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Theodore H. Davis Jr.
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The Trademark Reporter®

UNITED STATES ANNUAL REVIEW

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

INTRODUCTION

*By Theodore H. Davis Jr.***

Without doubt, the most significant development between the sixty-eighth and sixty-ninth anniversaries of the Lanham Act's effective date was the Supreme Court's holding in *B & B Hardware, Inc. v. Hargis Industries*[1] that, under certain circumstances, determinations by the Trademark Trial and Appeal Board of the likelihood of confusion between marks can have issue-preclusive effect in later litigation involving the same marks.[2] The multiple infringement and inter partes proceedings between the parties defy easy summary, but they included an opposition

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* 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, 2014, and June 30, 2015, 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 by his contributions to this volume: Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc., 102 F. Supp. 3d 1154 (W.D. Wash. 2015) (counsel for plaintiff at earlier stage of proceeding); Exxon Mobil Corp. v. FX Network, LLC, 39 F. Supp. 3d 868 (S.D. Tex. 2014) (counsel for defendant); India-Am. Cultural Ass'n v. iLink Prof'ls, Inc., 769 S.E.2d 905 (Ga. 2015) (counsel for defendant).

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1. 135 S. Ct. 1293 (2015).

2. The Court explained issue preclusion in the following manner:

> 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.

Id. at 1298-99.

proceeding in which the Board refused registration to the defendant's mark under Section 2(d) of the Act because of a likelihood of confusion with the plaintiff's mark.[3] Unusually, but apparently with the parties' consent, the Board's likelihood-of-confusion analysis took into account marketplace considerations that ordinarily would not have been considered.[4]

The Court agreed to hear both questions presented by the plaintiff's petition for a writ of certiorari, namely, whether the Board's opinion precluded the defendant from relitigating the issue of likely confusion and, additionally, whether, even if it did not, the opinion nevertheless was entitled to deference as a proposition of administrative law.[5] Although largely dodging the second issue, the Court definitively answered the second, holding that "[s]o long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply."[6] Indeed, that very outcome held on remand of the case to the Eighth Circuit.[7]

Although the Supreme Court's opinion apparently surprised many trademark professionals, it should not have, for a number of lower courts already had adopted either the same rule articulated by the Court[8] or variations on it.[9] Litigants before the Board therefore should long ago have considered the possibility of the outcomes of their cases having preclusive effect in later district court litigation. Moreover, there are two reasons why those same litigants should not place too much faith in the marketplace-usage

---

3. *See* B & B Hardware, Inc. v. Sealtite Building Fasteners, Opposition No. 91155687, slip op. (T.T.A.B. July 12, 1996) (nonprecedential).

4. *Id.* at 19-29.

5. *See* Petition for Writ of Certiorari, B&B Hardware, Inc. v. Hargis Indus., No. 13-352, 82 USLW 3195, at *i (U.S. Sept. 18, 2013).

6. 135 S. Ct. at 1310.

7. *See* B & B Hardware, Inc. v. Hargis Indus., 800 F.3d 427, 427 (8th Cir. 2015) (per curiam) ("Having reviewed the [parties' supplemental] briefing, we now determine that the ordinary elements of issue preclusion have been met and the usages of the marks adjudicated before the TTAB were materially the same as the usages before the district court. As noted in our prior opinions, the TTAB compared the marks in question in the marketplace context when it determined the likelihood of confusion issue for purposes of trademark registration.").

8. *See* Jean Alexander Cosmetics, Inc. v. L'Oreal USA, Inc., 458 F.3d 244, 249 (3d Cir. 2006) (according preclusive effect to prior Board finding of likely confusion); Levy v. Kosher Overseers Ass'n, 104 F.3d 38, 42-43 (2d Cir. 1997) (overturning district court's application of issue preclusion but acknowledging possibility of it in appropriate case).

9. *See* EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc., 746 F.2d 375, 377-78 (7th Cir. 1984) (according preclusive effect to Board finding of likely confusion based on affirmation by Federal Circuit); Flavor Corp. of America v. Kemin Indus., 493 F.2d 275 (8th Cir. 1974) ("[W]here the C.C.P.A. has found a likelihood of confusion between two similar marks in a cancellation proceeding, that fact is precluded from relitigation in a subsequent infringement action between the same parties under the doctrine of collateral estoppel.").

"escape hatch" recognized by the Court on a going-forward basis.[10] The first is that, because the USPTO ordinarily resolves disputes over the significance of marketplace usage in favor of plaintiffs,[11] it is not apparent why a plaintiff should be able to escape the preclusive effect of a Board determination that confusion is unlikely by invoking marketplace considerations that weighed in the plaintiff's favor as a matter of law before the Board. The second is that the Board obviously decides many questions other than the likelihood of confusion between particular marks, and, with the possible exception of likely dilution, it does so by applying the same doctrinal standards and considering the same evidence and testimony as that applied and considered by Article III courts; in other words, the escape hatch likely will not apply in most other contexts.[12]

Like the question of issue preclusion addressed in *B & B*, trademark registrability disputes rarely attract the public's attention, but the challenge in *Pro-Football, Inc. v. Blackhorse*[13] to the registrability under Section 2(a) of the Lanham Act[14] of six service marks owned by the parent corporation of the Washington Redskins football team, Professional Football, Inc. (PFI), is an exception to that general rule. Section 2(a) is a complex provision barring the registration of a number of categories of marks.[15]

---

10. *B & B Hardware*, 135 S. Ct. at 1308 ("[I]f a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue. Thus, if the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue." (internal quotation marks omitted)).

11. *See generally* J&J Snack Foods Corp. v. McDonald's Corp., 932 F.2d 1460, 1463 (Fed. Cir. 1991) ("Determination of registrability is made on the basis of the description of the goods in the application."); Octocom Sys., Inc. v. Houston Computer Servs., Inc., 918 F.2d 937, 942 (Fed. Cir. 1990) ("The authority is legion that the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which sales of the goods are directed.").

12. Indeed, in the first opinion other than that of the Eighth Circuit on remand in *B & B* to reach a holding of issue preclusion, the court accorded preclusive effect to a prior finding of priority by the Board. *See* Ashe v. PNC Fin. Servs. Grp., No. PWG-15-144, 2015 WL 7252190, at *3-7 (D. Md. Nov. 17, 2015). Another federal district court subsequently refused to allow the losing party in a prior opposition to relitigate the issue of whether it submitted fraudulent statements to the USPTO in support of its application. *See* Nationstar Mortg. LLC v. Ahmad, No. 1:14-CV-1751, 2015 WL 9274920, at *5 (E.D. Va. Dec. 17, 2015); *see also* Vaad L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y, No. 10-CV-4976 (FB) (JO), 2016 WL 183226, at *3 n.2 (E.D.N.Y. Jan. 14, 2016) (noting in dictum that prior Board finding of ownership "likely" would be entitled to issue-preclusive effect).

13. 112 F. Supp. 3d 439 (E.D. Va. 2015).

14. 15 U.S.C. § 1052(a) (2012).

15. For examples of reported opinions over the past year applying a prohibition set forth in Section 2(a) other the one at issue in *Pro-Football*, see *In re Nieves & Nieves LLC*, 113 U.S.P.Q.2d 1629 (T.T.A.B. 2015) (affirming refusal to register KATE MIDDLETON mark for various goods for falsely suggesting an association with "Catherine, Duchess of

Among those categories are "immoral . . . or scandalous matter" and matter that "may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute."[16] The "immoral or scandalous" prong of the statute and the "may disparage" prong are closely related, and, indeed, some marks have been found to be unregistrable because they are immoral and scandalous and because they are potentially disparaging.[17] In addition, when a challenge is brought to an existing registration under these prongs of Section 2(a), the challenger must demonstrate the statute "was obtained" in violation of the statute,[18] meaning the challenger's evidentiary showing must focus on whether the mark in question was scandalous, immoral, or potentially disparaging as of the date it was registered, rather than on the date on which the merits of the challenge are decided.

