii) Opinions Finding Likelihood of Confusion as a Matter of Law

The factual scenarios underlying certain cases and the procedural dispositions of those cases lent themselves to findings of likely confusion as a matter of law. For example, having found a group of defendants liable as a matter of law for the trafficking in goods associated with counterfeit copies of the plaintiffs’ certification marks, one court had little difficulty extending that finding of liability to one for infringement as well.¹⁰²⁵ Likewise, a bankruptcy court entered summary judgment against a debtor based on undisputed evidence he had used identical reproductions

¹⁰¹⁷ *Id.* (quoting *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1456 (9th Cir. 1991)).

¹⁰¹⁸ *Id.*

¹⁰¹⁹ *See Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005 (C.D. Cal. 2017).

¹⁰²⁰ That finding of commercial strength rested in part on the plaintiffs’ thirty years’ worth of use and extensive advertising. *Id.* at 1014-15.

¹⁰²¹ *Id.* at 1015.

¹⁰²² *Id.* at 1016.

¹⁰²³ *Id.* at 1016-17.

¹⁰²⁴ *Id.* at 1016.

¹⁰²⁵ *See UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596, 609-12 (C.D. Cal. 2017); *see also* *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627, 1631 (N.D. Ill. 2017) (similarly basing finding of infringement as a matter of law on finding of liability for counterfeiting as a matter of law).

of the plaintiffs' marks to sell electronic devices that allowed users to access the plaintiffs' otherwise protected television programs and other content without charge.¹⁰²⁶ So too did a different court enter summary judgment in a plaintiff's favor after finding the defendant had continued using a formerly licensed domain name corresponding to the plaintiff's mark following termination of the license.¹⁰²⁷ And, in another clear case of liability, a finding of likely confusion as a matter of law resulted from the concurrent use of the LA BAMBA mark for competing restaurants serving Mexican food after the defendant failed to substantiate its claim that third-party use had rendered the plaintiff's mark weak.¹⁰²⁸

Other findings of infringement required more in-depth analyses. The Ninth Circuit may disfavor findings of likely and unlikely confusion as a matter of law by the district courts it reviews,¹⁰²⁹ but that did not stop the court itself from reversing a finding of nonliability made after a bench trial.¹⁰³⁰ That action was understandable, however, because the case presented the use by both parties of the identical mark—STONE CREEK—for directly competitive furniture, of which the court remarked, “cases involving identical marks on competitive goods are rare and ‘hardly ever find their way into the appellate reports’ because liability is ‘open and shut.’”¹⁰³¹ Those considerations were not the defendant's only problems, though, because the record on appeal established the conceptual strength of the disputed mark, which the court determined fell “at the high end as a fanciful or arbitrary mark.”¹⁰³² The plaintiff also benefitted from actual confusion in the form of misdirected inquiries directed to the plaintiff by purchasers of the defendant's furniture,¹⁰³³ as well as its showing the parties employed similar marketing channels (despite serving largely distinct geographic markets).¹⁰³⁴ Finally, the court assigned

¹⁰²⁶ See *In re Bhalla*, 573 B.R. 265, 282 (Bankr. M.D. Fla. 2017).

¹⁰²⁷ See *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609, 621-22 (W.D. Ark. 2018).

¹⁰²⁸ See *La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 295 F. Supp. 3d 756, 766-70 (W.D. Ky. 2018).

¹⁰²⁹ See, e.g., *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190, 1210 (9th Cir. 2012) (“Given the open-ended nature of this multi-prong inquiry, it is not surprising that summary judgment on ‘likelihood of confusion’ grounds is generally disfavored”); *Automotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1075 (9th Cir. 2006) (“Because the likelihood of confusion is often a fact-intensive inquiry, courts are generally reluctant to decide this issue at the summary judgment stage.”).

¹⁰³⁰ See *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018).

¹⁰³¹ *Id.* at 432 (quoting 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:20 (4th ed. 2017)).

¹⁰³² *Id.* at 433.

¹⁰³³ *Id.*

¹⁰³⁴ *Id.* at 433-34.

“critical” importance to the defendant’s bad faith, which was apparent in its service as the plaintiff’s manufacturer before affixing its exact reproductions of the plaintiff’s mark to furniture intended for another party: “when the alleged infringer intended to deceive customers” the court observed, “we infer that its conscious attempt to confuse did in fact result in confusion.”¹⁰³⁵ In the final analysis, “[t]he slam-dunk evidence of a conceptually strong mark together with the use of identical marks on identical goods is difficult to surmount.”¹⁰³⁶

Although the USPTO’s examiners and the Trademark Trial and Appeal Board often are called upon to determine the likelihood of confusion in cases involving marks covered by intent-to-use applications, that scenario presents itself to courts other than the Federal Circuit with far less frequency. Nevertheless, the Fifth Circuit affirmed a finding of infringement as a matter of law in a case in which the defendant had not yet opened its doors.¹⁰³⁷ The plaintiff, which had successfully prosecuted a motion for summary judgment of liability before the district court, was the broadcasting and cable company responsible for the animated television series *SpongeBob SquarePants*, in which a fictional restaurant operating under the service mark THE KRUSTY KRAB appeared regularly and prominently; the plaintiff also licensed the mark to third parties for use in connection with various consumer goods. Prior to moving the district court for summary judgment, the plaintiff successfully pursued a preliminary injunction motion against the defendant’s impending use of THE KRUSTY KRAB for a bricks-and-mortar restaurant; consequently, the full context of the defendant’s use was unavailable for consideration by either the district court or the court of appeals.

Nevertheless, the district court had not erred in finding the absence of a factual dispute concerning the defendant’s liability. The Fifth Circuit declined to disturb the district court’s determination that the plaintiff’s mark was not inherently distinctive, but it agreed the mark was commercially strong based on the strong acquired distinctiveness attaching to it.¹⁰³⁸ That consideration weighed in the plaintiff’s favor, as did the identity of the parties’ marks,¹⁰³⁹ the “logical extension of fictional characters to restaurants,”¹⁰⁴⁰ and survey evidence adduced by the plaintiff showing a net thirty percent and thirty-five percent rate of confusion among

¹⁰³⁵ *Id.* at 434.

¹⁰³⁶ *Id.* at 436.

¹⁰³⁷ *See Viacom Int’l, Inc. v. IJR Capital Invs., L.L.C.*, 891 F.3d 178 (5th Cir. 2018).

¹⁰³⁸ *Id.* at 193.

¹⁰³⁹ *Id.*

¹⁰⁴⁰ *Id.* at 194.

respondents.¹⁰⁴¹ The defendant responded to these showings by emphasizing the “marginal overlap” in the parties’ retail outlets,¹⁰⁴² as well as the “little thematic overlap” between the plaintiff’s fictional restaurant and the defendant’s proposed real one,¹⁰⁴³ but those considerations were insufficient bases for a vacatur of the plaintiff’s victory.¹⁰⁴⁴

Some trial courts reached findings of infringement as a matter of law in disputes not producing appellate opinions, including those addressing the scenario of terminated licensees continuing to use licensed marks on a post-termination basis. Defendants in that scenario often do not put up a fight, but a group of counterclaim defendants did in an action pending before a Florida federal district court.¹⁰⁴⁵ The summary judgment record assembled by the parties established that the license in question contemplated a six-month sell-off period, but there were two reasons that term did not assist the counterclaim defendants in fending off liability. First, one of the counterclaim defendants was not a party to the license, which left it unable to avail itself of the sell-off period.¹⁰⁴⁶ And, second, there was no dispute the unauthorized sales extended beyond that period.¹⁰⁴⁷ Not surprisingly, summary judgment of infringement followed, especially in light of the plaintiff’s demonstration of actual confusion occasioned by the counterclaim defendants’ conduct.¹⁰⁴⁸

An Illinois federal district court similarly found a defendant liable for infringement on a motion for summary judgment.¹⁰⁴⁹ The parties both provided vacation and temporary property rentals—the plaintiff under the VAYSTAYS mark and the defendant under the VACAYSTAY mark. The record failed to support the plaintiff’s claims that its mark was strong and that the defendant had adopted its use in bad faith,¹⁰⁵⁰ but that was the extent of the defendant’s success in responding to the plaintiff’s motion. Specifically, the plaintiff established to the court’s satisfaction there was no material dispute that the online nature of the parties’ business precluded

¹⁰⁴¹ *Id.* at 197.

¹⁰⁴² *Id.* at 194.

¹⁰⁴³ *Id.* at 193-94.

¹⁰⁴⁴ In light of the undeveloped summary judgment record concerning them, several of the usual likelihood-of-confusion factors did not play a role in the appellate court’s analysis, namely: (1) “the extent of the overlap between purchasers,” *id.* at 195; (2) similarities between the parties’ advertising media, *id.*; and (3) the defendant’s intent, *id.* at 195-96.

¹⁰⁴⁵ *See Casa Dimitri Corp. v. Invicta Watch Co. of Am.*, 270 F. Supp. 3d 1340 (S.D. Fla. 2017).

¹⁰⁴⁶ *Id.* at 1358.

¹⁰⁴⁷ *Id.*

¹⁰⁴⁸ *Id.* at 1359-61.

¹⁰⁴⁹ *See Vacation Rental Partners, LLC v. VacayStay Connect, LLC*, 122 U.S.P.Q.2d 1514 (N.D. Ill. 2017).

¹⁰⁵⁰ *Id.* at 1524.

giving customer sophistication meaningful weight,¹⁰⁵¹ that the parties' services were closely related,¹⁰⁵² that their marks were similar in appearance and connotation,¹⁰⁵³ and that there had been "several instances where customers or prospective customers (including property suppliers and third-party distribution channels) confused the companies' marks."¹⁰⁵⁴ A finding of infringement as a matter of law resulted.

(iii) Opinions Finding Likelihood of Confusion After Trial

The difficulty in successfully challenging a jury verdict of infringement was apparent in an opinion from a panel of the Court of Appeals of Texas affirming just such a verdict.¹⁰⁵⁵ The plaintiff was a crane service that had retained the defendants to produce a promotional video and a website. The plaintiff found the resulting work product unsatisfactory, in response to which the defendants refused to transfer the address at which the website (which continued prominently to display the plaintiff's service mark) was accessible to the plaintiff; worse still, when potential customers called a telephone number on the site, they were referred to competitors of the plaintiff, rather than the plaintiff. Not surprisingly, the court held the jury had been within its rights to find the defendants liable for infringement.¹⁰⁵⁶

An attack on a jury's finding of infringement also fell short in a trade dress dispute arising from the defendant's copying of an hourglass-shaped mounting arm used to attach cell phones to the interiors of vehicles, which was first sold by the plaintiff.¹⁰⁵⁷ The court agreed with the defendant that the plaintiff's trade dress was weak, holding that "the commercial success of the [plaintiff's] mounts—in light of the many years the design of these mounts were protected from market competition by a patent—does not provide evidence of a strong mark in this case."¹⁰⁵⁸ Nevertheless, a number of other showings by the plaintiff provided the court with enough substantial evidence to sustain the jury's verdict against the defendant's challenge. Those included the competitive proximity of

¹⁰⁵¹ *Id.* at 1524-25.

¹⁰⁵² This was true despite the defendant's argument that its customers were "sophisticated corporate property suppliers," rather than the individual consumers targeted by the plaintiff. *Id.* at 1525.

¹⁰⁵³ *Id.* at 1526.

¹⁰⁵⁴ *Id.* at 1527.

¹⁰⁵⁵ *See Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724 (Tex. Ct. App. 2017).

¹⁰⁵⁶ *Id.* at 745.

¹⁰⁵⁷ *See Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

¹⁰⁵⁸ *Id.* at 1058.

the parties' goods, the close similarity between the appearance of the goods, evidence of at least some actual confusion, the parties' shared marketing channels, and the likelihood of the parties continuing to expand into the same markets.¹⁰⁵⁹

Findings of infringement after trials also found their way into opinions from the courts holding those trials. For example, although defendants advancing credible claims of parody have generally prevailed in recent years, an Arizona federal district court found after a bench trial that the appearance of a dog chew toy was likely to be confused with the JACK DANIEL'S mark for Tennessee whiskey and with the following trade dress associated with that whiskey:¹⁰⁶⁰



As described by the court:

The [counterclaim defendant's] "Bad Spaniels" toy is in the shape of a liquor bottle and features a wide-eyed spaniel over the words "Bad Spaniels", "the Old No. 2, on your Tennessee Carpet." At the bottom of the "Bad Spaniels" toy, it reads: "43% POO BY VOL." and "100% SMELLY". On the back of the Silly Squeakers label for the "Bad Spaniels" toy, it states: "This product is not affiliated with Jack Daniel Distillery."¹⁰⁶¹

The clear similarities between the appearances of the parties' respective products was no accident, for the trial record contained

¹⁰⁵⁹ *Id.* at 1058-60.

¹⁰⁶⁰ *VIP Prods., LLC v. Jack Daniel's Props., Inc.*, 291 F. Supp. 3d 891, 898 (D. Ariz. 2018), appeal docketed, No. 18-16012 (9th Cir. June 4, 2018).

The graphic in the text accompanying this footnote is reproduced from the specimen submitted by the counterclaim plaintiff while pursuing U.S. Reg. No. 1923981.

¹⁰⁶¹ *VIP Prods.*, 291 F. Supp. 3d at 898.

ample evidence that “[the counterclaim defendant’s] intent behind the designing the ‘Bad Spaniels’ toy was to match the bottle design for Jack Daniel’s Tennessee Sour Mash Whiskey (‘Old No. 7 Brand’).”¹⁰⁶² Although the counterclaim defendant sought to diminish the significance of its intentional copying by claiming its product was a parody of the counterclaim plaintiff’s mark and trade dress, the court held instead that “[a] defendant’s claim of parody will be disregarded where the purpose of the similarity is to capitalize on a famous mark’s popularity for the defendant’s own commercial use.”¹⁰⁶³ The defendant’s intent therefore favored a finding of liability, as did the survey evidence of actual confusion,¹⁰⁶⁴ similarity of the parties’ uses,¹⁰⁶⁵ the strength of the plaintiff’s mark and trade dress,¹⁰⁶⁶ the competitive proximity of the counterclaim defendant’s goods to certain canine-related products licensed by the counterclaim plaintiff,¹⁰⁶⁷ the sale of both parties’ goods in the same retail outlets,¹⁰⁶⁸ and the low degree of care exercised by consumers.¹⁰⁶⁹ The trial record therefore demonstrated “there is a likelihood of consumer confusion and thus trademark and trade dress infringement under both state and federal law.”¹⁰⁷⁰

A number of similar findings of liability came in a dispute brought against a perfume manufacturer by a competitor and the competitor’s licensors, from which the competitor had received the rights to use the names of various celebrities in connection with its perfumes.¹⁰⁷¹ As reflected in the following comparisons, which display the lead plaintiff’s packaging on the left and the defendant’s on the right, the defendant’s business model entailed selling perfumes reminiscent of the lead plaintiff’s scents in packages equally reminiscent of those of the plaintiff:

¹⁰⁶² *Id.*

¹⁰⁶³ *Id.* at 908.

¹⁰⁶⁴ *Id.* at 906-08.

¹⁰⁶⁵ *Id.* at 909.

In finding the parties’ uses similar, the court rejected the counterclaim defendant’s reliance on a disclaimer of affiliation: “[The counterclaim defendant] cannot dispel confusion with a disclaimer, particularly a disclaimer in tiny font on the reverse side of its product packaging. ‘Courts have been justifiably skeptical of such devices—particularly where exact copying is involved.’” *Id.* at 909 (citation omitted) (quoting *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1077 (9th Cir. 2006)).

¹⁰⁶⁶ *Id.* at 909-10.

¹⁰⁶⁷ *Id.* at 910.

¹⁰⁶⁸ *Id.*

¹⁰⁶⁹ *Id.*

¹⁰⁷⁰ *Id.* at 911.

¹⁰⁷¹ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).



Indeed, as reflected in these examples, the defendant even reproduced the plaintiffs' marks on its packaging. Not surprisingly, the court found these and the other marks and packaging at issue confusingly similar,¹⁰⁷² and that was only the start of the defendant's woes. Other factors resolved against it included the strength of the plaintiffs' marks and trade dresses,¹⁰⁷³ the competitive proximity of, and shared channels of distribution for, the parties' goods,¹⁰⁷⁴ the defendant's intentional copying (which the court found created a presumption of actual confusion),¹⁰⁷⁵ survey

¹⁰⁷² *Id.* at 446 ("To list just a few, [the defendant's] products copy, with only slight differences, the names, typefaces, packaging, design, coloring, and bottle shapes of [the lead plaintiffs] fragrances."); *see also id.* at 447-48 (discussing and dismissing "range of differences between [the lead plaintiffs] marks and trade dresses, on the one hand, and [the defendant's] on the other").

¹⁰⁷³ Citing the commercial success of the plaintiffs' goods and the plaintiffs' sizeable advertising expenditures, the court rejected the defendant's claim that individual packages and marks in which the plaintiffs claimed rights were weak and entitled to only a narrow scope of protection. Plus, the court concluded, it was necessary to evaluate the strength of the plaintiffs' packages and marks as they appeared together in the marketplace. *Id.* ("[The lead plaintiff] . . . is not claiming trademark protection for its bottle shape alone; instead, it is claiming trademark infringement for the various components of its trade dress and for [the defendant's] use of its house and product marks. And '[b]ecause in the context of trade dress the whole can be greater than, or at least different from, the sum of its parts, it is necessary to consider the combined articulated elements of [the lead plaintiffs] trade dress to determine whether as an ensemble they form a distinctive presentation to consumers.'" (third alteration in original) (quoting *Best Cellars, Inc. v. Wine Made Simple, Inc.*, 320 F. Supp. 2d 60, 71 (S.D.N.Y. 2003)).

¹⁰⁷⁴ *Id.* at 448-49.

¹⁰⁷⁵ *Id.* at 449, 454-55. The court found the defendant had copied the plaintiffs' fragrances, but, beyond that, "[the defendant] did not stop there; it then meticulously mimicked the external trappings of those fragrances and used [the plaintiffs'] protected marks on its packaging in a way that, even with the disclamatory language, could only have been calculated to capitalize on [the plaintiffs'] goodwill." *Id.* at 454. Moreover, the trial record established the defendant had staffed itself with personnel from a third party that was subject to a consent injunction prohibiting the third party from engaging in the same conduct challenged in the case before the court. *Id.* at 455.

evidence of actual confusion,¹⁰⁷⁶ and the comparatively low quality of the defendant's goods.¹⁰⁷⁷ The defendant countered these showings by the plaintiffs with its own survey results and its disclaimers of affiliation with the plaintiffs, but the court found the former unpersuasive¹⁰⁷⁸ and the latter probative of liability because they prominently featured the plaintiffs' marks.¹⁰⁷⁹

Although losing its registration to a fraudulent-procurement-based challenge, a counterclaim plaintiff similarly proved during a bench trial a likelihood of confusion between its formerly registered SPIRAL mark and the counterclaim defendants' identical mark, both of which were used in connection with various competing items of clothing.¹⁰⁸⁰ The counterclaim plaintiff scored an initial victory with the court's finding its mark was arbitrary and therefore a strong one.¹⁰⁸¹ Not surprisingly, findings that the similarities between the parties' marks and goods favored a finding of liability quickly followed,¹⁰⁸² as did one that consumers might try to locate the parties by using Internet browsers.¹⁰⁸³ Although the counterclaim plaintiff fell short in its efforts to convince the court the parties targeted similar customers,¹⁰⁸⁴ as well as that the counterclaim defendants had acted in bad faith¹⁰⁸⁵ or that their

¹⁰⁷⁶ *Id.* at 449-43.

¹⁰⁷⁷ On this issue, the court found:

[The defendant] uses less expensive, synthetic oils, rather than the natural oils used in [the lead plaintiff's] fragrances, and it employs less expensive packaging components than [the lead plaintiff] does. . . . Not surprisingly, therefore, [the defendant's] fragrances do not smell the same as [the lead plaintiff's] perfumes and colognes. Additionally, in contrast to [the lead plaintiff's] fragrances, many of [the defendant's] products were found to contain DEHP, a potential carcinogen.

Id. at 455 (footnote omitted) (citations omitted).

¹⁰⁷⁸ Even the defendant's proffered survey results reflected a net confusion rate of 19.5% among respondents, which the court considered "reasonably favorable" to the plaintiff. *Id.* at 450. Equally to the point, because of various methodological irregularities, the court suspected the true rate of confusion was higher. *Id.* at 450.

¹⁰⁷⁹ *Id.* at 447-48.

¹⁰⁸⁰ *See* *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605-AA (11th Cir. Mar. 13, 2018).

¹⁰⁸¹ *Id.* at 1373. In reaching this conclusion, the court rejected the counterclaim defendants' assertion the mark was weak because of similar third-party uses. *Id.* ("[The counterclaim defendants] [have] failed to show that the Spiral mark was being used by third parties on similar goods or that those trademarks were actually in use and known to the consuming public.").

¹⁰⁸² *Id.*

¹⁰⁸³ *Id.* at 1374.

¹⁰⁸⁴ *Id.* (There was little evidence at trial regarding each company's customer base, but it is clear that [the counterclaim defendants'] customers are inclined to be enthusiasts of 'Goth' or 'hard rock' clothing while [the counterclaim plaintiff's] customers wear outdoor and athletic clothing.").

¹⁰⁸⁵ *Id.*

conduct had created actual confusion, those failures did not affect the court's ultimate finding of liability.¹⁰⁸⁶ To the contrary, and especially in light of the counterclaim plaintiff's plans to expand to "large, third-party online retailers such as Amazon.com and eBay, where the [counterclaim defendants] currently sell[] [their] goods," the court found "little doubt that two parties offering their goods for sale under the same trademark on the same website would result in some customer confusion."¹⁰⁸⁷

A bench trial also produced a finding of liability in a battle between manufacturers of fitness-related goods.¹⁰⁸⁸ The plaintiff sold outdoor playground equipment under the federally registered GORILLA PLAYSETS mark, while the defendant branded its doorway pull-up bars and related accessories with the GORILLA GYM mark. The court's conclusion that confusion was likely between the two was short and to the point. After finding the plaintiff's mark was commercially strong, the court tersely concluded that "[t]here is a strong similarity between Plaintiff's mark and Defendant's mark. The products offered by Plaintiff and Defendant are also similar. Both Plaintiff and Defendant use the same sales and advertising methods. Finally, there were instances of actual confusion by customers."¹⁰⁸⁹ Infringement therefore existed even in the absence of proof the defendant had adopted its mark in bad faith.¹⁰⁹⁰

Finally, following a remand from the Ninth Circuit and based on evidence developed during an earlier bench trial, a California federal district court reached the usual finding that the continued use of a once-licensed mark for a Russian-language newspaper by terminated licensees was likely to cause confusion.¹⁰⁹¹ The court articulated two reasons for the plaintiff's victory, the first of which was the straightforward proposition that "[h]aving already concluded that an implied license allowing Defendants to use the marks existed, Defendants' use of those marks after a valid termination would be infringing."¹⁰⁹² The second was that "[the plaintiff] has satisfied his burden to establish a likelihood of confusion between the identical marks that are used for identical goods."¹⁰⁹³

¹⁰⁸⁶ *Id.*

¹⁰⁸⁷ *Id.*

¹⁰⁸⁸ *See* Playnation Play Sys., Inc. v. Velez Corp., 325 F. Supp. 3d 1354 (N.D. Ga. 2017).

¹⁰⁸⁹ *Id.* at 1358.

¹⁰⁹⁰ *Id.*

¹⁰⁹¹ *See* Pogrebnoy v. Russian Newspaper Distrib., Inc., 289 F. Supp. 3d 1061 (C.D. Cal. 2017), *aff'd*, 742 F. App'x 291 (9th Cir. 2018).

¹⁰⁹² *Id.* at 1070.

¹⁰⁹³ *Id.* at 1071.

**(iv) Opinions Finding No Likelihood of Confusion on
Motions for Preliminary Injunctive Relief**

A battle precipitated by the objections of an eyewear manufacturer to alleged infringement undertaken by a social media company led to the denial of a motion by the plaintiff for preliminary injunctive relief.¹⁰⁹⁴ The plaintiff sold its reading glasses and sunglasses under a mark described by the court as “an oval, upward-looking, black-and-white cartoon eyeball placed above the word ‘Eyebobs,’”¹⁰⁹⁵ while the defendant used a “round, forward-looking, black-and-white cartoon eyeball that is typically displayed against a vibrant-yellow background and that is often placed near the word ‘Spectacles’” in connection with sunglasses featuring a built-in camera in the upper right corner.¹⁰⁹⁶ Finding that the plaintiff had failed to demonstrate a likelihood of success on its cause of action for reverse confusion, the court found that the weakness of the *defendant’s* mark (and not that of the *plaintiff’s* mark) weighed against liability.¹⁰⁹⁷ Focusing on the verbal components of the parties’ marks—“Eyebobs” vs. “Spectacles”—the court next found the parties’ marks dissimilar in appearance, especially in light of the “substantially different font[s]” in which consumers encountered them in the marketplace.¹⁰⁹⁸ Those were not the only considerations favoring the defendant, though, for the court also determined from the preliminary injunction record that the parties’ goods were “very different products . . . that are sold through very different channels,”¹⁰⁹⁹ that there was no evidence the defendant had acted in bad faith,¹¹⁰⁰ and that customers of both parties’ products

¹⁰⁹⁴ See *Eyebobs, LLC v. Snap, Inc.*, 259 F. Supp. 3d 965 (D. Minn. 2017).

¹⁰⁹⁵ *Id.* at 970.

¹⁰⁹⁶ *Id.* at 971.

¹⁰⁹⁷ *Id.* at 974-75. As the court explained its methodology:

In a reverse-confusion case, . . . the plaintiff (the smaller senior user) fears that its mark will be overwhelmed when the defendant (the larger junior user) saturates the market with its (infringing) mark. A *conceptually* strong mark still weighs in the plaintiff’s favor, “particularly when the mark is of such a distinctive character that, coupled with the relative similarity of the plaintiff’s and defendant’s marks, a consumer viewing the plaintiff’s product is likely to assume that such a mark would only have been adopted by a single source—i.e., the defendant.” But “the lack of *commercial* strength of the smaller senior user’s mark is to be given less weight in the analysis because it is the strength of the larger, junior user’s mark which results in reverse confusion.”

Id. at 974 (quoting *A & H Sportswear, Inc. v. Victoria’s Secret Stores, Inc.*, 237 F.3d 198, 229, 234 (3d Cir. 2000); *Commerce Nat’l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432, 444 (3d Cir. 2000)).

¹⁰⁹⁸ *Id.* at 975.

¹⁰⁹⁹ *Id.* at 976.

¹¹⁰⁰ *Id.* at 976-77.

exercised a good deal of care when making purchases.¹¹⁰¹ Finally, to the extent the plaintiff sought to rely on its rights to the nonverbal design component of its mark, that mark was even weaker than its registered composite mark in light of the defendant's showing that "the marketplace is crowded with cartoonish, black-and-white eyeballs."¹¹⁰²

Denial of preliminary injunctive relief also was the outcome in a case in which the plaintiff objected to its termination as a distributor of two lines of dinnerware allegedly featuring a nonfunctional and distinctive trade dress.¹¹⁰³ That termination occurred when the lead defendant purchased an intermediary company through which the plaintiff had ordered the dinnerware from the manufacturer producing it; the lead defendant then began selling the dinnerware directly to the same consumers formerly served by the plaintiff. The plaintiff's claim of infringement therefore rested on the theory that the defendants' sale of dinnerware previously sold by the plaintiff created a likelihood of confusion among the plaintiff's former customers.

In particular, the plaintiff argued the defendants were engaged in intentional copying that created a presumption of liability, but the court declined to reach such a result; instead, it concluded, the defendants were selling genuine goods from the same manufacturer from which the plaintiff historically had purchased its goods.¹¹⁰⁴ That finding was not the end of the plaintiff's troubles, though, for the court also found the lead defendant's labeling of the goods it sold with its own name reduced the likelihood of confusion, as did the sophistication of customers of those goods.¹¹⁰⁵ With the plaintiff thus having "not met its burden in demonstrating that sufficiently serious questions exist concerning the likelihood of confusion," its preliminary injunction motion failed to make the grade.¹¹⁰⁶

Finally, a restaurateur in the fried chicken business escaped a temporary restraining order in an action challenging its use of CAJUN CHICKEN FILLET BISCUIT in connection with a biscuit containing a seasoned and fried chicken breast.¹¹⁰⁷ According to the plaintiff, that use infringed the plaintiff's rights to its unregistered CAJUN FILET BISCUIT mark for a directly competitive product. Although acknowledging its views might change with the benefit of a more fully developed evidentiary record, the court disagreed. In

¹¹⁰¹ *Id.* at 978.

¹¹⁰² *Id.* at 979.

¹¹⁰³ *See* Oneida Grp. v. Steelite Int'l U.S.A. Inc., 122 U.S.P.Q.2d 1694 (E.D.N.Y. 2017).

¹¹⁰⁴ *Id.* at 1710.

¹¹⁰⁵ *Id.*

¹¹⁰⁶ *Id.*

¹¹⁰⁷ *See* Bojangles' Int'l, LLC v. CKE Rests. Holdings, Inc., 123 U.S.P.Q.2d 1786 (W.D.N.C. 2017).

doing so, it relied heavily on the descriptiveness of the plaintiff's mark, which it found "militate[d] toward an unfavorable decision for plaintiff at this early stage."¹¹⁰⁸

(v) Opinions Finding No Likelihood of Confusion as a Matter of Law

Unusually, one court granted a motion to dismiss after placing undue reliance on a certificate of registration proffered by the lead plaintiff before it.¹¹⁰⁹ That registration was of the OLD SOUTH APPAREL mark for clothing, while the defendants allegedly had sold clothing bearing the OLD SOUTH mark. In dismissing the plaintiff's Section 32 cause of action for failure to state a claim, the court observed, "Plaintiffs possess a registered federal trademark in the term 'Old South Apparel.' But no such reproduction, counterfeit, copy or imitation of plaintiffs' registered trademark is present here. Plaintiffs do not possess a registered federal trademark in 'Old South,' which is what was printed on the shirts in question."¹¹¹⁰

Although the use of closely similar designations in connection with directly competitive goods ordinarily might preclude a successful defense motion for summary judgment, the Eighth Circuit held otherwise in affirming the grant of such a motion.¹¹¹¹ The plaintiff in the action before that court owned a federal registration of its ONEPUL mark for "wicket bags" used to collect canine waste, while the defendant described its own wicket bags with the phrase "one-pull."¹¹¹² The defendant might well have prevailed on the theory that its use was a descriptive fair one, but the court's holding that confusion was unlikely as a matter of law obviated the need for such an analysis. That holding acknowledged the "clear similarity" of the parties' uses, but considered that similarity outweighed by the defendant's sale of its goods on a website emblazoned with its name;¹¹¹³ the same circumstance also diminished the significance of the "low-cost" and "fungible" nature of the parties' goods, which led consumers of them to exercise "minimal care" when making purchases.¹¹¹⁴ With the plaintiff having failed to adduce evidence of the commercial strength of its "conceptually weak" mark,¹¹¹⁵ a bad-faith intent on the defendant's

¹¹⁰⁸ *Id.* at 1790.

¹¹⁰⁹ *See* Old S. Apparel, LLC v. JEB Designs, Inc., 272 F. Supp. 3d 734 (E.D.N.C. 2017).

¹¹¹⁰ *Id.* at 738.

¹¹¹¹ *See* ZW USA, Inc. v. PWD Sys., LLC, 889 F.3d 441 (8th Cir. 2018).

¹¹¹² *Id.* at 444-45.

¹¹¹³ *Id.* at 447.

¹¹¹⁴ *Id.* at 448.

¹¹¹⁵ *Id.* at 446.

part,¹¹¹⁶ or the existence of actual confusion,¹¹¹⁷ its infringement claim fell short as a matter of law.

In another case in which the similarities between the parties' marks and the competitive proximity of the parties' services might ordinarily have been expected to produce a factual dispute as to likely confusion, a Maryland federal district court held otherwise.¹¹¹⁸ The parties were in the business of washing automobiles, with the plaintiff's mark shown below on the left and the defendant's mark shown below on the right:¹¹¹⁹



What the court viewed as the descriptiveness of the plaintiff's mark rendered it conceptually weak,¹¹²⁰ and the plaintiff's annual advertising spend of "approximately \$250,000" did not make it commercially strong, especially in light of the plaintiff's failure to conduct a secondary meaning survey.¹¹²¹ Turning to the degree of similarity between the parties' marks, the court found them distinguishable because "they do not contain the same words" and "do not use similar colors," as well as because "although [the plaintiff's] mark is not always accompanied by the 'man in the car logo,' it generally is . . ."¹¹²² It then rejected the plaintiff's allegations of bad faith, which rested on the defendants' continued (and ultimately successful) pursuit of registration of their mark after the USPTO had refused to issue one based on a prior registration of the plaintiff's mark; declining to give that consideration dispositive weight, the court concluded instead that, had the defendants really had a bad-faith intent, they would have changed their signage to resemble more closely that of the plaintiff.¹¹²³ Although the plaintiff claimed to have anecdotal evidence of actual confusion, the court dismissed the plaintiff's proffered instances: (1) most had occurred outside the sole geographic market occupied by both parties; (2) the plaintiff

¹¹¹⁶ *Id.*

¹¹¹⁷ *Id.* at 448.

¹¹¹⁸ See *Protect-A-Car Wash Sys., Inc. v. Car Wash Partners, Inc.*, 276 F. Supp. 3d 439 (D. Md. 2017), *appeal dismissed*, No. 17-2073, 2018 WL 1326272 (4th Cir. Jan. 16, 2018).

¹¹¹⁹ *Id.* at 444.

¹¹²⁰ *Id.* at 449.

¹¹²¹ *Id.* at 449-450.

¹¹²² *Id.* at 450.

¹¹²³ *Id.* at 451-52.

appeared to have manufactured one; and, in any case (3) all were de minimis.¹¹²⁴ Consequently, the plaintiffs showing of actual confusion, the competitive proximity of the parties' services, and their shared use of the Internet as a promotional tool failed to place the defendants' nonliability in dispute.¹¹²⁵

An Illinois federal district court similarly rejected a claim of likely confusion on a defense motion for summary judgment.¹¹²⁶ The parties competed in the market for cell phone cases, and the court found it "indisputable that both parties use the trademarked term Capsule, both alone and in combination with other words or phrases."¹¹²⁷ The superficial similarity between the parties' marks might have weighed in the plaintiff's favor, but, taking into account the appearances of the marks as consumers encountered them in the real world, the court found that "considering the disputed Capsule products in their market conditions, . . . their distinct 'packaging, coloring, and labeling,' and 'use of a prominent brand name' with the mark, minimizes the similarity of the marks."¹¹²⁸ Moreover, although the parties' goods were directly competitive, the summary judgment record established that "due to the distinct appearance of the marks and because, with countless cell phone cases on the market from a wide range of suppliers, no consumer is likely to assume that any two cell phone cases come from the same manufacturer unless the branding indicates this to be true."¹¹²⁹ The court similarly downplayed the significance of the parties' geographically overlapping operations because "the lack of evidence as to what part of that market the parties actually target leaves open the possibility that they pursue very different consumers."¹¹³⁰ It then moved on to factors it found favored the defendant as a matter of law, namely, the degree of care exercised by consumers,¹¹³¹ the descriptiveness and concomitant weakness of "capsule" in the

¹¹²⁴ *Id.* at 452-54.

¹¹²⁵ *Id.* at 451, 454.

¹¹²⁶ *See* *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825 (N.D. Ill. 2018) (quoting *Platinum Home Mortg. Corp. v. Platinum Fin. Grp.*, 149 F.3d 722, 728 (7th Cir. 1998)), *appeal docketed*, No. 18-1917 (7th Cir. April 26, 2018).

¹¹²⁷ *Id.* at 858. In addition to CAPSULE, the plaintiff sold its goods under the CAPSULE CASE mark, while the defendant used ULTRA FIT CAPSULE, CASE CAPSULE SOLID, "and others." *Id.*

¹¹²⁸ *Id.* at 859 (citation omitted) (quoting *Packman v. Chi. Tribune Co.*, 267 F.3d 628, 644 (7th Cir. 2001); *G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985, 999 (7th Cir. 1989)).

¹¹²⁹ *Id.* at 859-60 (citation omitted).

¹¹³⁰ *Id.* at 860.

¹¹³¹ *Id.* at 860-61. Although the plaintiff argued the parties' goods were inexpensive, the court noted that "Plaintiff's own marketing materials and customization features show that cell phone cases can be a means of subjective self-expression, which means that consumers are likely to be discriminating in such purchases regardless of price." *Id.* at 861 (citations omitted).

industry, which was reinforced by third parties' use of similar marks,¹¹³² the absence of evidence of actual confusion,¹¹³³ and the defendant's good-faith adoption of their uses.¹¹³⁴

Finally, a Texas federal district court flushed the trade dress infringement claim of a pair of plaintiffs that delivered, serviced, and removed on-site portable toilets.¹¹³⁵ The plaintiffs defined the trade dress of their toilets as comprising, *inter alia*, tan toilets with green doors. The court granted the defendant's motion for summary judgment in substantial part because of the toilets' distinguishable appearances. Reviewing the record, it found it undisputed that "Defendant has toilets that are entirely green or tan, but none is tan with a green door."¹¹³⁶ Although the plaintiffs responded to that showing by the defendant by "stress[ing] that their toilets are tan on three sides, and a customer could easily confuse the products unless she could see the green door,"¹¹³⁷ that was not enough to save their infringement claim, and the defendant therefore escaped liability for infringement as a matter of law.

(vi) Opinions Finding No Likelihood of Confusion After Trial

The perennial question of whether the purchase of a competitor's mark as a keyword, or, in other words, as a trigger for paid online advertising, can in and of itself support a finding of liability for infringement took center stage in a trial between two charities.¹¹³⁸ The plaintiff's flagship mark was THE ALZHEIMER'S ASSOCIATION, which it used in connection with the non-profit funding of Alzheimer's Disease-related research, while the defendant, which dedicated itself to the optimal care of individuals with Alzheimer's and the support of their families and caregivers, operated under the ALZHEIMER'S FOUNDATION OF AMERICA and ALZHEIMER'S FOUNDATION marks. The trial record established the defendant had initiated a "so-called competitors campaign," pursuant to which it purchased the plaintiff's marks as keywords for advertising featuring only its own marks and not those of the plaintiff.¹¹³⁹

¹¹³² *Id.* at 861-62. Indeed, the weakness of the plaintiff's claimed CAPSULE mark was such that, earlier in its opinion, the court found it invalid for want of acquired distinctiveness. *Id.* at 856-57.

¹¹³³ *Id.* at 862-63.

¹¹³⁴ *Id.* at 863-64.

¹¹³⁵ *See* *Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928 (S.D. Tex. 2017).

¹¹³⁶ *Id.* at 936.

¹¹³⁷ *Id.*

¹¹³⁸ *See* *Alzheimer's Disease & Related Disorders Ass'n, Inc. v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260, 283-84 (S.D.N.Y. 2018).

¹¹³⁹ *Id.* at 272.

Unusually, the court addressed the defendant's online advertising practices at the last stage of its analysis and only after it had already reached an initial finding of noninfringement. En route to that finding, the court found that the parties' presentations of their marks were similar,¹¹⁴⁰ that the parties' services were closely related,¹¹⁴¹ and that potential contributors to each were not necessarily sophisticated.¹¹⁴² Nevertheless, those considerations failed to carry the day in light of numerous findings favoring the defendant's position, including that the plaintiff's descriptive mark was both conceptually and commercially weak,¹¹⁴³ a fact the court considered "particularly crucial to the . . . overall determination,"¹¹⁴⁴ that the plaintiff's anecdotal and survey evidence of actual confusion was unconvincing,¹¹⁴⁵ and that the plaintiff's "circumstantial evidence" of bad faith did not itself "suggest an intention to capitalize on the [plaintiff's] goodwill or to exploit confusion."¹¹⁴⁶

Having found that the defendant's use of its visible marks did not infringe the plaintiff's rights, the court turned to the defendant's purchases of the plaintiff's marks as keywords created an actionable likelihood of confusion. The resolution of that issue did not begin in promising fashion for the plaintiff, with the court rejecting the plaintiff's reliance on an initial-interest confusion theory in the absence of "intentional deception" by the defendant.¹¹⁴⁷ The

¹¹⁴⁰ *Id.* at 291-92.

¹¹⁴¹ *Id.* at 292.

¹¹⁴² *Id.* at 298-99.

¹¹⁴³ *Id.* at 287-91.

¹¹⁴⁴ *Id.* at 288.

¹¹⁴⁵ As anecdotal evidence of actual confusion, the plaintiff proffered evidence and testimony that the parties had received "in excess of 11,000 checks made payable to the other," which the court rejected because of the plaintiff's failure to "prove that this confusion is generated by any of the [defendant's] actions," *id.* at 294; moreover, the plaintiff's showing of "very limited instances of confusion in the media" suffered the same fate. *Id.* The court was equally unimpressed with the plaintiff's survey evidence, finding, *inter alia*: (1) it was "merely circumstantial evidence of the likelihood of confusion," *id.* at 294; (2) the plaintiff's expert had failed to expose respondents to the parties' marks as they appeared in the marketplace, *id.* at 295; (3) it rested in part on the use of an ineffective control, *id.*; and (4) it reflected selection bias because of a failure to rotate stimuli. *Id.* at 296.

¹¹⁴⁶ *Id.* at 297. The plaintiff's showing on this issue consisted of the defendant's application to register ALZHEIMER'S FOUNDATION as a standalone mark, i.e., without the qualifying "of America" the defendant originally used, "using the two-word name in online advertising, alongside, at times, the word 'association,'" and twice submitting false specimens of use in support of its applications. *Id.* Although finding explanatory testimony concerning the defendant's applications "not . . . particularly credible," the court refused to reach a finding of bad faith based on the prosecution of the applications. *Id.* The defendant's practice of purchasing the plaintiff's mark as a keyword similarly failed to do the job in light of evidence and testimony of the plaintiff doing the same with respect to the defendant's mark. *Id.* at 297-98. Finally, the court credited the defendant's claim that it had used the two-word mark for six years without incident. *Id.* at 298.

¹¹⁴⁷ *Id.* at 286 (quoting *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 462 n.13 (2d Cir. 2004)).

plaintiff's case was similarly hindered by the practice of the defendant's vendors of placing the word "ad" next to its mark, which the court found "heightens consumers [sic] care and attention in clicking on the links, and further diminishes the likelihood of initial interest confusion."¹¹⁴⁸ The court then divided potentially confused consumers into three categories: (1) consumers who were not confused by the defendant's advertisements because those consumers used the plaintiff's mark as a generic search term; (2) consumers legitimately subject to initial-interest confusion; and (3) consumers who were "mistakenly diverted for reasons unrelated to [the defendant's] at-issue actions, such as because of the inherently weak and descriptive nature of the parties' marks."¹¹⁴⁹ Because the plaintiff's showing, and especially its survey evidence, failed to "disaggregat[e]" the three groups, the court found it "difficult to conclude with any reasonable certainty the proportion of consumers that fall into each group."¹¹⁵⁰ Confusion therefore might be *possible*, but the plaintiff had failed to prove it was *likely*.¹¹⁵¹

Bourbon whiskey and wine are typically considered related goods for purposes of the likelihood-of-confusion analysis,¹¹⁵² but that consideration, coupled with the parties' use of buffalo imagery on the labels for those beverages and the plaintiff's registered BUFFALO TRACE verbal mark for whiskey, failed to yield a finding of liability following a different bench trial, one before a California federal district court.¹¹⁵³ A significant problem for the plaintiff was the court's conclusion that any similarities between the parties' respective marks and trade dresses were "minimal."¹¹⁵⁴ After

¹¹⁴⁸ *Id.* at 299.

¹¹⁴⁹ *Id.* at 300.

¹¹⁵⁰ *Id.*

¹¹⁵¹ *Id.*

¹¹⁵² *See, e.g., In re AGE Bodegas Unidas, S.A.*, 192 U.S.P.Q. 326, 326 (T.T.A.B. 1976) ("[T]here is clearly a relationship between wine and whiskey, both of which alcoholic beverages are sold through the same specialized retail outlets to the same purchasers, and are frequently bought at the same time . . .").

¹¹⁵³ *See Sazerac Co. v. Fetzer Vineyards, Inc.*, 265 F. Supp. 3d 1013 (N.D. Cal. 2017), *appeal docketed*, No. 17-16916 (9th Cir. Sept. 22, 2017).

¹¹⁵⁴ *Id.* at 1017. As the court elaborated on this point:

I disagree that the trade dresses are substantially similar. The similarities are limited to the presence of a large buffalo on the main label, a smaller buffalo on the neck, and the use of gold and white lettering. Beyond those features, the differences overwhelm. The two products employ distinct brand names, colors, shapes, and words, and different looking versions of the same species of American buffalo. The buffalos differ in the direction they face (left versus forward), styles (sketched versus photograph-like), colors (gray versus brown), posture (walking in profile versus charging head on), and framing (fully displayed versus cut-off on top and bottom). And both products prominently feature their respective brand name, which may nullify any potential for a false affiliation.

Id. at 1035.

reviewing the extensive record concerning the creation of the defendant's wine label, the court also found "no evidence that the label was selected with any intent either to imitate [the plaintiff's] bourbon or confuse consumers as to a potential affiliation, association, sponsorship, or endorsement between the two brands or companies";¹¹⁵⁵ neither the defendant's continued sales following receipt of the plaintiff's demand letter, its failure to clear its label, its emphasis in its promotional materials on the aging of its wine in bourbon barrels, nor its targeting of states in which bourbon was popular demonstrated the contrary.¹¹⁵⁶ The absence of any anecdotal evidence of actual confusion did not assist the plaintiff's case,¹¹⁵⁷ and the court also credited the defendant's showing of "dozens of other beer, wines, and spirits, as well as breweries and a distillery, currently using the terms 'buffalo' or 'bison' or images of those animals."¹¹⁵⁸ Finally, the court concluded, "[t]he doctrine of equivalents does not help [the plaintiff's] trademark infringement case because the entire mark must be considered, and nothing on the [defendant's] bottle is similar to the BUFFALO TRACE word mark."¹¹⁵⁹

(vii) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

For the most part, defendants seeking the dismissal at the pleadings stage of infringement-based cases against them generally came up short.¹¹⁶⁰ One particularly aggressive pair of defendants

¹¹⁵⁵ *Id.* at 1020.

¹¹⁵⁶ *Id.* at 1020-23.

¹¹⁵⁷ *Id.* at 1023-26.

¹¹⁵⁸ *Id.* at 1029.

¹¹⁵⁹ *Id.* at 1031.

¹¹⁶⁰ See, e.g., *Anthem Sports, LLC v. Under the Weather, LLC*, 320 F. Supp. 3d 399, 416-17 (D. Conn. 2018) (holding, without extensive discussion, that plaintiffs had adequately alleged likely confusion between their SPORTPOD mark for tents and the defendants' SPORTSPOD mark for directly competitive goods); *Silvertop Assocs. v. Kangaroo Mfg., Inc.*, 319 F. Supp. 3d 754, 781 (D.N.J. 2018) (holding, without extensive discussion, that plaintiff had adequately alleged likely confusion in action to protect trade dress of banana costume based on conclusion that "the [parties'] products are almost identical in look and feel"), *appeal docketed*, No. 18-2266 (3d Cir. June 11, 2018); *H-D U.S.A., LLC v. SunFrog, LLC*, 282 F. Supp. 3d 1055, 1058 (E.D. Wis. 2017) ("[The defendant] claims that [the plaintiff] has not alleged facts that plausibly support their [sic] seven claims for relief. The problem with the argument, however, is that [the defendant] does no more than state this conclusion." (citation omitted)); *Mercado Latino, Inc. v. Indio Prods., Inc.*, 122 U.S.P.Q.2d 1590, 1595 (C.D. Cal. 2017) (denying, without extended discussion, defense motion for judgment on the pleadings in action to protect claimed trade dress of line of devotional prayer candles); *Military Certified Residential Specialist, LLC v. Fairway Indep. Mortg. Corp.*, 251 F. Supp. 3d 750, 756-57 (D. Del. 2017) (holding that plaintiffs had adequately alleged likely confusion between their MILRES, MILITARY RESIDENTIAL SPECIALIST, and MILITARY CERTIFIED RESIDENTIAL SPECIALIST marks for real estate-related educational services serving veterans and

falling into that category had been terminated as franchisees of the plaintiffs' network of tax preparers.¹¹⁶¹ Not only did they allegedly fail to phase out their use of the plaintiffs' marks following termination, they doubled down on their misconduct by continuing to use promotional strategies "almost identical" to those of the plaintiff, including "dressing employees similarly to the Statue of Liberty and waiving to passers-by in an attempt to draw customers to the store, as well as offering customers \$50.00 for tax preparation referrals."¹¹⁶² This refusal to dissociate themselves from the plaintiffs' franchise system did not endear the defendants to the court when they moved to dismiss the plaintiffs' likelihood-of-confusion-based causes of action for failure to state a claim. The court made short work of their motion, and the case moved on to discovery.¹¹⁶³

Another group of defendants unsuccessfully moving for the dismissal of the allegations of infringement against them operated an alcohol-themed festival and a competition under the DISTILLED: SAN DIEGO SPIRIT & COCKTAIL FESTIVAL and DISTILLED: SAN DIEGO SPIRITS & COCKTAIL COMPETITION marks, respectively.¹¹⁶⁴ In support of their motion to dismiss for failure to state a claim, the defendants argued those marks were distinguishable as a matter of law from the plaintiffs' directly competitive uses of SAN DIEGO SPIRITS FESTIVAL and SAN DIEGO INTERNATIONAL SPIRITS BOTTLE COMPETITION marks. The court disagreed, noting as an initial matter that "[w]hile a district court is not precluded from determining likelihood of confusion as a matter of law at the pleading stage, the Court declines to do so here."¹¹⁶⁵ Whatever the dissimilarity between the parties' marks may have been, that consideration was just one of the many factors properly considered under the test for infringement. Dismissal therefore was inappropriate "in light of Plaintiff's allegations regarding actual confusion, relatedness of the festivals, and intent."¹¹⁶⁶

In a case presenting yet another failed motion to dismiss, the plaintiff manufactured insulated drinkware, which it sold under the

military families, on the one hand, and defendant's MILITARY SPECIALIST and CERTIFIED MILITARY RESIDENTIAL SPECIALIST marks for residential mortgage programs and real estate-related educational services serving veterans and active-duty military); *Treasury Mgmt. Servs., Inc. v. Wall St. Sys. Del., Inc.*, 123 U.S.P.Q.2d 1357, 1361 (D. Del. 2017) (holding plaintiff adequately had alleged likely confusion arising from defendants' unauthorized use of plaintiff's marks).

¹¹⁶¹ See *JTH Tax, Inc. v. Williams*, 310 F. Supp. 3d 648 (E.D. Va. 2018).

¹¹⁶² Quoted in *id.* at 654-55.

¹¹⁶³ *Id.* at 655.

¹¹⁶⁴ See *Aegis Software, Inc. v. 22nd Dist. Agric. Ass'n*, 255 F. Supp. 3d 1005 (S.D. Cal. 2017).

¹¹⁶⁵ *Id.* at 1001.

¹¹⁶⁶ *Id.* at 1012.

YETI mark and in the configurations of which it claimed trade dress protection.¹¹⁶⁷ The plaintiff accused the defendant of infringing both its word mark and its trade dress through the defendant's sale of the following items:¹¹⁶⁸



To the extent the defendant intended these uses of the plaintiff's mark to set up comparison between its goods and those of the plaintiff, it might have pursued the dismissal of the plaintiff's infringement allegations against it by invoking the nominative fair use doctrine. It argued instead confusion was unlikely as a matter of law, and that strategy doomed its motion to dismiss for failure to state a claim. Specifically, with respect to the plaintiff's word mark and trade dress claims, the court held the plaintiff had adequately averred mark strength, mark similarity, the competitive proximity of the parties' goods, and the defendant's bad faith.¹¹⁶⁹

Of course, the same disposition of infringement claims also took place in the context of unsuccessful motions for summary judgment.¹¹⁷⁰ Among reported appellate opinions, one from the Eleventh Circuit stood out in particular by reaching the right result before going off the rails and setting forth in dictum a profound misunderstanding of basic trademark principles.¹¹⁷¹ The plaintiff before that court was a college with a number of federal registrations of its flagship mark as a service mark. The plaintiff did not, however, own any registrations of the mark covering athletic apparel, an omission of which the defendant, a sportswear manufacturer, initially took advantage: Having determined the plaintiff had failed to demonstrate prior common-law trademark rights to its marks in connection with apparel, the district court

¹¹⁶⁷ See *YETI Coolers, LLC v. JDS Indus.*, 300 F. Supp. 3d 899 (W.D. Tex. 2018).

¹¹⁶⁸ *Id.* at 905.

¹¹⁶⁹ *Id.* at 906, 911-12.

¹¹⁷⁰ See, e.g., *Hologic, Inc. v. Minerva Surgical, Inc.*, 325 F. Supp. 3d 507, 533 (D. Del. 2018) ("The Lanham Act's 'likelihood of confusion' standard is predominantly factual in nature, making summary judgment inappropriate when a jury could reasonably conclude that there is a likelihood of confusion.").

¹¹⁷¹ See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256 (11th Cir. 2017), *cert. denied*, 139 S. Ct. 57 (2018).

granted the defendant's motion for summary judgment without apparent consideration of the plaintiff's clear priority of rights to its service marks.¹¹⁷²

That outcome did not survive appellate scrutiny. Relying on an opinion by its predecessor court, *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing, Inc.*,¹¹⁷³ the Eleventh Circuit vacated the district court order by confirming the basic principle that a trademark can indeed infringe a service mark.¹¹⁷⁴ From there, however, the court laid out in dictum a confused theory of the relationship between mark validity, on the one hand, and the test for infringement, on the other. According to the court's through-the-looking-glass understanding of the registration system, the "prima facie evidence" of mark validity represented by the plaintiff's registrations on the Principal Register¹¹⁷⁵ limited the scope of protection afforded to the registered marks to only those goods and services covered by the registration. Specifically, after accusing the *Boston Professional Hockey* panel of an "unexplained analytical leap," the court questioned the "legal basis for extending the scope of a registered mark in a certain field (e.g., educational services) to a different category altogether (e.g., goods)."¹¹⁷⁶ It then observed, "extending the scope of a registered trademark (which identifies 'goods') to a different product appears to be qualitatively different from extending the scope of a registered service mark (which identifies 'services') to a different category of 'goods.'"¹¹⁷⁷

This dictum lacks merit on multiple levels. To begin with, the court's own opinions recognize numerous examples of federal registrants successfully enforcing their rights against uses of marks

¹¹⁷² See *Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, No. 1:14-CV-2288-TWT, 2015 WL 4626911, at *2 (N.D. Ga. Aug. 3, 2015) ("Here, the parties agree that the Plaintiff has valid registrations for the four marks at issue. Those registrations are for use of the marks in connection with educational services. The Plaintiff admits that it does not have registrations for the marks related to apparel. Instead, the Plaintiff argues that it needs no such registrations. That is not the case."), *vacated*, 872 F.3d 1256 (11th Cir. 2017), *cert. denied*, 139 S. Ct. 57 (2018).

¹¹⁷³ 510 F.2d 1004 (5th Cir. 1975). Cases decided by the Fifth Circuit prior to October 1, 1981, are binding on the Eleventh Circuit. See *Bonner v. City of Prichard*, 661 F.2d 1206, 1209-11 (11th Cir. 1981) (en banc).

¹¹⁷⁴ *Savannah College of Art & Design*, 872 F.3d at 1258-59 ("One of our older trademark cases, *Boston Prof'l Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975), controls, as it extends protection for federally-registered service marks to goods. Although *Boston Hockey* [sic] does not explain how or why this is so, it constitutes binding precedent that we are bound to follow.").

¹¹⁷⁵ 15 U.S.C. §§ 1057(b), 1115(a) (2012).

¹¹⁷⁶ *Savannah Coll. of Art & Design*, 872 F.3d at 1265.

¹¹⁷⁷ *Id.* at 1267.

for goods and services not covered by their registrations.¹¹⁷⁸ Indeed, the court itself acknowledged that point:

We recognize that, as to federally-registered trademarks, we have not limited protection to the actual product or products listed in the certificate of registration. “The remedies of the owner of a registered trademark,” we have held, “are not limited to the goods specified in the certificate, but extend to any goods on which the use of an infringing mark is ‘likely to cause confusion.’”¹¹⁷⁹

Likewise, *Boston Professional Hockey* is by no means the only controlling authority from the Eleventh Circuit to recognize the doctrinal possibility of likely confusion between trademarks and service marks. For example, that court (correctly) has observed in another prior opinion that:

The district court and [the defendant] both note the fact that [the plaintiff’s registered] mark is a service mark and [the defendant’s] mark is a trademark. . . . However, this distinction has little legal significance in the instant case. The infringement analysis is the same under both standards and courts thus treat the two terms as interchangeable in adjudicating infringement claims. . . . The standard under the Lanham Act is the likelihood of confusion, and while the distinction between a trademark and a service mark may be relevant for registration purposes, it is not particularly relevant for the purposes of the likelihood of confusion analysis.¹¹⁸⁰

It also previously has affirmed a finding of liability in one case in which the federal registrant of the BEEFEATER trademark for gin challenged the use of the same mark in connection with restaurant

¹¹⁷⁸ See, e.g., *E. Remy Martin & Co., S.A. v. Shaw-Ross Int’l Imps., Inc.*, 756 F.2d 1525 (11th Cir. 1985) (likelihood of confusion between plaintiff’s registered mark for brandy and cognac and defendant’s mark for wines), *reh’g denied*, 765 F.2d 154 (11th Cir. 1985); *Safeway Stores, Inc. v. Safeway Discount Drugs, Inc.*, 675 F.2d 1160 (11th Cir. 1982) (likelihood of confusion between plaintiff’s registered mark for grocery store services and defendant’s mark for pharmacy services); *Cont’l Motors Corp. v. Cont’l Aviation Corp.*, 375 F.2d 857 (5th Cir. 1967) (likelihood of confusion between plaintiff’s registered mark for automobile engines and defendant’s mark for aircraft engines); *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619 (5th Cir. 1963) (likelihood of confusion between plaintiff’s registered mark for potato chips and horseradish and defendant’s mark for dinner rolls); *Chem. Corp. of Am. v. Anheuser-Busch, Inc.*, 306 F.2d 433 (5th Cir. 1962) (likelihood of confusion between plaintiff’s registered mark for beer and defendant’s mark for insecticides); *Tampa Cigar Co. v. John Walker & Sons, Ltd.*, 222 F.2d 460 (5th Cir. 1955) (likelihood of confusion between plaintiff’s registered mark for Scotch whiskey and defendant’s mark for cigars); *Pure Foods, Inc. v. Minute Maid Corp.*, 214 F.2d 792 (5th Cir. 1954) (likelihood of confusion between plaintiff’s federally registered mark for fruit juice concentrates and defendant’s mark for frozen meats).

¹¹⁷⁹ *Savannah Coll. of Art & Design*, 872 F.3d at 1266 (quoting *Cont’l Motors Corp. v. Cont’l Aviation Corp.*, 375 F.2d 857, 861 (5th Cir. 1967) (citation omitted)).

¹¹⁸⁰ *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1334 n.1 (11th Cir. 1999).

services,¹¹⁸¹ and in another in which a producer of carpets sold under two federally registered trademarks secured a finding of infringement against defendants using a similar mark in connection with the retail sale of carpets.¹¹⁸² Moreover, there are additional examples under Eleventh Circuit law of similar successes in cases to protect unregistered marks.¹¹⁸³ The dictum at issue therefore reflects a remarkable unfamiliarity with the court's own long-standing precedents, as well as a misunderstanding of the significance of federal registrations on the Principal Register, which bear on the issue of mark validity and ownership and therefore are irrelevant to the separate and independent issue of whether infringement has occurred.

The Fourth Circuit also vacated the grant of a motion for summary judgment, albeit one filed by the plaintiff below.¹¹⁸⁴ That plaintiff asserted rights to a group of "backyard" marks, namely THE BACKYARD, BACKYARD, and BACKYARD BBQ, used in connection with various outdoor products. Although the district court found the likelihood of confusion between those marks and the defendant's BACKYARD GRILL mark for grills, beyond material dispute, the court of appeals disagreed. To begin with, it noted, even if considered suggestive, the plaintiff's marks were conceptually and commercially weak in light of numerous registrations and at least some documented third-party use of similar marks.¹¹⁸⁵ The court also determined that "reasonable minds may differ on whether they find [the parties'] marks similar so as to conclude there exists a likelihood of confusion between the two marks,"¹¹⁸⁶ largely because "[the defendant] argues that we should give greater weight to the word 'grill' since, on the [defendant's] logo, it is larger and more

¹¹⁸¹ See *Beef/Eater Rests., Inc. v. James Burrough, Ltd.*, 398 F.2d 637 (5th Cir. 1968).

¹¹⁸² See *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482 (5th Cir. 1971).

¹¹⁸³ See, e.g., *Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535 (11th Cir. 1985) (likelihood of confusion between plaintiff's mark for services related to athletic competitions and defendant's mark for beer); *Conagra, Inc. v. Singleton*, 743 F.2d 1508 (11th Cir. 1984) (likelihood of confusion between plaintiff's mark for shrimp processing services and defendant's mark for processed shrimp).

¹¹⁸⁴ See *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651 (4th Cir. 2018).

¹¹⁸⁵ As the court recapitulated the summary judgment record on this issue:

[The defendant] presented evidence suggesting that the word "backyard" is widely used. In support of its summary judgment motion, Walmart conducted a state and federal trademark search, using Thompson CompuMark's Saegis® trademark database, which showed that, as of March 20, 2015, there were 527 active registered and pending marks that include the term "backyard." Of those marks, 23 included "grill" in the description of covered goods, and 22 included "barbecue." Additionally, a private investigator found at least 12 different businesses that used the word "backyard."

Id. at 662.

¹¹⁸⁶ *Id.* at 664.

noticeable than the word ‘backyard.’”¹¹⁸⁷ In addition, although the defendant had disregarded the advice of its counsel when adopting its mark, the court declined to consider that action conclusive evidence of the defendant’s bad faith; instead, it concluded, “drawing inferences in [the defendant’s] favor, [the record] reveals that [the defendant] acted in good faith by following the advice of counsel to not adopt several other similar marks, including ‘Backyard Barbeque’ and ‘Backyard BBQ.’”¹¹⁸⁸ Finally, the district court had erred by disregarding survey evidence proffered by the defendant because of alleged methodological errors when it instead should have allowed a jury to determine what weight to accord to that evidence.¹¹⁸⁹

Of course, trial courts also determined that factual disputes precluded the grant of motions for summary judgment. One was a California federal district court tasked with determining whether the defendants’ use of THE WRITE PEN CHOICE as a mark for pens infringed the plaintiff’s rights to THE WRITE CHOICE for the same goods.¹¹⁹⁰ The court held summary judgment inappropriate. Although the competitive proximity of the parties’ goods and the parties’ shared marketing channels favored the plaintiff’s case,¹¹⁹¹ other considerations were not quite as helpful. Specifically, the court identified conflicting evidence and testimony on the questions of whether the plaintiff’s mark was weak for want of secondary meaning,¹¹⁹² whether the defendants’ knowledge of the plaintiff’s rights to a completely different mark translated to a bad-faith intent to infringe the one at issue,¹¹⁹³ and whether customers exercised a high degree of care when making purchases.¹¹⁹⁴ Finally, it declined to find as a matter of law that the plaintiff’s presentation of its mark, an example of which appears below on the left, was necessarily confusingly similar to the defendant’s presentation of its mark, depicted below on the right:¹¹⁹⁵

¹¹⁸⁷ *Id.*

¹¹⁸⁸ *Id.* at 665.

¹¹⁸⁹ *Id.* at 666.

¹¹⁹⁰ *See* Marketquest Grp. v. BIC Corp., 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

¹¹⁹¹ *Id.* at 1270, 1273.

¹¹⁹² *Id.* at 1270.

¹¹⁹³ *Id.* at 1273-74.

¹¹⁹⁴ *Id.* at 1274-75.

¹¹⁹⁵ *Id.* at 1271-72.



The result was a procedural stalemate requiring a full trial on the merits.¹¹⁹⁶

A Connecticut federal district court also declined to grant either of the cross-motions for summary judgment submitted to it.¹¹⁹⁷ On one level, the undisputed facts seemed slated heavily in the plaintiff's favor: Both parties used 570 as a mark for competitive high-voltage insulator coating products, and they also used 579 as a mark for competitive anti-corrosion coating products. Nevertheless, the court identified conflicting evidence and testimony in the summary judgment record on a number of issues. Those issues included the similarity of the parties' marks as consumers encountered them in the marketplace,¹¹⁹⁸ the strength of the plaintiff's marks, which, although inherently distinctive and therefore conceptually strong, were not necessarily commercially strong,¹¹⁹⁹ the absence of cognizable evidence of actual confusion,¹²⁰⁰

¹¹⁹⁶ *Id.* at 1275-76.

¹¹⁹⁷ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018).

¹¹⁹⁸ Both parties used their (distinguishable) house marks with the disputed marks, leading the court to remark that "[t]he use of brand house marks is considered in the context of the specific facts to evaluate the marks' similarity, which is one factor among the totality of factors and contextual clues relevant to determining whether the marks' overall impression will cause confusion about the products' sources." *Id.* at 357 (alteration omitted) (quoting *Denimafia Inc. v. New Balance Athletic Shoe, Inc.*, No. 12 Civ. 4112(AJP), 2014 WL 814532, at *14 (S.D.N.Y. Mar. 3, 2014)).

¹¹⁹⁹ *Id.* at 357.

¹²⁰⁰ The plaintiff did not commission a confusion survey, and its anecdotal evidence of actual confusion was limited to a single e-mail in which a potential customer of the plaintiff's goods advised the plaintiff it already had received price quotes from the defendant. The court dismissed that showing, finding it "not clearly apparent" that the correspondence actually reflected confusion between the parties' marks and, in any case, was de minimis in nature. *Id.* at 359.

the extent to which the defendant had acted in bad faith,¹²⁰¹ and the relative sophistication of the parties' customers.¹²⁰² In the final analysis, "the determination of whether there is a likelihood of confusion cannot be determined as a matter of law on the present record, as the resolution of factual issues is required."¹²⁰³

So too did cross-motions for summary judgment fail to bear fruit for either side in a dispute before a Wisconsin federal district court.¹²⁰⁴ The plaintiff owned a federal registration of the FABICK mark for sealers, sealants, and protectants, as well as for the application of those materials to pickup truck beds, dump truck beds, van cargo areas, trailers, and the like, while the defendants used the following composite mark in connection with the selling, renting, servicing and repairing CATERPILLAR-branded heavy equipment for use in a variety of industries including construction, agriculture, demolition, and mining:¹²⁰⁵



Although the parties' respective uses shared a salient component—the surname “Fabick”—the court found a factual dispute on the issue of whether those uses created the same commercial impression, crediting the defendants' showings of “(1) the prevalence of the additional words ‘Coatings & Sealants,’ ‘Truck Liners,’ and similar words in some of plaintiff’s logo; and (2) the use of ‘CAT’ and Caterpillar’s distinctive yellow and black color scheme

¹²⁰¹ Although there was no dispute the defendant had adopted marks identical to those of the plaintiff, it did so following the termination of a distribution agreement allowing it to import and sell the plaintiff's goods from Canada, which gave it a credible, if unsuccessful, argument it owned the marks; moreover, the defendant also adduced evidence that a former president of the plaintiff had given it permission to use the marks following termination. *Id.* at 360.

¹²⁰² On this issue, the court remarked on the “minimal evidence in the record regarding the sophistication of the relevant consumers,” but it ultimately concluded that:

It is clear to the Court that a consumer of such silicone-coating products must exercise *some* level of discernment. These goods are not available for purchase at a local hardware store. The sellers of these coating products solicit their customers, or the products must be specifically sought out for purchase from a supplier or from the manufacturer itself. The coatings then must be applied in a specialized manner. The parties market and advertise such products in trade magazines and at trade shows. In short, silicone coating products “are not the sort of products that are bought on impulse.”

Id. at 361-62 (quoting *Lambda Elecs. Corp. v. Lambda Tech., Inc.*, 515 F. Supp. 915, 928 (S.D.N.Y. 1981)).

¹²⁰³ *Id.* at 362.

¹²⁰⁴ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

¹²⁰⁵ *Id.* at 1034.

in defendants' logo."¹²⁰⁶ It was likewise a jury question if the competitive proximity of the parties' businesses could support a finding of likely confusion or, alternatively, whether it rendered confusion unlikely as a matter of law.¹²⁰⁷ From there, the court gained momentum identifying conflicting record evidence and testimony on the issues of any customers the parties shared in common,¹²⁰⁸ the weight properly accorded to the sophistication of consumers of the parties' goods and services,¹²⁰⁹ the strength of the plaintiff's surname mark,¹²¹⁰ and whether logs maintained by the plaintiff's employees and documenting misdirected communications, although "heavily" favoring the plaintiff,¹²¹¹ mandated a finding of liability as a matter of law. (As it turned out, they did not.)¹²¹²

Yet another case in which neither side convinced the court of its entitlement to prevail on summary judgment involved competitors in the portable toilet business.¹²¹³ The plaintiff owned a federal registration of the following mark:¹²¹⁴



Its infringement cause of action targeted the following uses by the defendants:¹²¹⁵

¹²⁰⁶ *Id.* at 1047.

¹²⁰⁷ *Id.* at 1048.

¹²⁰⁸ There was no dispute the parties operated in overlapping geographic areas and historically had targeted the same customers. Whether the latter circumstance remained the case and, if so, the weight it properly should receive, was a jury question. *Id.* at 1050.

¹²⁰⁹ *Id.* at 1051.

¹²¹⁰ *Id.* at 1052.

¹²¹¹ *Id.* at 1047.

¹²¹² The plaintiff claimed to have received 104 misdirected phone calls (some from the employees of one of the defendants) and sixty-seven mistakenly delivered shipments or pieces of mail; it also claimed to have experienced: (1) "a handful of instances" in which its customers mistakenly paid one of the defendants; (2) a customer or vendor of either party go to the wrong business on at least eight occasions; (3) seven instances of its account with a vendor or others, either being changed to reflect an association with one of the defendants, being combined with that defendant's account, or otherwise updated to reflect that defendant's address as the plaintiff's; and (4) being mistakenly named as a defendant in place of one of the defendants. *Id.* at 1054. In response, the defendants characterized the plaintiff's various showings as failing to document any lost sales. *Id.*

¹²¹³ *See Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928 (S.D. Tex. 2017).

¹²¹⁴ *Id.* at 932.

¹²¹⁵ *Id.*



The plaintiffs and the defendant all moved the court for summary judgment, but none did so successfully. The court’s analysis of the likelihood of the confusion between the parties’ marks was concise. On the one hand, it noted, “Plaintiffs have produced evidence that indicates that a reasonable juror could find the two marks similar. Furthermore, the juror, not the judge, should weigh the credibility of testimony as it concerns Defendant’s intent.”¹²¹⁶ On the other hand, however, Plaintiffs’ evidence regarding confusion is limited. . . . Given the differences in text between the two logos, the Court anticipates a jury will struggle to find confusion between the marks.”¹²¹⁷ “Nonetheless,” it concluded, “this is the jury’s decision to take.”¹²¹⁸

Of course, if motions for summary judgment can fall short in cases in which plaintiffs and defendants alike have represented to the court that no factual disputes exist, that outcome is even more predictable if only one party seeks to prevail as a matter of law. In a case in which only the defendant moved the court for summary judgment, the plaintiff accused its opponent of infringing the registered configuration of a water bottle.¹²¹⁹ In denying the defendant’s motion, the court credited the plaintiff’s responsive showing with an enthusiasm suggesting the plaintiff might well have asked the court for a finding of infringement as a matter of law. For example, the court determined right off the bat that the plaintiff’s trade dress was “distinctive and strong” that the parties’ goods were directly competitive,¹²²⁰ and that the success of the plaintiff’s design called the defendant’s claims of good faith into question.¹²²¹ The court also noted the defendant’s failure to respond to the plaintiff’s showing of actual confusion in the form of anecdotal evidence¹²²² and survey results showing a net 26.6% of respondents

¹²¹⁶ *Id.* at 935.

¹²¹⁷ *Id.*

¹²¹⁸ *Id.*

¹²¹⁹ *See Can’t Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

¹²²⁰ *Id.* at 409.

¹²²¹ *Id.* at 410.

¹²²² *Id.* (“[The plaintiff] has . . . pointed to several examples of actual downstream confusion. At least one retailer mislabeled [the defendant’s goods] as [those of the plaintiff] on its shelves, and several consumers have contacted [the plaintiff’s] customer service in the

were confused by the similar appearances of the parties' goods.¹²²³ In the face of this record evidence and testimony—as well as the possibility of post-sale confusion—the possible sophistication of the parties' direct customers and the relative quality of the defendant's goods fell short of mandating a finding of nonliability without a trial.¹²²⁴

An Illinois federal district court also found a defense motion for summary judgment wanting.¹²²⁵ The plaintiff, a financial services firm, entered into negotiations with the lead defendant for a license that would have allowed the lead defendant to use the plaintiff's proprietary technology as part of an index measuring the performance of companies with recent initial public offerings. When those negotiations fell through, the lead defendant allegedly introduced a product using the plaintiff's technology and then promoted that product through a presentation that used the plaintiff's mark. Although the defendants asserted their entitlement to prevail as a matter of law, the court found that a number of considerations weighed in their opponent's favor. Those included the identity of the parties' uses, the closely related nature of their services, and evidence of the lead defendant's possible bad-faith intent.¹²²⁶ Not surprisingly, the defendants' reliance on the sophistication of the parties' customers and the absence of actual confusion, although both supported by the record, failed to satisfy their burden as the movant.¹²²⁷

(2) The First-Sale Doctrine and Likelihood of Confusion Arising from the Diversion or Alteration of Genuine Goods

The multifactored likelihood-of-confusion test for liability is appropriate in cases in which a defendant has affixed an allegedly infringing mark to its own goods, but the utility of that test may be limited if the challenged use in question consists of the defendant's resale of genuine goods originally produced by the plaintiff: Under those circumstances, the first-sale, or exhaustion, doctrine ordinarily will render that resale nonactionable. Nevertheless, if the resold goods materially differ from their authorized counterparts, they will not qualify as genuine for purposes of that doctrine.

mistaken belief that they had [the plaintiff's goods], when in fact they had [the defendant's goods] or, perhaps, similar bottles from other brands." (citation omitted)).

¹²²³ *Id.* The court did not describe the survey methodology leading to these results.

¹²²⁴ *Id.* at 409, 411.

¹²²⁵ *See* IPOX Schuster, LLC v. Nikko Asset Mgmt. Co., 304 F. Supp. 3d 746 (N.D. Ill. 2018).

¹²²⁶ *Id.* at 762.

¹²²⁷ *Id.* at 763.