Nevertheless, there are significant differences in how these two prongs of Section 2(a) are interpreted. One is that, although the challenger to the registrability of a mark under the first prong must demonstrate *actual* immorality or scandal to prevail, a mere showing of *potential* disparagement will suffice under the second prong. Another is how offense under the two prongs is measured. Although the Board departed from the usual methodology in one opinion,[19] the determination of whether a mark is impermissibly immoral or scandalous generally is a two-step process:

> The PTO must consider the mark in the context of the marketplace as applied to the goods described in the application for registration. In addition, whether the mark consists of or comprises scandalous matter must be determined from the standpoint of a substantial composite *of the general public* (although not necessarily a majority), and in the context of contemporary attitudes, keeping in mind changes in social mores and sensitivities.[20]

Cambridge, also known as Kate Middleton" in violation of Section 2(a)); *In re Nieves & Nieves LLC*, 113 U.S.P.Q.2d 1639 (T.T.A.B. 2015) (affirming refusal to register ROYAL KATE mark for various goods under same prohibition).

16. 15 U.S.C. § 1052(a).

17. *See, e.g.*, Boston Red Sox Baseball Club LP v. Sherman, 88 U.S.P.Q.2d 1581 (T.T.A.B. 2008) (refusing registration to SEX ROD mark for clothing); Greyhound Corp. v. Both Worlds Inc., 6 U.S.P.Q.2d 1635 (T.T.A.B. 1988) (refusing registration to defecating dog design).

18. *See* 15 U.S.C. § 1064(3) (2012).

19. *See In re* Manwin/RK Collateral Trust, 111 U.S.P.Q.2d 1311, 1316 (T.T.A.B. 2014) (refusing registration to MOMSBANGTEENS for "entertainment services, namely, providing a web site featuring photographic, audio, video and prose presentations featuring adult-oriented subject matter" largely "based on the vulgarity of the specific term BANG as used in applicant's mark MOMSBANGTEENS in association with its services").

20. *In re* Boulevard Entm't, 334 F.3d 1336, 1340 (Fed. Cir. 2003) (emphasis added) (citation omitted).

As articulated by the Trademark Trial and Appeal Board over the past year, the two-part test for potential disparagement is similar, but the audience from whose standpoint offense is measured iffers in a critical respect:

> 1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
>
> 2) if that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite *of the referenced group*.[21]

An applied-for mark therefore may be unregistrable under the "may disparage" prong of Section 2(a), even if the general public (as opposed to the referenced group) does not find it offensive.

The six marks at issue in *Pro-Football* consist in whole or in part of the word "redskin" and were formerly registered for various entertainment services associated with professional football contests.[22] The Trademark Trial and Appeal Board ordered their cancellation in 2014 after finding that the marks "may disparage" Native Americans.[23] The Board's decision subsequently withstood appellate scrutiny at the hands of the United States District Court for the Eastern District of Virginia, which affirmed the Board's determination of unregistrability on the merits and rejected PFI's constitutional attacks on the statute, in part because of the court's conclusion that determinations of registrability constitute government speech not subject to the restrictions of the Free Speech Clause of the First Amendment.[24] At least until the Fourth Circuit weighs in on the merits of PFI's pending appeal, the result

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21. *In re* Beck, 114 U.S.P.Q.2d 1048, 1051-52 (T.T.A.B. 2015) (emphasis added) (quoting *In re* Geller, 751 F.3d 1355, 1358 (Fed. Cir. 2014)).

22. The registrations in question were: (1) Reg. No. 0836122 of THE REDSKINS (stylized) for "entertainment services—namely, football exhibitions rendered live in stadia and through the media of radio and television broadcasts"; (2) Reg. No. 0978824 of WASHINGTON REDSKINS for "entertainment services—namely, presentations of professional football contests"; (3) Reg. No. 0986668 of WASHINGTON REDSKINS (stylized and with design) for "entertainment services—namely, presentations of professional football contests"; (4) Reg. No. 0987127 of THE REDSKINS (stylized and with design) for "entertainment services—namely, presentations of professional football contests"; (5) Reg. No. 1085092 of REDSKINS for "entertainment services—namely, presentations of professional football contests"; and (6) Reg. No. 1606810 of REDSKINETTES for "entertainment services, namely, cheerleaders who perform dance routines at professional football games."

23. *See* Blackhorse v. Pro-Football, Inc., 111 U.S.P.Q.2d 1080 (T.T.A.B. 2014), *aff'd*, 112 F. Supp. 3d 439 (E.D. Va. 2015).

24. *Pro-Football*, 112 F. Supp. 3d at 464.

was an unqualified victory for the group of Native Americans who had petitioned for the cancellation of the registrations.

In contrast, and in an opinion with equal significance to the future of Section 2(a)—and possibly to trademark law as a whole—the en banc Federal Circuit struck down the content-based prohibitions set forth in that statute as a violation of the Free Speech Clause less than six months after the opinion in *Pro-Football*. The appeal to that court in *In re Tam*[25] arose from the USPTO's rejection of an application to register the mark THE SLANTS for entertainment services on the ground the mark was potentially disparaging to Asian-Americans.[26] According to the Federal Circuit, Section 2(a) regulates expressive speech and therefore is subject to strict scrutiny under the First Amendment,[27] unlike unreviewable government speech.[28] Moreover, the *Tam* court held, Section 2(a)'s prohibition on the registration of potentially disparaging marks cannot be justified as a presumptively valid congressional subsidy for marks not falling into that category,[29] nor can that prohibition survive even the intermediate level of scrutiny applicable to merely commercial speech.[30] The court based these conclusions in part on the uncontroversial proposition that "federal trademark registration bestows *truly* significant and financially valuable benefits upon markholders";[31] it also, however, relied on the far more dubious theory that marks denied registration under Section 2 of the Act and under substantively identical provisions under state trademark acts thereby become ineligible for protection under federal law and the common law alike.[32] If adopted, the second of these contentions—and the Federal Circuit was not alone in articulating it[33]—would

25. 808 F.3d 1321 (Fed. Cir. 2015) (en banc).

26. *Tam* presented an entirely different dynamic from that in *Pro-Football*. In contrast to the petitioners in *Pro-Football*, the owner of the disputed mark in that appeal was himself a member of the group referenced by the mark: He was of Asian heritage and the principal of a band composed of similarly situated individuals, who wanted to "take back" the word "slants," which the band's website acknowledged was an ethnic slur. *Id.* at 1332.

27. *Id.* at 1333-45.

28. *Id.* at 1345-48.

29. *Id.* at 1448-55.

30. *Id.* at 1455-57.

31. *Id.* at 1440.

32. *Id.* at 1344 ("The government has not pointed to a single case where the common-law holder of a disparaging mark was able to enforce that mark, nor could we find one. The government's suggestion that [the applicant] has common-law rights to his mark appears illusionary."); *id.* at 1344 n.11 ("[I]t is not at all clear that [an applicant denied registration under Section 2(a)] could bring a § 43(a) unfair competition claim. Section 43(a) allows for a federal suit to protect an unregistered trademark, much like state common law. But there is no authority extending § 43(a) to marks denied under § 2(a)'s disparagement provision.").

33. In *Renna v. County of Union*, 88 F. Supp. 3d 310 (D.N.J. 2014), the court held that a mark denied registration under Section 2(b) of the Act, 15 U.S.C. § 1052(d) (2012), could not be protected under Section 43(a) of the Act, *id.* § 1125(a). *See Renna*, 88 F. Supp. 3d at 320 ("I am persuaded that Section 2 declares certain marks to be unregistrable because they are

mark a radical departure from decades of case law to the contrary.[34]

On an unrelated subject, the Fourth Circuit brought some much-needed clarity to the relationship between trademark law and utility patent law.[35] It did so in an action to protect a product configuration covered by a federal registration and discussed extensively in the disclosure of a utility patent owned by the plaintiff. Distinguishing *TrafFix Devices, Inc. v. Marketing Displays, Inc.*,[36] the court avoided the all-too-common error of reading the Supreme Court's opinion for the proposition that a related utility patent creates a presumption of functionality.[37] Rather, as the Fourth Circuit properly recognized, the *TrafFix* Court applied only the "statutory presumption" codified in Section 43(a)(3),[38] namely, that "[i]n a civil action for trade dress

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inappropriate subjects for trademark protection. It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not actionable under Section 43, either."). Under this view of Section 2, "[t]he Section 2 restrictions . . . distinguish fit from unfit subjects of trademark protection. To put it another way, a mark is not denied registration under Section 2 because of some quirk of the registration process; it is deemed unregistrable because it is not a suitable, protectable mark." *Id.*

34. *See, e.g.*, Sugar Busters LLC v. Brennan, 177 F.3d 258, 269 (5th Cir. 1999) ("The Trademark Trial and Appeal Board has consistently interpreted [prior authority of the C.C.P.A.] as prohibiting the registration of single book titles as trademarks. The descriptive nature of a literary title does not mean, however, that such a title cannot receive protection under § 43(a)."); Walt-W. Enters. v. Gannett Co., 695 F.2d 1050, 1054 n.6 (7th Cir. 1982) ("Although trade names . . . are not registrable under the Lanham Act, an action for trade name infringement is nonetheless proper under [Section 43(a)]." (citation omitted)); Bros. of the Wheel M.C. Exec. Council, Inc. v. Mollohan, 909 F. Supp. 2d 506, 542 (S.D. W. Va. 2012) (noting availability of protection under Section 43(a) for flag design even if design unregistrable under Section 2(b), 15 U.S.C. § 1052(b)); *see also* San Juan Prods., Inc. v. San Juan Pools of Kan., Inc., 849 F.2d 468, 474 (10th Cir. 1988) ("Unlike the registration of a patent, a trademark registration of itself does not create the underlying right to exclude. Nor is a trademark created by registration. While federal registration triggers certain substantive and procedural rights, the absence of federal registration does not unleash the mark to public use. The Lanham Act protects unregistered marks as does the common law." (citation omitted)); *see also* Specialized Seating, Inc. v. Greenwich Indus., 616 F.3d 722, 728 (7th Cir. 2010) ("All a finding of fraud does is knock out the mark's 'incontestable' status, and its registration . . . . It does not affect the mark's validity, because a trademark need not be registered to be enforceable."); Orient Exp. Trading Co. v. Federated Dep't Stores, Inc., 842 F.2d 650, 654 (2d Cir. 1988) ("Even if appellants' registered marks are cancelled [sic], however, the use of the [disputed] name . . . could still be protected from unfair competition under section 43(a) of the Lanham Act.").

35. *See* McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307 (4th Cir. 2014).

36. 532 U.S. 23 (2001).

37. *See, e.g.*, Mark P. McKenna, *The Rehnquist Court and the Groundwork for Greater First Amendment Scrutiny of Intellectual Property*, 21 Wash. J. L & Policy 11, 16 (2006) ("[L]argely because of concerns about the potential for trade dress protection to extend the patent period, the Court held that expired utility patents give rise to a strong presumption of functionality."); Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 Va. L. Rev. 2099, 2164 n.190 (2004) ("The Court . . . held that if the trade dress was the subject of an expired utility patent and disclosed in the patent claims, there is a strong evidentiary presumption that the trade dress falls . . . is therefore functional.").

38. *TrafFix Displays*, 532 U.S. at 30.

infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional."[39] Because the prima facie evidence of validity represented by the plaintiff's registration had a burden-shifting effect under Sections 7(b) and 33(a),[40] the plaintiff did not have the burden of overcoming a presumption of functionality; to the contrary, it was the defendant's burden to overcome the evidentiary significance of the plaintiff's registration.[41]

Nevertheless, as it has for some time, the precise burden-shifting effect of Sections 7(b) and 33(a) continued to divide courts. The majority rule remained that even a federal registration that has not yet become incontestable shifts the burden of proof.[42] Some courts, however, applied the minority rule, namely, that such a registration shifts only the burden of production to a party challenging the validity of the mark covered by it.[43] Apparently unable to make up their minds, some courts drifted between both approaches under federal law,[44] while the Michigan Court of Appeals did the same under the law of its own state,[45] although one panel of that court ultimately applied the majority rule.[46]

Finally, outside of the contexts of issue preclusion and debates over the constitutionality or unconstitutionality of Section 2(a)'s content-based prohibitions on registration, doctrinal developments bearing on the registration process were few. Nevertheless, the

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39. 15 U.S.C. § 1125(a)(3) (2012).

40. *Id.* §§ 1057(b), 1115(a).

41. *See* McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307, 311 (4th Cir. 2014) ("[T]he burden of proof is different. In *TrafFix*, the [trade dress] was not registered . . . with the PTO. . . . In this case, however, [the plaintiff's] pattern was properly registered as trade dress. Its registration serves as prima facie evidence that the trade dress is valid, and therefore nonfunctional." (citation omitted)).

42. *See* Pom Wonderful LLC v. Hubbard, 775 F.3d 1118, 1124 (9th Cir. 2014); Camowraps, LLC v. Quantum Digital Ventures LLC, 74 F. Supp. 3d 730, 735 (E.D. La. 2015); Sweet Street Desserts, Inc. v. Chudleigh's Ltd., 69 F. Supp. 3d 530, 542 (E.D. Pa. 2014); Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355, 372 (E.D.N.Y. 2014); EAT BBQ LLC v. Walters, 47 F. Supp. 3d 521, 528 (E.D. Ky. 2014); NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 336 (S.D.N.Y. 2014); Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203, 1211 (C.D. Cal. 2014).

43. *See* Apple Inc. v. Samsung Elecs. Co., 786 F.3d 983, 994 (Fed. Cir. 2015); Tiffany & Co. v. Costco Wholesale Corp., 109 U.S.P.Q.2d 1674, 1677 (S.D.N.Y. 2014).

44. *See McAirlaids*, 756 F.3d at 311 ("The presumption of validity that accompanies registered trade dress has a burden-shifting effect, requiring the party challenging the registered mark to produce sufficient evidence to show that the trade dress is invalid by a preponderance of the evidence."); *see also* Kuper Indus. v. Reid, 89 F. Supp. 3d 1005, 1011 (D. Neb. 2015); Re/Max LLC v. M.L. Jones & Assocs., 114 U.S.P.Q.2d 1139, 1142, 1143 n.1 (M.D.N.C. 2014).

45. *See* Movie Mania Metro, Inc. v. GZ DVD's Inc., 857 N.W.2d 677, 691-92 (Mich. Ct. App. 2014); Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206, 217 (Mich. Ct. App. 2014).

46. *See Janet Travis, Inc.*, 856 N.W.2d at 213.

Board's relatively recent receptiveness to claims of likely dilution continued,[47] and that tribunal unexpectedly opened the door to the use by applicants of third-party registrations covering arguably similar marks for goods or services related to those of the applicants. Although the Board has long permitted the USPTO and senior users to rely upon third-party registrations to demonstrate the related nature of goods and services for purposes of the likelihood-of-confusion inquiry,[48] it has viewed the use of similar evidence adduced by applicants and junior users with skepticism. Nevertheless, in *In re Thor Tech, Inc.*,[49] an applicant successfully overcame a Section 2(d)-based refusal to register its mark based in part on "copies of fifty (50) sets of third-party registrations for the same or similar marks registered for [related goods] . . . [and] owned by different entities."[50] Whether the opinion represents a brave new world in trademark registration practice remains to be seen.