The only reported opinion to address the first-sale doctrine at any length arose from cross-motions for summary judgment in a case brought by a distributor of hair-care products against defendants it accused of having sold directly competitive goods in packaging bearing the plaintiff's mark.¹²²⁸ The plaintiff's motion asserted two theories of liability, namely, that: (1) the mark appearing on the defendants' packaging was a counterfeit copy of the plaintiff's mark; and (2) the defendants' goods differed materially from those of the plaintiff. Having found the plaintiff's showing under the first theory convincing, the court held that the defendants' liability for counterfeiting necessarily precluded their liability under the second theory. As the court explained, that theory "applies only to gray market goods, which are, by definition, goods legitimately produced by the trademark owner, meaning, goods that are not counterfeit."¹²²⁹

(3) Survey Evidence of Actual or Likely Confusion

As always, different opinions took varying approaches to proffered survey evidence purporting to establish or dispel the existence of actual or likely confusion. For example, the Fifth Circuit affirmed entry of summary judgment in favor of a plaintiff based in part on the results of an *Eveready*-style¹²³⁰ "monadic" survey.¹²³¹ Those results indicated that thirty percent of respondents believed the defendant's proposed restaurant was "operated by, affiliated or connected with, or approved or sponsored by [the plaintiff],"¹²³² while thirty-five percent associated that restaurant with the plaintiff.¹²³³ Reviewing the survey's methodology, the appellate court noted that the plaintiff's expert had "utilized the widely accepted *Eveready* format."¹²³⁴ Nevertheless, it also criticized "parts" of that same format as "resembl[ing] a word-association test"¹²³⁵ because respondents were asked whether "[the defendant's] restaurant [is] affiliated or connected with any other company or organization."¹²³⁶ That flaw, however, did not mandate the exclusion

¹²²⁸ See *MoroccanOil, Inc. v. Groupon, Inc.*, 278 F. Supp. 3d 1157 (C.D. Cal. 2017).

¹²²⁹ *Id.* at 1163.

¹²³⁰ See *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976).

¹²³¹ See *Viacom Int'l, Inc. v. IJR Invs., L.L.C.*, 891 F.3d 178 (5th Cir. 2018).

As a different court explained of the *Eveready* methodology, "the *Ever-Ready* survey . . . involves showing consumers only the potentially-infringing product and asking open-ended questions to determine whether they believe the product is associated with the senior mark." *Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 232 (3d Cir. 2017).

¹²³² Quoted in *Viacom*, 891 F.3d at 197.

¹²³³ *Id.*

¹²³⁴ *Id.* at 197-98.

¹²³⁵ *Id.* at 197.

¹²³⁶ Quoted in *id.* at 198.

of the survey results because, as the court explained, “these methodological flaws affect only the weight the survey should receive; they do not rise to the level of a substantial defect, and the district court did not abuse its discretion in admitting [the plaintiff’s expert’s] report.”¹²³⁷

Trial courts also addressed the admissibility of survey results, with those arising from *Eveready*-format surveys meeting with the most favorable judicial receptions. For example, a New York federal district court reached a finding of likely confusion based in part on a survey commissioned by the plaintiffs that yielded a net confusion rate of 54 percent among respondents exposed to the following stimuli:¹²³⁸



Although crediting the defendant’s criticism that the plaintiff’s expert had failed to exclude potential “higher-end” respondents unlikely to be consumers of the defendant’s lower priced goods, the court found that the parties’ markets were “not quite as discrete as [the defendant] suggests”;¹²³⁹ equally to the point, “it is not uncommon for higher-end fragrance companies, including [the lead plaintiff], to create less expensive versions of their products—sometimes called ‘flankers’—for sale at lower price points or in lower-end retail markets.”¹²⁴⁰ Finally, although the survey measured only actual or likely confusion between only one set of alleged knock-offs at issue in the case, the court found its results probative of the defendant’s liability with respect to numerous others, observing in the process that “[the] results are still relevant, albeit in a more attenuated manner, to the other fragrances, given that they share ‘common and prominent features’ with the tested fragrances.”¹²⁴¹

¹²³⁷ *Id.*

¹²³⁸ *See* Coty Inc. v. Excell Brands, LLC, 277 F. Supp. 3d 425, 475 (S.D.N.Y. 2017).

¹²³⁹ *Id.* at 451.

¹²⁴⁰ *Id.*

¹²⁴¹ *Id.* at 452 (quoting *adidas—Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1045 (D. Or. 2008)).

An Arizona federal district court also found expert testimony of the results of an *Eveready* survey proffered by a counterclaim plaintiff convincing.¹²⁴² That survey sought to measure the extent to which respondents were confused by the counterclaim defendant's deliberate imitation, as part of an intended parody of the counterclaim plaintiff's JACK DANIEL'S mark and associated trade dress for whiskey. That purported parody consisted of a bottle-shaped dog chew toy bearing the BAD SPANIELS mark on a label "featur[ing] all the elements of the Jack Daniel's Trade Dress, including the bottle shape, color scheme, and trademark stylization, as well as the word 'Tennessee,' and the font and other graphic elements."¹²⁴³ As the court described the survey's methodology:

The stimuli . . . utilized in [the] survey's test cell were photographs of [the counterclaim defendant's] 'Bad Spaniels' dog toy. The stimuli . . . utilized in [the] survey's control cell were photographs of a fictitious dog toy bearing the 'Bad Spaniels' name, with none of the claimed Jack Daniel's indicia or trade dress.

. . . After viewing these photographs, all responding consumers were asked a series of open-ended and non-leading questions about who had made, sponsored, or approved the product pictured.¹²⁴⁴

Considering the 29 percent net confusion rate among respondents "nearly double the threshold to show infringement," the court found the survey's results favored a finding of liability despite criticism of its control by a rebuttal expert retained by the counterclaim defendant.¹²⁴⁵

In contrast, the court was far less receptive to survey results proffered by the defendant. Those results documented a net confusion rate of 19.5 percent, which the court found "reasonably favorable" to the plaintiff. *Id.* at 450. In addition, the court found that that rate would be higher had the defendant's expert: (1) not limited the universe of respondents to "people who had recently shopped at a discount store, rummage sale or bazaar," which the court not surprisingly found to exclude "the types of venues where potential purchasers of [the plaintiff's] products are most likely to be found," *id.*; (2) used a methodology that failed adequately to address the possibility of initial-interest and post-sale confusion evidence, *id.*; (3) not "prompted respondents to focus on [the defendant's] products in an unrealistic manner and setting," *id.*; and (4) not "made several coding errors—namely, by treating as 'not confused' a number of respondents who were plainly confused as to whether [the defendant's] fragrances were produced by [the lead plaintiff]." *Id.*

¹²⁴² See *VIP Prods., LLC v. Jack Daniel's Props., Inc.*, 291 F. Supp. 3d 891 (D. Ariz. 2018), *appeal docketed*, No. 18-16012 (9th Cir. June 4, 2018).

¹²⁴³ *Id.* at 899.

¹²⁴⁴ *Id.* (citations omitted).

¹²⁴⁵ The court faulted the rebuttal expert's testimony for two reasons, the first of which was his failure to "support [his] view by conducting a survey or by conducting independent research; he simply couched his opinion regarding lack of confusion through generalized objections to [the counterclaim plaintiff's expert] report." *Id.* at 908. The second was that the proffered witness "has never written any articles on trademark surveys, or

On a similar note, a California federal district court hearing a trademark and trade dress infringement action took issue with the results of a *Squirt*-style¹²⁴⁶ “sequential array” survey proffered by a plaintiff, in the process finding the results of the defendant’s *Eveready* survey far more convincing.¹²⁴⁷ The plaintiff sold bourbon whiskey under its mark, while the defendant sold a red zinfandel. The court summarized the methodology followed by the plaintiff’s expert in the following manner: “He utilized a ‘Squirt’ or two-room survey methodology, in which the respondents were exposed to [the plaintiff’s] bourbon, then asked distractor questions, then shown an array featuring zinfandels including [the defendant’s] wine and asked questions.”¹²⁴⁸

“The methodology,” the court found after a bench trial, “does not remotely approximate the marketplace.”¹²⁴⁹ For one thing, “[t]he survey forced respondents to look at only the [plaintiff’s] bourbon bottle for at least five seconds and then shortly thereafter exposed respondents to the [defendant’s] wine bottle. This created demand effects—that is, the methodology led respondents to pick the expected answer and rendered the survey’s results completely unreliable.”¹²⁵⁰ For another, many of the survey’s questions assumed the defendant’s use of the phrase “bourbon barrel aged” was actionable, even though the plaintiff admitted it had no proprietary rights to those words.¹²⁵¹ The survey’s problems extended to its use of a control “not as similar to the allegedly infringing product as possible with only the allegedly infringing aspect removed,”¹²⁵² as well as a leading question.¹²⁵³ Finally, “[d]espite these flaws, [the plaintiff’s] survey also found that only three percent of respondents who found any relationship between

trademark survey design, or on the issue of likelihood of confusion in trademark law which undercuts his opinions.” *Id.*

¹²⁴⁶ See *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980).

¹²⁴⁷ See *Sazerac Co. v. Fetzer Vineyards, Inc.*, 265 F. Supp. 3d 1013 (N.D. Cal. 2017), *appeal docketed*, No. 17-16916 (9th Cir. Sept. 22, 2017).

¹²⁴⁸ *Id.* at 1026.

¹²⁴⁹ *Id.*

¹²⁵⁰ *Id.* This was especially true because:

[The plaintiff’s expert] admitted that he had no research to support the assumption that any consumer would in fact linger on the [plaintiff’s] bourbon bottle for five seconds or more. His survey forced this prolonged exposure, despite his understanding that when consumers visit liquor stores and grocery stores they encounter literally thousands of different types of alcoholic beverages.

Id.

¹²⁵¹ *Id.*

¹²⁵² *Id.*

¹²⁵³ *Id.* at 1027.

the two brands said it was because [the defendant's wine bottle] 'looks similar' or had 'similar design or style.'"¹²⁵⁴

In contrast, the court proved far more receptive to the results of the defendant's *Eveready* survey.¹²⁵⁵ That was true despite the use by the defendant's expert of a "modified" version of that methodology, pursuant to which he "expose[d] respondents at the beginning to an array of 13 bottles that a shopper might see at a grocery or liquor store, and included in that array a bottle of [the plaintiff's] bourbon."¹²⁵⁶ Only after that were respondents questioned about the possible relationship between the parties' goods, which led a counterexpert retained by the plaintiff to criticize the methodology as never having been peer-reviewed or previously accepted by any other court. Characterizing these criticisms as "true" but "not dispositive," the court observed that "[n]either an *Eveready* nor two room survey is appropriate here, given the manner in which the parties' goods are sold in the marketplace."¹²⁵⁷ Nevertheless, it ultimately found that "[the defendant's expert] modified the *Eveready* survey to more closely approximate the conditions of sale of these products in a way that was beneficial to [the plaintiff]. It may not have been ideal, but it is probative and is further support for [the] conclusion that [the plaintiff] failed to show consumer confusion."¹²⁵⁸

A battle initiated by the owner of the ALZHEIMER'S ASSOCIATION mark against a competitor using the ALZHEIMER'S FOUNDATION mark led to the results of two surveys commissioned by the plaintiff receiving slight weight following a bench trial.¹²⁵⁹ The first survey was a *Squirt*-style study presenting respondents with the parties' marks only in standard-character format, a methodology that led the court to find that "the comparison . . . between the two marks outside the context relevant to this litigation does *lessen* its probative value in determining actual confusion, but it does not negate its value to the general analysis of whether [the defendant's] actions are likely to confuse consumers."¹²⁶⁰ The court also found the survey not fatally flawed as a result of its use of a universe consisting of individuals who "had donated to an Alzheimer's organization within the past 12 months or [who] would consider donating to an Alzheimer's organization

¹²⁵⁴ *Id.*

¹²⁵⁵ As the court explained, "[u]nder the *Eveready* format, the appropriate universe is selected, exposed to the allegedly infringing product, and then asked a series of questions to determine whether the allegedly infringing product creates any confusion." *Id.*

¹²⁵⁶ *Id.*

¹²⁵⁷ *Id.*

¹²⁵⁸ *Id.*

¹²⁵⁹ See *Alzheimer's Disease & Related Disorders Ass'n, Inc. v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260 (S.D.N.Y. 2018).

¹²⁶⁰ *Id.* at 276.

within the next 12 months”¹²⁶¹ in substantial part because “a stricter screen of prospective participants may not have substantially altered the results given the relatively low awareness of either charity.”¹²⁶² What *did* matter to the court, however, was the survey’s use of “Alzheimer’s Trust” as its control, which the court faulted for two reasons: (1) the survey team retained by the plaintiff had pretested several alternatives before choosing that one, a strategy “suggest[ing] a potentially improper purpose”,¹²⁶³ and (2) “the word ‘Trust’ as a descriptor for a charity, is both more unique than ‘Foundation,’ and more easily distinguished from ‘Association.’”¹²⁶⁴

The court then turned its attention to a second survey commissioned by the plaintiff, one intended to measure the extent of initial-interest confusion generated by the defendant’s purchase of the plaintiff’s mark as a keyword for online advertising touting the defendant’s charitable services and offering readers the opportunity to support them with contributions. The second survey yielded a net positive response rate of 20 percent, but, as with the first survey, the court identified problems with the second survey’s methodology. For one thing, the court found, “[t]o the extent that consumers in the real world are searching for ‘Alzheimer’s Association’ as a generic category, and do not have the [plaintiff] in mind when searching, they cannot be confused by [the defendant’s] ad or webpage.”¹²⁶⁵ For another, the survey presented all respondents with a test stimulus in which the defendant’s ad was the first shown, which the court determined would lead to selection

¹²⁶¹ *Id.* at 275.

¹²⁶² *Id.* at 276.

¹²⁶³ *Id.* at 277.

¹²⁶⁴ *Id.* The court elaborated on this point with the following comments:

As [the defendant] notes, “trust” is an ambiguous word that also denotes other meanings, such as “to have confidence in” or “estate.” For example, “Alzheimer’s Federation” is also a two-word name that sounds like a real organization but is not, and that could more clearly control for the confusion created by reasons other than Foundation-specific reasons. [The plaintiff’s survey expert] could have also used “Alzheimer’s Foundation of America” as a control. The [plaintiff’s] contention is that [the defendant’s] use of the two-word mark in particular causes consumer confusion, so what better way to test that proposition than to compare its use with that of [the defendant’s] full, and undisputedly non-infringing name?

While the Court recognizes that the perfect control may not exist, as a measure of consumer confusion between two marks, [the survey]—a test of mere words, shown sequentially, and with the unique word “trust” in the control term—is not particularly persuasive, especially in light of evidence that other potential controls, including those comprised of three or five words (“National Foundation for Alzheimer’s Research” and “Alzheimer’s Awareness Foundation”) and one that sounds artificially generic (“Alzheimer’s Charity”), registered substantially higher levels of confusion.

Id. at 277-78.

¹²⁶⁵ *Id.* at 279.

bias.¹²⁶⁶ Finally, the survey’s control featured search results only, so that respondents viewing it did not see sponsored advertising at all, and, just as damning from the court’s perspective, “the first search result in the control is the [plaintiffs] website, that is, the correct answer, while the first search result in the test condition is the allegedly infringing [defendant’s] advertisement”,¹²⁶⁷ the result of both flaws was artificially high net rate of confusion.¹²⁶⁸

***(C) Liability for the Trafficking in Goods and Services
Associated With Counterfeit Imitations
of Registered Marks***

(1) Civil Liability

To be an actionable counterfeit under federal law, a challenged mark must be a “spurious” copy of one covered by a federal registration, which means it must be “identical [to], or substantially indistinguishable from, a registered mark.”¹²⁶⁹ Findings that defendants have trafficked in goods associated with counterfeit imitations of certification marks are rare, but a California federal district court reached such a conclusion as a matter of law in a case in which the defendants used unauthorized reproductions of the following registered marks to advertise their hoverboards:¹²⁷⁰



Perhaps not surprisingly, the court found on the plaintiff’s motion for summary judgment that “a rational trier of fact would not be able to find that defendants’ use of the UL-in-a-circle symbol was not ‘identical with, or substantially indistinguishable from, a registered mark.’”¹²⁷¹

Other courts reached findings of liability arising from defendants’ unauthorized copying of a conventional trademarks.¹²⁷²

¹²⁶⁶ *Id.*

¹²⁶⁷ *Id.* at 280.

¹²⁶⁸ *Id.* (emphasis omitted).

¹²⁶⁹ 15 U.S.C. § 1127 (2012).

¹²⁷⁰ See *UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596 (C.D. Cal. 2017).

¹²⁷¹ *Id.* at 609 (quoting 15 U.S.C. § 1127 (2012)).

¹²⁷² See, e.g., *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627, 1630-31 (N.D. Ill. 2017) (faulting defendant for failing to respond to plaintiff’s motion for summary judgment as required by Federal Rules of Civil Procedure and finding defendant liable for counterfeiting as a matter of law based its importation “into the United States [of] ‘knockoff products’ featuring marks ‘substantially indistinguishable

For example, another California federal district court found no material dispute that the plaintiff sold its hair-care products in packaging bearing “a unique, scannable matrix code.”¹²⁷³ The lead defendant did not contest the plaintiff’s showing that the lead defendant had sold three directly competitive goods in packaging bearing unauthorized reproductions of the plaintiff’s registered marks and spurious matrix codes, but it argued its liability extended no further than those three goods. The court did not receive that theory favorably:

This argument is meritless. Taken to its logical conclusion, it would require trademark owners to purchase all (or at least a large quantity) of an infringer’s infringing goods to establish its claim. [The defendant] points to no cases so holding, and in fact, many cases have found that a sampling of infringing goods is sufficient to establish liability.¹²⁷⁴

Although eschewing a full-blown likelihood-of-confusion analysis, the court nevertheless did examine one of the relevant factors, namely, that of actual confusion, which it found based on complaints from customers who had purchased the defendants’ goods thinking they were the plaintiff’s and the lead defendant’s own belief the goods it had sold were authentic.¹²⁷⁵ The court therefore granted the plaintiff’s motion for summary judgment.¹²⁷⁶

Nevertheless, the strict standard for a finding of liability under the statutory test led one court to reject a claim of counterfeiting based on the defendant’s use of numerous marks for perfume deliberately reminiscent of, but identical to, the plaintiffs’ marks, which were registered for the same goods.¹²⁷⁷ With respect to those marks, the court found after a bench trial that “despite the similarities between the products, none of [the defendant’s] products used the *exact* same name as a . . . product [sold or licensed by the plaintiffs]; nor did they possess the same—or a ‘substantially

from’ Plaintiff’s mark” (quoting *Monster Energy Co. v. Meng Chun Jing*, No. 15-cv-277, 2015 WL 4081288, at *2 (N.D. Ill. July 6, 2015); *Specialized Bicycle Components, Inc. v. 17 No.1-Own*, 123 U.S.P.Q.2d 1621 (S.D. Fla. 2017) (finding, on unopposed motion for preliminary injunction, that “[t]he Plaintiff has a very strong probability of proving at trial that consumers are likely to be confused by the Defendants’ advertisement, promotion, sale, offer for sale, or distribution of products bearing counterfeits, reproductions, or colorable imitations of the [Plaintiff’s registered marks], and that the products the Defendants are selling and promoting are copies of the Plaintiff’s products that bear copies of the [Plaintiff’s marks]).

¹²⁷³ *MoroccanOil, Inc. v. Groupon, Inc.*, 278 F. Supp. 3d 1157, 1162 (C.D. Cal. 2017).

¹²⁷⁴ *Id.*

¹²⁷⁵ *Id.* at 1162-63.

¹²⁷⁶ *Id.* at 1163.

¹²⁷⁷ *See Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

indistinguishable’—combination of colors, designs, and shapes.”¹²⁷⁸ The court then tackled a more difficult issue, namely, whether the defendant’s use of notices promoting its goods as “Our Version Of” the plaintiffs’ branded goods contained counterfeit imitations of the plaintiffs’ marks, concluding that:

[A]lthough [the defendant] did use [the plaintiffs’] own marks as part of its “Our Version Of” and “Not Associated With” disclaimers, the existence of those disclaimers and [the defendant’s] (admittedly less prominent) use of [a house] mark on its bottles “creates enough of a contextual difference that [the defendant’s] [fragrances] cannot be considered counterfeits of [the plaintiffs’].”¹²⁷⁹

Another case presented easier facts on which to reject a claim of counterfeiting.¹²⁸⁰ There was no dispute that the parties used the EVERLASTING LIFE mark in connection with a food market and, additionally, that the lead plaintiff had at one point in time registered his version of the mark. By the time of trial, the status of the lead plaintiff’s registration was in doubt,¹²⁸¹ but that circumstance ultimately did not play a role in the court’s finding that the defendant had not trafficked in services associated with a counterfeit copy of the plaintiff’s mark. Instead, that finding rested on the differing presentations of the plaintiffs’ registered mark, shown below on the left, and the defendant’s mark, shown on the right:¹²⁸²



As the court explained, “[t]hese images do not come close to meeting the ‘identical’ or ‘substantially indistinguishable’ standard that characterizes a counterfeit mark.”¹²⁸³

¹²⁷⁸ *Id.* at 468 (quoting *Colgate–Palmolive Co. v. J.M.D. All–Star Imp. & Exp. Inc.*, 486 F. Supp. 2d 286, 291 (S.D.N.Y. 2007)).

¹²⁷⁹ *Id.* at 468 (seventh alteration in original) (quoting *Tiffany & Co. v. Costco Wholesale Corp.*, 127 F. Supp. 3d 241, 255 (S.D.N.Y. 2015)).

¹²⁸⁰ *See Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337 (D.D.C. 2018), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018).

¹²⁸¹ *See id.* at 354.

¹²⁸² *Id.* at 365.

¹²⁸³ *Id.* at 365.

Finally, one reported opinion made clear that even the unauthorized use of identical marks may not result in a finding of liability for counterfeiting.¹²⁸⁴ That holding came in a case in which the plaintiff had terminated the defendants as its franchisees and then filed suit, claiming the defendants had not timely complied with their post-termination obligation under the franchise agreement to disassociate themselves from the plaintiff's system. In entering summary judgment in the defendants' favor, the court found as a matter of law the defendants had not used the plaintiff's marks outside the time limits set by the agreement. Nevertheless, the court went on to hold that, even if the defendants had failed to comply with the agreement's deadlines, the plaintiff's argument that that failure constituted trafficking in services associated with counterfeit marks was meritless. To the contrary, a holdover franchisee's use of a franchisor's mark might constitute infringement but not counterfeiting.¹²⁸⁵

(2) Criminal Liability

The Supreme Court of Georgia addressed a case of first impression for it, namely, whether a criminal defense attorney was constitutionally ineffective when he advised the defendant, a Nigerian citizen, that the client "could be" deported, rather than informing him that he "would be" deported if he pleaded guilty to one count of trafficking in goods bearing counterfeit marks under state law.¹²⁸⁶ As the court explained the significance of that issue, "[when] [the defendant] entered his guilty plea, . . . anyone convicted of an offense of counterfeiting for which 'the term of imprisonment is at least one year' was guilty of an 'aggravated felony' under the Immigration and Nationality Act ('INA') and removable from the United States."¹²⁸⁷ The defendant received a five-year sentence of "confinement," which the state trial court suspended in favor of placing him on probation for the same period. That was enough for the United States government to seek his deportation based on a federal statute apparently treating suspended and actual sentences as the same for purposes of determining whether the client had committed an aggravated felony.¹²⁸⁸

¹²⁸⁴ See *Peterbrooke Franchising of Am., LLC v. Miami Chocolates, LLC*, 312 F. Supp. 3d 1325 (S.D. Fla. 2018).

¹²⁸⁵ *Id.*

¹²⁸⁶ See *State v. Aduka*, 812 S.E.2d 266 (Ga. 2018).

¹²⁸⁷ *Id.* at 268 (quoting 8 U.S.C. §§ 1101(a)(43)(R), 1227(a)(2)(A)(iii) (2012)).

¹²⁸⁸ See 8 U.S.C. § 1101(a)(48)(B) ("Any reference to a term of imprisonment or a sentence with respect to an offense is deemed to include the period of incarceration or confinement ordered by a court of law regardless of any suspension of the imposition or execution of that imprisonment or sentence in whole or in part.").

In declining to hold that the defendant had received advice failing to meet constitutional standards, the court first noted that:

[The defendant] must show counsel's performance was deficient and that the deficient performance prejudiced him to the point that a reasonable probability exists that, but for counsel's errors, the outcome of the trial would have been different. A strong presumption exists that counsel's conduct falls within the broad range of professional conduct.¹²⁸⁹

It then held that conflicting case law on the effect of the sentence's suspension precluded the defendant from overcoming that presumption. To the contrary, it observed, the Constitution "does not require criminal defense attorneys to have the knowledge of immigration judges or experts. Appellee's criminal defense attorney was required to advise him that he 'would' be deported only if that result was 'truly clear.'"¹²⁹⁰

(D) Dilution

(1) Mark Fame and Distinctiveness

To qualify for protection against dilution under federal law, a mark must be famous as of the defendant's date of first use.¹²⁹¹ This means it must have been "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,"¹²⁹² a determination Congress has indicated should turn on the following nonexclusive factors:

- (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.¹²⁹³

In contrast, the dilution statutes of some states, such as that of New York, require a threshold showing only of mark distinctiveness.¹²⁹⁴

¹²⁸⁹ *Aduka*, 812 S.E.2d at 268 (quoting *Pruitt v. State*, 644 S.E.2d 837, 841 (Ga. 2007)).

¹²⁹⁰ *Id.* at 269 (quoting *Padilla v. Kentucky*, 559 U.S. 356, 369 (2010)).

¹²⁹¹ 15 U.S.C. § 1125(c)(1) (2012).

¹²⁹² *Id.* § 1125(c)(2).

¹²⁹³ *Id.* § 1125(c)(2)(i)-(iv).

¹²⁹⁴ *See, e.g.*, N.Y. Gen. Bus. Law § 360-1 (McKinney 2013).

As always, these prerequisites generated reported opinions applying them.

(a) Opinions Finding Mark Fame and Distinctiveness

The notoriety of some marks qualified them for protection under the federal statute without serious dispute; thus, for example, one defendant conceded the fame of the CALVIN KLEIN, VERA WANG, and LADY GAGA marks for perfumes.¹²⁹⁵ Other defendants contested the issue, including the manufacturer of a dog chew toy intended to parody the JACK DANIEL'S mark and the trade dress associated with bottles of the Tennessee whiskey sold under that mark.¹²⁹⁶ Having responded to a demand letter by filing a declaratory judgment action for nonliability, that manufacturer found itself confronted with a counterclaim for likely dilution by tarnishment. Following a bench trial, the court found the JACK DANIEL'S mark and trade dress sufficiently famous to qualify for protection under Section 43(c) and the Arizona dilution statute¹²⁹⁷ prior to the counterclaim defendant's first use, citing, *inter alia*: (1) the counterclaim defendant's "hundreds of millions of dollars" in advertising expenditures; (2) over 75 million cases and 10 billion dollars in sales during the decade leading up to trial; (3) use of the mark and trade dress for more than a century, except during prohibition; (4) the success of the counterclaim plaintiffs online and social media promotional strategies; and (5) the results of market studies that "aided consumer awareness of the Jack Daniel's brand is consistently around 98%."¹²⁹⁸

Far less defensible findings of mark fame came in other cases, including one in which the eligibility for protection under Section 43(c) and the Arkansas dilution statute¹²⁹⁹ of the V-RAY mark for computer software was at issue.¹³⁰⁰ In failing to establish the existence of a factual dispute as to the mark's fame, the counterclaim defendant was hindered by numerous admissions against interest by its principal, who readily admitted the popularity of the counterclaim plaintiffs' software at the time the counterclaim defendant undertook its challenged conduct. Independent of his ill-advised deposition testimony, the counterclaim plaintiffs adduced evidence of "nearly \$10 million" in worldwide annual sales and the counterclaim plaintiffs' receipt of an Academy Award after its software was to produce "several

¹²⁹⁵ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 459 (S.D.N.Y. 2017).

¹²⁹⁶ See *VIP Prods., LLC v. Jack Daniel's Prods., Inc.*, 291 F. Supp. 3d 891 (D. Ariz. 2018), *appeal docketed*, No. 18-16012 (9th Cir. June 4, 2018).

¹²⁹⁷ Ariz. Rev. Stat. Ann. § 44-1448.01 (2013).

¹²⁹⁸ *VIP Prods.*, 291 F. Supp. 3d at 901.

¹²⁹⁹ Ark. Code Ann. § 4-71-213(a) (West 2016).

¹³⁰⁰ See *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018).

blockbuster movies” (even if, as the court acknowledged, the Academy Award came after the counterfeit defendants’ first use.)¹³⁰¹

Another rather dubious finding of mark fame came in a jury trial, the outcome of which was appealed to a panel of the Court of Appeals of Texas.¹³⁰² Although dilution is generally a creature of statute and although Texas has a dilution statute,¹³⁰³ the prevailing plaintiff apparently invoked a common-law cause of action, under which it convinced the jury that its ALLIANCE RIGGERS AND CONTRACTORS mark and an accompanying logo was famous within the state when used in connection with crane services. Declining to disturb that finding, the appellate court cited evidence and testimony in the trial record that the plaintiff had used its mark since 1978, that the name and logo appeared “on [the plaintiff’s] trucks and equipment, and in print advertising,”¹³⁰⁴ and, indeed, that the name and logo were “known not only in the United States but around the world.”¹³⁰⁵ “This evidence,” the court observed, “is both legally and factually sufficient to support the jury’s finding that [the plaintiff’s] service mark is famous.”¹³⁰⁶

***(b) Opinions Declining to Find Mark Fame and
Distinctiveness***

The mark-fame inquiry may be a question of fact, but at least some courts have resolved it as a matter of law at the pleadings stage by holding that plaintiffs have failed to state claims for likely dilution under Section 43(c). For example, one court reached such a conclusion in holding that the owner of the following mark for insurance and financial services had failed to state a claim of mark fame in its complaint:¹³⁰⁷



As it explained, “[the plaintiff’s] allegations, even when accepted as true, fall well short of stating a plausible claim of mark dilution based on the ‘rigorous standard’ of a famous mark.”¹³⁰⁸ En route to

¹³⁰¹ *Id.* at 624.

¹³⁰² *See Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724 (Tex. Ct. App. 2017).

¹³⁰³ Tex. Bus. & Com. Code Ann. § 16.103(b) (West 2011).

¹³⁰⁴ *Restrepo*, 538 S.W.3d at 746.

¹³⁰⁵ *Id.*

¹³⁰⁶ *Id.*

¹³⁰⁷ *See TrueNorth Cos. v. TruNorth Warranty Plans of N. Am., LLC*, 292 F. Supp. 3d 864 (N.D. Iowa 2018).

¹³⁰⁸ *Id.* at 873.

this conclusion, the court held that the rigor of that standard trumped what otherwise might be the liberal notice-pleading requirement memorialized in Rule 8 of the Federal Rules of Civil Procedure, even if it did not rise to the level of particularity required by Rule 9: “While the pleading standard itself is not rigorous and this type of claim is not subject to a heightened pleading standard (such as claims that fall under Rule 9(b)), the nature of a dilution claim itself makes it difficult to ‘state a claim to relief that is plausible on its face.’”¹³⁰⁹ In particular, although the plaintiff averred ownership of three federal registrations covering its mark, its allegations with respect to the remaining four were deficient;¹³¹⁰ even accepting the plaintiff’s allegations as true, therefore, those allegations established only fame in a niche market.¹³¹¹

Another court took the same step in disposing of a suit to protect the unregistered-in-the-USPTO SAN DIEGO SPIRITS FESTIVAL and SAN DIEGO INTERNATIONAL SPIRITS BOTTLE COMPETITION for a San Diego-based festival and competition dedicated to cocktails.¹³¹² Weighing the defendants’ motion to dismiss, the court noted as an initial matter that “a mark usually will achieve broad-based fame only if a large portion of the general consuming public recognizes that mark. Put another way, the mark must be a household name.”¹³¹³ Attempting to satisfy that standard, the plaintiff relied heavily on its putative national advertising and attendance figures, but those categories of averments fell short because “[w]hile it appears that the publications are geographically diverse, the [plaintiff’s events] are only publicized a handful of times each year by a limited number of publications and networks”¹³¹⁴ and because the proffered figures failed “to demonstrate that Plaintiff’s marks have extensively reached the general consuming public in the United States.”¹³¹⁵ The court also rejected the plaintiff’s invocation of “the support of celebrities including Cheech Marin, and reputable industry professional judges,” which it found failed to “establish[] that the . . . marks are ‘mature and well-known’ brands.”¹³¹⁶ Along with the marks’ unregistered status and their alleged notoriety only

¹³⁰⁹ *Id.* (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)).

¹³¹⁰ *Id.* at 873-74.

¹³¹¹ *Id.* at 871-72.

¹³¹² *See Aegis Software, Inc. v. 22nd Dist. Agric. Ass’n*, 255 F. Supp. 3d 1005 (S.D. Cal. 2017).

¹³¹³ *Id.* at 1009 (alteration omitted) (quoting *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 911 (9th Cir. 2002)).

¹³¹⁴ *Id.* at 1009-10.

¹³¹⁵ *Id.* at 1010.

¹³¹⁶ *Id.* (quoting *Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359, 1363 (9th Cir. 1993)).

in a niche market,¹³¹⁷ these considerations warranted the summary disposal of the plaintiffs' pretensions to own a famous mark.¹³¹⁸

Allegations of niche market fame proved similarly fatal to the Section 43(c) cause of action advanced by a plaintiff engaged in the distribution of Internet-based television programming.¹³¹⁹ According to the plaintiff, each of its television channels featured "a unique symbol that appears in the corner of the television screen," and those symbols constituted famous marks. Responding to the defendants' motion to dismiss, the plaintiff dug itself into a hole by arguing to the court that "fame in niche markets—such as Albanian-language television—is sufficient for a trademark dilution claim if the plaintiff and defendant are using the mark in the same market"¹³²⁰ With considerable understatement, the court rejected that theory as "misplaced."¹³²¹ As it properly concluded, niche fame had not qualified marks for protection against likely dilution under federal law for over a decade. Especially because "the Complaint is devoid of factual allegations that shed light on the extent of the symbols' advertising, publicity, or actual recognition by the general public, or whether any of the symbols were registered,"¹³²² the plaintiff's complaint failed to state a claim under Section 43(c).¹³²³

Other claims of mark fame failed as a matter of law at the summary judgment stage of the cases in which they were asserted.¹³²⁴ For example, one court had little difficulty determining as a matter of law that the claimed BUCK ROGERS mark was not a famous indicator of origin for a variety of licensed goods and services.¹³²⁵ As the court described the summary judgment record on the issue, the plaintiffs' principal evidence was the testimony of an expert witness who had conducted a survey to measure respondents' actual recognition of the mark. The survey's results suggested that a mere 1-2% of respondents asked to record "all the science fiction action you can think of" had an unaided awareness of the mark, while the corresponding aided awareness response rate was 63%.¹³²⁶ The defendant challenged the survey's methodology as

¹³¹⁷ *Id.* at 1010-11.

¹³¹⁸ *Id.* at 1011.

¹³¹⁹ *See* DigitAlb, Sh.a v. Setplex, LLC, 284 F. Supp. 3d 547 (S.D.N.Y. 2018).

¹³²⁰ *Id.* at 557.

¹³²¹ *Id.*

¹³²² *Id.*

¹³²³ *Id.* at 558.

¹³²⁴ *See, e.g.,* CSL Silicones, Inc. v. Midsun Grp., 301 F. Supp. 3d 328, 368 (D. Conn. 2018) (granting summary judgment of nonliability in light of counterclaim plaintiff's admission that its claimed 570 mark for a silicon rubber coating was not famous).

¹³²⁵ *See* Dille Family Tr. v. Nowlan Family Tr., 276 F. Supp. 3d 412 (E.D. Pa. 2017).

¹³²⁶ *Id.* at 436.

unreliable and based on faulty premises, but the court held “it is unnecessary to address these objections because even if the Court were to conclude that [the expert’s] testimony was admissible under Rule 702, it would only support a conclusion that BUCK ROGERS has not reached the requisite level of fame to support a federal dilution claim.”¹³²⁷ So too did the court find unconvincing the plaintiff’s other evidence, which included the inclusion of certain BUCK ROGERS-branded items in a monthly catalog “circulated by the world’s largest comic book distributor” and “not substantial” royalties from licenses.¹³²⁸ The absence of a federal registration covering the plaintiff’s mark was merely cumulative evidence meriting the grant of the defendant’s motion for summary judgment.¹³²⁹

***(c) Opinions Deferring Resolution of the Mark-Fame
and Mark-Distinctiveness Inquiry***

As always, some opinions made the point that the fact-intensive nature of the mark-fame inquiry does not lend itself to resolution as a matter of law.¹³³⁰ For example, a Texas federal district court declined to find at the pleadings stage of the case before it that the configurations of the following insulated drinkware products were so obscure they could not possibly qualify for protection under Section 43(c):¹³³¹



¹³²⁷ *Id.*

¹³²⁸ *Id.* at 437.

¹³²⁹ *Id.*

¹³³⁰ See, e.g., *Treasury Mgmt. Servs., Inc. v. Wall St. Sys. Del., Inc.*, 123 U.S.P.Q.2d 1357, 1361-62 (D. Del. 2017) (holding plaintiff adequately had alleged fame of TMS and TMS TRADE marks for financial management software services).

¹³³¹ See *YETI Coolers, LLC v. JDS Indus.*, 300 F. Supp. 3d 899, 908-10 (W.D. Tex. 2018).



In declining to grant a motion to dismiss the plaintiff's Section 43(c) cause of action, the court cited favorably to the plaintiff's allegations of the extensive and continuous promotion of its designs throughout the United States, voluminous sales volume, and "publicity and attention" paid to the designs;¹³³² the same allegations sufficed to defeat the defendants' challenge to the plaintiff's claim for relief under the Texas dilution statute.¹³³³

(2) Actual or Likely Dilution

(a) Actual or Likely Dilution by Blurring

Section 43(c)(2)(B) of the Act fleshes out the federal likelihood-by-dilution-blurring cause of action by reciting 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."¹³³⁴ The same section goes on to provide that:

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.
- (vi) Any actual association between the mark or trade name and the famous mark.¹³³⁵

¹³³² *Id.* at 914-15.

¹³³³ Tex. Bus. & Com. Code Ann. § 16.103(a) (West 2011).

¹³³⁴ 15 U.S.C. § 1125(c)(2)(B) (2012).

¹³³⁵ *Id.*

Although at least one opinion denied the parties' cross-motions for summary judgment on the issue,¹³³⁶ the past year otherwise produced several noteworthy findings of likely dilution by blurring under applications of the federal statutory factors,¹³³⁷ with one coming in an action to protect a registered three-stripe design mark for athletic shoes against the defendant's use of three parallel stripes on directly competitive goods.¹³³⁸ The district court found the plaintiff likely to succeed on the merits of its likely-dilution-by-blurring claim, and it therefore issued a preliminary injunction against the defendant's conduct. The Ninth Circuit affirmed the finding of liability, although, for better or for worse, it did not explain its reasoning, holding only that "the district court did not err in finding a likelihood of success on the merits on [the plaintiff's] trademark dilution claim."¹³³⁹

In another cursory treatment of the issue, an Arkansas federal district court reached a finding of likely blurring as a matter of law under Section 43(c) and the dilution statute of that state despite the counterclaim plaintiffs' failure to identify for the court's benefit under which of the two theories of likely dilution it was proceeding.¹³⁴⁰ The summary judgment record established that the counterclaim defendant had purchased a domain name comprising the counterclaim plaintiffs' mark and a generic top-level domain and then continued to use it without authorization following the termination of a reseller agreement between the parties. In reaching a finding of liability as a matter of law, the court observed that "[the counterclaim plaintiffs'] summary judgment motion focuses on the issue of whether [their] . . . mark is 'famous,' and does not specify whether [they are] proceeding under a theory of tarnishment, blurring, or both."¹³⁴¹ Despite that conspicuous omission, the court concluded:

[T]here is no material dispute of fact that [the counterclaim defendant] has caused a lessening of the [counterclaim plaintiffs'] mark's capacity to distinguish between services, given the un rebutted evidence that [the counterclaim

¹³³⁶ See *Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928, 936 (S.D. Tex. 2017) (concluding in cursory analysis that "the Court doubts that the distinctiveness of the [plaintiff's] mark] has been impaired, but it recognizes that a jury could make such a finding"); see also *id.* at 937 (reaching similar conclusion in application of Texas dilution statute).

¹³³⁷ See, e.g., *Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724, 746 (Tex. Ct. App. 2017) (affirming jury verdict of likely dilution by blurring based on defendants' unauthorized maintenance of a website featuring the plaintiff's mark and accessible at a domain name based on the plaintiff's service mark).

¹³³⁸ See *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

¹³³⁹ *Id.* at 759.

¹³⁴⁰ See *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018).

¹³⁴¹ *Id.* at 624.

plaintiffs] [have] received repeated customer complaints about technical problems with the vray.com website that [the counterclaim plaintiffs] [have] no capacity to address, and that consumers sometimes incorrectly believed that [the counterclaim defendant], rather than [the counterclaim plaintiffs], is the developer of [the counterclaim plaintiffs' software].¹³⁴²

A more detailed finding of likely dilution under both the federal and New York statutes came in a case in which the defendant sold perfumes competitive with those sold by the plaintiffs in packaging similar to that of the plaintiffs and under marks deliberately reminiscent of certain of the plaintiffs' marks; moreover, the defendant reproduced certain other of the plaintiffs' marks in notices that its goods were "our version[s]" of those of the plaintiffs.¹³⁴³ Referring to Section 43(c)(2)(B), the court found after a bench trial that:

[T]he first, second, and fourth factors—the similarity between the marks as well as the distinctiveness and degree of recognition of the plaintiff's mark—favor [the plaintiffs], given that [the defendant] is using nearly exact replicas of [the plaintiffs'] highly distinctive and recognizable marks on its packaging. The third factor also falls on [the plaintiffs'] side of the scale because, [the defendant's] infringing products aside, there is no dispute that [the plaintiffs] [have] not engaged in substantially exclusive use of [their] marks. So too, the fifth factor swings strongly against [the defendant], as it deliberately sought to create an association with [the plaintiffs'] marks. And lastly, the sixth factor is firmly in [the plaintiffs'] corner because [the defendant's] products have no "actual association" with [the plaintiffs'] marks.¹³⁴⁴

It then invoked the closely overlapping multifactored test for liability under the New York statute to reach an identical finding of liability under it.¹³⁴⁵

¹³⁴² *Id.* at 625 (citations omitted).

¹³⁴³ *See* Coty Inc. v. Excell Brands, LLC, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

¹³⁴⁴ *Id.* at 459-60.

¹³⁴⁵ The court found that the New York factors were coextensive with the federal factors with the exception that the New York factors also required consideration of the renown of the defendant's marks. With respect to that consideration, the court determined from the trial record that "it is undisputed that [the defendant's] marks are obscure. Even [the defendant's] own expert acknowledged that the company brand has no recognition and that the company conducts no marketing." *Id.* at 460. "Accordingly," it found "[the plaintiff] has established the elements necessary to prevail on its claims of trademark dilution under both federal and state law." *Id.*

(b) Actual or Likely Dilution by Tarnishment

As defined by Section 43(c)(2)(C) of the Act, “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,”¹³⁴⁶ and, rather unusually, some plaintiffs succeeded in proving liability under that standard. Indeed, an Arkansas federal district court reached such a finding as a matter of law, albeit in an opinion addressing the counterclaim plaintiffs’ causes of action under Section 43(c) and the Arkansas dilution statute in an exceedingly cursory fashion.¹³⁴⁷ According to the court, “[the counterclaim plaintiffs] [have] placed abundant un rebutted evidence in the record that [the counterclaim defendant’s] use of the [counterclaim plaintiffs’] mark is not only *likely* to harm that mark’s reputation, but actually *has* done so, at least to some significant extent.”¹³⁴⁸ That abundant evidence consisted primarily of communications from consumers to the counterclaim plaintiffs that the counterclaim defendants’ website was “confusing,” “inconvenient,” “a user experience nightmare,” and “misleading,” among other complaints.¹³⁴⁹

In another case producing a finding of likely dilution, the counterclaim plaintiff owned the registered JACK DANIEL’S mark for whiskey, which it used in connection with a trade dress covered by its own registration.¹³⁵⁰ The counterclaim plaintiff’s dilution cause of action targeted the counterclaim defendant’s sale of a dog chew toy bearing the BAD SPANIELS mark and with an appearance similar to that of the plaintiff’s bottles but different to the extent it also contained scatological references such as “the Old No. 2, on your Tennessee Carpet,” “43% POO BY VOL.,” and “100% SMELLY;”¹³⁵¹ as those references suggest, the counterclaim defendant’s intent was to parody the counterclaim plaintiff’s mark and trade dress. To bolster its claim of reputation damage at trial, the counterclaim plaintiff proffered expert witness testimony resting on the Associative Network Model of measuring the favorable or unfavorable associations of particular brands. Crediting the expert’s testimony, the court found that “[w]ell documented empirical research supports that the negative associations of ‘Old No. 2’ defecation and ‘poo by weight’ creates disgust in the mind of the consumer when the consumer is

¹³⁴⁶ 15 U.S.C. § 1125(c)(2)(C) (2012).

¹³⁴⁷ See *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018).

¹³⁴⁸ *Id.* at 624.

¹³⁴⁹ *Id.*

¹³⁵⁰ See *VIP Prods., LLC v. Jack Daniel’s Props., Inc.*, 291 F. Supp. 3d 891 (D. Ariz. 2018), *appeal docketed*, No. 18-16012 (9th Cir. June 4, 2018).

¹³⁵¹ *Quoted in id.* at 898.

evaluating Jack Daniel's whiskey."¹³⁵² Moreover, "while an association with toys may not ordinarily cause reputational harm, [the counterclaim plaintiff] is in the whiskey business, and does not market to children, does not license goods for children, and does not license goods that might appeal to children."¹³⁵³ The counterclaim defendant therefore was liable for likely dilution by tarnishment despite testimony by its own expert that participants in "tainted" focus groups recognized the counterclaim defendant's goods as a joke.¹³⁵⁴

Likewise, an invocation of a putative common-law cause of action under Texas law bore fruit in a jury trial, and that disposition withstood appellate scrutiny before the Court of Appeals of Texas.¹³⁵⁵ The trial record established to the jury's satisfaction that the plaintiff had retained the defendants to prepare a video and a website promoting the plaintiff's services. After the plaintiff rejected the defendant's work product as substandard, the defendants continued to maintain the website at a domain name corresponding to the plaintiff's service mark, which they had registered themselves; potential consumers calling a number on the site, however, were referred to competitors of the plaintiff, rather than the plaintiff itself. Citing these facts and the inaccuracy of certain information concerning the plaintiff on the website, the appellate court declined to disturb the jury's finding of dilution by tarnishment.¹³⁵⁶

A bench trial before a New York federal district court similarly produced a finding of likely dilution by tarnishment under the federal and New York statutes.¹³⁵⁷ The trial record established the defendant had sold perfumes imitating those of the plaintiffs in packages confusingly similar to the plaintiffs and bearing both copies and exact reproductions of the plaintiffs' marks. It also demonstrated the quality of the defendant's perfumes did not compare to that of the plaintiffs' goods; indeed, "many of [the

¹³⁵² *Id.* at 903.

¹³⁵³ *Id.*

¹³⁵⁴ *Id.* at 904.

The court gave the counterclaim defendant's proffered expert testimony limited weight with the explanation that:

[The expert's] reliance on the West Los Angeles focus groups is flawed because the groups were initially directed by the moderator that the product under evaluation, "Bad Spaniels", was a joke, a spoof product, and as a result the focus groups produced predetermined results. This tainted the group's conclusions. Moreover, [the expert] did not have expertise or specialized knowledge in trademark dilution matters; rather, his experience was in advertising.

Id.

¹³⁵⁵ See *Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724 (Tex. Ct. App. 2017).

¹³⁵⁶ *Id.* at 746.

¹³⁵⁷ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

defendant's] products were found to contain DEHP, a potential carcinogen.”¹³⁵⁸ Not surprisingly, the court found the defendant's conduct likely to dilute those of the plaintiffs' marks qualifying for protection, noting, “[the defendant] uses inferior oils, employs cheaper packaging components, lacks any quality assurance program, and produces fragrances with potentially harmful ingredients.”¹³⁵⁹

In contrast to the prevailing parties in these decisions, other plaintiffs were not as successful. For example, a Texas federal district court rejected as a matter of law a claim that the allegedly famous mark for the delivery, servicing, and removal of portable toilets shown on the left below was likely to be tarnished by the marks for directly competitive goods and services shown on the right:¹³⁶⁰



That disposition was short of analysis, with the court observing only that “Plaintiffs have provided no evidence showing harm to the reputation of their mark. Although Plaintiffs have argued they can present such evidence at trial, they have failed to create a question of material fact with respect to tarnishment.”¹³⁶¹

(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.¹³⁶² If a prior arbitration proceeding under the

¹³⁵⁸ *Id.* at 455.

¹³⁵⁹ *Id.* at 460.

¹³⁶⁰ *See Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928, 932 (S.D. Tex. 2017).

¹³⁶¹ *Id.* at 936.

¹³⁶² *See* 15 U.S.C. § 1125(d) (2012).

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.¹³⁶³

(1) In Rem Actions

Whether because in rem claims under the ACPA generally lead to defaults or for other reasons, reported opinions addressing those claims have declined precipitously in recent years. An exception to that general rule came from a clash before a Virginia federal district court in which two intervenors not only appeared to defend registration of the disputed domain name but prevailed as a matter of law as well.¹³⁶⁴ The record on the parties' cross-motions for summary judgment established beyond dispute that the plaintiff was a Ukrainian limited liability company, which used the KLUMBA mark in its home company and operated an online platform for the sale and exchange of children's clothing accessible at the klumba.ua domain name. One of the plaintiff's four members registered the klumba.com domain name, and consumers accessing it were initially redirected to the plaintiff's site. After a falling out among the plaintiff's four members, however, the registrant of the klumba.com domain name and one other member arranged for the redirection of traffic to a different site they controlled.

In the in rem action under the ACPA that followed, the dissident members of the LLC intervened on behalf of the klumba.com domain name, in the process overcoming the plaintiff's argument that they lacked standing to do so.¹³⁶⁵ They then successfully moved the court for summary judgment by arguing the plaintiff had failed to establish its ownership of any trademark rights the registration and use of the disputed domain name might violate. As a threshold matter, the court noted that "[i]mportantly, unregistered or common law marks are entitled to protection under the ACPA. But equally importantly, common law trademark rights are acquired only through actual use of the mark in a given market in the United States."¹³⁶⁶ Because the plaintiff could not identify any such use—its activities were limited to the Ukraine—the defendant's motion for summary judgment was meritorious, while the plaintiff's was not.¹³⁶⁷

¹³⁶³ See *id.* § 1114(2)(D)(v).

¹³⁶⁴ See *Klumba.UA, LLC v. klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018), *appeal docketed*, No. 18-1731 (4th Cir. June 29, 2018).

¹³⁶⁵ *Id.* at 776-77.

¹³⁶⁶ *Id.* at 777 (citations omitted).

¹³⁶⁷ *Id.* at 780.

(2) In Personam Actions

Where in personam actions are concerned, the ACPA generally provides for civil liability if a plaintiff can prove (1) the defendant registered, trafficked in, or used a domain name; (2) the domain name is identical or confusingly similar to a protected mark owned by the plaintiff; and (3) the defendant acted with a bad-faith intent to profit from that mark. The last of these requirements is governed by nine factors found in Section 43(d)(1)(B)(i) of the Lanham Act,¹³⁶⁸ and is subject to a carve-out found in Section 43(d)(1)(B)(ii), which provides that “[b]ad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”¹³⁶⁹

That exclusion from liability came into play in several cases. For example, one pair of defendants successfully invoked it in support of a motion for summary judgment by establishing to the court’s satisfaction the challenged domain name was substantively identical to their service mark and that they had used both in conjunction with each other for approximately two decades.¹³⁷⁰

The court’s conclusion on this issue raises an interesting question of statutory interpretation. The relevant language of the ACPA provides that:

A person shall be liable in a civil action by the owner of a mark . . . that person . . . has a bad faith intent to profit from that mark . . . and . . . registers, traffics in, or uses a domain name that . . . in the case of a mark *that is distinctive at the time of registration of the domain name*, is identical or confusingly similar to that mark.

15 U.S.C. § 1125(d)(1)(A) (2012) (emphasis added). On its face, the statute therefore requires only a showing of *distinctiveness*, and not of *use*, prior to the registration of a challenged domain name. Moreover, and at least in the context of its processing of intent-to-use applications and those based on foreign applications or registrations, the USPTO routinely recognizes claims of inherent distinctiveness for marks that have not yet been used in commerce. *See, e.g.*, *Teaching Co. P’ship v. Unapix Entm’t, Inc.*, 87 F. Supp. 2d 567, 578 (E.D. Va. 2000) (“In this case, the PTO has reviewed the [disputed] mark three times in connection with the intent-to-use applications presented by [the defendant]. Each time, the PTO determined that the mark is inherently distinctive.”); *see also In re Donell, Inc.*, No. 75527923, 2004 WL 2368411, at *2-3 (T.T.A.B. Sept. 24, 2004) (nonprecedential) (finding mark covered by intent-to-use application suggestive and reversing rejection of application grounded in perceived lack of inherent distinctiveness); *In re Aeromet Techs., Inc.*, No. 76237453, 2003 WL 22273111, at *4 (T.T.A.B. Sept. 25, 2003) (nonprecedential) (same). Likewise, the USPTO has in place a procedure allowing demonstrations of secondary meaning for descriptive marks that have not yet been introduced. That procedure is set forth in 37 C.F.R. § 2.41 (b), and a representative successful invocation of it by an intent-to-use applicant lacking use of its mark appears in *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341 (Fed. Cir. 2001). Under a literal application of the ACPA, therefore, it is not entirely apparent that use is a prerequisite for the establishment of protectable rights.

¹³⁶⁸ 15 U.S.C. § 1125(d)(1)(B)(i)–(IX) (2012).

¹³⁶⁹ *Id.* § (d)(1)(B)(ii).

¹³⁷⁰ *See Protect-A-Car Wash Sys., Inc. v. Car Wash Partners, Inc.*, 276 F. Supp. 3d 439, 455-56 (D. Md. 2017), *appeal dismissed*, No. 17-2073, 2018 WL 1326272 (4th Cir. Jan. 16, 2018).

Likewise, the defendant in a different case argued in response to a summary judgment motion he was unaware his use of a disputed domain name was unlawful until receiving a court order to that effect.¹³⁷¹ Holding that the defendant's testimony created a factual dispute as to the applicability of the safe harbor, the court denied the motion because a determination of the veracity of the defendant's account required a trial.¹³⁷²

In contrast, a different court found no factual disputes that might preclude a finding of liability as a matter of law against the counterclaim defendant before it.¹³⁷³ According to the record assembled by the parties in support of their cross-motions for summary judgment, the counterclaim defendant had secured a prior-registered domain name consisting of the counterclaim plaintiffs' flagship mark and a generic top-level domain. The counterclaim defendant may have done so in good faith in anticipation of reselling the counterclaim plaintiffs' software, but that circumstance changed once the counterclaim plaintiffs terminated the parties' resale agreement and a license allowing use of the domain name. At that point, the counterclaim defendant's continued use of the domain name became one in bad faith, especially in light of evidence the counterclaim defendant's principal "has previously registered or acquired other domain names that he knows are identical or confusingly similar to marks of others."¹³⁷⁴

Another court entered a temporary restraining order against an even less sympathetic accused cybersquatter.¹³⁷⁵ Although the plaintiffs had hired that defendant to assist them in recruiting and licensing franchisees, he allegedly contacted the registrar of the domain name at which the plaintiffs' website was accessible and fraudulently changed the contact information and the password associated with the account. Without wading into the statutory factors for weighing the extent of the defendant's good or bad faith, the court held injunctive relief appropriate and ordered the defendant to return control of the domain name to the plaintiffs.¹³⁷⁶

¹³⁷¹ See *Casa Dimitri Corp. v. Invicta Watch Co. of Am., Inc.*, 270 F. Supp. 3d 1340 (S.D. Fla. 2017).

¹³⁷² *Id.* at 1362.

¹³⁷³ See *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018).

¹³⁷⁴ *Id.* at 623.

¹³⁷⁵ *Proteinhouse Franchising, LLC v. Gutman*, 124 U.S.P.Q.2d 1870 (D. Nev. 2017).

¹³⁷⁶ *Id.* at 1874.

b. Passing Off and Reverse Passing Off

i. Passing Off

Only one readily apparent reported opinion contained a substantive discussion of the tort of passing off.¹³⁷⁷ It came in a dispute between competitors in the water bottle industry, in which the plaintiff sought to protect its federally registered S'WELL mark. According to the plaintiff, the defendant had responded to distributor requests for "S'well bottles" by shipping the defendant's own bottles instead. On the parties' cross-motions for summary judgment, the New York federal district court hearing the case noted, "[o]ne of the most obvious forms of palming off occurs when the copier of an article overtly and explicitly misrepresents its source, for example, where a defendant substituted its product for plaintiff's when customers specifically asked for plaintiff's product."¹³⁷⁸ After reviewing the record, it identified factual disputes preventing the grant of either party's motion: On the one hand, "[the plaintiff] has adduced evidence from which a reasonable juror could conclude [the defendant] has passed off [its own bottles] as [those of the plaintiff]";¹³⁷⁹ on the other hand, however, "a reasonable juror could also find that these distributors generally used 'S'well' to reference the shape of the desired bottles, not the brand."¹³⁸⁰

ii. Reverse Passing Off

The Supreme Court's restrictive interpretation of Section 43(a)(1)(A) of the Act¹³⁸¹ in *Dastar Corp. v. Twentieth Century Fox Film Corp.*,¹³⁸² reduces that section's utility in challenges to reverse passing off unless defendants have taken physical goods originating with plaintiffs and sold them as their own.¹³⁸³ When, for example, a photography agency asserted a Section 43(a) cause of action against a defendant alleged to have affixed false copyright notices to unauthorized copies of the photographs to which the agency owned the rights, the defendant responded with a motion to dismiss for failure to state a claim.¹³⁸⁴ The court determined the motion was well-taken, both because "a false copyright notice alone cannot

¹³⁷⁷ See *Can't Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

¹³⁷⁸ *Id.* at 417 (quoting *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852, 858 n.2 (2007)).

¹³⁷⁹ *Id.* at 418.

¹³⁸⁰ *Id.*; see also *id.* at 419.

¹³⁸¹ 15 U.S.C. § 1125(a)(1)(A) (2012).

¹³⁸² 539 U.S. 23 (2003).

¹³⁸³ See, e.g., *Basil v. New Razor & Tie Enters.*, 126 U.S.P.Q.2d 1046, 1049 (C.D. Cal. 2018) (granting motion to dismiss action grounded in defendants' use of song recorded by plaintiff but to which plaintiff did not own the copyright).

¹³⁸⁴ See *Zuma Press, Inc. v. Getty Images (US), Inc.*, 123 U.S.P.Q.2d 1167 (S.D.N.Y. 2017).

constitute a false designation of origin within the meaning of Section 43(a)”¹³⁸⁵ and because the plaintiff’s putative cause of action duplicated its separate cause of action for the removal and alteration of copyright management information in violation of Section 1202 of the Digital Millennium Copyright Act.¹³⁸⁶

Dastar also proved the downfall of a challenge by the producer of karaoke accompaniment tracks in which its mark was embedded to the unauthorized use of those tracks by a pair of defendants.¹³⁸⁷ Granting the defendant’s motion to dismiss for failure to state a claim, the court invoked prior decisions holding “claims of an unauthorized use of the content of [the plaintiff’s] karaoke accompaniment tracks [to be] essentially claims of unauthorized copying and . . . not cognizable trademark claims under the Lanham Act.”¹³⁸⁸ From them, it concluded, “*Dastar* extends to the karaoke context; and as a matter of law, there is no possibility of consumer confusion”¹³⁸⁹ It then similarly disposed of the plaintiff’s service mark claims because “[a]t most, patrons are likely to be confused about whether [the plaintiff] authorized [the defendants] to copy and use its accompaniment tracks. The unauthorized copying and display of a creative work is a copyright claim, however, and not a trademark claim.”¹³⁹⁰

A different claim for reverse passing off similarly failed at the pleadings stage under an adverse application of *Dastar*.¹³⁹¹ The parties operated in the sporting goods industry and, at a better time in their relationship, the plaintiffs had purchased tents for resale from the lead defendant. Following the breakup of that relationship, the plaintiff found another supplier and adopted its own trademark for use in connection with the newly resourced tents. The lead defendant then adopted a mark for its tents that allegedly infringed the plaintiffs’ mark. In the lawsuit that followed, the plaintiffs’ complaint recited a cause of action for false designation of origin under Section 43(a), but that document did not clearly articulate the theory under which the plaintiffs proposed to hold the defendants liable.

¹³⁸⁵ *Id.* at 1173 (quoting *Lipton v. Nature Co.*, 71 F.3d 464, 473 (2d Cir. 1995)).

¹³⁸⁶ *Id.* at 1174 (citing 17 U.S.C. § 1202 (2012)).

¹³⁸⁷ See *Phoenix Entm’t Partners, LLC v. Sullivan*, 126 U.S.P.Q.2d 1362 (D. Colo. 2018).

¹³⁸⁸ *Id.* at 1367.

¹³⁸⁹ *Id.*

¹³⁹⁰ *Id.* at 1368.

This was not the plaintiff’s only loss, for three other reported opinions reached the same conclusion on closely similar allegations. See *Phoenix Entm’t Partners, LLC v. Ryco Enters.*, 306 F. Supp. 3d 1121 (E.D. Mo. 2018); *Phoenix Entm’t Partners, LLC v. Sports Legends, LLC*, 306 F. Supp. 3d 1112 (E.D. Mo. 2018); *Phoenix Entm’t Partners, LLC v. Kwench, LLC*, 306 F. Supp. 3d 1102 (E.D. Mo. 2018).

¹³⁹¹ See *Anthem Sports, LLC v. Under the Weather, LLC*, 320 F. Supp. 3d 399 (D. Conn. 2018).

In granting the defendants' motion to dismiss the Section 43(a) cause of action for failure to state a claim, the court observed that such a claim "generally applies to three types of activities: '(1) false advertising;' '(2) passing off (also called palming off) in which A sells its product under B's name;' and (3) 'reverse passing off, in which A sells B's product under A's name.'"¹³⁹² Although the plaintiffs' response to the defendants' motion clarified that their Section 43(a) cause of action sounded in reverse passing off, the court found their allegations wanting under the test for that tort, which the court held required showings that: (1) the good at issue originated with the plaintiff; (2) the defendant falsely designated itself as the origin of the good; (3) the false designation was likely to cause consumer confusion; and (4) the plaintiff suffered harm as a result.¹³⁹³ Parsing the plaintiffs' allegations, the court determined they related not to the alleged resale of a good produced by the plaintiffs but instead to a claim by the lead defendant's principal that he had invented the tents at issue.¹³⁹⁴ Invoking *Dastar*, the court held that theory a "nonstarter as the Lanham Act applies to misrepresentations concerning the 'origin of goods,' not ideas."¹³⁹⁵ It then dismissed the plaintiffs' reliance on representations by the defendants that only the lead defendant could purchase the goods in question as nothing more than an "impl[ication] that [the plaintiff] sells inferior and illegal copies of [the lead defendant's] [goods]."¹³⁹⁶

c. False Advertising

Courts generally applied the standard five-part test for false advertising over the past year. That test required plaintiffs to show by a preponderance of the evidence: (1) a false or misleading description of fact or representation of fact by the defendant in a commercial advertisement about its own or another's good or service; (2) the materiality of the misrepresentation; (3) actual or likely deception of a substantial segment of its audience; (4) placement of misrepresentation in interstate commerce; and (5) actual or likely injury of the plaintiff, either by direct diversion of sales or by a lessening of goodwill associated with its products.¹³⁹⁷

¹³⁹² *Id.* at 412 (quoting *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 780 (2d Cir. 1994))

¹³⁹³ *Id.* at 413.

¹³⁹⁴ *Id.*

¹³⁹⁵ *Id.* (quoting 15 U.S.C. § 1125(a) (2012)).

¹³⁹⁶ *Id.*

¹³⁹⁷ *See, e.g., SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53, 61 (E.D.N.Y. 2018), *reconsideration denied*, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2013); *Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 969 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018); *Howard v. Lowe's Home Ctrs., LLC*, 306 F. Supp. 3d 951, 960 (W.D. Tex. 2018), *appeal docketed*, No. 18-50156 (5th Cir. Cir. Feb. 28, 2018); *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp.

Several opinions applied variations on this test, with an Ohio court holding, “if . . . the claim involves marketplace representations of patent infringement, a plaintiff also must establish a sixth element—namely, that the representation was made in bad faith.”¹³⁹⁸ In contrast, the Sixth Circuit applied a less complicated test by requiring a plaintiff before it to demonstrate its opponents had “(1) made false or misleading statements of fact about their products, (2) which actually deceived or had a tendency to deceive a substantial portion of the intended audience, and (3) likely influenced the deceived consumers’ purchasing decisions.”¹³⁹⁹ The Seventh Circuit similarly applied a similarly tripartite, but distinguishable, test turning on proof that “(1) the defendant made a material false statement of fact in a commercial advertisement; (2) the false statement actually deceived or had the tendency to deceive a substantial segment of its audience; and (3) the plaintiff has been or is likely to be injured as a result of the false statement.”¹⁴⁰⁰ A Utah federal district court applied the test extant in the Tenth Circuit, holding that the liability inquiry properly turned on the plaintiff’s showings the defendant: (1) made material false or misleading representations of fact in connection with the commercial advertising or promotion of its goods or services; (2) in commerce; (3) that are either likely to cause confusion or mistake as to (a) the origin, association or approval of the product with or by another, or (b) the characteristics of the goods or services; and (4) injure the plaintiff.¹⁴⁰¹ Finally, a New York federal district court applied one of the Second Circuit’s varying tests for liability, namely, “[t]o prevail on a Lanham Act false advertising claim, a plaintiff must establish that the challenged message is (1) either literally or impliedly false, (2) material, (3) placed in interstate commerce, and (4) the cause of actual or likely injury to the plaintiff.”¹⁴⁰²

3d 329, 336 (E.D. Pa. 2018); *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017); *Reybold Grp. of Cos. v. Does 1-20*, 323 F.R.D. 205, 209–10 (D. Del. 2017); *Healthmate Int’l, LLC v. French*, 255 F. Supp. 3d 908, 916–17 (W.D. Mo. 2017); *Spruce Envtl. Techs., Inc. v. Festa Radon Techs., Co.*, 248 F. Supp. 3d 316, 320 (D. Mass. 2017); *Lancaster v. Bottle Club, LLC*, 123 U.S.P.Q.2d 1508, 1511 (M.D. Fla. 2017).

¹³⁹⁸ *Hillman Grp.*, 317 F. Supp. 3d at 969. The court ultimately sustained a jury verdict that the accusation of patent infringement was made in bad faith. *Id.* at 969–75.

¹³⁹⁹ *Wysong Corp. v. APN, Inc.*, 889 F.3d 267, 270 (6th Cir. 2018).

¹⁴⁰⁰ *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375, 382 (7th Cir. 2018).

¹⁴⁰¹ *Nunes v. Rushton*, 299 F. Supp. 3d 1216, 1238 (D. Utah 2018).

¹⁴⁰² *Fischer v. Forrest*, 286 F. Supp. 3d 590, 617 (S.D.N.Y. 2018) (quoting *Church & Dwight Co. v. SPD Swiss Precision Diagnostics, GmbH*, 843 F.3d 48, 65 (2d Cir. 2016)), *appeal docketed*, No. 18-2959 (2d Cir. Oct. 4, 2018).

i. False Statements of Fact in Commercial Advertising and Promotion

(A) Actionable Statements of Fact

To qualify as actionable, a statement challenged as false advertising must be objectively verifiable or, in other words, neither puffery nor a mere opinion. This requirement proved an insurmountable obstacle to an action appealed to the Sixth Circuit following its dismissal for failure to state a claim.¹⁴⁰³ The underlying dispute was between manufacturers of pet food in which the plaintiff accused the defendants of misrepresenting the nature and quality of their goods through photographs and information such as the following:¹⁴⁰⁴



The image shows a bag of IAMS healthy naturals pet food. The bag features a large bowl of food containing various ingredients like chicken, rice, and vegetables. Above the bowl are smaller images of individual ingredients: ground whole grain sorghum, ground whole grain barley, chicken meal, lamb, fish meal, brewers rice, dried beet pulp, chicken flavor, dried egg product, potassium chloride, salt, carrots, tomatoes, chicken fat, choline chloride, spinach, peas, DL-methionine, minerals, ferrous sulfate, zinc oxide, manganese sulfate, copper sulfate, manganous oxide, potassium iodide, monosodium phosphate, vitamins (ascorbic acid, vitamin A acetate, calcium pantothenate, biotin, thiamine mononitrate), vitamin B12 supplement, niacin, riboflavin supplement, inositol, pyridoxine hydrochloride, vitamin D3 supplement, folic acid, dried apple pomace, calcium carbonate, vitamin E supplement, and rosemary extract. The bag also displays the IAMS logo and the text 'healthy naturals'.

NUTRITIONAL INFO

| Calories | Calories per cup |
|---------------|------------------|
| 3,517 kcal/kg | 337.6 kcal/cup |

Chicken, Ground Whole Grain Sorghum, Ground Whole Grain Barley, Chicken Meal, Lamb, Fish Meal (source of fish oil), Brewers Rice, Dried Beet Pulp, Chicken Flavor, Dried Egg Product, Potassium Chloride, Salt, Carrots, Tomatoes, Chicken Fat (preserved with mixed Tocopherols, a source of Vitamin E), Choline Chloride, Spinach, Peas, DL-Methionine, Minerals (Ferrous Sulfate, Zinc Oxide, Manganese Sulfate, Copper Sulfate, Manganous Oxide, Potassium Iodide), Monosodium Phosphate, Vitamins (Ascorbic Acid, Vitamin A Acetate, Calcium Pantothenate, Biotin, Thiamine Mononitrate (source of vitamin B1), Vitamin B12 Supplement, Niacin, Riboflavin Supplement (source of vitamin B2), Inositol, Pyridoxine Hydrochloride (source of vitamin B6), Vitamin D3 Supplement, Folic Acid), Dried Apple Pomace, Calcium Carbonate, Vitamin E Supplement, Rosemary Extract.

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

[R]easonable consumers know that marketing involves some level of exaggeration—what the law calls “puffery.” Courts thus view Lanham Act claims challenging hyperbolic advertising with a skeptical eye. This is especially so where, as here, the challenged practice seems to be industry standard. Think, for instance, of the reasonable consumer at the fast-food drive-through. Does he expect that the hamburger he receives at the window will look just like the

¹⁴⁰³ *Wysong Corp. v. APN, Inc.*, 889 F.3d 267, 271 (6th Cir. 2018).

¹⁴⁰⁴ *Id.*

one pictured on the menu? Of course not. He knows that puffery is a fact of life. The same is true here. Without more facts and explanation than [the plaintiffs] complaints provide, it is not plausible that reasonable consumers believe most of the (cheap) dog food they encounter in the pet-food aisle is in fact made of the same sumptuous (and more costly) ingredients they find a few aisles over in the people-food sections. [The plaintiffs] allegations thus fail to nudge its theory of deception “across the line from conceivable to plausible.”¹⁴⁰⁵

The appellate court then added insult to the plaintiff’s injury by holding the district court had not erred by refusing to grant the plaintiff leave to amend its complaint a second time to address this deficiency.¹⁴⁰⁶

A different court similarly found a claim of false advertising meritless at the pleadings stage.¹⁴⁰⁷ The parties were competitors in the market for small tents for viewing outdoor sporting events during inclement weather. Early in their relationship, the lead defendant supplied the lead plaintiff with tents for resale, but, following price increases by the lead defendant, the lead plaintiff began to source its tents from another supplier. This led a principal of the lead defendant to represent to the public that the lead plaintiff’s tents were “illegal knockoffs and very poor quality,”¹⁴⁰⁸ an allegation that led the plaintiffs to assert a cause of action for false advertising. Unfortunately for the plaintiffs, that cause of action failed to survive the defendants’ motion to dismiss for failure to state a claim. Not only did the challenged statement amount to nothing more than an opinion, it was nonactionable puffery as well.¹⁴⁰⁹

A finding on a motion to dismiss that challenged statements by the defendants constituted nonactionable opinions as a matter of law also sunk the false advertising cause of action of a board that

¹⁴⁰⁵ *Id.* at 271-72 (citations omitted) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

¹⁴⁰⁶ This was because the plaintiff’s first round of amendments had failed to get the job done: [The Plaintiff] was on notice about the deficiencies in its complaints and yet made few changes in its first round of amendments; also because the Defendants had spent significant time and money preparing and arguing two rounds of motions to dismiss; and, finally, because the court had expended considerable judicial resources in considering 300-plus pages of briefing and holding a three-hour motions hearing.

Id. at 273.

¹⁴⁰⁷ *See Anthem Sports, LLC v. Under the Weather, LLC*, 320 F. Supp. 3d 399 (D. Conn. 2018).

¹⁴⁰⁸ *Quoted in id.* at 406.

¹⁴⁰⁹ *Id.* at 415-16; *see also id.* at 419-20 (reaching identical conclusion under Connecticut law).

certified experts in the forensic specialty of document examination and its members.¹⁴¹⁰ The target of the plaintiffs' allegations was an article authored by a board member of a competing certifying organization that advised readers of a magazine directed toward judges to accept expert testimony only from witnesses with particular credentials (not surprisingly, credentials equivalent to those required by the author's organization). When the magazine's publisher declined to accept for publication an unedited response by the lead plaintiff, the plaintiffs filed suit, alleging that "the . . . article states or implies that . . . forensic document examiners are 'unqualified' because they are not certified by the [competing board], and that those are misleading representations under the Act."¹⁴¹¹ Dismissing the entirety of the plaintiffs' complaint, which included a variety of additional causes of action under Illinois law, for failure to state a claim, the court observed:

The *Judges' Journal* is, to use the Amended Complaint's description, a "scholarly" journal. That sets the overall stage for the article as an opinion piece, because reasonable readers (especially judges) know that scholarly journals often present one side or the other in opinionated debates. Not surprisingly for a scholarly journal, a small-print note at the bottom of the issue's Table of Contents contains a disclaimer, "Articles represent the *opinions* of the authors alone."¹⁴¹²

Moreover, the court concluded, the text of the article itself was replete with language confirming the author's intent to suggest particular courses of action to judges, rather than to make objectively verifiable statements of fact.¹⁴¹³

In a battle arising in the literary world, one romance novelist accused another of literally false advertising, but similarly fell victim to a finding that the challenged statements were nonactionable opinions.¹⁴¹⁴ According to the plaintiff, the defendant had violated Section 43(a) by posting favorable online reviews of her own work while also posting negative reviews of the plaintiff's work. The court disagreed, and it granted summary judgment to the defendant:

[The defendant] did not misrepresent the essential characteristics of the books she reviewed. Instead, she claimed that her books were good while [the plaintiff's] books

¹⁴¹⁰ See *Bd. of Forensic Document Examiners, Inc. v. Am. Bar Ass'n*, 287 F. Supp. 3d 726 (N.D. Ill. 2018), *appeal docketed*, No. 18-2653 (7th Cir. Aug. 1, 2018).

¹⁴¹¹ *Id.* at 738.

¹⁴¹² *Id.* at 736 (citations omitted).

¹⁴¹³ *Id.* at 736-37, 738-39.

¹⁴¹⁴ See *Nunes v. Rushton*, 299 F. Supp. 3d 1216 (D. Utah 2018).

were boring and outdated. Such statements are a matter of opinion and cannot be proven true or false. Accordingly, the court finds that [the defendant's] online reviews are not literally false on their face or by necessary implication.¹⁴¹⁵

In contrast, a brawl between two competitors in the market for electric nerve stimulators led to the rejection of a claim of puffery as a matter of law.¹⁴¹⁶ The counterclaim plaintiff in that case challenged statements that the counterclaim defendant's devices were "FDA approved." The nature of the alleged falsity lay in the distinction between that phrase, which the parties agreed meant that the FDA had inspected all devices labeled with it, and "FDA cleared," which meant the device in question was substantially similar to another device already legally marketed for the same use. On the parties' cross-motions for summary judgment, the counterclaim defendant argued its advertisements were mere puffery, but the court's opinion went against it. According to the court:

Describing a product as having been approved by the FDA is not merely boasting or exaggeration, nor is it a general claim of superiority. It alleges a specific historical fact: that in some manner the FDA approved the . . . unit. The representation is either true or false and therefore cannot be mere puffery.¹⁴¹⁷

Likewise, a jury finding that an accusation of patent infringement was not merely an opinion but instead an objectively verifiable statement of fact withstood a post-trial attack by a defendant on the losing side of that issue at trial.¹⁴¹⁸ That attack rested in part on the undisputed fact that the accusation—drafted by the defendant's counsel—was qualified in the following manner: "*It appears* [the plaintiff's] . . . system infringes at least claims 1, 3, 5-7, 9 and 17 of our patent."¹⁴¹⁹ The court was unimpressed by the defendant's reliance on the two lead words of the defendant's statement, noting it had instructed the jury that "[t]o determine whether a challenged statement is one of fact or [of] opinion, the statement must be evaluated within the context in which it was made."¹⁴²⁰ The court then concluded that "*examined as a whole*, [the

¹⁴¹⁵ *Id.* at 1239.

¹⁴¹⁶ See *Healthmate Int'l, LLC v. French*, 255 F. Supp. 3d 908 (W.D. Mo. 2017).

¹⁴¹⁷ *Id.* at 918 (footnote omitted).

¹⁴¹⁸ See *Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 978 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018).

¹⁴¹⁹ Quoted in *id.* at 969 (emphasis added).

¹⁴²⁰ Quoted in *id.* at 976 (second alteration in original).

statement] is not equivocal in nature, and the jury reasonably could read it to state the fact that [the defendant] is a patent infringer.”¹⁴²¹

(B) Actionable Commercial Advertising and Promotion

(1) Opinions Finding Actionable Commercial Advertising and Promotion

Weighing a post-trial motion to overturn a jury finding that a false accusation of utility patent infringement had risen to the level of actionable commercial advertising and promotion, an Ohio federal district court cited controlling authority from the Sixth Circuit to hold:

For a statement of fact to be actionable as unfair competition, it must constitute “commercial speech” made “for the purpose of influencing customers to buy the defendant’s goods or services” that is disseminated either widely enough “to the relevant purchasing public” or “to a substantial portion of the plaintiff’s or defendant’s existing *customer* or *client base*.”¹⁴²²

The defendant had made the false accusation in question to only a single potential customer of the parties, but that potential customer—Walmart—was a significant one. Declining to disturb the jury’s determination of liability, the court held that “[s]tatements to a single customer can trigger the protections of the Lanham Act ‘if the market at issue is very small and discrete,’ but it was for the jury to decide whether the market at issue in this civil action was properly limited to Walmart.”¹⁴²³ Moreover, even if, as the defendant argued, the market for the parties’ goods extended beyond Walmart’s stores, the plaintiff to that point had placed its goods only in those stores. Based on that showing, “a reasonable jury could decide that [the defendant’s] statement of infringement . . . was disseminated to a ‘substantial portion’ of [the plaintiff’s] ‘existing’ customer base as [the test for liability] requires.”¹⁴²⁴

(2) Opinions Declining to Find Actionable Commercial Advertising and Promotion

A New York federal district court confirmed in granting a defense motion for summary judgment that, even if literally false, objectionable statements to potential customers are not actionable if they do not rise to the level of commercial advertising and

¹⁴²¹ *Id.* (footnote omitted).

¹⁴²² *Id.* at 978.

¹⁴²³ *Id.* at 979 (quoting *Champion Labs., Inc. v. Parker-Hannifin Corp.*, 616 F. Supp. 2d 684, 695 (E.D. Mich. 2009)).

¹⁴²⁴ *Id.*

promotion.¹⁴²⁵ The representations at issue allegedly overstated the number of the counterclaim defendant's support personnel and incorrectly described one of its employees as a Vice President of Product Sourcing and Supplier Relations. Nevertheless, because they appeared in a single e-mail addressed to a single customer, the court found as a matter of law they did not fall within the scope of Section 43(a)'s prohibitions. It therefore dismissed the counterclaim plaintiffs' false advertising cause of action, explaining that "[a]lthough the email statement about [the counterclaim defendant] was commercial speech made for the purpose of influencing a customer to buy [the counterclaim defendant's] service, the statement was not disseminated sufficiently to the purchasing public to qualify as advertising or promotion."¹⁴²⁶ Unfortunately for the counterclaim plaintiffs, "businesses harmed by isolated disparaging statements do not have redress under the Lanham Act."¹⁴²⁷

The same result—the dismissal of a false advertising claim on summary judgment—held in a lawsuit before a Connecticut federal district court.¹⁴²⁸ The allegedly false statements challenged by the counterclaim plaintiff appeared in a small number of e-mails and one fax extending over a period of years, the volume and frequency of which did not impress the court. Instead, it concluded, "the statements that [the counterclaim plaintiff] points to as defamatory or disparaging, discussed further below, are unmistakably isolated in nature. There is no 'proof of widespread dissemination,' as is required to maintain a claim for false advertising under the Lanham Act."¹⁴²⁹ The counterclaim defendant therefore was entitled to a finding of nonliability as a matter of law.¹⁴³⁰

Finally, a Delaware federal district court rejected a claim of commercial advertising and promotion in the context of a plaintiff's motion for leave to conduct expedited discovery.¹⁴³¹ That litigant owned an apartment complex, which had received a number of unfavorable anonymous online reviews from tenants and other parties. Seeking to uncover the commentators' identity, the plaintiff asserted the reviews constituted false advertising, but, even in the absence of any opposition to the plaintiff's motion, the court rejected

¹⁴²⁵ See *SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (E.D.N.Y. 2018), *reconsideration denied*, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2013).

¹⁴²⁶ *Id.* at 67.

¹⁴²⁷ *Id.* (quoting *Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 57 (2d Cir. 2002)).

¹⁴²⁸ See *CSL Silicones, Inc. v. Midsun Grp.* 301 F. Supp. 3d 328 (D. Conn. 2018).

¹⁴²⁹ *Id.* at 369 (quoting *Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 57 (2d Cir. 2002)).

¹⁴³⁰ *Id.*

¹⁴³¹ See *Reybold Grp. of Cos. v. Does 1-20*, 323 F.R.D. 205 (D. Del. 2017).

that theory. Holding that the plaintiff had failed to state a prima facie case of liability, the court observed as an initial matter that:

In determining whether representations constitute “commercial advertising or promotion” under the meaning of the Lanham Act, this Court has [held that] representations will pass [sic] muster if they “consist of: (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; (4) that is disseminated sufficiently to the relevant purchasing public to constitute ‘advertising’ or ‘promotion’ within that industry.”¹⁴³²

It then held the plaintiff’s characterization of the comments as false advertising failed to satisfy the first, second, and third prongs of this test. Not only did that failure preclude a grant of the plaintiff’s bid for out-of-time discovery, it created a question as to whether the court should dismiss the action for want of federal subject-matter jurisdiction.¹⁴³³

(C) *Falsity*

Courts generally agreed there were two ways in which to demonstrate falsity:

First, a plaintiff may allege facts plausibly supporting literal falsity—that is, that an advertisement is false on its face. . . . A second way of adequately alleging falsity is to set forth facts plausibly supporting that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.¹⁴³⁴

(1) *Opinions Finding Falsity*

After embarking on the widespread imitation of the marks and packaging used by its direct competitors, a defendant manufacturer of perfumes sought to reduce the likelihood of confusion caused by its conduct through notices on its packaging that its goods were “our version[s] of” the plaintiffs’ goods.¹⁴³⁵ Not only did that strategy fail to accomplish its intended purpose, it exposed the defendant to liability for false advertising. In light of its finding that the plaintiffs

¹⁴³² *Id.* at 210 (quoting *Guardian Life Ins. Co. of Am. v. Am. Guardian Life Assurance Co.*, No. CIV. A. 95-3997, 1995 WL 723186, at *3 (E.D. Pa. Nov. 14, 1995)).

¹⁴³³ *Id.* at 211-12.

¹⁴³⁴ *Board-Tech Elec. Co. v. Eaton Elec. Holdings LLC*, 124 U.S.P.Q.2d 1875, 1878 (S.D.N.Y. 2017); *accord* *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375, 382 (7th Cir. 2018); *see also* *Wyson Corp. v. APN, Inc.*, 889 F.3d 267, 270-71 (6th Cir. 2018); *Lokai Holdings LLC v. Twin Tiger USA LLC*, 306 F. Supp. 3d 629, 638 (S.D.N.Y. 2018); *Healthmate Int’l, LLC v. French*, 255 F. Supp. 3d 908, 918 (W.D. Mo. 2017).

¹⁴³⁵ *See* *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

had proven likely deception of consumers arising from the notices, the court saw no need to determine whether the notices were literally false or literally true but misleading in context:

Although the words (considered on their own, without the more prominent [plaintiffs'] marks to which they are attached) indicate that [the parties'] products have a different provenance, they also imply that the products are similar, if not equivalent. This duality—of both contrast and equivalence—is inherent in the term “version” But [the defendant] indisputably does not produce fragrances of a similar quality to those of [the plaintiffs]; nor does it produce anything that could reasonably be called a “version” of [the plaintiffs'] products. . . . The only similarities between the two companies' products are the fact that they are fragrances and the uncanny and impermissible resemblances between [the defendant's] bottles and packaging and [the plaintiffs']. Viewing the words “Our Version Of” in context—that is, with the infringing house marks, fragrance marks, and trade dress—only reinforces that they were intended to connote (a false) equivalency.¹⁴³⁶

Some courts more clearly distinguished between the two types of falsity, including one entertaining allegations of false advertising by a pair of counterclaim plaintiffs.¹⁴³⁷ The parties in that dispute competed in the dental supply industry, and, according to the counterclaim plaintiffs, the counterclaim defendant had disseminated false statements falling into several general categories. Those included representations that: (1) claims that customers would save a certain percentage (or “over” or “more than” a certain percentage) if they made purchases from the counterclaim defendant; and (2) claims concerning the title of one of its employees and the number of the rest. Reviewing the summary judgment record, the court concluded that the statements in the first category were literally false because, although the counterclaim defendant unambiguously represented that customers switching to its goods enjoyed savings of 33%, 35%, 40%, or 42%, “[b]oth parties' experts concluded that the data underlying those projections showed an average savings of closer to 19% than 35%.”¹⁴³⁸ The statements in the second category also were literally false as a matter of law because the employee in question was not (as claimed) the counterclaim defendant's Vice President of Product Sourcing and

¹⁴³⁶ *Id.* at 461-62 (citations omitted).

¹⁴³⁷ See *SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (E.D.N.Y. 2018), reconsideration denied, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2013).

¹⁴³⁸ *Id.* at 63.

Supplier Relations and because the counterclaim defendant did not have the ten part-time employees it represented it had.¹⁴³⁹

A jury made a different finding of literal falsity in a lawsuit brought by one participant in the self-service, automatic key duplication industry against a competitor.¹⁴⁴⁰ The challenged statement underlying the parties' dispute was an accusation of patent infringement made by the defendant's personnel to a retailer that referenced particular claims in a utility patent owned by the defendant. Had the defendant brought a counterclaim for patent infringement, the district court would necessarily have construed the patent's claims as a matter of law before submitting the question of infringement to the jury.¹⁴⁴¹ Nevertheless, beyond instructing the jury to give a disputed phrase in the claims of the defendant's patent "its plain meaning,"¹⁴⁴² the court held that step unnecessary. Citing the easily understood nature of the disputed phrase—"fully automatic"—it explained, "[t]he Court did not engage in a claim construction *because one was not needed*."¹⁴⁴³ Moreover, the absence of that step did not impermissibly "convert the jury's deliberation into a claim construction."¹⁴⁴⁴

Other plaintiffs prevailed in their challenges to literally true but allegedly misleading advertising. They included a manufacturer of a bovine growth hormone, recombinant bovine somatotropin (rbST), and the manufacturer's subsidiary, which together filed suit against a pair of purveyors of milk produced by cows not exposed to rbST.¹⁴⁴⁵ The promotional campaign triggering that suit included a television commercial in which a seven-year-old girl opined, "[r]bST has razor sharp horns. It's so tall that it could eat clouds. You may want to pet it but the fur is electric."¹⁴⁴⁶ The plaintiffs argued that this characterization of rbST, along with the defendants' representations that their milk contained "no weird stuff," constituted false advertising, and they successfully sought a preliminary injunction from the district court.

The Seventh Circuit affirmed. It first disposed of the plaintiffs' claim the disputed advertising was literally false by pointing out that "[the defendants'] ads make no explicit false claims about the composition of or dangers posed by milk from rbST-treated cows. Indeed, the explicit statements about rbST are factually accurate:

¹⁴³⁹ *Id.* at 65.

¹⁴⁴⁰ See *Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 978 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018).

¹⁴⁴¹ See generally *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

¹⁴⁴² Quoted in *Hillman Grp.*, 317 F. Supp. 3d at 971.

¹⁴⁴³ *Id.* at 973.

¹⁴⁴⁴ *Id.*

¹⁴⁴⁵ See *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018).

¹⁴⁴⁶ Quoted in *id.* at 380.

RbST is an artificial growth hormone given to some cows, and [the defendants do] not use milk from those cows.”¹⁴⁴⁷ The story was different with respect to the plaintiffs’ backup theory, however, for the court affirmed the finding below that the defendants’ advertising was impermissibly misleading. One basis of that outcome was the defendants’ acknowledgement that rbST was not a threat to human health. Another was guidance from the Food and Drug Administration to the effect that “when a food advertisement states that the product is made ‘from cows not treated with rbST,’ . . . the ad [should] also include the following disclaimer: ‘No significant difference has been shown between milk derived from rbST-treated and non-rbST-treated cows.’”¹⁴⁴⁸ The defendants’ advertising included the recommended disclaimer, but only in “tiny print,”¹⁴⁴⁹ and the plaintiffs also benefitted from evidence that “a major cheese producer decided to cease using milk from rbST-treated cows based in part on [the defendants’] ads.”¹⁴⁵⁰ The district court’s interlocutory finding of liability was well-founded:

Given [the defendants’] concession that rbST-derived dairy products are no different than other dairy products, all the available evidence at this stage—the ads themselves, the FDA’s regulatory guidance, and the evidence of decreased demand—points in the same direction: [The plaintiffs have] a reasonable likelihood of success on the merits of [their] Lanham Act claim.¹⁴⁵¹

(2) Opinions Declining to Find Falsity

Some courts rejected claims of falsity as a matter of law without distinguishing between allegedly literally false representations, on the one hand, and literally true but misleading ones, on the other. One court doing so faced a claim that the defendant’s use of a licensed certification mark constituted a false statement because the goods bearing the mark failed to comply with certifying party’s standards.¹⁴⁵² The court granted the defendants’ motion to dismiss for failure to state a claim for two reasons. First, although the plaintiff claimed to have tested certain of the defendants’ goods, his complaint failed to explain how the court should extrapolate the results of those tests across the defendants’ entire product line.¹⁴⁵³

¹⁴⁴⁷ *Id.* at 382.

¹⁴⁴⁸ *Id.* at 383.

¹⁴⁴⁹ *Id.*

¹⁴⁵⁰ *Id.*

¹⁴⁵¹ *Id.*

¹⁴⁵² See *Board-Tech Elec. Co. v. Eaton Elec. Holdings LLC*, 124 U.S.P.Q.2d 1875 (S.D.N.Y. 2017).

¹⁴⁵³ *Id.* at 1879-80.

Second, and of greater consequence, the complaint also failed to establish why the defendants' use of the certification mark could be a false statement if, in fact, the defendants were authorized to use the mark: "For plaintiffs [sic] theory to support a claim in this case, the *authorized* use of the mark must nonetheless be capable of being a deceptive use. It is not."¹⁴⁵⁴ Having allowed the plaintiff prior opportunities to cure the deficiencies in its complaint, the court declined to extend another.¹⁴⁵⁵

In another case producing the same disposition, the parties were competing law firms, and one of the challenged advertisements by the defendants was that prospective workers' compensation clients would work with an attorney at the lead defendant's firm.¹⁴⁵⁶ According to the plaintiffs, that advertisement was false because the lead defendant outsourced its work in Pennsylvania to another firm. The summary judgment record, however, demonstrated that the sole principal of the second firm was "of counsel" to the lead defendant firm, maintained an e-mail address at that firm, appeared on its website, had an office in its space, and sometimes attended attorney and marketing meetings there. Although the plaintiffs responded with showings that the second firm was a separately organized entity, it paid rent to the lead plaintiff, it maintained separate telephone and fax numbers, its attorneys and staff were not "W-2 employees" of the lead defendant, and its principal did not promote himself as of counsel to the lead defendant, the court held those considerations did not create a factual dispute as to whether the advertising was false.¹⁴⁵⁷

Other courts more carefully distinguished between the two types of falsity, with one court concluding the allegation of literal falsity before it was so deficient it merited dismissal for failure to state a claim.¹⁴⁵⁸ The counterclaim defendant sold bracelets with beads containing water from Mt. Everest and mud from the Dead Sea; its advertising emphasized the former characteristic with the phrase "carries water." According to the theory of falsity advanced by the

¹⁴⁵⁴ *Id.* at 1880. The court elaborated on this conclusion in the following manner:

A number of thorny issues would arise if this Court were to allow this action to proceed. First, it would allow a competitor to police a certification mark. Private testing of a product against standards could be used to commence a lawsuit that could expose competitive design and information to precisely the entity that should not have it. While there are many cases in which competitors are proper plaintiffs - and do obtain discovery - one should not open the floodgates to such litigation without careful consideration. Careful consideration here requires dismissal.

Id. at 1880-81.

¹⁴⁵⁵ *Id.* at 1881.

¹⁴⁵⁶ *See* Larry Pitt & Assocs. v. Lundy Law LLP, 294 F. Supp. 3d 329 (E.D. Pa. 2018).

¹⁴⁵⁷ *Id.* at 337-38.

¹⁴⁵⁸ *See* Lokai Holdings LLC v. Twin Tiger USA LLC, 306 F. Supp. 3d 629 (S.D.N.Y. 2018).

counterclaim plaintiffs, the present tense of that phrase falsely suggested the bracelet was capable of containing the liquid in question permanently. The court rejected the possibility that suggestion was literally false, concluding instead without elaboration, “this is not the only reasonable interpretation of the entire statement. Because the statement ‘is susceptible to more than one reasonable interpretation, the advertisement cannot be literally false.’”¹⁴⁵⁹

Allegations of literal falsity fell short in a number of summary judgment opinions, including one arising from a battle between romance novelists.¹⁴⁶⁰ According to the plaintiff, the defendant had violated Section 43(a) by posting favorable online reviews of her own work while also posting negative reviews of the plaintiff’s work. The court disagreed, and it granted summary judgment to the defendant:

[The defendant] did not misrepresent the essential characteristics of the books she reviewed. Instead, she claimed that her books were good while [the plaintiff’s] books were boring and outdated. Such statements are a matter of opinion and cannot be proven true or false. Accordingly, the court finds that [the defendant’s] online reviews are not literally false on their face or by necessary implication.¹⁴⁶¹

In a second dispute in which an allegation of literal falsity fell short as a matter of law, the parties manufactured competing agricultural “stalk stompers.”¹⁴⁶² The target of the plaintiff’s ire was advertising describing the defendants’ stalk stompers as “The Original Quick Disconnect Stalk Stomper,” a phrase referencing the ease with which those goods could be attached to, or removed from, combines. The plaintiff argued the advertising was literally false because of the availability of other quick-disconnect stalk stompers on the market prior to the introduction of the defendants’ stomper. As the court summarized their response, the defendants argued that “even if ‘The Original’ was interpreted as a statement that the [defendants’ product] was the first ‘quick disconnect’ stalk stomper, the statement would be literally true because no other stalk stomper had been previously marketed as having a ‘quick disconnect’ feature.”¹⁴⁶³ The court found the defendants’ position the more

¹⁴⁵⁹ *Id.* at 639.

¹⁴⁶⁰ *See* Nunes v. Rushton, 299 F. Supp. 3d 1216 (D. Utah 2018).

¹⁴⁶¹ *Id.* at 1239.

¹⁴⁶² According to the court, “a stalk stomper attaches to the front of a combine or tractor and flattens cornstalks after they have been cut, thereby protecting the tires of the combine or tractor from damage caused by the sharp remains of the stalks.” Not Dead Yet Mfg. Inc. v. Pride Sols., LLC, 265 F. Supp. 3d 811, 815 (N.D. Ill. 2017), *reconsideration denied*, No. 13 C 3418, 2018 WL 688324 (N.D. Ill. Feb. 2, 2018).

¹⁴⁶³ *Id.* at 839.

convincing of the two, and it therefore entered summary judgment in their favor as to literal falsity:

On the face of the advertisement, . . . it is difficult to determine whether the phrase means that the [defendants' product] is the first product to contain a quick connect-disconnect feature, whether it was the first product to be marketed as a "quick disconnect" device, or whether the product is just one in a line of stalk stompers branded as "The Original."¹⁴⁶⁴

Ambiguity also proved fatal to the false advertising claim under Section 43(a) of a supplier of dental products.¹⁴⁶⁵ The counterclaim defendant targeted by that claim had boasted to potential customers of its dental products of its ability to leverage its relationships with state dental associations into savings of either "over 32%" or "more than 35%."¹⁴⁶⁶ The counterclaim plaintiffs challenging that representation asserted it was literally false for three reasons: (1) because the counterclaim defendant did not have volume-based pricing with its suppliers, it did not have the leverage it claimed; (2) there was no evidence the counterclaim defendant dropped prices as sales increased; and, as summarized by the court (3) "each [leveraging] statement in context states or necessarily implies that the 35% savings was derived purely from leveraging the buying power of the association, when in fact state dental association members only saved 5% more than members of the general public using [the counterclaim defendant's] website."¹⁴⁶⁷ The court rejected each of these theories because the challenged statements were ambiguous, a status that saved them from findings of literal falsity. It noted with respect to the leverage issue that:

Even assuming [the counterclaim plaintiffs] are correct about the lack of volume-based supply agreements (a fact [the counterclaim defendant] disputes), reasonable customers could interpret [the counterclaim defendant's] statement to mean that the prices available to members of dental associations that had endorsed [the counterclaim defendant] were lower than the prices than they would otherwise have paid. The prices for members of state dental associations were therefore "leveraged" based on the predicted increased sales volume of association members.¹⁴⁶⁸

¹⁴⁶⁴ *Id.*

¹⁴⁶⁵ *SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (E.D.N.Y. 2018), *reconsideration denied*, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2013).

¹⁴⁶⁶ *Quoted in id.* at 65.

¹⁴⁶⁷ *Id.* at 66.

¹⁴⁶⁸ *Id.*

The court then rejected what it called the counterclaim plaintiffs' "cause-and-effect interpretation" of the counterclaim defendant's representations, which it concluded was not the only interpretation possible. Rather, "[r]easonable customers could interpret these two statements to be asserting separate facts: first, that the prices available to members of dental associations . . . were lower than the prices than they would otherwise have paid, and second, that those association members would save an average of 35%."¹⁴⁶⁹

A defense motion for summary judgment also bore fruit in a battle between purveyors of beekeeping products.¹⁴⁷⁰ At an earlier stage of the parties' relationship, the plaintiff had supplied the defendants with a natural honey-collecting aid, but the defendants eventually began sourcing a competitive product from a third party. They then advertised the replacement product by advising their customers that "[f]or years we have promoted the use of a natural product to harvest honey but an unreliable supply of such a product has forced us to come out with our own,"¹⁴⁷¹ a representation the plaintiff challenged as literally false. In rejecting the plaintiff's false advertising cause of action as a matter of law, the court first observed that "[t]o establish literal falsity, a plaintiff must show that the advertisement either makes an express statement that is false or a statement that is 'false by necessary implication,' meaning that the advertisement's 'words or images, considered in context, necessarily and unambiguously imply a false message.'"¹⁴⁷² It then found beyond material dispute that "the statement 'come out with our own' is not literally false because it is not unambiguous. The phrase does not unavoidably signify that the product offered by [the defendants] was created in the first instance by [the defendants]."¹⁴⁷³

Finally, the highly technical distinction between the phrases "FDA approved" and "FDA cleared" led a Missouri federal district court to reject a claim of literal falsity as a matter of law.¹⁴⁷⁴ The parties apparently agreed that the former phrase meant the FDA had inspected every good in question, while the latter meant the good was substantially similar to another device already legally marketed for the same use. Nevertheless, the fact that the counterclaim defendant had marketed its goods as "FDA approved"

¹⁴⁶⁹ *Id.*

¹⁴⁷⁰ *Fischer v. Forrest*, 286 F. Supp. 3d 590 (S.D.N.Y. 2018), *appeal docketed*, No. 18-2959 (2d Cir. Oct. 4, 2018).

¹⁴⁷¹ *Quoted in id.* at 617.

¹⁴⁷² *Id.* at 617-18 (quoting *Church & Dwight Co. v. SPD Swiss Precision Diagnostics, GmbH*, 843 F.3d 48, 65 (2d Cir. 2016)).

¹⁴⁷³ *Id.* at 618 (citation omitted).

¹⁴⁷⁴ *See Healthmate Int'l, LLC v. French*, 255 F. Supp. 3d 908 (W.D. Mo. 2017).

when, in fact, they were not, did not lead to a finding of literal falsity. Rather, the court held:

The terms “clear” and “approve” have ordinary meanings, and the process necessary for the FDA to “clear” . . . units—the process that actually applied to [the counterclaim defendant’s] units—qualifies under the dictionary definition of “approval” even if there is a regulatory or technical difference between “clearance” and “approval.” Considerable context (namely, the FDA regulations) is required to understand why the phrase “FDA approved” was inaccurate, so the false impression will not be necessarily and unavoidably received by consumers. Therefore, the representation [the counterclaim defendant’s] units were “FDA approved” is not a literal falsehood.¹⁴⁷⁵

(3) Opinions Deferring Resolution of the Falsity Inquiry

Some accusations of falsity did not lend themselves to disposition on motions for summary judgment. In a case producing an unsuccessful example of such a motion by the defendants, the parties were competing law firms in the market for social security-related work.¹⁴⁷⁶ The gravamen of the plaintiffs’ objections to certain advertisements placed by the lead defendant was that the advertisements suggested the lead defendant’s attorneys actually handled the cases they sought through the advertising, when, in fact, the plaintiffs alleged, the lead defendant outsourced its social security cases to another firm for years before it hired an attorney to handle at least some aspects of them. Denying the defendants’ motion, the court determined that a reasonable jury might find several aspects of the defendants’ representations literally false by implication. Specifically:

[W]hen a law firm releases a commercial directed specifically at social security disability cases, and tells viewers that it will help them through the process of obtaining social security benefits because “that’s what [they] do,” such a message necessarily implies that lawyers within the law firm handle their clients’ social security claims. Similarly, when a law firm lists “social security” among its “practice areas,” it unambiguously implies that attorneys at the firm handle cases within that practice area.¹⁴⁷⁷

As the court further explained, “[the lead defendant’s] advertisements need not assert that its attorneys handle all aspects

¹⁴⁷⁵ *Id.* at 918.

¹⁴⁷⁶ *See* Larry Pitt & Assocs. v. Lundy Law LLP, 294 F. Supp. 3d 329 (E.D. Pa. 2018).

¹⁴⁷⁷ *Id.* at 340.

of their clients' claims in order to be false";¹⁴⁷⁸ thus, "[i]f [the plaintiff] has provided evidence that [the lead defendant's] attorneys handled no aspect of their client's social security claims, then any advertisement that represents that [the lead defendants'] attorneys handled any portion of the claims process would be literally false."¹⁴⁷⁹ Based on evidence and testimony in the summary judgment record that the lead defendant's attorneys in fact did not handle any aspect of the cases in question before that firm's new hire, a factual dispute existed on the issue on literal falsity.¹⁴⁸⁰

ii. Actual or Likely Deception

As always, courts tied the prerequisite for liability of actual or likely deception to the type of falsity demonstrated by plaintiffs. On the one hand, several opinions finding literal falsity presumed the existence of deception.¹⁴⁸¹ In contrast, others made the point that plaintiffs claiming literally true but misleading advertising by defendants were required to demonstrate deception through extrinsic evidence or, alternatively, a deliberate intent to deceive.¹⁴⁸² Those failing to proffer that evidence fell victim to defense motions for summary judgment.¹⁴⁸³ As one court held in granting such a motion, "[g]iven [the failure of its claim of literal falsity], Plaintiff was required to prove that the statement was misleading in context by demonstrating actual consumer confusion. It has not done so in this case, and therefore its Lanham Act claim must fail."¹⁴⁸⁴

Nevertheless, an opinion from the Seventh Circuit rejected a challenge to a preliminary injunction issued without any of these showings.¹⁴⁸⁵ The injunction targeted advertising the district court found literally true but misleading, and the appellate court explained that, in such a scenario, "the plaintiff ordinarily must produce evidence of actual consumer confusion in order to carry its burden to show that the challenged statement has 'the tendency to

¹⁴⁷⁸ *Id.*

¹⁴⁷⁹ *Id.*

¹⁴⁸⁰ *Id.* at 341.

¹⁴⁸¹ As one court explained, "where a plaintiff can show that the defendant's statements are not only misleading, but 'literally false,' the second element of deception is presumed." *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp. 3d 329, 336 (E.D. Pa. 2018).

¹⁴⁸² *See Fischer v. Forrest*, 286 F. Supp. 3d 590, 618 (S.D.N.Y. 2018), *appeal docketed*, No. 18-2959 (2d Cir. Oct. 4, 2018).

¹⁴⁸³ *See, e.g., id.* at 618-19; *see also Healthmate Int'l, LLC v. French*, 255 F. Supp. 3d 908, 919-20 (W.D. Mo. 2017) (granting counterclaim defendant's motion for summary judgment).

¹⁴⁸⁴ *See, e.g., Not Dead Yet Mfg. Inc. v. Pride Sols., LLC*, 265 F. Supp. 3d 811, 839 (N.D. Ill. 2017) (citation omitted), *reconsideration denied*, No. 13 C 3418, 2018 WL 688324 (N.D. Ill. Feb. 2, 2018).

¹⁴⁸⁵ *See Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018).

deceive a substantial segment of its audience.”¹⁴⁸⁶ Nevertheless, it excused the failure of the plaintiffs before it to offer that evidence to the district court, observing that “[i]t’s not feasible to require a Lanham Act plaintiff to conduct full-blown consumer surveys in the truncated timeframe between filing suit and seeking a preliminary injunction. . . . Consumer surveys were unnecessary.”¹⁴⁸⁷

An Ohio federal district court similarly declined to disturb a jury finding of actual or likely deception, even though the jury had not had the benefit of survey evidence.¹⁴⁸⁸ The advertising found false by the jury accused the plaintiff of infringing a utility patent owned by the defendant and was disseminated to a major third-party retailer weighing a purchase from one party or the other. Although the retailer opted for the plaintiff’s goods even after its receipt of the defendant’s false statement into account, the court rejected the defendant’s argument that the plaintiff was required to prove the retailer had changed its purchasing decision because of the advertising. Rather, it held, the jury reasonably could have found in the plaintiff’s favor based on testimony and evidence that the retailer had made a short-lived (and eventually reversed) decision to purchase the defendant’s goods and also had requested the plaintiff to confirm the plaintiff’s indemnification of the retailer in the event of a patent infringement lawsuit by the defendant.¹⁴⁸⁹

In a more conventional treatment of the issue, a New York federal district court found that a group of plaintiffs had successfully demonstrated actual or likely deception in the form of survey responses.¹⁴⁹⁰ The gravamen of the plaintiffs’ false advertising causes of action was that the defendant’s marketing of perfumes as “our version[s] of” the plaintiff’s competitive goods constituted actionable conduct under Section 43(a) and New York law. In support of those causes of action, the plaintiffs commissioned a survey demonstrating that a net 20% of respondents mistakenly believed the formulas and longevity of defendant’s perfumes were substantially equivalent to those of the plaintiffs. The defendant attacked the survey’s methodology by arguing it had asked closed-ended questions about whether the two fragrances were “the same or different,” rather than giving respondents the option to indicate that the products were “similar.” The court disagreed:

[T]he questions . . . were not closed-ended in the traditional sense. Instead, participants were asked a series of open-ended questions, including, “does the wording on these two

¹⁴⁸⁶ *Id.* at 382 (quoting *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 819 (7th Cir. 1999)).

¹⁴⁸⁷ *Id.*

¹⁴⁸⁸ See *Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961, 978 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018).

¹⁴⁸⁹ *Id.* at 976-78.

¹⁴⁹⁰ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

products communicate or imply anything to you” about whether certain qualities of the products “are the same or different?” Participants then responded using their own language—not just “the same” or “different”—and explained what the wording communicated to them.¹⁴⁹¹

Moreover, the court found, “although [the defendant] is correct that ‘closed-ended questions’ are generally disfavored, surveys crafted to test comparative advertising claims sometimes call for a more defined option set.”¹⁴⁹²

iii. Materiality

Courts entertaining false advertising claims often reach findings of materiality after deeming defendants’ representations false, and that proved true in one dispute. In it, a New York federal district court reached a determination of materiality in a case in which the defendant had made false representations of equivalency between its perfumes and the competitive goods sold by the plaintiffs.¹⁴⁹³ As the court explained, “consumers in the fragrance market undoubtedly care about the quality and longevity of their perfume or cologne, so it is fair to say that [the defendant’s] ‘deception is material in that it is likely to influence purchasing decisions.’”¹⁴⁹⁴

In contrast, other New York federal district courts took more skeptical views of claims of materiality, with one going so far as to dismiss a false advertising cause of action for failure to state a claim.¹⁴⁹⁵ The counterclaim defendant successfully pursuing that motion promoted its sales of bracelets by representing to consumers the bracelets had beads “carr[ying] water” from Mt. Everest.¹⁴⁹⁶ The counterclaim plaintiffs averred that claim was either literally or impliedly false because it suggested the water would never escape from the beads. Although accepting the veracity of that argument for purposes of the counterclaim defendant’s motion, the court seized upon a fatal flaw in it. Interpreting the materiality requirement for liability as requiring a showing that “the false belief [among consumers] is ‘likely to influence purchasing decisions,’”¹⁴⁹⁷

¹⁴⁹¹ *Id.* at 462 (citation omitted).

¹⁴⁹² *Id.*

¹⁴⁹³ *See* Coty Inc. v. Excell Brands, LLC, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

¹⁴⁹⁴ *Id.* at 462-63 (quoting Johnson & Johnson Vision Care, Inc. v. CIBA Vision Corp., 348 F. Supp. 2d 165, 178 (S.D.N.Y. 2004)).

¹⁴⁹⁵ *See* Lokai Holdings LLC v. Twin Tiger USA LLC, 306 F. Supp. 3d 629 (S.D.N.Y. 2018).

¹⁴⁹⁶ *Quoted in id.* at 638.

¹⁴⁹⁷ *Id.* at 639 n.3 (quoting Apotex Inc. v. Acorda Therapeutics, Inc., 823 F.3d 51, 63 (2d Cir. 2016)).

the court concluded that the counterclaim plaintiffs had failed to aver facts establishing such an influence.¹⁴⁹⁸

A different New York federal district court similarly disposed of a claim as a matter of law, albeit on a defense motion for summary judgment by a pair of counterclaim plaintiffs.¹⁴⁹⁹ The parties competed in the dental supply industry, and the court found as a matter of law the counterclaim defendant had falsely claimed that its customers enjoyed certain savings, that one of its employees had a particular title, and that it had a certain number of support personnel. The literal falsity of those statements, however, did not lead to a finding of liability, however; indeed, the contrary held in light of the counterclaim plaintiffs' failure to establish the materiality of the misrepresentations. The court's analysis of the counterclaim defendant's savings-related claims yielded the following conclusion:

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

Perhaps there is some level where materiality can be found as a matter of law—e.g., where customers were promised 90% savings over a competing product. But in the absence of that kind of obvious disparity, [the counterclaim plaintiffs] were required to introduce some form of evidence—usually, although not necessarily, survey evidence or expert testimony based on it—to raise a factual question as to whether the differential between advertised and actual prices was material in this market.¹⁵⁰⁰

Turning to the counterclaim defendant's false claims about its personnel, the court determined the counterclaim plaintiffs had also failed to create a factual dispute as to whether those claims had affected consumers' purchasing decisions in any way.¹⁵⁰¹

That opinion was not the only one to reject a proffered showing of materiality as a matter of law. Another reaching that disposition arose from a false advertising-based lawsuit brought by a law firm

¹⁴⁹⁸ *Id.* at 639.

¹⁴⁹⁹ See *SourceOne Dental, Inc. v. Patterson Cos.*, 328 F. Supp. 3d 53 (E.D.N.Y. 2018), *reconsideration denied*, No. 15-cv-5440, 2018 WL 3863440 (E.D.N.Y. Aug. 2013).

¹⁵⁰⁰ *Id.* at 65.

¹⁵⁰¹ *Id.* at 68.

and its managing partner against another firm and several other defendants.¹⁵⁰² According to the plaintiffs, the lead defendant falsely had advertised that it handled workers' compensation-related matters when, in fact, that defendant referred any such matters it received to another firm whose principal was "of counsel" to the lead defendant. In granting the defendants' motion for summary judgment, the court was unimpressed with the plaintiffs' claim that the of counsel status of the attorney in question rendered the lead defendants' advertising false. In any case, though, it held the defendants entitled to the summary disposition of the plaintiffs' case because of the absence of a factual dispute as to the immateriality of that advertising:

While the use of the label, "of counsel," is not dispositive of whether an attorney can be fairly advertised as an attorney of the firm . . . , [the plaintiffs have] not provided sufficient evidence to show that the nature of [the attorney's] relationship with [the lead defendant] differed materially from a consumer's reasonable understanding of the relationship between a law firm and its attorneys.¹⁵⁰³

iv. Interstate Commerce

As always, the requirement that challenged statements be disseminated in interstate commerce did not pose a material obstacle to plaintiffs asserting false advertising causes of action. For example, one court found it satisfied by focusing not on the advertising in question but instead on proof that "the [defendant's] *goods* at issue traveled in interstate commerce."¹⁵⁰⁴

v. Damage and Causation

Addressing the showing of damage required for a finding of liability for false advertising, one court explained that:

If a plaintiff seeks monetary damages, it must provide some evidence that consumers actually relied on the defendant's misrepresentation in order to establish the requisite causal link between the defendant's illegal conduct and actual commercial injury suffered by the plaintiff. This affirmative evidence of consumer reliance is required even though a plaintiff need not provide "detailed individualization of loss of sales" at the summary judgment stage. The rationale for this requirement is that the private right of action for false advertising under the Lanham Act was enacted "to promote

¹⁵⁰² See *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp. 3d 329 (E.D. Pa. 2018).

¹⁵⁰³ *Id.* at 338.

¹⁵⁰⁴ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 463 (S.D.N.Y. 2017) (emphasis added).

fair business dealings, not to provide a windfall to an overly eager competitor.”¹⁵⁰⁵

This required showing rarely trips up plaintiffs, and it did not do so in an appeal to the Seventh Circuit.¹⁵⁰⁶ That proceeding originated in an advertising campaign by the defendants falsely suggesting that milk produced by cows treated with a synthetic growth hormone was unsafe. The preliminary injunction record established that the plaintiffs sold the only government-approved hormone available in the United States and, additionally, that a major cheese producer had discontinued purchases of milk from cows exposed to it because of the advertising. Based on those considerations, the court of appeals rejected the defendants’ challenge to the finding of causation below; indeed, it observed, “[a] more extended treatment of the causation question was largely unnecessary given how easy it is to trace [the plaintiffs’] harm.”¹⁵⁰⁷

Other findings of damage and causation came after full trials. In one case producing such a disposition, the litigants competed in the perfume industry, and the trial record established that the defendant’s claims of product equivalency were false.¹⁵⁰⁸ The parties’ relationship and the nature of the defendant’s misrepresentations went a long way toward establishing the plaintiffs’ entitlement to a finding of liability following a bench trial: As the court explained, “because ‘a false comparison to a specific competing product necessarily diminishes that product’s value in the minds of the consumer,’ no proof of likely injury is necessary in cases of this sort.”¹⁵⁰⁹

A separate finding of damage and causation came at the hands of an Ohio jury in a case in which the defendant had accused the plaintiff of utility patent infringement in an e-mail sent to Walmart while it considered a purchase of either the plaintiff’s or the defendant’s goods.¹⁵¹⁰ There was no dispute Walmart ultimately placed an order for the plaintiff’s goods, and that led the defendant to challenge the jury’s finding of liability as clearly erroneous. Rejecting that challenge, the court credited the plaintiff’s showing that Walmart had put a freeze on that decision and its eventual rollout of the plaintiff’s goods, which led the plaintiff to proffer

¹⁵⁰⁵ See *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp. 3d 329, 336-37 (E.D. Pa. 2018) (footnotes omitted) (quoting *Parkway Baking Co. v. Freihofer Baking Co.*, 255 F.2d 641, 648 (3d Cir. 1958); *Syncsort Inc. v. Innovative Routines Int’l, Inc.*, No. 04-3623 (WHW), 2008 WL 1925304, at *10 (D.N.J. Apr. 30, 2008)).

¹⁵⁰⁶ See *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018).

¹⁵⁰⁷ *Id.* at 384.

¹⁵⁰⁸ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

¹⁵⁰⁹ *Id.* at 463 (quoting *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 162 (2d Cir. 2007)).

¹⁵¹⁰ See *Hillman Grp. v. Minute Key Inc.*, 317 F. Supp. 3d 961 (S.D. Ohio 2018), *appeal dismissed*, No. 18-1967, 2018 WL 6041711 (Fed. Cir. Oct. 4, 2018).

expert testimony that it had suffered lost profits in the amount of \$328,144.¹⁵¹¹ That showing and testimony sufficiently supported the jury's finding that the plaintiff had been injured and that the defendant's false advertising had caused the injury, especially because, rather than blindly accepting the expert's estimate of the plaintiff's damage, the jury had awarded the plaintiff only \$164,072 in actual damages.¹⁵¹²

Despite these outcomes, the showings of damage by some plaintiffs fell short.¹⁵¹³ For example, one court granted a defense motion for summary judgment in light of the plaintiff's failure to adduce proof of damage in the first place, much less damage arising from the defendant's allegedly false advertising.¹⁵¹⁴ The parties were competing authors of romance novels, and the defendant had posted several positive online reviews of her own works and several negative ones of the plaintiff's works. According to the court, "to recover damages for false advertising, [the plaintiff] is required to produce evidence that the online reviews either caused [the defendant's] book sales to increase or caused [the plaintiff's] book sales to decrease."¹⁵¹⁵ This the defendant failed to do despite her proffer of supporting expert and fact testimony. In holding that testimony insufficient to create a factual dispute, the court found that "[i]n essence, [the plaintiff] presented generic, common-sense evidence that negative on-line reviews typically inhibit sales."¹⁵¹⁶ That was no substitute, however, for proof of "the specific effect that [the defendant's] online reviews had on her books," for survey results or customer testimony.¹⁵¹⁷ Moreover, although the plaintiff claimed the mental anguish caused by the defendant's reviews prevented her from writing two books—the court did not explain the basis of this remarkably precise quantification—the court faulted her for failing to identify "any authority for the proposition that the Lanham Act provides for damages stemming from a business competitor's mental anxiety caused by false advertising."¹⁵¹⁸

A separate opinion similarly disposed of a claim of damage arising from the defendants' allegedly false advertising as a matter

¹⁵¹¹ *Id.* at 980.

¹⁵¹² *Id.* at 981.

¹⁵¹³ *See, e.g.,* Not Dead Yet Mfg. Inc. v. Pride Sols., LLC, 265 F. Supp. 3d 811, 840 (N.D. Ill. 2017) (granting defense motion for summary judgment on plaintiff's claims under Illinois law in light of record evidence or testimony of cognizable damage arising from challenged advertising), *reconsideration denied*, No. 13 C 3418, 2018 WL 688324 (N.D. Ill. Feb. 2, 2018).

¹⁵¹⁴ *See* Nunes v. Rushton, 299 F. Supp. 3d 1216 (D. Utah 2018).

¹⁵¹⁵ *Id.* at 1240.

¹⁵¹⁶ *Id.*

¹⁵¹⁷ *Id.*

¹⁵¹⁸ *Id.*

of law.¹⁵¹⁹ The parties were competing law firms in area of social security law, and the summary judgment record reflected a factual dispute on the issue of whether the lead defendant's advertising was literally false. Nevertheless, and although the plaintiffs adduced at least some evidence and expert witness testimony that the lead defendant's intake of new cases had increased during the time period at issue, the court refused to find a similar factual dispute where the plaintiffs' alleged lost revenues were concerned. Instead, the court concluded, "there is no evidence linking the increase to the use of any specific advertisements, in particular any of the subset of advertisements that can be construed as literally false."¹⁵²⁰ "Moreover," it held:

[E]ven if [the plaintiffs' expert's] analysis showed a temporal correlation between [the lead defendant's] social security intakes and the use of any of the potentially false advertisements, courts have held that "inferences of causation based solely on the chronology of events, where the record contains . . . other equally credible theories of causation, are not reasonable inferences."¹⁵²¹

Because the plaintiffs' showing did not account for the potential effect of the lead defendant's non-false advertising, the court concluded that "[the lead plaintiff's] evidence does not support a reasonable inference of causation, and the Court will grant summary judgment with respect to [its] request for money damages."¹⁵²²

d. False Endorsement and Violations of the Right of Publicity

Two courts addressed the question of whether state-law rights of publicity are descendible and therefore available on a post-mortem basis. One did so in application of Minnesota law and, noting the absence of relevant authority from the supreme court of that state, concluded that "[t]he clear weight of authority from jurisdictions that have addressed this issue supports a conclusion that the right of publicity is a property right that is enforceable by a decedent's estate";¹⁵²³ it therefore allowed the successors in interest to the entertainer Prince to challenge the release of recordings of musical performances by him that were not released

¹⁵¹⁹ See *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp. 3d 329 (E.D. Pa. 2018).

¹⁵²⁰ *Id.* at 342.

¹⁵²¹ *Id.* (quoting *Bracco Diagnostics, Inc. v. Amersham Health, Inc.*, 627 F. Supp. 2d 384, 487-88 (D.N.J. 2009)).

¹⁵²² *Id.*

¹⁵²³ *Paisley Park Enters. v. Boxill*, 299 F. Supp. 3d 1074, 1082 (D. Minn. 2017).

during his lifetime.¹⁵²⁴ Likewise, a Louisiana federal district court allowed a similar post-mortem cause of action under the law of that state to proceed in a lawsuit by the estate of a murdered social media performer.¹⁵²⁵

The case before the Louisiana court arose after Beyoncé sampled two YouTube videos created by performance comedian and music artist Anthony Barré and incorporated snippets of them into her song *Formation*. In the lawsuit that followed, Barré's estate and his heir coupled allegations of copyright infringement with a Section 43(a) cause of action. Beyoncé and her co-defendants moved to dismiss that cause of action on two theories, namely, that the brief use of a copyrighted work did not imply an affiliation with the creator of that work and that performers such as Barré could not assert trademark rights in a performance. The court denied the motion, relying on the plaintiffs' allegations that the defendants had misappropriated Barré's actual voice at times and imitated it at others in a way creating confusion as to whether Barré and his estate were involved with or endorsed the defendants' work. "Accordingly," the court held, "Plaintiffs have alleged sufficient facts to state a claim for false endorsement under the Lanham Act."¹⁵²⁶

Apart from these small victories by plaintiffs, an unusually large number of persona-based causes of action fell short as a matter of law. For example, one court dismissed a claim of false endorsement under Section 43(a) at the pleadings stage.¹⁵²⁷ The case before that tribunal originated in an e-mail, allegedly from the plaintiff, that criticized a book on beekeeping authored by the lead defendant. Claiming he had not drafted the e-mail, the plaintiff argued the defendants' dissemination of it violated Section 43(a), but the court disagreed, concluding instead that "I do not find that any of the complained of postings would have confused online participants as to any affiliation of [Plaintiff] with the Defendants. Most of the references to [Plaintiff] reflect only his disapproval of the Defendants' methods, and there is no intimation that [Plaintiff] endorsed any goods or services."¹⁵²⁸ The plaintiff's corresponding cause of action under Massachusetts law suffered the same fate.¹⁵²⁹

So too did the cause of action of a group of plaintiffs under New York law also fall short of the mark at the pleadings stage.¹⁵³⁰ The plaintiffs' complaint alleged the defendants had violated the New

¹⁵²⁴ *Id.* at 1084.

¹⁵²⁵ *See Estate of Barré v. Carter*, 272 F. Supp. 3d 906, 940-44 (E.D. La. 2017).

¹⁵²⁶ *Id.* at 944. The court then reached the same conclusion under Louisiana law. *Id.* at 946.

¹⁵²⁷ *See Fischer v. Stiglitz*, 302 F. Supp. 3d 457 (D. Mass. 2018), *appeal docketed*, No. 18-1726 (1st Cir. July 30, 2018).

¹⁵²⁸ *Id.* at 459.

¹⁵²⁹ *Id.* at 460.

¹⁵³⁰ *See Mayes v. Summit Entm't Corp.*, 287 F. Supp. 3d 200 (E.D.N.Y. 2018).

York Deceptive Trade Practices Act, more frequently referred to as Section 349 of the state General Business Law,¹⁵³¹ by appropriating their likenesses without permission by altering photographs of the plaintiffs and using them in social media advertisements for the defendants' strip club. Although not challenging the sufficiency of the plaintiffs' concomitant Section 43(a) cause of action, the defendants argued the plaintiffs had failed to allege "a significant risk of harm to the public health or interest" as required by Section 349.¹⁵³² The court agreed, sweeping aside the plaintiffs' claims that that rule applied only to causes of action sounding in trademark infringement and, additionally, that an allegation of consumer confusion sufficed to establish harm to the public.¹⁵³³ The court therefore granted the defendants' motion to dismiss with the observation that "the court can find no case in which a claim of false endorsement has been allowed to proceed under Section 349. Instead, such claims are proper under § 43(a) of the Lanham Act."¹⁵³⁴

In an action presenting a common-law cause of action, as well as one under its California statutory equivalent,¹⁵³⁵ social media giant Facebook similarly pursued a successful motion to dismiss.¹⁵³⁶ The plaintiffs, a recording artist and companies affiliated with him, objected to Facebook pages calling attention to highway accidents involving the plaintiffs' trucks. The basis of the lead plaintiff's dispute with Facebook was the appearance of advertisements appearing on the pages in question. Although Facebook's involvement in the placement of the advertisements was undisputed for purposes of its motion, that involvement was not enough for the court to accept the lead plaintiff's argument that Facebook had used the lead plaintiff's identity as required by his two causes of action. To the contrary, the court concluded, the complaint's averment that unidentified third parties had created the pages' content sank the lead plaintiff's case: "[T]he evidence demonstrates that Facebook has not used [the lead plaintiff's] identity, and any right of publicity claims fail for this reason alone."¹⁵³⁷

An action under the Illinois right of publicity statute¹⁵³⁸ also fell victim to a motion to dismiss for failure to state a claim.¹⁵³⁹

¹⁵³¹ N.Y. Gen. Bus. Law § 349 (McKinney 2013).

¹⁵³² *See* DePinto v. Ashley Scott, Inc., 635 N.Y.S.2d 215, 217 (App. Div. 1995).

¹⁵³³ *Mayes*, 287 F. Supp. 3d at 208-11.

¹⁵³⁴ *Id.* at 211.

¹⁵³⁵ *See* Cal. Civil Code § 3344 (West 2017).

¹⁵³⁶ *See* Cross v. Facebook, Inc., 222 Cal. Rptr. 3d 250 (Ct. App. 2017), *review denied* (Oct. 25, 2017).

¹⁵³⁷ *Id.* at 267.

¹⁵³⁸ Ind. Code § 32-36-1-1 (2018).

¹⁵³⁹ *See* Daniels v. Fanduel, Inc., 124 U.S.P.Q.2d 1392 (S.D. Ind. 2017).

According to the plaintiffs, a group of former collegiate athletes, the defendants had violated the statute by operating a fantasy sports website that referred to the plaintiffs and their career statistics without authorization. Although disagreeing with the defendants' argument that the First Amendment protected their business model,¹⁵⁴⁰ the court concluded two exceptions to liability applied. First, the court determined, the defendants' website reported on "newsworthy" conduct.¹⁵⁴¹ Second, the site's content also qualified for the statute's "public interest exception."¹⁵⁴² Two additional exceptions covering literary works and the names of performers of recorded performances did not apply,¹⁵⁴³ but that inapplicability was of no consequence.

A dispute between suppliers of honey-harvesting aids to apiaries also led to a successful bid for a finding of nonliability as a matter of law, albeit on a motion for summary judgment, rather than one for dismissal for failure to state a claim.¹⁵⁴⁴ The plaintiff had once sold his product through the defendants' business, but the defendant eventually began sourcing a competitive product through a third party. For a time after that transition, however, the electronic addresses for the pages on their website through which consumers could purchase the competitive product continued to incorporate the plaintiff's surname, and that formed the basis of the plaintiff's claim of false endorsement. The New York federal district court hearing the case noted as an initial matter that:

To prevail on a false endorsement claim, a plaintiff must prove that "the defendant, (1) made a false or misleading representation of fact; (2) in commerce; (3) in connection with goods or services; (4) that is likely to cause consumer confusion as to the origin, sponsorship, or approval of the goods or services."¹⁵⁴⁵

Even assuming the plaintiff's ability to satisfy the first three of these requirements, the court found as a matter of law he could not carry his burden with respect to the last. To begin with, the plaintiff had failed to adduce any evidence or testimony of actual confusion other than an ambiguous product review on the defendants'

¹⁵⁴⁰ See *id.* at 1402-03.

¹⁵⁴¹ *Id.* at 1397-98.

¹⁵⁴² *Id.* at 1398-99.

¹⁵⁴³ See *id.* at 1400-01.

¹⁵⁴⁴ See *Fischer v. Forrest*, 286 F. Supp. 3d 590 (S.D.N.Y. 2018), *appeal docketed*, No. 18-2959 (2d Cir. Oct. 4, 2018).

¹⁵⁴⁵ *Id.* at 612 (quoting *Beastie Boys v. Monster Energy Co.*, 66 F. Supp. 3d 424, 448 (S.D.N.Y. 2014)).

website,¹⁵⁴⁶ the identification of the defendants' replacement product in response to Google searches for the plaintiff's product,¹⁵⁴⁷ and the plaintiff's assertion that the challenged URLs had led to initial-interest confusion.¹⁵⁴⁸ The court also rejected the plaintiff's claim the defendants had acted in bad faith, finding nothing in the summary judgment record placing the defendants' testimony to the contrary in dispute.¹⁵⁴⁹ Finally, it accepted the conclusion of the magistrate judge assigned to the case that "[w]hether defined as the typical consumer of beekeeping products, or Internet users writ large, no ordinary consumer is likely to see [the plaintiff's] name in the post-domain path of the URL and wonder if that signified his endorsement of a completely different product in the accompanying web page."¹⁵⁵⁰ In the final analysis, "consumers are not at all likely to be confused as to whether [the plaintiff] endorses or sponsors [the replacement product] based on the fact that his name appears in the post-domain path of [the defendants'] URLs."¹⁵⁵¹ Moreover, because of the plaintiff's inability to prove bad-faith conduct by the defendants, his cause of action under New York law also fell short as a matter of law.¹⁵⁵²

Some courts elected not to reach final decisions on the merits of the persona-based Section 43(a) claims before them.¹⁵⁵³ One such

¹⁵⁴⁶ The review stated, "[t]he first bottle I bought last year worked well but this new stuff was a complete waste of time and money." *Quoted in id.* at 613. The court dismissed the plaintiff's reliance on the review because:

[The plaintiff] asks the Court to infer that the customer was referring to [the plaintiff's product] in the first instance and [the replacement product] in the second. This, however, is speculation: [The plaintiff] apparently did not develop and has not provided any evidence to the effect that either product to which the review refers is [his].

Id.

¹⁵⁴⁷ The search results did not create a factual dispute as to actual confusion because, even accepting the plaintiff's characterization of them, they contained links to the plaintiff's product far more often than they did to the defendants' replacement product; moreover, and in any case, "[the plaintiff's] evidence . . . fails to show that, to the limited extent that non-[plaintiff] websites came up as a result of the Google search, these websites presented as a result of the inclusion of his name in [the defendants'] post-domain URL."

Id.

¹⁵⁴⁸ The court rejected the plaintiff's reliance on potential initial-interest confusion with the explanation that "[b]ecause consumers diverted on the Internet can more readily get back on track than those in actual space, thus minimizing the harm to the owner of the searched-for site from consumers becoming trapped in a competing site, Internet initial interest confusion requires a showing of intentional deception." *Id.* at 614 (quoting *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 462 n.13 (2d Cir. 2004)).

¹⁵⁴⁹ *Id.* at 614-15.

¹⁵⁵⁰ *Id.* at 615.

¹⁵⁵¹ *Id.* at 616.

¹⁵⁵² *Id.* at 617.

¹⁵⁵³ *See, e.g.*, *Gibson v. Resort at Paradise Lakes, LLC*, 124 U.S.P.Q.2d 1855, 1862-63 (M.D. Fla. 2017) (denying, without extended discussion, motion to dismiss Section 43(a) cause of action for false endorsement grounded in defendants' alleged use without

claim arose after Beyoncé sampled two YouTube videos created by performance comedian and music artist Anthony Barré and incorporated snippets of them into her song *Formation*.¹⁵⁵⁴ In the lawsuit that followed, Barré's estate and his heir coupled allegations of copyright infringement with a Section 43(a) cause of action. Beyoncé and her co-defendants moved to dismiss that cause of action on two theories, namely, that the brief use of a copyrighted work did not imply an affiliation with the creator of that work and that performers such as Barré could not assert trademark rights in a performance. The court denied the motion, relying on the plaintiffs' allegations that the defendants had misappropriated Barré's actual voice at times and imitated it at others in a way creating confusion as to whether Barré and his estate were involved with or endorsed the defendants' work. "Accordingly," the court found, "Plaintiffs have alleged sufficient facts to state a claim for false endorsement under the Lanham Act."¹⁵⁵⁵

e. Violations of Rights Under Other State-Law Causes of Action

i. Preemption of State-Law Causes of Action

The past year produced a steep drop-off in the usual number of reported opinions addressing the possible preemption of state-law causes of action under Section 301(a) of the Copyright Act,¹⁵⁵⁶ which provides that federal copyright 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."¹⁵⁵⁷ In an exception to that general trend, a California federal district court disposed of a state-law right of publicity claim by performer Toni Basil, who objected to the use of a recording of her song *Mickey* to promote the defendants' line of clothing.¹⁵⁵⁸ Basil did not own the copyright covering the song, and the court held applied the usual doctrinal test to hold her California claim preempted. Specifically: (1) the content of the recording fell within the scope of copyright protection; and (2) the right asserted

authorization of plaintiffs' photographs to advertise defendants' swingers club and nudist resort); *Lancaster v. Bottle Club, LLC*, 123 U.S.P.Q.2d 1508, 1513-14 (M.D. Fla. 2017) (denying motion to dismiss Section 43(a) cause of action for false endorsement grounded in defendants' alleged use without authorization of plaintiffs' photographs to advertise defendants' swingers club).

¹⁵⁵⁴ See *Estate of Barré v. Carter*, 272 F. Supp. 3d 906 (E.D. La. 2017).

¹⁵⁵⁵ *Id.* at 944.

¹⁵⁵⁶ 17 U.S.C. § 301(a) (2012).

¹⁵⁵⁷ *Id.*

¹⁵⁵⁸ *Basil v. New Razor & Tie Enters.*, 126 U.S.P.Q.2d 1046 (C.D. Cal. 2018).

was equivalent to one reserved to the copyright owner and did not require an extra element for a finding of liability.¹⁵⁵⁹

In contrast, an Indiana federal district court refused to hold on a motion to dismiss that Section 301(a) preempted the right of publicity cause of action under the law of that state of a group of former collegiate athletes against the operators of a fantasy sports platform.¹⁵⁶⁰ In attempting to bring their conduct within the scope of the Copyright Act, the defendants characterized the subject matter at issue as “a database of athlete names and statistics,”¹⁵⁶¹ but the court reached another conclusion, namely, “[t]he subject matters at issue here . . . are the personas of Plaintiffs, as represented here by their names and likenesses.”¹⁵⁶² Section 310(a) therefore did not reach the plaintiffs’ cause of action.

ii. State-by-State Causes of Action

(A) *Arkansas*

Although finding no material dispute as to liability of the counterclaim defendant before it for infringement, likely dilution, and cybersquatting,¹⁵⁶³ an Arkansas federal district court declined to reach the same conclusion as to the counterclaim plaintiffs’ cause of action under the Arkansas Deceptive Trade Practices Act (ADTPA).¹⁵⁶⁴ In denying the counterclaim plaintiffs’ motion for summary judgment as to that claim, the court pointed out that “unlike [the counterclaim plaintiffs’ other] trademark claims, the ADTPA requires a private claimant to prove that actual monetary damages were proximately caused to [the counterclaim plaintiffs] by [the counterclaim defendant’s] alleged deceptive trade practice.”¹⁵⁶⁵ Because the counterclaim plaintiffs’ showings on the issue of monetary relief were limited to their request for a disgorgement of the counterclaim defendant’s profits, rather than their own alleged losses, “a material factual dispute remains as to whether [the counterclaim defendant’s] allegedly deceptive trade practice has proximately caused any actual monetary damage to [the counterclaim plaintiffs].”¹⁵⁶⁶

¹⁵⁵⁹ *Id.* at 1048-49.

¹⁵⁶⁰ *See Daniels v. Fanduel, Inc.*, 124 U.S.P.Q.2d 1392 (S.D. Ind. 2017).

¹⁵⁶¹ *Quoted in id.* at 1403.

¹⁵⁶² *Id.*

¹⁵⁶³ *See Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018).

¹⁵⁶⁴ Ark. Code Ann. § 4-88-113(f) (West 2016).

¹⁵⁶⁵ *Visual Dynamics*, 309 F. Supp. 3d at 625 (citation omitted) (emphasis omitted).

¹⁵⁶⁶ *Id.*

(B) California

California law recognizes statutory causes of action for unfair competition¹⁵⁶⁷ and false advertising,¹⁵⁶⁸ but the prerequisites for liability under them are not necessarily the same as those for the corresponding torts under federal law. One reported opinion making that point arose out of a counterclaim defendant's sale of bracelets with beads "carr[ying] water" from Mt. Everest.¹⁵⁶⁹ Accused of violating the California statutes on the theory that the water would eventually makes its way out of the bracelet, the counterclaim defendant moved the court to dismiss the counterclaim plaintiffs' causes of action, and the court obliged. According to the court, "[t]hese claims under the California statutes are governed by the 'reasonable consumer' test, under which the complainant 'must show that members of the public are likely to be deceived.'"¹⁵⁷⁰ Further observing that "the presence of a disclaimer or similar clarifying language may defeat a claim of deception,"¹⁵⁷¹ the court found as a matter of law that just such a disclaimer on the counterclaim defendant's website did the job because it recited, "[t]he water may evaporate over time."¹⁵⁷² The disclaimer, the court concluded, "makes it unreasonable for any consumer or retailer to believe that water will remain permanently in the bracelet."¹⁵⁷³

(C) Delaware

The Delaware Deceptive Trade Practices Act (DTPA) prohibits "disparage[ment] of the goods, services or business of another by false or misleading representations of fact," committed "in the course of a business, vocation, or occupation" or that generally "creates a likelihood of confusion or of misunderstanding."¹⁵⁷⁴ Although declining to decide the merits of the DTPA claim before it on the parties' cross-motions for summary judgment, one court took the opportunity to opine on the proof necessary to prevail on such a claim.¹⁵⁷⁵ It explained that "[t]he DTPA has a lower burden of proof

¹⁵⁶⁷ Cal. Bus. & Prof. Code § 17200 (West 2018) (prohibiting "unlawful, unfair or fraudulent business act[s] or practice[s]" and "unfair, deceptive, untrue or misleading advertising").

¹⁵⁶⁸ *Id.* § 17500 (prohibiting "any statement" that is "untrue or misleading" and made with the "intent directly or indirectly to dispose of" property or services).

¹⁵⁶⁹ *Quoted in id.* at Lokai Holdings LLC v. Twin Tiger USA LLC, 306 F. Supp. 3d 629, 638 (S.D.N.Y. 2018).

¹⁵⁷⁰ *Id.* at 640-41 (quoting *Williams v. Gerber Prods. Co.*, 552 F.3d 934, 938 (9th Cir. 2008)).

¹⁵⁷¹ *Id.* at 641 (quoting *Fink v. Time Warner Cable*, 714 F.3d 739, 741 (2d Cir. 2013) (per curiam)).

¹⁵⁷² *Quoted in id.*

¹⁵⁷³ *Id.*

¹⁵⁷⁴ 6 Del. C. §§ 2532(a)(8) & (a)(12) (West 2011).

¹⁵⁷⁵ *See Hologic, Inc. v. Minerva Surgical, Inc.*, 325 F. Supp. 3d 507 (D. Del. 2018).

than the Lanham Act since ‘a complainant need not prove competition between the parties or actual confusion or misunderstanding’ to prevail in an action under the DTPA.”¹⁵⁷⁶ Why the court believed direct competition and actual confusion were prerequisites for liability under the Lanham Act went unexplained.

(D) *Florida*

Although successfully securing the invalidation of a federal trademark registration asserted against them,¹⁵⁷⁷ a pair of counterclaim defendants failed to capitalize on that success under the Florida Deceptive and Unfair Trade Practices Act (FDUTPA).¹⁵⁷⁸ Seeking damages under the Act, the counterclaim defendants alleged that the counterclaim plaintiff’s fraudulently procured registration had resulted in the USPTO’s rejection of an application to register their own mark, but, following a bench trial, the court rejected that bid. It first noted that “[a] claim under FDUTPA has three elements: (1) a deceptive or unfair practice; (2) causation; and (3) actual damages.”¹⁵⁷⁹ Based on the trial record, it then found, “[w]hile it is true that the USPTO denied [the counterclaim defendants] a registration for [their mark] because of a likelihood of confusion with the [counterclaim plaintiff’s mark], [they] failed to show that [they have] suffered actual damages,” whether in the form of “commercial injury, depreciation in [their] goodwill, or any negative changes in [their] business after the USPTO denied [their] trademark registration.”¹⁵⁸⁰ On the contrary, the counterclaim defendants continued to use their mark following the rejection.¹⁵⁸¹

A different claim under the FDUTPA fell short for a different reason.¹⁵⁸² According to the plaintiffs, the defendants had used unauthorized images of the plaintiffs to advertise the defendants’ swingers club and nudist resort. Although declining to dismiss the entirety of the plaintiffs’ complaint, the court nevertheless found their FDUTPA cause of action fatally infirm. As it explained, “the majority of [federal] district courts which have addressed the issue overwhelmingly have favored the narrow interpretation of the term

¹⁵⁷⁶ *Id.* at 533 (citation omitted) (quoting *Keurig, Inc. v. Strum Foods, Inc.*, 769 F. Supp. 2d 699, 712 (D. Del. 2011)).

¹⁵⁷⁷ *See Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334, 1358-63 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605-AA (11th Cir. Mar. 13, 2018).

¹⁵⁷⁸ Fla. Stat. § 501.204(1) (West 2016).

¹⁵⁷⁹ *Spiral Direct*, 293 F. Supp. 3d at 1376 (quoting *Siever v. BWGaskets, Inc.*, 669 F. Supp. 2d 1286, 1292 (M.D. Fla. 2009)).

¹⁵⁸⁰ *Id.*

¹⁵⁸¹ *Id.*

¹⁵⁸² *See Gibson v. Resort at Paradise Lakes, LLC*, 124 U.S.P.Q.2d 1855 (M.D. Fla. 2017).

‘person’ in [the operative section of the FDUTPA] to mean only ‘consumers’ injured by an unfair or deceptive act when buying or purchasing goods and services.”¹⁵⁸³ Because the plaintiffs did not qualify as consumers, their cause of action necessarily failed.¹⁵⁸⁴

(E) Illinois

In a case brought under the Illinois Consumer Fraud and Deceptive Business Practices Act,¹⁵⁸⁵ the plaintiff alleged the defendants had used the plaintiff’s mark without authorization to promote a product offered by the lead defendant at a meeting held in New York City.¹⁵⁸⁶ Granting the defendants’ motion for summary judgment as to the plaintiff’s claims under the Act, the court identified two fatal deficiencies in the plaintiff’s case. First, although “businesses may sue other businesses under the act if they can show a nexus between their suit and ‘trade practices directed to the market generally’ or ‘consumer protection concerns,’” the plaintiff had failed to establish a sufficient nexus “between the complained-of conduct and consumer protection concerns.”¹⁵⁸⁷ Second, “the conduct did not occur primarily and substantially in Illinois.”¹⁵⁸⁸ The defendants therefore were entitled to prevail as a matter of law.¹⁵⁸⁹

(F) Michigan

The Michigan Consumer Protection Act (MCPA) prohibits “[u]nfair, unconscionable, or deceptive methods, acts, or practices in the conduct of trade or commerce.”¹⁵⁹⁰ As one plaintiff learned the hard way, however, the MCPA reaches only transactions involving goods used primarily for persona, family, or household purposes.¹⁵⁹¹ Because the allegations of the plaintiff’s complaint demonstrated that both parties’ goods were purchased only for business purposes, and because the plaintiff failed to contest the defendants’ motion to dismiss its MCPA causes of action, the motion proved well-founded.¹⁵⁹²

¹⁵⁸³ *Id.* at 1861.

¹⁵⁸⁴ *Id.*

¹⁵⁸⁵ 815 Ill. Comp. Stat. 505/2 (1995).

¹⁵⁸⁶ *See* IPOX Schuster, LLC v. Nikko Asset Mgmt. Co., 304 F. Supp. 3d 746 (N.D. Ill. 2018).

¹⁵⁸⁷ *Id.* at 764 (quoting 815 Ill. Comp. Stat. 505/2).

¹⁵⁸⁸ *Id.*

¹⁵⁸⁹ *Id.* at 765.

¹⁵⁹⁰ Mich. Comp. Law § 445.903(1)(a) (2006).

¹⁵⁹¹ *See* MacDonald v. Thomas M. Cooley Law Sch., 724 F.3d 654, 661 (6th Cir. 2013).

¹⁵⁹² *See* Tecumseh Prods. Co. v. Kulthorn Kirby Public Co., 123 U.S.P.Q.2d 1570, 1580 (E.D. Mich. 2017).

(G) New York

As always, some opinions distinguished between the test for unfair competition under federal law and that under Sections 349 and 350 of New York's General Business Law,¹⁵⁹³ mostly to the detriment of plaintiffs.¹⁵⁹⁴ For example, while dismissing a Section 349 cause of action for failure to state a claim, one court held, "to bring a claim under § 349, 'a plaintiff must allege that a defendant has engaged in (1) consumer-oriented conduct that is (2) materially misleading and that (3) plaintiff suffered injury as a result of the allegedly deceptive act or practice.'"¹⁵⁹⁵ The cause of action at issue sounded in false advertising and rested on the theory that the counterclaim defendant against which it was asserted had misleadingly characterized a feature of its goods. That, the court held as a matter of law, failed to satisfy the first of the three requirements because "[i]n cases of false advertising, at issue here, the harm arising from the advertising must be sufficiently directed or borne by consumers in order to meet the consumer-oriented prong," and because the counterclaim was devoid of allegations of such a harm.¹⁵⁹⁶

Nevertheless, one New York federal district court came close to bucking the historical trend in an action for trade dress infringement in which the plaintiff asserted rights to the shape of a water bottle and invoked both Section 349 and Section 350.¹⁵⁹⁷ Citing authority from its fellow federal courts, it noted they routinely had dismissed "trademark claims brought under Sections 349 and 350 as being outside the scope of the statutes, because ordinary trademark disputes do not pose a significant risk of harm to the public health or interest and are therefore not the type of deceptive conduct that the statutes were designed to address."¹⁵⁹⁸ Nevertheless, it then quoted the New York Court of Appeals for the proposition that "[t]hese statutes on their face apply to virtually all

¹⁵⁹³ N.Y. Gen. Bus. Law §§ 349, 350 (McKinney 2013).

¹⁵⁹⁴ See, e.g., *Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260, 302 (S.D.N.Y. 2018) ("[T]he standard for a § 349 claim is actually higher, as there must be 'specific and substantial injury to the public interest over and above the ordinary trademark infringement . . .'" (quoting *Nomination Di Antonio E Paolo Gensini S.N.C. v. H.E.R. Accessories Ltd.*, No. 07 CV 6959 (DAB), 2009 WL 4857605 at *8 (S.D.N.Y. Dec. 14, 2009)); *Jenny Yoo Collection, Inc. v. Watters Design Inc.*, 124 U.S.P.Q.2d 1553, 1565-66 (S.D.N.Y. 2017) (granting motion to dismiss Section 349 cause of action in light of plaintiffs' failure to aver injury to public interest); *Zuma Press, Inc. v. Getty Images (US), Inc.*, 123 U.S.P.Q.2d 1167, 1174 (S.D.N.Y. 2017) (same).

¹⁵⁹⁵ *Lokai Holdings LLC v. Twin Tiger USA LLC*, 306 F. Supp. 3d 629, 642 (S.D.N.Y. 2018) (quoting *Nick's Garage, Inc. v. Progressive Casualty Ins. Co.*, 875 F.3d 107, 124 (2d Cir. 2017)).

¹⁵⁹⁶ *Id.*

¹⁵⁹⁷ See *Can't Live Without It, LLC v. ETS Express, Inc.*, 287 F. Supp. 3d 400 (S.D.N.Y. 2018).

¹⁵⁹⁸ *Id.* at 412 (quoting *Kaplan, Inc. v. Yun*, 16 F. Supp. 3d 341, 352 (S.D.N.Y. 2014)).

economic activity, and their application has been correspondingly broad.”¹⁵⁹⁹ The court ultimately deemed it unnecessary to determine whether decisions from federal courts had inappropriately limited the scope of the statutory causes of action, holding instead that the plaintiffs’ failure to demonstrate the inferiority of the defendant’s bottles in any way entitled the defendant to summary judgment.¹⁶⁰⁰

Other opinions emphasized that the cause of action for common-law unfair competition under New York law is not coextensive with that under Section 43(a) of the Lanham Act. As one explained, “[c]ourts use the same standards to evaluate unfair competition claims under New York law, except that a plaintiff must prove ‘bad faith’ in order to prevail under New York common law.”¹⁶⁰¹ A state appellate panel therefore affirmed the rejection of a counterclaim for common-law unfair competition because its reading of the record below established that “Defendant . . . failed to allege the requisite ‘bad-faith misappropriation of a commercial advantage’ to prevail on an unfair competition claim.”¹⁶⁰² Likewise, a New York federal district court granted a defense motion for summary judgment in a case sounding in false endorsement after finding “[the plaintiff] has not adduced evidence sufficient to support a finding of bad faith on [the defendants’] part.”¹⁶⁰³

(H) *Utah*

When a romance novel author posted favorable online reviews of her own work and negative reviews of a competitor’s books (some under her own name and others pseudonymously), the competitor filed suit under the Utah Truth and Advertising Act,¹⁶⁰⁴ only to fall victim to a defense motion for summary judgment.¹⁶⁰⁵ The court cited two bases for that disposition, the first of which was the plaintiffs’ failure to provide the defendant with the ten days’ notice required by the statute.¹⁶⁰⁶ The second was the plaintiff’s inability

¹⁵⁹⁹ *Id.* at 412-13 (quoting *Karlin v. IVF Am., Inc.*, 712 N.E.2d 662, 665 (1999)).

¹⁶⁰⁰ *Id.* at 413.

¹⁶⁰¹ *See, e.g.*, *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 440 (S.D.N.Y. 2017) (citations omitted).