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47. *See* N.Y. Yankees P'ship v. IET Prods. & Servs., Inc., 114 U.S.P.Q.2d 1497 (T.T.A.B. 2015); McDonald's Corp. v. McSweet, LLC, 112 U.S.P.Q.2d 1268 (T.T.A.B. 2014).

48. *See In re* Infinity Broad. Corp. of Dallas, 60 U.S.P.Q.2d 1214, 1218 (T.T.A.B. 2001) (according third-party registrations "probative value to the extent that they serve to suggest that the services listed therein . . . are of a kind which may emanate from a single source").

49. 113 U.S.P.Q.2d 1546 (T.T.A.B. 2015).

50. *Id.* at 1548. As the Board explained:

> Applicant's evidence of dozens of third-party registrations for the same or very similar marks owned by different entities for vehicles and recreational vehicle trailers rebuts the relevant, two third-party registrations made of record by the Trademark Examining Attorney. We cannot conclude on this evidentiary record that consumers would assume a common source for the goods despite their complementary nature. To the contrary, the third-party registrations of record suggest that consumers are aware that they are offered by different companies under the same or similar marks.

Id. at 1549 (footnote omitted).

PART I. EX PARTE CASES

By John L. Welch[*]

A. United States Court of Appeals for the Federal Circuit

1. Section 2(a) Disparagement

In re Tam

In a ruling that rocked the trademark world, the U.S. Court of Appeals for the Federal Circuit (CAFC) deemed the disparagement provision of Lanham Act Section 2(a) unconstitutional because it violates the Freedom of Speech Clause of the First Amendment.[1] Writing for the majority, Circuit Judge Kimberly A. Moore stated: "The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of § 2(a) is unconstitutional."[2] The CAFC therefore vacated the decision of the Trademark Trial and Appeal Board (TTAB)[3] that had affirmed a Section 2(a)[4] refusal to register the mark THE SLANTS for "entertainment in the nature of live performances by a musical band" on the ground that the mark is disparaging of persons of Asian descent.

In April 2015, the CAFC had issued an opinion[5] affirming the TTAB's 2013 ruling. One week later, however, the court *sua sponte* vacated its decision and ordered a rehearing *en banc*,[6] directing the parties to file new briefs addressing the following question: "Does the bar on registration of disparaging marks in 15 U.S.C. § 1052(a) violate the First Amendment?"[7]

The order for rehearing was seemingly triggered by Circuit Judge Moore's appending to the CAFC's April 2015 opinion "additional views" concerning the constitutionality of Section 2(a).

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1. *In re* Tam, 117 U.S.P.Q.2d 1001 (Fed. Cir. 2015).

2. *Id.* at 1003.

3. *In re* Tam, 108 U.S.P.Q.2d 1305 (T.T.A.B. 2013).

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

5. *In re* Tam, 785 F.3d 567 (Fed. Cir. 2015) (vacated Apr. 27, 2015).

6. *In re* Tam, 114 U.S.P.Q.2d 1469 (Fed. Cir. 2015).

7. *Id.* at 1470.

She urged the court to revisit the controlling authority, the 1981 ruling of the U.S. Court of Customs and Patent Appeals (CCPA) in *In re McGinley*[8]—which stated that a Section 2(a) refusal did not abridge an applicant's First Amendment rights because the refusal to register a mark did not affect the applicant's right to use the mark, since "[n]o conduct is proscribed, and no tangible form of expression is suppressed"[9]—in view of the subsequent evolution of First Amendment jurisprudence.

In its latest ruling, the CAFC majority adopted Circuit Judge Moore's analysis, observing that although Section 2(a) does not prevent the use of a disparaging mark, federal registration of a mark confers significant benefits on a trademark owner, benefits that are not available when the mark is not registered. For example, a federal registrant has a right to exclusive nationwide use of the mark where there was no prior use by others.[10] A registered mark is presumed valid,[11] and use of the mark may become incontestable after five years.[12] The registrant may enforce the mark in federal court[13] and may recover treble damages for willful infringement.[14] The registrant may obtain the assistance of the U.S. Customs and Border Protection agency in restricting importation of infringing or counterfeit goods,[15] and may qualify for a simplified process for obtaining recognition and protection of the mark in countries that have signed the Paris Convention.[16] And registration provides a complete defense to state or common law claims of trademark dilution.[17]

The court noted that many of the Lanham Act's provisions that bar registration address "deceptive" speech and do not run afoul of the First Amendment. Section 2(a), however, is a "hodgepodge" that includes restrictions "based on the expressive nature of the content, such as the ban on marks that may disparage persons or are scandalous or immoral."[18]

The CAFC concluded that Section 2(a) is "a viewpoint-discriminatory regulation of speech, created and applied in order

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8. *In re* McGinley, 211 U.S.P.Q.2d 668 (C.C.P.A. 1981).
9. *Id.* at 672.
10. Citing 15 U.S.C. §§ 1072, 1115.
11. Citing 15 U.S.C. § 1057(b).
12. Citing 15 U.S.C. § 1065.
13. Citing 15 U.S.C. § 1121.
14. Citing 15 U.S.C. § 1117.
15. Citing 15 U.S.C. § 1124.
16. Citing 15 U.S.C. § 1141b.
17. Citing 15 U.S.C. § 1125(c)(6).
18. *In re Tam*, 117 U.S.P.Q.2d at 1004.

to stifle the use of certain disfavored messages. Strict scrutiny therefore governs its First Amendment assessment."[19]

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

In short, the CAFC held that "the disparagement provision of §2(a) is unconstitutional because it violates the First Amendment."[20]

2. Section 2(d) Likelihood of Confusion

In re St. Helena Hospital

In a case of considerably less interest than *In re Tam*, the CAFC reversed a TTAB decision[21] upholding a Section 2(d) refusal to register the mark TAKETEN for "health care services, namely, evaluating weight and lifestyle health and implementing weight and lifestyle health improvement plans in a hospital-based residential program."[22] The Board had agreed with the United States Patent and Trademark Office (USPTO) in finding the mark confusingly similar to the registered mark TAKE 10! for "printed manuals, posters, stickers, activity cards and educational worksheets dealing with physical activity and physical fitness."

The Board found the involved marks to be similar in appearance, sound, meaning, and commercial impression. The applicant argued that, as shown in its specimen of use, the mark TAKETEN refers to ten days, whereas in the cited mark TAKE 10! refers to ten minutes. The CAFC observed, however, that neither mark suggests any specific meaning of "TEN" or "10." Moreover, the registrability of a mark must be determined "based on the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an

19. *Id.* at 1010.

20. This issue is likely to be addressed by the U.S. Court of Appeals for the Fourth Circuit in the REDSKINS case, *Pro-Football, Inc. v. Blackhorse*. See Part II.C.1., below.

21. *In re* St. Helena Hospital, Serial No. 85416343 (T.T.A.B. June 25, 2013).

22. *In re* St. Helena Hospital, 113 U.S.P.Q.2d 1082 (Fed. Cir. 2014).

applicant's goods,"[23] and so the court agreed with the Board's finding that the marks engender similar connotations. The court also agreed with the Board that the exclamation point in the registrant's mark did not distinguish the marks in overall commercial impression.

> At bottom, substantial evidence supports the Board's conclusion that the first *du Pont*[24] factor points towards a likelihood of confusion. However, "we note that similarity is not a binary factor but is a matter of degree." *In re Coors Brewing Co.*, 68 U.S.P.Q.2d 1059, 1062 (Fed. Cir. 2003). Here, there are some, albeit modest, differences between the two marks.[25]

However, with regard to the issue of the relatedness of the goods and services, the CAFC concluded that substantial evidence did not support the Board's finding. The evidence relied upon by the examining attorney showed that printed materials are used in connection with various health services programs. However, the fact that goods and services are "used together" does not necessarily establish relatedness. When the types of goods and services at issue are "well-known or otherwise generally recognized as having a common source of origin, the USPTO's burden to establish relatedness will be easier to satisfy."[26] But when the relatedness of the goods and services is "obscure or less evident," the USPTO must show "something more" than the mere fact that the goods and services are "used together."[27]

> While we have applied the "something more" standard in the past in the context of restaurant services, the rule is not so limited and has application whenever the relatedness of the goods and services is not evident, well-known or generally recognized.[28]

Here, the USPTO did not show that the applicant's services and the printed materials of the cited registration are generally recognized as being related, nor did it show the "something more"

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23. *See* Octocom Sys., Inc. v. Houston Computer Servs., Inc., 918 F.2d 937, 942, 16 U.S.P.Q.2d 1783, 1787 (Fed. Cir. 1990).

24. *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.

25. *In re St. Helena Hospital*, 113 U.S.P.Q.2d at 1085-86, quoting *In re* Coors Brewing Co., 343 F.3d 1340, 1344 (Fed. Cir. 2003).

26. *Id.* at 1087.

27. *Id.* at 1087, citing Shen Mfg. Co. v. Ritz Hotel, Ltd., 393 F.3d 1238, 1244, 73 U.S.P.Q.2d 1350, 1355 (Fed. Cir. 2004).

28. *Id. See* Jacobs v. Int'l Multifoods Corp., 668 F.2d 1234, 1236, 212 U.S.P.Q. 641, 642 (C.C.P.A. 1982) ("To establish likelihood of confusion a party must show something more than that similar or even identical marks are used for food products and for restaurant services.")

needed to prove relatedness in this case. The CAFC therefore concluded that the Board's finding of relatedness between the involved services and goods was not supported by substantial evidence.

As to channels of trade, the court agreed with the TTAB that the registrant's goods were not limited to use by educators, but it disagreed with the Board that the channels of trade overlap because both the applicant and the registrant advertise on the Internet. Advertising on the Internet is ubiquitous and "proves little, if anything, about the likelihood that consumers will confuse similar marks used on such goods or services."[29]

The Board recognized that consumers would exercise a high degree of care in choosing the applicant's services, but it had found no evidence that consumers would exercise that same care when analyzing printed materials received while participating in the services. The court took the opposite view: it ruled that the Board's conclusion was in error because the record contained "no evidence to support a conclusion that the level of care exercised by consumers before entering a health-care program is any different from the level of care exercised once in the program."[30] Consequently, the Board's determination that this factor was neutral lacked substantial supporting evidence.

The CAFC concluded that, in light of the dissimilarities between the involved services and goods and the high degree of consumer care, the Board affirmance of the Section 2(d) refusal was not supported by substantial evidence. The court therefore reversed and remanded the case for further proceedings.[31]

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

In re TriVita, Inc.

In an enervating precedential ruling, the CAFC affirmed the Board's decision[32] upholding a Section 2(e)(1) mere descriptiveness refusal of the mark NOPALEA as a trademark for dietary and nutritional supplements "containing, in whole or in substantial part, nopal juice."[33]

Appellant TriVita argued that the addition of the letters EA to NOPAL makes the mark NOPALEA substantially different in

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29. *Id.*, quoting Kinbook, LLC v. Microsoft Corp., 866 F. Supp. 2d 453, 470-71 n.14 (E.D. Pa. 2012) (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:53.50 (4th ed. 2011)).

30. *Id.* at 1088.

31. The USPTO approved the mark for publication, and it was published for opposition on December 29, 2015.

32. *In re* TriVita, Inc., Serial No. 77658158 (Nov. 13, 2013).

33. *In re* TriVita, Inc., 114 U.S.P.Q.2d 1574 (Fed. Cir. 2015).

sight and sound from the word "nopal." The CAFC observed, however, that "nopalea" is not a made-up word obtained by adding arbitrary letters. The record showed, and the Board found, that "nopalea" is a genus of cacti from which nopal juice is derived.

TriVita contended that the ordinary purchaser of its products will be of low botanical sophistication and will not immediately recognize the botanical meaning of the word "nopalea." The court, however, agreed with the Board that there is "abundant evidence, scientific and non-scientific, of the words 'nopalea' and 'nopal' being used interchangeably," largely in the context of discussions of the health benefits of this class of cactus.[34]

> The Board found that the relevant consumer, knowing that the goods are supplements containing nopal cactus juice, would understand the mark NOPALEA to convey information that the goods contain ingredients from the *Nopalea* cactus. The Board based its finding on evidence that "nopalea" is the name of a genus of cacti used in food and supplements, that the word "nopal" is a common name for prickly pear cacti including cacti in the genus *Nopalea*, and that the words "nopal" and "nopalea" are used interchangeably to refer to cacti of that genus.[35]

Concluding that substantial evidence supported the Board's findings, the CAFC affirmed the Board's ruling that "nopalea" is merely descriptive of TriVita's goods.

4. Section 2(e)(2) Primarily Geographically Descriptive

In re The Newbridge Cutlery Co.

Because Newbridge, Ireland, is not a geographic location that is "generally known" to American consumers, the CAFC reversed the TTAB's decision[36] upholding a Section 2(e)(2) refusal to register the mark NEWBRIDGE HOME for "silverware, jewelry, and kitchen goods" [HOME disclaimed]. The court, after a lengthy discussion of the history and development of refusals to register geographical names, ruled that the USPTO had failed to satisfy the first prong of the applicable test: that the place named by the mark be generally known to the relevant consuming public.[37]

In order to refuse registration on the ground that a mark is primarily geographically descriptive, the USPTO must show (1) that the mark is the name of a place that is generally known to

34. *Id.* at 1576.

35. *Id.*

36. *In re* The Newbridge Cutlery Co, Serial No. 79094236 (Apr. 29, 2013).

37. *In re* The Newbridge Cutlery Co., 113 U.S.P.Q.2d 1445 (Fed. Cir. 2015).

the public,[38] (2) that the public would make a goods/place association in that it would believe that the involved goods originate in that place,[39] and (3) that the involved goods come from that place.[40] Here, the USPTO failed to meet the first requirement.

The TTAB concluded that Newbridge is a place generally known to the public because (1) it is the largest town in County Kildare and the seventeenth largest in the Republic of Ireland; (2) it is listed in the *Columbia Gazetteer of the World*; and (3) a number of websites describe Newbridge as a "large commercial town" with a "silverware visitor centre," as well as museums, gardens, historical battle sites, and a famous horse racing track.

The CAFC, however, ruled that "[t]he conclusion that Newbridge, Ireland, a town of less than twenty thousand people, is a place known generally to the relevant American public is not supported by substantial evidence."[41] The fact that Newbridge is the second largest town in its county and the seventeenth largest in Ireland reveals nothing about the perception of the American consumer,[42] nor was there any evidence that the consumer would be familiar with the locations listed in the *Gazetteer*. Similarly, listings on websites mean little because the Internet contains enormous amounts of information, and there was no evidence that the American consumer "would have any meaningful knowledge of all of the locations mentioned in the websites cited by the PTO."[43]

Moreover a place is not necessarily "generally known" because the purchaser is informed that the mark is the name of the place.[44] And the fact that "Newbridge" has other meanings, both geographical and nongeographical, also makes it less likely that Newbridge, Ireland, is generally known as the name of a place.

The CAFC concluded that the evidence as a whole suggested that Newbridge, Ireland, is not generally known. Therefore the first prong of the Section 2(e) test was not met. The court found it unnecessary to address the issue of goods/place association.

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38. *In re* Societe Generale des Eaux Minerales de Vittel S.A., 3 U.S.P.Q.2d 1450, 1452 (Fed. Cir. 1987).