¹⁶⁰² *Apogee Handcraft, Inc. v. Verragio, Ltd.*, 65 N.Y.S.3d 27, 29 (App. Div. 2017)), *leave to appeal denied*, 102 N.E.3d 431 (N.Y. App. Div. 2018).

¹⁶⁰³ *Fischer v. Forrest*, 286 F. Supp. 3d 590, 617 (S.D.N.Y. 2018), *appeal docketed*, No. 18-2959 (2d Cir. Oct. 4, 2018).

¹⁶⁰⁴ Utah Code § 13-11a-4(a)(a) (West 2011).

¹⁶⁰⁵ *See Nunes v. Rushton*, 299 F. Supp. 3d 1216 (D. Utah 2018).

¹⁶⁰⁶ On this issue, the court found that the plaintiffs’ prelitigation correspondence accused the defendant of plagiarism and federal copyright infringement but neglected to mention the possibility of liability under the state statute. *Id.* at 1221-24.

to identify record evidence and testimony sufficient to create a factual dispute as to the lack of damage she had suffered.¹⁶⁰⁷

(I) Washington

In a case in which a jury found the defendant liable for trade dress infringement under federal law but not liable for a violation of the Washington Consumer Protection Act (WCPA),¹⁶⁰⁸ a federal district court of that state took the occasion of its rulings on the parties' post-trial motions to elaborate on the distinction between the two torts.¹⁶⁰⁹ It noted the Washington Supreme Court had established five required showings of a plaintiff proceeding under the WCPA, namely: "(1) an unfair or deceptive practice; (2) occurring in trade or commerce; (3) affecting the public interest; (4) that injures the plaintiff in his or her business or property; and (5) a causal link between the unfair or deceptive act and the injury suffered."¹⁶¹⁰ Agreeing with the plaintiff that claims under the Lanham Act and those under the WCPA were "substantially congruous,"¹⁶¹¹ the court nevertheless held that proposition did not mandate a finding that the defendant necessarily had violated the WCPA as a matter of law. Instead, it explained, the jury might reasonably have found that the defendant's conduct did not affect the public interest, a prerequisite for liability under the WCPA but not the Lanham Act.¹⁶¹²

f. Contributory Unfair Competition

Having sold itself to a second defendant, the lead defendant in one case wound down its operations following that transaction.¹⁶¹³ Before the transaction closed, however, the two defendants placed advertising and issued press releases announcing the mark under which the second defendant would operate on a post-acquisition basis. With the second defendant's use of that mark having triggered an infringement action, the lead defendant successfully moved the court hearing the action for summary judgment on the ground the lead defendant had not itself used the mark. Despite that success in disposing of the plaintiff's claim of direct infringement,

¹⁶⁰⁷ *Id.* at 1242.

¹⁶⁰⁸ Wash. Rev. Code § 19.86.020 (West 2013).

¹⁶⁰⁹ *See Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

¹⁶¹⁰ *Id.* at 1049 (citing *Hangman Ridge Training Stables, Inc. v. Safeco Title Ins. Co.*, 719 P.2d 531, 535 (Wash. 1986)).

¹⁶¹¹ *Id.*

¹⁶¹² *Id.* at 1051-54.

¹⁶¹³ *See Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

the court declined to reach the same result with respect to contributory infringement. In doing so, it held that:

A manufacturer can be held liable for contributory trademark infringement even if it does not itself mislabel the goods or deceive any customers. If a distributor “[i]ntentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement the . . . distributor is contributorily responsible”¹⁶¹⁴

The court acknowledged that “[c]ontributory infringement typically occurs in the context of a manufacturer—distributor relationship,”¹⁶¹⁵ but it nevertheless held the same test applicable to the plaintiff’s claim that the lead defendant knew of the plaintiff’s rights to its mark before helping to facilitate the second defendant’s adoption of an allegedly confusingly similar mark. “In particular,” the court noted, “there appears to be no dispute that [the lead defendant] was involved in arranging and paying for [the plaintiff’s] legal representation . . . to pursue the [registration of the plaintiff’s marks] nor that [a then-current employee of the lead defendant] designed [the plaintiff’s] mark.”¹⁶¹⁶ Moreover, the plaintiff pointed out at least some record evidence and testimony suggesting the lead defendant might have participated in the second defendant’s adoption of the challenged mark. Those considerations sufficed for the court to conclude that “[o]n this record, . . . a reasonable jury could find that [the lead defendant] was involved in the decision to adopt [the challenged mark], sufficient to hold it liable under a contributory infringement theory, although not that [the lead defendant] used the mark in commerce itself.”¹⁶¹⁷

In contrast, a successful defense motion for summary judgment was the outcome in another dispute presenting allegations of contributory infringement.¹⁶¹⁸ In resolving prior disputes between them involving substantively identical versions of the same mark used in connection with directly competitive goods, the parties had divided the global marketplace on a country-by-country basis. The plaintiff received the rights to the United States marketplace, and it objected to the appearance in that market of goods produced under the defendants’ authority and bearing the defendants’ version of the disputed mark. Discovery, however, failed to establish to the court’s satisfaction the existence of factual dispute over the defendants’

¹⁶¹⁴ *Id.* at 1038 (alterations in original) (quoting *David Berg & Co. v. Gatto Int’l Trading Co.*, 884 F.2d 306, 311 (7th Cir. 1989)).

¹⁶¹⁵ *Id.*

¹⁶¹⁶ *Id.* at 1039.

¹⁶¹⁷ *Id.*

¹⁶¹⁸ See *Energizer Brands, LLC v. Procter & Gamble Co.*, 124 U.S.P.Q.2d 1767 (E.D. Mo. 2017).

having supplied the responsible parties with knowledge of those parties' infringing conduct. A grant of the defendants' motion for summary judgment resulted.¹⁶¹⁹

g. Individual Liability

The few reported opinions addressing the circumstances under which an individual defendant can be personally liable for infringement and unfair competition arose from curiously similar circumstances, namely, the unauthorized use of plaintiffs' images to promote Florida-based businesses of an adult nature.¹⁶²⁰ For example, in denying a motion to dismiss allegations of false endorsement against an individual defendant accused of using altered images of the plaintiffs to promote the defendants' strip clubs, the court hearing the first case set forth the following standard:

Under the Lanham Act, "personal liability for trademark infringement and unfair competition is established if the officer is a moving, active conscious force behind [the defendant corporation's] infringement." "A corporate officer is considered a moving, active, conscious force behind a company's infringement when the officer 'was either the sole shareholder and employee, and therefore must have approved of the infringing act, or a direct participant in the infringing activity.'"¹⁶²¹

The plaintiffs' averments on this issue were not particularly compelling; rather, they consisted of an accusation that the individual defendant was the principal of the strip club in question and maintained operational control over it, including its advertising practices. Nevertheless, in the spirit of notice pleading, the court sustained the plaintiffs' cause of action against the defendants' motion, noting in the process that "[w]hile Plaintiffs do not allege specific actions that [the defendant] took in furtherance of the claimed illegal activity, Plaintiffs do create a plausible inference that he controlled the corporation's advertising and thus had a role in creating and disseminating Plaintiffs' images, something which rests at the heart of this action."¹⁶²²

¹⁶¹⁹ *Id.* at 1771.

¹⁶²⁰ *See, e.g.,* Lancaster v. Bottle Club, LLC, 123 U.S.P.Q.2d 1508, 1514 (M.D. Fla. 2017) (declining to dismiss claim against individual defendants accused promoting a swingers club with unauthorized photographs of the plaintiffs in light of those defendants' alleged personal participation in challenged conduct).

¹⁶²¹ *Mayes v. Summit Entm't Corp.*, 287 F. Supp. 3d 200, 211-12 (E.D.N.Y. 2018) (quoting *Johnson & Johnson Consumer Cos. v. Aini*, 540 F. Supp. 2d 374, 393 (E.D.N.Y. 2008); *Innovation Ventures, LLC v. Ultimate One Distrib. Corp.*, 176 F. Supp. 3d 137, 155 (E.D.N.Y. 2016)).

¹⁶²² *Id.* at 212.

The plaintiffs in another case averred that an individual defendant had incorporated photographs of the plaintiffs into advertisements for the defendants' swingers' club and nudist resort.¹⁶²³ Rejecting the individual defendant's motion to dismiss the plaintiffs' right of publicity cause of action under Florida law, the court noted that "individual officers and agents of a corporation may be held personally liable for their tortious acts, even if such acts were committed within the scope of their employment or as corporate officers."¹⁶²⁴ In light of the plaintiffs' allegations that the individual defendant had had operational and managerial control over the marketing and promotional activities of the lead corporate defendant, as well as his role as the moving force in behind those activities, the plaintiffs sufficiently had stated a claim against him.¹⁶²⁵

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 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.¹⁶²⁶

Both types of abandonment came into play over the course of the past year.

¹⁶²³ See *Gibson v. Resort at Paradise Lakes, LLC*, 124 U.S.P.Q.2d 1855 (M.D. Fla. 2017).

¹⁶²⁴ *Id.* at 1859 (quoting *First Fin. USA, Inc. v. Steinger*, 760 So. 2d 996, 997-98 (Fla. Ct. App. 2000)).

¹⁶²⁵ *Id.*

¹⁶²⁶ 15 U.S.C. § 1127 (2012).

(A) Nonuse

As always, some opinions made the obvious point that a mark cannot be abandoned through nonuse if it remains in use. Thus, for example, although a pair of defendants asserted this theory of abandonment in response to an infringement action against them, they were forced to concede after discovery that the plaintiff had, in fact, used its four marks in the three years before the plaintiff moved the court for summary judgment on the issue.¹⁶²⁷ The defendants argued the marks had not been affixed to the plaintiff's goods, and the uses in question therefore were not in commerce, but the court disagreed. On the contrary, it held in granting the plaintiff's motion for summary judgment that appearances of the marks on sample goods and shipping labels, on trade show displays, in catalogs, and on the plaintiff's website did the job.¹⁶²⁸ Moreover, it also rejected the defendant's claim that the evolution of one of the marks from THE ALL IN ONE LINE to ALL IN ONE constituted an abandonment of the plaintiff's rights to the former.¹⁶²⁹

Another claim of abandonment to fall short after its proponent failed to prove nonuse came in a dispute between clothing manufacturers in which the counterclaim defendants retained an expert to research the extent to which their adversary used its mark in connection with myriad goods listed in a registration it owned.¹⁶³⁰ That witness opined that he had "conducted extensive research on [the counterclaim plaintiff] and its sale[s] . . . in online databases, which included print and online news media;"¹⁶³¹ he supplemented this electronic research by visiting one of the counterclaim plaintiff's physical stores, at which he unsuccessfully searched for, and inquired about, particular items. These investigations led him to opine that the counterclaim plaintiff had discontinued the use of its mark over a period of time, but the court found that opinion unconvincing. For one thing, the witness's primary reliance on online research failed to account for the counterclaim plaintiff's operation of "numerous retail stores" during the years in question; indeed, the counterclaim plaintiff "was exclusively a brick-and-mortar retailer" then.¹⁶³² And, for another, even if the witness was correct that the counterclaim plaintiff did not sell several categories of goods under its mark during his visit, "that testimony is insufficient to establish abandonment. There are numerous

¹⁶²⁷ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

¹⁶²⁸ *Id.* at 1283-88.

¹⁶²⁹ *Id.* at 1290-91.

¹⁶³⁰ See *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605-AA (11th Cir. Mar. 13, 2018).

¹⁶³¹ *Id.* at 1355.

¹⁶³² *Id.* at 1356.

plausible explanations other than abandonment as to why [the counterclaim plaintiff] was not selling certain categories of goods on that day.”¹⁶³³ Moreover, “[the counterclaim plaintiff] sold at least some of [its goods] at all times. Thus, the Court is not persuaded that [the counterclaim plaintiff] abandoned [its mark] by failing to keep in stock all of the goods listed in its trademark registration, so long as [it] intended to sell those goods within the reasonably foreseeable future.”¹⁶³⁴

So too did evidence of allegedly ongoing use produce a factual dispute as to whether a plaintiff had abandoned its claimed rights in the years following the defendant’s filing of an intent-to-use application.¹⁶³⁵ Although some courts require a party asserting abandonment to prove it by only a preponderance of the evidence and testimony,¹⁶³⁶ the Pennsylvania federal district court hearing the case held that “to make out abandonment, the Defendant has a heavy burden,” albeit without actually identifying the standard of proof such a burden might entail.¹⁶³⁷ It then credited the plaintiff’s proffer of those agreements with third-party licensees and documentation of royalty payments made under those agreements. Although the defendant characterized the goods produced under the licenses as token uses intended only to maintain rights to the disputed marks, the court concluded it was unable to resolve that issue without a full trial on the merits.¹⁶³⁸

(B) Loss of Trademark Significance

One way in which abandonment under the second test codified in Section 45 can occur is if a mark owner fails to police its claimed rights. One averment of abandonment under this theory survived a motion to dismiss in a case in which the plaintiff sought to enforce its rights to a registered bottle design for whiskey.¹⁶³⁹ In support of a counterclaim challenging the registration’s validity, the defendant argued that “a plethora of bottles of similar designs” established the lack of distinctiveness of the plaintiff’s design.¹⁶⁴⁰ The plaintiff responded that it was not obligated “to police every conceivably

¹⁶³³ *Id.* at 1364. Chief among those explanations was the counterclaim plaintiff’s practice of affixing its mark to overrun garments it produced for third parties, which necessarily made its supply of those goods erratic. *Id.*

¹⁶³⁴ *Id.* at 1364.

¹⁶³⁵ See *Dille Family Tr. v. Nowlan Family Tr.*, 276 F. Supp. 3d 412 (E.D. Pa. 2017).

¹⁶³⁶ See, e.g., *FirstHealth of Carolinas, Inc. v. CareFirst of Md., Inc.*, 479 F.3d 825, 830 (Fed. Cir. 2007).

¹⁶³⁷ *Dille Family Tr.*, 276 F. Supp. 3d at 430.

¹⁶³⁸ *Id.* at 431.

¹⁶³⁹ See *Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd.*, 283 F. Supp. 3d 182 (S.D.N.Y. 2018).

¹⁶⁴⁰ *Id.* at 187.

related use,” but the court found that assertion an insufficient basis to dismiss the counterclaim.¹⁶⁴¹ To the contrary, it held, “[a] factfinder could readily conclude that [the plaintiff] has not enforced any rights it had to claim originality in the [plaintiff’s] bottle design.”¹⁶⁴²

An additional, if rarely invoked successfully, way in which the second test for abandonment under Section 45 can be satisfied is if a plaintiff issues a naked license, or, in other words, one in which it does not retain the ability to control the nature and quality of the goods or services associated with the licensed mark; where that circumstance occurs, it can work a forfeiture of the licensor’s rights if consumers begin to associate those goods or services with the licensee and not the licensor.¹⁶⁴³ In an opinion reaching the usual result, one New York federal district court rejected a naked licensing-based challenge in a case arising out of the decades-long conflict over the rights to the VILLAGE PEOPLE marks for entertainment services and related goods.¹⁶⁴⁴ The plaintiff, which owned rights to the marks, previously had orally licensed the defendants to use them before revoking the license in favor of another licensee. In pursuing a preliminary injunction against the plaintiff’s alleged interference with their use of the marks, the defendants argued the plaintiff had failed to exercise any control over the quality of their performances.

Addressing the issue of whether it should apply the doctrine as a matter of policy, the court noted that:

Here, the record shows and the parties agree that Defendants at all times produced a high-quality product with which Plaintiff was happy, and thus the public was not at risk of being misled or of obtaining a lower-quality product from Defendants than it would have gotten from Plaintiff. The absence of any alleged quality deficiency in Defendants’ use of the Village People marks demonstrates that the public interest served by their naked-licensing challenge is minimal.¹⁶⁴⁵

“On the other hand,” the court noted, “there is [a] strong public interest in protecting the reliance that contracts induce.”¹⁶⁴⁶

¹⁶⁴¹ *Id.*

¹⁶⁴² *Id.*

¹⁶⁴³ For an example of a characteristically unsuccessful claim of naked licensing, see *LPD N.Y., LLC v. Adidas Am., Inc.*, 295 F. Supp. 3d 275, 287–88 (E.D.N.Y. 2017) (denying, without extended discussion, motion for reconsideration of prior rejection of claim).

¹⁶⁴⁴ See *Can’t Stop Prods., Inc. v. Sixxvus, Ltd.*, 295 F. Supp. 3d 381 (S.D.N.Y. 2018).

¹⁶⁴⁵ *Id.* at 394.

¹⁶⁴⁶ *Id.* (alteration in original) (quoting *HSW Enters. v. Woo Lae Oak, Inc.*, No. 08 CV 8476, 2009 WL 4823920, at *4 (S.D.N.Y. Dec. 15, 2009)).

Consequently, there were no policy-based obstacles to barring the defendants from challenging the validity of the plaintiff's marks.

Turning to the merits of the defendants' attack on the license, the court found it unconvincing. To begin with, the absence of an express quality-control provision in the oral license was of no consequence because "there is no requirement that a licensing agreement expressly provide for quality control."¹⁶⁴⁷ Moreover, the preliminary injunction record was replete with examples of the Plaintiff's actual control over the quality of the defendants' performances. For example, "[u]ndisputed testimony shows that Plaintiff and its agents monitored Defendants' performances by attending live shows; reviewing media content on the Internet; and requiring that new members sign contracts and that Defendants periodically provide itineraries and set lists for upcoming performances."¹⁶⁴⁸ Moreover, "Plaintiff remixed the backing tracks used in Defendants' performances to promote the sound quality of their shows and made other efforts to ensure that Defendants were well-received during their tours."¹⁶⁴⁹ Finally:

The evidence further demonstrates that Defendants' performances as Village People were consistent with the original Village People performances and did not change in a significant manner during the license period, adhering to the artistic vision of its founders . . . and the essentials of the showmanship that originally made Village People so popular. Although Defendants modestly modified their costumes and choreography over the years, they retained the six Village People characters and dance numbers, and, by all accounts, never strayed far from the manner in which Plaintiff wanted the marks to be utilized.¹⁶⁵⁰

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

The formerly licensed Village People were not the only defendants to trip over the licensee estoppel doctrine. In a separate case in which it was successfully invoked, the lead counterclaim defendant entered into a license to use a set of marks in connection with eyewear, only to have the licensor assign the license to another party, which eventually became the lead counterclaim plaintiff.¹⁶⁵¹ The new licensor terminated the license, and having continued to use the licensed mark following termination, the counterclaim defendants found themselves liable for infringement as a matter of

¹⁶⁴⁷ *Id.* at 395.

¹⁶⁴⁸ *Id.* at 398.

¹⁶⁴⁹ *Id.*

¹⁶⁵⁰ *Id.*

¹⁶⁵¹ *See Casa Dimitri Corp. v. Invicta Watch Co. of Am., Inc.*, 270 F. Supp. 3d 1340 (S.D. Fla. 2017).

law in a suit brought by the lead counterclaim plaintiff and its affiliates. In response, the counterclaim defendants argued the rights to the marks had gone abandoned because the license was a naked one while in effect, but they did so unsuccessfully. Noting that, in executing the license, the counterclaim defendants had expressly acknowledged the validity of the licensed marks, the court rejected their claim of abandonment through naked licensing. Applying the Eleventh Circuit's rule on the issue, the court explained, "a licensee 'is estopped to contest the validity of the licensor's title during the course of the licensing arrangement,' but the licensee may 'challenge the licensor's title on facts which arose *after* the contract has expired.'" ¹⁶⁵²

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,¹⁶⁵³ which preserves the rights of an "intermediate junior user"¹⁶⁵⁴ whose use of its mark postdates that of the registrant but predates the registrant's priority date.¹⁶⁵⁵ That defense requires a defendant invoking it to demonstrate: (1) that it adopted its mark before that priority date and without knowledge of the registrant's prior unregistered use; (2) the scope of the geographic market in which it used its mark prior to the registrant's priority date; and (3) the continuous use of its mark in the pre-priority date geographic market.¹⁶⁵⁶ A second appears in Section 33(b)(6), which recognizes as a "defense or defect" that the defendant adopted and registered its mark prior to the issuance of the registrant's priority date; that exclusion from liability also applies only to the geographic market occupied prior to the registrant's priority date.¹⁶⁵⁷ Finally, the Act's third geographic rights defense appears in the following exception to incontestability found in 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

¹⁶⁵² *Id.* at 1356 (quoting *Nguyen v. Biondo*, 508 F. App'x 932, 935 (11th Cir. 2013)).

¹⁶⁵³ 15 U.S.C. § 1115(b)(5) (2012).

¹⁶⁵⁴ See 5 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.'").

¹⁶⁵⁵ Section 7(c) of the Act, 15 U.S.C. § 1057(c) (2012), currently provides for nationwide priority dating back to the filing date of a registrant's application.

¹⁶⁵⁶ *What-A-Burger of Va., Inc. v. Whataburger, Inc. of Corpus Christi, Tex.*, 357 F.3d 441, 446 (4th Cir. 2004).

¹⁶⁵⁷ 15 U.S.C. § 1115(b)(6).

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 incontestable¹⁶⁵⁸

In a case lodged in the Middle District of Florida,¹⁶⁵⁹ the court initially cited to Section 15's exception to incontestability, which is reserved for defendants able to demonstrate absolute priority of use, even though the counterclaim defendants' proof, if accepted, would have entitled them only to the intermediate junior user defense recognized by Section 33(b)(5).¹⁶⁶⁰ Although otherwise treating the counterclaim defendants' defense as sounding in one under Section 33(b)(5), the court erred again by importing the common-law zone of natural expansion doctrine into its analysis and allowing the counterclaim defendants to argue they were entitled to a greater geographic area than they actually occupied as of the counterclaim

¹⁶⁵⁸ *Id.* § 1065.

¹⁶⁵⁹ *See* *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605 (11th Cir. Mar. 13, 2018).

¹⁶⁶⁰ Section 15's exception to incontestability and the Section 33(b)(5) affirmative defense may appear similarly worded, but they apply in different situations. Section 15's exception is relevant only if, as between the parties, the defendant is the absolute senior user. *Advance Stores Co. v. Refinishing Specialties, Inc.*, 948 F. Supp. 643, 650 n.4 (W.D. Ky. 1996), *aff'd*, 188 F.3d 408 (6th Cir. 1999); *see also* *Advance Stores Co. v. Refinishing Specialties, Inc.*, 188 F.3d 408, 412 (6th Cir. 1999) ("The language of [Section 15] explicitly states that the registrant's incontestability is limited to the extent that the *prior user* (i.e. Defendant) has valid rights 'acquired under the law of any state or Territory by use of a mark or trade name.'" (quoting 15 U.S.C. § 1065) (emphasis added)); 815 *Tonawanda St. Corp. v. Fay's Drug Co.*, 842 F.2d 643, 646 (2d Cir. 1988) ("[Section 15's] exception applies to prior users of the registered mark who have acquired 'a valid right . . . 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 [the registrant's] mark.'" (quoting 15 U.S.C. § 1065) (emphasis added)).

If the defendant is an intermediate junior user because it adopted its mark after the plaintiff's date of first use but before the plaintiff's registration issued, Section 15's exception is inapplicable, and the defendant must rely on Section 33(b)(5). *Advance Stores*, 948 F. Supp. at 655 n.11. As Professor McCarthy has explained: "The 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." 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:18.50 (4th ed.); *accord* *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.").

plaintiff's nationwide constructive priority date,¹⁶⁶¹ which the court mistakenly treated as the date the counterclaim plaintiff's registration, rather than the filing date of its application.¹⁶⁶² These errors ultimately were of no consequence, however, for the court rejected the counterclaim defendants' showing of use predating the counterclaim plaintiff's registration date.¹⁶⁶³

In contrast, claimed prior use by the defendants in a different case led to a procedural stalemate on the parties' cross-motions for summary judgment.¹⁶⁶⁴ The defendants' motion rested on their own and their predecessors' use of a variety of marks consisting in whole or in part of a shared surname, namely "Fabick." According to the defendants, that use had led them and their various affiliates to become known collectively as "the Fabick Companies," and that notoriety, they claimed, gave them priority vis-à-vis the plaintiff's registered FABICK mark, the rights to which had become incontestable prior to the onset of hostilities between the parties. Citing both Section 15 and Section 33(b)(5), the court acknowledged that "[t]he party who first appropriates a mark through use, and for whom the mark serves as a designation of source, acquires superior right to it." This is true even where a party, like plaintiff, later registers the mark.¹⁶⁶⁵ Nevertheless, it found a factual dispute on the issue of whether the defendants' conglomerate of FABICK-branded companies had been operated in such a way they appeared to the consuming public as one entity, a circumstance the court found a necessary prerequisite to the defendants' prior use defense.¹⁶⁶⁶

iii. Descriptive Fair Use

Descriptive fair use, sometimes known as "classic" fair use, by a defendant of either the plaintiff's mark or the words making up that

¹⁶⁶¹ *Id.* at 1368-69.

Section 33(b)(5) expressly limits the availability of its intermediate junior defense to "only . . . the area in which [the defendant's] continuous prior use is proved," 15 U.S.C. § 1115(b)(5). On its face, this language does not contemplate an exception for the defendant's alleged zone of natural expansion. Moreover, as the Supreme Court has explained when reversing a similar attempt by the Ninth Circuit to pare back the rights of another owner of an incontestable registration, "nothing in the legislative history of the Lanham Act supports a departure from the plain language of the statutory provisions concerning incontestability." *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 197-98 (1985). Rather, statutory construction in the incontestability context "must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose." *Id.* at 194.

¹⁶⁶² *See* 15 U.S.C. § 1057(c).

¹⁶⁶³ *Spiral Direct*, 293 F. Supp. 3d at 1369-71.

¹⁶⁶⁴ *See Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

¹⁶⁶⁵ *Id.* at 1040 (quoting *Johnny Blastoff v. Los Angeles Rams Football Co.*, 188 F.3d 427, 434 (7th Cir. 1999)).

¹⁶⁶⁶ *Id.* at 1044, 1045.

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 or other words “fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin.”¹⁶⁶⁷ 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.”¹⁶⁶⁸

A Sixth Circuit opinion demonstrated the sometimes blurred line between the affirmative defense of descriptive fair use and its nominative fair use cousin in affirming the grant of a defense motion for summary judgment based on the former.¹⁶⁶⁹ The plaintiffs owned the rights to the OLD TAYLOR and COLONEL E.H. TAYLOR marks for distilled spirits, and they objected to descriptions of a distillery owned by the defendants as located at “Former Old Taylor Distillery” and as “Old Taylor.” Although those uses were clearly of the plaintiffs’ marks *as* marks, the court nevertheless concluded they were permissible because they were used descriptively and in good faith.¹⁶⁷⁰ Indeed, under the court’s reading of Section 33(b)(4), “the fair use defense has two elements. The defendant must (i) use the [challenged term or phrase] in a descriptive or geographic sense and (ii) do so fairly and in good faith”;¹⁶⁷¹ the express third requirement under Section 33(b)(4) of the Act—that a challenged use be otherwise than as a mark to qualify for the defense—went unnoticed and unmentioned.

In contrast, other defendants claiming descriptive fair uses fared less well.¹⁶⁷² One such litigant used the words “All-in One” on the cover of a consolidated catalogue for its promotional products fared less well.¹⁶⁷³ In an opinion vacating the grant of the defendant’s

¹⁶⁶⁷ 15 U.S.C. § 1115(b)(4) (2012).

¹⁶⁶⁸ *Id.* § 1125(c)(3)(A).

¹⁶⁶⁹ See *Sazerac Brands LLC v. Peristyle, LLC*, 892 F.3d 853 (6th Cir. 2018).

¹⁶⁷⁰ *Id.* at 857.

¹⁶⁷¹ *Id.*

¹⁶⁷² See, e.g., *Tecumseh Prods. Co. v. Kulthorn Kirby Public Co.*, 123 U.S.P.Q.2d 1570, 1579 (E.D. Mich. 2017) (denying descriptive fair use-based motion to dismiss based on motion’s reliance on materials outside four corners of complaint).

¹⁶⁷³ As the court noted of those words, “in 2010 [the defendant] published a promotional products catalogue for 2011 that featured the phrase ‘All-in-One’ on the cover of and in

motion for summary judgment, the Ninth Circuit identified multiple errors in the district court's methodology. To begin with, the appellate court noted, a factual question existed as to the non-trademark nature of the defendant's use because certain of the defendant's references to the catalogue presented the disputed words on equal terms with the defendant's primary mark.¹⁶⁷⁴ The court reached the same conclusion with respect to whether the same "decontextualized references" and the defendant's invitation to consumers to "Put Your Drinking Needs . . . in [an] . . . ALL in ONE Basket" were descriptive; the court remarked of the latter that "[i]t may descriptively refer to consolidating drinkware in a basket, but the 'descriptive purity' of such use is questionable because it is unclear if the basket is literal or suggestive."¹⁶⁷⁵ The district court's finding of good faith as a matter of law similarly failed to withstand appellate scrutiny because the defendant had allegedly imitated two of the plaintiff's marks with full knowledge of the plaintiff's rights to them and because the district court had failed to distinguish between the defendant's intent for purposes of the infringement inquiry, on the one hand, and for purposes of the affirmative defense of descriptive fair use, on the other: "In fair use, good faith is an element of the defense, not merely a factor to consider when it is relevant in a given case."¹⁶⁷⁶ Finally, having thus decided further proceedings below were necessary, the appellate court reminded the district court to consider the extent of any actual confusion as objective evidence on the fairness of the defendant's use.¹⁶⁷⁷ En route to this conclusion, it also noted that "[w]hile summary judgment on the fair use defense in a trademark case is possible, we reiterate that 'summary judgment is generally disfavored' in trademark cases, due to 'the intensely factual nature of trademark disputes.'"¹⁶⁷⁸

At least one plaintiff similarly failed to prevail as a matter of law with respect to a descriptive fair use defense asserted by one of its two opponents.¹⁶⁷⁹ The summary judgment record established that, prior to its purchase and the discontinuance of its operations by the other defendant, the lead defendant had never used the marks in which the plaintiff claimed rights, which consisted of a surname, except in an informational manner to identify the lead defendant's

the catalogue. The 2011 catalogue consolidated all of [the plaintiff's] eight 'hard goods' catalogues 'in one' catalogue, whereas they were previously published in separate catalogues." *Marketquest Grp. v. BIC Corp.*, 862 F.3d 927, 931 (9th Cir. 2017).

¹⁶⁷⁴ *Id.* at 936.

¹⁶⁷⁵ *Id.*

¹⁶⁷⁶ *Id.* at 937.

¹⁶⁷⁷ *Id.* at 938.

¹⁶⁷⁸ *Id.* at 935 (quoting *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1031 (9th Cir. 2010))

¹⁶⁷⁹ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

founder and to show its affiliation with that founder's extended family, one of whom served as the plaintiff's principal and others of whom worked for the defendants. On these facts, the court held, the plaintiff was not entitled to summary judgment with respect to the lead defendant's use of the surname.¹⁶⁸⁰

iv. Nominative Fair Use

"Nominative fair use by a defendant makes it 'clear to consumers that the plaintiff, not the defendant, is the source of the trademarked product or service';¹⁶⁸¹ in other words, it protects the ability of defendants to use plaintiffs' marks to refer to either the plaintiffs themselves or the plaintiffs' goods and services. The precise test for nominative fair use is the subject of considerable judicial debate, with the Second Circuit holding that district courts subject to its review should treat the doctrine as something to be overcome by plaintiffs, rather than as an affirmative defense.¹⁶⁸² Thus, as a New York federal district court explained, plaintiffs should be prepared to demonstrate likely confusion under the standard test for infringement but with three additional factors for consideration, namely:

- (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 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 holder, that is, whether the defendant's conduct or language reflects the true or accurate relationship between plaintiff's and defendant's products or services.¹⁶⁸³

The court offered up this restatement in the context of a suit by a lead plaintiff that manufactured perfumes, which the lead plaintiff sold under numerous marks licensed by its co-plaintiffs, including several companies related to Calvin Klein. For its part, the defendant sold a line of competitive fragrances reminiscent of

¹⁶⁸⁰ *Id.* at 1060-61.

¹⁶⁸¹ *Am. Soc'y for Testing & Materials v. PublicResources.Org, Inc.*, 121 U.S.P.Q.2d 1513, 1538 (D.D.C. 2017) (quoting *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 220 (3d Cir. 2005)).

¹⁶⁸² *See Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 167 (2d Cir. 2016).

¹⁶⁸³ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 457 (S.D.N.Y. 2017) (quoting *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 167 (2d Cir. 2016)).

those of the plaintiffs in packages similar to those of the plaintiffs, and under marks similar to those of the plaintiffs. Attempting to fend off a finding of liability, the defendant affixed disclaimers to its packages putatively alerting consumers that its fragrances were its “versions” of those of the plaintiffs: Thus, for example, the packaging for the defendant’s emulation of the plaintiffs’ OBSESSION-branded scent bore a notice reading, “Our Version of OBSESSION by Calvin Klein.”

Following a bench trial, the court found the defendant liable for infringement and likely dilution and rejected the defendant’s claim of nominative fair use. The court took the latter step in part because the outcome of the infringement analysis favored the plaintiffs.¹⁶⁸⁴ It also did so because “the manner in which [the defendant] displays [the plaintiffs’] source identifiers belies its argument that it is merely using the marks to inform consumers that it is not the manufacturer of the original fragrance.”¹⁶⁸⁵ It elaborated on this point in the following manner:

[The defendant’s] fair use argument would be on firmer ground if it sold its fragrances in generic bottles and cartons, picked fragrance names that were unrelated to any of [the plaintiffs’], included its disclaimers without prominently displaying [the plaintiffs’] typesetting or marks, and marketed its own brand on the packaging in a noticeable manner. But it did none of that. Instead, [the defendant] sought to mirror [the plaintiffs’] fragrances’ appearance in nearly every way possible, it chose product names that mimicked or evoked the names of [the plaintiffs’] fragrances, it prominently displayed [the plaintiffs’] house and fragrance marks under the guise of its “Our Version Of” and “Not Associated With” legends, and it hid its own brand name on top of the box where consumers were unlikely to see it.¹⁶⁸⁶

These practices, the court found, signaled a relationship between the parties that did not exist, which disqualified the defendant from the doctrine’s protection.¹⁶⁸⁷

A defense claim of nominative fair use also failed in an application of Ninth Circuit doctrine by a California federal district court.¹⁶⁸⁸ Although some Ninth Circuit opinions and at least one district court opinion over the past year have held the doctrine is not an affirmative defense so much as it is something for plaintiffs

¹⁶⁸⁴ *Id.*

¹⁶⁸⁵ *Id.*

¹⁶⁸⁶ *Id.*

¹⁶⁸⁷ *Id.*

¹⁶⁸⁸ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

to overcome as part of their prima facie cases,¹⁶⁸⁹ the court teed up its discussion of the issue by invoking the familiar three-factor *New Kids on the Block* test in the following manner:

To establish a nominative fair use defense, the defendant must prove three elements: (1) the [plaintiff's] product or service in question must be one not readily identifiable without use of the trademark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the [plaintiff's] product or service; and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.¹⁶⁹⁰

It then entered summary judgment in the plaintiff's favor based on the absence of any evidence or testimony the defendants used the challenged verbiage at the heart of the case as a nominative allusion to the plaintiff; instead, the defendants' witnesses uniformly testified that those uses were descriptive references to their own goods, a showing more suited to a descriptive fair use defense.¹⁶⁹¹

A different California federal district court also treated nominative fair use as an affirmative defense.¹⁶⁹² Responding to a meritorious summary judgment motion arguing that their use of exact reproductions of the plaintiff's certification marks to promote their goods constituted counterfeiting, the defendants argued they had merely made nominative fair uses of the marks. The court's definition of nominative fair use took the following form:

“[N]ominative fair use is a defense to a trademark claim [that] protects a defendant where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one. . . .” This principle recognizes the proposition that [t]rademark law generally does not reach the sale of genuine goods bearing a *true mark* even though such sale is without the mark owner's consent.”¹⁶⁹³

Because the defendants had failed to raise the doctrine as part of their response to the plaintiff's complaint, the court held it waived.¹⁶⁹⁴ Of equal importance, “the undisputed evidence

¹⁶⁸⁹ See, e.g., *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-83 (9th Cir. 2010); see also *Rearden LLC v. Walt Disney Co.*, 125 U.S.P.Q.2d 1788 (N.D. Cal. 2018) (“The burden is on the plaintiff to show the defendant's conduct fails to meet at least one of the three . . . requirements [for nominative fair use].”).

¹⁶⁹⁰ *Marketquest*, 316 F. Supp. 3d at 1297 (alterations in original) (citing *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.3d 302, 308 (9th Cir. 1992)).

¹⁶⁹¹ *Id.*

¹⁶⁹² See *UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596 (C.D. Cal. 2017).

¹⁶⁹³ *Id.* at 612 (first and second alterations in original) (quoting *Adobe Sys. Inc. v. Christenson*, 809 F.3d 1071, 1081 (9th Cir. 2015)).

¹⁶⁹⁴ *Id.*

demonstrates that defendants used the [plaintiff's marks] to suggest that their hoverboards were 'safety certified' by [the plaintiff], before such . . . certification became available Accordingly, the replica . . . [m]arks . . . were not 'true marks.'"¹⁶⁹⁵

In contrast, the plaintiff in a case before another California federal district court, Dr. Seuss Enterprises, was the successor in interest to Theodor Geisel, the author and illustrator of the book *Oh, the Places You'll Go!*. When the defendants announced a Dr. Seuss-*Star Trek* "mash-up" titled *Oh, the Places You'll Boldly Go!*, the plaintiff asserted trademark and unfair competition causes of action in its bid to stop the project. In moving to dismiss those causes of action for failure to state claims, the defendants asserted nominative fair use. Choosing to treat the doctrine as an affirmative defense, the court invoked the *New Kids on the Block* factors, the third of which the plaintiff argued required an evaluation of the likelihood of confusion caused by the defendants' conduct. The court took a different approach and applied the Ninth Circuit rule that those factors displaced the standard test for infringement. With the plaintiff having failed to mount any other objection to the motion except for the theory it was premature, the court held the motion well-founded and granted it.¹⁶⁹⁶

A final successful invocation of the nominative fair use doctrine on a motion to dismiss came in the context of a false endorsement claim under Section 43(a).¹⁶⁹⁷ The pro se plaintiff falling victim to it was one-hit wonder Toni Basil, known for her circa-1982 song *Mickey*. Having long since assigned her rights to the song, Basil objected to the defendants' use of it in a promotional video and an accompanying press release referencing her as the song's vocalist. Without addressing the question of the proper categorization of nominative fair use as an affirmative defense or something else, the court applied the *New Kids on the Block* factors in concluding that Basil had failed to state a claim. Specifically, "Basil and the song cannot be described except by using her name and the song's title, and the [complaint] does not allege any well-pleaded facts suggesting that defendants used more of the marks than reasonably necessary or do anything that would suggest sponsorship or endorsement."¹⁶⁹⁸

¹⁶⁹⁵ *Id.*

¹⁶⁹⁶ *Id.* at 613.

¹⁶⁹⁷ See *Basil v. New Razor & Tie Enters.*, 126 U.S.P.Q.2d 1046 (C.D. Cal. 2018).

¹⁶⁹⁸ *Id.* at 1050.

v. Statutes of Limitations

The Lanham Act does not contain a statute of limitations,¹⁶⁹⁹ but several reported opinions addressed the significance of state statutes on the subject. For example, in an action brought in part under the Connecticut Unfair Trade Practices Act (CUTPA),¹⁷⁰⁰ a federal district court in that state noted the applicability of a three-year statute of limitations.¹⁷⁰¹ Because the counterclaim plaintiff claimed the counterclaim defendant had begun its allegedly unlawful conduct “on or about 2004,” but had failed to assert a claim under the CUTPA until July 25, 2016, the counterclaim defendant was entitled to summary judgment of nonliability.¹⁷⁰² As the court explained, “[the CUTPA is an ‘occurrence’ statute, such that the limitations period accrues at the time the violative conduct occurs, ‘rather than upon the manifestation of the concomitant harm from that conduct.’”¹⁷⁰³

In contrast, an Alabama-based plaintiff had somewhat better luck, at least at the pleadings stage, in its case against an accused defendant.¹⁷⁰⁴ The court had difficulty determining whether the applicable statute of limitations was the one-year period provided for by the Alabama Deceptive Trade Practices Act¹⁷⁰⁵ or the two-year residual period otherwise recognized under state law.¹⁷⁰⁶ It ultimately held the distinction between the two irrelevant based on a provision in the Alabama Trademark Act authorizing injunctions in case of violations: “Because the complaint alleges an ongoing infringement, equity dictates that the right to injunctive relief, at least, should not be foreclosed by either statute of limitations.”¹⁷⁰⁷

vi. Innocent Printer

Section 32(2)(b) of the Act provides that a plaintiff proceeding under Section 32 or Section 43(a) will be entitled only to injunctive relief if any violation of its rights the plaintiff proves “is contained

¹⁶⁹⁹ See, e.g., *Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC*, 256 F. Supp. 3d 1248, 1255 n.7 (N.D. Ala. 2017) (“[W]hile an analogous state statute of limitation may provide a ‘touchstone’ for the timeliness of a Lanham Act claim, it operates only in the context of laches, not as a traditional limitation period.”).

¹⁷⁰⁰ Conn. Gen. Stat. § 42-110a *et seq.* (West 2012).

¹⁷⁰¹ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 367 (D. Conn. 2018).

¹⁷⁰² *Id.* at 367-68.

¹⁷⁰³ *Id.* at 371 (quoting *CSL Silicones Inc. v. Midsun Grp.*, 170 F. Supp. 3d 304, 309-10 (D. Conn. 2016), *reconsideration denied*, No. 3:14-cv-01897 (CSH), 2016 WL 3566188 (D. Conn. June 27, 2016)).

¹⁷⁰⁴ See *Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC*, 256 F. Supp. 3d 1248 (N.D. Ala. 2017).

¹⁷⁰⁵ Ala. Code § 6-23-38 (2018).

¹⁷⁰⁶ *Id.* § 6-2-38.

¹⁷⁰⁷ *Solar Reflections*, 256 F. Supp. 3d at 1257.

in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication” and if the defendant is an innocent infringer or violator.¹⁷⁰⁸ One defendant invoking the defense operated an online marketplace in which customers uploaded designs and used the defendant’s facilities to affix the designs to various goods.¹⁷⁰⁹ Moving to dismiss the claims of a plaintiff whose marks had appeared in many such designs, the defendant claimed it was a mere printer within the meaning of Section 32(2)(b). That argument, however, failed for two reasons, the first of which was that the plaintiff had accused the defendant of acting with knowing or reckless disregard of the plaintiff’s rights. The second was the court’s rejection of the defendant’s characterization of itself as “a vending machine, producing products at a customer’s order without oversight”;¹⁷¹⁰ it was closer to the truth, the court concluded from the plaintiff’s complaint, that the defendant “in fact operates like a self-aware vending machine, with the ongoing ability to monitor the products its users order (and that it creates) and to know that those products are infringing.”¹⁷¹¹ The plaintiff’s prayer for monetary relief therefore survived until the proof stage.

b. Equitable Defenses

i. Unclean Hands

“Unclean hands is an equitable doctrine that ‘bars relief to a plaintiff who has violated conscience, good faith or other equitable principles in his prior conduct, as well as to a plaintiff who has dirtied his hands in acquiring the right presently asserted.’”¹⁷¹² A characteristic judicial rejection of that affirmative defense came in an opinion from a Ninth Circuit panel in an action in which the plaintiff, rather than the defendant, accused its opponent of unclean hands in an attempt to defeat the defendant’s claim of laches.¹⁷¹³ According to the plaintiff, the defendant had necessarily adopted and registered its mark in the United States with a bad-faith intent because of a prior finding by the Canadian Intellectual Property Office that the parties’ marks conflicted with each other. In declining to hold the district court’s rejection of the plaintiff’s argument an abuse of discretion, the appellate court pointed to

¹⁷⁰⁸ 15 U.S.C. § 1114(2)(B) (2012).

¹⁷⁰⁹ See *H-D U.S.A., LLC v. Harley-Davidson Motor Co.*, 282 F. Supp. 3d 1055 (E.D. Wis. 2017).

¹⁷¹⁰ *Id.* at 1060-61.

¹⁷¹¹ *Id.* at 1061.

¹⁷¹² *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1295 (S.D. Cal. 2018) (quoting *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989)).

¹⁷¹³ See *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018).

testimony by the defendant's principals that they believed their company's mark did not infringe that of the plaintiff and, additionally, that the failure of their Canadian application had not led them to a contrary conclusion.¹⁷¹⁴ Under the circumstances, it held, "there was no clear and convincing evidence of wrongfulness, willfulness, bad faith, or gross negligence on [the defendant's] part."¹⁷¹⁵

Another claim of unclean hands rested on a different basis, but it failed in similar fashion.¹⁷¹⁶ According to a pair of defendants accused of infringing several marks covered by federal registrations, unclean hands barred the plaintiff's claims because the plaintiff had procured its registrations through fraudulent filings in the USPTO. The defendants' fraud-based challenge to the plaintiff's registrations failed as a matter of law, however, and that failure took their unclean hands defense with it: As the court held in granting the plaintiff's motion for summary judgment, "Defendants' unclean hands defense fails because the Court has granted summary judgment to Plaintiff on the only allegedly inequitable conduct identified by Defendants, *i.e.*, the alleged fraudulent procurement of certain registrations."¹⁷¹⁷

In contrast, a different court chose to defer a decision on the merits of a plaintiff's claim that unclean hands barred the defendant's assertion of the equitable defenses of laches, equitable estoppel, and acquiescence.¹⁷¹⁸ The plaintiff's argument rested largely on its belief that the defendant had undertaken its allegedly infringing conduct in bad faith. In rejecting the plaintiff's motion for summary judgment on the merits of its *prima facie* case, the court a factual dispute existed on the issue of the defendant's intent, and that dispute doomed the plaintiff's invitation to the court to find as a matter of law that the defendant had unclean hands: "It follows," concluded the court, "that whether [the defendant] may maintain its equitable defenses, in light of its potentially dirty hands, is a question to be resolved another day."¹⁷¹⁹

Faced with the parties' cross-motions for summary judgment on the issue, another court similarly declined to resolve an additional unclean hands defense as a matter of law.¹⁷²⁰ That defense rested in part on a claim that the plaintiff had falsely represented while registering its mark that no other party used the same or a similar mark. The court found a factual dispute on the question of whether

¹⁷¹⁴ *Id.* at 1028.

¹⁷¹⁵ *Id.* at 1029.

¹⁷¹⁶ *See* Marketquest Grp. v. BIC Corp., 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

¹⁷¹⁷ *Id.* at 1295.

¹⁷¹⁸ *See* CSL Silicones, Inc. v. Midsun Grp., 301 F. Supp. 3d 328 (D. Conn. 2018).

¹⁷¹⁹ *Id.* at 364.

¹⁷²⁰ *See* Fabick, Inc. v. FABCO Equip., Inc., 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

the defendants successfully could tack their claim of rights to a date predating the filing dates of the plaintiff's applications; that dispute in turn precluded either party from prevailing on summary judgment as to the plaintiff's alleged unclean hands.¹⁷²¹ Likewise, although the defendants asserted as a second basis of their defense that one of the plaintiff's principals had transferred the rights to its marks to a shell corporation he controlled prior to reassigning them to the plaintiff five years later, the court was unwilling to find a nexus between the original assignment and the rights asserted by the plaintiff.¹⁷²²

ii. Laches

"The affirmative defense of laches 'is an equitable time limitation on a party's right to bring suit, which is derived from the maxim that those who sleep on their rights, lose them.'"¹⁷²³ The most notable opinion to address the defense over the past year came from the Ninth Circuit, which addressed the question of whether laches can bar a request for the cancellation of a registration on the Principal Register that has not yet passed its fifth anniversary.¹⁷²⁴ Prior to that anniversary, of course, such a registration may be cancelled on any of the grounds that would have prevented its registration in the first place,¹⁷²⁵ which are set forth in Sections 1, 2, and 14 of the Act.¹⁷²⁶ Immediately upon the registration's fifth anniversary of issuance, however, it may be cancelled only on the limited grounds set forth in Section 14(3) of the Lanham Act,¹⁷²⁷ regardless of whether the registrant has filed a declaration or affidavit of incontestability under Section 15.¹⁷²⁸

The potential significance of the five-year period defined by Section 14(3) lies in two Supreme Court opinions, one in a copyright action and the other in a suit for utility patent infringement. In the first, *Petrella v. Metro-Goldwyn-Mayer, Inc.*,¹⁷²⁹ the Court held that the three-year statute of limitations in Section 701(b) of the

¹⁷²¹ *Id.* at 1058.

¹⁷²² *Id.*

¹⁷²³ *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018) (quoting *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 997 (9th Cir. 2006) (per curiam)).

¹⁷²⁴ *See Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018).

¹⁷²⁵ *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091 (Fed. Cir. 1984).

¹⁷²⁶ 15 U.S.C. §§ 1051, 1052, 1064 (2012).

¹⁷²⁷ *Id.* § 1064(3).

¹⁷²⁸ *Id.* § 1065; *see also* *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 n.5 (Fed. Cir. 1990); *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 761 n.6 (C.C.P.A. 1982).

¹⁷²⁹ 572 U.S. 663 (2014).

Copyright Act¹⁷³⁰ trumps the equitable defense of laches with respect to any copyright action brought within three years of the alleged violation: “To the extent that an infringement suit seeks relief solely for conduct occurring within the limitations period, . . . courts are not at liberty to jettison Congress’ judgment on the timeliness of suit.”¹⁷³¹ In the second of its two opinions, *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*,¹⁷³² the Court interpreted the six-year statute of limitations on claims for monetary relief found in Section 286 of the Patent Act¹⁷³³ to similar effect.¹⁷³⁴

In the appeal before the Ninth Circuit, a challenge to a registration owned by the defendant led the defendant to respond with a laches defense. Citing both *Petrella* and *SCA Hygiene*, the plaintiff argued that Section 14(3) rendered the defense unavailable, but the court disagreed. It noted that Sections 34(a)¹⁷³⁵ and 35(a)¹⁷³⁶—two provisions having nothing to do with registrability disputes—authorized courts to enter injunctive and monetary relief “subject to the principles of equity.” More convincingly, it also cited Section 19, which “expressly makes laches a potential defense ‘[i]n *all* inter partes proceedings’ before the PTO, including cancellation proceedings.”¹⁷³⁷ Confusing Section 14(3)’s time limit on cancellation actions with the concept of incontestability under Section 15, the court concluded:

Nothing in § [14] alters the straightforward application of § [19] to permit laches as a defense to cancellation. There is no question that § [14] is not a statute of limitations in the usual sense of barring an action entirely once a defined period expires. Incontestability merely limits the grounds on which cancellation may be sought.¹⁷³⁸

Especially because “[n]otwithstanding the long pedigree of the rule in *Petrella* and *SCA Hygiene*, the TTAB has repeatedly reached the same conclusion we do today and applied laches to bar trademark cancellation claims brought within five years of the relevant

¹⁷³⁰ 17 U.S.C. § 701(b) (2012).

¹⁷³¹ *Petrella*, 572 U.S. at 667.

¹⁷³² 137 S. Ct. 954 (2017).

¹⁷³³ 35 U.S.C. § 286 (2012).

¹⁷³⁴ See *SCA Hygiene*, 137 S. Ct. at 967 (“Laches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by § 286.”).

¹⁷³⁵ 15 U.S.C. § 1116(a) (2012).

¹⁷³⁶ *Id.* § 1117(a).

¹⁷³⁷ *Pinkette Clothing*, 894 F.3d at 1023 (alteration in original) (quoting 15 U.S.C. § 1069 (2012)).

¹⁷³⁸ *Id.*

registration,”¹⁷³⁹ the defendant was entitled to assert the defense.¹⁷⁴⁰

Separate and independent of that issue, statements of the test for the affirmative defense of laches differed in reported opinions. For example, the Eleventh Circuit and other courts held that “a defendant must demonstrate the presence of three elements in order to successfully assert laches as a defense: (1) a delay in asserting a right or a claim; (2) that the delay was not excusable; and (3) that there was undue prejudice to the party against whom the claim is asserted.”¹⁷⁴¹ At least one court taking that approach held that, because of the equitable nature of laches, a defendant must also establish it acted in good faith to qualify for the defense.¹⁷⁴²

In contrast, the Ninth Circuit had difficulty making up its mind. In one opinion, it opted for a simple two-part test consistent with that described immediately above, namely, that “[t]o establish that laches bars a claim, a defendant must ‘prove both an unreasonable delay by the plaintiff and prejudice to itself.’”¹⁷⁴³ In another, however, it first looked to the reasonableness of the plaintiff’s delay before applying a considerably more complex second inquiry:

[W]e assess the equity of applying laches using the [following] factors: (1) “strength and value of trademark rights asserted;” (2) “plaintiff’s diligence in enforcing mark;” (3) “harm to senior user if relief denied;” (4) “good faith ignorance by junior user;” (5) “competition between senior and junior users;” and (6) “extent of harm suffered by junior user because of senior user’s delay.”¹⁷⁴⁴

Whatever the precise test might be, courts generally agreed on the propriety of using state statutes of limitations as benchmarks for determining whether to recognize a presumption of laches: “If

¹⁷³⁹ *Id.* at 1024 (citing *Ava Ruha Corp. v. Mother’s Nutritional Ctr.*, 113 U.S.P.Q.2d 1575 (T.T.A.B. 2015)).

¹⁷⁴⁰ *Id.* at 1025.

¹⁷⁴¹ *Commodores Entm’t Corp. v. McClary*, 879 F.3d 1114, 1141 (11th Cir.) (quoting *Kason Indus. v. Component Hardware Grp.*, 120 F.3d 1199, 1203 (11th Cir. 1997)), *cert. denied*, 139 S. Ct. 225 (2018); *accord* *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 364 (D. Conn. 2018); *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 439 (S.D.N.Y. 2017); *Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC*, 256 F. Supp. 3d 1248, 1254 (N.D. Ala. 2017).

¹⁷⁴² As that court explained, “[t]his ‘good-faith component of the laches doctrine is part of the fundamental principle that he who comes into equity must come with clean hands.’” *Coty*, 277 F. Supp. 3d at 439 (quoting *Hermes Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 107 (2d Cir. 2000)).

¹⁷⁴³ *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018) (quoting *Evergreen Safety Council v. RSA Network Inc.*, 697 F.3d 1221, 1226 (9th Cir. 2012)); *accord* *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1292 (S.D. Cal. 2018).

¹⁷⁴⁴ *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018) (quoting *E-Sys., Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983)).

the plaintiff filed within that period, there is a strong presumption against laches. If the plaintiff filed outside that period, the presumption is reversed.”¹⁷⁴⁵ As the Eleventh Circuit explained, that rule arose from the circumstance that “the Lanham Act does not contain a statute of limitations”¹⁷⁴⁶ It led to judicial reliance on varying benchmarks such as six years under New York law,¹⁷⁴⁷ four years under California law,¹⁷⁴⁸ four years under Florida law,¹⁷⁴⁹ three years under Connecticut law,¹⁷⁵⁰ three years under Washington law,¹⁷⁵¹ and possibly as few as one or two years under Alabama law.¹⁷⁵²

Of the opinions addressing the inexcusable delay component of the laches inquiry, one from the Eleventh Circuit was perhaps the most interesting.¹⁷⁵³ The lead defendant asserted his otherwise infringing use had begun in 1984, but his showing on the issue suffered from a critical omission. That was his failure actually to document his alleged use until 2009, when it first came to the plaintiff’s attention. Because the plaintiff acted on that knowledge by immediately sending a cease-and-desist letter and then filing suit within two months of an announcement of the defendants’ intended expansion of their activities, it had not slept on its rights.¹⁷⁵⁴

An expansion of infringing activities also played a role in another opinion rejecting a proffered laches defense, this one from a New York federal district court following a bench trial.¹⁷⁵⁵ The plaintiffs had filed their suit within a presumptively reasonable period of time, but that was not the only obstacle to the defendant’s claim of delay. To the contrary, “[the plaintiffs] demonstrated that [the defendant’s] sales were relatively insignificant during its first few years of operation and that [the defendant’s] marketing efforts to its retailers were less focused on the . . . knockoffs [of the plaintiffs’ marks] during that time.”¹⁷⁵⁶ “Put another way,” the court found, “[the plaintiffs] [were] not aware of the full scope of [the

¹⁷⁴⁵ *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018) (quoting *Tillamook Country Smoker, Inc. v. Tillamook Cty. Creamery Ass’n*, 465 F.3d 1102, 1108 (9th Cir. 2006)).

¹⁷⁴⁶ *Commodores Entm’t Corp.*, 879 F.3d at 1141.

¹⁷⁴⁷ *See Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 439 (S.D.N.Y. 2017).

¹⁷⁴⁸ *See Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015, 1025 (9th Cir. 2018); *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1292 (S.D. Cal. 2018).

¹⁷⁴⁹ *See Commodores Entm’t Corp.*, 879 F.3d at 1141.

¹⁷⁵⁰ *See CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 365 (D. Conn. 2018).

¹⁷⁵¹ *See Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1115 (9th Cir. 2018).

¹⁷⁵² *See Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC*, 256 F. Supp. 3d 1248, 1254-55 (N.D. Ala. 2017) (declining to resolve issue).

¹⁷⁵³ *Commodores Entm’t Corp.*, 879 F.3d at 1140-41.

¹⁷⁵⁴ *Id.* at 1142.

¹⁷⁵⁵ *See Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

¹⁷⁵⁶ *Id.* at 439.

defendant's] allegedly infringing conduct until later (and then reasonably delayed bringing suit in part to see how a related lawsuit proceeded)."¹⁷⁵⁷

The key required element of prejudice helped trip up the same claim of laches. As to that element, the court observed that:

Prejudice "may be found where the junior user took affirmative steps to increase its use of the mark during and in reliance on the senior user's period of delay, and that unwinding those actions would require it to reorganize its business or reeducate the public as to its product if restrained from using the mark."¹⁷⁵⁸

The court then found the defendant had failed to satisfy that standard because it had not changed their position in response to the plaintiff's alleged inaction. "Indeed," it noted, "by [the lead plaintiff's] own admission, the filing of the lawsuit had no effect on its operations. [It] continued to sell its knockoffs long after Plaintiffs filed suit."¹⁷⁵⁹ Of equal significance, although the defendant wound down its business during the pendency of the suit, it did so only because of criminal charges filed against it and the breakdown of negotiations with a potential purchaser, the combination of which precluded the defendant from claiming damage arising from the plaintiff's enforcement action.¹⁷⁶⁰

The required showing of prejudice also proved the downfall of a claim of laches before a Washington federal district court.¹⁷⁶¹ Challenging a jury finding that it had infringed the plaintiff's registered trade dress, the defendant asserted laches for the first time on a post-trial basis. Noting the defendant's failure to assert the defense in its answer, the court nevertheless rejected it on the merits. The trial record established that the plaintiff had objected to the defendant's alleged copying of the plaintiff's product design approximately eighteen months before filing suit but also that the objection did not call the defendant's attention to the plaintiff's ownership of a registration covering its design. No matter, the court found, because "[the defendant's principal] testified that [the defendant] would not necessarily have stopped selling the infringing products if it had received a copy of [the plaintiff's] trademark registration certificate . . . , because he thought the trade dress looked pretty weak."¹⁷⁶² Moreover, "[the defendant] did not immediately stop selling the infringing products when it was served

¹⁷⁵⁷ *Id.* (citation omitted).

¹⁷⁵⁸ *Id.* (quoting *Gucci Am., Inc. v. Guess?, Inc.*, 868 F. Supp. 2d 207, 244 (S.D.N.Y. 2012)).

¹⁷⁵⁹ *Id.* at 440.

¹⁷⁶⁰ *Id.*

¹⁷⁶¹ See *Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

¹⁷⁶² *Id.* at 1068.

with the complaint, and instead waiting another seven months to fully cease such sales.”¹⁷⁶³

Despite these pro-plaintiff opinions, one from the Ninth Circuit was more sympathetic to a clothing manufacturer defending itself against an allegation of infringement and a federal registration against the plaintiff’s attempt to cancel it.¹⁷⁶⁴ The plaintiff’s nearly five-year delay in bringing suit created a “strong presumption in favor of laches,”¹⁷⁶⁵ and the court held that a number of considerations rendered the district court’s determination of laches not an abuse of discretion. Those included: (1) the plaintiff’s lack of diligence in protecting its mark; (2) its failure to demonstrate harm if relief was denied; (3) the defendant’s good faith in adopting its mark; (4) the lack of direct competition between the parties; and (5) extent of harm to the defendant if the plaintiff’s claim were allowed to go forward.¹⁷⁶⁶ Indeed, these factors so favored the defendant that laches barred the plaintiff’s request for injunctive, and not merely monetary, relief.¹⁷⁶⁷ Moreover, because the plaintiff had failed to demonstrate that the defendant’s goods were harmful “or otherwise a threat to public safety and well being,” it could not avail itself of the inevitable confusion doctrine to escape the effect of its laches.¹⁷⁶⁸

As always, some courts put off deciding claims of laches. For example, the Ninth Circuit proved sympathetic to what it saw as a slow-to-anger plaintiff, against which the district court had entered summary judgment.¹⁷⁶⁹ That plaintiff owned registrations of the EATRIGHT mark for various food items, while the defendant, the Whole Foods chain of markets, had used (but eventually discontinued) the EAT RIGHT AMERICA mark under a license from a third party for a “food-scoring system” that communicated the nutritional value of foods to consumers. In early 2010, a managing director of the plaintiff visited a Whole Foods store and saw the EAT RIGHT AMERICA mark on goods other than foods; that visit was followed by one “in February or March 2011,” during

¹⁷⁶³ *Id.*

¹⁷⁶⁴ See *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018).

¹⁷⁶⁵ *Id.* at 1025.

¹⁷⁶⁶ *Id.* at 1025, 1027-29.

¹⁷⁶⁷ On this issue, the court rejected the plaintiff’s argument that defendants face a higher standard of proof when invoking laches as a defense to a request for injunctive relief. Although acknowledging its past case law to the effect that “laches typically does not bar prospective injunctive relief,” the court also noted it had endorsed just that result in other cases. *Id.* at 1027 (quoting *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 959 (9th Cir. 2001)). In the final analysis, “the district court must weigh the plaintiff’s delay and the resulting prejudice to the defendant to determine whether and to what extent laches bars the requested relief, including a request for an injunction.” *Id.*

¹⁷⁶⁸ *Id.* at 1029.

¹⁷⁶⁹ See *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109 (9th Cir. 2018).

which the managing director saw the mark used in conjunction with food items.¹⁷⁷⁰ In February 2012, the plaintiff's counsel communicated its objections to Whole Foods, which responded that its use of the disputed mark was licensed by the third party but that, in any case, it would discontinue the mark's use. It was not until December 2013, after sporadic exchanges of correspondence between the parties and the plaintiff's entry into a settlement agreement with the third-party licensor, that the plaintiff filed suit against Whole Foods.

In granting a defense motion for summary judgment, the district court held the plaintiff's claims barred by laches, but that disposition failed to survive appellate scrutiny. The appellate court initially blew past the argument that the plaintiff lacked *actual* knowledge of Whole Foods' use; instead, like the district court, it charged the plaintiff with *constructive* knowledge of that use.¹⁷⁷¹ Nevertheless, although that constructive knowledge as of December 2010 created a presumption of laches, that presumption did not, at least as a matter of law, preclude the plaintiff from establishing the reasonableness of its delay. Unlike the district court, the Ninth Circuit concluded from the summary judgment record that a factual dispute existed on that issue, crediting the plaintiff's claims it had been preoccupied with its opposition against an application to register the disputed mark by the third-party licensor and its pre-filing negotiations with Whole Foods.¹⁷⁷²

Going beyond that, the court held the district court additionally had erred by accepting Whole Foods' claim of prejudice as a matter of law. Although Whole Foods averred expectations-based prejudice arising from its training of personnel to administer the food-scoring system it had licensed from the third party, the court characterized that as the wrong inquiry; instead, "only expenditures made after a plaintiff 'knew or should have known about the potential claim' will support a finding of expectations-based prejudice,"¹⁷⁷³ and Whole Foods' showing on that critical issue was deficient.¹⁷⁷⁴ The court

¹⁷⁷⁰ *Id.* at 1113-14.

¹⁷⁷¹ That determination rested on considerations that included: (1) an ongoing business relationship between the plaintiff and Whole Foods, "which publicized its 'Health Starts Here' campaign and the 'Eat Right America' nutrition program in a press release and on its website in January 2010," *id.* at 1116, (2) the plaintiff's managing director had seen the mark displayed "throughout" Whole Foods stores, *id.*; (3) she also had urged Whole Foods to order more cookies from her company as part of what she understood was a campaign based on the mark, *id.* at 1116-17; and (4) by November 2010, she was "unquestionably aware" of an application by the third-party licensor to register the mark. *Id.* at 1117.

¹⁷⁷² *Id.* at 1117-19.

¹⁷⁷³ *Id.* at 1120 (quoting *Kling v. Hallmark Cards Inc.*, 225 F.3d 1030, 1036 (9th Cir. 2000)).

¹⁷⁷⁴ In particular, the court determined from the summary judgment record that Whole Foods had adduced evidence of expenditures incurred even prior to its use of the challenged mark: "Thus, the evidence the district court relied on to find expectations-

then took on Whole Foods' claim of evidentiary prejudice, which relied on the allegedly fading memories of its personnel, the departure of the employee responsible for its relationship with the third-party licensor, and the unavailability of the signs bearing the disputed mark it previously had displayed in its stores. The court rejected the signage-based argument because "Whole Foods itself is responsible for removing the signs, which were taken out of stores after litigation was reasonably foreseeable,"¹⁷⁷⁵ and it faulted Whole Foods' other arguments because they failed to establish the "particular prejudice" the company would suffer from the absence of the witnesses in question.¹⁷⁷⁶ Summary judgment in Whole Foods' favor therefore had been inappropriate.

A presumptively unreasonable delay tripped up a plaintiff before a Connecticut federal district court, at least for purposes of a motion for summary judgment it had filed seeking dismissal of the defendant's assertion of laches.¹⁷⁷⁷ Responding to the plaintiff's motion, the defendant "strengthen[ed] the presumption of prejudice in its favor [arising from the plaintiff's] delay] by pointing to its marketing, advertising, and sales efforts of the marks in question over the years."¹⁷⁷⁸ Moreover, and in addition to this *economic* prejudice, the defendant credibly claimed *evidentiary* prejudice "in light of the death of two individuals who would have had knowledge of the key issues relevant to this matter"¹⁷⁷⁹ In response to those showings, the plaintiff cited a demand letter it asserted had placed the defendant on notice of its rights, but the court discounted that correspondence in light of the plaintiff's failure to follow through: "[S]uch a letter may serve to lessen the prejudice suffered. However, courts have also found that such a letter may lull a party into a 'false sense of security' when the party threatening to file suit then fails to take action."¹⁷⁸⁰ The plaintiff therefore failed to carry its burden of demonstrating as a matter of law the defendant's lack of entitlement to its laches defense.

Finally, a defense motion for dismissal at the pleadings stage failed before an Alabama federal district court.¹⁷⁸¹ Filed on October 24, 2016, the complaint averred the plaintiff's knowledge of

based prejudice included actions Whole Foods took before the mark was even in stores, and certainly before [the plaintiff] could have filed suit." *Id.*

¹⁷⁷⁵ *Id.*

¹⁷⁷⁶ *Id.*

¹⁷⁷⁷ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018).

¹⁷⁷⁸ *Id.* at 365.

¹⁷⁷⁹ *Id.*

¹⁷⁸⁰ *Id.* at 366.

¹⁷⁸¹ See *Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC*, 256 F. Supp. 3d 1248 (N.D. Ala. 2017).

the defendant's use "sometime in August 2014,"¹⁷⁸² a circumstance the court concluded might well trigger a presumption of inexcusable delay in light of the one- or two-year statutes of limitations applicable to corresponding torts under Alabama law.¹⁷⁸³ In December 2014, however, in between the inception of the plaintiff's awareness of the alleged infringement knowledge and the plaintiff's federal court action, the plaintiff had filed a similar action in Alabama state court. That intervening complaint led the court to hold that "[t]he clock starts for purposes calculating when the defendant is notified of the plaintiff's objections."¹⁷⁸⁴ Moreover, the brief period at issue also precluded the defendant from establishing prejudice as a matter of law because "[t]he defendant has not been lulled by plaintiff's silence into further investment or reliance on [its] name."¹⁷⁸⁵ Finally, the court concluded, "plaintiff alleges that the similarity in names has resulted in actual confusion, and this is sufficient to overcome the laches defense, at least in the absence of further evidence developed during discovery."¹⁷⁸⁶

iii. Acquiescence

Courts generally agreed on the three-factored test for acquiescence: "Establishing acquiescence requires a defendant to show that '(1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice.'"¹⁷⁸⁷ One court noted of the first of these requirements that "[a]cquiescence implies active consent, which can be shown by 'conduct on the plaintiff's part that amounts to an assurance to the defendant, express or implied, that the plaintiff would not assert his trademark rights against the defendant.'"¹⁷⁸⁸

Although addressing the issue under the rubric of "implied consent," the Seventh Circuit affirmed a finding of acquiescence as a matter of law in a case in which a loose affiliation between the

¹⁷⁸² *Quoted in id.* at 1256.

¹⁷⁸³ The court held it unnecessary to decide which time period properly applied. *Id.* at 1254-55.

¹⁷⁸⁴ *Id.* at 1256 (alteration in original) (quoting *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155, 1162 (5th Cir. 1982)).

¹⁷⁸⁵ *Id.*

¹⁷⁸⁶ *Id.*

¹⁷⁸⁷ *Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109, 1121 (9th Cir. 2018). (quoting *Seller Agency Council, Inc. v. Kennedy Ctr. for Real Estate Educ., Inc.*, 621 F.3d 981, 986, 989 (9th Cir. 2010)); *accord* *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1293 (S.D. Cal. 2018); *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 367 (D. Conn. 2018).

¹⁷⁸⁸ *CSL Silicones*, 301 F. Supp. 3d at 367 (quoting *ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic & Sports Physical Therapy P.C.*, 314 F.3d 62, 67, 68 (2d Cir. 2002)).

parties fell apart.¹⁷⁸⁹ The plaintiffs' business consisted of "painting nights," at which, following a teacher's instructions, created paintings while enjoying adult beverages. The plaintiffs operated facilities in the Midwest United States, but, at their behest, the lead defendant moved to San Francisco to open one there. Two of the plaintiffs—the principals of the third defendant, a limited liability company—journeyed to San Francisco for the opening, and one of them taught the first class. Beyond that, the plaintiffs approved the paintings by the defendants and "lent additional support by giving company email addresses to [the defendants] and by advertising the San Francisco operation on the [plaintiffs'] website."¹⁷⁹⁰ Finally, the plaintiffs extended a license to the defendants, which the plaintiffs terminated following a dispute over the allocation of ownership shares in that operation.

Despite the existence of an *express* license, the district court entered summary judgment in the defendants' favor based on the plaintiffs' *implied* consent to use the disputed mark. Following that disposition, the Seventh Circuit in another case adopted a doctrinal test for that defense, one tracking the usual three doctrinal requirements for acquiescence.¹⁷⁹¹ Although the district court had not had the benefit of that test, the appellate court declined to remand the action for an application of it. Instead, it concluded from the summary judgment record that the plaintiffs' approximately three-month and one-week delay in terminating the defendants' license was inexcusable because it would have been "perfectly reasonable" for the plaintiffs to have required the defendants to stop using the licensed mark in a shorter period of time; likewise, "given that [the lead defendant] moved across the country to start the San Francisco operation and stayed there to operate it, Plaintiffs' failure to promptly assert their rights prejudiced him."¹⁷⁹² The district court therefore had not erred in granting the defendants' motion for judgment as a matter of law.

Weighing the parties' cross-motions for summary judgment, an Arkansas federal district court split the judicial baby on the issue of the counterclaim defendant's claim of acquiescence.¹⁷⁹³ Although the counterclaim plaintiffs arguably had taken a number of actions to encourage the conduct they later claimed was unlawful,¹⁷⁹⁴ the

¹⁷⁸⁹ See *Wine & Canvas Dev., LLC v. Muylle*, 868 F.3d 534 (7th Cir. 2017).

¹⁷⁹⁰ *Id.* at 537.

¹⁷⁹¹ See *Hyson USA, Inc. v. Hyson 2U, Ltd.*, 821 F.3d 935, 941 (7th Cir. 2016).

¹⁷⁹² *Wine & Canvas Dev.*, 868 F.3d at 540.

¹⁷⁹³ See *Visual Dynamics, LLC v. Chaos Software Ltd.*, 309 F. Supp. 3d 609 (W.D. Ark. 2018).

¹⁷⁹⁴ The gravamen of the counterclaim plaintiffs' complaint was that the counterclaim defendant had continued to use a domain name based on the counterclaim plaintiffs' registered mark after the termination of an agreement authorizing the counterclaim defendant to resell the counterclaim plaintiffs' software. The summary judgment record established that the counterclaim plaintiffs had either encouraged, or at least had not

court held as a matter of law that any resulting acquiescence did not bar the counterclaim plaintiffs' request for injunctive relief: "The defense of acquiescence is not available against injunctive relief where there is intentional infringement. This is because the *public* also has an interest in not being deceived."¹⁷⁹⁵ Nevertheless, it also held as a matter of law that "[the counterclaim plaintiffs] will be estopped from collecting any money damages on [their] trademark claims against [the counterclaim defendant] in this case."¹⁷⁹⁶

In contrast, a California federal district court rejected outright an acquiescence defense as a matter of law.¹⁷⁹⁷ Reviewing the defendants' response to the plaintiffs' motion for summary judgment, the court found the defendants had failed to establish the first prerequisite for the defense because "Defendants cannot show that [Plaintiff] affirmatively acted to induce the belief that it had abandoned its infringement claims or consented to Defendants' uses of the marks."¹⁷⁹⁸ Indeed, the plaintiff had delayed only a few months before filing suit, a consideration that precluded the defendants from establishing both consent and the required delay.¹⁷⁹⁹ Having reached these conclusions, the court did not address the issue of whether the plaintiff's modest delay prejudiced the defendants in any way.

This outcome notwithstanding, and although acquiescence is an equitable defense ultimately reviewable under an abuse-of-discretion standard, the Ninth Circuit confirmed that factual disputes can preclude successful motions for summary judgment bearing on it.¹⁸⁰⁰ The dispute leading to that confirmation was brought by a supplier to the Whole Foods chain of markets, which objected to Whole Foods' licensed use of a mark reminiscent to one covered by registrations owned by the plaintiff. The plaintiff did not object to that use immediately upon discovering it, but instead wrote to Whole Foods describing the use as "fantastic to see."¹⁸⁰¹ The same correspondence and subsequent communications proposed a sale of the plaintiff's mark to Whole Foods; it was only when those

objected to, use of the domain name both before and after the parties' agreement. *Id.* at 626.

¹⁷⁹⁵ *Id.* at 627 (citation omitted).

¹⁷⁹⁶ *Id.* at 628.

Perhaps significantly, the court limited its second holding to the counterclaim plaintiffs' federal claims, rather than those under the Arkansas Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-113 (West 2016). As the court pointed out, the state statute, unlike the Lanham Act, did not expressly recognize the availability of equitable affirmative defenses in actions to enforce it. *Visual Dynamics*, 309 F. Supp. at 628.

¹⁷⁹⁷ *See Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

¹⁷⁹⁸ *Id.* at 1294.

¹⁷⁹⁹ *Id.*

¹⁸⁰⁰ *See Eat Right Foods Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109 (9th Cir. 2018).