39. *Id.*

40. *In re* Jacques Bernier Inc. 13 U.S.P.Q. 2d 1725, 1726 (Fed. Cir. 1990). *Accord* Trademark Manual of Examining Procedure ("TMEP") § 1210.01(a).

41. *In re Newbridge Cutlery Co.*, 113 U.S.P.Q.2d at 1450.

42. Quoting *Vittel*, 3 U.S.P.Q.2d at 1452: "we are not concerned with the public in other countries."

43. *In re Newbridge Cutlery Co.*, 113 U.S.P.Q.2d at 1450.

44. *See, e.g.*, *Vittel*, 3 U.S.P.Q.2d at 1452 (citing *In re* Brauerei Aying Franz Inselkammer Kg., 217 U.S.P.Q. 73 (T.T.A.B. 1983) (AYINGER BIER found not geographically descriptive of beer, even though the label showed the brewery to be located in the obscure location of Aying, Germany.)).

5. Genericness

In re Nordic Naturals, Inc.

In a rather mundane ruling, the CAFC affirmed the TTAB's decision[45] upholding a refusal to register CHILDREN'S DHA for "nutritional supplements containing DHA" [DHA disclaimed]. The appellate court ruled that substantial evidence supported the Board's conclusion that CHILDREN'S DHA is generic for the identified goods.[46] The evidence included a dictionary definition of DHA (an abbreviation for docosahexaenoic acid, an omega-3 fatty acid that assists in brain development) and evidence of third-party uses of "children's DHA" both to describe DHA products in general and to describe third-party DHA products.

Nordic asserted that it was the first to use the term CHILDREN'S DHA, that it invested significantly in marketing its product, and that its commercial success was based in part on use of CHILDREN'S DHA to identify its product. It pointed to declarations from its retailers, its own advertising, and third-party use of "children's DHA" to refer to its products. Based on this evidence Nordic maintained that, as in *In Merrill, Lynch, Pierce, Fenner & Smith, Inc.*,[47] the mixed record of uses could not constitute the required clear evidence of genericness.

The Board, however, pointed out that in *Merrill Lynch* the evidence included multiple third-party references "that specifically recognized Merrill Lynch as the source of the mark."[48] Here, there was a lack of such third-party references. Instead the record included generic and descriptive uses of "children's DHA." Some references that used "children's DHA" to refer to Nordic's goods also used it "to describe those goods in a generic manner."[49] Furthermore, the declarations submitted by Nordic were from its retailers, not members of the relevant public (parents or other adults seeking nutritional supplements containing DHA for children), and they were prepared primarily by Nordic. In *Merrill Lynch*, the evidence included unsolicited references to Merrill Lynch "as the source of CASH MANAGEMENT ACCOUNT," the mark there at issue.[50]

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45. *In re* Nordic Naturals, Inc., Serial No. 77131419 (T.T.A.B. Mar. 27, 2013).

46. *In re* Nordic Naturals, Inc., 111 U.S.P.Q.2d 1495 (T.T.A.B. 2014).

47. *In re* Merrill, Lynch, Pierce, Fenner, & Smith, Inc., 828 F.2d 1567, 4 U.S.P.Q.2d 1141 (Fed. Cir. 1987).

48. *In re Nordic Naturals, Inc.*, 111 U.S.P.Q.2d at 1498. Perhaps the court meant "source of the services," rather than "source of the mark."

49. *Id.*

50. *Id.* Again, "source of the services offered under the mark CASH MANAGEMENT ACCOUNT" may have been more appropriate.

Even if Nordic were the first to use the phrase "children's DHA," the question remained, "in light of Nordic's use and all other relevant uses, what does 'children's DHA' primarily mean to the relevant public?"[51] The CAFC concluded that "sufficiently clear evidence" supported the Board's finding that the relevant public primarily uses "children's DHA" to refer to the category of DHA products for children.[52]

B. Trademark Trial and Appeal Board

1. Section 2(a) Disparagement

In re Beck

Not surprisingly—at least prior to *In re Tam*—the Board affirmed a Section 2(a) disparagement refusal of PORNO JESUS for DVDs and video recordings "featuring music videos, adult themed content, glamour photography, and adult entertainment." The Board found it clear that the applied-for mark would have the "likely meaning" of Jesus Christ being associated with pornography, a meaning that may be disparaging to a substantial composite of Christian-Americans.[53]

Section 2(a) of the Lanham Act prohibits registration of a mark consisting of matter which may disparage, inter alia, "persons," "institutions," or "beliefs." The Board applied the following two-part test to determine whether a mark is disparaging:

1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
2) if that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.[54]

The examining attorney relied on numerous dictionary definitions and encyclopedia entries regarding the terms comprising the mark, as well as on Internet materials providing membership statistics for various Christian denominations in this

51. *Id.*

52. *Id.*

53. *In re* Beck, 114 U.S.P.Q.2d 1048 (T.T.A.B. 2015).

54. *Id.* at 1051-52, citing, inter alia, *In re* Geller, 110 U.S.P.Q.2d 1867, 1872 (Fed. Cir. 2014); *In re* Tam, 108 U.S.P.Q.2d 1305, 1309 (T.T.A.B. 2013).

country, and materials discussing the views of certain denominations toward pornography.

Applicant Beck submitted articles from various Internet sources discussing shifting views among Christians on issues involving pornography, including material from a website disseminating and supporting Christian pornography, as well as several third-party registrations for marks containing the word "Jesus:" HOOKERS FOR JESUS for charitable services, REDNECK JESUS for entertainment and informational services, JESUS FREAK for clothing, THE DAY JESUS SPOKE HIP HOP for entertainment services featuring Christian music, and WHO WOULD JESUS SUE? for printed publications in the field of faith-based advocacy.

There was no dispute that "Jesus" in the applied-for mark refers to Jesus of Nazareth, upon whom the Christian faith is based, and there was agreement that "porno" means—you know what. Thus the Board found that the likely meaning of PORNO JESUS is "Jesus of Nazareth partaking of acts related to pornographic or sexually explicit materials."[55]

Although the Board opined that PORNO JESUS would be "potentially disparaging regardless of applicant's goods or services, actual use or intent,"[56] it proceeded to consider the manner of use of the mark. Because Applicant Beck's goods feature "adult-themed content," which Beck acknowledged includes pornographic films, it was clear that PORNO JESUS would have the "likely meaning" of "Jesus Christ associated with pornographic acts and sexually explicit materials."[57]

Next the Board considered whether the meaning of the mark would disparage a substantial composite of the referenced group, which the Board found to be Christian-Americans. The examining attorney's evidence from the websites of several Christian denominations indicated that these denominations oppose pornography, believing it to be harmful and not in conformance with the tenets of Christianity.

With regard to the third-party registrations cited by Applicant Beck, the Board once again observed that it is not bound by the determinations of examining attorneys in other cases,[58] but rather must apply the statute to the factual record before it. In any case, none of the third-party registrations associated Jesus Christ with pornography and none involved adult-themed materials.

The existence of a sub-genre of Christian-themed pornographic movies (featuring married couples engaged in sex acts intended to

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55. *In re Beck*, 114 U.S.P.Q.2d at 1052.

56. *Id.*

57. *Id.* at 1053.

58. Citing *In re* Nett Designs Inc., 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001).

be instructional and reflecting the beliefs of some Christians) suggested that the larger body of pornography does not reflect Christian beliefs. Moreover, Mr. Beck's identification of goods was not restricted to a type of pornography that may theoretically be acceptable to certain Christians. In any case, the examining attorney is not required to show that all members of the referenced group would find the mark disparaging.

Finally, the Board noted that in meeting its burden of proof, the USPTO may, in the absence of direct evidence, extrapolate from the evidence of record to show that a substantial composite of Christian-Americans find the mark PORNO JESUS for the identified goods to be disparaging.

2. Section 2(a) False Association

In re Nieves & Nieves LLC

The Board affirmed refusals to register PRINCESS KATE and ROYAL KATE for cosmetics, jewelry, handbags, bedding, and clothing, finding that the marks falsely suggest a connection with Catherine, Duchess of Cambridge (also known as Kate Middleton), the wife of Prince William of England, in violation of Section 2(a) of the Lanham Act.[59]

To determine whether the applicant's marks falsely suggest a connection with Kate Middleton under Section 2(a),[60] the Board analyzed whether the evidence of record satisfies the following four-part test:

(1) whether the mark is the same as or a close approximation of Kate Middleton's previously used name or identity;

(2) whether the mark would be recognized as such by purchasers, in that the mark points uniquely and unmistakably to Kate Middleton;

(3) whether she is not connected with the activities performed by the applicant under its mark; and

(4) whether Kate Middleton's name or identity is of sufficient fame or reputation that when the mark is used with the

59. *In re* Nieves & Nieves LLC, 113 U.S.P.Q.2d 1629 (T.T.A.B. 2015) and 113 U.S.P.Q.2d 1639 (T.T.A.B. 2015). The Board also found that because the marks consist of or include a name identifying a particular living individual without her consent, registration was barred by Section 2(c). That refusal is discussed in Part I.B.4., below.

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

> applicant's goods, a connection with her would be presumed.[61]

The applicant argued that PRINCESS KATE and ROYAL KATE are not close approximations of Kate Middleton's name or identity because she is not, in fact, a princess and she never used either name. The Board, however, pointed out that "a term may be considered the identity of a person even if his or her name or likeness is not used. All that is required is that the mark sought to be registered clearly identifies a specific person (*i.e.*, Kate Middleton)."[62]

> We take this opportunity to make explicit what was implicit in our prior decisions in *Pitts* and *In re Urbano* . . .: the first prong of the false suggestion of a connection test inquires into whether applicant's mark is the same as or a close approximation of the name or identity of a particular person other than the applicant, whether or not the person actually "used" the name or identity himself or herself.[63]

Numerous media references demonstrated that Kate Middleton has been called "Princess Kate" and "Royal Kate" and therefore the Board concluded that the marks PRINCESS KATE and ROYAL KATE were close approximations of the identity of Kate Middleton.

The goods in the applications reinforced the conclusion that the marks uniquely and unmistakably point to Kate Middleton because she was known as a fashion trendsetter. The applicant acknowledged that Kate Middleton was not associated with the applicant's goods, nor did she consent to use of her identity.

The evidence established that Kate Middleton, as a member of the British Royal Family, has been the subject of great public interest in the United States and throughout the world: "the media reports what she is wearing, where she goes and what she purchases."[64] The Board found that Kate Middleton's identity was of sufficient fame or reputation that when the applicant's marks PRINCESS KATE and ROYAL KATE are used in connection with the identified goods, a connection with Kate Middleton will be presumed.

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61. *See In re* Pedersen, 109 U.S.P.Q.2d 1185, 1188 (T.T.A.B. 2013); *In re* Jackson Int'l Trading Co., 103 U.S.P.Q.2d 1417, 1419 (T.T.A.B. 2012).

62. *In re Nieves & Nieves LLC*, 113 U.S.P.Q.2d at 1644.

63. *Id.*, citing Bd. Trs. Univ. of Ala. v. Pitts, 107 U.S.P.Q.2d 2001 (T.T.A.B. 2013), and *In re* Urbano, 51 U.S.P.Q.2d 1776 (T.T.A.B. 1999).

64. *In re Nieves & Nieves LLC*, 113 U.S.P.Q.2d at 1647.

3. Section 2(a) Immoral or Scandalous

In re Manwin/RK Collateral Trust

The Board affirmed a Section 2(a)[65] refusal to register the mark MOMSBANGTEENS for "entertainment services, namely, providing a web site featuring photographic, audio, video and prose presentations featuring adult-oriented subject matter," finding the mark to be scandalous.[66] The evidence established that "'bang' is a slang term used as a synonym for sexual intercourse and often regarded as vulgar."[67] The Board rejected the applicant's argument that the Board should consider the views of only the subset of the public that consumes the applicant's services.

The USPTO may prove that a mark is scandalous under Section 2(a) by establishing that the mark is "vulgar" in the context of the services recited in the application, and from the standpoint of a substantial composite of the general public.[68] Here, dictionary definitions alone were sufficient to satisfy the USPTO's burden to establish a prima facie case.[69]

The examining attorney submitted more than a dozen definitions of the transitive verb "bang." In nine of the definitions, "bang" is regarded as a slang term for sexual intercourse and is characterized in this context as "vulgar," "offensive," "objectionable," or "obscene." The Board therefore concluded that this usage of "bang" is considered to be vulgar by a substantial composite of the general public: "The mark MOMSBANGTEENS when used for an adult website would thus be understood as a

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65. Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), in pertinent part, bars registration of a mark that "[c]onsists of or comprises immoral . . . or scandalous matter." In light of the following comment by the CAFC in *In re Tam*, there may be some question as to the constitutionality of the "immoral or scandalous" refusal: "We limit our holding in this case to the constitutionality of the § 2(a) disparagement provision. Recognizing, however, that other portions of § 2 may likewise constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks, we leave to future panels the consideration of the § 2 provisions other than the disparagement provision at issue here." *In re Tam*, 117 U.S.P.Q.2d at 1005 n.1.

66. *In re* Manwin/RK Collateral Trust, 111 U.S.P.Q.2d 1311 (T.T.A.B. 2014).

67. *Id.* at 1313.

68. *Id.* at 1312, citing *In re* Fox, 702 F.3d 633, 105 U.S.P.Q.2d 1247, 1248 (Fed. Cir. 2012) (citing *In re* Boulevard Entm't, Inc., 334 F.3d 1336, 67 U.S.P.Q.2d 1475 (Fed. Cir. 2003); *In re* Star Belly Stitcher, Inc., 107 U.S.P.Q.2d 2059, 2060 (T.T.A.B. 2013) (quoting *In re* Runsdorf, 171 U.S.P.Q. 443, 444 (T.T.A.B. 1971)).

69. *Id.* at 1314, citing *In re* Boulevard Entm't, Inc. 67 U.S.P.Q.2d 1475, 1478 (Fed. Cir. 2003). ("In a case such as this one, in which multiple dictionaries, including at least one standard dictionary, uniformly indicate that a word is vulgar, and the applicant's use of the word is clearly limited to the vulgar meaning of the word, we hold that the PTO can sustain its burden of showing that the mark comprises or consists of scandalous matter by reference to dictionary definitions alone.")

vulgarity conveying the meaning of mothers having sexual intercourse with teenagers."[70]

The Board was not moved by the applicant's argument that the term "bang" has numerous other relevant meanings, or by its evidence regarding nonsexual uses of the term "bang," including in the titles of "The Big Bang Theory" TV show and the 1968 movie "Chitty Chitty Bang Bang." There was simply no evidence that any alternate, nonsexual meanings were pertinent in the context of the applicant's mark and services.

The applicant asserted that the word "bang" is in common usage as a slang term for sexual intercourse, and therefore it is "simply inconceivable that it would be viewed as vulgar, scandalous or immoral by the majority of the public."[71] The Board acknowledged that social attitudes toward a word may change, but the many dictionary definitions of record that characterized the word "bang" as vulgar were "sufficiently contemporaneous with the examination of the application to reflect contemporary viewpoints."[72]

The applicant maintained that the Board should consider the views only of the subset of the public who consumes its services—"an adult audience seeking adult content with an adult vocabulary."[73] The Board disagreed.