¹⁸⁰¹ *Quoted in id.* at 1113.

overtures failed to bear fruit that the plaintiff adopted a more menacing tone and eventually filed suit. The Ninth Circuit agreed with the district court that the plaintiff's initial reaction constituted an affirmative gesture of consent sufficient to satisfy the first requirement for a determination of acquiescence as a matter of law, but it faulted the lower tribunal for giving the third requirement short shrift. In vacating entry of summary judgment in favor of Whole Foods, it explained that, even if Whole Foods could substantiate its claims of prejudice,¹⁸⁰² “[r]eliance is a separate but necessary component of the prejudice analysis, and the district court must determine whether the defendant relied on the plaintiff's active representations, to what extent it relied on those representations, and whether that reliance was reasonable.”¹⁸⁰³

iv. Estoppel

In addressing, and then dismissing on summary judgment, a claim of estoppel, one court explained of the defense that “estoppel is any conduct, express or implied, which reasonably misleads another to his prejudice so that a repudiation of such conduct would be unjust in the eyes of the law. It is grounded not on subjective intent but rather on the objective impression created by the actor's conduct.”¹⁸⁰⁴ It required the defendants asserting it to make four showings:

- (1) [Plaintiff] knew Defendants were potentially infringing . . . (2) [Plaintiff's] actions or failure to act led Defendants to reasonably believe that [Plaintiff] did not intend to enforce its trademark rights against Defendants; (3) Defendants did not know that [Plaintiff] actually objected to its potential infringement of the marks; and (4) due to their reliance on the [Plaintiff's] conduct, Defendants will be materially prejudiced if [Plaintiff] is allowed to proceed with its claims.¹⁸⁰⁵

Reviewing the summary judgment record before it, the court found the plaintiff's approximately four-month delay in bringing suit precluded the defendants from establishing an estoppel barring assertion of the plaintiff's rights.¹⁸⁰⁶

In contrast, a different court denied the bid of the plaintiff before it for the dismissal as a matter of law of an equitable estoppel

¹⁸⁰² Whole Foods asserted both expectations-based and evidentiary-based prejudice, which the court found wanting in its discussion of Whole Foods' claim of laches. *See id.* at 1120–21.

¹⁸⁰³ *Id.* at 1121.

¹⁸⁰⁴ *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1295 (S.D. Cal. 2018) (alteration omitted) (quoting *Yoshida v. Liberty Mut. Ins. Co.*, 240 F.2d 824, 829–30 (9th Cir. 1957)).

¹⁸⁰⁵ *Id.*

¹⁸⁰⁶ *Id.*

defense.¹⁸⁰⁷ The summary judgment record disclosed that the plaintiff had petitioned for the cancellation of a registration covering the defendant's mark years earlier, only to dismiss it voluntarily. The plaintiff argued it had never affirmatively withdrawn its objections to the defendant's mark, but the court declined to give that contention any meaningful weight. As it concluded while denying the plaintiff's motion, "[the defendant] has raised a triable issue of material fact as to whether [the plaintiff's] withdrawal of its Petition to Cancel was a material representation upon which [the defendant] reasonably relied to its detriment."¹⁸⁰⁸

v. Waiver

Applying Ninth Circuit doctrine on the issue, a California federal district court observed that "[w]aiver is a defense to trademark infringement, which 'emphasizes the mental state of the actor.' It is the 'intentional relinquishment of a known right with knowledge and the intent to relinquish it.'"¹⁸⁰⁹ From there, the court dismissed the defendants' claim of waiver on the plaintiff's motion for summary judgment because "Defendants have proffered no evidence of a 'clear, decisive, and unequivocal' intent by [Plaintiff] to relinquish its right to claim infringement"¹⁸¹⁰ Indeed, to the contrary, the plaintiff had filed suit within a few months after learning of the plaintiff's infringement.¹⁸¹¹

vi. Trademark Misuse

The metes and bounds of trademark misuse as an affirmative defense have long been undetermined, but one court addressing the doctrine held that "[a]s a defense, courts have recognized trademark misuse in (1) situations in which the mark is being used to violate the antitrust laws and (2) as a variation of the unclean hands doctrine even when no antitrust violation has been alleged."¹⁸¹² In the case leading to that summary, the defendants did not assert an antitrust violation by the plaintiff but instead that the plaintiff had fraudulently procured some of the registrations it asserted against the defendants. That claim also was the subject of an unclean hands defense *per se*, however, which led the court to observe, "a trademark misuse defense is superfluous when the defendant has

¹⁸⁰⁷ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328 (D. Conn. 2018).

¹⁸⁰⁸ *Id.* at 366.

¹⁸⁰⁹ *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1294 (S.D. Cal. 2018) (quoting *Yoshida v. Liberty Mut. Ins. Co.*, 240 F.2d 824, 829 (9th Cir. 1957); *United States v. King Features Entm't*, 843 F.2d 394, 399 (9th Cir. 1988)).

¹⁸¹⁰ *Id.*

¹⁸¹¹ *Id.*

¹⁸¹² *Id.* at 1296.

asserted unclean hands.”¹⁸¹³ In any case, because the defendants’ accusation of fraudulent procurement failed as a matter of law, so too did their theory of trademark misuse.¹⁸¹⁴

vii. Failure to Mitigate Damages

After spotting the online sale of goods in packaging bearing apparently counterfeit imitations of its federally registered marks, a plaintiff investigated the situation and eventually made three purchases of the goods from the defendants.¹⁸¹⁵ The plaintiff then filed a suit in which it successfully demonstrated the defendants’ liability for counterfeiting as a matter of law. Seeking to escape the imposition of monetary relief, the lead defendant filed its own summary judgment motion, which asserted the plaintiff had failed to mitigate its damages by not alerting the lead defendant of its objections in a timely fashion. The court rejected that assertion out of hand, holding instead that “[the plaintiff] itself needed time to investigate, and it did so promptly by ordering a sample the day after [the defendant’s] sale started; [the plaintiff] filed suit only six weeks later. Nothing about [the plaintiff’s] conduct calls on equity to intervene and bar it from recovering damages.”¹⁸¹⁶

3. Remedies

a. Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,¹⁸¹⁷ 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 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.¹⁸¹⁸

In *eBay*’s wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*¹⁸¹⁹ that the same factors applied in the preliminary injunction context.¹⁸²⁰ Courts hearing trademark

¹⁸¹³ *Id.*

¹⁸¹⁴ *Id.* at 1296-97.

¹⁸¹⁵ See *MoroccanOil, Inc. v. Groupon, Inc.*, 278 F. Supp. 3d 1157 (C.D. Cal. 2017).

¹⁸¹⁶ *Id.* at 1164.

¹⁸¹⁷ 547 U.S. 388 (2006).

¹⁸¹⁸ *Id.* at 391.

¹⁸¹⁹ 555 U.S. 7 (2008).

¹⁸²⁰ *Id.* at 18.

and unfair competition cases addressed each of these prerequisites—but especially the first—over the past year.

i. Prerequisites for Injunctive Relief

(A) *Irreparable Injury*

As always, at least some reported opinions entered injunctive relief by applying the traditional rule that a demonstration of success (or likely success, in the case of a preliminary injunction) on claims of infringement, false advertising, or unfair competition created a presumption of irreparable harm.¹⁸²¹ Thus, for example, one court concluded that “[h]aving demonstrated Plaintiffs’ likely success on the merits, Plaintiffs also established that they are suffering irreparable injury through . . . Defendants’ use of logos, marks and trade dress that are confusingly similar to Plaintiffs’ trademarks and trade dress”¹⁸²² Another similarly compressed the irreparable-harm and liability inquiries by entering a permanent injunction after finding that “[i]rreparable harm is established ‘if there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.’”¹⁸²³ So too did a third court opine, “[a] sufficiently strong showing of likelihood of confusion [caused by trademark infringement] may by itself constitute a showing of . . . [a] substantial threat of irreparable harm.”¹⁸²⁴ And, after finding the defendant before it liable as a matter of law for counterfeiting, yet another court hewing to this rule concluded simply that “the damage that trademark holders suffer from counterfeit goods constitutes ‘irreparable injury for which the trademark owner has no adequate legal remedy.’”¹⁸²⁵

¹⁸²¹ Of course, that presumption is available only if the plaintiff invoking it can demonstrate actual success or, where a request for a preliminary injunction motion is concerned, a likelihood of success. *See, e.g., Eyebobs, LLC v. Snap, Inc.*, 259 F. Supp. 3d 965, 979-80 (D. Minn. 2017) (declining to find irreparable harm in light of plaintiff’s failure to demonstrate likelihood of success on merits of its infringement claims).

¹⁸²² *Cajun Global LLC v. Swati Enters.*, 283 F. Supp. 3d 1325, 1330 (N.D. Ga. 2017).

¹⁸²³ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 463 (S.D.N.Y. 2017) (quoting *Tiffany (NJ) LLC v. Dong*, No. 11 cv 2183 (GBD) (FM), 2013 WL 4046380, at *7 (S.D.N.Y. Aug. 9, 2013)); *see also id.* at 464 (“[A]bsent undue delay in bringing a claim, a ‘plaintiff who establishes that an infringer’s use of its trademark creates a likelihood of consumer confusion generally is entitled to a presumption of irreparable injury.’” (quoting *Weight Watchers Int’l, Inc. v. Luigino’s, Inc.*, 423 F.3d 137, 144 (2d Cir. 2005))).

¹⁸²⁴ *Playnation Play Sys., Inc. v. Velez Corp.*, 325 F. Supp. 3d 1354, 1359 (N.D. Ga. 2017) (second, third, and fourth alterations in original) (quoting *Ferrellgas Partners, L.P. v. Barrow*, 143 Fed. App’x 180, 191 (11th Cir. 2005)).

¹⁸²⁵ *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627, 1633 (N.D. Ill. 2017) (quoting *Re/Max N. Cent., Inc. v. Cook*, 272 F.3d 424, 432 (7th Cir. 2001)).

Other opinions rejected the presumption of irreparable harm,¹⁸²⁶ with perhaps the most interesting coming from the Ninth Circuit.¹⁸²⁷ It arose from litigation between manufacturers of athletic shoes that produced two findings of liability, namely, that: (1) a model of shoe offered by the defendant infringed, and was likely to dilute, the trade dress of a shoe offered by the plaintiffs; and (2) a design comprising three parallel stripes and appearing on the defendant's shoes infringed, and was likely to dilute, a federally registered three-stripe design mark owned by the plaintiffs. The district court entered a preliminary injunction against the defendant's continued distribution of both of its models, but that disposition survived only in part on appeal.

Affirming the injunction as to the defendant's violations of the plaintiffs' rights to its trade dress, the appellate court cited favorably to a number of showings of harm adduced by the plaintiffs. One of the most significant was testimony of "the significant efforts [the plaintiffs] invested in promoting the [shoe] through specific and controlled avenues such as social media campaigns and product placement," while another was the unsolicited favorable coverage of the shoe by third-party media.¹⁸²⁸ The court also credited the plaintiffs' claim of "significant efforts . . . invested in promoting the [shoe] through specific and controlled avenues such as social media campaigns and product placement."¹⁸²⁹ "Finally," the court noted, "[the plaintiffs] produced customer surveys showing that approximately twenty percent of surveyed consumers believed [the defendant's shoe model] was made by, approved by, or affiliated with [the plaintiffs]." ¹⁸³⁰ Thus:

The extensive and targeted advertising and unsolicited media, along with tight control of the supply of [the plaintiffs' shoe], demonstrate that [the plaintiffs] [have] built a specific reputation around the [shoe] with "intangible benefits." And, the customer surveys demonstrate that those intangible benefits will be harmed if the [the defendant's shoe] stays on the market because consumers will be confused about the source of the shoes. We find that the district court's finding of irreparable harm is not clearly erroneous.¹⁸³¹

¹⁸²⁶ See, e.g., *Bojangles' Int'l, LLC v. CKE Rests. Holdings, Inc.*, 123 U.S.P.Q.2d 1786, 1790-91 (W.D.N.C. 2017) (finding that defendant's discontinuance of one challenged mark and impending discontinuance of another called into question plaintiff's ability to demonstrate irreparable harm in support of motion for temporary restraining order).

¹⁸²⁷ See *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747 (9th Cir. 2018).

¹⁸²⁸ *Id.* at 756.

¹⁸²⁹ *Id.*

¹⁸³⁰ *Id.*

¹⁸³¹ *Id.* at 656-57 (quoting *Regents of Univ. of Cal. v. Am. Broad. Cos.*, 747 F.2d 511, 519 (9th Cir. 1984)).

In contrast, the court found the plaintiffs' claim of irreparable harm with respect to its design mark fatally deficient. That claim rested heavily on the theory that consumers viewed the plaintiffs' mark as a premium brand, while viewing the defendant's brand as a "lower-quality, discount" one.¹⁸³² To support it, the plaintiffs proffered testimony from their own employees that they sold their shoes at higher prices than did the defendant, but, the court concluded, "[t]his generalized statement regarding [the defendant's] price point does not indicate that consumers view [the defendant] as a value brand";¹⁸³³ moreover, "[the defendant's] reputation among the ranks of [the plaintiffs'] employees does not indicate how the general consumer views it."¹⁸³⁴ The court next rejected the plaintiffs' reliance on alleged harm arising from post-sale confusion between the parties' shoes, which it determined was "counterintuitive."¹⁸³⁵ Because the plaintiffs had failed to demonstrate irreparable harm with respect to the defendant's misappropriation of the plaintiffs' design mark, the court reversed the preliminary injunction as to that mark, even while affirming that relief as to the plaintiffs' trade dress.¹⁸³⁶

The risk of reputational damage did, however, carry the day in a different case.¹⁸³⁷ The parties were direct competitors in the markets for orthopedic braces, and the court found on the plaintiffs' motion for preliminary injunctive relief that the defendants had engaged in bad-faith infringement. From there, the court found the record demonstrated the plaintiffs faced irreparable harm from the potential loss of control over their business reputations.¹⁸³⁸ That was not all, however, for the plaintiffs also averred that the defendants' braces damaged the knees of patients wearing them; if

¹⁸³² *Id.* at 759.

¹⁸³³ *Id.* at 760.

¹⁸³⁴ *Id.*

¹⁸³⁵ The court elaborated on this point with the following observation:

If a consumer viewed a shoe from such a distance that she could not notice [the defendant's] logos, it is unlikely she would be able to reasonably assess the quality of the shoes. And the consumer could not conflate [the plaintiffs'] brand with [the defendant's] supposedly "discount" reputation if she did not know the price of the shoe and was too far away to tell whether the shoe might be a [product of the defendant] to begin with. In short, even if [the defendant] does make inferior products (or even if consumers tend to think so), there is no evidence that [the plaintiffs'] theory of post-sale confusion would cause consumers to associate such lesser-quality products with [the plaintiffs].

Id. at 760-61.

¹⁸³⁶ *Id.* at 761.

¹⁸³⁷ *See Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005 (C.D. Cal. 2017).

¹⁸³⁸ *Id.* at 1017.

true, the court found, that consideration threatened the plaintiffs' reputations still further.¹⁸³⁹

As always, some plaintiffs saw motions for preliminary injunctive relief fall short based on their delay in bringing them. Thus, for example, one court rejected a claim of irreparable harm based on the plaintiff's failure to file its suit until "some eighteen months after first learning of [the defendant's alleged trade dress infringement and alleged false] and comparative advertising, and more than three months after sending [a] cease-and-desist letter to which it had received no response."¹⁸⁴⁰ The court found that delay "standing alone" was sufficient to warrant the denial of the plaintiff's motion from a trademark perspective; moreover, that the plaintiff's personnel had discussed the possibility of a suit "many times" before bringing it was in the court's view "icing on the cake."¹⁸⁴¹ The court also rejected the plaintiff's argument that the defendant's advertising only became false well after the plaintiff's discovery of it and only after the plaintiff renegotiated certain of its contracts with third parties; in reality, the court found, the renegotiated contracts were relevant only to a small fraction of the challenged advertisements.¹⁸⁴² It therefore denied the plaintiff's motion with the observation that "the court 'decline[s] to manufacture a sense of urgency that is not supported by plaintiff's own conduct.'"¹⁸⁴³

Finally, one of the more ill-advised denials of injunctive relief for want of irreparable harm came in a case in which the plaintiffs initially averred the mark they sought to protect was registered; at trial, however, the plaintiffs neglected to document the registration's viability, leading the court to question whether the mark remained registered.¹⁸⁴⁴ Although that open question did not prevent the court from reaching a finding of liability, entering an award of actual damages, and conducting an accounting of the defendant's profits, it did cause the court to deny permanent injunctive relief to the plaintiff. The rationale for that outcome? "[T]he threat of future harm to [one of the plaintiffs] as the trademark owner—which is a requirement for injunctive relief under the Lanham Act—is unclear at this time."¹⁸⁴⁵

¹⁸³⁹ *Id.*

¹⁸⁴⁰ *Redbox Automated Retail, LLC v. Xpress Retail LLC*, 310 F. Supp. 3d 949, 951 (N.D. Ill. 2018).

¹⁸⁴¹ *Id.* at 953.

¹⁸⁴² *Id.* at 954-56.

¹⁸⁴³ *Id.* at 956 (alteration in original) (quoting *Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 613 (S.D.N.Y. 1996)).

¹⁸⁴⁴ *See Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337 (D.D.C. 2018), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018).

¹⁸⁴⁵ *Id.* at 371 (citation omitted).

(B) Inadequacy of Legal Remedies

Courts generally did not address the inadequacy of legal remedies at length in cases in which plaintiffs successfully demonstrated liability for infringement and other acts of unfair competition.¹⁸⁴⁶ For example, in one case in which the plaintiffs demonstrated to the court's satisfaction the defendant's continued infringement threatened their reputations, the court had little difficulty finding the legal remedy of an award of actual damages inadequate to the task: "The second factor—whether remedies at law are adequate—also swings in [the plaintiffs'] favor, as money alone cannot make up for the company's unquantifiable 'losses of reputation and goodwill and resulting loss of customers.'"¹⁸⁴⁷ In another, the court followed up its finding of infringement after a bench trial by stating, "it is generally recognized in trademark infringement cases that . . . there is no adequate remedy at law to redress infringement . . ."¹⁸⁴⁸ Finally, in a case in which the defendant had been held liable for cybersquatting as a matter of law, the court found injunctive relief appropriate because statutory damages, which the plaintiff also received, "do not prevent [the defendant] from infringing on [the plaintiff's] trademark in the future."¹⁸⁴⁹

(C) Balance of Hardships

When weighing the parties' respective interests in securing or receiving injunctive relief, most courts sided with plaintiffs.¹⁸⁵⁰ For

¹⁸⁴⁶ See, e.g., *Tiffany & Co. v. Costco Wholesale Corp.*, 274 F. Supp. 3d 216, 226 (S.D.N.Y. 2017) (observing in cursory fashion that "[t]he Court finds that [the plaintiff] has demonstrated that . . . [it] has no adequate remedy at law"), *appeal docketed*, No. 17-2798 (2d Cir. Sept. 18, 2017); *Vacation Rental Partners, LLC v. VacayStay Connect, LLC*, 122 U.S.P.Q.2d 1514, 1528 (N.D. Ill. 2017) (observing in cursory fashion that "money damages would not adequately remedy loss of future sales from [the defendant's] continued use of an infringing mark").

¹⁸⁴⁷ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 464 (S.D.N.Y. 2017) (quoting *U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.*, 800 F. Supp. 2d 515, 542 (S.D.N.Y. 2011)).

¹⁸⁴⁸ *Playnation Play Sys., Inc. v. Velez Corp.*, 325 F. Supp. 3d 1354, 1359 (N.D. Ga. 2017) (quoting *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1029 (11th Cir. 1989)); accord *Vacation Rental Partners*, 122 U.S.P.Q.2d at 1528.

¹⁸⁴⁹ *Bulbs 4 E. Side, Inc. v. Ricks*, 123 U.S.P.Q.2d 1651, 1655 (S.D. Tex. 2017).

¹⁸⁵⁰ See, e.g., *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627, 1633 (N.D. Ill. 2017) ("The balance of hardships also favors Plaintiff; Defendant has no legitimate interest in selling goods bearing Plaintiff's counterfeit mark, but Plaintiff's goodwill would suffer if Defendant continued selling its counterfeit goods."); *Playnation Play Sys.* 325 F. Supp. 3d at 1359 ("The Court finds that potential harm to plaintiff through the loss of control of its mark and through loss of goodwill outweigh any harm to Defendant."); *Bulbs 4 E. Side*, 123 U.S.P.Q.2d at 1655 ("While it is not clear how much the Plaintiff would be injured, should a permanent injunction be denied, [the Defendant] does not show any damage to him would result, thus the court finds this element favors the Plaintiff."); *Specialized Bicycle Components, Inc. v. 17 No.1-Own*, 123 U.S.P.Q.2d 1621, 1623 (S.D. Fla. 2017) ("The balance of potential harm to the Defendants in

example, in a case in which the plaintiff secured summary judgment of infringement against a competing restaurateur using an identical mark, the court concluded that “[i]njunctive relief is the . . . preferred remedy for trademark and unfair competition cases.”¹⁸⁵¹ It then entered a permanent injunction in part because “in considering the balance of hardships between the parties, Defendant has only one location which was established in 2015; conversely, Plaintiff has operated in various states under [its] mark for nearly thirty years. Plaintiff therefore maintains a great interest in protecting its mark.”¹⁸⁵²

A similar analysis produced a similar result in the context of a preliminary injunction motion.¹⁸⁵³ The court accepted the plaintiffs’ argument that the defendants’ infringement threatened to deprive the plaintiffs of control over reputations they had cultivated over a thirty-year period. That “significant” risk outweighed any potential damage the defendants would incur if enjoined: “Defendants’ product is relatively new, so they will not suffer as much from having to change their trademark.”¹⁸⁵⁴ “Furthermore,” the court added, “Defendants ‘cannot complain of the harm that will befall [them] when properly forced to desist from [their] infringing activities.’”¹⁸⁵⁵

Of course, a defendant that has discontinued the conduct challenged in a lawsuit for reasons unrelated to the suit is in a poor position to aver harm that precludes the entry of injunctive relief, and that was the outcome in a dispute between purveyors of perfume.¹⁸⁵⁶ Prior to the plaintiffs’ assertion of their trademark rights, several of the defendant’s principals were indicted on money laundering charges, and that led the defendant to cease its operations altogether. That circumstance left it unable to contest the plaintiffs’ argument that a balance of the hardships merited the entry of permanent injunctive relief.¹⁸⁵⁷ Even beyond that, though,

restraining their trade in counterfeit and infringing branded products if a preliminary injunction is issued is far outweighed by the potential harm to the Plaintiff, its reputation, and its goodwill as a manufacturer and distributor of quality products if such relief is not issued.”); *Cajun Global LLC v. Swati Enters.*, 283 F. Supp. 3d 1325, 1331 (N.D. Ga. 2017) (“Generally, a franchisee that has breached the terms of its franchise agreement cannot then complain of harm from an injunction to prevent further violations of the agreement.” (quoting *Winmark Corp. v. Brenoby Sports, Inc.*, 32 F. Supp. 3d 1216, 1224 (S.D. Fla. 2014))).

¹⁸⁵¹ *La Bamba Licensing, LLC v. La Bamba Authentic Mexican Cuisine, Inc.*, 295 F. Supp. 3d 756, 770-71 (W.D. Ky. 2018).

¹⁸⁵² *Id.* at 771.

¹⁸⁵³ *See Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005 (C.D. Cal. 2017).

¹⁸⁵⁴ *Id.* at 1017.

¹⁸⁵⁵ *Id.* (alterations in original) (quoting *Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173, 1186 (E.D. Cal. 2016)).

¹⁸⁵⁶ *See Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

¹⁸⁵⁷ *Id.* at 464.

“the equities also weigh in [the lead plaintiff’s] favor because it has spent millions of dollars marketing and selling its many iconic fragrances for decades while [the defendant] has conducted no marketing, has no brand recognition, and only entered the fragrance market in 2010.”¹⁸⁵⁸

(D) Public Interest

Not surprisingly, the public interest generally supported the entry of preliminary and permanent injunctions, at least in cases presenting findings of infringement,¹⁸⁵⁹ counterfeiting,¹⁸⁶⁰ or cybersquatting.¹⁸⁶¹ For example, one court simply determined in conclusory fashion after a jury finding of liability for counterfeiting that “the public interest would not be disserved by the issuance of a permanent injunction.”¹⁸⁶² Likewise, a New York federal district court, apparently forgetting that the plaintiffs before it had successfully demonstrated likely confusion under the Lanham Act, as well as under New York law, similarly entered a permanent injunction with the observation that “the public interest will plainly be served by issuing an injunction preventing [the defendant] from engaging in deceptive and misleading misconduct that violates state unfair competition and trademark laws.”¹⁸⁶³ So too did another court hold that “[b]ecause there is a likelihood of confusion stemming from

¹⁸⁵⁸ *Id.*

¹⁸⁵⁹ *See, e.g.,* H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co., 125 U.S.P.Q.2d 1627, 1633 (N.D. Ill. 2017) (“[A] permanent injunction would serve the public interest by removing counterfeit goods from the marketplace and reducing consumer confusion.”); *Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005, 1017 (C.D. Cal. 2017) (“For trademarks, the public interest is the ‘right not to be deceived or confused.’” (quoting *Brooklyn Brewery Corp. v. Black Ops Brewing, Inc.*, 156 F. Supp. 3d 1173, 1186 (E.D. Cal. 2016)); *Vacation Rental Partners, LLC v. VacayStay Connect, LLC*, 122 U.S.P.Q.2d 1514, 1528 (N.D. Ill. 2017) (“[T]he public interest is best served by preventing consumer confusion caused by use of an infringing trademark.”)

¹⁸⁶⁰ *See, e.g.,* Specialized Bicycle Components, Inc. v. 17 No.1-Own, 123 U.S.P.Q.2d 1621, 1624 (S.D. Fla. 2017) (“The public interest favors issuance of the preliminary injunction to protect the Plaintiff’s trademark interests and protect the public from being defrauded by the palming off of counterfeit products as the Plaintiff’s genuine products.”).

¹⁸⁶¹ *See, e.g.,* Proteinhouse Franchising, LLC v. Gutman, 124 U.S.P.Q.2d 1870, 1873 (D. Nev. 2017) (“The issuance of a temporary restraining order is in the public interest because it will promote the protection of trademark rights”); *Bulbs 4 E. Side, Inc. v. Ricks*, 123 U.S.P.Q.2d 1651, 1656 (S.D. Tex. 2017) (“[The defendant] is correct the links he provides on the Domain Name, should he be enjoined, could no longer be accessible to the public. However, there is a greater societal interest in upholding IP laws, than allowing the public access to information on one specific domain, especially when the same information is available on other websites.”).

¹⁸⁶² *See* *Tiffany & Co. v. Costco Wholesale Corp.*, 274 F. Supp. 3d 216, 226 (S.D.N.Y. 2017), *appeal docketed*, No. 17-2798 (2d Cir. Sept. 18, 2017).

¹⁸⁶³ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 465 (S.D.N.Y. 2017).

Defendant's use of the mark, the public interest is best served by Defendant being prevented from using the mark."¹⁸⁶⁴

ii. Terms of Injunctive Relief

The latitude given to trial courts when drafting injunctions was apparent in a Seventh Circuit opinion declining to disturb the terms of a preliminary injunction against advertising found literally true but nevertheless unlawfully misleading.¹⁸⁶⁵ That advertising inaccurately suggested milk from cows treated with a synthetic growth hormone—of which the plaintiffs were the only producers—was unsafe for human consumption. One provision of the resulting injunction referenced an exemplar of the offending advertising and barred the defendants from disseminating future advertising “substantially similar” to it; that prohibition, the court of appeals concluded, was not vague and overbroad, in significant part because “[t]he Lanham Act’s prohibition on implied falsehoods makes the use of somewhat inexact language unavoidable.”¹⁸⁶⁶ The court was equally unsympathetic to the defendants’ challenge to a second provision, which prevented them from claiming that consumers should not feel good about eating dairy products from cows exposed to the hormone, of which the court concluded, [n]othing in the injunction prohibits [the defendants] from claiming that consumers can feel good about eating [their] own products.”¹⁸⁶⁷

At the trial court level, a Kentucky federal district court rejected a challenge to a permanent injunction it had entered in an infringement- and dilution-based dispute between competing manufacturers of farm equipment.¹⁸⁶⁸ The plaintiff, which owned a number of registrations covering the colors green and yellow, successfully pursued a finding of infringement at trial, after which the court enjoined the defendants from “using a combination of green and yellow colors in the manufacture, sale, offering for sale, distribution, promotion, marketing, or advertising of . . . trailed and wheeled agricultural equipment at any locality within the United States.”¹⁸⁶⁹ The injunction did not reach the defendant’s use of solely green or solely yellow; it prohibited only the combination of the two.¹⁸⁷⁰

The defendant challenged the injunction’s scope on several theories, the first of which was that, because the plaintiffs

¹⁸⁶⁴ Playnation Play Sys., Inc. v. Velez Corp., 325 F. Supp. 3d 1354, 1360 (N.D. Ga. 2017).

¹⁸⁶⁵ See *Eli Lilly & Co. v. Arla Foods, Inc.*, 893 F.3d 375 (7th Cir. 2018).

¹⁸⁶⁶ *Id.* at 384.

¹⁸⁶⁷ *Id.* at 385.

¹⁸⁶⁸ See *Deere & Co. v. FIMCO Inc.*, 301 F. Supp. 3d 704 (W.D. Ky. 2018).

¹⁸⁶⁹ Quoted in *id.* at 706.

¹⁸⁷⁰ *Id.*

registrations depicted its color combination on vehicles with large yellow wheels, the available relief was limited to vehicles featuring just such wheels; equipment with small wheels or no wheels at all was necessarily excluded. The court rejected that claim, noting it had “consistently rejected [the defendant’s] arguments that the only equipment or color arrangement that can infringe [the plaintiff’s] trademark rights are those that are identical to the equipment and marks over which [the plaintiff] has trademark rights.”¹⁸⁷¹ Moreover, just as the plaintiff’s successful pursuit of its infringement claims at trial authorized the court to bar uses confusingly similar to the plaintiff’s registered marks, the court’s finding of likely dilution gave it even greater flexibility, namely, the ability to enjoin merely similar uses creating an actionable association within the meaning of Section 43(c)(2)(B).¹⁸⁷² The court therefore modified the injunction to reach “all other equipment, regardless of whether it is wheeled, trailed, mounted, or has a tank, and regardless of any wheel or tank size or color, that is capable of use in agricultural activities and that is commonly used for agricultural purposes.”¹⁸⁷³ It did, however, also modify the injunction to exclude yellow levers and knobs on the defendant’s goods,¹⁸⁷⁴ as well as to permit the defendant a twelve-month period in which to sell off its inventory of goods that otherwise would violate the injunction, provided that the defendant post conspicuous disclaimers of affiliation around that inventory.¹⁸⁷⁵

Having reached a finding of infringement following a bench trial, a California federal district court similarly entered an injunction with a phase-out period.¹⁸⁷⁶ The parties published Russian-language newspapers, and, although permanently enjoining use of defendants’ infringing mark, the court announced it would “allow Defendants a short period of time to transition to a new name while [their publication] informs its readers and advertisers of the change.”¹⁸⁷⁷ That limited stay of execution amounted to approximately three months before the deadline for discontinuance.¹⁸⁷⁸

¹⁸⁷¹ *Id.* at 708.

¹⁸⁷² *Id.* at 709.

¹⁸⁷³ *Id.* at 712.

¹⁸⁷⁴ *Id.* at 715.

¹⁸⁷⁵ On the latter of these two points, the plaintiff argued that the court should require the defendant to repaint its goods. The court, however, credited fact testimony proffered by the defendant over expert testimony proffered by the plaintiff in finding that the defendant had shown “at least some hardship at the prospect of disassembling and repainting [the] 90 pieces of equipment” covered by the injunction. *Id.* at 717.

¹⁸⁷⁶ See *Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061 (C.D. Cal. 2017), *aff’d*, 742 F. App’x 291 (9th Cir. 2018).

¹⁸⁷⁷ *Id.* at 1073.

¹⁸⁷⁸ *Id.*

Finally, the past year was a favorable one for plaintiffs seeking freezes on defendants' assets in accounts maintained by online vendors.¹⁸⁷⁹ For example, an Illinois federal district court stood by its imposition of an interlocutory freeze on a defendant's PayPal account.¹⁸⁸⁰ After finding the defendant liable for counterfeiting as a matter of law, the court was in no mood to modify its earlier order, especially in light of the defendant's deficient showing in support of the requested modification of the order's terms. That showing consisted of an undated declaration reciting, "[n]one of the \$165,000 currently on deposit in [the defendant's] Pay Pal [sic] account is derived from the sale of products in the United States bearing the [plaintiff's] trademark or logo."¹⁸⁸¹ "Setting aside the evidentiary issues arising from an undated declaration," the court held, "such a conclusory statement plainly does not qualify as documentary proof that Defendant's PayPal account contains no proceeds from its counterfeiting activities."¹⁸⁸² That was especially true in light of the plaintiff's undisputed proof of PayPal logs "showing over 24,000 transactions for products featuring [a nickname of the plaintiff] in the name."¹⁸⁸³

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 been wrongfully enjoined or restrained";¹⁸⁸⁴ 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. The law of virtually all states is to similar effect.¹⁸⁸⁵

This requirement of a bond to secure the entry of injunctive relief did not come into play in any substantive manner in reported opinions from federal courts,¹⁸⁸⁶ but the same was not true at the

¹⁸⁷⁹ See, e.g., *Specialized Bicycle Components, Inc. v. 17 No.1-Own*, 123 U.S.P.Q.2d 1621, 1625 (S.D. Fla. 2017) (ordering freeze on funds in defendants' Amazon account).

¹⁸⁸⁰ See *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627 (N.D. Ill. 2017).

¹⁸⁸¹ Quoted in *id.* at 1634 (third alteration in original).

¹⁸⁸² *Id.*

¹⁸⁸³ *Id.*

¹⁸⁸⁴ Fed. R. Civ. P. 65(c).

¹⁸⁸⁵ See, e.g., N.Y. C.P.R. 6312(b).

¹⁸⁸⁶ For an opinion requiring a "modest" \$10,000 bond to support a preliminary injunction but without any discussion of the considerations leading the court to arrive at that figure, see *Ossur hf v. Manamed Inc.*, 331 F. Supp. 3d 1005, 1017 (C.D. Cal. 2017); see also *Specialized Bicycle Components, Inc. v. 17 No.1-Own*, 123 U.S.P.Q.2d 1621, 1625 (S.D. Fla. 2017) (leaving in place previously entered bond requirement of \$10,000 without extended discussion); *Proteinhouse Franchising, LLC v. Gutman*, 124 U.S.P.Q.2d 1870,

state-court level. In one case before a panel of the Appellate Division of the New York Supreme Court, the defendant complained about the entry of a preliminary injunction preventing it from the continued use of a trade name.¹⁸⁸⁷ Although affirming the finding of infringement below, the court of appeals faulted the trial court for failing to require a bond from the plaintiff to cover any damages or costs potentially suffered by the defendants if they ultimately prevailed on the merits; it therefore remanded the matter “for the fixing of an appropriate amount of the undertaking.”¹⁸⁸⁸

iv. Contempt

The Fourth Circuit offered up a characteristic test for finding contempt.¹⁸⁸⁹ “A party can be held in civil contempt,” it held, “when there is clear and convincing evidence of four elements.”¹⁸⁹⁰ Those elements were:

(1) the existence of a valid decree of which the alleged contemnor had actual or constructive knowledge; (2) that the decree was in the movant’s “favor”; (3) that the alleged contemnor by its conduct violated the terms of the decree, and had knowledge (at least constructive knowledge) of such violations; and (4) that the movant suffered harm as a result.¹⁸⁹¹

The occasion of this restatement was an appeal from multiple findings of contempt in a dispute between the operators of competing childcare facilities. Following some initial skirmishing before the district court, the parties requested that tribunal to enter a permanent consent injunction that broadly precluded the defendants from using the word “rainbow” or rainbow imagery in connection with their business in the Fayetteville, North Carolina, metropolitan area. In a pair of orders, the district court found the defendants in violation of the injunction and imposed upon them awards of \$60,000 in liquidated damages and the plaintiff’s fees. Reviewing the record, the court of appeals noted that the district court had found four separate violations of the injunction¹⁸⁹² and

1874 (D. Nev. 2017) (requiring, without extended discussion, \$500 bond as security for temporary restraining order).

¹⁸⁸⁷ See *Mobstsub, Inc. v. www.staytrendy.com*, 60 N.Y.S.3d 356 (App. Div. 2017).

¹⁸⁸⁸ *Id.* at 358.

¹⁸⁸⁹ See *Rainbow Sch., Inc. v. Rainbow Early Educ. Holding LLC*, 887 F.3d 610 (4th Cir. 2018).

¹⁸⁹⁰ *Id.* at 617.

¹⁸⁹¹ *Id.* (quoting *United States v. Ali*, 874 F.3d 825, 831 (4th Cir. 2017)).

¹⁸⁹² *Id.* at 616 (“The order identified four categories of violations by [the defendants]: (1) the photo gallery on [their] Fayetteville facility’s new website contained multiple images depicting rainbows; (2) the Fayetteville facility website used the word ‘rainbow’ in multiple places (including emails, links, the pop-up tracking request, and metatags); (3)

that the parties' settlement agreement contemplated \$30,000 in liquidated damages per violation. It proved unsympathetic to the defendants' arguments that the violations were "hyper-technical" and inadvertent, as well as that the violations had not harmed the plaintiff. With respect to the latter argument, the appellate court found persuasive a recitation in the settlement agreement that violations would irreparably harm the plaintiff, as well as the same document's treatment of liquidated damages. "Given that the settlement agreement contemplates that [the defendant] would be liable in the amount of \$30,000 for *any* violation of the injunction," the court held, "it follows that the district court did not abuse its discretion in deciding to award \$60,000 upon finding at least two separate violations."¹⁸⁹³ Finally, the court held the district court also had not abused its discretion by awarding the plaintiff a reduced share of the attorneys' fees the plaintiff had sought from the defendants.¹⁸⁹⁴

A California federal district court applied a different (but nevertheless consistent) test for contempt.¹⁸⁹⁵ It held, "[t]o establish [the defendants] should be held in civil contempt, [the plaintiffs] must demonstrate by clear and convincing evidence [the defendants] violated [a stipulated] Final Judgment 'beyond substantial compliance, and that the violation was not based on a good faith and reasonable interpretation of the judgment'";¹⁸⁹⁶ upon such a showing, it further observed, "the burden then shifts to [the defendants] to demonstrate why they were unable to comply, essentially, that they 'took every reasonable step to comply.'"¹⁸⁹⁷ The final judgment at issue barred the defendants from selling a vehicle tire confusingly similar to one sold by the plaintiff. In finding the plaintiffs had met their burden of persuasion, the court rejected the defendants' argument it needed to analyze the defendants' post-injunction tire "as if it were the trial of a lawsuit against the new version."¹⁸⁹⁸ Instead, despite minor differences between the appearances of the parties' goods, the defendants had failed to keep

the prohibited/fayetteville2 address [barred by the injunction] was still in use; and (4) [the defendants] had invited Fayetteville area residents to a summer social using the 'rainbow' moniker.").

¹⁸⁹³ *Id.* at 620.

¹⁸⁹⁴ The plaintiff sought "over \$46,000" in fees; the district court awarded "more than \$36,000" instead. *Id.* at 620-21.

¹⁸⁹⁵ See *Toyo Tire & Rubber Co. v. Hong Kong Tri-Ace Tire Co.*, 281 F. Supp. 3d 967 (C.D. Cal. 2017).

¹⁸⁹⁶ *Id.* at 984 (quoting *Wolfard Glassblowing Co. v. Vanbragt*, 118 F.3d 1320, 1322 (9th Cir. 1997)), *appeal dismissed sub nom.* *Toyo Tire & Rubber Co. v. Doublestar Dong Feng Tyre Co.*, No. 17-56932, 2018 WL 3156018 (9th Cir. Jan. 2, 2018).

¹⁸⁹⁷ *Id.* (quoting *Stone v. City & Cnty. of San Francisco*, 968 F.2d 850, 856 n.9 (9th Cir. 1992)).

¹⁸⁹⁸ *Id.* (quoting 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:18 (5th ed. 2017)).

the required “safe distance” from the plaintiffs’ tires.¹⁸⁹⁹ Having therefore found the defendants not in substantial compliance with the injunction’s terms, the court next determined they had not carried their burden of proving they had taken reasonable steps to comply with those terms; indeed, “Defendants do not really deny that they could have complied with the injunction, but rather, only provide insight as to why they chose not to comply with the injunction.”¹⁹⁰⁰ The plaintiffs’ motion for contempt therefore was well-founded.¹⁹⁰¹

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

Several reported opinions addressed defendants’ attempts to establish the ineligibility of prevailing plaintiffs to recover awards of their actual damages in the first instance—attempts that led to mixed results. For example, although not awarding a particular quantum of actual damages to the plaintiff before it, one court disposed of an apparent defense argument that, because the defendant had not enjoyed any profits during the period of their alleged infringement, the plaintiff should take nothing in the way of monetary relief.¹⁹⁰² Because the defendants previously had been franchisees of the plaintiff, the court found that argument unconvincing, holding on the parties’ cross-motions for summary judgment that “[i]f . . . [the defendants] operated at a loss during the period it competed unfairly, the royalties [the plaintiff] normally [would have] received and the expenditures necessary to establish a new franchise will be elements of the damages award.”¹⁹⁰³

Despite that outcome, awards of actual damages based on lost royalty payments for the use of an allegedly infringing mark are frequently requested but infrequently awarded, and one opinion demonstrated why.¹⁹⁰⁴ Granting a defense motion for summary judgment on the issue, the court held that “[i]n the absence of a prior licensing agreement between the parties, courts will permit reasonable royalty damages only if the evidence provides a

¹⁸⁹⁹ *Id.* at 985.

¹⁹⁰⁰ *Id.* at 987.

¹⁹⁰¹ *Id.*

¹⁹⁰² See *Peterbrooke Franchising of Am., LLC v. Miami Chocolates, LLC*, 312 F. Supp. 3d 1325 (S.D. Fla. 2018).

¹⁹⁰³ *Id.* at 1342.

¹⁹⁰⁴ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

sufficiently reliable basis to calculate such damages.”¹⁹⁰⁵ Because the plaintiff’s response to the defendants’ motion failed to identify any past (or potential future) licenses covering the use of its marks, as well as any basis for a particular claimed royalty rate, the plaintiff was ineligible for that remedy.¹⁹⁰⁶ Based on expert testimony proffered by the plaintiff, however, the court did allow the plaintiff to continue pursuing an award of actual damages arising from alleged damage to its goodwill and reputation.¹⁹⁰⁷

Another opinion taking a restrictive view of the eligibility of a plaintiff for an award of actual damages did so in the context of a request for a corrective advertising campaign.¹⁹⁰⁸ Although an award to finance corrective advertising can be a component of a prevailing plaintiff’s actual damages, the court declined to enter that relief. Its reasons? For one thing, “[p]laintiffs seeking such corrective advertising damages usually must show some public confusion caused by the defendant’s conduct that injures the plaintiff and is most cost-effectively corrected through remedial advertising,”¹⁹⁰⁹ and the plaintiff had failed to make either showing. For another, the plaintiff had failed to demonstrate its entitlement to an accounting of the defendant’s profits.¹⁹¹⁰

(2) Calculation of Actual Damages

Having found the defendant before it liable for infringement as a matter of law, one court held:

[T]raditionally, a plaintiff’s actual damages include “(1) profits lost on trade diverted to the infringer; (2) profits lost on sales made at reduced prices in response to competition by the infringer; (3) harm to the plaintiff’s reputation and good will; and (4) the cost of advertising needed to prevent or dispel customer confusion.”¹⁹¹¹

The infringement in question had taken place when the defendant unlawfully seized control over a market and grocery store owned by the plaintiffs and continued operating it under a mark owned by the lead plaintiff. Causation therefore was not an issue, for, as the court found, “it is clear beyond cavil that [the defendant] caused the

¹⁹⁰⁵ *Id.* at 1300.

¹⁹⁰⁶ *Id.* at 1301.

¹⁹⁰⁷ *Id.*

¹⁹⁰⁸ *See* *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp. 3d 329 (E.D. Pa. 2018).

¹⁹⁰⁹ *Id.* at 342.

¹⁹¹⁰ *Id.* The court did not explain its view of the relationship between the two remedies.

¹⁹¹¹ *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337, 367 (D.D.C. 2018) (quoting James M. Koelemay, *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 TMR 458, 505 (1982)), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018).

[plaintiffs] to lose profits that were diverted to [the defendant] when he evicted [the plaintiffs] and stole the [plaintiffs'] food-service establishment business.”¹⁹¹² That left the quantum of the plaintiffs’ losses, as to which the court observed that “[a]s a general rule, a trademark-infringement plaintiff need only provide ‘substantial evidence to permit the [factfinder] to draw reasonable inferences and make a fair and reasonable assessment’ of the actual damages.”¹⁹¹³ It then arrived at a figure for the plaintiffs’ damages by using the defendant’s profits, as determined by a tax return produced by the defendant, as a proxy.¹⁹¹⁴

Another pro-plaintiff opinion originated in a defense motion for summary judgment grounded in the theory that the plaintiff had failed to document any last sales arising from the defendants’ alleged infringement; indeed, the defendants argued, the plaintiff had enjoyed particularly lucrative sales during the period in question.¹⁹¹⁵ The court cited two reasons for denying the motion. First:

[T]here are other bases for awarding damages based on plaintiffs’ injuries. For example, the evidence of actual confusion supports a finding that plaintiff spent time dealing with such confusion, diverting its employees from its core business. Plaintiff need not put forth evidence that it had to hire additional employees to deal with these instances or other evidence of out-of-pocket expenses. Instead, a jury reasonably could fashion an award based on employees’ hours spent on addressing instances of confusion, coupled with opportunity costs associated with that time.¹⁹¹⁶

Second, “plaintiff may also be entitled to damages based on alleged harm to plaintiff’s goodwill,”¹⁹¹⁷ although “[o]f course, plaintiff will need to prove [its claimed] amount or otherwise provide evidence to support a finding of the value of its goodwill,” along with proof of causation.¹⁹¹⁸

Despite these outcomes, awards of actual damages proved difficult to come by for some plaintiffs. For example, although rejecting the claim of infringement by a nonprofit organization, one court took the additional step of rejecting that plaintiff’s bid for an

¹⁹¹² *Id.* at 368.

¹⁹¹³ *Id.* (second alteration in original) (quoting *Skydive Ariz., Inc. v. Quattrocchi*, 673 F.3d 1105, 1112 (9th Cir. 2012)).

¹⁹¹⁴ *Id.* at 368-69.

¹⁹¹⁵ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

¹⁹¹⁶ *Id.*

¹⁹¹⁷ *Id.*

¹⁹¹⁸ *Id.*

award of actual damages as well.¹⁹¹⁹ In particular, it took aim at expert witness testimony proffered by the plaintiff to the effect that all donations to the defendant's organization within thirty days of the donor's exposure to the defendant's advertising otherwise would have gone to the plaintiff. As the court explained, "it does not necessarily follow that 100% of computer users who donate online to [the defendant] within thirty days of seeing [the allegedly infringing mark] on a search engine results page were confused."¹⁹²⁰ The court was even less receptive to testimony from another of the plaintiff's experts, who "focused on the increase in contributions to [the defendant] from 2011 through 2016 as compared to a baseline amount established in 2006,"¹⁹²¹ as a proxy for the plaintiff's own lost profits: "His calculation," the court found, "is based on the core assumption that all donations received above the 2006 baseline were caused by the at-issue behavior, an assumption for which he offers no basis."¹⁹²²

Another unsuccessful showing of actual damages came in an action in which the plaintiff, the New York-based publisher of a Russian-language newspaper, had licensed his mark to the defendants, who put out a similar publication in Los Angeles and continued to do so even after the plaintiff terminated their license.¹⁹²³ Although the plaintiff prevailed on the merits of his infringement claims, the court found after a bench trial he had failed as a factual matter to prove any losses attributable to the defendants' infringement: "There is insufficient evidence to establish that the New York version of [the newspaper] lost any sales or suffered damages as a result of the publication of the Los Angeles version" ¹⁹²⁴

A final notable reported opinion rejecting proffered evidence of actual damages did not result from the court's lack of receptiveness toward the merits of the plaintiffs' case; indeed, the court previously had found the defendants in contempt of an earlier consent injunction.¹⁹²⁵ Nevertheless, that receptiveness did not extend to the plaintiffs' claim of entitlement to fifty percent of the defendants' profits as a measure of the plaintiffs' own losses. The plaintiffs supported that claim with testimony by a fact witness of his "gut

¹⁹¹⁹ See *Alzheimer's Disease & Related Disorders Ass'n v. Alzheimer's Found. of Am., Inc.*, 307 F. Supp. 3d 260 (S.D.N.Y. 2018).

¹⁹²⁰ *Id.* at 303.

¹⁹²¹ *Id.* at 282.

¹⁹²² *Id.*

¹⁹²³ See *Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061 (C.D. Cal. 2017), *aff'd*, 742 F. App'x 291 (9th Cir. 2018).

¹⁹²⁴ *Id.* at 1072.

¹⁹²⁵ See *Toyo Tire & Rubber Co. v. Hong Kong Tri-Ace Tire Co.*, 281 F. Supp. 3d 967 (C.D. Cal. 2017), *appeal dismissed sub nom.* *Toyo Tire & Rubber Co. v. Doublestar Dong Feng Tyre Co.*, No. 17-56932, 2018 WL 3156018 (9th Cir. Jan. 2, 2018)).

feeling” that half the defendants’ contemptuous sales would have gone to the plaintiffs.¹⁹²⁶ Without more convincing substantiation, the court found, the plaintiffs’ request was nothing more than speculation.¹⁹²⁷ In addition, the quantum of that request rested in part on sales made by the defendants prior to the entry of the consent injunction.¹⁹²⁸

(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.”¹⁹²⁹ Likewise, under Section 35(d),¹⁹³⁰ 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.”¹⁹³¹

In the absence of express guidance from the Ninth Circuit on how to calculate statutory damages, a California federal district court took the increasingly popular approach of considering factors from the copyright context.¹⁹³² It therefore allowed the following factors to inform the quantum of statutory damages properly awarded against a group of defendants found as a matter of law to have used counterfeit imitations of the plaintiff’s registered certification mark:

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

¹⁹²⁶ Quoted in *id.* at 989.

¹⁹²⁷ *Id.*

¹⁹²⁸ *Id.* at 990.

¹⁹²⁹ 15 U.S.C. § 1117(c) (2012).

¹⁹³⁰ *Id.* § 1117(d).

¹⁹³¹ *Id.*

¹⁹³² See *UL LLC v. Space Chariot Inc.*, 250 F. Supp. 3d 596 (C.D. Cal. 2017).

of the infringing material produced; and (7) the potential for discouraging the defendant.¹⁹³³

Rather than examining these considerations seriatim, the court instead reached a final figure of \$1,000,000 based in part on the defendants' willfulness and failure to produce their financial records in discovery; the defendants also did themselves no favors by allowing the court to conclude that a large award was necessary for deterrence.¹⁹³⁴ The court did, however, decline to grant the plaintiff's request for the maximum award of \$2,000,000.¹⁹³⁵

Similarly lacking guidance from the Seventh Circuit, an Illinois federal district court nevertheless identified a consideration not relevant to the calculation of statutory damages, namely, the prevailing plaintiff's actual damages.¹⁹³⁶ In a bid to limit its exposure to an award of statutory damages after the court found it liable for counterfeiting as a matter of law, the defendant argued the plaintiff had failed to establish a nexus between its losses and the defendant's unlawful actions. The court rejected that argument, both because Section 35 gave the plaintiff the option of pursuing statutory damages in lieu of actual damages and because "[a]n award limited to Plaintiff's lost profits 'would have little to no deterrent effect on future violations,' because a counterfeiter must 'understand that he risks his financial future by engaging in his illegal practice.'" ¹⁹³⁷ Even worse for the defendant, the court identified two factors weighing in the plaintiff's favor, namely, the defendant's willful misconduct, the high value of the plaintiff's brand, and the online nature of the defendant's business; the court remarked of the last of these showings by the plaintiff "the fact that Defendant's counterfeiting took place online favors a higher statutory damages award because online counterfeiting can reach a much wider audience than counterfeiting through a physical store."¹⁹³⁸ In the end, the court found the plaintiff entitled to the \$150,000 it had requested.¹⁹³⁹

A lower award came in an action in which the plaintiff had successfully pursued a motion for summary judgment of cybersquatting against the defendant.¹⁹⁴⁰ In arriving at a figure of

¹⁹³³ *Id.* at 614 (quoting *Coach, Inc. v. Diva Shoes & Accessories*, No. 10-5151 SC, 2011 WL 1483436, at *6 (N.D. Cal. Apr. 19, 2011)).

¹⁹³⁴ *Id.* at 615.

¹⁹³⁵ *Id.*

¹⁹³⁶ See *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627 (N.D. Ill. 2017).

¹⁹³⁷ *Id.* at 1633 (quoting *Lorillard Tobacco Co. v. S&M Cent. Serv. Corp.*, No. 03-cv-4986, 2004 WL 2534378, at *6 (N.D. Ill. Nov. 8, 2004)).

¹⁹³⁸ *Id.*

¹⁹³⁹ *Id.*

¹⁹⁴⁰ See *Bulbs 4 E. Side, Inc. v. Ricks*, 123 U.S.P.Q.2d 1651 (S.D. Tex. 2017).

\$50,000, rather than the \$100,000 sought by the plaintiff, the court highlighted two considerations it found relevant. On the one hand, the record established a “history of cybersquatting [by Defendant] and . . . prior World Intellectual Property Organization (‘WIPO’) decisions putting [him] on notice his conduct was illegal.”¹⁹⁴¹ On the other hand, however, “[Defendant] obtained the Domain Name legally and did not seek financial gain from Plaintiff after purchasing the Domain Name”; indeed, “[Defendant] acted in bad faith only years after purchasing the Domain Name”¹⁹⁴²

(C) *Punitive Damages*

Except in cases of wrongful seizures,¹⁹⁴³ punitive damages are not available under the Lanham Act, and courts rarely award them in cases presenting state-law causes of action corresponding to those provided for by federal law. A federal district court not doing so referred to Maryland law to hold:

It is well established that “[p]unitive damages are reserved typically for punishing the most heinous of intentional torts and tortfeasors[,]” and that “to recover punitive damages in *any* tort action in the State of Maryland, facts sufficient to show *actual malice* must be pleaded and proven by clear and convincing evidence” Actual malice exists when the defendant’s conduct is “characterized by evil motive, intent to injure, ill will, or fraud.”¹⁹⁴⁴

Although finding in another portion of its opinion that “there is no question that [the defendant’s] infringement of the [plaintiffs’] mark was—and still is—*knowing*,”¹⁹⁴⁵ and despite the defendant’s having unlawfully evicted the plaintiffs from their own business, the court denied the plaintiffs’ request for an award of punitive damages. The reason underlying that denial was that, “[f]ar from displaying malice or evil intent, [the defendant] is, was, and has always been motivated by a sincere—albeit woefully mistaken—belief that he owns [the business], and that he could therefore rightfully seize the business from Plaintiffs . . . and manage it as his own.”¹⁹⁴⁶ As the court summarized the record on this issue, “even though [the defendant] wrongfully and willfully infringed upon the trademark and engaged in unfair business practices with respect to [the

¹⁹⁴¹ *Id.* at 1654.

¹⁹⁴² *Id.* at 1656.

¹⁹⁴³ See 15 U.S.C. § 1116(d)(11) (2012).

¹⁹⁴⁴ *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337, 369 (D.D.C. 2018) (first and second alterations in original) (quoting *Beall v. Holloway–Johnson*, 130 A.3d 406, 419 (Md. 2016); *Scott v. Jenkins*, 690 A.2d 1000, 1003-04 (Md. 1997)), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018).

¹⁹⁴⁵ *Id.* at 357.

¹⁹⁴⁶ *Id.* at 370.

plaintiffs], punitive damages are not appropriate, because the evidence does not support a finding of actual malice under Maryland law.”¹⁹⁴⁷

In contrast, a New York federal district court declined to disturb a jury award of \$8.25 million in punitive damages made under the law of that state.¹⁹⁴⁸ That award came after the jury found the defendant had used counterfeit imitations of the plaintiffs’ registered marks and, additionally, had rendered an advisory accounting for the court. The jury did not enter an award of actual damages, however, which led the defendant to invoke the New York rule that “[a] demand or request for punitive damages is parasitic and possesses no viability absent its attachment to a substantive cause of action”¹⁹⁴⁹ in a post-trial attack on the punitive damages. The court rejected the attack for several reasons, the first of which was that “[a]lthough some courts in the Second Circuit have drawn a distinction between actual damages and profits for the purposes of the Lanham Act, others have characterized both as ‘actual damages’ available under the Lanham Act.”¹⁹⁵⁰ The second was that Section 35(c) of the Lanham Act “contemplates the possibility of an award of statutory damages . . . , which permits consideration of both punitive and compensatory factors, without the need to establish profits or actual damages in the recognition that such measures of monetary relief may be difficult to prove in these cases.”¹⁹⁵¹ Finally, the issues of whether punitive damages were warranted and, if so, of how much punitive damages to award were within the province of the jury”¹⁹⁵²

Another federal district court applying California law declined to decide the issue of the plaintiff’s eligibility for an award of punitive damages on a defense motion for summary judgment.¹⁹⁵³ The court identified the relevant inquiry as whether the lead defendant had acted with malice, oppression, and fraud; it also held, however, that “conduct done willfully, intentionally and in reckless disregard of its possible injurious consequences,” can satisfy this standard”¹⁹⁵⁴ Reviewing the summary judgment record, which it held established the lead defendant’s liability for counterfeiting

¹⁹⁴⁷ *Id.*

¹⁹⁴⁸ *See* Tiffany & Co. v. Costco Wholesale Corp., 274 F. Supp. 3d 216 (S.D.N.Y. 2017), *appeal docketed*, No. 17-2798 (2d Cir. Sept. 18, 2017).

¹⁹⁴⁹ Rocanova v. Equitable Life Assurance Soc’y of United States, 634 N.E.2d 940, 616 (N.Y. 1994).

¹⁹⁵⁰ *Tiffany & Co.*, 274 F. Supp. 3d at 225.

¹⁹⁵¹ *Id.*

¹⁹⁵² *Id.* at 226.

¹⁹⁵³ *See* Moroccanoil, Inc. v. Groupon, Inc., 278 F. Supp. 3d 1157 (C.D. Cal. 2017).

¹⁹⁵⁴ *Id.* at 1165 (quoting Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1024 (9th Cir. 1985)).

as a matter of law, the court identified several circumstances placing the lead defendant's willfulness into dispute. Those included: (1) the presence of "languages other than English" on sample packaging received by the lead defendant; (2) the poor quality of that packaging, which allowed its contents to leak; and (3) the lead defendant's continued sales of the imitation goods even after consumers questioned their authenticity.¹⁹⁵⁵ The plaintiff's eligibility for an award of punitive damages therefore survived until trial.

ii. Accountings of Profits

(A) *Eligibility of Prevailing Plaintiffs for Accountings of Profits*

In 1999, Congress amended Section 35(a) of the Lanham Act to provide as follows:

When a violation of [Section 32], a violation under [Section 43(a) or Section 43(d)], *or a willful violation under [Section 43(c)]*, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of [Sections 29 and 32], and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.¹⁹⁵⁶

The addition of the italicized language quoted above has led some courts to conclude that Congress intended to set up a two-tiered test for monetary relief, including accountings, namely: (1) a showing of willfulness is necessary for an accounting arising from violations of Section 43(c); but (2) such a showing is not a prerequisite for an accounting where violations of Sections 32, 43(a), or Section 43(d) are concerned.¹⁹⁵⁷ Not so the Ninth Circuit, which squarely addressed the effect of the 1999 amendment by rejecting a claim the revision had abrogated the traditional rule in that circuit requiring prevailing plaintiffs to prove bad faith before securing an accounting in all cases invoking Section 35(a).¹⁹⁵⁸ On the contrary, the court held, "the 1999 amendment does not change the foundation of Ninth Circuit precedent—willfulness remains a prerequisite for awarding a defendant's profits."¹⁹⁵⁹ It reached this conclusion in part because the legislative history did not reflect a

¹⁹⁵⁵ *Id.* at 1164.

¹⁹⁵⁶ 15 U.S.C. § 1117(a) (2012) (emphasis added).

¹⁹⁵⁷ *See, e.g.,* Banjo Buddies, Inc. v. Renosky, 399 F.3d 168, 174 (3d Cir. 2005).

¹⁹⁵⁸ *See* Stone Creek, Inc. v. Omnia Italian Design, Inc., 875 F.3d 426 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018).

¹⁹⁵⁹ *Id.* at 441.

congressional intent to make the change found by other courts.¹⁹⁶⁰ “Equally important,” though, was “what Congress changed. Congress created a new predicate—namely, a willful violation of [Section 43(c)]—that permits monetary recovery. But it did not touch the other language in [Section 35(a)], which has consistently provided for an award of defendant’s profits under the ‘principles of equity.’”¹⁹⁶¹ From this, the court concluded, “it would be a mistake to draw a negative implication from the unrelated and later-introduced language that the amendment somehow negated our circuit’s well-settled willfulness requirement.”¹⁹⁶²

The hurdle posed by the Ninth Circuit’s “well-settled” rule to prevailing plaintiffs was apparent in an opinion from a California federal district court that, as is all too often the case, freely conflated the equitable remedy of an accounting of profits with the legal remedy of an award of actual damages.¹⁹⁶³ Although finding the defendants’ use of a licensed mark following their termination as licensees constituted infringement, the court addressed and rejected the prevailing plaintiff’s request for an accounting. Explaining its understanding of the Ninth Circuit’s prerequisite for that relief, it held that “[w]illful infringement carries a connotation of deliberate intent to deceive. Courts generally apply forceful labels such as ‘deliberate,’ ‘false,’ ‘misleading,’ or ‘fraudulent’ to conduct that meets this standard.”¹⁹⁶⁴ Finding that the defendants had “a genuine basis for disputing” the existence of the license, the court concluded that “their continued use of the marks should not be considered willful.”¹⁹⁶⁵ That was not the only perceived flaw in the plaintiff’s request, however, for the court also cited the absence of “sufficient evidence of Defendants’ sales to support an award of Defendants’ profits even if an award of such damages were [sic] otherwise appropriate,”¹⁹⁶⁶ as well as the absence of any actual confusion caused by the defendants’ conduct.¹⁹⁶⁷

Nevertheless, although the Ninth Circuit’s prerequisite of willful misconduct for an accounting was an obstacle to plaintiffs, it was not necessarily an insurmountable one. For example, a Washington federal district court held that willful blindness to a

¹⁹⁶⁰ *Id.*

¹⁹⁶¹ *Id.* at 442.

¹⁹⁶² *Id.*

¹⁹⁶³ See *Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061 (C.D. Cal. 2017), *aff’d*, 742 F. App’x 291 (9th Cir. 2018).

¹⁹⁶⁴ *Id.* at 1072 (quoting *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (9th Cir. 1993)).

¹⁹⁶⁵ *Id.*

¹⁹⁶⁶ *Id.*

¹⁹⁶⁷ *Id.*

plaintiff's prior rights could trigger an accounting.¹⁹⁶⁸ That ruling came after a jury had found a prevailing plaintiff entitled to an accounting, which led the defendant to launch a post-trial attack on the verdict on the theory the court had erroneously instructed the jury on the issue. Rejecting the defendant's post-trial motion, the court pointed out that:

[O]ther federal courts . . . have recognized that “willfulness can be established by evidence . . . that the defendant acted with an ‘aura of indifference to plaintiff's rights’—in other words, that the defendant willfully blinded himself to facts that would have put him on notice that he was infringing another's trademarks, having cause to suspect it.”¹⁹⁶⁹

It then held that the jury reasonably had found willful infringement by the defendant. It doing so, it cited testimony in the trial record that the plaintiff had alerted the defendant to the plaintiff's claimed rights well prior to the onset of litigation between the parties. Moreover, the defendant “did not introduce any evidence, such as testimony from its trademark attorney, showing what (if any) kind of investigation was conducted by [the defendant] to determine whether [the plaintiff] had other rights apart from the expired patent rights in the . . . products [it sought to protect],” and the defendant's president had purchased exemplars of the plaintiff's products so they could be copied.¹⁹⁷⁰

Evidence of willful blindness proved valuable to plaintiffs before other district courts in the Ninth Circuit. For example, when a defendant found liable for counterfeiting as a matter of law nevertheless moved the court for summary judgment on the plaintiff's entitlement to an accounting, the plaintiff responded with several showings bearing on the defendant's willfulness. Those included: (1) the presence of “languages besides English” on the packaging of a sample provided to the defendant; (2) the poor quality of that packaging, which allowed its contents to leak; and (3) the defendant's continued sale of the challenged goods despite its receipt of consumer complaints challenging their authenticity.¹⁹⁷¹ These circumstances, the court held in denying the defendant's motion, created a factual dispute as to the defendant's willful blindness that required a trial to resolve.¹⁹⁷²

Moreover, some plaintiffs in the Ninth Circuit successfully escaped defense motions for summary judgment even without the

¹⁹⁶⁸ See *Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

¹⁹⁶⁹ *Id.* at 1056 (quoting *Philip Morris USA, Inc. v. Liu*, 489 F. Supp. 2d 1119, 1123 (C.D. Cal. 2007)).

¹⁹⁷⁰ *Id.* at 1057.

¹⁹⁷¹ See *Moroccanoil, Inc. v. Groupon, Inc.*, 278 F. Supp. 3d 1157, 1164 (C.D. Cal. 2017).

¹⁹⁷² *Id.* at 1164-65.

courts hearing their cases applying a willful blindness standard. Without referencing more recent controlling authority on the subject, one such federal district court applied a more detailed test for determining the eligibility of a prevailing plaintiff for an accounting of its opponent's profits—a remedy it persistently and erroneously addressed under the rubric of “damages.”¹⁹⁷³ It first advised the parties, “[a]n accounting of profits is the proper remedy to secure the return of profits when the parties are in direct competition and is justified in indirect competition cases to prevent unjust enrichment of the infringing party.”¹⁹⁷⁴ It then added, “[i]n view of the equitable considerations that guide an award of damages [sic] under Section [35(a)], an accounting is appropriate when the trademark infringement is ‘willfully calculated to exploit the advantage of an established mark.’”¹⁹⁷⁵ Although the defendants sought to escape the specter of an accounting on summary judgment, the court found factual disputes precluded that outcome, citing record evidence and testimony that the defendants: (1) knew of the plaintiff's marks before undertaking the conduct leading to the lawsuit; (2) had a past history of acquiring smaller competitors like the plaintiff; (3) had placed an allegedly infringing mark on one of their catalogs in a location similar to where the plaintiff placed its marks on its own catalogs; and (4) had allegedly infringed more than one of the plaintiff's marks.¹⁹⁷⁶

In contrast, and in the absence of controlling authority from the Second Circuit on the issue of the significance of the 1999 amendment to Section 35(a), a New York federal district court applied the following test when evaluating the eligibility of a group of prevailing plaintiffs to an accounting of the defendant's profits:

To ascertain whether “on the whole, the equities weigh in favor of an accounting” of defendant's profits, courts consider “(1) the degree of certainty that the defendant benefited from the unlawful conduct; (2) availability and adequacy of other remedies; (3) the role of a particular defendant in effectuating the infringement; (4) plaintiff's laches; and (5) plaintiff's unclean hands.”¹⁹⁷⁷

¹⁹⁷³ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1299 (S.D. Cal. 2018).

¹⁹⁷⁴ *Id.* at 1298.

¹⁹⁷⁵ *Id.* (Playboy Enters. v. Baccarat Clothing Co., 692 F.2d 1272, 1274 (9th Cir. 1982)).

¹⁹⁷⁶ *Id.*

¹⁹⁷⁷ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 466 (S.D.N.Y. 2017) (quoting *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1540 (2d Cir. 1992)).

The court did note that “[c]ourts in this District are split over whether a showing of bad faith is also required to obtain monetary relief for infringement, but there is agreement that it is required to obtain [monetary relief] for dilution. In any event, the Court has already found bad faith on the part of [the defendant].” *Id.* at 466 n.18 (citation omitted).

It ultimately ordered such an accounting, finding without reference to the second factor that: (1) the defendant had indeed benefitted from its unlawful conduct because “its very business model depended on creating customer confusion and capitalizing on [the plaintiffs’] goodwill”;¹⁹⁷⁸ (2) “there is [no] doubt that [the defendant] is directly responsible for the infringement”;¹⁹⁷⁹ (3) a claim of laches by the defendant was without merit;¹⁹⁸⁰ and (4) the plaintiffs did not have unclean hands.¹⁹⁸¹

An additional opinion not referring to the significance of the 1999 amendment came from a Georgia federal district court.¹⁹⁸² It held after a bench trial that the prevailing plaintiff deserved an accounting “if one of three circumstances exists: ‘(1) the defendant’s conduct was willful and deliberate, (2) the defendant was unjustly enriched, or (3) it is necessary to deter future conduct.’”¹⁹⁸³ The court’s analysis focused on the first option:

Nothing in this case suggests that Defendant initially intended to confuse the public when it chose to use [its infringing mark]. However, Defendant continued to use [the mark] even after being served with a complaint in this action. Willfulness may be inferred from this deliberate continuation after being put on notice that it could be liable for trademark infringement. Defendant’s conduct creates an inference of willfulness, and Plaintiff is therefore entitled to any profits resulting from Defendant’s infringing conduct.¹⁹⁸⁴

Finally, a California federal district court offered an additional basis for ordering an accounting in a case in which certain of the defendants had violated a consent injunction entered earlier in the case.¹⁹⁸⁵ Having found the defendants in contempt, the court cited its ability to “use the Lanham Act as a guide for imposing contempt sanctions.”¹⁹⁸⁶ That methodology led to its concomitant conclusion that “disgorgement of profits is a traditional trademark remedy and the district court’s use of profits as a measure for the contempt

¹⁹⁷⁸ *Id.*

¹⁹⁷⁹ *Id.*

¹⁹⁸⁰ *Id.*

¹⁹⁸¹ *Id.*

¹⁹⁸² See *Playnation Play Sys., Inc. v. Velez Corp.*, 325 F. Supp. 3d 1354 (N.D. Ga. 2017).

¹⁹⁸³ *Id.* at 1360 (quoting *Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 Fed. App’x 899, 902 (11th Cir. 2007)).

¹⁹⁸⁴ *Id.* (citation omitted).

¹⁹⁸⁵ See *Toyo Tire & Rubber Co. v. Hong Kong Tri-Ace Tire Co.*, 281 F. Supp. 3d 967 (C.D. Cal. 2017), *appeal dismissed sub nom.* *Toyo Tire & Rubber Co. v. Doublestar Dong Feng Tyre Co.*, No. 17-56932, 2018 WL 3156018 (9th Cir. Jan. 2, 2018).

¹⁹⁸⁶ *Id.* at 988.

sanction is hardly a novel proposition.”¹⁹⁸⁷ With the plaintiffs unable to demonstrate actual losses attributable to the defendants’ contemptuous conduct, an accounting of the defendants’ profits became the measure of the plaintiffs’ recovery.

(B) The Accounting Process

Section 35(a) provides “[i]n assessing profits the plaintiff shall be required to prove defendant’s sales only; [the] defendant must prove all elements of cost or deduction claimed”¹⁹⁸⁸ One court offered the following explanation of the parties’ respective burdens under the statute with respect to permissible deductions:

Ordinarily, a plaintiff that has proved the amount of infringing sales would be entitled to that amount unless the defendant adequately proved the amount of costs to be deducted from it. This sequence of proof thus places the burden of proving costs on the party with the superior access to such information, namely the infringing defendant.¹⁹⁸⁹

Although that proposition was uncontroversial in light of the statute’s express language, courts differed on the significance of that language to the separate and independent question of which party bears the burden of apportioning a losing defendant’s revenues between infringing and noninfringing sources. For example, a California federal district court held that the burden-of-proof-shifting effect of Section 35(a) extends to the apportionment inquiry: “[The] [p]laintiff has only the burden of establishing the defendant’s gross profits from the infringing activity with reasonable certainty. Once the plaintiff demonstrates gross profits, they are presumed to be the result of the infringing activity.”¹⁹⁹⁰ In contrast, another court held that “[t]he plaintiff bears the burden of showing that the sales for which it seeks disgorgement occurred because of the alleged false advertising,”¹⁹⁹¹ and it ultimately denied an accounting altogether in light of the failure of the plaintiff before it to carry that burden.¹⁹⁹²

¹⁹⁸⁷ *Id.* at 990 (alteration omitted) (quoting *Jerry’s Famous Deli, Inc. v. Papanicolaou*, 383 F.3d 998, 1004 (9th Cir. 2004)).

¹⁹⁸⁸ 15 U.S.C. § 1117(a) (2012).

¹⁹⁸⁹ *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 465–66 (S.D.N.Y. 2017) (quoting *Am. Honda Motor Co. v. Two Wheel Corp.*, 918 F.2d 1060, 1063 (2d Cir. 1990)).

¹⁹⁹⁰ *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1299 (S.D. Cal. 2018) (quoting *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1408 (9th Cir. 1993)).

¹⁹⁹¹ *Larry Pitt & Assocs. v. Lundy Law LLP*, 294 F. Supp. 3d 329, 342 (E.D. Pa. 2018).

¹⁹⁹² *Id.* (“Because [the plaintiff] has not established a causal link between the claimed misrepresentations and any clients or cases obtained by the [defendant law] firm, [the plaintiff] has not established that [the defendant] was unjustly enriched as a result of its false statements.”); *see also Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061, 1072 (C.D. Cal. 2017) (denying prevailing plaintiff’s request for an accounting in part because of prevailing plaintiff’s failure to adduce “any evidence that

Several courts took the former approach to the inquiry and did so aggressively. That occurred in a case in which the defendant wrongfully seized control of a restaurant and food market operated by the plaintiffs under a registered service mark owned by one of them; he then operated the business himself until enjoined by the court from doing so.¹⁹⁹³ Having found the defendant liable for infringement, the court next determined that “*all of the profits that [Defendant] has earned from running the Restaurant are attributable to [his] infringing use of the [infringed] trademark, because [Defendant] took over Plaintiffs’ entire business.*”¹⁹⁹⁴ The court elaborated on this point with the observation that “*it is precisely because [Defendant’s] infringing use was so expansive that the remedy for his Lanham Act violation and unfair competition should be similarly expansive, such that it encompasses all of the profits [Defendant] earned from the Restaurant that he unlawfully commandeered.*”¹⁹⁹⁵

Moving on the second part of the accounting inquiry—whether there were permissible deductions from the defendant’s overall revenues—the court properly held that “the Lanham Act expressly places the burden of proving the costs attributable to production of the infringing goods *on the defendant*, and it is clear that if such costs are not established, the defendant can be held liable to the plaintiffs for the full value of the infringing sales.”¹⁹⁹⁶ Reviewing documentation produced by the defendant, the court found that “some of the records he has provided to demonstrate costs are either unreliable, or contain assertions that the listed expenses are not clearly related to [Defendant’s] infringing activities.”¹⁹⁹⁷ Nevertheless, it accepted a cursory exhibit listing the defendant’s claimed expenses, including the costs of raw materials and rent, in light of the plaintiffs’ failure to dispute those numbers.¹⁹⁹⁸

An equally aggressive interpretation of Section 35(a)’s “sales only” language came in a post-trial opinion arising from the counterfeiting of the plaintiffs’ registered marks for jewelry by a

whatever success and profits Defendants have achieved are the result of the value and use of the trademarks rather than Defendants’ efforts”), *aff’d*, 742 F. App’x 291 (9th Cir. 2018).

¹⁹⁹³ See *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337 (D.D.C. 2018), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018). The degree of misconduct by the defendant rendered moot any inquiry into whether the 1999 amendment to Section 35(a) obviated the need for an inquiry into his willfulness. *Id.* at 357-59.

¹⁹⁹⁴ *Id.* at 360.

¹⁹⁹⁵ *Id.*

¹⁹⁹⁶ *Id.* at 361.

¹⁹⁹⁷ *Id.* at 362.

¹⁹⁹⁸ *Id.* at 362-63.

warehouse retailer.¹⁹⁹⁹ In accepting an accounting conducted by an advisory jury, the court credited the plaintiffs' showing that "[the defendant's] profits are not limited to the margin between product costs and sales, but also include very substantial fees derived from warehouse membership fees."²⁰⁰⁰ Moreover, although the plaintiff's monetary relief expert opined the defendant had enjoyed a 13% profit margin on its sales of merchandise and the defendant's expert set that margin at 10.31%,²⁰⁰¹ the court agreed with the jury estimate of a margin "slightly more than 50% of the sales revenue proven in connection with those sales." It explained:

In light of the role of the membership fees in [the defendant's] business model and of its use of [the plaintiff's] mark in selling fine jewelry, which is prominently displayed at the entrance of the stores to catch the eye of the customer, the Court finds it necessary and appropriate as an equitable matter to impute a sufficient portion of the membership revenue to the sale of these rings to bring the recoverable profit margin on the rings into the profit margin range of a typical run-of-the-mill jewelry store, which is approximately 50–100%.²⁰⁰²

Having accepted proof of a defendant's overall revenues, another court turned to the question of whether the defendant had adequately demonstrated its claimed deductions from those revenues.²⁰⁰³ Reviewing the trial record, the court began by backing out line items attributable to "returns and allowances and the costs of the goods sold."²⁰⁰⁴ It then found additional deductions for unidentified "overhead expenses" appropriate; those deductions did not, however, include either "legal expenses," which the court determined were "for the most part" associated with the defense of the action, or taxes paid by the defendant.²⁰⁰⁵ This methodology resulted in an accounting of \$150,188 in profits out of the defendant's gross sales of \$7,430,632.²⁰⁰⁶

Another mixed outcome arose from an accounting conducted in the context of a contempt proceeding.²⁰⁰⁷ Having accepted the

¹⁹⁹⁹ See *Tiffany & Co. v. Costco Wholesale Corp.*, 274 F. Supp. 3d 216 (S.D.N.Y. 2017), *appeal docketed*, No. 17-2798 (2d Cir. Sept. 18, 2017).

²⁰⁰⁰ *Id.* at 233.

²⁰⁰¹ *Id.* at 233-34.

²⁰⁰² *Id.* at 224.

²⁰⁰³ See *Playnation Play Sys., Inc. v. Velez Corp.*, 325 F. Supp. 3d 1354, 1360 (N.D. Ga. 2017).

²⁰⁰⁴ *Id.* at 1360.

²⁰⁰⁵ *Id.*

²⁰⁰⁶ *Id.*

²⁰⁰⁷ See *Toyo Tire & Rubber Co. v. Hong Kong Tri-Ace Tire Co.*, 281 F. Supp. 3d 967 (C.D. Cal. 2017), *appeal dismissed sub nom.* *Toyo Tire & Rubber Co. v. Doublestar Dong Feng Tyre Co.*, No. 17-56932, 2018 WL 3156018 (9th Cir. Jan. 2, 2018).

plaintiffs' invitation to impose that remedy as a sanction for the defendants' violation of a consent injunction, the court found the plaintiffs had successfully demonstrated \$4,671,706.11 worth of contemptuous sales by the defendants. The defendants responded to that showing by proffering evidence of their production and sales costs, but that evidence related to their international operations and not just those in the United States. The court therefore ordered a disgorgement based on a pro rata reduction of the defendants' costs, as well as on a corresponding reduction of the defendants' sales during a particular year to take into account the fact that the consent judgment had become effective only in March of that year. The result was an accounting of \$1,557,460.59.²⁰⁰⁸

Another defendant's showing of claimed deductions was far less convincing and comprised two categories of documents: (1) a spreadsheet with columns allegedly documenting its production expenses; and (2) profit-and-loss statements for the years of the defendant's infringement.²⁰⁰⁹ Although the defendant sought to establish a foundation for those documents through the testimony of one of its principals, that witness "provided no detail as to what the columns were or how the figures within the columns were calculated," a deficiency that rendered his testimony mere speculation.²⁰¹⁰ The court reached much the same conclusion with respect to the profit-and-loss statements, rejecting the same witness's testimony after he admitted outside accountants had adjusted the statements in ways with which he was unfamiliar and also that some of the statements were inaccurate.²⁰¹¹ The plaintiffs therefore were entitled to an accounting of the entirety of the defendant's revenues.²⁰¹²

A failure by a debtor to document his alleged deductions produced the same result in litigation before a bankruptcy court.²⁰¹³ The debtor's sales records established his receipt of \$2,145,234.22 in revenues, but, as the court found, "Debtor has not provided any evidence regarding deductions from the gross revenues."²⁰¹⁴ That failure was particularly conspicuous because "Debtor has had ample opportunity to provide some evidence regarding expenses—either through his response to Plaintiffs' motion for summary judgment, his supplement to his response, at the hearing, or in his supplemental filings."²⁰¹⁵ Accordingly, the court determined, "in the

²⁰⁰⁸ *Id.* at 992.

²⁰⁰⁹ *See* *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425, 466 (S.D.N.Y. 2017).

²⁰¹⁰ *Id.* at 467.

²⁰¹¹ *Id.* at 466-67.

²⁰¹² *Id.* at 467.

²⁰¹³ *See In re Bhalla*, 573 B.R. 265 (Bankr. M.D. Fla. 2017).

²⁰¹⁴ *Id.* at 283.

²⁰¹⁵ *Id.*

absence of any specific facts regarding Debtor's profits versus gross revenue, Debtor is liable for trademark infringement under the Lanham Act as a matter of law in the [full] amount" ²⁰¹⁶

Finally, in an opinion freely conflating the equitable remedy of an accounting with its legal counterpart of an award of actual damages, one court upheld a jury's determination of a losing defendant's profits. ²⁰¹⁷ Under the court's reading of Section 35(a), "[b]ecause proof of actual damage is often difficult, a court may award damages based on defendant's profits on the theory of unjust enrichment." ²⁰¹⁸ At trial, the plaintiff had presented unchallenged expert witness testimony that the defendant had enjoyed \$193,598 in revenues attributable to its infringement. Although the plaintiff's expert also identified "certain costs which could properly be deducted from the gross sales," ²⁰¹⁹ the jury apparently had disregarded that portion of his testimony in finding the plaintiff entitled to the full \$193,598 of the defendant's revenues. Although the court declined to disturb the jury's finding that the plaintiff was entitled to recover the defendant's profits, it conducted a remittitur of that accounting "to properly account for the testimony of [the plaintiff's] damages expert regarding [the defendant's] costs that should have been deducted from [the defendant's] gross sales for the relevant period, to arrive at an accurate estimate of [the defendant's] . . . profits." ²⁰²⁰ The result was a final accounting of \$167,239.55, "which is the maximum amount supported by the evidence consistent with the testimony of [the plaintiff's] own expert . . . regarding [the defendant's] deductible costs." ²⁰²¹

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"; ²⁰²² 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

²⁰¹⁶ *Id.*

²⁰¹⁷ See *Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

²⁰¹⁸ *Id.* at 1061.

²⁰¹⁹ *Id.* at 1061 n.12.

²⁰²⁰ *Id.* at 1062.

²⁰²¹ *Id.* at 1066.

²⁰²² 15 U.S.C. § 1117(a) (2012).

its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case.”²⁰²³ 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 the recipient of the goods or services would put the goods or services to use in committing the violation.²⁰²⁴

As one opinion demonstrated, equitable augmentations of monetary relief outside the counterfeiting context are rare.²⁰²⁵ The defendant in that action sold perfume directly competitive with that of the plaintiffs. The defendant’s packaging bore exact reproductions of the plaintiffs’ registered marks but only as part of notices reading “Our Version of [the plaintiffs’ brands],” which the court found did not rise to the level of trafficking of goods bearing counterfeit imitations of the plaintiffs’ marks. Based on that determination, the court declined to grant the plaintiffs the near-automatic trebling of their damages contemplated by Section 35(b).²⁰²⁶ Although noting the plaintiffs did not appear to seek a trebled accounting of the defendant’s profits, the court went on to hold that remedy unavailable for two reasons, the first of which was that “most courts have held that trebled *profits* (as opposed to trebled *damages*) are unavailable under Section 35(a).”²⁰²⁷ The second was that “even if trebled profits were available, the Court would exercise its discretion and decline to award [the plaintiffs] such profits here for the simple reason that it ‘has not presented any

²⁰²³ *Id.*

²⁰²⁴ *Id.* § 1117(b).

²⁰²⁵ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

²⁰²⁶ *Id.* at 469.

²⁰²⁷ *Id.* at 469 n.19.

evidence' that the [current accounting] of over \$6 million in [the defendant's] profits 'is inadequate.'"²⁰²⁸

Nevertheless, one court did exercise its discretion to augment an accounting of the profits of a defendant who failed, despite promises to the court to do so, to produce documentation of his revenues and deductible costs for slightly more than a two-year period of his infringement.²⁰²⁹ That failure led the court to conclude its baseline accounting of \$1,493,032 was inadequate. Taking the last year for which the defendant *had* produced adequate documentation as a benchmark, the court doubled its accounting for that year to account for the two missing years and then added a pro rata portion of it to make up for the portion of the remaining year of infringement. It therefore reached a final figure of \$1,856,144 "because the Court has no better measure of Defendant's profits for [the missing] years"²⁰³⁰

The court then trebled the award of actual damages to which it had found the plaintiffs entitled because of the defendant's infringement. That infringement had arisen from the defendant's unlawful seizure of a food market and restaurant complex owned by the plaintiffs, which the defendant continued to operate under a mark the court found belonged to one of the plaintiffs. Because of the defendant's deficient document production, the court used the defendant's profits, as disclosed in the defendant's tax return for a single year,²⁰³¹ as a proxy for the plaintiffs' losses. The court was reluctant to rely on that figure alone, noting, "[i]t is clear from the record in this case that the [Complex] experienced a steady decrease in gross sales under [the defendant's] management"²⁰³² A trebled award therefore was appropriate because "it cannot be said that the profits [the defendant] earned after the takeover are necessarily representative of the full profits that [the plaintiffs] would have generated if [they] had continued to run the Complex"²⁰³³

Of course, augmentation of monetary relief under Section 35(b) occurs as a matter of course in cases in which defendants are found liable for the trafficking in goods or services associated with

²⁰²⁸ *Id.* (quoting *U.S.A. Famous Original Ray's Licensing Corp. v. Tisi's Pizza & Pasta Inc.*, No. 09 Civ 5517 (RMB-AJP), 2009 WL 4351962, at *5 (S.D.N.Y. Dec. 1, 2009), *report and recommendation adopted*, No. 09 CIV. 5517 RMB/AJP, 2009 WL 5178023 (S.D.N.Y. Dec. 31, 2009)).

²⁰²⁹ *See* *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337 (D.D.C. 2018), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018).

²⁰³⁰ *Id.* at 364.

²⁰³¹ The defendant produced tax returns for a two-year period; the court did not explain why the single return it chose as a benchmark "provides the best indication of the [defendant's] true profits." *Id.* at 369.

²⁰³² *Id.* at 368.

²⁰³³ *Id.*

counterfeit imitations of registered marks.²⁰³⁴ For example, one such adjustment came in a case in which a jury had found the warehouse retailer Costco liable for selling diamond rings bearing counterfeit imitations of the plaintiff's registered TIFFANY mark for the same goods.²⁰³⁵ After undertaking an accounting, the court cited Section 35(b)'s mandate that it treble the resulting amount in the absence of extenuating circumstances, holding that "[e]xtenuating circumstances will be present only in 'a rare case,' such as in the case of 'an unsophisticated individual, operating on a small scale, for whom the imposition of treble damages would mean that he or she would be unable to support his or her family.'"²⁰³⁶ It then rejected the defendant's attempt to show the existence of such circumstances, which consisted of the argument that its use of the TIFFANY mark in close association with its goods was merely a short-hand for "Tiffany style," which it believed—incorrectly, according to the jury—was generic. A trebled accounting was the result.²⁰³⁷

iv. Pre-Judgment and Post-Judgment Interest

On its face, Section 35 of the Lanham Act expressly authorizes prejudgment interest only in cases in which a defendant has willfully engaged in counterfeiting.²⁰³⁸ Nevertheless, the Second Circuit has held that district courts can exercise their discretion to award that remedy to prevailing plaintiffs in exceptional cases.²⁰³⁹ One opinion applying that standard arose from a bench trial in which the plaintiffs successfully pursued findings of infringement and likely dilution but did not establish the defendant's liability for having trafficked in goods bearing counterfeit imitations of the plaintiffs' registered marks.²⁰⁴⁰ In denying the plaintiffs' request for prejudgment interest on an accounting of \$6,573,840.43, the court cited three reasons why the defendant's conduct did not constitute the fraud, bad faith, or willfulness necessary for such an award. First, the defendant's conduct before and during the litigation, "while certainly not commendable," fell short of establishing an

²⁰³⁴ For an opinion both finding the defendants liable for counterfeiting as a matter of law and denying the lead defendant's motion for summary judgment on the issue of its exposure to a trebled award of monetary relief, see *Moroccanoil, Inc. v. Groupon, Inc.*, 278 F. Supp. 3d 1157, 1164-65 (C.D. Cal. 2017) (citing evidence of lead defendant's willful blindness).

²⁰³⁵ See *Tiffany & Co. v. Costco Wholesale Corp.*, 274 F. Supp. 3d 216 (S.D.N.Y. 2017), *appeal docketed*, No. 17-2798 (2d Cir. Sept. 18, 2017).

²⁰³⁶ *Id.* at 224 (quoting *Koon Chun Hing Soy & Sauce Factory, Ltd. v. Star Mark Mgmt., Inc.*, 628 F. Supp. 2d 312, 325 (E.D.N.Y. 2009)).

²⁰³⁷ *Id.* at 225.

²⁰³⁸ 15 U.S.C. § 1117(b) (2012).

²⁰³⁹ See *Am. Honda Motor Co. v. Two Wheel Corp.*, 918 F.2d 1060, 1064 (2d Cir. 1990).

²⁰⁴⁰ See *Coty Inc. v. Excell Brands, LLC*, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

exceptional case.²⁰⁴¹ Second, “despite several years of competition,” the plaintiffs had failed to adduce evidence of ascertainable damage or actual confusion.²⁰⁴² And, third, it was not a foregone conclusion the plaintiffs would prevail at trial.²⁰⁴³

v. Attorneys’ Fees

Trial courts enjoy the discretion to award attorneys’ fees under a number of mechanisms to prevailing parties in trademark and unfair competition litigation. Those parties in some jurisdictions can secure awards of fees under state law,²⁰⁴⁴ but, as always, most cases awarding fees over the past year did so under federal law, which recognizes several 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,”²⁰⁴⁵ 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.²⁰⁴⁶ The Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals,²⁰⁴⁷ and federal district courts also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case.²⁰⁴⁸ Federal courts likewise have the inherent power to award fees if bad-faith litigation practices by the parties or other considerations justify them²⁰⁴⁹ and also may impose awards of fees as sanctions for contempt,²⁰⁵⁰ under Rules 11 and 41(d) of the Federal Rules of Civil Procedure,²⁰⁵¹ or, in the case of discovery violations, under Rule 37.²⁰⁵² Finally, Section 21(b)(3) of the Act²⁰⁵³ provides for an automatic award of the USPTO’s reasonable

²⁰⁴¹ *Id.* at 470.

²⁰⁴² *Id.*

²⁰⁴³ *Id.*

²⁰⁴⁴ *See, e.g.*, *Xlear, Inc. v. Focus Nutrition, LLC*, 893 F.3d 1227, 1239 (10th Cir. 2018) (affirming award of fees to prevailing defendant under Utah law but vacating for recalculation by district court).

²⁰⁴⁵ 15 U.S.C. § 1117(a) (2012).

²⁰⁴⁶ *Id.* § 1117(b).

²⁰⁴⁷ Fed. R. App. P. 38.

²⁰⁴⁸ 28 U.S.C. § 1927 (2012).

²⁰⁴⁹ *See, e.g.*, *Filo Promotions, Inc. v. Bathtub Gins, Inc.*, 311 F. Supp. 3d 645 (S.D.N.Y. 2018) (awarding fees to plaintiff as a condition to vacatur of default judgment).

²⁰⁵⁰ *See, e.g.*, *Toyo Tire & Rubber Co. v. Hong Kong Tri-Ace Tire Co.*, 281 F. Supp. 3d 967, 993 (C.D. Cal. 2017), *appeal dismissed sub nom.* *Toyo Tire & Rubber Co. v. Doublestar Dong Feng Tyre Co.*, No. 17-56932, 2018 WL 3156018 (9th Cir. Jan. 2, 2018).

²⁰⁵¹ Fed. R. Civ. P. 11 & 41(d).

²⁰⁵² Fed. R. Civ. P. 37.

²⁰⁵³ 15 U.S.C. § 1071(b)(3) (2012).

“expenses,” 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, a provision the Fourth Circuit has held includes the Office’s attorneys’ fees and paralegal costs.²⁰⁵⁴

²⁰⁵⁴ See *Booking.com B.V. v. Matal*, No. 17-249, 2019 WL 419053 (4th Cir. Feb. 4, 2019); *Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015).

In contrast, the Federal Circuit has within the past twelve months rejected that interpretation of identical language in Section 145 of the Patent Act, 35 U.S.C. § 145 (2012). See *Nantkwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018) (en banc), *petition for cert. filed* (U.S. Dec. 21, 2018) (18-801). As between the differing approaches of those courts, that of the Federal Circuit is more consistent with the so-called “American Rule,” pursuant to which the parties in federal court litigation ordinarily are responsible for their own fees and costs in the absence of express congressional guidance to the contrary. See *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015) (“The American Rule has roots in our common law reaching back to at least the 18th century . . . and ‘[s]tatutes which invade the common law are to be read with a presumption favoring the retention of long-established and familiar [legal] principles.’” (citations omitted)). Beyond that, other fundamental principles of statutory construction, including those recognized by the Supreme Court as applicable to the Lanham Act, also make the PTO’s interpretation incorrect. In *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967), the Supreme Court held that the then-extant version of the Act did not contemplate fee awards in litigation brought under it. Specifically, the Court rejected the argument that the ability of prevailing parties to recover “the costs of the action” under Section 35 of the Act allowed those parties to recover their attorneys’ fees as well. The Court’s holding on this point merits reproduction at length:

[R]ecognized exceptions to the [American] rule were not . . . developed in the context of statutory causes of action for which the legislature had prescribed intricate remedies. Trademark actions under the Lanham Act do occur in such a setting. For, in the Lanham Act, Congress meticulously detailed the remedies available to a plaintiff who proves that his valid trademark has been infringed. It provided not only for injunctive relief, but also for compensatory recovery measured by the profits that accrued to the defendant by virtue of his infringement, the costs of the action, and damages which may be trebled in appropriate circumstances. . . . When a cause of action has been created by a statute which expressly provides the remedies for vindication of the cause, other remedies should not readily be implied. . . . We therefore conclude that *Congress intended § 35 of the Lanham Act to mark the boundaries of the power to award monetary relief in cases arising under the Act. A judicially created compensatory remedy in addition to the express statutory remedies is inappropriate in this context.*

Id. at 719-21 (emphasis added) (footnote omitted) (citations omitted).

Congress responded to *Fleischmann Distilling* by enacting Pub. L. No. 93-600, 88 Stat. 1955 (1975), which accomplished two things relevant to the proper interpretation of Section 21(b)(3). The first made certain procedural amendments to Section 21(b), which Congress did while retaining the “all the expenses of the proceeding” language contained in that section. In so acting nearly four decades before the PTO adopted its current position, Congress knew the PTO historically had not interpreted “all the expenses of the proceeding” to include PTO staff salaries but did nothing to change this language. If Congress sought to expand the definition of “expenses of the proceeding,” it would have said so: “Congress is presumed to be aware of an administrative or judicial interpretation of a statute and to adopt that interpretation when it reenacts a statute without change” *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527 (1994) (citations omitted).

Second, Pub. L. No. 93-600 amended Section 35(a) of the Lanham Act to provide for fee awards to prevailing parties in infringement and unfair competition litigation under the Act. As revised by that legislation, Section 35(a) authorizes the imposition of fees upon the losing party in “exceptional cases.” 15 U.S.C. § 1117(a) (2012). Likewise, following

(A) *Determination of the Prevailing Party*

A non-prevailing party obviously is generally in a poor position to seek reimbursement of its fees under any theory, but this proposition can be more difficult to apply in some cases than in others. For example, in one dispute underlying an appeal to the Tenth Circuit, the plaintiff had stipulated to the dismissal of its trade dress infringement claims with prejudice, leading the defendant to pursue a successful fee petition under Section 35(a) and the Utah Truth in Advertising Act²⁰⁵⁵ before the district court.²⁰⁵⁶ The appellate court reviewed the district court's order under a deferential abuse-of-discretion standard, but it still determined the defendant was not a prevailing party for purposes of Section 35(a) because "a litigant must demonstrate the existence of judicial imprimatur by identifying judicial action that altered or modified the legal rights of the parties";²⁰⁵⁷ this meant that "[t]he stipulation of dismissal in this case does not bear any attributes of a consent decree and did not permit the district court to retain jurisdiction to enforce any aspect of the dismissal relative to the merits of [the] case."²⁰⁵⁸ Nevertheless, although thus reversing the fee award under federal law, the court nevertheless affirmed the defendant's entitlement to reimbursement under Utah law, which it held turned on a "'flexible,' 'reasoned,' and common-sense' approach to whether a litigant is a prevailing party."²⁰⁵⁹ Because the district court had evaluated the appropriate quantum of fees only under the

congressional passage of the Trademark Counterfeiting Act of 1984, Pub. L. No. 98-473, 98 Stat. 1837 (1984), Section 35(b) has made 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. 15 U.S.C. § 1117(b). The Lanham Act's treatment of monetary relief therefore is considerably more "meticulously detailed" than it was when the Court decided *Fleischmann Distilling* in 1967, yet the Act still does not expressly contemplate awards of fees in Section 21(b) appeals.

Finally, the Supreme Court has held when interpreting the Lanham Act that "where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004) (alteration omitted) (quoting *Russello v. United States*, 464 U.S. 16, 23 (1983)). Here, Congress chose to make attorney's fees available under the express text of Section 35(a) and Section 35(b) but did not make the same choice with respect to Section 21(b)(3). Any holding that "expenses" under Section 21(b)(3) has a meaning identical to "attorneys fees" in Sections 35(a) and 35(b) therefore suffers from an infirmity in addition to its fatal inconsistency with *Fleischmann Distilling's* holding that Section 35—and *only* Section 35—defines the circumstances under which fee awards ordinarily are appropriate in litigation under the Act.

²⁰⁵⁵ Utah Code Ann. § 13-11a-3 (West 2018).

²⁰⁵⁶ See *Xlear, Inc. v. Focus Nutrition, LLC*, 893 F.3d 1227 (10th Cir. 2018).

²⁰⁵⁷ *Id.* at 1239.

²⁰⁵⁸ *Id.*

²⁰⁵⁹ *Id.* (quoting *Neff v. Neff*, 247 P.3d 380, 399, 400 (Utah 2011)).

rubric of Section 35(a), the Tenth Circuit remanded the action to allow the district court an opportunity to consider that issue under state law.²⁰⁶⁰

A Washington federal district court reached a similar outcome in a different case.²⁰⁶¹ Seeking to protect the registered configuration of a product against the defendant's copying, the plaintiff asserted a number of federal and state causes of action in its complaint. As trial approached, the court expressed concerns about the parties' proposed jury instructions, which led the plaintiff to drop its cause of action for unfair competition under Section 43(a), as well as for trademark infringement, unfair competition, and unjust enrichment under Washington law. Rejecting the argument that the defendant thereby had become the prevailing party for purposes of those claims, the court held:

The claims which [the plaintiff] raised in the complaint, but did not present at trial, were not frivolous and did not waste valuable time, or cause unnecessary expense or delay. It is a common pretrial practice for parties to narrow their list of claims to be tried at trial, and [the plaintiff] is not liable for attorney's fees simply because it wisely avoided trying overlapping and duplicative claims.²⁰⁶²

Of equal significance, the court also pointed out the plaintiff had prevailed on the merits of its remaining claim for federal trademark infringement.²⁰⁶³

(B) Eligibility of Prevailing Parties for Awards of Attorneys' Fees

(1) Fee Requests by Prevailing Plaintiffs

Outside the context of Section 35(b)'s virtually automatic award of fees to prevailing plaintiffs in counterfeiting cases,²⁰⁶⁴ the Supreme Court's interpretations of the test for awards of attorneys' fees under Section 285 of the Patent Act²⁰⁶⁵ in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*,²⁰⁶⁶ continued to play a significant role in interpretations of Section 35(a), which, like Section 285, codifies an "exceptional case" standard. Although the Second Circuit itself

²⁰⁶⁰ *Id.* at 1241.

²⁰⁶¹ See *Nat'l Prods., Inc. v. Arkon Res., Inc.*, 294 F. Supp. 3d 1042 (W.D. Wash. 2018), *appeal docketed*, No. 18-35220 (9th Cir. Mar. 19, 2018).

²⁰⁶² *Id.* at 1067.

²⁰⁶³ *Id.*

²⁰⁶⁴ For an opinion awarding fees under Section 35(b) without a substantive analysis of whether extenuating circumstances might merit a different result, see *H-D U.S.A., LLC v. Guangzhou Tomas Crafts Co.*, 125 U.S.P.Q.2d 1627, 1634 (N.D. Ill. 2017).

²⁰⁶⁵ 35 U.S.C. § 285 (2012).

²⁰⁶⁶ 134 S. Ct. 1749 (2014).

has yet to address the question of whether *Octane Fitness*'s definition of "exceptional" should apply with equal force to fee petitions under Section 35(a),²⁰⁶⁷ the Federal Circuit answered it affirmatively in an application of Second Circuit law.²⁰⁶⁸ As other courts have done before it, it did so by invoking the identical language of the two statutes;²⁰⁶⁹ in contrast to past analyses of the issue, however, it also rested its holding on the legislative history of Section 35(a).²⁰⁷⁰

Without guidance from its reviewing court, a District of Columbia federal district court similarly concluded that *Octane Fitness* was necessarily the law of the land where interpretations of Section 35(a) were concerned:

Because the language in section [35(a)] is identical to the language that the Supreme Court interpreted in *Octane Fitness*, the *Octane Fitness* standard seemingly also applies to requests for attorney fees under the Lanham Act. Indeed, every court of appeals to have considered the relevance of *Octane Fitness* has concluded that its definition of an "exceptional case" ought to govern the Lanham Act's attorney fees provision.²⁰⁷¹

This holding came after the court found the defendant liable for having unlawfully evicted the plaintiffs from a food market and restaurant the plaintiffs operated and then continuing to use the plaintiffs' mark in connection with those businesses. In holding an award of fees appropriate, the court "easily" found that "[the defendant's] deliberate heist—and the accompanying intentional freeriding on the goodwill that [the plaintiffs] had established with customers of the [market and restaurant]—is *exceedingly* unusual, and therefore, this case is far from run-of-the-mill."²⁰⁷²

Anticipating the Eleventh Circuit's later ratification of the *Octane Fitness* test,²⁰⁷³ a Georgia federal district court applied that test to the detriment of the prevailing plaintiff before it.²⁰⁷⁴

²⁰⁶⁷ See *Penshurst Trading Inc. v. Zodax L.P.*, 652 F. App'x 10, 12 (2d Cir. 2016) ("We have not yet decided whether [the *Octane Fitness*] rule applies in the context of the Lanham Act, but we need not do so here . . . [because] we [would] affirm the district court's denial of attorney's fees [under either *Octane Fitness* or prior Second Circuit authority].").

²⁰⁶⁸ See *Romag Fasteners, Inc. v. Fossil, Inc.*, 866 F.3d 1330 (Fed. Cir. 2017).

²⁰⁶⁹ *Id.* at 1335.

²⁰⁷⁰ The court's interpretation of that legislative history was somewhat less than convincing and rested largely on a statement in the Senate Committee report to the effect that "[t]he federal patent and copyright statutes expressly provide for reasonable attorney fees." *Id.* at 1335 (quoting S. Rep. No. 93-1400, at 5, as reprinted in 1974 U.S.C.A.N. 7132, 7135).

²⁰⁷¹ *Yah Kai World Wide Enters. v. Napper*, 292 F. Supp. 3d 337, 367 (D.D.C. 2018), *appeal dismissed*, No. 18-7041, 2018 WL 4641349 (D.C. Cir. May 30, 2018).

²⁰⁷² *Id.*

²⁰⁷³ See *Tobinick v. Novella*, 884 F.3d 1110, 1117-18 (11th Cir. 2018).

²⁰⁷⁴ See *Playnation Play Sys., Inc. v. Velez Corp.*, 325 F. Supp. 3d 1354 (N.D. Ga. 2017).

Although ordering an accounting based on the defendant's continued use of its infringing mark after service of the complaint, the court rejected the plaintiff's argument that that conduct also justified an award of fees. Indeed, it noted in thinly veiled criticism of the plaintiff that the defendant had never received a pre-lawsuit demand letter and that the plaintiff had not responded to the defendant's post-service attempt to resolve the matter amicably.²⁰⁷⁵ In the final analysis, the court concluded that:

Even under [the] more lenient [*Octane Fitness*] standard, the Court finds that this is not an exceptional case that would warrant an award of attorney's fees. The Court finds that the strength of Plaintiff's case does not stand out from other trademark cases and that, with the exception of its failure to cease using the [infringing] mark, Defendant did not act unreasonably in responding to Plaintiff's suit.²⁰⁷⁶

Finally, at least some fee petitions by prevailing plaintiffs failed under standards other than that of *Octane Fitness*.²⁰⁷⁷ For example, one plaintiff successfully argued before a district court that the defendant had fraudulently procured a registration, but the Eighth Circuit vacated that finding after determining that the plaintiff lacked standing to challenge the registration.²⁰⁷⁸ Despite that initial defense victory, the district court determined on remand the plaintiff owned the mark covered by the disputed registration. That led the plaintiff to seek an award of its fees under Iowa common law on the theory that the defendant's conduct rose to the level of "oppression or connivance to harass or injure another."²⁰⁷⁹ The district court granted the plaintiff's fee petition, citing the defendant's: (1) connivance with its attorney to represent falsely during the application process that no other party enjoyed the right to use applied-for mark; (2) use of the attorney as its signatory to insulate its officers from potential liability; and (3) delay in asserting rights against the plaintiff until the registration had become incontestable. On appeal, however, the Eighth Circuit

²⁰⁷⁵ *Id.* at 1361.

²⁰⁷⁶ *Id.* at 1361-62.

²⁰⁷⁷ *See, e.g.,* Pogrebnoy v. Russian Newspaper Distrib., Inc., 289 F. Supp. 3d 1061, 1073 (C.D. Cal. 2017) (holding without reference to *Octane Fitness* standard that defendants, who had prevailed on certain issues, had not asserted groundless or unreasonable defenses or pursued them "vexatiously or in bad faith"), *aff'd*, 742 F. App'x 291 (9th Cir. 2018); UL LLC v. Space Chariot Inc., 250 F. Supp. 3d 596, 615 (C.D. Cal. 2017) (denying prevailing plaintiff's fee petition without extended discussion despite having found defendants liable for counterfeiting as a matter of law and awarding \$1,000,000 in statutory damages).

²⁰⁷⁸ *See* E. Iowa Plastics, Inc. v. PI, Inc., 832 F.3d 899 (8th Cir. 2016), *reh'g denied* (Sept. 15, 2016) (*E. Iowa Plastics I*).

²⁰⁷⁹ *E. Iowa Plastics, Inc. v. PI, Inc.*, 889 F.3d 454, 457 (8th Cir. 2018) (*E. Iowa Plastics II*) (quoting *Hockenberg Equip. Co. v. Hockenberg's Equip. & Supply Co. of Des Moines, Inc.*, 510 N.W.2d 153, 159–60 (Iowa 1993)).

concluded that these considerations failed to establish the plaintiff's entitlement to a fee award. To begin with, the appellate court pointed out, the defendant had sent a demand letter to the plaintiff before the registration in question had passed its fifth anniversary and therefore before the registration had become incontestable.²⁰⁸⁰ Moreover, "[the plaintiffs] misrepresentation to the PTO was certainly improper, but its conduct did not rise to the level of being tyrannical, cruel, or harsh";²⁰⁸¹ nor did it "manufacture evidence to gain the upper hand in a judicial or administrative proceeding."²⁰⁸² In the final analysis, "[t]he evidence before the district court suggests strongly that [the plaintiff] acted in bad faith, but bad faith is not enough to support an award of Iowa common law attorney's fees."²⁰⁸³

Another fee petition to fail under a non-*Octane Fitness* analysis did so before a New York federal district court, which declined to accept the prevailing plaintiffs' invitation to find the case an exceptional one under Section 35(a).²⁰⁸⁴ Because "[a] finding of bad faith does not automatically lead to an award for the non-infringing party,"²⁰⁸⁵ one reason was that "[the defendant's] conduct before and during this litigation, while certainly not commendable, falls short of the 'the sort of misconduct that supports an attorney fees award.'"²⁰⁸⁶ Another was the plaintiffs' failure to prove to the court's satisfaction they had suffered any monetary damage arising from the defendant's conduct.²⁰⁸⁷ Finally, the court found, the plaintiffs' victory had not been a foregone conclusion.²⁰⁸⁸

(2) Fee Requests by Prevailing Defendants

As in the context of fee requests by prevailing plaintiffs, *Octane Fitness* made an impact in opinions addressing requests for the same relief by defendants. For example, the Fourth Circuit applied *Octane Fitness* while answering the question of whether a prevailing party need prove the existence of an exceptional case by a preponderance of the evidence or, alternatively, a showing of clear and convincing evidence is necessary.²⁰⁸⁹ Addressing that issue, the

²⁰⁸⁰ *Id.* at 458.

²⁰⁸¹ *Id.*

²⁰⁸² *Id.*

²⁰⁸³ *Id.* at 458-59.

²⁰⁸⁴ *See* Coty Inc. v. Excell Brand, LLC, 277 F. Supp. 3d 425 (S.D.N.Y. 2017).

²⁰⁸⁵ *Id.* at 469.

²⁰⁸⁶ *Id.* at 470 (quoting *Sara Lee Corp. v. Bags of N.Y., Inc.*, 36 F. Supp. 2d 161, 170 (S.D.N.Y. 1999)).

²⁰⁸⁷ *Id.*

²⁰⁸⁸ *Id.*

²⁰⁸⁹ *See* Verisign, Inc. v. XYZ.com LLC, 891 F.3d 481 (4th Cir. 2018).

Octane Fitness Court had concluded that “patent-infringement litigation has always been governed by a preponderance of the evidence standard,”²⁰⁹⁰ and that was good enough for the Fourth Circuit as far as Section 35(a) of the Lanham Act was concerned:

The Supreme Court explained that it had “not interpreted comparable fee-shifting statutes to require proof of entitlement to fees by clear and convincing evidence,” and the plain language did not justify such a burden because the statute “demands a simple discretionary inquiry; it imposes no specific evidentiary burden, much less such a high one.” Here, the plain language of the Lanham Act is identical to that of the statute interpreted in *Octane Fitness*, and also “demands a simple discretionary inquiry” with no high evidentiary burden. The Supreme Court also noted that the preponderance of the evidence standard “is the standard generally applicable in civil actions, because it allows both parties to share the risk of error in roughly equal fashion.” We likewise see no reason to depart from this generally applicable standard in cases seeking attorney fees under the Lanham Act.²⁰⁹¹

Because the district court had denied the prevailing defendant’s fee request through an application of the clear-and-convincing-evidence standard, the appellate court vacated that disposition and remanded the action for further proceedings;²⁰⁹² moreover, and further invoking *Octane Fitness*, it held that “a prevailing party need not establish bad faith or independently sanctionable conduct on the part of the non-prevailing party in order to be entitled to attorney fees under the Lanham Act.”²⁰⁹³

In contrast to this lack of an ultimate resolution at the hands of the Fourth Circuit, other courts did opine on the merits of prevailing defendants’ fee petitions. For example, in a case appealed to the Eleventh Circuit, a doctor dissatisfied with an online article questioning the efficacy of a treatment pioneered by the doctor launched a blunderbuss complaint against several defendants, including the article’s author (also a doctor).²⁰⁹⁴ Having secured summary judgment in their favor, the defendants successfully pursued reimbursement of their fees from the district court, which applied *Octane Fitness* at the expense of the Eleventh Circuit’s historical (and stricter) standard. In affirming that outcome, the Eleventh Circuit held that:

²⁰⁹⁰ 134 S. Ct. at 1758.

²⁰⁹¹ *Verisign*, 891 F.3d at 485 (quoting *Octane Fitness*, 134 S. Ct. at 1758)).

²⁰⁹² *Id.* at 487.

²⁰⁹³ *Id.* at 489.

²⁰⁹⁴ See *Tobinick v. Novella*, 884 F.3d 1110 (11th Cir. 2018).

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

We think this result correct. The language in the two provisions is identical. Beyond that, courts generally “have looked to the interpretation of the patent statute for guidance in interpreting” the attorney’s fees provision in the Lanham Act.²⁰⁹⁵

Having failed to head off adoption of the *Octane Fitness* standard, the plaintiffs argued the district court should receive an opportunity to apply that standard in the first instance, but the Eleventh Circuit disagreed, holding instead that the record contained sufficient evidence and testimony to affirm the grant of the defendants’ fee petition below.²⁰⁹⁶

With the Ninth Circuit having previously endorsed the use of *Octane Fitness* in applications of Section 35(a),²⁰⁹⁷ a California federal district court found a pair of defendants entitled to reimbursement of their fees after they prevailed in an infringement and unfair competition suit brought against them.²⁰⁹⁸ The plaintiff asserted rights to a mark covered by nine federal registrations, but it voluntarily surrendered eight of them after the defendants confronted it with evidence that the eight rested on fraudulent statements of use;²⁰⁹⁹ the court then ordered the ninth registration cancelled after determining as a matter of law that the claimed mark underlying it in fact failed to function as a mark. Not surprisingly, the plaintiff’s misconduct during the registration process played a central role in the court’s grant of the defendants’ fee petition. As it observed, “courts have routinely found that cases where a Plaintiff engaged in fraud on the trademark office are ‘exceptional’ under the Lanham Act.”²¹⁰⁰ The plaintiff’s voluntary surrender of the fraudulently procured registrations did not

²⁰⁹⁵ *Id.* at 1117-18 (citations omitted) (quoting *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 315 (3d Cir. 2014)).

²⁰⁹⁶ That evidence and testimony documented, inter alia, the plaintiffs’: (1) the continued prosecution of their case despite the district court’s having ruled against them “in three separate orders”; (2) belated attempts to multiply the proceedings by adding new parties and claims; and (3) unsubstantiated accusations of perjury against the defendants. *Id.* at 1118.

²⁰⁹⁷ *See SunEarth, Inc. v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1181 (9th Cir. 2016).

²⁰⁹⁸ *See Amusement Art, LLC v. Life Is Beautiful, LLC*, 123 U.S.P.Q.2d 1065 (C.D. Cal. 2017).

²⁰⁹⁹ Specifically, “Plaintiff obtained these registrations by staging photographs and submitting false declarations about using the mark in commerce on goods that they later admitted were never sold.” *Id.* at 1068.

²¹⁰⁰ *Id.*

preclude such a result in light of the plaintiff's continued assertion of rights to the mark covered by the ninth registration "despite an acknowledgement by Plaintiff's 30(b)(6) witness that she considered the heart design a copyright image rather than a trademark image."²¹⁰¹ "Of course," the court concluded, "not every case where a party loses at summary judgment qualifies as exceptional. But this case is not one where there was inadequate evidence to create a triable issue but rather almost no evidence."²¹⁰²

Nevertheless, and despite these outcomes, at least some prevailing defendants went home empty-handed.²¹⁰³ One that did so successfully had defended itself in a trade dress action to protect the appearance of two models of shoes before a Florida federal district court, which referred the ensuing fee petition to a magistrate judge.²¹⁰⁴ Reviewing the summary judgment record leading to the defendant's victory, the magistrate noted that, although the plaintiff had failed to demonstrate the acquired distinctiveness of its designs, it had adduced declaration testimony addressing all of the relevant Eleventh Circuit secondary-meaning factors with respect to one model and two of those factors with respect to the second model. Deeming the plaintiff's claim of protectable rights "colorable" (even if unsuccessful), the magistrate also concluded the plaintiff had not engaged in bad-faith litigation practices. Because "[the plaintiff's] case was not exceptional under the *Octane Fitness* standard," she therefore recommended that the district court not order reimbursement of the defendant's fees.²¹⁰⁵

Another failed defense fee petition came in an ACPA action.²¹⁰⁶ The plaintiff, a Ukrainian limited liability company, demonstrated to the court's satisfaction that it owned the rights to its mark in its home country. When two dissident members of the plaintiff registered a domain name incorporating that mark, the plaintiff sought relief under United States law, only to lose on a defense motion for summary judgment after it failed to demonstrate the prior use in commerce required for protectable rights. Nevertheless, that loss did not extend to the prevailing defendants' motion for reimbursement of their attorneys' fees. "To begin with," the court observed while denying that motion, "given the contested status of the [plaintiff's] mark in Ukraine, it was not frivolous for plaintiff to believe it may hold common law trademark rights in the United

²¹⁰¹ *Id.*

²¹⁰² *Id.* at 1069.

²¹⁰³ See, e.g., *Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061, 1073 (C.D. Cal. 2017) (declining to award fees to defendants who had prevailed on some claims asserted by pro se plaintiff but not others), *aff'd*, 742 F. App'x 291 (9th Cir. 2018);

²¹⁰⁴ See *Olem Shoe Corp. v. Wash. Shoe Co.*, 122 U.S.P.Q.2d 1720 (S.D. Fla. 2017).

²¹⁰⁵ *Id.* at 1728.

²¹⁰⁶ See *Klumba.UA, LLC v. Klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018), *appeal docketed*, No. 18-1731 (4th Cir. June 29, 2018).

States.”²¹⁰⁷ “This is particularly so,” the court continued, “given the open questions about the availability of common law trademark rights in the United States based on Internet commerce.”²¹⁰⁸ Because the plaintiff had cited controlling authority in favor of its position and otherwise had not engaged in litigation-related misconduct, an award of fees was inappropriate.²¹⁰⁹

(C) Calculation of Attorneys’ Fees

As always, the “lodestar” method of calculating fees played a role in some reported 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: “When it sets a fee, the district court must first determine the presumptive lodestar figure by multiplying the number of hours reasonably expended on the litigation by the reasonable hourly rate. Next, in appropriate cases, the district court may adjust the ‘presumptively reasonable’ lodestar figure”²¹¹⁰ Although the considerations properly playing a role in such an adjustment varied from court to court, the Ninth Circuit’s were characteristic:

(1) the time and labor required, (2) the novelty and difficulty of the questions involved, (3) the skill requisite to perform the legal service properly, (4) the preclusion of other employment by the attorney due to acceptance of the case, (5) the customary fee, (6) whether the fee is fixed or contingent, (7) time limitations imposed by the client or the circumstances, (8) the amount involved and the results obtained, (9) the experience, reputation, and ability of the attorneys, (10) the “undesirability” of the case, (11) the nature and length of the professional relationship with the client, and (12) awards in similar cases.²¹¹¹

As always, courts reached disparate results in the first step in the calculation of attorneys’ fees, namely, the determination of “reasonable hourly rate[s] corresponding to the prevailing market rate in the relevant community, considering the experience, skill, and reputation of the attorney in question.”²¹¹² Addressing that issue, a California federal district court approved the rates charged by defense counsel based on an expert declaration proffered by the defendants, which “catalogued a number of recent fee award

²¹⁰⁷ *Id.* at 780.

²¹⁰⁸ *Id.*

²¹⁰⁹ *Id.* at 780-81.

²¹¹⁰ *Amusement Art, LLC v. Life Is Beautiful, LLC*, 123 U.S.P.Q.2d 1065, 1069 (C.D. Cal. 2017).

²¹¹¹ *Id.* at 1069-70 (quoting *Kerr v. Screen Extras Guild, Inc.*, 526 F.2d 67, 70 (9th Cir. 1975)).

²¹¹² *Amusement Art*, 123 U.S.P.Q.2d at 1070.

decisions in this district, as well as the prevailing market rates for comparable counsel detailed in various industry reports.”²¹¹³ The plaintiff responded by arguing that the declaration improperly focused “on the rates charged by ‘large and prestigious private law firms’ instead of what a reasonably competent counsel would charge” and, additionally, that the case was neither a novel nor a difficult one.²¹¹⁴ The court sided with the defendants, finding with respect to the complexity of the litigation that “this case was litigated for more than two years, involved considerable discovery, raised questions regarding equitable defenses, and involved multiple interrelated parties”;²¹¹⁵ it then found that “the ... Declaration adequately substantiates Defendants’ claim that the hourly rates charged by their counsel are in line with the prevailing rates. Furthermore, both the attorney rates and the paralegal rates are in line with hourly rates approved in recent comparable intellectual property cases in this district.”²¹¹⁶

A somewhat less developed showing proved almost as successful in establishing that \$610 per hour was an appropriate rate for a New York City-based attorney with thirty years’ experience practicing intellectual property law.²¹¹⁷ That attorney advised the court his usual rate was \$700 per hour but also that he had given the plaintiff he represented a discount. Several factors influenced the court’s approval of the reduced rate. They included: (1) the plaintiff’s agreement to pay it; (2) the attorney’s credentials; and (3) evidence that the requested rate was “within the range of hourly fees that other courts in this district have found reasonable for attorneys with [the attorney’s] level of experience.”²¹¹⁸ The court did, however, object to the plaintiff’s attempt to recover \$250 per hour for an associate performing tasks the court regarded as “clerical in nature”; it therefore reduced the associate’s billing rate to \$100 per hour.²¹¹⁹

Consistent with the second of those findings, the Fourth Circuit affirmed an award of fees made only after the district court had reduced the hourly rate charged by the prevailing plaintiff’s lead counsel.²¹²⁰ The reduction rested on the admission of that lead counsel that the award she sought for her client “was based on a higher hourly rate than she usually charged and which included a penalty assessed to clients who did not consistently make

²¹¹³ *Id.*

²¹¹⁴ *Id.*

²¹¹⁵ *Id.*

²¹¹⁶ *Id.*

²¹¹⁷ See *Filo Promotions, Inc. v. Bathtub Gins, Inc.*, 311 F. Supp. 3d 645 (S.D.N.Y. 2018).

²¹¹⁸ *Id.* at 651.

²¹¹⁹ *Id.* at 651-52.

²¹²⁰ See *Rainbow Sch., Inc. v. Rainbow Early Educ. LLC*, 887 F.3d 610 (4th Cir. 2018).

payments.”²¹²¹ Not surprisingly, the appellate court cited favorably to the district court’s conclusion that that rate was “unreasonable,” a conclusion “[b]ased on its familiarity with the region’s customary hourly rates.”²¹²²

Once a court has approved hourly rates for a prevailing party’s legal team, the next step in the lodestar methodology is a determination of the reasonableness of the hours invested into the litigation by that team. Some opinions accepted the documentation proffered by prevailing parties at face value, questioning neither its level of detail nor the hours reflected in it. For example, the Fourth Circuit held that a district court had not abused its discretion in excusing “initial submissions with lumped tasks” by a prevailing plaintiff in a contempt proceeding, citing favorably to supplemental showings by that plaintiff.²¹²³ Although the court acknowledging its past warnings against “generalized billing that inadequately describes the tasks performed within each block to time for which a party seeks fees,”²¹²⁴ the appellate court went on to explain that “the explanations supporting the [plaintiff’s] fee award do not contain the sort of problematic vagueness and generalities that engender the concern that a fee award lacks adequate support.”²¹²⁵ In particular, it observed, “[the defendant] criticizes entries that contain more than one task without considering that the additional descriptions are just that—added information about a single, overarching task.”²¹²⁶

In contrast, other courts balked at finding claimed hours reasonable. For example, one court granted the motion of a defaulting defendant to lift the default, provided that it reimburse the plaintiff for the fees it incurred following the default.²¹²⁷ That was the end of any good news for the plaintiff, however. The court found the fees requested by the plaintiff’s fee petition “reasonable,” albeit after reducing the hourly rate charged by an associate working on the case. Nevertheless, it cut that figure by two-thirds, citing several considerations for doing so, which included: (1) the “approximately two month[]” and therefore “not lengthy” delay in the proceedings caused by the default; (2) the ease with which the plaintiff should have been able to pursue a formal default judgment in light of his client’s ownership of an incontestable registration; and (3) the limited financial resources of the defendant.²¹²⁸

²¹²¹ *Id.* at 621.

²¹²² *Id.*

²¹²³ *Id.*

²¹²⁴ *Id.*

²¹²⁵ *Id.*

²¹²⁶ *Id.*

²¹²⁷ *See Filo Promotions, Inc. v. Bathtub Gins, Inc.*, 311 F. Supp. 3d 645 (S.D.N.Y. 2018).

²¹²⁸ *Id.* at 652.

Similarly, in a dispute resolved on summary judgment in which two prevailing defendants sought to recover “\$1,701,584 in attorneys’ fees for the 3,127.20 hours their attorneys spent working on this case,” the court found that “[a] close[] review of defense’s counsel’s billing record[s] reveals that some of counsels’ claimed hours were not reasonably expended and that reductions in the fee award are justified.”²¹²⁹ The court was frustrated by defense counsel’s practice of “block billing,” but that did not stop it from parsing the defendants’ proffered billing records and disallowing or reducing certain of the entries in them. Those triggering judicial opprobrium reflected excessive amounts of time strategizing for “a thirty-minute meet-and-confer discovery call,”²¹³⁰ as well as the preparation of a memorandum assessing the merits of the plaintiff’s claims,²¹³¹ a “never-filed motion to compel,”²¹³² a motion for summary judgment,²¹³³ and the fee petition itself;²¹³⁴ moreover, the court also faulted defense counsel for overstaffing depositions with multiple attorneys.²¹³⁵ Then, although the court allowed the defendants to recover the nontaxable costs of their e-discovery vendor as attorneys’ fees, it declined to grant their request for reimbursement of the fees they had paid to a monetary relief expert and the expert who had opined on the reasonableness of their counsel’s hourly rates.²¹³⁶ Finally, because the defendants had successfully defended themselves against a copyright-based claim, in addition to two brought under the Lanham Act, the court found that “the work pertaining to the Lanham Act claim[s] made up 60% of the total reasonable attorneys’ fees incurred in this action” and therefore reduced what otherwise would have been the final award by forty percent.²¹³⁷

Finally, while vacating and remanding a fee award made under Utah law, the Tenth Circuit offered guidance on how the district court should calculate the appropriate quantum of that award.²¹³⁸ Specifically, it identified four questions it considered “central to the reasonableness inquiry,” namely:

²¹²⁹ *Amusement Art, LLC v. Life is Beautiful, LLC*, 123 U.S.P.Q.2d 1065, 1071 (C.D. Cal. 2017).

²¹³⁰ *Id.*

²¹³¹ *Id.* at 1072.

²¹³² *Id.*

²¹³³ *Id.*

²¹³⁴ *Id.* at 1073.

²¹³⁵ *Id.* at 1072-73. According to the court, “[g]iven the extensive hours billed by attorneys’ [sic] preparing for depositions and conferencing with each other regarding deposition preparation, the court finds it was unnecessary to have two attorneys attend depositions.” *Id.* at 1072.

²¹³⁶ *Id.* at 1073-74.

²¹³⁷ *Id.* at 1075.

²¹³⁸ *See Xlear, Inc. v. Focus Nutrition, LLC*, 893 F.3d 1227 (10th Cir. 2018).

1. What legal work was actually performed?
2. How much of the work performed was reasonably necessary to adequately prosecute [or defend] the matter?
3. Is the attorney's billing rate consistent with the rates customarily charged in the locality for similar services?
4. Are there circumstances which require consideration of additional factors, including those listed in the Code of Professional Responsibility?²¹³⁹

It then reminded the district to apportion the prevailing defendant's claimed fees between those attributable to the defense of the plaintiff's Lanham Act causes of action (to which the defendant was not entitled) and those attributable to the defense of the plaintiff's cause of action under Utah law (to which the defendant was entitled).²¹⁴⁰

vi. Taxation of Costs

Both Section 35(a) of the Act and the Federal Rules of Civil Procedure²¹⁴¹ allow the taxation of costs incurred by the prevailing party, and these are the primary mechanisms under which courts allow recovery of costs in federal trademark litigation.²¹⁴² Nevertheless, as the Second Circuit recognized over the past year,²¹⁴³ Federal Rule of Civil Procedure 41(d) provides that “[i]f a plaintiff who previously dismissed an action in any court files an action based on or including the same claim against the same defendant, the court . . . may order the plaintiff to pay all or part of the costs of that previous action”²¹⁴⁴ It did so in a dispute that spawned a number of lawsuits between the parties, including one in New York state court and one in Georgia state court. The Georgia court did not view the litigation before it favorably; on the contrary, it denied a preliminary injunction motion while finding the action both meritless and in violation of an order previously entered by the New York state court. The plaintiffs responded to that development by dismissing the Georgia state-court action and filing a federal

²¹³⁹ *Id.* at 1241-42 (quoting *Dixie State Bank v. Bracken*, 764 P.2d 985, 990 (Utah 1988) (footnotes omitted)).

²¹⁴⁰ *Id.* at 1242.

²¹⁴¹ *See* Fed. R. Civ. P. 54(d).

²¹⁴² As one opinion from the Southern District of New York noted of these provisions, “[i]n practice, courts in this district ‘generally award costs to prevailing parties in Lanham Act cases.’”

Coty Inc. v. Excell Brands, LLC, 277 F. Supp. 3d 425, 471 (S.D.N.Y. 2017) (quoting *Gidatex, S.r.L. v. Campaniello Imps., Ltd.*, 82 F. Supp. 2d 136, 150 (S.D.N.Y. 2000)).

²¹⁴³ *See Horowitz v. 148 S. Emerson Assocs.*, 888 F.3d 13 (2d Cir. 2018).

²¹⁴⁴ Fed. R. Civ. P. 41(d).

court action in the Eastern District of New York. The New York federal district court invoked Rule 41(d) to order the plaintiffs to reimburse the defendant's costs in the Georgia state-court action and then went beyond that to hold that those costs included the defendant's attorneys' fees, as well as certain delivery and transcript fees claimed by the defendant.

On the plaintiffs' appeal from that order, the Second Circuit sided with the district court. Noting the absence of a statutory definition of costs for purposes of Rule 41(d), it concluded as an initial matter that "Rule 41(d)'s purpose is clear and undisputed: 'to serve as a deterrent to forum shopping and vexatious litigation.'"²¹⁴⁵ Consequently, "the entire Rule 41(d) scheme would be substantially undermined were the awarding of attorneys' fees to be precluded. We thus have no difficulty in concluding that Rule 41(d) evinces an unmistakable intent for a district court to be free, in its discretion, to award attorneys' fees as part of costs."²¹⁴⁶ This was especially true in light of what would otherwise be an award of only \$75.48 to the defendant.²¹⁴⁷

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

Litigants most commonly invite courts 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

²¹⁴⁵ *Horowitz*, 888 F.3d at 24-25 (quoting *Andrews v. Am.'s Living Ctrs.*, 827 F.3d 306, 309 (4th Cir. 2016)).

²¹⁴⁶ *Id.*

²¹⁴⁷ The court elaborated on this point in the following manner:

The targets of deterrence under the rule will often be litigants . . . that file complaints and quickly dismiss them, perhaps in reaction to initial unfavorable rulings, or hoping for a subsequent case assignment to a judge they view as more favorable. These are actions with minor costs to the adversary other than attorneys' fees, which may be substantial. Indeed, such actions will rarely incur most of the expenses routinely recoverable as costs. . . . We are wholly unconvinced such small payments would effectively deter litigants such as [the plaintiffs] from forum shopping or otherwise embarking on a course of vexatious litigation.

Id.

actions taken by examining attorneys in processing applications filed by one of the parties, or, less commonly, by a third party.

In a case presenting the third scenario, a California federal district court tasked with placing certain registered marks owned by the plaintiff on the spectrum of distinctiveness took an ultimately inconclusive approach to the USPTO's issuance of registrations covering the marks, but only after requiring showings of acquired distinctiveness for them.²¹⁴⁸ On the one hand, the court remarked, “[t]he PTO’s determination that a mark is descriptive, necessitating proof of secondary meaning to be protectable, is entitled to deference.”²¹⁴⁹ On the other hand, however, it also held that “while the PTO’s determination is entitled to some consideration, it is not binding on this Court.”²¹⁵⁰ This lukewarm attitude toward the agency extended to the court’s inquiry into whether the plaintiff’s use of its marks on catalogs constituted valid use of the marks: Noting the *Trademark Manual of Examination Procedure* approved of examiners’ acceptance of catalog specimens under certain circumstances, the court remarked that “[w]hile the TEMP ‘is not established law,’ it is instructive.”²¹⁵¹

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.”²¹⁵² As usual, numerous litigants invoked Section 37 in support of allegations that applications or registrations were prosecuted or maintained through fraudulent filings, but, equally as usual, those allegations generally failed.²¹⁵³ Thus, for example, in a particularly easy appeal to resolve, the Eleventh Circuit rejected a fraud-based attack on two registrations owned by the counterclaim defendant grounded in the theory that the counterclaim defendant was formed in 1978, but the dates of first use claimed in its applications were April 1972 and December 1968.²¹⁵⁴ That alleged discrepancy did not impress the

²¹⁴⁸ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

²¹⁴⁹ *Id.* at 1266.

²¹⁵⁰ *Id.*

²¹⁵¹ *Id.* at 1287 (quoting *In re Sones*, 590 F.3d 1282, 1288 (Fed. Cir. 2009)).

²¹⁵² 15 U.S.C. § 1119 (2012).

²¹⁵³ Cf. *Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928, 937 (S.D. Tex. 2017) (granting motion for summary judgment of plaintiff accused of procuring Texas registration through false representation of distinctiveness).

²¹⁵⁴ See *Commodores Entm’t Corp. v. McClary*, 879 F.3d 1114, 1140 (11th Cir.), *cert. denied*, 139 S. Ct. 225 (2018).

court. To begin with, it noted, “[a] misstatement of the date of first use in the application is not fatal to the securing of a valid registration as long as there has been valid use of the mark prior to the filing date,” a circumstance that undeniably was the case.²¹⁵⁵ Of equal importance, the counterclaim defendant had acquired its rights to the registered marks at issue from two predecessors, and there was no apparent dispute that the counterclaim defendant’s applications accurately recited the predecessors’ dates of first use: “Because [the counterclaim defendant] stepped into the [predecessors’] shoes, the fact that the stated date of first use predates [the counterclaim defendants’] incorporation is of no moment to the validity of the federal trademark registration[s]”²¹⁵⁶

Other opinions similarly demonstrated the difficulty of proving fraudulent procurement based on allegedly false dates of first use. For example, another unsuccessful claim of fraudulent procurement, one falling short as a matter of law on the plaintiff registrant’s motion for summary judgment, rested on the plaintiff’s alleged submission in support of its application of: (1) “false specimens”; (2) an inaccurate date of first use; and (3) a sham claim of the substantially exclusive and continuous use of the applied-for mark for the five years prior to the application as part of a showing of acquired distinctiveness.²¹⁵⁷ Responding to the plaintiff’s motion, the defendants argued the plaintiff had failed to produce in discovery exemplars of the goods shown in the plaintiff’s specimens, but the court rejected that theory as based on a misunderstanding of the parties’ respective burdens: As it explained, “it is *Defendants’ burden* to provide evidence sufficient to show falsity by clear and convincing evidence, not that of [Plaintiff] to disprove Defendants’ allegations of fraud.”²¹⁵⁸ That was not the only infirmity of the defendants’ attack on the plaintiff’s registration, for the court also found they had failed to adduce any evidence or testimony of an intent to defraud the USPTO.²¹⁵⁹

In yet another reported opinion rejecting a date-of-first-use-based claim of fraudulent procurement as a matter of law, the court

²¹⁵⁵ *Id.* at 1141 (alteration in original) (quoting *Angel Flight of Ga., Inc. v. Angel Flight Am., Inc.*, 522 F.3d 1200, 1210 (11th Cir. 2008)).

²¹⁵⁶ *Id.*

²¹⁵⁷ *See* *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1277 (S.D. Cal. 2018).

²¹⁵⁸ *Id.*

²¹⁵⁹ With respect to the allegedly defective specimens, the court observed that “because falsity is not the same as fraudulent intent, Defendants cannot simply rely on a charge of falsity to prove intent by clear and convincing evidence.” *Id.* at 1278-79. It then turned on the defendants’ attack on the plaintiff’s Section 2(f) showing, which was based in part on the inability of the declaration’s signatory to remember his execution of that document. Once again, the court concluded that no factual dispute precluded the summary disposition of the defendants’ claim of fraud in light of the clear and convincing standard of proof applicable to that claim. *Id.* at 1279.

rejected the defendant's claim that the plaintiff had misstated the relevant date in the first place.²¹⁶⁰ It then declined to accept the defendant's invitation to find the plaintiff's alleged fraudulent intent could "reasonably be inferred" from the plaintiff's document production,²¹⁶¹ holding that argument "insufficient to establish, by clear and convincing evidence, that [the plaintiff] committed fraud on the PTO."²¹⁶² Finally, because of undisputed evidence the actual date of first use (whatever it may have been) was prior to the filing date of the plaintiff's use-based application, the alleged misstatement was immaterial as a matter of law to the USPTO's approval of the plaintiff's application: "There has been no evidence submitted that would show that the first use date . . . had any bearing on the PTO's decision to grant the trademark application."²¹⁶³

The court then addressed and also rejected as a matter of law the defendant's backup argument that the plaintiff had filed a fraudulent declaration of incontestability for its registration. According to the defendant, there had been periods of time during which the plaintiff's use of the mark had not been continuous and, indeed, the court found the existence of a factual dispute as to that particular issue.²¹⁶⁴ Unfortunately for the defendant, the periods in question predated the five years prior to the execution and filing of the declaration in question, which rendered them irrelevant. The registrant therefore prevailed on summary judgment: "As it is undisputed that [the plaintiff's mark] was in continuous use from 2004 to present, there is no merit to [the defendant's] argument that [the plaintiff's] Declaration of Incontestability in 2014 was fraudulent."²¹⁶⁵

An allegation of another fraudulent post-registration filing, namely, a declaration of continued use under Section 8 of the Act,²¹⁶⁶ similarly failed, albeit only for purposes of the motion for summary judgment of the plaintiff asserting it.²¹⁶⁷ Weighing the plaintiff's claim that the registered mark was not, in fact, in use in connection with all the goods covered by the registration as of the declaration's execution, the Nevada federal district court hearing the case turned to Ninth Circuit authority and noted that:

²¹⁶⁰ See *CSL Silicones, Inc. v. Midsun Grp.*, 301 F. Supp. 3d 328, 353 (D. Conn. 2018).

²¹⁶¹ *Quoted in id.*

²¹⁶² *Id.*

²¹⁶³ *Id.*

²¹⁶⁴ *Id.* at 350-53.

²¹⁶⁵ *Id.* at 354.

²¹⁶⁶ 15 U.S.C. § 1058 (2012).

²¹⁶⁷ See *Chemeon Surface Tech., LLC v. Metalast Int'l, Inc.*, 312 F. Supp. 3d 944 (D. Nev. 2018), *on reconsideration in part*, No. 315CV00294MMDVPC, 2018 WL 3127454 (D. Nev. June 26, 2018).

A party may seek cancellation of a registered trademark on the basis of fraud . . . by proving a false representation regarding a material fact, the registrant's knowledge or belief that the representation is false, the intent to induce reliance upon the misrepresentation and reasonable reliance thereon, and damages proximately resulting from the reliance.²¹⁶⁸

Without addressing the first two of these prerequisites, the court denied the plaintiff's motion because the plaintiff had "presented no evidence of damages proximately caused by its reasonable reliance on [the defendant's] purported misrepresentation. Moreover, [the plaintiff] does not even aver that it reasonably relied on this misrepresentation."²¹⁶⁹

A separate theory of fraudulent procurement, namely, that a defendant registrant had failed to disclose to the USPTO its goods were drug paraphernalia barred from interstate commerce fell short as a matter of law on a motion to dismiss for failure to state a claim.²¹⁷⁰ The court did not reject out of hand the possibility of the plaintiffs prevailing on such a theory, but it did fault them for failing to specify which of the defendant's fifteen goods were ineligible for sale or transportation across state lines. Of equal significance, the court held, "[the plaintiffs] offer[] no further information about the specific omissions and applications in question, and which omissions relate to which applications."²¹⁷¹ "Thus, for example," the court observed:

[I]t is unclear whether [the plaintiffs] maintain[] that [the defendant] committed fraud in its applications by failing to disclose that the particular product at issue was used in unlawful commerce; or whether [the plaintiffs] contend[] that [the defendant] committed fraud by failing to disclose in each of its applications (including applications for products lawfully used in commerce) that [the defendant] markets other products that are allegedly used in unlawful commerce.²¹⁷²

The plaintiffs' cause of action therefore failed to comply with the heightened pleading requirements of Rule 9 of the Federal Rules of Civil Procurement.²¹⁷³

²¹⁶⁸ *Id.* at 961 (quoting *Robi v. Five Platters, Inc.*, 918 F.2d 1439, 1444 (9th Cir. 1990)).

²¹⁶⁹ *Id.*

²¹⁷⁰ *See Republic Techs. (NA), LLC v. BBK Tobacco & Foods, LLC*, 262 F. Supp. 3d 605 (N.D. Ill. 2017).

²¹⁷¹ *Id.* at 609.

²¹⁷² *Id.*

²¹⁷³ *Id.* (citing Fed. R. Civil P. 9).

In a case that *did* result in a finding of fraudulent procurement, the counterclaim plaintiff failed to convince the court it had used its mark in commerce prior to the filing date of its use-based application.²¹⁷⁴ Although the counterclaim plaintiff's witnesses—one of whom had signed the application—claimed to have sold goods bearing the disputed mark out of a retail location as of their company's filing date, the court found the store in question did not exist until afterwards.²¹⁷⁵ The court did so despite declaration testimony by the same witnesses in an earlier case in which a third party had accused the counterclaim plaintiff of fraudulent procurement, and in which the witness claimed he had been "setting up" the store as of the filing date.²¹⁷⁶

That left the issue of whether the counterclaim plaintiff's signatory had executed the application with a bad-faith intent to deceive the USPTO, and the court found he had. The court began its analysis of that issue by invoking *Nationstar Mortgage LLC v. Ahmad*²¹⁷⁷ for the proposition that "where a trademark owner knows that he has not used a trademark in commerce but nonetheless submits an application based on use of the mark in commerce, the Court may infer a fraudulent intent."²¹⁷⁸ After reviewing the signatory's testimony in the earlier litigation, the court concluded that "a plain reading of [the] declaration in the [prior] case shows that he omitted the date that the . . . store opened and surreptitiously conflated his 'setting up' the store with achieving sales from that store."²¹⁷⁹ That obfuscation successfully fended off a finding of fraud in the earlier case, but it failed the second time around: Because "[i]t is clear that the [earlier] court relied on [the] misleading declaration, which led to an analysis based on erroneous facts," the court ultimately found that "there is clear and convincing evidence that [the counterclaim plaintiff] obtained its trademark through fraud on the USPTO."²¹⁸⁰

Different causes of action of fraudulent procurement met equally favorable receptions in orders denying motions to dismiss for failure to state claims, sometimes for reasons that would not have passed muster before the Trademark Trial and Appeal Board.²¹⁸¹ For

²¹⁷⁴ See *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605 (11th Cir. Mar. 13, 2018).

²¹⁷⁵ *Id.* at 1351.

²¹⁷⁶ *Id.* at 1348-50.

²¹⁷⁷ 112 U.S.P.Q.2d 1361 (T.T.A.B. 2014).

²¹⁷⁸ *Spiral Direct*, 293 F. Supp. 3d at 1361.

²¹⁷⁹ *Id.* at 1362.

²¹⁸⁰ *Id.* at 1363.

²¹⁸¹ See, e.g., *Profil Institut für Stoffwechselforschung GmbH v. Prosciento, Inc.*, 122 U.S.P.Q.2d 1407, 1412-13 (S.D. Cal. 2017) (denying, without extensive discussion, motion to dismiss cause of action for fraudulent procurement grounded in part on inaccurate date of first use claimed in application).

example, one such cause of action targeted a registration of a bottle design, which the counterclaim defendant had secured after overcoming distinctiveness- and functionality-based objections raised by a USPTO examiner.²¹⁸² According to the counterclaim plaintiff, the counterclaim defendant had fraudulently persisted in prosecuting its application despite knowing of the invalidity of its mark because of the examiner's objections. In denying the counterclaim defendant's motion to dismiss, the court noted:

[The counterclaim plaintiff] . . . adequately alleges that [the counterclaim defendant] had no reasonable basis for its belief that the . . . bottle shape was entitled to registration. . . . The claim that [the counterclaim defendant] lacked a reasonable basis for asserting that it had superior rights to the design cannot be dismissed as a matter of law.²¹⁸³

That disposition is further evidence that, however hostile the Trademark Trial and Appeal Board has been to fraud-based challenges since the Federal Circuit's opinion in *In re Bose Corp.*,²¹⁸⁴ the same is not necessarily true for courts not bound by *Bose*. In particular, although the alleged unreasonableness of the counterclaim defendant's claim to own a protectable mark led to the failure of its motion to dismiss, *Bose* makes clear the irrelevance of that consideration:

We do not need to resolve the issue of the reasonableness as it is not part of the analysis. There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive. . . . Unless the challenger can point to evidence to support an inference of deceptive intent, it has failed to satisfy the clear and convincing evidence standard required to establish a fraud claim.²¹⁸⁵

Although the regional circuit courts of appeal and the federal district courts that answer to them often cite to *Bose*, the test for fraud actually articulated by that opinion therefore has not necessarily displaced more easily satisfied tests in the regional circuits.

Of course, not all attacks on applications and registrations taking place in courts rested on allegations of fraud.²¹⁸⁶ For

²¹⁸² See *Diageo N. Am., Inc. v. W.J. Deutsch & Sons Ltd.*, 283 F. Supp. 3d 182 (S.D.N.Y. 2017).

²¹⁸³ *Id.* at 189.

²¹⁸⁴ 580 F.3d 1240 (Fed. Cir. 2009).

²¹⁸⁵ *Id.* at 1246 (emphasis added) (citation omitted).

²¹⁸⁶ See, e.g., *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825, 857 (N.D. Ill. 2018) (ordering cancellation of registration covering mark found descriptive and lacking acquired distinctiveness), *appeal docketed*, No. 18-1917 (7th Cir. April 26, 2018);

example, the Eleventh Circuit tackled an alternative theory, namely, that the counterfeit defendant had secured its registrations in a name that differed modestly from the counterclaim defendant's actual name.²¹⁸⁷ According to the counterclaim plaintiffs, the registrations were void because the corporation listed on the registrations had not existed at the time the counterclaim plaintiff filed its applications. The court rejected that theory, holding instead that "as the PTO has said, a mistake in the registration is not enough to cancel a mark if the mistake amounts to 'merely a misidentification of the proper name of the applicant in the original application.' The mistake in this case is 'merely a misidentification.'"²¹⁸⁸ Moreover, it explained, "it seems nonsensical that a typographical error on a trademark registration application would invalidate a federal registration of a trademark, especially where the district court has found that the party holding the registration of the mark has the substantive common law right."²¹⁸⁹

Another non-fraud-based challenge to a registration advanced by a pair of counterclaim defendants failed before a Florida district court.²¹⁹⁰ The registration had passed its fifth anniversary on the Principal Register, and the court properly recognized that the grounds upon which it could be cancelled were limited to those expressly set forth in Section 14(3).²¹⁹¹ Because the counterclaim defendants' attack on the registration rested on the theory that the mark covered by it had not been used in connection with all the goods recited in the registration and that the registration was therefore void ab initio, the counterclaim plaintiff prevailed under Section 14's express text.²¹⁹²

A different court reached the identical conclusion.²¹⁹³ Although the defendants before it failed to aver the plaintiff's registrations were void ab initio, the court allowed them to pursue that theory as part of their general claim the plaintiff had never used the marks in which it claimed rights. Because the plaintiff's registrations had

Playnation Play Sys., Inc. v. Velez Corp., 325 F. Supp. 3d 1354, 1362 (N.D. Ga. 2017) (ordering cancellation of registration covering mark found confusingly similar to senior user's mark).

²¹⁸⁷ See *Commodores Entm't Corp. v. McClary*, 879 F.3d 1114 (11th Cir.), *cert. denied*, 139 S. Ct. 225 (2018). The counterclaim defendant's name was Commodores Entertainment Corporation, while the record owner of the registration was Commodore Entertainment Corporation. *Id.* at 1141.

²¹⁸⁸ *Id.* at 1140-41 (quoting *U.S. Pioneer Elecs. Corp. v. Evans Mktg., Inc.*, 183 U.S.P.Q. 613, 614 (T.T.A.B. 1974)).

²¹⁸⁹ *Id.* at 1141 (quoting *Commodores Entm't Corp. v. McClary*, 648 F. App'x 771, 776 (11th Cir. 2016)).

²¹⁹⁰ See *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605 (11th Cir. Mar. 13, 2018).

²¹⁹¹ *Spiral Direct*, 293 F. Supp. 3d at 1372.

²¹⁹² *Id.*

²¹⁹³ See *Marketquest Grp. v. BIC Corp.*, 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

passed their fifth anniversaries and also had become incontestable, the court found the plaintiff entitled to prevail as a matter of law:

Because these registrations are incontestable, they are statutorily subject to a limited set of challenges. Void *ab initio* challenges are conspicuously absent from the list of statutory defenses to an incontestable registration under Section [33(b)]. They are also absent from Section [14], which means courts lack jurisdiction to cancel a registration under Section [37] based on a void *ab initio* challenge.²¹⁹⁴

C. 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;²¹⁹⁵ moreover, state law causes of action are inevitably subject to the same requirements. According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,²¹⁹⁶ whether a particular dispute rises to this level properly should turn on “whether the facts alleged, under all the circumstances, show that there is a substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”²¹⁹⁷

The only substantive reported opinion to address the existence or nonexistence of an actionable case and controversy came in a suit brought by a plaintiff against a group of defendants led by a company with which the plaintiff previously had settled an earlier dispute involving the same marks at issue.²¹⁹⁸ The lead defendant believed the settlement agreement authorized the conduct challenged by the plaintiff in the second lawsuit, and, based on that belief, it moved to dismiss the action for want of an actionable case and controversy. The court was not impressed with the theory that the lead defendant’s alleged compliance with the agreement mooted the parties’ differences. Instead, it denied the lead defendant’s motion to dismiss, holding that “even if [the plaintiff’s] current lawsuit violates the [agreement] . . . the case is not moot. The [agreement] merely provides a potential defense to [the plaintiff’s] claims. There is still an actual controversy between [the parties]:

²¹⁹⁴ *Id.* at 1292.

²¹⁹⁵ U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2012).

²¹⁹⁶ 549 U.S. 118 (2007).

²¹⁹⁷ *Id.* at 127 (quoting *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)) (internal quotation marks omitted).

²¹⁹⁸ See *Buc-ees, Ltd. v. Bucks, Inc.*, 262 F. Supp. 3d 453 (S.D. Tex. 2017).

whether or not [the defendant] may be held liable [for infringement].”²¹⁹⁹

2. The First Amendment

The Ninth Circuit has long applied the Second Circuit’s test for liability in *Rogers v. Grimaldi*²²⁰⁰ in cases involving artistic works, and the court did so in a declaratory judgment action for noninfringement brought by the producers of a television series named *Empire*, which chronicled the story of a music mogul.²²⁰¹ The counterclaim plaintiff alleged the title violated its rights to the EMPIRE, EMPIRE DISTRIBUTION, EMPIRE PUBLISHING, and EMPIRE RECORDINGS marks, used in connection with music production and distribution services. Affirming the counterclaim defendants’ victory on summary judgment, the court invoked *Rogers* to hold the counterclaim defendants’ title nonactionable unless it had no artistic relevance to the underlying work or, if it had some artistic relevance, unless it explicitly misled consumers as to the source or content of the series;²²⁰² neither circumstance, the court held, was present in the case before it.²²⁰³

This outcome required the court to address three arguments that distinguished the case from the average application of *Rogers*. First, the counterclaim plaintiff asserted that *Rogers* did not apply because the counterclaim defendants allegedly had used the EMPIRE mark “as an umbrella brand to promote and sell music and other commercial products,”²²⁰⁴ but the court held instead that “[a]lthough it is true that these promotional efforts technically fall outside the title or body of an expressive work, it requires only a minor logical extension of the reasoning of *Rogers* to hold that works protected under its test may be advertised and marketed by name, and we so hold.”²²⁰⁵ The counterclaim plaintiff next argued that the

²¹⁹⁹ *Id.* at 459.

²²⁰⁰ 875 F.2d 994 (2d Cir. 1989).

²²⁰¹ See *Twentieth Century Fox Television v. Empire Distrib. Inc.*, 875 F.3d 1192 (9th Cir. 2017), *cert. denied*, 139 S. Ct. 61 (2018).

²²⁰² *Id.* at 1196.

²²⁰³ As to the first *Rogers* prong, the court concluded that “[i]n this case, [the counterclaim defendants] used the common English word ‘Empire’ for artistically relevant reasons: the show’s setting is New York, the Empire State, and its subject matter is a music and entertainment conglomerate, ‘Empire Enterprises,’ which is itself a figurative empire.” *Id.* at 1198. It then held with respect to the second prong that “[the counterclaim defendants] *Empire* show, which contains no overt claims or explicit references to [the counterclaim plaintiff], is not explicitly misleading, and it satisfies the second *Rogers* prong.” *Id.* at 1199.

²²⁰⁴ Quoted in *id.* at 1196. As the court explained, “[t]hese promotional activities under the ‘Empire’ brand include appearances by cast members in other media, radio play, online advertising, live events, and the sale or licensing of consumer goods.” *Id.*

²²⁰⁵ *Id.* at 1196-97.

first prong of the *Rogers* test required the counterclaim defendants' work to refer to the counterclaim plaintiff, which the court rejected because "[t]his referential requirement does not appear in the text of the *Rogers* test, and such a requirement would be inconsistent with the purpose of the first prong of *Rogers*."²²⁰⁶ The counterclaim plaintiffs' final argument—one whose applicability to the facts of the case was unclear—rested on a footnote in *Rogers* suggesting the holding of that case did not apply in disputes involving allegedly conflicting titles (as opposed to allegedly conflicting titles and marks);²²⁰⁷ that footnote, the Ninth Circuit observed, "may be ill-advised or unnecessary" and in any case conflicted with the court's own precedents.²²⁰⁸

Opinions from courts hearing two different lawsuits involving the successor in interest to author Theodore Geisel, better known as Dr. Seuss, applied *Rogers* even more aggressively by dismissing those actions for failure to state a claim. The first came from a New York federal district court in a declaratory judgment action filed against Dr. Seuss Enterprises after that organization sent a demand letter objecting to an off-Broadway production titled *Who's Holiday*.²²⁰⁹ The play featured "a rather down-and-out 45-year-old version Cindy-Lou Who" speaking in rhyming couplets about her relationship as an adult with the Grinch. In granting the plaintiffs' motion to dismiss Dr. Seuss Enterprises' counterclaims for infringement and unfair competition, the court held the play's content eligible for First Amendment protection under the *Rogers* test. Under its application of that test, "the public interest in free expression clearly outweighs any interest in avoiding consumer confusion, the likelihood of which is extremely minimal given the parodic nature of the Play."²²¹⁰

The second suit produced a split decision, at least at the pleadings stage, but one generally favoring the accused infringers.²²¹¹ In it, Dr. Seuss Enterprises took issue with a self-styled mashup between one of Dr. Seuss's best-known books, *Oh, the Places You'll Go!* (and limited portions of four other books), and "certain characters, imagery, and other elements from *Star Trek*, the well-known science fiction entertainment franchise created by Gene Roddenberry."²²¹² Drawing on the narrated introduction to each episode of the original *Star Trek* television series, which promised viewers the starship *Enterprise* would "boldly go where no

²²⁰⁶ *Id.* at 1198.

²²⁰⁷ *Rogers*, 875 F.2d at 999 n.5.

²²⁰⁸ *Twentieth Century Fox*, 875 F.3d at 1197.

²²⁰⁹ *See Lombardo v. Dr. Seuss Enters.*, 279 F. Supp. 3d 497 (S.D.N.Y. 2017).

²²¹⁰ *Id.* at 514.

²²¹¹ *See Dr. Seuss Enters. v. ComicMix LLC*, 256 F. Supp. 3d 1099 (S.D. Cal. 2017).

²²¹² *Quoted in id.* at 1102.

man has gone before,” the defendants titled their project *Oh, the Places You’ll Boldly Go!*. Their “copyright page” contained a claim of parody and a disclaimer of affiliation with Dr. Seuss Enterprises.

When Dr. Seuss Enterprises, unimpressed with the disclaimer, served the defendants with a complaint asserting trademark infringement and unfair competition claims, the defendants moved the California federal district court hearing the case to dismiss the complaint for failure to state a claim. Accepting the defendants’ invitation to apply a *Rogers*-based analysis, the court first held it undisputed that:

Defendants’ invocation of Plaintiff’s alleged trademarks is relevant to [Defendants’] artistic purpose. [Defendants’ work] is designed as a mash-up of two creative worlds, and [Dr. Seuss’s] title, font, and . . . illustration style must be employed to evoke . . . the . . . Dr. Seuss works here at issue. This is enough to place [Defendants’ work] in the second prong of [the] analysis.²²¹³

Turning to that prong, the court held that, in the absence of additional allegations to the contrary, the immediately recognizable “to boldly go” split infinitive in the *Star Trek* introduction and the defendants’ disclaimer prevented the title and content of the defendants’ work from being explicitly misleading.²²¹⁴ Nevertheless, it allowed Dr. Seuss Enterprises to replead the infringement-based challenge to the defendants’ title.²²¹⁵

Rogers also was the key to another California federal district court’s similarly qualified grant of a defense motion for summary judgment in a lawsuit between former and active members of the Jefferson Starship performing group.²²¹⁶ The plaintiff was a founding member, who, having parted ways with the rest of the band, objected to the band’s use of images of its original line up, including those of the plaintiff, to market the band and its licensed merchandise. The plaintiff asserted a cause of action for false endorsement under Section 43(a), but the court granted the defendants’ motion to dismiss in a *Rogers*-driven analysis. With respect to the first prong of the relevant analysis, the court determined that the plaintiff’s image was at least “minimally relevant” to the band in light of his historical membership in it.²²¹⁷ Turning to the second, it faulted the plaintiff for the cursory treatment of the issue in his complaint:

²²¹³ *Id.* at 1111.

²²¹⁴ *Id.* at 1111-12.

²²¹⁵ *Id.* at 1112 (quoting *Rogers v. Grimaldi*, 875 F.2d 994, 999 n.5 (2d Cir. 1989)).

²²¹⁶ See *Chaquico v. Freiberg*, 274 F. Supp. 3d 942 (N.D. Cal. 2017).

²²¹⁷ *Id.* at 951.

[T]here are no facts that explain how Defendants' use of his image explicitly misleads consumers or why Plaintiff believes the public (much less fans who are more likely to be familiar with the history of Jefferson Starship and its multiple iterations) is confused about his relationship with the current band. Plaintiff therefore fails to set forth facts that Defendants' advertisements create an explicitly misleading description of the current Jefferson Starship.²²¹⁸

The court therefore dismissed the plaintiff's Section 43(a) cause of action for failure to state a claim, although it granted him leave to replead it.²²¹⁹

Consistent with these holdings by federal courts based in California, a state appellate court also invoked the First Amendment to dispose of a suit challenging the content of a creative work, albeit in a *Rogers*-free analysis.²²²⁰ The work in question was a docudrama about the strained relationship between the late film stars Bette Davis and Joan Crawford, but in which a portrayal of Olivia de Havilland also appeared for seventeen minutes of the docudrama's 392-minute running time. Objecting to both the use of her name and image and certain dialogue assigned to her, de Havilland brought a variety of claims under California law against the docudrama's creators and producers, who responded with a motion to dismiss under that state's anti-SLAPP statute.²²²¹ The trial court granted the motion, and the court of appeals sustained that outcome. The latter noted the two-step process mandated by past interpretations of the statute:

First, the defendant must show the conduct underlying the plaintiff's cause of action arises from the defendant's constitutional rights of free speech or petition in connection with a public issue. If the defendant satisfies this prong, the burden shifts to the plaintiff to prove she has a legally sufficient claim and to prove with admissible evidence a probability that she will prevail on the claim.²²²²

Because the plaintiff conceded the first prong of the analysis, the court focused on the second, ultimately concluding the defendants were entitled to prevail under it as well. The court identified several bases for that outcome: (1) it doubted the docudrama was either a product or merchandise as required by one of the plaintiff's causes

²²¹⁸ *Id.* at 952.

²²¹⁹ *Id.* at 953.

²²²⁰ *See De Havilland v. FX Networks, LLC*, 230 Cal. Rptr. 3d 625 (Ct. App. 2018), *review denied* (July 11, 2018), *cert. denied*, No. 18-453, 2019 WL 113121 (U.S. Jan. 7, 2019).

²²²¹ Cal. Civ. Proc. Code § 425.16(b)(1) (West 2016).

²²²² *De Havilland*, 230 Cal. Rptr. at 634 (citation omitted).

of action;²²²³ (2) the First Amendment protected any artistic license in which the defendants may have engaged;²²²⁴ (3) the defendants' portrayal of de Havilland was a transformative one under state law;²²²⁵ and (4) the dialogue attributed to de Havilland was neither defamatory nor would be regarded as highly offensive by a reasonable person.²²²⁶

Nevertheless, not all invocations of the First Amendment disposed of allegations of liability, and, indeed, even the Ninth Circuit balked at affirming one grant of a *Rogers*-based defense motion for summary judgment.²²²⁷ The plaintiff before that court was the originator of the renowned YouTube video titled *The Crazy Nastyass Honey Badger* and known for its catchphrases "Honey Badger Don't Care" and "Honey Badger Don't Give a Shit," which the court rather puritanically contracted to "HBDC" and "HBDGS," respectively. Following the video's viral success, the plaintiff pursued, and in some cases, secured, licensing deals based on those phrases. Those deals yielded a license for greeting cards, including some featuring the phrase "Honey Badger Don't Care About Your Birthday." When the defendants began selling competitive goods, namely, "seven different greeting cards using the HBDC or HBDGS phrases with small variations,"²²²⁸ the plaintiff filed suit, asserting trademark infringement and related causes of action. Citing *Rogers*, the district court held the defendants entitled to prevail as a matter of law, but the Ninth Circuit vacated that disposition on appeal.

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

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

²²²³ *Id.* at 635-37.

²²²⁴ *Id.* at 637-40.

²²²⁵ *Id.* at 640-42.

²²²⁶ *Id.* at 642-47.

²²²⁷ See *Gordon v. Drape Creative, Inc.*, 909 F.3d 257 (9th Cir. 2018).

²²²⁸ *Id.* at 262.

trademark has been infringed by showing that the defendant's use of the mark is likely to cause confusion²²²⁹

Construing the summary judgment record in the light most favorable to the plaintiff, the court held the district court properly had classified the defendants' cards as creative works and, additionally, that the cards' use of the plaintiffs' marks was artistically relevant to their content.²²³⁰

Nevertheless, the court then found a factual dispute on the question of whether the defendants' use of the plaintiff's marks was explicitly misleading. It doing so, it faulted the district court for requiring an "affirmative statement of the plaintiff's sponsorship or endorsement":²²³¹ "Such a statement," the court remarked, "may be sufficient to show that the use of a mark is explicitly misleading, but it is not a prerequisite."²²³² It then identified two considerations it considered more relevant to the inquiry, namely, "the degree to which the junior user uses the mark in the same way as the senior user"²²³³ and "the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself."²²³⁴ Taking into account those considerations, the court ultimately concluded vacated entry of summary judgment in the defendant's favor because:

In this case, we cannot decide as a matter of law that defendants' use of [plaintiff's] mark was not explicitly misleading. There is at least a triable issue of fact as to whether defendants simply used [plaintiff's] mark with minimal artistic expression of their own, and used it in the same way that [plaintiff] was using it—to identify the source of humorous greeting cards in which the bottom line is "Honey Badger don't care."²²³⁵

The invocation of *Rogers* by defendants failed to yield success in another action as well. When Beyoncé sampled two YouTube videos created by performance comedian and music artist Anthony Barré and incorporated snippets of them into her song *Formation*, the result was a lawsuit by Barré's estate and his heir.²²³⁶ Beyoncé and her co-defendants invoked *Rogers*, and argued in a motion to dismiss that the unauthorized borrowing was protected by the First Amendment's right to free speech. Notwithstanding the notorious

²²²⁹ *Id.* at 264-65 (citation omitted).

²²³⁰ *Id.* at 268-69.

²²³¹ *Quoted in id.* at 269.

²²³² *Id.*

²²³³ *Id.* at 270.

²²³⁴ *Id.* at 271.

²²³⁵ *Id.*

²²³⁶ *See Estate of Barré v. Carter*, 272 F. Supp. 3d 906 (E.D. La. 2017).

difficulty faced by plaintiffs seeking to satisfy the *Rogers* test on the merits, the court declined to decide the issue at the pleadings stage. Instead, it concluded that “[h]ere, Plaintiffs have sufficiently alleged that Defendants’ use of Anthony Barré’s voice and words ‘explicitly misleads as to the source or content of the work,’ and thus the *Rogers* test does not bar their Lanham Act claim.”²²³⁷ That disposition rested on the plaintiffs’ allegations that, in addition to the use of actual recordings of Barré’s voice (1) Beyoncé had performed the song live at the Super Bowl accompanied by a vocalist who had imitated Barré’s “voice and cadence”; (2) the defendants had failed to discontinue their allegedly unlawful conduct after receiving notice of the plaintiffs’ objections; and (3) in failing to give credit or compensation, the defendants had acted in an “unethical, misleading, unfair or deceptive” manner.²²³⁸

Another notable reported opinion addressing the metes and bounds of the First Amendment did so in the context of a preliminary injunction restricting the defendants’ ability to comment publicly on an infringement and unfair competition suit brought against them.²²³⁹ Challenging the district court’s conclusion that the absence of the injunction would threaten the plaintiff’s right to a fair trial, the defendants requested and received a writ of mandamus from the Ninth Circuit. The latter court noted, “[a] prior restraint to ensure a fair trial is permissible ‘only if its absence would prevent securing twelve jurors who could, with proper judicial protection, render a verdict based only on the evidence admitted during trial.’”²²⁴⁰ Rejecting the district court’s reliance on the potential reach of the defendants’ online comments, it observed that “there is no causal link between the numbers of social media participants and the district court’s conclusion that [the defendants’] speech will preclude the seating of an impartial jury.”²²⁴¹ It next faulted the district court for having “disregarded two critical factors for evaluating the likely effect of pretrial publicity on the jury pool: whether the subject matter of the case is lurid or highly inflammatory, and whether the community from which the jury will be drawn is small and rural, or large, populous, metropolitan, and heterogeneous.”²²⁴² Neither circumstance was the case. To the contrary, “[u]nlike other cases involving attorneys or the press, grisly crimes or national security, the district court’s orders silence one side of a vigorously litigated, run-of-the-mill civil

²²³⁷ *Id.* at 945.

²²³⁸ *Quoted in id.*

²²³⁹ *See In re Dan Farr Prods.*, 874 F.3d 590 (9th Cir. 2017).

²²⁴⁰ *Id.* at 593 (quoting *Hunt v. Nat’l Broad. Co.*, 872 F.2d 289, 295 (9th Cir. 1989)).

²²⁴¹ *Id.* at 593-94.

²²⁴² *Id.* at 594.

trademark proceeding.”²²⁴³ To the extent the defendants’ conduct might taint the jury pool, the district court could address them with less restrictive mechanisms such as “voir dire, jury instructions, delay, change of venue or jury sequestration”²²⁴⁴

Finally, an Indiana federal district court declined to grant, at least under the First Amendment, a motion to dismiss a right-of-publicity action brought by former collegiate football players against the operators of a fantasy sports website that used the plaintiffs’ names and likenesses without the plaintiffs’ consent.²²⁴⁵ The court’s analysis of the issue focused primarily on whether the defendants’ uses were artistic content or, alternatively, commercial speech and therefore entitled to a lessened scope of protection. It initially held that “to determine whether such ‘mixed’ speech should be classified as commercial or noncommercial, the Seventh Circuit has highlighted the following relevant considerations: ‘whether (1) the speech is an advertisement; (2) the speech refers to a specific product; and (3) the speaker has an economic motivation for the speech.’”²²⁴⁶ Then, rejecting the First Amendment-based portion of the defendant’s motion, it concluded, “[t]he motion to dismiss stage, the Court does not have the proper factual and evidentiary basis to conduct such an analysis, and therefore cannot make the threshold determination as to whether the speech at issue should be properly characterized as commercial or non-commercial.”²²⁴⁷

D. Procedural Matters

1. Federal Subject-Matter Jurisdiction

Section 37 of the Act makes available the possible remedy of cancellation in any action involving a registered mark, and plaintiffs sometimes invoke it as a putative standalone basis for federal subject-matter jurisdiction. Those invocations generally fail, however, and that outcome held in litigation before a Maryland federal district court, in which, having failed to prove likelihood of confusion in the infringement context, the plaintiff persisted in pursuing the cancellation of the defendant’s registration.²²⁴⁸ As that tribunal concluded, “each circuit to directly address this statutory language has held that it creates a *remedy* for trademark

²²⁴³ *Id.* at 596.

²²⁴⁴ *Id.* at 595.

²²⁴⁵ *See Daniels v. Fanduel, Inc.*, 124 U.S.P.Q.2d 1392 (S.D. Ind. 2017).

²²⁴⁶ *Id.* at 1402 (quoting *Jordan v. Jewel Food Stores, Inc.*, 743 F.3d 509, 517 (7th Cir. 2014)).

²²⁴⁷ *Id.* at 1403.

The court did, however, dismiss the plaintiffs’ cause of action under two exceptions to liability set forth in the relevant statute. *See id.* at 1397-99.

²²⁴⁸ *See Protect-A-Car Wash Sys., Inc. v. Car Wash Partners, Inc.*, 276 F. Supp. 3d 439 (D. Md. 2017), *appeal dismissed*, No. 17-2073, 2018 WL 1326272 (4th Cir. Jan. 16, 2018).

infringement rather than an *independent basis* for federal jurisdiction.”²²⁴⁹

Although that holding was certainly correct in light of the absence of a lingering cause of action for infringement in the case, a California federal district court was less clear on the concept.²²⁵⁰ Following a bench trial, that court found the plaintiff had demonstrated a likelihood of confusion between its marks and the use of the same marks for the same goods by a group of defendants led by a terminated licensee of the plaintiff. Inexplicably, however, it refused the prevailing plaintiff’s request for an order requiring the cancellation of a registration covering one of the marks, which a defendant had procured from the USPTO. Misreading prior Ninth Circuit authority for the proposition that federal subject-matter jurisdiction under Section 37 existed only if the *plaintiff* owned a registration,²²⁵¹ the court held that “[b]ecause [the plaintiff’s] . . . marks are not registered, this action does not otherwise involve a registered mark. The Court therefore lacks jurisdiction over his cancellation claim.”²²⁵²

Another apparently unsuccessful attempt to establish federal subject-matter jurisdiction took place in a false advertising action brought by the operator of an apartment complex against the authors of negative online reviews of the complex.²²⁵³ After determining the plaintiff had failed to aver a *prima facie* case of liability under federal law, the court turned to the question of whether it enjoyed diversity jurisdiction over the plaintiff’s lingering state law claims under Delaware law.²²⁵⁴ Citing controlling Third Circuit authority on that issue, it observed that “where there are no allegations as to their citizenship, ‘John Doe parties destroy diversity jurisdiction if their citizenship cannot truthfully be alleged.’”²²⁵⁵ Because the plaintiff’s complaint lacked any such allegations, “it does not appear that subject matter

²²⁴⁹ *Id.* at 456 (quoting *Airs Aromatics, LLC v. Opinion Victoria’s Secret Stores Brand Mgmt., Inc.*, 744 F.3d 595, 599 (9th Cir. 2014)).

²²⁵⁰ *See Pogrebnoy v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061 (C.D. Cal. 2017), *aff’d*, 742 F. App’x 291 (9th Cir. 2018).

²²⁵¹ *Id.* at 1071. The court’s holding on this point rested on its interpretation of *Airs Aromatics, LLC v. Opinion Victoria’s Secret Stores Brand Mgmt., Inc.*, 744 F.3d 595 (9th Cir. 2014). In *Airs Aromatics*, however, the plaintiff had not appealed the district court’s dismissal of its infringement-based causes of action, which left only its request for the cancellation of the defendant’s registration. *Id.* at 598-99.

²²⁵² *Pogrebnoy*, 289 F. Supp. 3d at 1071.

²²⁵³ *See Reybold Grp. of Cos. v. Does 1-20*, 323 F.R.D. 205 (D. Del. 2017).

²²⁵⁴ As the court (correctly) noted, “[i]n a diversity action, a district court has subject matter jurisdiction over state law claims if there is complete diversity of citizenship between the parties and the amount in controversy exceeds \$75,000.” *Id.* at 211.

²²⁵⁵ *Id.* at 212 (quoting *Mortellite v. Novartis Crop Protection, Inc.*, 460 F.3d 483, 494 (3d Cir. 2006)).

jurisdiction . . . exist[s] in the absence of [the plaintiffs] federal statutory [false advertising] claims.”²²⁵⁶

In contrast, a different court entertaining a motion to dismiss for want of federal subject-matter jurisdiction had little difficulty denying it.²²⁵⁷ The defendants operated several restaurants under a mark licensed to them by the plaintiffs. According to the plaintiffs, though, the defendants had both exceeded the scope of their license and registered the licensed mark in the lead defendant’s name without the plaintiffs’ authorization; moreover, the complaint alleged, the defendants had threatened the plaintiff with an infringement suit. Noting the plaintiffs had “specifically reference[d] the Lanham Act” and had additionally requested relief under the federal Declaratory Judgment Act, the court denied the defendants’ motion to dismiss the action for want of federal subject-matter jurisdiction.²²⁵⁸

Likewise, a group of defendants involved in the operation of a Florida-based swingers club, which allegedly had promoted itself through unauthorized photographs of the plaintiffs, failed to secure the dismissal of a lawsuit against them on the theory the plaintiffs’ allegations failed to establish federal subject-matter jurisdiction.²²⁵⁹ The defendants argued their club did not have substantial effects on interstate commerce, but the court disagreed. Not only did congressional authority reach intrastate transactions merely affecting interstate commerce, but the plaintiffs had accused the defendants of promoting the club on online media to out-of-state tourists and potential visitors to Florida. That alleged conduct, the court held, disposed of the defendants’ challenge to the plaintiffs’ complaint.²²⁶⁰

2. Appellate Jurisdiction

Under Title 28 of the United States Code, federal appellate courts enjoy jurisdiction only over “final decisions of the district courts.”²²⁶¹ The concept of finality therefore can play a significant role in dispositions of appeals noticed to those courts, and such was the case in one appeal to the Sixth Circuit.²²⁶² Prior to that appeal, the district court had granted a defense motion for summary judgment without resolving the defendants’ counterclaims against the plaintiff. Under ordinary circumstances, that disposition would

²²⁵⁶ *Id.*

²²⁵⁷ See *Rosales v. Bazaldua*, 325 F. Supp. 3d 779 (S.D. Tex. 2017).

²²⁵⁸ *Id.* at 784.

²²⁵⁹ See *Lancaster v. Bottle Club, LLC*, 123 U.S.P.Q.2d 1508 (M.D. Fla. 2017).

²²⁶⁰ *Id.* at 1511-12.

²²⁶¹ 28 U.S.C. § 1291 (2012).

²²⁶² See *Sazerac Brands, LLC v. Peristyle, LLC*, 892 F.3d 853 (6th Cir. 2018).

have precluded the appellate court from entertaining the plaintiffs' challenge to the defendants' victory. Rule 54 of the Federal Rules of Civil Procedure, however, provides that "When an action presents more than one claim for relief . . . , the court may direct entry of a final judgment as to one or more, but fewer than all, claims or parties only if the court expressly determines that there is no just reason for delay."²²⁶³ Because the district court had made just such an express determination, jurisdiction existed over the plaintiffs' appeal of the district court's entry of summary judgment in the defendants' favor as to the plaintiffs' claims against them.²²⁶⁴

The Eleventh Circuit also had the opportunity to address the concept of appellate jurisdiction in the context of its authority over two orders by a district court, one converting a preliminary injunction into a final judgment of infringement as a matter of law and the other denying the defendants' motion to dismiss for failure to join an indispensable party.²²⁶⁵ The court concluded it enjoyed jurisdiction over the defendants' appeal from the former order for two reasons: (1) the district court properly had deemed the order "final"; and, in any case (2) the permanent injunction was "plainly one 'granting, continuing, modifying, refusing or dissolving' an injunction" within the meaning of 28 U.S.C. § 1292(a)(1).²²⁶⁶ In contrast, however, it held with respect to the second order that "the denial of a motion to dismiss is not a final order reviewable under 28 U.S.C. § 1291"²²⁶⁷ and, additionally, that an exercise of pendent jurisdiction would be inappropriate.²²⁶⁸

The possibility of pendent appellate jurisdiction also came into play in an appeal to the Fourth Circuit arising from a defendant's alleged violations of a permanent injunction and several resulting motions for contempt filed by the plaintiff.²²⁶⁹ Although granting the initial motions, the district court deferred resolving another, instead ordering the defendant to pay for an independent auditor to confirm the defendant's compliance with the injunction. The findings of contempt were final and the appellate court's jurisdiction over them undisputed, but the order requiring the audit was decidedly *not*

²²⁶³ Fed. R. Civ. P. 54(b).

²²⁶⁴ *Sazerac Brands*, 892 F.3d at 857.

²²⁶⁵ *Commodores Entm't Corp. v. McClary*, 879 F.3d 1114 (11th Cir.), *cert. denied*, 139 S. Ct. 225 (2018).

²²⁶⁶ *Id.* at 1127.

²²⁶⁷ *Id.* (quoting *Foy v. Schantz, Schatzman & Aaronson, P.A.*, 108 F.3d 1347, 1350 (11th Cir. 1997)).

²²⁶⁸ As the court explained, "[i]n his motion to dismiss, McClary claimed that [another former Commodore] was an indispensable party because [that individual] was an original member of The Commodores who claimed partial ownership of the marks. However, the issue of joinder is not inextricably intertwined with the permanent injunction." *Id.*

²²⁶⁹ *See Rainbow Sch., Inc. v. Rainbow Early Educ. Holding LLC*, 887 F.3d 610 (4th Cir. 2018).

final. The defendant argued the lack of finality was of no consequence because pendent appellate jurisdiction existed over the audit order, but the court held that doctrine “available only (1) when an issue is inextricably intertwined with a question that is the proper subject of an immediate appeal; or (2) when review of a jurisdictionally insufficient issue is necessary to ensure meaningful review of an immediately appealable issue.”²²⁷⁰ The audit order created neither circumstance;²²⁷¹ moreover, an exercise of collateral appellate jurisdiction was equally inappropriate because the audit order did not conclusively resolve important questions separate from the merits and was not effectively unreviewable on appeal.²²⁷²

Finally, in an opinion similarly confirming that the filing of a notice of appeal does not automatically result in the existence of appellate jurisdiction over all aspects of a case, the Seventh Circuit addressed a scenario in which the losing plaintiffs had sought appellate review prior to the defendants’ filing of a motion with the district court for reimbursement of their attorneys’ fees.²²⁷³ The appellate court observed that “[a]s a general rule, once a notice of appeal is filed, jurisdiction lies in the appeals court and not in the district court.”²²⁷⁴ Nevertheless, one of the exceptions to that general rule was that the district court had been free to entertain the prevailing defendants’ fee petition.²²⁷⁵ The plaintiffs’ pursuit of appellate review of their loss on the merits before the filing of that petition therefore was not a procedural “get-out-of-jail-free” card for them.

3. Standing

To establish its standing to pursue a cause of action for purposes of Article III of the Constitution, a plaintiff must credibly aver a redressable injury attributable to the defendant’s conduct;²²⁷⁶ it must then also satisfy any additional requirements for standing under the particular cause of action under which it is proceeding. In *Lexmark International v. Static Control Components, Inc.*,²²⁷⁷ a case presenting allegations of false advertising under Section 43(a) of the Act, the Supreme Court established a two-part test for standing.

²²⁷⁰ *Id.* at 622 (quoting *Rux v. Republic of Sudan*, 461 F.3d 461, 475 (4th Cir. 2006)).

²²⁷¹ *Id.* (“The question of whether [the defendant] should initially pay for an audit is neither inextricably linked nor a necessary precursor to the issues presented in the appeal from the district court’s prior order, which made a determination of contempt and had nothing to do with paying for an audit.”).

²²⁷² *Id.*

²²⁷³ *See Wine & Canvas Dev., LLC v. Muylle*, 868 F.3d 534 (7th Cir. 2017).

²²⁷⁴ *Id.* at 542.

²²⁷⁵ *Id.*

²²⁷⁶ *See generally* *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560-61 (1992).

²²⁷⁷ 134 S. Ct. 1377 (2014).

First, the plaintiff's interest must be within the zone of interests the Act is intended to protect.²²⁷⁸ And, second, the plaintiff must allege that its injuries were proximately caused by defendant's deceptive practices.²²⁷⁹ Not surprisingly, *Lexmark* played a major role in the resolution of the standing inquiry in false advertising disputes. Somewhat less predictably, though, the Supreme Court's analysis made appearances in many, but not all, opinions addressing other causes of action under the Act.

a. Opinions Finding Standing

In *Lexmark*, no less an authority than the Supreme Court held consumers do not enjoy standing under the Lanham Act: "A consumer who is hoodwinked into purchasing a disappointing product may well have an injury-in-fact cognizable under Article III, but he cannot invoke the protection of the Lanham Act—a conclusion reached by every Circuit to consider the question."²²⁸⁰ That holding did not stop one court from entertaining a consumer's suit alleging that a refrigerator retailer had violated Section 43(a) by misleading her into making a purchase.²²⁸¹ The court's dismissal of the plaintiff's complaint for other reasons, however, ultimately limited any damage to standing requirements under the Act.

In a more defensible outcome, but one arising from considerably more complicated facts, a different court concluded that the publisher of a Russian-language newspaper enjoyed standing to prosecute an unfair competition cause of action against defendants found by the court to have used the plaintiff's claimed mark under an implied license.²²⁸² Relying on authority predating *Lexmark*, the court held that "[t]o establish standing to sue for trademark infringement under the Lanham Act, a plaintiff must show that he or she is either (1) the owner of a federal mark registration, (2) the owner of an unregistered mark, or (3) a nonowner with a cognizable interest in the allegedly infringed trademark."²²⁸³ Although the court viewed a convoluted chain of title for the mark proffered by the plaintiff with considerable skepticism, it ultimately found that the plaintiff had established by a preponderance of the evidence and testimony "that he is either an owner of the purported unregistered marks at issue in this litigation or a nonowner with a cognizable

²²⁷⁸ *Id.* at 1388.

²²⁷⁹ *Id.* at 1390.

²²⁸⁰ 572 U.S. at 132.

²²⁸¹ See *Howard v. Lowe's Home Ctrs.*, 306 F. Supp. 3d 951 (W.D. Tex. 2018), *appeal docketed*, No. 18-50156 (5th Cir. Feb. 28, 2018).

²²⁸² See *Pogrebnov v. Russian Newspaper Distrib., Inc.*, 289 F. Supp. 3d 1061 (C.D. Cal. 2017), *aff'd*, 742 F. App'x 291 (9th Cir. 2018).

²²⁸³ *Id.* at 1069 (quoting *Halicki Films, LLC v. Sanderson Sales & Mktg.*, 547 F.3d 1213, 1225 (9th Cir. 2008)).

interest in the allegedly infringed intellectual property to establish his standing to pursue his claims that Defendants have infringed his intellectual property rights.”²²⁸⁴

b. Opinions Declining to Find Standing

Because of the Supreme Court’s confirmation in *Lexmark* that consumers do not enjoy standing to bring causes of action under the Act, a Delaware federal district court had little difficulty rejecting a claim of standing in a case presenting a counterclaim for federal unfair competition under Section 43(a).²²⁸⁵ The counterclaim defendant developed software solutions for the limousine industry and had entered into a contract to provide the counterclaim plaintiff with one of its products. After accusing the counterclaim plaintiff of breach of contract, the counterclaim defendant found itself served with a Section 43(a) cause of action resting on the theory that it had engaged in a bait-and-switch scheme by delivering software with different functionality than promised. The counterclaim defendant moved to dismiss that cause of action, and its motion found favor with the court. At most, the counterclaim plaintiff was a “hoodwinked consumer,” which meant that, “even taking [its] allegations as true, [it] has failed to state a claim on which relief may be stated.”²²⁸⁶ Moreover, the same outcome held with the counterclaim plaintiff’s corresponding cause of action under Delaware state law.²²⁸⁷

c. Opinions Deferring Resolution of the Standing Inquiry

When a plaintiff before a Nevada federal district court moved for summary judgment on a claim that its adversary had maintained a registration in the USPTO through a fraudulent declaration of continued use, the court held that “[c]ancellation of a registration is proper ‘when (1) there is a valid ground why the trademark should not continue to be registered and (2) the party petitioning for cancellation has standing.’”²²⁸⁸ It then parsed the summary judgment for evidence of the plaintiff’s standing to bring the claim and found that evidence wanting. For one thing, the plaintiff had agreed in the settlement of a prior dispute with the defendant that

²²⁸⁴ *Id.*

²²⁸⁵ See *Livery Coach Sols., L.L.C. v. Music Express/E., Inc.*, 245 F. Supp. 3d 639 (D. Del. 2017).

²²⁸⁶ *Id.* at 648.

²²⁸⁷ *Id.* at 648-49.

²²⁸⁸ *Chemeon Surface Tech., LLC v. Metalast Int’l, Inc.*, 312 F. Supp. 3d 944, 961-62 (D. Nev. 2018) (quoting *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 735 F.2d 346, 348 (9th Cir. 1984)), *on reconsideration in part*, No. 315CV00294MMDVPC, 2018 WL 3127454 (D. Nev. June 26, 2018).

it would not use the mark covered by the defendant's registration. For another, it claimed that any lingering uses of the mark on its website were merely nominative fair uses for the sole purpose of communicating its former ownership of the mark. Not only did these considerations preclude the grant of the plaintiff's motion, the court sua sponte ordered briefing on why it should not dismiss the plaintiff's cause of action for lack of standing to bring it.²²⁸⁹

4. Personal Jurisdiction

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 Clause of the Fourteenth Amendment.²²⁹⁰ If the reach of the state long-arm statute in question is coextensive with due process, only the constitutional analysis need take place.²²⁹¹

"The due process inquiry consists of two components—the 'minimum contacts' inquiry and the 'reasonableness' inquiry."²²⁹² One court explained the first of these requirements in the following manner: "This legal standard requires an act by which the defendant purposely avails itself of the privilege of conducting activities within the forum state so as to invoke the benefits and protections of the forum state's laws."²²⁹³ And another noted of the second requirement that "[t]he reasonableness analysis pertains to whether exercising personal jurisdiction comports with 'traditional notions of fair play and substantial justice.'"²²⁹⁴ "In analyzing the question of personal jurisdiction," one court noted:

²²⁸⁹ *Id.* at 962-63.

²²⁹⁰ *See generally* Combe Inc. v. Dr. Aug. Wolff GmbH & Co. KG Arzneimittel, 283 F. Supp. 3d 519, 521 (E.D. Va. 2017). One court added a third requirement, namely, proper service of the complaint on the defendant. *See* McGraw-Hill Glob. Educ. Holdings, LLC v. Mathrani, 295 F. Supp. 3d 404, 409 (S.D.N.Y. 2017), *reconsideration denied*, 293 F. Supp. 3d 394 (S.D.N.Y. 2018).

²²⁹¹ *See, e.g.,* Ariel Invs., LLC v. Ariel Capital Advisors LLC, 881 F.3d 520, 521 (7th Cir. 2018) (Illinois long-arm statute coextensive with due process); Paisley Park Enters. v. Boxill, 299 F. Supp. 3d 1074, 1080 (D. Minn. 2017) (Minnesota long-arm statute coextensive with due process); Plixer Int'l, Inc. v. Scrutinizer GmbH, 293 F. Supp. 3d 232, 245 (D. Me. 2017) (Maine long-arm statute coextensive with due process), *aff'd*, 905 F.3d 1 (1st Cir. 2018); Am. InterContinental Univ., Inc. v. Am. Univ., 124 U.S.P.Q.2d 1156, 1160 (N.D. Ill. 2017) (Illinois long-arm statute coextensive with due process).

²²⁹² McGraw-Hill Glob. Educ. Holdings, LLC v. Mathrani, 295 F. Supp. 3d 404, 413 (S.D.N.Y. 2017), *reconsideration denied*, 293 F. Supp. 3d 394 (S.D.N.Y. 2018); *accord* Flame-Spray Indus. v. GTV Auto. GmbH, 266 F. Supp. 3d 608, 619 (E.D.N.Y. 2017).

²²⁹³ *Paisley Park Enters.*, 299 F. Supp. 3d at 1080; *accord* *InterContinental Univ.*, 124 U.S.P.Q.2d at 1160.

²²⁹⁴ *McGraw-Hill Glob. Educ. Holdings*, 295 F. Supp. 3d at 413-14.

[T]here are two main “types,” which are (1) general jurisdiction, and (2) specific jurisdiction. “General jurisdiction depends on continuous and systematic contact with the forum state, so that the courts may exercise jurisdiction over any claims a plaintiff may bring against the defendant.” Conversely, specific jurisdiction “grants jurisdiction only to the extent that a claim arises out of or relates to a defendant’s contacts in the forum state.”²²⁹⁵

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[, *i.e.*, the Due Process Clause of the Fifth Amendment].²²⁹⁶

a. Opinions Exercising Personal Jurisdiction

Allegations of the international trafficking of textbooks bearing counterfeit imitations of the plaintiffs’ registered marks and the delivery of those goods into New York led to an exercise of personal jurisdiction over a nonresident defendant by a federal district court in that state.²²⁹⁷ According to the complaint leading to that result, some of the defendants—who were residents of India—had supplied another defendant, an online retailer with the goods in question, which had then then shipped them to New York-based customers. Denying the retailer’s motion to dismiss, the court had little difficulty determining the retailer’s 1,124 sales to New York customers brought it within the scope of New York long-arm statute,²²⁹⁸ because the retailer was regularly engaged in business with New York domiciliaries, because of the interactive nature of its website, and because it had given a power of attorney to a New York-based third party to act as its agent.²²⁹⁹

Turning to the issue of whether forcing the retailer to defend itself in a New York court satisfied the requirements of due process,

²²⁹⁵ High Adventure Ministries, Inc. v. Tayloe, 309 F. Supp. 3d 461, 466 (W.D. Ky. 2018) (quoting Miller v. AXA Winterthur Ins. Co., 694 F.3d 675, 678-79 (6th Cir. 2012)).

²²⁹⁶ Fed. R. Civ. P. 4(k)(2).

²²⁹⁷ See *McGraw-Hill Glob. Educ. Holdings*, 295 F. Supp. 3d at 408.

²²⁹⁸ N.Y. C.L.P.R. 302 (McKinney 2008).

²²⁹⁹ *McGraw-Hill Glob. Educ. Holdings*, 295 F. Supp. 3d at 412-13.

the court first concluded that “[the retailer’s] contacts with New York satisfy the minimum contacts prong of the constitutional inquiry for the same reasons that they satisfy the statutory inquiry.”²³⁰⁰ Then, with respect to the reasonableness prong of that inquiry, it referred to the following considerations for guidance:

(1) the burden that the exercise of jurisdiction will impose on the defendant; (2) the interests of the forum state in adjudicating the case; (3) the plaintiff’s interest in obtaining convenient and effective relief; (4) the interstate judicial system’s interest in obtaining the most efficient resolution of the controversy; and (5) the shared interest of the state in furthering substantive social policies.²³⁰¹

Holding that “[w]hen a plaintiff has made a threshold showing of minimum contacts, the exercise of jurisdiction is favored,” it concluded the retailer had failed to establish in an application of the relevant factors that an exercise of personal jurisdiction would be unreasonable.²³⁰²

An exercise of personal jurisdiction similarly transpired in litigation in which the successors in interest to the deceased recording artist Prince challenged the unauthorized distribution of certain of his recordings on both trademark and copyright causes of action.²³⁰³ Rejecting the defendants’ claim they lacked the required minimum contacts with the forum state—Minnesota—the court cited favorably to the plaintiffs’ allegations that the defendants had created an interactive website and that they “knew or should have known that, even after his death, Prince is particularly popular in his home state of Minnesota and that his Minnesota fans would comprise a strong market for the [unauthorized recordings].”²³⁰⁴ Not only did these facts establish that “Defendants’ commercial conduct through the website was directed, at least in part, at the state of Minnesota,”²³⁰⁵ they also brought the defendants’ actions within the ambit of the Supreme Court’s opinion in *Calder v. Jones*,²³⁰⁶

²³⁰⁰ *Id.* at 413. As the court explained:

Specifically, [the retailer] has purposefully availed itself of the privilege of doing business in New York by conducting sustained sales of textbooks to New York customers through online marketplaces, by operating an interactive website to offer textbooks for sale (including to New York customers), and by reaching out to New York and executing a power of attorney with a New York entity through which it imported allegedly counterfeit textbooks.

Id.

²³⁰¹ *Id.* at 414.

²³⁰² *Id.*

²³⁰³ See *Paisley Park Enters. v. Boxill*, 299 F. Supp. 3d 1074 (D. Minn. 2017).

²³⁰⁴ *Id.* at 1081.

²³⁰⁵ *Id.*

²³⁰⁶ 465 U.S. 783 (1984).

pursuant to which “jurisdiction is proper in the state where the effect of the defendant’s tortious conduct is felt.”²³⁰⁷

In cases in which the parties were not strangers to each other, forum-selection clauses in agreements between them helped defeat defense motions to dismiss for want of personal jurisdiction.²³⁰⁸ For example, a combination of a forum-selection clause in a franchise agreement and the agreement itself subjected an individual resident of Texas to suit in Georgia.²³⁰⁹ That defendant argued as an initial matter he had not actually signed the agreement and therefore was subject to neither the agreement nor a provision within it requiring the litigation of disputes under the agreement in Georgia. The court rejected that argument because the defendant had operated a restaurant as a de facto party to the agreement for a ten-year period, which left him subject to its terms under assumption and estoppel principles.²³¹⁰ Moreover, the defendant’s extensive interactions with the plaintiffs during that period subjected the defendant to an exercise of personal jurisdiction under the Georgia long-arm statute;²³¹¹ apparently because the reach of that statute is not coextensive with due process,²³¹² the court did not address the constitutional propriety of an exercise of personal jurisdiction.

Two final reported opinions of note affirmed the propriety of an exercise of personal jurisdiction over defendants domiciled outside the United States. In the first opinion—one subsequently affirmed by the First Circuit—did so in an application of Rule 4(k)(2).²³¹³ The defendant was a German company with no direct ties to the state of Maine, the plaintiff’s home forum. The defendant did not contest the first two of the three requirements for the successful invocation of the rule, namely, that the plaintiff’s infringement claim arose under federal law and that it was not subject to an exercise of personal jurisdiction in any particular state; it did, however, argue that forcing it to defend itself in Maine would violate the Fifth Amendment’s Due Process Clause. After allowing the plaintiff to

²³⁰⁷ *Paisley Park Enters.*, 299 F. Supp. 3d at 1081 (citing *Calder*, 299 F. Supp. 3d at 1081).

²³⁰⁸ *See, e.g.*, *Flame-Spray Indus. v. GTV Auto. GmbH*, 266 F. Supp. 3d 608, 616-19 (E.D.N.Y. 2017) (denying motion to dismiss based on forum-selection clause in non-disclosure agreement between parties without discussion of nexus between agreement and plaintiff’s Lanham Act claim for false designation of origin).

²³⁰⁹ *See Cajun Global LLC v. Swati Enters.*, 283 F. Supp. 3d 1325 (N.D. Ga. 2017).

²³¹⁰ *Id.* at 1330 (“[A]ssumption and equitable estoppel apply here to prevent [the moving defendant] from performing under and reaping the benefits of the Franchise Agreement for ten years, and then repudiating post-expiration obligations on the basis that he did not sign the Franchise Agreement.”).

²³¹¹ Ga. Code Ann. § 9-10-91(1) (2007 & Supp. 2017).

²³¹² *See, e.g.*, *Jordan Outdoor Enters. v. That 70’s Store, LLC*, 819 F. Supp. 2d 1338, 1341-42 (M.D. Ga. 2011).

²³¹³ *See Plixer Int’l, Inc. v. Scrutinizer GmbH*, 293 F. Supp. 3d 232 (D. Me. 2017), *aff’d*, 905 F.3d 1 (1st Cir. 2018).

conduct limited jurisdictional discovery, the court disagreed. In denying the defendant's motion to dismiss, the court emphasized that the defendant "operated a highly interactive website that sold its cloud-based services directly through the website, that it was open to business throughout the world, that it accepted recurrent business from the United States in a substantial amount, and that it did so knowingly."²³¹⁴ These considerations rendered an exercise of personal jurisdiction constitutionally reasonable because: (1) advancements in travel and technology reduced the burden on the defendant of litigating in Maine;²³¹⁵ (2) "[t]he United States has an important interest in the scope and application of U.S. trademark law and the protection of those who invoke it, and this defendant does a substantial amount of business with United States-based customers";²³¹⁶ and (3) "[t]he plaintiff's interest in obtaining convenient and effective relief supports a United States forum."²³¹⁷

The second opinion originated in a district court appeal from the dismissal by the Trademark Trial and Appeal Board of an opposition proceeding.²³¹⁸ Dissatisfied with that outcome, the plaintiff sought relief in the Eastern District of Virginia and added infringement and unfair competition claims to its complaint for good measure. In moving to dismiss those claims for want of personal jurisdiction, the German defendant argued it lacked the required minimum contacts with the United States because it had never sold goods in the United States and otherwise did not have a presence in the country. The court was unmoved, concluding instead that its undisputed jurisdiction over the plaintiff's appeal²³¹⁹ allowed it to exercise pendent jurisdiction—a concept usually invoked in the context of *subject-matter* jurisdiction—over the plaintiff's causes of action against the defendant (and not just the defendant's application). Quoting Fourth Circuit authority, the court held it had pendent personal jurisdiction over the defendant "by reason of a federal

²³¹⁴ *Id.* at 241.

²³¹⁵ *Id.* at 244.

²³¹⁶ *Id.*

²³¹⁷ *Id.* The court also took into account two additional factors, namely, the judicial system's interest in obtaining the most effective resolution of the controversy and the common interests of all sovereigns in promoting substantive social policies. In part because the parties apparently did brief those considerations, however, neither played a material role in the court's decision. *Id.*

²³¹⁸ *See Combe Inc. v. Dr. Aug. Wolff GmbH & Co. KG Arzneimittel*, 283 F. Supp. 3d 519 (E.D. Va. 2017).

²³¹⁹ That lack of dispute was because "defendant has waived any claim of lack of personal jurisdiction with respect to the [Section 21(b)] appeal by failing to seek dismissal of plaintiff's claim relating to the TTAB ruling. Accordingly, defendant has waived any objection to personal jurisdiction with respect to the . . . appeal and defendant's actions 'amount to a legal submission to the jurisdiction of the court.'" *Id.* at 522 (quoting *Ins. Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 703, 704-05 (1982)).

claim to adjudicate state claims properly within the court's subject matter jurisdiction," even if the Virginia long-arm statute did not authorize service over the defendant with respect to the plaintiff's state claims.²³²⁰ Thus, "personal jurisdiction exists with respect to the [Section 21(b)] TTAB appeal, [and] it is appropriate to exercise pendent personal jurisdiction over defendant with respect to plaintiff's additional claims [because] those claims arise out of a common nucleus of operative fact as the . . . appeal."²³²¹

b. Opinions Declining to Exercise Personal Jurisdiction

Despite the potential value of the *Calder* effects test to a plaintiff seeking to establish the propriety of an exercise of personal jurisdiction over a defendant in the plaintiff's home forum, not all invocations of *Calder* paid dividends over the past year. One falling short was advanced by an Illinois-based investment management firm in an infringement suit by that company against a wealth management firm headquartered in Florida.²³²² In reversing the district court's exercise of personal jurisdiction over the defendant, the Seventh Circuit determined from the appellate record that "[the defendant] does not have a client in Illinois, does not have any property or staff in Illinois, does not advertise in Illinois, and never has had an employee or agent even visit Illinois—until it had to defend this suit."²³²³ In the face of these considerations, the plaintiff's invocation of *Calder* proved unavailing. In particular, and unlike the defendants in that case, the defendant before the court had no state-specific ties to Illinois,²³²⁴ which meant that "[i]f trademark infringement happened, that wrong occurred in Florida, or perhaps some other state where people who wanted to do business with [the plaintiff] ended up dealing with [the defendant] because

²³²⁰ *Id.* (quoting *ESAB Grp. v. Centricut Inc.*, 126 F.3d 617, 628 (4th Cir. 1997)).

²³²¹ *Id.* at 523. On the issue of whether a common nucleus of operative fact existed, the defendant argued that the appeal involved only issues of registration, rather than use. To the contrary, the court concluded, "the Fourth Circuit has recognized that trademark registration appeals, trademark infringement claims, and unfair competition claims are all 'related' and has noted that each of those claims requires a finding of likelihood of confusion." *Id.* at 524 (quoting *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 162 (4th Cir. 2014)).

²³²² *See Ariel Invs., LLC v. Ariel Capital Advisors LLC*, 881 F.3d 520 (7th Cir. 2018).

²³²³ *Id.* at 521.

²³²⁴ As the court explained of the facts of *Calder*:

An actress living in California sued a reporter and editor for defamation appearing in an article written and edited in Florida and published in a weekly newspaper based in Florida. *Calder* held that the actress could sue in California—though not just because that's where she suffered injury. The newspaper's California circulation was 600,000, and the reporter gathered information by phone calls to California. The story concerned events in California.

Id. at 523.

of the similar names. That state cannot be Illinois, where [the defendant] lacks clients.”²³²⁵

In an opinion not turning on the *Calder* effects test but similarly dismissing the plaintiff’s complaint for want of specific personal jurisdiction, another court held a California resident and a California-based company he controlled could not lawfully be forced to answer allegations of infringement and false advertising in Kentucky.²³²⁶ The lead individual defendant had once been affiliated with a radio show produced by the Kentucky-based plaintiff. After the defendants started their own show under the same name, the plaintiff’s principal contacted the lead defendant by phone to express his enthusiasm for the defendants’ project, and, in the course of those discussions, the lead defendant raised the possibility of the plaintiff contributing to the project. Shortly afterwards, the plaintiff filed an infringement suit in Kentucky federal district court.

In support of its attempt to hale the defendants into court under the Kentucky long-arm statute,²³²⁷ the plaintiff argued the lead defendant’s request for financial support constituted a purposeful availment of Kentucky law. In rejecting that argument, the court found more convincing the lead defendant’s sworn testimony that he neither had set foot in Kentucky nor had any other ties to that jurisdiction. Moreover, and of critical significance, testimony by the plaintiff’s own principal established that he, and not the lead defendant, had initiated all the communications between the parties, after which the lead plaintiff’s principal had gone incommunicado prior to the filing of the lawsuit. These facts, the court concluded, precluded the plaintiff from establishing the defendants had the required substantial contacts with Kentucky or that the plaintiff’s cause of action arose from those contacts.²³²⁸ Moreover, they rendered a possible exercise of personal jurisdiction constitutionally unreasonable.²³²⁹

Finally, an Illinois federal district court declined to exercise specific personal jurisdiction over a university based in the District of Columbia.²³³⁰ The plaintiff was the parent corporation of another university, an application to register the name of which the defendant had opposed before the Trademark Trial and Appeal Board. After filing a declaratory judgment action for noninfringement, the plaintiff argued the defendant’s opposition constituted enough of a tie to the state of Illinois to dispose of any

²³²⁵ *Id.*

²³²⁶ See *High Adventure Ministries, Inc. v. Tayloe*, 309 F. Supp. 3d 461 (W.D. Ky. 2018).

²³²⁷ Ky. Rev. Stat. Ann. § 454.210 (West 2014).

²³²⁸ *High Adventure Ministries*, 309 F. Supp. 3d at 469-70.

²³²⁹ *Id.* at 471.

²³³⁰ See *Am. InterContinental Univ., Inc. v. Am. Univ.*, 124 U.S.P.Q.2d 1156 (N.D. Ill. 2017).

due process concerns, but the court disagreed. Instead, it held, the defendant's enforcement activities had taken place outside of Illinois and therefore could not support an exercise of jurisdiction over the defendant: "Assuming that this could suffice by itself to confer jurisdiction, it does not support personal jurisdiction in Illinois, because it was filed in Virginia."²³³¹

5. 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."²³³² 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,"²³³³ and which is arguably a codification of the common-law doctrine of *forum non conveniens*.²³³⁴ 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" ²³³⁵

a. Opinions Finding Venue Proper

The resolution of one venue-related dispute turned on an application of the first-to-file rule—until it didn't.²³³⁶ "In the absence of compelling circumstances," that rule mandates the dismissal or stay of cases initiated after the filing date of overlapping litigation in another jurisdiction.²³³⁷ Having been sued by the defendant in federal court in Georgia, the plaintiffs responded with an action of their own in the Eastern District of New York. Invoking the first-to-file rule, the New York court dismissed the suit before it in deference to the Georgia action, only to have the Georgia court transfer its

²³³¹ *Id.* at 1160.

²³³² 28 U.S.C. § 1391(b) (2012).

²³³³ *Id.* § 1406(a).

²³³⁴ 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").

²³³⁵ 28 U.S.C. § 1404(a).

²³³⁶ See *Horowitz v. 148 S. Emerson Assocs.*, 888 F.3d 13 (2d Cir. 2018).

²³³⁷ *Mann Mfg., Inc. v. Hortex, Inc.*, 439 F.2d 403, 407 (5th Cir. 1971).

proceedings to the Eastern District of New York during the pendency of the plaintiff's appeal of the dismissal of its action to the Second Circuit. Not surprisingly, the Second Circuit held that the transfer mooted the relevance of the first-to-file rule: "The 'first-filed' rule has no import where, as here, the two cases at issue reside on the docket of the same district judge. The able district judge is perfectly capable of consolidating them as necessary."²³³⁸ It therefore vacated the New York district court's dismissal of the action.

In a more conventional scenario, two defendants sued for infringement in the Southern District of Texas moved the court under 28 U.S.C. § 1404(a) to transfer the case against them to the District of Nebraska.²³³⁹ Their motion failed to satisfy the first prerequisite for such a transfer, namely, a showing that the District of Nebraska was one in which the action could have been brought originally. Referring to the general federal venue statute,²³⁴⁰ the court noted that "proper venue may be established in one of three ways" before finding the defendants' showings deficient under each test.²³⁴¹ First, the defendants failed to aver they were Nebraska domiciliaries, and their vague claim of "substantial contacts with Nebraska" was no substitute for actual residency.²³⁴² Second, they failed to establish that a substantial part of the events or omissions giving rise to the action had taken place in Nebraska; to the contrary, the plaintiff alleged their infringement had occurred in Texas.²³⁴³ Finally, there was no showing that the Southern District of Texas was an improper venue.²³⁴⁴

A plaintiff that has a contractual relationship with its adversary can preemptively address a venue-based response to its complaint by including a forum-selection clause in the contract. Two Georgia-based plaintiffs availing themselves of this principle operated a network of restaurants, including a franchised location in Texas.²³⁴⁵ Having terminated that location and sued the former franchisees for infringement in their home state of Georgia, the plaintiffs defeated a motion either to dismiss the action or to transfer it to Texas by pointing to a provision in the franchise agreement requiring actions bearing on the agreement to be brought in the Northern District of Georgia. Under ordinary circumstances, this would have been a predictable result, but the moving defendant had not himself

²³³⁸ *Horowitz*, 888 F.3d at 22.

²³³⁹ *See Buc-ees, Ltd. v. Bucks, Inc.*, 262 F. Supp. 3d 453 (S.D. Tex. 2017).

²³⁴⁰ 28 U.S.C. § 1391 (2012).

²³⁴¹ *Buc-ees*, 262 F. Supp. 3d at 462.

²³⁴² *Quoted in id.*

²³⁴³ *Id.* at 463.

²³⁴⁴ *Id.*

²³⁴⁵ *See Cajun Global LLC v. Swati Enters.*, 283 F. Supp. 3d 1325 (N.D. Ga. 2017).

actually signed the franchise agreement despite having operated the restaurant in question for approximately a decade. No matter, the court concluded: “[A]ssumption and equitable estoppel apply here to prevent [the moving defendant] from performing under and reaping the benefits of the Franchise Agreement for ten years, and then repudiating post-expiration obligations on the basis that he did not sign the Franchise Agreement.”²³⁴⁶

A final notable opinion rejecting a defense challenge to venue turned on the proper interpretation of the first-filed rule and came from a Pennsylvania federal district court.²³⁴⁷ That rule applies if the parties have filed competing suits in different jurisdictions, and it holds that “there is a presumption that the later-filed action should be dismissed, transferred, or stayed.”²³⁴⁸ The rule came into play after the parties sued each other in Pennsylvania state court. After an apparent settlement of those actions fell through, the defendant filed suit against the plaintiffs in New York federal district court and removed the plaintiffs’ suit against him to the Pennsylvania federal district court. Moving that court to dismiss the plaintiffs’ complaint, the defendant invoked the first-filed rule and argued his New York case should receive precedence. The court disagreed, holding that the closely related nature of that case and of the plaintiffs’ original action in Pennsylvania state court rendered the removed proceeding the first-filed action. Because no circumstances warranted a departure from the first-filed rule, the Pennsylvania action took precedence over the one in New York and mandated the denial of the defendant’s motion to transfer the Pennsylvania action to New York.²³⁴⁹

b. Opinions Declining to Find Venue Proper

A plaintiff that has entered into a prior settlement agreement containing a forum-selection clause generally can expect rude judicial treatment if it files an enforcement action in a different venue. One plaintiff learning that lesson the hard way accused the lead defendant of infringement despite an earlier covenant between those parties that the lead defendant believed authorized the challenged conduct.²³⁵⁰ That agreement obligated the parties to litigate all disputes “brought . . . under this Agreement” in the District of Nebraska, but the plaintiff chose to file its action in the Southern District of Texas. Weighing the lead defendant’s motion to transfer, the court summarized the parties’ differing views of the

²³⁴⁶ *Id.* at 1330.

²³⁴⁷ *See Monzo v. Bazos*, 313 F. Supp. 3d 626 (E.D. Pa. 2017).

²³⁴⁸ *Id.* at 630 (quoting *Landau v. Viridian Energy PA*, 274 F. Supp. 3d 329, 333 (E.D. Pa. 2017)).

²³⁴⁹ *Id.* at 636-37.

²³⁵⁰ *See Buc-ees, Ltd. v. Bucks, Inc.*, 262 F. Supp. 3d 453 (S.D. Tex. 2017).

significance of the prior agreement in the following manner: “[The plaintiff] interprets this phrase narrowly, contending it limits the forum-selection clause to claims that were created because of the Agreement. [The lead defendant] contends the clause applies to claims that cannot be adjudicated without first interpreting the Agreement.”²³⁵¹ The lead defendant ultimately prevailed on the issue, for, as the court explained:

Regardless of which parties’ interpretation of the Agreement is correct, however, neither party disputes that the Agreement must be interpreted to determine the validity of [the plaintiff’s] lawsuit against [the lead defendant]. In other words, the validity of [the plaintiff’s] lawsuit and the alleged conduct on which it is based is controlled, managed, or governed by the Agreement.²³⁵²

Of course, a plaintiff’s choice of forum may be inappropriate even in the absence of a prior agreement between the parties specifying another one. For example, when a makeup artist resident in New York filed suit in the Northern District of Illinois, the Los Angeles-based defendant successfully pursued a motion to transfer the action to the Central District of California under 28 U.S.C. § 1404(a).²³⁵³ In evaluating the motion’s merits, the court identified the following factors as relevant considerations whether the convenience of the parties and potential witnesses merited a transfer: “(1) the plaintiff’s choice of forum; (2) the situs of the material events; (3) the relative ease of access to sources of proof; (4) the convenience of the witnesses; and (5) the convenience to the parties of litigating in the respective forums.”²³⁵⁴ Because the plaintiff had filed suit in a district in which she did not live, the court found her choice of forum entitled only to “little weight,” despite the plaintiff’s protests that goods bearing the allegedly infringing mark had been sold there, which the court rejected because “these products were equally available in *all* other states”²³⁵⁵ The second factor weighed “heavily” in favor of a transfer because the defendant, its principal, and a third party responsible for the design and production of the defendant’s goods all were located in the proposed transferee forum.²³⁵⁶ The third factor “slightly” favored a transfer because, although any relevant documents could be circulated electronically, the originals of the

²³⁵¹ *Id.* at 460.

²³⁵² *Id.* at 461.

²³⁵³ *See Weis v. Kimsaprincess Inc.*, 296 F. Supp. 3d 926 (N.D. Ill. 2017).

²³⁵⁴ *Id.* at 930 (quoting *Hanover Ins. Co. v. N. Bldg. Co.*, 891 F. Supp. 2d 1019, 1025 (N.D. Ill. 2012)).

²³⁵⁵ *Id.*

²³⁵⁶ *Id.* at 931.

defendant's documents resided in the Los Angeles area.²³⁵⁷ The plaintiff's failure to identify any party or third-party witnesses in Illinois in response to the defendant's showing that its proposed witnesses were Californians meant the fourth factor supported the defendant's position.²³⁵⁸ With respect to the fifth factor, the court found that "[r]ather than being 'equally convenient' to both parties and their respective witnesses," as the plaintiff argued, "Illinois is really equally *inconvenient* to both parties."²³⁵⁹ Especially because "cases in the Central District of California get to trial twenty months faster than those in the Northern District of Illinois"²³⁶⁰ and because "the Central District of California has a greater relationship to the controversy and therefore it is more desirable that [it] adjudicate the dispute,"²³⁶¹ a transfer was appropriate.

6. Issue and Claim Preclusion

a. Issue Preclusion (Collateral Estoppel)

In *B & B Hardware, Inc. v. Hargis Indus.*,²³⁶² the Supreme Court offered the following explanation of the doctrine of issue preclusion:

Sometimes two different tribunals are asked to decide the same issue. When that happens, the decision of the first tribunal usually must be followed by the second, at least if the issue is really the same. Allowing the same issue to be decided more than once wastes litigants' resources and adjudicators' time, and it encourages parties who lose before one tribunal to shop around for another. The doctrine of collateral estoppel or issue preclusion is designed to prevent this from occurring.²³⁶³

Despite this general restatement of the principles underlying issue preclusion, the Court did not set forth a precise test for when the doctrine bars relitigation of a particular issue, and, in the absence of that guidance, lower federal courts often turn to state law. For example, a Tennessee federal district court looked to the law of that state to hold that "[t]he party asserting collateral estoppel 'has the burden of proving that the issue was, in fact, determined in a prior suit between the same parties and that the

²³⁵⁷ *Id.* at 932.

²³⁵⁸ *Id.* at 932-33.

²³⁵⁹ *Id.* at 934.

²³⁶⁰ *Id.* at 935.

²³⁶¹ *Id.*

²³⁶² 135 S. Ct. 1293 (2015).

²³⁶³ *Id.* at 1298-99.

issue's determination was necessary to the judgment.”²³⁶⁴ It did so in a case in which the plaintiffs previously had secured an injunction from a Tennessee state court requiring the defendants to comply with the terms of a license between the parties. That document did not mandate a particular level of quality for goods sold under it, and, having concluded that the defendants had changed the goods' quality without permission, the plaintiffs filed a new subsequent federal infringement and unfair competition suit. Claiming issue preclusion, the defendants moved the federal court for summary judgment on the theory that the state-court action had definitely interpreted the scope of the license without mentioning the possibility it might provide for the plaintiffs' ability to control the nature and quality of the defendants' goods. The court denied the motion, holding that the state court's final order did not address the question of whether the license admitted to an unwritten term on that particular issue.²³⁶⁵ In the absence of a final determination in the earlier case, the defendants' invocation of issue preclusion as a defense was misplaced.²³⁶⁶

So too did an assertion of issue preclusion based on the outcome of a prior Trademark Trial and Appeal Board proceeding between the parties fail in litigation before a Pennsylvania federal district court.²³⁶⁷ Invoking the Third Circuit's test for the doctrine, that court held that “[i]ssue preclusion is available where ‘(1) the issue sought to be precluded is the same as that involved in the prior action; (2) that issue was actually litigated; (3) it was determined by a final and valid judgment; and (4) the determination was essential to the prior judgment.’”²³⁶⁸ The cancellation action arose from the defendant's claim the plaintiff had abandoned two registered marks and, additionally, had maintained its registrations with fraudulent filings. During that proceeding, the plaintiff voluntarily surrendered its registrations for cancellation, leading the plaintiff to assert the resulting judgment had issue-preclusive effect with respect to the defendant's abandonment defense before the court. The court rejected that theory as a matter of law, holding instead at the outset that:

With respect to the first element, the issue sought to be precluded is not the same. Although, broadly speaking, both involve whether Plaintiff abandoned [its] mark, in the cancellation proceeding[,] the question was whether Plaintiff

²³⁶⁴ *Yoe v. Crescent Sock Co.*, 314 F. Supp. 3d 892, 915 (E.D. Tenn. 2018) (quoting *Mountain Laurel Assur. Co. v. Harbor*, No. 07-1105, 2008 WL 4107738, at *3 (W.D. Tenn. Aug. 29, 2008)).

²³⁶⁵ *Id.* at 915-17.

²³⁶⁶ *Id.* at 917.

²³⁶⁷ *See Dille Family Tr. v. Nowlan Family Tr.*, 276 F. Supp. 3d 412 (E.D. Pa. 2017).

²³⁶⁸ *Id.* at 433 (quoting *Peloro v. United States*, 488 F.3d 163, 174-75 (3d Cir. 2007)).

had ceased to use the mark for the goods covered by its federal registrations Here, Plaintiff asserts that it has common law trademark rights in a much wider range of goods and services, and as such, the question is whether Plaintiff has abandoned use of the mark for all of those uses.²³⁶⁹

The plaintiff's inability to satisfy the first requirement was not its only problem, for the court held the second element out of the plaintiff's reach because the Board proceeding had not been resolved on the merits.²³⁷⁰ "Nor," it concluded, "was the fourth element met: what was not actually determined cannot constitute a determination essential to a prior judgment."²³⁷¹ The plaintiff therefore was entitled to the summary disposition of the defendant's claim of issue preclusion as a defense.²³⁷²

b. Claim Preclusion (Res Judicata)

Under the doctrine of claim preclusion, or *res judicata*, "a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action."²³⁷³ As that definition suggests, and as the Sixth Circuit confirmed, the required identity of parties is not an insignificant component of the doctrine.²³⁷⁴ That court addressed the metes and bounds of claim preclusion in a case in which one of the defendants successfully had advanced an earlier claim of infringement in Michigan state court against an employee of the plaintiff. In that proceeding, the employee represented himself and consented to a permanent injunction against use of the disputed mark by himself or others in concert with him. When his employer, the plaintiff in the action leading to the Sixth Circuit appeal, filed a new suit challenging the defendants' ownership of the disputed mark, the district court granted a defense motion for summary judgment on theory that claim preclusion barred the plaintiff's case.

The Sixth Circuit reversed in an application of the test for claim preclusion under Michigan law: "[A] 'second, subsequent action' is barred by *res judicata* when '(1) the prior action was decided on the merits, (2) both actions involve the same parties or their privies, and (3) the matter in the second case was, or could have been, resolved in the first.'"²³⁷⁵ Focusing on the second of these factors, it held that

²³⁶⁹ *Id.* at 433-34.

²³⁷⁰ *Id.* at 434.

²³⁷¹ *Id.*

²³⁷² *Id.*

²³⁷³ *Allen v. McCurry*, 449 U.S. 90, 94 (1980).

²³⁷⁴ *See AuSable River Trading Post, LLC v. Dovetail Sols., Inc.*, 874 F.3d 271 (6th Cir. 2017).

²³⁷⁵ *Id.* at 274 (quoting *Adair v. State*, 680 N.W.2d 386, 396 (Mich. 2004)).

“[w]hile there may be circumstances when an employee’s interests are so aligned with his or her employer as to be in privity for the purposes of *res judicata*, there is no support for that here.”²³⁷⁶ In particular, it concluded from the summary judgment record that “[the defendant in the earlier action] was an hourly employee given a few days’ notice of an injunction. He was clearly confused in the first action, wherein he repeatedly said he did not understand why the action was brought against him, rather than his employer.”²³⁷⁷ Especially because the employee lacked a financial stake in the outcome of that proceeding that might have incentivized him to protect his employer’s interests with any kind of vigor, the absence of privity rendered the district court’s application of claim preclusion reversible error.²³⁷⁸

In contrast, an assertion of claim preclusion before a Tennessee federal district court produced mixed results.²³⁷⁹ The lead defendant had once employed the lead plaintiff. A clause in the employment agreement between those parties recited that “[a]ny and all new brands . . . that are developed, registered, trademarked, invented, started, conceived or designed by [the parties or a company controlled by the lead plaintiff] through the termination of [the lead plaintiff’s employment . . . shall be 100% owned by [the lead plaintiff’s company].”²³⁸⁰ The agreement also placed restrictions on the lead defendant’s use of any marks falling within the scope of that clause in the event the lead defendant terminated the lead plaintiff.

That termination occurred, and litigation arising from it in Tennessee state court led to an injunction against the defendants’ use of the marks found to belong to the lead plaintiff’s company. The plaintiffs followed up on that victory by filing an infringement suit against the defendants in federal court. In application of Tennessee law, that court held that “[t]here are four elements to *res judicata*: (1) a previous action before a court of competent jurisdiction, (2) involving the same parties or their privies, (3) involving the same cause of action, and (4) resulting in a final judgment on the merits.”²³⁸¹ Entertaining the parties’ cross-motions for summary judgment, the court initially ruled in the defendants’ favor based on the plaintiff’s failure to raise its federal claims in the state-court action, as well as the Tennessee court’s incorporation of trademark-related terms into its injunction. On the plaintiff’s motion for reconsideration, however, the court backed off its earlier opinion,

²³⁷⁶ *Id.* at 275.

²³⁷⁷ *Id.*

²³⁷⁸ *Id.* at 276.

²³⁷⁹ See *Yoe v. Crescent Sock Co.*, 314 F. Supp. 3d 892 (E.D. Tenn. 2018).

²³⁸⁰ Quoted in *id.* at 898.

²³⁸¹ *Id.* at 903.

concluding the second time around that claim preclusion barred the plaintiffs' infringement and related causes of action only to the extent those causes of action targeted alleged misconduct by the defendants predating the termination of the state-court action; the plaintiffs therefore were free to challenge any such misconduct postdating the resolution of that action.²³⁸²

Finally, one court declined a defense invitation to give claim-preclusive effect to the disposition of a prior cancellation action.²³⁸³ That earlier action challenged two registrations owned by the plaintiff, which the plaintiff voluntarily surrendered for cancellation prior to a final decision on the merits of the defendant's claim the plaintiff had maintained the registrations through fraudulent submissions to the USPTO. The defendant argued that the resulting judgment in its favor precluded the plaintiff from challenging a pending intent-to-use application filed by the defendant to register the same mark as formerly covered by the plaintiff's registrations. The court disagreed, and it granted the plaintiff's motion for summary judgment on the issue.

The court's analysis began with a recapitulation of the Third Circuit test for claim preclusion: "Generally, '[c]laim preclusion bars suit when three elements are present: (1) a final judgment on the merits in a prior suit involving (2) the same parties or their privies and (3) a subsequent suit based on the same cause of action.'"²³⁸⁴ Concluding that "[t]here is little doubt the first two elements . . . are met,"²³⁸⁵ the court turned its attention to the third, which it found unsatisfied as a matter of law. That result held because of the court's definition of "same cause of action," which required a claim that either would have been a compulsory counterclaim in the earlier action or, alternatively, constituted a collateral attack on the judgment from that action.²³⁸⁶ Because the only claims in the Board proceeding were that the plaintiff had abandoned its mark and fraudulently maintained the registrations covering it, the question of whether the plaintiff enjoyed the prior use of a mark confusingly similar to the one covered by the defendant's application—the basis of the plaintiff's challenge to the defendant's application before the district court—had not arisen. Moreover, the court held, far from having been a compulsory counterclaim before the Board, the plaintiff could not have brought that challenge because the USPTO had yet to publish the defendant's application. The defendant's

²³⁸² *Id.* at 913.

²³⁸³ *See Dille Family Tr. v. Nowlan Family Tr.*, 276 F. Supp. 3d 412 (E.D. Pa. 2017).

²³⁸⁴ *Id.* at 432 (alteration in original) (quoting *Davis v. Wells Fargo*, 824 F.3d 333, 341 (3d Cir. 2016)).

²³⁸⁵ *Id.*

²³⁸⁶ *Id.* at 433.

assertion of claim preclusion as a defense therefore could not stand.²³⁸⁷

c. Judicial Estoppel

In an opinion arising from a factual scenario lending itself more to a holding of issue preclusion, rather than judicial estoppel, one of several tire manufacturing defendants settled a trade dress action brought against it by two of its competitors, only to face a contempt motion for allegedly violating the terms of a consent injunction.²³⁸⁸ The defendant responded to the motion in part by arguing the plaintiffs' trade dress was invalid and that its continued sale of a tire virtually identical to the one barred by the injunction did not infringe the plaintiffs' rights. The court declined to entertain the merits of those arguments, holding instead that the judicial estoppel doctrine barred the defendant (and one of its close affiliates) from advancing them. According to the court:

"Judicial estoppel is an equitable doctrine that precludes a party from gaining an advantage by asserting one position, and then later seeking an advantage by taking a clearly inconsistent position." Three factors "inform the decision whether to apply the doctrine in a particular case." "First, a party's later position must be 'clearly inconsistent' with its earlier position." "Second, courts regularly inquire whether the party has succeeded in persuading a court to accept that party's earlier position, so that judicial acceptance of an inconsistent position in a later proceeding would create the perception that either the first or the second court was misled." "A third consideration is whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped."²³⁸⁹

While applying this test to the defendant's detriment, the court observed that accepting the defendant's arguments "would create the perception that the Court was misled when it accepted [the parties'] Stipulation and thereafter issued an unlawful injunction and Final Judgment."²³⁹⁰ Moreover, "[b]y [settling], [the defendant] avoided the expenses of litigation and the prospect of paying a significant damages award. If [the defendant] were now permitted to [invalidity and noninfringement], it would keep that benefit while

²³⁸⁷ *Id.*

²³⁸⁸ See *Toyo Tire & Rubber Co. v. Hong Kong Tri-Ace Tire Co.*, 281 F. Supp. 3d 967 (C.D. Cal. 2017), *appeal dismissed sub nom. Toyo Tire & Rubber Co. v. Doublestar Dong Feng Tyre Co.*, No. 17-56932, 2018 WL 3156018 (9th Cir. Jan. 2, 2018).

²³⁸⁹ *Id.* at 981 (quoting first *Kobold v. Good Samaritan Reg'l Med. Ctr.*, 832 F.3d 1024, 1044 (9th Cir. 2016), and then *New Hampshire v. Maine*, 532 U.S. 742, 750, 751 (2001)).

²³⁹⁰ *Id.* at 982.

also gaining the profits of producing an infringing tire contrary to the Stipulation and Final Judgment.”²³⁹¹ “Finally,” the court held:

[A]llowing [the defendant] to challenge the validity of the [plaintiff’s] trade dress would make a mockery of the Court’s injunction and final judgment. Any consent decree that enjoined an infringing party would provide no protection to the aggrieved party, as the infringer could enter into an agreement and begin violating it the very next day.²³⁹²

7. Extraterritorial Applications of the Lanham Act

In an appeal to the Eleventh Circuit, that court affirmed entry of a permanent injunction reaching infringement occurring outside the United States.²³⁹³ The appeal originated in a successful action brought by a corporation formed by the original members of the performing group The Commodores against one such member who departed the group in 1984 but then, along with his own corporation, began using the band’s name to promote a new touring group. The district court’s permanent injunction reached conduct by the defendants in Europe, a geographic scope the defendants characterized on appeal as an abuse of discretion.

The Eleventh Circuit affirmed by applying a tripartite test: “We have considered three factors when determining the extraterritorial reach of the Lanham Act: (1) whether the defendant is a United States [domiciliary], (2) whether ‘the foreign activity had substantial effects in the United States,’ and (3) whether ‘exercising jurisdiction would not interfere with the sovereignty of another nation.’”²³⁹⁴ Each factor favored affirmance, beginning with the fact that all parties to the case were United States domiciliaries. With respect to the second factor, the record demonstrated that performances by the defendants’ performing group had led to actual confusion in New York, from which the court concluded that it is likely that “[the defendants’] use of the marks abroad would create confusion both abroad and in the United States”;²³⁹⁵ moreover, “[the defendants’] group is also managed in the United States by an American citizen, and his use of the marks affects [the plaintiff], an American corporation, both at home and abroad.”²³⁹⁶ Finally, as to the third factor, “[t]here is no record evidence that [the defendants’ corporation] actually holds a CTM and, correspondingly, no

²³⁹¹ *Id.*

²³⁹² *Id.*

²³⁹³ *See Commodores Entm’t Corp. v. McClary*, 879 F.3d 1114 (11th Cir.), *cert. denied*, 139 S. Ct. 225 (2018).

²³⁹⁴ *Id.* at 1139 (quoting *Int’l Café, S.A.L. v. Hard Rock Café Int’l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001)).

²³⁹⁵ *Id.*

²³⁹⁶ *Id.*

evidence that the extraterritorial reach of the injunction infringes on a foreign nation's sovereignty."²³⁹⁷

In contrast, a Virginia federal district court declined to entertain a request by a United States-based plaintiff for injunctive relief against a German company whose website was accessible in the United States, and it therefore granted the defendant's motion to dismiss.²³⁹⁸ Even assuming the truth of the averments in the plaintiff's complaint for purposes of the motion, the court determined the defendant had not engaged in an actionable use in commerce of the disputed mark within the United States, leaving the plaintiff to argue the court nevertheless should enjoin the defendant's online promotion of pharmaceutical goods bearing the mark for sale outside the United States. The court declined to do so because, it held, "there are no allegations in the complaint or facts in the record showing that defendant's website, or indeed any of its conduct, would have a significant effect on United States commerce if not enjoined."²³⁹⁹ Specifically:

Defendant has not authorized the sale of its products to citizens in the United States nor has it directly sold any products in the United States. And despite the fact that defendant's website, which contains links to third party pharmacies, has been available in the United States since 2011, there are no allegations and no record evidence establishing that these third-party pharmacies have sold a single product bearing the [disputed] mark in the United States.²⁴⁰⁰

The plaintiff's request for extraterritorial relief therefore fell short as a matter of law.

So too did a request for an extraterritorial application of the Lanham Act to the alleged conduct of a Japanese domiciliary prove meritless in a case before an Illinois federal district court.²⁴⁰¹ After negotiations for a license allowing the lead defendant to use the plaintiff's proprietary technology failed to bear fruit, the lead defendant allegedly introduced a product using that technology. That defendant then allegedly promoted the product in part through an unauthorized use of the plaintiff's mark on a Japan-centric website. In weighing the defendants' motion for summary judgment, the court initially invoked a tripartite test that took into account: (1) whether the allegedly infringing party was a United States citizen; (2) whether the party's actions affected commerce in the

²³⁹⁷ *Id.* at 1140.

²³⁹⁸ *See* *Combe Inc. v. Dr. Aug. Wolff GmbH & Co. KG Arzneimittel*, 309 F. Supp. 3d 414 (E.D. Va. 2018).

²³⁹⁹ *Id.* at 425.

²⁴⁰⁰ *Id.*

²⁴⁰¹ *See* *IPOX Schuster, LLC v. Nikko Asset Mgmt. Co.*, 304 F. Supp. 3d 746 (N.D. Ill. 2018).

United States; and (3) whether any foreign trademark law conflicted with American trademark law.²⁴⁰² Nevertheless, because the lead defendant was not domiciled in the United States and because there was no apparent conflict with Japanese trademark law, the court's analysis focused on only the second factor to the ultimate detriment of the plaintiff. Specifically, the court concluded that "the presence of an allegedly infringing mark on a foreign website on which American consumers are not shopping is insufficient to satisfy the second element."²⁴⁰³ Thus, although certain other conduct by the lead defendant within the United States might result in liability, the website's content did not.²⁴⁰⁴

8. Sanctions

As during most years, reported opinions imposing, or affirming the imposition of, sanctions in trademark and unfair competition litigation were rare.²⁴⁰⁵ Nevertheless, an exception to that general rule came at the hands of the Seventh Circuit, which affirmed a "reasonable" award of \$2,165 in sanctions for discovery violations by a group of plaintiffs asserting infringement by the plaintiffs' former licensees.²⁴⁰⁶ The district court made that award based on the plaintiffs' service of belated and deficient responses to written discovery requests bearing on the plaintiffs' alleged damages. The plaintiffs argued on appeal their responses had been only a day late, but the court was unmoved. "Sanctions for missing a deadline by one day certainly are not mandatory," it observed, "but neither are they prohibited given the wide latitude district courts have in such matters."²⁴⁰⁷ Moreover, it added, "[t]his is particularly so given Plaintiffs' dilatory conduct prior to the sanctions order; they had already missed multiple discovery deadlines, causing [the lead defendant] to file a motion to compel, and they had been sanctioned once before."²⁴⁰⁸

A Texas appellate court also affirmed the imposition of a set of sanctions against a group of defendants that responded to an ultimately meritorious infringement action by unsuccessfully trying to remove the action to federal court four times, by repeatedly noticing frivolous interlocutory appeals, by filing three original proceedings related to the original suit, and by asserting a meritless

²⁴⁰² *Id.* at 760.

²⁴⁰³ *Id.* at 761.

²⁴⁰⁴ *Id.* at 761-62.

²⁴⁰⁵ *See, e.g.,* Olem Shoe Corp. v. Wash. Shoe Co., 122 U.S.P.Q.2d 1720, 1729 (S.D. Fla. 2017) (declining to sanction plaintiff for having filed paper addressing its damages calculation thirteen days before trial).

²⁴⁰⁶ *See* Wine & Canvas Dev., LLC v. Muylle, 868 F.3d 534, 539 (7th Cir. 2017).

²⁴⁰⁷ *Id.*

²⁴⁰⁸ *Id.*

counterclaim.²⁴⁰⁹ That conduct qualified the defendants as vexatious litigants, even though they had not brought the original suit. The appellate court noted that the relevant state statutory framework²⁴¹⁰ set a high bar for that status:

[A] plaintiff is a vexatious litigant if the defendant shows that there is not a reasonable probability that the plaintiff will prevail in the litigation, and plaintiff, acting pro se, has prosecuted, maintained, or commenced at least five other litigations within the seven-year period preceding the motion that have been determined adversely to him, or have been determined by a trial or appellate court to be frivolous or groundless under state or federal laws or rules of procedure.²⁴¹¹

Nevertheless, the defendants' misconduct qualified them for sanctions under that standard because the record below was "legally and factually sufficient to permit the trial court to find that [the defendant] had prosecuted, maintained, or commenced at least five other litigations within the seven year period preceding the filing of the vexatious litigant motion, and those litigations had been determined adversely against them."²⁴¹²

A Ninth Circuit opinion reviewing the imposition of two sets of sanctions on a prevailing plaintiff reached a split decision.²⁴¹³ On the one hand, the appellate court held that the district court had not abused its discretion when sanctioning the plaintiff under 28 U.S.C. § 1927 for pursuing a claim for actual damages long after the absence of support for such a claim became apparent.²⁴¹⁴ On the other hand, however, the district court had erroneously sanctioned the plaintiff for seeking a holding on summary judgment that a showing of willfulness was not a prerequisite for an accounting of profits following a 1999 amendment to Section 35(a) of the Act: According to the Ninth Circuit, the open nature of the question under its case law and the fact that authority from at least one circuit supported the plaintiff's position precluded the plaintiff's motion for summary judgment from being considered so frivolous as to warrant sanctions.²⁴¹⁵

In contrast, the Second Circuit affirmed a district court's refusal to sanction a losing plaintiff in its entirety.²⁴¹⁶ Having been

²⁴⁰⁹ See *Restrepo v. All. Riggers & Constructors, Ltd.*, 538 S.W.3d 724 (Tex. Ct. App. 2017).

²⁴¹⁰ Tex. Civ. Prac. & Rem. Code Ann. § 11.051 *et seq.* (West 2017).

²⁴¹¹ *Restrepo*, 538 S.W.3d at 749.

²⁴¹² *Id.* at 751-52.

²⁴¹³ See *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 1984 (2018).

²⁴¹⁴ *Id.* at 443-44.

²⁴¹⁵ *Id.* at 443.

²⁴¹⁶ See *Kim v. Kimm*, 884 F.3d 98 (2d Cir. 2018).

unsuccessfully sued for infringement and several other torts in an earlier action, the plaintiff responded with a lawsuit of his own, one accusing his former opponent and various individuals associated with it of racketeering. The district court dismissed the racketeering suit for failure to state a claim, but it declined to grant the defendant's motion for sanctions under Rule 11 of the Federal Rules of Civil Procedure.²⁴¹⁷ The Second Circuit declined to disturb that disposition of the defendants' Rule 11 motion, despite its agreement with the district court that the defendants' alleged submission of fraudulent papers in the first suit did not constitute the predicate act required for racketeering liability. As the appellate court explained, "although [the plaintiff's] amended complaint ultimately failed to state a [racketeering] claim, his claims were not so obviously foreclosed by precedent as to make them legally indefensible."²⁴¹⁸ In particular, "[a]t the time [the plaintiff] filed this suit, there was no binding precedent in this Circuit as to whether litigation activities could serve as predicate acts Indeed, some courts had endorsed the viability of some such claims."²⁴¹⁹

9. Abstention

Under the Supreme Court's *Colorado River* doctrine, a federal court may abstain from exercising jurisdiction over a case if the case's subject matter duplicates that of a prior-filed action in state court.²⁴²⁰ Nevertheless, *Colorado River* abstention is "the exception, not the rule,"²⁴²¹ and an opinion from an Alabama federal district court declined to invoke that exception in an action in which the parties were engaged in a prior-filed action in state court.²⁴²² Applying the Eleventh Circuit's six-factor test for determining whether to set aside the usual "unflagging obligation of the federal courts to exercise the jurisdiction given them,"²⁴²³ the court held abstention inappropriate. It did so because: (1) although the state-court action had been filed first, the parties agreed that consideration was irrelevant;²⁴²⁴ (2) the parties and their counsel were located in the forum, and the events underlying the action also had occurred there;²⁴²⁵ (3) the state-court action had not proceeded

²⁴¹⁷ Fed. R. Civ. P. 11.

²⁴¹⁸ *Kim*, 884 F.3d at 106.

²⁴¹⁹ *Id.* at 106-07.

²⁴²⁰ *See Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800 (1976).

²⁴²¹ *Id.* at 813.

²⁴²² *See Solar Reflections, LLC v. Solar Reflections Glass Tinting, LLC*, 256 F. Supp. 3d 1248 (N.D. Ala. 2017).

²⁴²³ *Id.* at 1258.

²⁴²⁴ *Id.* at 1259.

²⁴²⁵ *Id.*

to the point at which a trial date had been set;²⁴²⁶ (4) “the mere possibility of piecemeal litigation or conflicting rulings” did not merit excessive deference to the state court, especially because the parties easily could reduce that possibility by notifying the federal court of a resolution in the state-court matter;²⁴²⁷ (5) “federal law clearly provides the rule of decision for the plaintiff’s Lanham Act claims, and the Lanham Act claims were not raised in the state court case”;²⁴²⁸ and (6) “this court regularly takes up state-law issues when supplemental jurisdiction exists for those issues.”²⁴²⁹ “Accordingly,” the court held, “the fact that the state-court [sic] could do perfectly well deciding the plaintiff’s overlapping state-law claims is not reason enough to persuade this court to abstain from hearing this case.”²⁴³⁰

10. Arbitration

Settlement agreements often require the parties to address future disputes through alternative dispute resolution, and one such contractual requirement became the subject of an Eighth Circuit opinion.²⁴³¹ The language in question provided that the parties would “attempt in good faith to resolve any controversy arising out of or relating to this Agreement”;²⁴³² if that consultation failed, the agreement required the parties to mediate or arbitrate the disputed issue. When the plaintiff filed a later trademark and copyright infringement suit, the defendants moved the district court to compel arbitration, but they did so unsuccessfully. The Eighth Circuit affirmed the district court’s denial of the defendants’ motion after concluding, as had the lower court, that the defendants’ new conduct did not violate the original settlement agreement, especially because that document contained a release of the plaintiff’s then-extant claims against the defendants. “While the alleged wrongful conduct is similar to the conduct that led to the Agreement,” the court concluded, “[the plaintiff’s] claims rest on independent trademark and copyright grounds, which have no relation to the terms of the Agreement and in no way depend on its existence.”²⁴³³ Because “[t]he plain language of the contract does not apply to

²⁴²⁶ *Id.*

²⁴²⁷ *Id.* at 1260.

²⁴²⁸ *Id.*

²⁴²⁹ *Id.*

²⁴³⁰ *Id.*

²⁴³¹ See *Zetor N. Am., Inc. v. Rozeboom*, 861 F.3d 807 (8th Cir. 2017).

²⁴³² *Id.* at 809.

²⁴³³ *Id.* at 811.

wholly independent claims arising several years later,” the plaintiff was not required to submit those claims to arbitration.²⁴³⁴

E. Discovery-Related Matters

Federal Rule of Civil Procedure 36(b) gives district courts the discretion to “permit withdrawal or amendment [of a response to a request for admission] if it would promote the presentation of the merits of the action and if the court is not persuaded that it would prejudice the requesting party.”²⁴³⁵ That rule was invoked with partial success by a defendant whose responses to certain of its adversary’s requests proved ill-advised.²⁴³⁶ Those included a denial that the defendant used the disputed mark on a standalone basis, the withdrawal of which the court allowed because the reversal in the defendant’s position supported the plaintiff’s case.²⁴³⁷ Nevertheless, the court did not permit the defendant to withdraw its past admissions that the parties’ goods were “similar and/or identical” to those of the plaintiff and that it did not have priority of use. In each case, the court found the defendant’s proposed new response irrelevant; moreover, “the fact that Defendant waited to amend its answer[s] over a year after it submitted its supplemental responses . . . and after the parties’ motions for summary judgment were fully briefed strongly indicates unfair prejudice to Plaintiff.”²⁴³⁸ Especially in light of the defendant’s failure to explain its delay, the court held it not entitled to relief.²⁴³⁹

In a different discovery-related matter, the parties in another case clashed on the scope of the attorney-client privilege.²⁴⁴⁰ The occasion of that clash was the plaintiff’s refusal to produce certain allegedly privileged documents, which led to a defense motion to compel. The motion to compel rested on the undisputed fact that the lead defendant had once been the corporate parent of the plaintiff and on the theory that the communications between the plaintiff and an outside law firm had been for the benefit of the lead defendant as well as that of the plaintiff. The primary dispute between the parties was when that jointly held privilege had expired. The plaintiff asserted it had done so in 1997, when the lead defendant sold its controlling interest in the plaintiff, while the lead defendant claimed the end of the privilege should date to the 2015 purchase of the lead defendant by a third party. The court sided with

²⁴³⁴ *Id.*

²⁴³⁵ Fed. R. Civ. P. 36(b).

²⁴³⁶ See *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. April 26, 2018).

²⁴³⁷ *Id.* at 853.

²⁴³⁸ *Id.*

²⁴³⁹ *Id.* at 854.

²⁴⁴⁰ See *Fabick, Inc. v. FABCO Equip., Inc.*, 296 F. Supp. 3d 1022 (W.D. Wis. 2017).

the defendants, rejecting the plaintiff's argument because it assumed that "the attorney's [sic] involved in the creation of these communications . . . was solely representing [the plaintiff's] interest, when in fact the representation was plainly a joint one . . . in the collective interest of two clients . . . [,] meaning both had the right to the privilege."²⁴⁴¹ Because the lead defendant therefore was just as entitled to the disputed documents as was the plaintiff, the court ordered their production.²⁴⁴²

F. Evidentiary Matters

1. Admissibility of Expert Witness Testimony

Courts applying Federal Rule of Evidence 702²⁴⁴³ typically take a dim view of expert testimony aimed at the ultimate factual questions of priority of rights and violations of those rights. The leading recent example of that phenomenon came at the hands of a Pennsylvania federal district court tasked with evaluating competing claims to the BUCK ROGERS mark of comic strip fame.²⁴⁴⁴ Seeking to prove its putative predecessor, rather than that of the defendant, had done more to cultivate brand equity in the mark, the plaintiff proffered a report from a putative expert who, the court found on the defendant's motion to exclude, "lacks any formal education after high school, and so he has had no formal legal training in trademarks or licensing."²⁴⁴⁵ Although the plaintiff claimed the witness had written "many" nonfiction books about "science fiction and science fiction-based toys and games" and had published "numerous articles about Buck Rogers and his world,"²⁴⁴⁶ that did not qualify him to testify on the critical issue of which party owned the disputed mark.²⁴⁴⁷

²⁴⁴¹ *Id.* at 1031.

²⁴⁴² *Id.* at 1032.

²⁴⁴³ That rule provides:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

(a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;

(b) the testimony is based on sufficient facts or data;

(c) the testimony is the product of reliable principles and methods; and

(d) the expert has reliably applied the principles and methods to the facts of the case.

Fed. R. Evid. 702.

²⁴⁴⁴ *See Dille Family Tr. v. Nowlan Family Tr.*, 276 F. Supp. 3d 412 (E.D. Pa. 2017).

²⁴⁴⁵ *Id.* at 425.

²⁴⁴⁶ *Quoted in id.* at 424 n.3.

²⁴⁴⁷ *Id.* at 424-25.

The court also excluded the testimony of a second witness proffered by the plaintiff, although not for want of expert credentials. That witness was an attorney with what the court found was “extensive experience in intellectual property law.”²⁴⁴⁸ His proposed testimony described his research concerning the chain of title for the disputed mark, which had entailed a review of USPTO records, Illinois corporate documents, and the results of Internet searches, as well as an interview of the plaintiff’s principal. From that research, he assembled a list of fifty-three “important events” in the mark’s history, which, he opined, documented the plaintiff’s ownership and continuous use of the mark.²⁴⁴⁹ Holding the testimony inadmissible, the court cited several reasons for doing so: (1) the witness failed to explain the process by which he decided to include on or exclude events from his list in the mark’s history;²⁴⁵⁰ and (2) “[i]n essence, Plaintiff seeks to have [the witness] opine as to the legal consequences of the evidence he has reviewed, which consists primarily of legal documents,”²⁴⁵¹ something the court found risked “wasting a substantial amount of time, as his opinion would presumably duplicate whatever arguments Plaintiff’s counsel would make as to the legal implications of the facts in evidence vis-à-vis Plaintiff’s trademark rights in BUCK ROGERS.”²⁴⁵²

In contrast, some opinions appeared to take a different approach while denying motions to exclude expert reports.²⁴⁵³ One such opinion came from an Illinois federal district court and addressed a report proffered by a defendant.²⁴⁵⁴ According to the report, the author’s qualifications included his professional experience as the founder of a consulting firm specializing in the management, valuation, and monetization of intellectual property, his certification as a licensing professional, his membership in several professional intellectual property and licensing associations, and his authorship of publications on intellectual property subjects. As bases for the substance of his report, the witness “conducted a

²⁴⁴⁸ *Id.* at 424.

²⁴⁴⁹ *Id.*

²⁴⁵⁰ The court was particularly critical of the omission from the list of the plaintiff’s voluntary surrender of registrations covering the mark after the defendant challenged the registrations as having been fraudulently maintained. *see id.* at 426 n.5 (“Although these registrations were cancelled . . . , they appear on the record before the Court to have been Plaintiff’s only federal registrations in effect during a critical time period in question, and so their cancellation would seem to be relevant to the trademark issues in this case.”).

²⁴⁵¹ *Id.*

²⁴⁵² *Id.*

²⁴⁵³ *See, e.g., Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928, 937-38 (S.D. Tex. 2017) (allowing, over timeliness-based objection by defendant, report from expert with undisclosed credentials opining on likelihood-of-confusion factors).

²⁴⁵⁴ *See Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. Apr. 26, 2018).

variety of internet searches to examine how the [parties'] products and marks appear to consumers” and also reviewed a survey conducted by another defense expert.²⁴⁵⁵ These considerations were enough to convince the court to qualify the witness as an expert and to allow his testimony on dissimilarities between the parties’ goods, third-party use of similar marks, the strength of the plaintiff’s mark, and the unlikelihood of the defendants’ conduct interfering with the plaintiff’s business.²⁴⁵⁶

The same court was even more generous in declining to exclude the testimony of a second defense witness, whom the defendant had disclosed, apparently by mistake, as a nontestifying expert. The problem with that error was that the witness had conducted the survey upon which the first witness’s testimony rested in part. After the plaintiff objected to the first witness’s introduction of the survey’s results in the absence of testimony from the second witness, the defendant belatedly submitted a testimonial affidavit from the second witness describing the survey’s methodology. As the court summarized the situation, “Defendant erroneously designated [the second witness] as a nontestifying expert when, in fact, it needs his testimony to introduce the consumer survey report.”²⁴⁵⁷ Ultimately, however, the court chose not to treat that mistake as fatal, citing: (1) the defendant’s prior disclosure of the witness (even if as a nontestifying one), along with the notation that he might “be called to testify on the methodology of the survey if needed”;²⁴⁵⁸ and (2) the absence of prejudice to the plaintiff, who the court found had received “clear notice of [the witness’s] potential testimony well before the close of expert discovery.”²⁴⁵⁹

2. Admissibility of Other Evidence and Testimony

Rule 408 of the Federal Rules of Evidence generally prevents the admission of evidence or testimony arising in the context of settlement discussions,²⁴⁶⁰ but, as one Seventh Circuit opinion demonstrated, that prohibition is not absolute.²⁴⁶¹ During the course of acrimonious settlement discussions, one of the plaintiffs advised the lead defendant that either he (the plaintiff) would close down the defendants’ business or, alternatively, the plaintiffs’ “asshole attorney” would do so.²⁴⁶² The district court admitted the statement

²⁴⁵⁵ *Id.* at 845.

²⁴⁵⁶ *Id.* at 844-45.

²⁴⁵⁷ *Id.* at 848.

²⁴⁵⁸ *Quoted in id.* at 841.

²⁴⁵⁹ *Id.* at 848.

²⁴⁶⁰ Fed. R. Evid. 408.

²⁴⁶¹ *See Wine & Canvas Dev., LLC v. Muylle*, 868 F.3d 534 (7th Cir. 2017).

²⁴⁶² *Quoted in id.* at 540.

as evidence of the plaintiffs' intent, and the Seventh Circuit declined to hold that action an abuse of discretion. As the appellate court explained, "[the] statement, made in the context of settlement negotiations concerning *Plaintiff's* [sic] *claims against [the lead Defendant]*, were not offered to disprove liability *on those claims*, but rather to show Plaintiffs' improper intent and ulterior motive in filing their lawsuit for the purpose of proving [the defendant's] abuse of process counterclaim."²⁴⁶³

The Ninth Circuit similarly held the exclusion of evidence in a different case not an abuse of discretion.²⁴⁶⁴ The evidence in question documented the rejection by the Canadian Intellectual Property Office of the defendant's application to register its mark in that country based on a prior claim by the plaintiff to an allegedly confusingly similar mark. According to the plaintiff, the district court should have allowed an advisory jury to consider whether the defendant's knowledge of that rejection prior to the introduction of its mark in the United States constituted unclean hands that precluded the defendant from claiming laches. The appellate court held the district court had not abused its discretion when excluding the evidence: "Although evidence of the [defendant's] mark in Canada was relevant to questions the jury considered in its advisory capacity, . . . its probative value was substantially outweighed by dangers of confusing the issues, misleading the jury, and causing undue delay."²⁴⁶⁵ "Regardless," it concluded, "any error was harmless, because [the plaintiff] was permitted to present all of its evidence to the district court after the jury was dismissed and the court took that evidence into account in concluding that laches barred [the plaintiff's] claims."²⁴⁶⁶

Some trial courts were equally unreceptive to motions to exclude. For example, one allowed into evidence an attorney affidavit proffered by a defendant for the proposition that the plaintiff had at times failed to use the ® symbol in connection with its registered marks.²⁴⁶⁷ As the court pointed out, one paragraph of the affidavit to which the plaintiff objected "relates to counsel's observation of an image of Plaintiff's product, contained in the record, which is a permissible inference based upon personal observation."²⁴⁶⁸ Likewise, another paragraph "describes counsel's search for Plaintiff's products on Amazon.com in May 2017, and attests that the search results included as [an exhibit] are 'true and

²⁴⁶³ *Id.*

²⁴⁶⁴ See *Pinkette Clothing, Inc. v. Cosmetic Warriors Ltd.*, 894 F.3d 1015 (9th Cir. 2018).

²⁴⁶⁵ *Id.* at 1030.

²⁴⁶⁶ *Id.*

²⁴⁶⁷ See *Uncommon, LLC v. Spigen, Inc.*, 305 F. Supp. 3d 825 (N.D. Ill. 2018), *appeal docketed*, No. 18-1917 (7th Cir. April 26, 2018).

²⁴⁶⁸ *Id.* at 852.

correct copies' of his search results. This is the definition of personal knowledge, since counsel himself conducted the search.”²⁴⁶⁹ Both of the challenged paragraphs therefore passed muster.

Addressing a wholly unrelated issue, some courts accepted invitations to take judicial notice documents on file in the USPTO.²⁴⁷⁰ For example, a California federal district court accepted into evidence certified copies of four federal registrations along with their file-wrapper histories.²⁴⁷¹ Although it might have admitted those materials as self-authenticating under Rule 902 of the Federal Rules of Evidence,²⁴⁷² the court invoked Rule 201(b) to hold it could take judicial notice of any “fact that is not subject to reasonable dispute because it (1) is generally known within the trial court’s territorial jurisdiction; or (2) can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.”²⁴⁷³ Concluding that “[a]dministrative agency records are subject to judicial notice”²⁴⁷⁴ and “[c]ourts routinely take judicial notice of PTO records in trademark litigation,”²⁴⁷⁵ the court held the file-wrapper histories qualified.²⁴⁷⁶

In contrast, the same court disallowed the defendants’ attempt to introduce two trademark search reports in support of its argument that the plaintiff’s descriptive and laudatory marks had not acquired distinctiveness. Although otherwise resolving that issue in the defendants’ favor, the court held that “it is well settled that a trademark search report does not constitute evidence of either the existence of the registration or the use of a mark.”²⁴⁷⁷ Consequently, “the trademark search reports are inadmissible as evidence to show third party use and, therefore, does not consider them here.”²⁴⁷⁸

A Texas federal district court issued a similar split decision, albeit addressing different evidentiary issues.²⁴⁷⁹ One was the

²⁴⁶⁹ *Id.* (citation omitted).

²⁴⁷⁰ *See, e.g.,* CSL Silicones, Inc. v. Midsun Grp., 301 F. Supp. 3d 328, 379-80 (D. Conn. 2018) (granting unopposed motion by defendant for court to take judicial notice of lapsed application filed by defendant to register disputed mark).

²⁴⁷¹ *See* Marketquest Grp. v. BIC Corp., 316 F. Supp. 3d 1234 (S.D. Cal. 2018).

²⁴⁷² *See* Fed. R. Evid. 902(1)(A)-(B) (“The following items of evidence are self-authenticating; they require no extrinsic evidence of authenticity in order to be admitted: . . . A document that bears . . . a seal purporting to be that of the United States . . . and . . . a signature purporting to be an execution or attestation.”).

²⁴⁷³ *Marketquest*, 316 F. Supp. 3d at 1252 (quoting Fed. R. Evid. 201(b)).

²⁴⁷⁴ *Id.*

²⁴⁷⁵ *Id.*

²⁴⁷⁶ *Id.*

²⁴⁷⁷ *Id.* at 1268 n.19 (alteration omitted) (quoting *Icon Enters. Int’l v. Am. Prods. Co.*, No. CV 04–1240 SVW (PLAx), 2004 WL 5644805, at *31 (C.D. Cal. Oct. 7, 2004)).

²⁴⁷⁸ *Id.*

²⁴⁷⁹ *See* *Tex. Outhouse Inc. v. Fresh Can, LLC*, 266 F. Supp. 3d 928 (S.D. Tex. 2017).

admissibility of declaration testimony by an employee of the plaintiffs to the effect that “several customers have expressed that they thought [the parties] are one and the same”;²⁴⁸⁰ the court held that testimony hearsay, observing in the process that “[a]lthough [the witness] may comment on other ways that she observed customer confusion, her reporting of customers’ statements is inadmissible.”²⁴⁸¹ The defendant fared better in its objection to the plaintiffs’ proposed reliance on form letters they previously had submitted to the USPTO as evidence of the distinctiveness of their mark, which the court found both hearsay and irrelevant to the plaintiffs’ claim of likely confusion.²⁴⁸²

G. Trademark- and Service Mark-Related Transactions

1. Interpretation and Enforcement of Trademark and Service Mark Assignments

If a transfer of the rights to a mark is unaccompanied by a transfer of the goodwill associated with the mark, the result is an invalid assignment in gross. Actual findings of assignments in gross are relatively rare, however, and the two reported opinions to address claims of them over the past year rejected those claims. The transaction at issue in the first opinion was a complex one allowing the assignor to restructure its debt, and it had several characteristics that allowed the counterclaim plaintiff challenging it to characterize it as an assignment in gross.²⁴⁸³ One was that the assignee was not an actual party to the restructuring agreement, but the court rejected that basis of the counterclaim plaintiff’s attack because the restructuring documents referred to two purchases by the assignee, the first of the goodwill and customer base of the assignor, and the second of the assignor’s assets. The latter of those purchases permitted the assignor to retain its assets until the assignee paid off the assignor’s debts, but that did not prevent the assignee from validly acquiring ownership of the assignor’s marks. This was especially true because “there was continuity of management between both companies, and [the assignee] continued to sell the same goods under the same name to the same customer base.”²⁴⁸⁴

²⁴⁸⁰ Quoted in *id.* at 938.

²⁴⁸¹ *Id.*

²⁴⁸² *Id.* at 939.

²⁴⁸³ See *Spiral Direct, Inc. v. Basic Sports Apparel, Inc.*, 293 F. Supp. 3d 1334 (M.D. Fla. 2017), *appeal dismissed*, No. 18-10189-AA, 2018 WL 1957605 (11th Cir. Mar. 13, 2018).

²⁴⁸⁴ *Id.* at 1366.

The second opinion²⁴⁸⁵ addressed a defense claim that the plaintiff had violated the prohibition in Section 10 of the Act on the assignment of an intent-to-use application prior to the filing of an amendment to allege use, “except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing.”²⁴⁸⁶ The defendant’s attack on the assignment rested on two theories, namely, that the assignment document did not mention the transfer of any goodwill or other assets associated with the applied-for mark and that the plaintiff’s predecessor was not an ongoing and existing business at the time of the assignment’s execution. The court rejected the first of these arguments because “[the defendant] does not identify any authority requiring the transfer of assets or goodwill in the assignment agreement itself—instead, cases look to the overall facts and circumstances of the assignment” and because the overall facts and circumstances suggested a transfer of goodwill had indeed occurred.²⁴⁸⁷ It then rejected the defendant’s second argument after finding it undisputed that, by the time of the assignment, the plaintiff’s predecessor had registered a domain name corresponding to the claimed mark, hired several employees, and pursued business leads.²⁴⁸⁸

2. Interpretation and Enforcement of Trademark and Service Mark Licenses

A license lacking an express provision authorizing the licensor to exercise control over the nature and quality of the licensee’s goods or services typically leads to litigation over whether the license is a naked one, but that was not the focus of one battle over such a license.²⁴⁸⁹ That battle arose from the plaintiffs’ claim that the defendants, the plaintiffs’ licensees, had breached their license by modifying the goods to which they affixed the licensed marks. The defendants responded to that accusation by arguing that the alleged modifications were nonactionable because the license did not prohibit them. The summary judgment record established that the parties had styled the license as only an initial agreement and therefore had included in that document a recitation that “[w]hile reasonable efforts will be made by all parties to have attorneys memorialize the intents of this agreement with appropriate ‘legalese’—until such time as that is accomplished, the above is our

²⁴⁸⁵ See *Vacation Rental Partners, LLC v. VacayStay Connect, LLC*, 122 U.S.P.Q.2d 1514 (N.D. Ill. 2017).

²⁴⁸⁶ 15 U.S.C. § 1060 (2012).

²⁴⁸⁷ *Vacation Rental Partners*, 122 U.S.P.Q.2d at 1521-22.

²⁴⁸⁸ *Id.* at 1523.

²⁴⁸⁹ See *Yoe v. Crescent Sock Co.*, 314 F. Supp. 3d 892, 915 (E.D. Tenn. 2018).

legal and binding agreement”²⁴⁹⁰ Moreover, although the initial written license did not address the issue of quality control nor did the parties have their attorneys revisit it as planned, the plaintiffs argued the lead plaintiff had been extensively involved in the manufacturing and packaging of the goods in question. The resulting conflicting evidence and testimony prevented resolution as a matter of law of the question of whether the license in fact contemplated an exercise of quality control by the defendants.²⁴⁹¹

The proper interpretation of a license contained in a franchise agreement led to a reported opinion addressing other issues.²⁴⁹² That agreement generally obligated the defendants, as former franchisees of the plaintiff, to disassociate themselves from the plaintiff’s system at the end of the agreement, but it set arguably inconsistent timetables for doing so. One paragraph required discontinuance of the plaintiff’s marks upon the agreement’s termination or expiration, while the one immediately following required the defendants to certify their compliance except with respect to signage within thirty days; a third set a deadline for discontinuance of signage bearing the plaintiff’s marks within thirty days of the plaintiff’s decision not to exercise a sixty-day option to purchase the defendants’ shop. The plaintiff’s interpretation of these provisions would force the defendants to stop using all the plaintiff’s marks, including those on signage, immediately upon termination, provide evidence of compliance, except for signage, within thirty days, and to provide evidence of compliance with respect to signage within thirty days of the expiration of the sixty-day option. The defendants responded to that argument with their own interpretation of the clauses, namely, that “the Agreement permitted [the defendants] to leave outdoor signs in place until [the plaintiff] decided whether it was going to purchase the Shop.”²⁴⁹³ The court found the defendants’ interpretation more convincing, concluding, “[t]hat would explain why [the plaintiff] agreed to two separate deadlines . . . , and why one of them is two months longer than the other.”²⁴⁹⁴ The defendants’ victory went beyond that issue, however, because it meant the defendants had discontinued the challenged uses before the expiration of the two deadlines for doing so, therefore entitling them to prevail as a matter of law on the plaintiff’s infringement claims.²⁴⁹⁵

²⁴⁹⁰ *Quoted in id.* at 919.

²⁴⁹¹ *Id.* at 928.

²⁴⁹² *See* Peterbrooke Franchising of Am., LLC v. Miami Chocolates, LLC, 312 F. Supp. 3d 1325 (S.D. Fla. 2018).

²⁴⁹³ *Id.* at 1340.

²⁴⁹⁴ *Id.*

²⁴⁹⁵ *Id.*

3. Interpretation and Enforcement of Settlement Agreements

The latest installment in the trademark-related battles among members of the band originally known as Jefferson Starship, emerged from differing interpretations of a circa-1993 settlement agreement between original members Craig Chaquico and Paul Kantner.²⁴⁹⁶ That settlement agreement arose from a dispute over a circa-1985 agreement between Chaquico, Kantner, another original member of the band, David Freiberg, and a later-added member, Donny Baldwin. The 1985 agreement prohibited its signatories from using the JEFFERSON STARSHIP mark; when Kantner did just that, Chaquico filed a suit resolved by the 1993 agreement, pursuant to which Chaquico agreed to Kantner's renewed use of the mark. Kantner then recruited Freiberg and Baldwin to join his version of the band, which they did in 2009 and 2012, respectively.

Following Kantner's death in January 2016, Freiberg and Baldwin continued to use the JEFFERSON STARSHIP mark, leading Chaquico to sue them on April 27, 2017, for breach of the 1985 agreement. Freiberg and Baldwin responded with a motion to dismiss Chaquico's contract-based claims on the theory that Chaquico had first asserted those claims outside of the four-year statute of limitations applicable under California law, i.e., in 2009 and 2012, when Freiberg and Baldwin had resumed their affiliation with Kantner. The court disagreed, and it denied the motion. It held that the release contained in the 1993 agreement extended only to Kantner's use of the mark; even if it also reached members of his band, that was only because of their association with him. Consequently, the 1993 agreement neither survived Kantner's death nor excused Freiberg and Baldwin's alleged post-January 2016 breach of the 1985 agreement.²⁴⁹⁷

In a case presenting a less complex factual scenario, the parties had resolved earlier disputes between them by dividing up the world, with the plaintiff receiving the right to use the primary disputed mark in the United States.²⁴⁹⁸ When the plaintiff encountered goods in United States markets bearing that mark but produced under the defendants' authority, it filed a suit alleging breach of contract. The court, however, granted the defendants' motion for summary judgment after concluding from the record that the defendants did not exercise control over the domestic vendors selling the imported goods. In particular, it found, the apparently voluntary discontinuance of sales by those vendors at the

²⁴⁹⁶ See *Chaquico v. Freiberg*, 274 F. Supp. 3d 942 (N.D. Cal. 2017).

²⁴⁹⁷ *Id.* at 948-49.

²⁴⁹⁸ See *Energizer Brands, LLC v. Procter & Gamble Co.*, 124 U.S.P.Q.2d 1767 (E.D. Mo. 2017).

defendants' post-complaint request did not create a factual dispute on the issue.²⁴⁹⁹

H. The Relationship Between the Lanham Act and Other Statutes

1. The Bankruptcy Code

When a company reorganizes under Chapter 11 of the Bankruptcy Code, Section 365(a) of the Code generally allows either the trustee or the debtor-in-possession to pursue court permission to reject executory contracts into which it has entered.²⁵⁰⁰ The ability to reject such a contract is not equivalent to an ability to rescind or revoke it; rather, it merely gives the debtor the choice of assuming the contract or breaching it. Therefore, if rejection occurs, the non-debtor will have a pre-petition claim for the recovery of expectation damages, in connection with which it can receive a distribution through the usual claims allowance process, but the non-debtor ordinarily is not eligible for the equitable remedy of specific performance. Under Section 365(n)(1) of the Code, however, an exception to the last of these propositions applies if the rejected contract is one "under which the debtor is a licensor of a right to intellectual property," in which case the licensee may elect to "retain its rights . . . to such intellectual property," thereby requiring the debtor to continue licensing the property in question.²⁵⁰¹ The catch for purposes of trademark licenses caught up in Chapter 11 proceedings? The definition of "intellectual property" set forth in Section 101(35A) of the Code does not include trademark rights.²⁵⁰²

The significance of that omission has produced conflicting federal appellate opinions. For example, the Seventh Circuit's 2012 opinion in *Sunbeam Products, Inc. v. Chicago American Mfg., LLC*²⁵⁰³ arose from a patent and trademark license pursuant to which the licensee enjoyed the right to sell the entire 2009 run of goods produced under the license if the licensor did not purchase the goods for distribution to the licensor's customers. This arrangement resulted from the licensee's concern about the licensor's financial condition, and that concern proved to be well-founded when the licensor was forced into an involuntary bankruptcy proceeding three months into the contract. The court-appointed bankruptcy trustee rejected the executory portion of the license under Section 365(a) of the Bankruptcy Code,²⁵⁰⁴ but the bankruptcy court held as

²⁴⁹⁹ *Id.* at 1771.

²⁵⁰⁰ 11 U.S.C. § 365(a) (2012).

²⁵⁰¹ *Id.* § 365(n)(1).

²⁵⁰² *Id.* § 101(35A).

²⁵⁰³ 686 F.3d 372 (7th Cir. 2012).

²⁵⁰⁴ 11 U.S.C. § 365(a) (2012).

contractual matter that the license authorized the continued production and sale of the licensed goods.²⁵⁰⁵

The Seventh Circuit confirmed the bankruptcy court's interpretation of the license and additionally held that the trustee's rejection of the license under the Bankruptcy Code did not trump the license's terms. The focus of the appellate court's analysis was Section 365(n),²⁵⁰⁶ which Congress passed in reaction to the Fourth Circuit's 1985 decision in *Lubrizol Enters. v. Richmond Metal Finishers, Inc.*,²⁵⁰⁷ that the rejection of an intellectual property license under Section 365(a) terminated the licensee's ability to use the licensed intellectual property. Although it was undisputed that Section 365(n) overturned *Lubrizol* where licensed intellectual property was concerned, the resulting Section 101(35A) defines "intellectual property" as sweeping in patents, copyrights, and trade secrets, but not trademarks.²⁵⁰⁸ That omission, the court held, precluded Section 365(n) from having any applicability to the issue of whether the licensee enjoyed the ability to use the licensor's marks on a going-forward basis.²⁵⁰⁹

Nevertheless, even if Section 365(n) did not provide the licensee with that ability, Section 365(g) of the Bankruptcy Code did.²⁵¹⁰ As the Seventh Circuit explained:

[The licensee] . . . bargained for the security of being able to sell [goods bearing the licensor's mark] for its account if [the licensor] defaulted; outside of bankruptcy, [the licensor] could not have ended [the licensee's] right to sell the [goods] by failing to perform its own duties, any more than a borrower could end the lender's right to collect just by declaring that the debt will not be paid.

What § 365(g) does by classifying rejection as breach [of contract] is establish that in bankruptcy, as outside of it, the other party's rights remain in place. After rejecting a contract, a debtor is not subject to an order of specific performance. The debtor's unfulfilled obligations are converted to damages; when a debtor does not assume the contract before rejecting it, these damages are treated as a pre-petition obligation, which may be written down in common with other debts of the same class. But nothing

²⁵⁰⁵ See *In re Lakewood Eng'g & Mfg. Co.*, 459 B.R. 306, 333-38 (Bankr. N.D. Ill. 2011), *aff'd sub nom.* *Sunbeam Prods., Inc. v. Chicago Am. Mfg., LLC*, 686 F.3d 372 (7th Cir. 2012).

²⁵⁰⁶ 11 U.S.C. § 365(n).

²⁵⁰⁷ 756 F.2d 1043 (4th Cir. 1985).

²⁵⁰⁸ See 11 U.S.C. § 101(35A).

²⁵⁰⁹ See *Sunbeam*, 686 F.3d at 375.

²⁵¹⁰ See 11 U.S.C. § 365(g).

about this process implies that any rights of the other contracting party have been vaporized.²⁵¹¹

The court therefore permitted the licensee to continue to use the licensed mark despite the court's awareness that its holding was in direct conflict with *Lubrizol*.²⁵¹²

The past year saw that split grow wider after the First Circuit weighed in on the subject in an opinion subsequently chosen for review by the Supreme Court.²⁵¹³ In the case teeing up that disposition, the debtor manufactured specialized apparel sold under a “multitude” of trademarks and designed to remain at lower temperatures even when worn during exercise.²⁵¹⁴ The debtor entered a series of agreements with a licensee, one of which granted the licensee a nonexclusive right to use the debtor's marks and which also contained a two-year wind-down period if terminated by either party. Nevertheless, as the First Circuit put it, “[i]ntervening events . . . put an earlier end [than expected] to the parties' contractual relationship,”²⁵¹⁵ namely, the debtor's filing for bankruptcy protection and its subsequent rejection of the licensee's license. Those events eventually presented the court with the issue of “whether to classify as prepetition or postpetition liability any damages caused by Debtor's failure to honor its executory obligations during the two-year Wind-Down Period.”²⁵¹⁶

Addressing that issue, the court took a different view from the Seventh Circuit of Congress's failure to include “trademarks” in Section 101(35A). As a threshold matter, it held that “rejection as Congress viewed it does not ‘vaporize’ a right. Rather rejection converts the right into a pre-petition claim for damages.”²⁵¹⁷ Then, “leaving open the possibility that courts may find some unwritten limitations on the full effects of section 365(a) rejection,” it observed that “we find trademark rights to provide a poor candidate for such dispensation” because “Congress's principal aim in providing for rejection was to ‘release the debtor's estate from burdensome

²⁵¹¹ *Sunbeam*, 686 F.3d at 377 (citations omitted).

²⁵¹² *See id.* at 378 (“*Lubrizol* does not persuade us.”).

Of perhaps equal significance, that continued use was presumably not subject to the restrictions under Section 365(n) to which the licensee otherwise would have been subject had trademarks been included in Section 101(35A)'s definition of “intellectual property.” Thus, although Section 365(n) was intended to protect intellectual property licensees after *Lubrizol*, the exclusion of trademark licensees from the statute's protection ironically may have resulted in those licensees having greater protection than their patent-, copyright-, and trade secret-licensee counterparts.

²⁵¹³ *Mission Prod. Holdings, Inc. v. Tempnology, LLC* (*In re Tempnology, LLC*), 879 F.3d 389 (1st Cir.), *cert. granted*, 139 S. Ct. 397 (2018).

²⁵¹⁴ *Id.* at 392.

²⁵¹⁵ *Id.* at 393.

²⁵¹⁶ *Id.* at 397.

²⁵¹⁷ *Id.* at 402.

obligations that can impede a successful reorganization.”²⁵¹⁸ This meant “*Sunbeam* therefore largely rests on the unstated premise that it is possible to free a debtor from any continuing performance obligations under a trademark license even while preserving the licensee’s right to use the trademark.”²⁵¹⁹

The First Circuit held that outcome untenable, in substantial part because “the effective licensing of a trademark requires that the trademark owner—here Debtor, followed by any purchaser of its assets—monitor and exercise control over the quality of the goods sold to the public under cover of the trademark.”²⁵²⁰ Specifically:

Trademarks, unlike patents, are public-facing messages to consumers about the relationship between the goods and the trademark owner. They signal uniform quality and also protect a business from competitors who attempt to profit from its developed goodwill. The licensor’s monitoring and control thus serve to ensure that the public is not deceived as to the nature or quality of the goods sold. . . . Importantly, failure to monitor and exercise this control results in a so-called “naked license,” jeopardizing the continued validity of the owner’s own trademark rights.²⁵²¹

“The Seventh Circuit’s approach,” the court observed, “would allow [the licensee] to retain the use of Debtor’s trademarks in a manner that would force Debtor to choose between performing executory obligations arising from the continuance of the license or risking the permanent loss of its trademarks, thereby diminishing their value to Debtor, whether realized directly or through an asset sale.”²⁵²² That approach would have significant additional deleterious effects:

Such a restriction on Debtor’s ability to free itself from its executory obligations, even if limited to trademark licenses alone, would depart from the manner in which section 365(a) otherwise operates. And the logic behind that approach (no rights of the counterparty should be “vaporized” in favor of a damages claim) would seem to invite further leakage. If trademark rights categorically survive rejection, then why not exclusive distribution rights as well? Or a right to receive advance notice before termination of performance? And so on.

. . . .

. . . Under . . . a case-specific, equitable approach, one might in theory preclude rejection only where the burden of

²⁵¹⁸ *Id.* (quoting *N.L.R.B. v. Bildisco & Bildisco*, 465 U.S. 513, 528 (1984)).

²⁵¹⁹ *Id.* at 402.

²⁵²⁰ *Id.*

²⁵²¹ *Id.* (citation omitted).

²⁵²² *Id.* at 403.

quality assurance on the debtor will be minimal. The problem, though, is that in the bankruptcy context especially, where the licensor and licensee are at odds over continuing to deal with each other, the burden will likely often be greater than normal. Here, for example, the adversarial relationship between Debtor and [the licensee] may portend less eager compliance. More importantly, in all cases there will be some burden, and it will usually not be possible to know at the time of the bankruptcy proceeding how great the burden will prove to be, as it will depend very much on the subsequent actions of the licensee. Conversely, the burden imposed on the counterparty of having its trademark right converted to a prepetition damages claim at a time when the relationship signaled by the trademark is itself ending will in most instances be less than the burden of having patent rights so converted. The counterparty may still make and sell its products—or any products—just so long as it avoids use of the trademark precisely when the message conveyed by the trademark may no longer be accurate.²⁵²³

In the final analysis, “the approach taken by *Sunbeam* entirely ignores the residual enforcement burden it would impose on the debtor just as the Code otherwise allows the debtor to free itself from executory burdens. The approach also rests on a logic that invites further degradation of the debtor’s fresh start options.”²⁵²⁴ “For these reasons,” the court concluded, “we favor the categorical approach of leaving trademark licenses unprotected from court-approved rejection, unless and until Congress should decide otherwise.”²⁵²⁵ The resulting further split in the circuits led the Supreme Court to grant the licensee’s petition for a writ of certiorari on the following question: “Whether, under §365 of the Bankruptcy Code, a debtor-licensor’s “rejection” of a license agreement—which “constitutes a breach of such contract,”—terminates rights of the

²⁵²³ *Id.* at 404.

²⁵²⁴ *Id.*

²⁵²⁵ *Id.* The court elaborated on this point in the following manner:

[I]n the bankruptcy context especially, where the licensor and licensee are at odds over continuing to deal with each other, the burden will likely often be greater than normal. . . . More importantly, in all cases there will be some burden, and it will usually not be possible to know at the time of the bankruptcy proceeding how great the burden will prove to be, as it will depend very much on the subsequent actions of the licensee. . . . We therefore find unappealing the prospect of saddling bankruptcy proceedings with the added cost and delay of attempting to draw fact-sensitive and unreliable distinctions between greater and lesser burdens of this type.

Id.

licensee that would survive the licensor's breach under applicable non-bankruptcy law."²⁵²⁶

Several considerations merit a resolution of that split which disposes of the First Circuit's categorical approach. The maintenance of quality control obviously is an important obligation of all trademark licensors: Section 45 provides that a trademark will be abandoned if it loses significance as an indication of origin of the mark owner's goods.²⁵²⁷ To prevent that from occurring, the licensor must retain control over the nature and quality of its licensee's products and services: If it fails to do so, the mark will begin to indicate that the goods associated with the mark originate with the licensee, and not the licensor. At that point, the parties' agreement will become a "naked" license that may work a forfeiture of the licensor's rights.²⁵²⁸ Nevertheless, the First Circuit in this case may have overstated the burden of that obligation because a licensor need not require a particular level of quality so long as it has the ability to enforce whatever level of quality it sets. "[Q]uality control' does not necessarily mean that the licensed goods or services must be of 'high' quality, but merely of equal quality, whether that quality is high, low or middle."²⁵²⁹ In other words, control, not the actual quality subject to that control, is the issue in the inquiry into whether a naked license exists.

These rules call into question the wisdom of the First Circuit's treatment of all quality-control provisions in trademarks as presumptively burdensome. Although a trademark licensor may wish to escape a license for myriad reasons, two in particular merit consideration in this proceeding. First, the licensor may conclude the investment required for the continued monitoring of a licensee's compliance with a particular quality-control provision recited in the license is no longer cost-effective. Second, the licensor's goal may be to monetize its mark to the fullest extent possible by securing higher royalty payments from a different licensee; in the latter scenario, of course, any claimed burden of quality control is merely a pretext.

Whether in or out of bankruptcy, a licensor genuinely motivated by the first of these considerations can approach its licensee and propose an amendment to the license to eliminate the quality-control provision at issue. Because such an amendment will work exclusively in the licensee's favor, the licensee ordinarily can be expected to accept it. Even if the licensee does not do so, however, or if the licensor prefers not to raise the issue, the licensor can simply

²⁵²⁶ Petition for Writ of Certiorari at i, *Mission Prod. Holdings, Inc. v. Tempnology, LLC* (*In re Tempnology, LLC*), 139 S. Ct. 397 (2018) (citation omitted).

²⁵²⁷ 15 U.S.C. § 1127 (2012).

²⁵²⁸ See generally *Sheila's Shine Prods., Inc. v. Sheila Shine, Inc.*, 486 F.2d 114, 123-24 (5th Cir. 1973); *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 366 (2d Cir. 1959).

²⁵²⁹ *Barcamerica Int'l USA Tr. v. Tyfield Imps., Inc.*, 289 F.3d 589, 598 (9th Cir. 2002).

elect not to enforce the objectionable provision, so long as it continues to assure a minimum level of quality in some way. Such a strategy can result in the licensee's waiver of the provision on a going-forward basis and a diminishment in the quality of the goods sold under the license, but, even if it occurs, that diminishment will not in and of itself render the license a naked one because whether a good produced under the license is "objectively 'good' or 'bad' is simply irrelevant."²⁵³⁰ Trademark licensors in bankruptcy proceedings—as do those outside of the bankruptcy context—therefore have an option short of rejection, one that does not expose licensees to an outright rejection motivated by the licensor's desire for better terms from another licensee.

Equally to the point, in treating the licensor's duty of quality control as an "executory obligation[]" under the agreement,²⁵³¹ the First Circuit misapprehended the nature of that duty. A trademark license typically does not discuss quality control as an affirmative duty of the licensor, but instead defines the required quality in terms of the compliance obligations of the licensee. Under a properly drafted license, therefore, the licensor's remedy for the licensee's failure to comply with those terms is termination of the license. In contrast, and as noted above, the licensor's quality-control obligation arises under applicable non-bankruptcy law because of the debtor's decision to enter into a trademark license and is a natural consequence of that decision. A licensee's retention of its license after rejection therefore neither requires a debtor to perform an executory license agreement nor imposes a new obligation on the debtor. Specifically, although a *licensee* must *comply* with any quality-control provisions in the license as a matter of contract law, the complete failure of a *licensor* to *enforce* those provisions ordinarily will not constitute a breach of contract; instead, the potential negative consequence of that failure, namely, the risk of a naked license, has a different provenance. Rejection of a license during bankruptcy therefore should not relieve the debtor of the quality-control obligation created under trademark law, especially because, as noted above, the licensor always has the option unilaterally to waive any restrictions on the licensee's conduct the licensor genuinely finds burdensome to enforce (so long as it does not waive them all).

A different opinion arising from a bankruptcy proceeding presented a far less complex issue, namely, whether an accounting of the profits enjoyed by an infringing debtor was dischargeable.²⁵³² Among other exclusions from dischargeability, Section 523(a)(6) of the Bankruptcy Code carves out liability for "willful and malicious

²⁵³⁰ *Id.*

²⁵³¹ *Mission Prod. Holdings*, 879 F.3d at 403.

²⁵³² *In re Bhalla*, 573 B.R. 265 (Bankr. M.D. Fla. 2017).

injury by the debtor to another entity or to the property of another entity.”²⁵³³ Having successfully demonstrated the debtor’s infringement of their marks in the course of selling electronic devices enabling his customers to watch the plaintiffs’ television programming without charge, a trio of plaintiffs successfully invoked Section 523(a)(6) to prevent the debtor from escaping the resulting accounting of \$2,145,234.22. In ruling in the plaintiffs’ favor, the court explained of the exclusion that:

An injury is “malicious” under § 523(a)(6) when it is caused by conduct that is “wrongful and without just cause or excessive even in the absence of personal hatred, spite or ill-will.” A showing of specific intent to harm another is not necessary and “[m]alice can be implied. . . .”

Intentional copyright or trademark infringement does not have uncertain or variable outcomes. It always results in harm. Thus, one who intentionally infringes protected copyrights and trademarks knows that injury to the holder is substantially certain to result.²⁵³⁴

The court then identified a number of reasons why the debtor’s conduct fell within the scope of the exclusion: (1) the debtor “knew or should have known” his actions caused the plaintiffs to lose revenues; (2) the debtor had used a pseudonym and sought advice on how to reduce the appearance of his involvement further; and (3) he also had “directed and facilitated others’ infringement of Plaintiffs’ . . . trademarks.”²⁵³⁵ Based on these considerations, the court found, “[the debtor’s] conduct was malicious, as well as willful, as required by § 523(a)(6).”²⁵³⁶

2. The Federal Trade Commission Act

In implementing the Federal Trade Commission Act,²⁵³⁷ the Commission authorized by that legislation has adopted guidelines stating that “[a]dvertisers are subject to liability for . . . failing to disclose material connections between themselves and their endorsers,”²⁵³⁸ and “a connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by the audience) . . . must be fully

²⁵³³ 11 U.S.C. § 523(a)(6) (2012).

²⁵³⁴ *Bhalla*, 573 B.R. at 278-79 (footnotes omitted) (quoting *Kane v. Stewart Tilghman Fox & Bianchi, P.A. (In re Kane)*, 755 F.3d 1285, 1294 (11th Cir. 2014)).

²⁵³⁵ *Id.* at 279.

²⁵³⁶ *Id.*

²⁵³⁷ 15 U.S.C. §§ 41-58 (2012).

²⁵³⁸ 16 C.F.R. § 255.1(d) (2018).

disclosed.”²⁵³⁹ Seeking to avail themselves of those regulations, a group of counterclaim plaintiffs accused their opponent of “fail[ing] to disclose that it compensates certain influences, celebrities, and media outlets for their endorsement of [the counterclaim defendant’s] products in online and social media advertising [that] is likely to deceive reasonable consumers.”²⁵⁴⁰ According to the counterclaim plaintiffs’ false advertising counterclaim, the omission of such disclosures from the counterclaim defendant’s advertising violated Section of 43(a). The court disagreed, and it granted the counterclaim defendant’s motion to dismiss. As it explained, “the FTC Guidelines do not assist [the counterclaim plaintiffs] because the Lanham Act requires an affirmative misrepresentation or an omission that renders an affirmative statement false or misleading—not a failure to disclose something material.”²⁵⁴¹

3. The Racketeer Influenced and Corrupt Organizations Act

Trademark law and alleged violations of the Racketeer Influenced and Corrupt Organizations Act (RICO)²⁵⁴² intersected only infrequently in reported opinions.²⁵⁴³ An exception to that general rule came in an appeal to the Second Circuit, in a case in which, in an earlier proceeding, the plaintiff successfully had defended himself and a company he owned against allegations of service mark infringement by another restaurant.²⁵⁴⁴ Following his victory in that action, the plaintiff filed suit against his former adversary, as well as against that restaurant’s owner, the owner’s wife, and the restaurant’s lawyers and accountant. According to the plaintiff, the defendants belonged to two criminal enterprises that had conspired to sue him for infringement in the earlier action. As the court summarized the basis of the plaintiff’s RICO cause of action, “[the plaintiff] alleges that the defendants completed false paperwork to pose as the owners of a trademark, licensed the trademark to a third-party, and then sued [the plaintiff] for

²⁵³⁹ *Id.* § 255.5.

²⁵⁴⁰ *See Lokai Holdings LLC v. Twin Tiger USA LLC*, 306 F. Supp. 3d 629 (S.D.N.Y. 2018).

²⁵⁴¹ *Id.* at 639. The court went on to hold the counterclaim plaintiffs’ corresponding causes of action under California law fatally defective for the same reason. *See id.* at 641-42 (“As the FTC’s Guidelines are [the counterclaim plaintiffs’] sole basis for alleging a violation of those statutes, the FTC does not provide a right of action, and [the counterclaim plaintiffs] cannot engineer one through California law.”).

²⁵⁴² 18 U.S.C. § 1961 *et seq.* (2012).

²⁵⁴³ For an opinion rejecting a plaintiff’s attempt to use the RICO statute to hale two California domiciliaries into court in California, see *High Adventure Ministries, Inc. v. Tayloe*, 309 F. Supp. 3d 461, 471-72 (W.D. Ky. 2018).

²⁵⁴⁴ *Kim v. Kim*, 884 F.3d 98 (2d Cir. 2018).

violating the licensing agreement.”²⁵⁴⁵ Moreover, “[the plaintiff] claims that these false legal documents were intended to mislead the district court [in the first action] and therefore were predicate acts of obstruction of justice, mail fraud, and wire fraud that constituted a pattern of racketeering activity.”²⁵⁴⁶

The district court dismissed the plaintiff’s complaint, including its RICO cause of action, for failure to state a claim, and the Second Circuit affirmed. The appellate court observed that the plaintiff’s claims turned on his ability to establish “(1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity,”²⁵⁴⁷ and that the last of these showings contemplated “any ‘act’ indictable under various specified federal statutes, including the mail and wire fraud statutes and the obstruction of justice statute.”²⁵⁴⁸ Although the plaintiff averred the defendants had submitted false declaration testimony against him, the court held that such litigation activity did not constitute a predicate act for purposes of RICO liability. For one thing, “if litigation activity were adequate to state a claim under RICO, every unsuccessful lawsuit could spawn a retaliatory action, which would inundate the federal courts with procedurally complex RICO pleadings.”²⁵⁴⁹ For another, “endorsing [the plaintiff’s] interpretation of RICO would chill litigants and lawyers and frustrate the well-established public policy goal of maintaining open access to the courts because any litigant’s or attorney’s pleading and correspondence in an unsuccessful lawsuit could lead to drastic RICO liability.”²⁵⁵⁰ Consequently, “where, as here, a plaintiff alleges that a defendant engaged in a single frivolous, fraudulent, or baseless lawsuit, such litigation activity alone cannot constitute a viable RICO predicate act.”²⁵⁵¹

I. Insurance-Related Issues

1. Opinions Ordering Coverage

A provider of excess liability insurance suffered a significant defeat arising from its failure to cover the settlement of a false advertising action against its insured.²⁵⁵² The policy in question was governed by California law, which gives excess liability insurers like the carrier at issue three options when presented with a proposed

²⁵⁴⁵ *Id.* at 101.

²⁵⁴⁶ *Id.*

²⁵⁴⁷ *Id.* at 103 (quoting *DeFalco v. Bernas*, 244 F.3d 286, 306 (2d Cir. 2001)).

²⁵⁴⁸ *Id.*

²⁵⁴⁹ *Id.* at 104 (alteration accepted).

²⁵⁵⁰ *Id.*

²⁵⁵¹ *Id.*

²⁵⁵² See *Teleflex Med. Inc. v. Nat’l Union Fire Ins. Co. of Pittsburgh, PA*, 851 F.3d 976 (9th Cir. 2017).

settlement of a covered claim that has met the approval of the insured and the primary insurer. Specifically, as the Ninth Circuit explained in affirming a jury verdict in favor of the insured, “[t]he excess insurer must (1) approve the proposed settlement, (2) reject it and take over the defense, or (3) reject it, decline to take over the defense, and face a potential lawsuit by the insured seeking contribution toward the settlement.”²⁵⁵³ Thus, “the insured is entitled to reimbursement if the excess insurer was given a reasonable opportunity to evaluate the proposed settlement, and the settlement was reasonable and not the product of collusion.”²⁵⁵⁴

The trial record disclosed that the excess liability carrier responded to repeated notices of an impending settlement of the underlying false action against the insured by doing little more than encouraging the insured to fight on, while at the same time declining to acknowledge coverage. Only after the underlying case was settled on terms requiring a payment that exceeded the limits of the primary carrier’s policy did the excess liability carrier roust itself and offer to take over the defense of the action if the settlement could be “undone.”²⁵⁵⁵ By then, however, it was too late, and the insured successfully pursued a breach-of-contract action against the excess liability carrier, resulting in a monetary judgment covering the insured’s damages, attorneys’ fees, expert fees, taxable costs, and prejudgment interest. Rejecting the excess liability carrier’s appeal, the Ninth Circuit concluded the jury had been within its rights in finding a bad-faith refusal to cover. Although the excess liability carrier claimed it had behaved reasonably in light of a colorable dispute over coverage and the reasonableness of the settlement, the appellate court disagreed, holding instead that “a jury could reasonably conclude not only that the settlement was reasonable, but also that any dispute about coverage was less than genuine.”²⁵⁵⁶

2. Opinions Declining to Order Coverage

Courts rarely address the issue of whether insurance coverage is available for the defense of actions claiming contributory infringement, but a Georgia federal district court tasked with resolving that question answered it in the negative.²⁵⁵⁷ The insureds operated a self-styled discount mall raided by federal and municipal authorities, who seized several thousand goods bearing counterfeit

²⁵⁵³ *Id.* at 979 (citing *Diamond Heights Homeowners Ass’n v. Nat’l Am. Ins. Co.*, 277 Cal. Rptr. 906, 916 (Cal. Ct. App. 1991)).

²⁵⁵⁴ *Id.*

²⁵⁵⁵ *Id.* at 981.

²⁵⁵⁶ *Id.* at 989.

²⁵⁵⁷ *See Allstate Ins. Co. v. Airport Mini Mall, LLC*, 265 F. Supp. 3d 1356 (N.D. Ga. 2017), *appeal dismissed*, No. 17-14798-EE, 2017 WL 7058347 (11th Cir. Dec. 11, 2017).

copies of federally registered marks. That raid triggered a demand letter from the owner of some of those marks that warned the insureds of its potential contributory liability for the misconduct of its tenants. When a second letter failed to produce the desired results, the trademark owner initiated the underlying suit. Although the insureds answered the complaint before notifying its carrier of the dispute, the carrier defended the action through a trial that resulted in a judgment of \$1,900,000 in the trademark owner's favor. Prior to that outcome, however, the carrier sought a declaratory judgment that, for several reasons, the various policies held by the insureds obligated it neither to defend the action nor to indemnify the insureds against the jury's verdict.

Granting the carrier's motion for summary judgment as to the scope of the policy's advertising injury clause, the district court hearing the declaratory judgment action gave the carrier the outcome it sought in an application of Georgia law. The carrier argued the insureds had not themselves advertised the offending goods, in response to which the insureds called the court's attention to periodic announcements on the insureds' public address system welcoming customers and generally encouraging them to make purchases from the insureds' tenants. The court was unconvinced,²⁵⁵⁸ noting:

[The trademark owner's] claim for contributory trademark infringement did not arise out of any *advertisement* by [the insureds] of *their* goods and services as defined by the Policies as necessary to invoke coverage for the underlying judgment. And because the claim for trademark infringement is expressly excluded from coverage under the Policies, the allegations in [the trademark owner's] underlying complaint are insufficient to trigger [the carrier's] duty to defend.²⁵⁵⁹

That was not the insureds' only problem, however, for their policies required them to notify the carrier of potential claims "as soon as practicable of an 'occurrence' or an offense which may result in a claim."²⁵⁶⁰ The summary judgment record was clear that the

²⁵⁵⁸ As it explained:

[The insureds'] assertion that [their] use of a PA announcement triggered [the carrier's] duty to defend is unpersuasive. [The] announcements do not publicize [the insureds'] goods or services, but simply thanked the customers for shopping and encouraged them to visit the 100 businesses selling various merchandise and food. No mention was made of any of [the trademark owner's] products in the PA announcements. Thus, these PA announcements cannot form the basis for any alleged "advertising injury" arising out of [the insureds'] "advertisements" under the express terms of the Policies.

Id. at 1375 (citations omitted).

²⁵⁵⁹ *Id.* at 1368.

²⁵⁶⁰ *Quoted in id.* at 1361.

insureds had waited approximately seven months after their receipt of the first demand letter before alerting the carrier to the allegations against them, and the court imposed upon the insureds the burden of explaining that delay.²⁵⁶¹ Although the insureds attempted to justify their lethargy by referencing their subjective belief that the accusations against them were meritless, the court held to the contrary that “an insured cannot avoid the notice requirement by relying on its subjective belief that it has no liability.”²⁵⁶² Moreover, “[t]he fact that [the insureds] may have timely notified their attorney of their receipt of [the trademark owner’s] two cease and desist letters (who in turn did not notify [the carrier for months] is not a sufficient justification for their failure to provide immediate notice to [the carrier].”²⁵⁶³ Summary judgment in the carrier’s favor followed.²⁵⁶⁴

An insurer similarly prevailed on summary judgment in a case featuring equally unusual facts.²⁵⁶⁵ The original underlying suit accused a manufacturer of pet food of falsely representing the by-product content of its goods. The manufacturer then sued its ingredient broker—which had provided written guarantees that the ingredients supplied to the manufacturer contained only unavoidable trace amounts of byproducts—as well as the actual supplier of the ingredients. That led the broker to serve a cross-claim against the supplier and a third-party complaint against the supplier’s supplier. The supplier’s supplier sought coverage for the defense of the third-party complaint, but the court held it unavailable as a matter of law. Rather than arising from advertising by the supplier’s supplier, the complaint in the original underlying action challenged advertising by the defendant in that case, namely, the pet food manufacturer. Any obligation by the carrier of the supplier’s supplier to cover the defense of that challenge under Texas law, the court concluded, would in effect make the carrier an insurer of the manufacturer, a risk for which it had received no premiums.²⁵⁶⁶ Moreover, and in any case, the supplier’s supplier had initiated the acts for which it sought coverage prior to its purchase of the policy in question.²⁵⁶⁷

In a more conventional coverage dispute, one also turning on an application of Texas law, the Fifth Circuit disposed of a claim for

²⁵⁶¹ *Id.* at 1378.

²⁵⁶² *Id.* at 1379.

²⁵⁶³ *Id.* at 1381 n.18.

²⁵⁶⁴ *Id.* at 1383.

²⁵⁶⁵ *See* Colony Ins. Co. v. Custom Ag Commodities, LLC, 272 F. Supp. 3d 948 (E.D. Tex. 2017).

²⁵⁶⁶ *Id.* at 961.

²⁵⁶⁷ *Id.* at 961-62.

coverage as a matter of law.²⁵⁶⁸ The insured was once an affiliate of the plaintiff in the underlying action, but it eventually went into competition with the plaintiff using marks and products similar to those of the plaintiff, as well as verbiage on its website that, in some cases, closely tracked words in the plaintiff's promotional materials. Seeking coverage for the defense of the resulting lawsuit, the insured invoked a clause in its policy covering "personal and advertising injury" arising out of "[t]he use of another's advertising idea in your 'advertisement' . . . or . . . [i]nfringing upon another's copyright, trade dress or slogan in your 'advertisement.'"²⁵⁶⁹

The district court granted the carrier's motion for summary judgment and the Fifth Circuit affirmed. According to the appellate court, the plaintiff's objections to the insured's alleged copying of the unprotectable verbiage at issue did not amount to a claim the insured had misappropriated the plaintiff's advertising idea.²⁵⁷⁰ Likewise, neither the references in the plaintiff's complaint to the insured's imitation of the plaintiff's products nor the plaintiff's cause of action for trademark infringement constituted a claim for trade dress infringement: Especially in light of the absence from the complaint of express references to that tort,²⁵⁷¹ the former did not do so because "Texas courts have held that allegations that a whole product was copied, without more, do not state a trade dress claim and are not covered by a general commercial liability policy like the one here";²⁵⁷² likewise, with respect to the latter, the "allegations that [the insured] misappropriated [the plaintiff's] trademarks, without more, do not allege a trade dress claim."²⁵⁷³ Finally, the court observed, "[a] slogan infringement claim requires an allegation that another entity used a slogan," and, "[a]bsent specific factual allegations to the contrary, a housemark, brand name, or product name is not a slogan."²⁵⁷⁴

An application of Florida law by a federal district court in that state led to an even more dramatic loss for a policyholder, namely, the dismissal of its bid for coverage on a motion for judgment on the pleadings.²⁵⁷⁵ As described by the court, the plaintiff in the underlying action asserted a straightforward garden-variety cause of action for trademark infringement, against which the insured

²⁵⁶⁸ See *Laney Chiropractic & Sports Therapy, P.A. v. Nationwide Mut. Ins. Co.*, 866 F.3d 254 (5th Cir. 2017).

²⁵⁶⁹ Quoted in *id.* at 258.

²⁵⁷⁰ *Id.* at 259-61.

²⁵⁷¹ See *id.* at 261, 262.

²⁵⁷² *Id.* at 261.

²⁵⁷³ *Id.*

²⁵⁷⁴ *Id.* at 262.

²⁵⁷⁵ See *Land's End at Sunset Beach Cmty. Ass'n v. Aspen Specialty Ins. Co.*, 289 F. Supp. 3d 1259 (M.D. Fla. 2017), *aff'd*, 745 F. App'x 314 (11th Cir. 2018).

interposed a successful defense. That success, however, did not extend to the insured's later suit against its carrier in light of a clause in its policy excluding the defense of actions "arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights."²⁵⁷⁶ The exclusion was itself subject to an exclusion providing that "this exclusion does not apply to infringement . . . of a copyright, trade dress or slogan"²⁵⁷⁷ and the insured sought to characterize the allegations against it in the underlying suit as sounding in the infringement of a slogan. Referring to the complaint in that suit, the court noted it never referred to the plaintiff's mark as a slogan; moreover, that document also "did not bring an explicit action for slogan infringement."²⁵⁷⁸ Under the circumstances, and especially because any other outcome would render the policy's differing treatments of "trademark" and "slogan" otiose, the exclusion applied.²⁵⁷⁹ The court then rejected the insured's argument that the appearance of the allegedly infringing mark in the insured's advertisements necessarily rendered the underlying action one for an advertising injury (the defense of which the policy generally covered); if accepted, the court observed, that argument would swallow the exclusion and reduce it to nothing.²⁵⁸⁰

J. Attorney Discipline

Despite an initial order suspending him for five years from the practice of law in Wisconsin and before the USPTO after misappropriating funds forwarded to him by a patent client,²⁵⁸¹ an attorney filed a series of trademark applications on behalf of another client. Not surprisingly, that conduct led to the additional sanction of another sixty-day suspension at the hands of the Supreme Court of Wisconsin, albeit one running concurrently with the original penalty.²⁵⁸² The attorney fared better—albeit only marginally—in another jurisdiction in which he was admitted, namely, Kentucky, in which he received a suspension equal to the original five-year one in Wisconsin, despite the Supreme Court of Kentucky's awareness of his unauthorized practice of law in Wisconsin.²⁵⁸³

²⁵⁷⁶ Quoted in *id.* at 1261.

²⁵⁷⁷ Quoted in *id.*

²⁵⁷⁸ *Id.* at 1267.

²⁵⁷⁹ *Id.* at 1267-68.

²⁵⁸⁰ *Id.* at 1269.

²⁵⁸¹ See *In re Stewart*, 893 N.W.2d 572 (Wis. 2017).

²⁵⁸² See *In re Stewart*, 905 N.W.2d 136, 140 (Wis. 2018).

²⁵⁸³ See *Kentucky Bar Ass'n v. Stewart*, 533 S.W.3d 683, 685 (Ky. 2017).

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