> Previous opinions affirming refusals under Section 2(a) of marks used with adult-oriented goods or services instruct that our evaluation must consider the general public's view as to whether a mark is vulgar, and the two cases applicant cites in support of this argument are not to the contrary. In *Mavety Media*,[74] the Federal Circuit explicitly considered how a substantial composite of the general public would view the mark BLACK TAIL when used in the context of an adult entertainment magazine; the court did not limit its analysis to the views of consumers of such magazines. The other case, *In re Hershey*,[75] concerned T-shirts, not adult-oriented goods, and thus does not support applicant's position.[76]

Finally, the applicant pointed to its evidence that the general consuming public accepts the concept of older women having sexual intercourse with younger men, but the Board found that evidence irrelevant. "Our decision is based on the vulgarity of the

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70. *Id.* at 1313.

71. *Id.* at 1314.

72. *Id.* at 1315.

73. *Id.*

74. *In re* Mavety Media Group Ltd., 33 F.3d 1367, 31 U.S.P.Q.2d 1923 (Fed. Cir. 1994).

75. *In re* Hershey, 6 U.S.P.Q.2d 1470 (T.T.A.B. 1988) (reversing a Section 2(a) refusal of BIG PECKER BRAND & Design for T-shirts).

76. *In re Manwin/RK Collateral Trust*, 111 U.S.P.Q.2d at 1315.

specific term BANG as used in applicant's mark MOMSBANGTEENS in association with its services."[77]

4. Section 2(c) Consent to Register

In re Nieves & Nieves LLC

In a rare case under Section 2(c) of the Lanham Act, the Board affirmed refusals to register the marks PRINCESS KATE and ROYAL KATE for cosmetics, jewelry, handbags, bedding, and clothing, because the marks identify a particular living individual—namely, Catherine, Duchess of Cambridge (also known as Kate Middleton), the wife of Prince William of England—without her consent.[78]

Section 2(c) bars registration of a mark that "[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual except by his [sic] written consent."[79]

> A consent is required only if the individual bearing the name in the mark will be associated with the mark as used on the goods or services, either because: (1) the person is so well known that the public would reasonably assume a connection between the person and the goods or services; or (2) the individual is publicly connected with the business in which the mark is used.[80]

For purposes of this section, a "name" does not have to be a full name, but may be a nickname, stage name, or the like. When the individual identified is famous or well known, it is not necessary to show some connection between the goods or services involved and the individual.[81] Particularly pertinent to the case at hand was *In re Steak & Ale*,[82] in which the Board affirmed a Section 2(c) refusal of the mark PRINCE CHARLES for fresh and cooked meat because the proposed mark identified a particular well-known living individual whose consent was not of record.

The Board found that the two marks at issue consisted of the name of a particular well-known living individual, Kate Middleton, who had not consented to the use and registration of her name.

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77. *Id.* at 1316.

78. *In re* Nieves & Nieves LLC, 113 U.S.P.Q.2d 1629 and 113 U.S.P.Q.2d 1639 (T.T.A.B. 2015). The Board's affirmance of Section 2(a) refusals of these two marks is discussed above in Part I.B.2.

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

80. *In re Nieves & Nieves*, 113 U.S.P.Q.2d at 1650.

81. *See, e.g.*, *In re* Hoefflin, 97 U.S.P.Q.2d 1174 (T.T.A.B. 2010) (affirming a Section 2(c) refusal of the mark OBAMA PAJAMA for pajamas).

82. *In re* Steak & Ale Rest. Am., Inc., 185 U.S.P.Q. 447, 448 (T.T.A.B. 1975).

5. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Not Found

In re Covalinski

Reversing a Section 2(d) refusal to register, the Board found the mark REDNECK RACEGIRL in the design form shown below, for athletic apparel, not likely to cause confusion with the registered mark RACEGIRL (in standard character form) for legally identical clothing items.[83]

The Board pointed to the "crucial differences" in the marks. The graphic elements of the applied-for mark "serve not only to draw attention to the RR letters apart from the wording, but also make the letters that form the 'a-c-e' of the word 'RACEGIRL' difficult to notice."[84] Consumers would be likely to encounter the applicant's clothing items in a retail setting, on hang tags or neck labels, and "[i]n that context the visual impression of the mark is likely more important."[85]

The examining attorney maintained that the words REDNECK RACEGIRL are the dominant feature of the applicant's mark because the literal portion of a word + design mark generally makes the more significant impact on the consumer. The Board, however, observed that the word portion is not always dominant, citing several prior Board decisions in which the design portion was deemed dominant.[86] The Board noted that in *In re Viterra*,[87] the CAFC acknowledged the general rule when finding that the word portion predominated in the registered mark X-Seed & Design (shown below).

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83. *In re* Covalinski, 113 U.S.P.Q.2d 1166 (T.T.A.B. 2014).

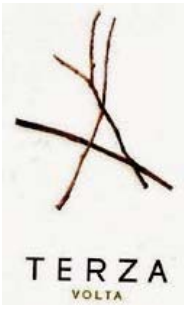
84. *Id.* at 1168.

85. *Id.*

86. *See, e.g.*, Ferro Corp. v. Ronco Labs, Inc., 148 U.S.P.Q. 497 (C.C.P.A. 1966); Parfums de Coeur Ltd. v. Lazarus, 83 U.S.P.Q.2d 1012 (T.T.A.B. 2007); Steve's Ice Cream v. Steve's Famous Hot Dogs, 3 U.S.P.Q.2d 1477 (T.T.A.B. 1987).

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

But in *Viterra*, the CAFC also found no inconsistency with the Board's ruling in *In re White Rock Distilleries,*[88] where the Board found no likelihood of confusion between VOLTA for caffeine-induced vodka and TERZA VOLTA & Design for wines (below), due to the prominence of the design.



The Board concluded that the first *du Pont* factor, the differences between the marks, outweighed the other factors.

In re Thor Tech, Inc.

When refusing registration under Section 2(d), an examining attorney will often rely on third-party registrations to establish the relatedness of the involved goods and services. Here, Applicant Thor Tech turned the tables on the USPTO.[89] The Office refused registration of the mark TERRAIN for "recreational vehicles, namely, towable trailers," finding it likely to cause confusion with the identical mark registered for "motor land vehicles, namely, trucks." However, Thor Tech's evidence of dozens of third-party registrations for the same or very similar marks, owned by different entities, for vehicles and recreational vehicle trailers suggested to the Board that "businesses in these two industries believe that their respective goods are distinct enough that confusion between even identical marks is unlikely."[90] The differences in the goods and their channels of trade and the high degree of purchaser care led the Board to conclude that confusion was not likely, and it reversed the refusal to register.

88. *In re* White Rock Distilleries, Inc., 92 U.S.P.Q.2d 1282, 1284 (T.T.A.B. 2009).

89. *In re* Thor Tech, Inc., 113 U.S.P.Q.2d 1546 (T.T.A.B. 2015).

90. *Id.* at 1548.

The evidence established that towable RVs are essentially travel trailers equipped with electric and water capacities, as well as toilet facilities. In order to prove the relatedness of the involved goods, the Examining Attorney submitted seven third-party registrations covering "trucks" and "trailers." Five of them listed trailers that were not recreational vehicles, but the other two served to suggest that trucks, conversion kits, trailer hitches, and trailers may emanate from the same source.

Applicant Thor Tech countered with nearly fifty sets of third-party registrations for the same or similar marks, owned by different entities, and covering automobiles, trucks, or sport utility vehicles on the one hand and recreational vehicles, travel trailers, and/or motor homes on the other. The Board found that this "pattern of registrations" rebutted the two pertinent registrations submitted by the examining attorney.[91] The Board came to a similar conclusion in *Keebler Company v. Associated Biscuits Limited* ("The mutual respect and restraint exhibited toward each other by the owners of the plethora of marks, evidenced by their coexistence on the Register, are akin to the opinion manifested by knowledgeable businessmen. . . .").[92] These third-party registrations "suggest that consumers are aware that [the goods] are offered by different companies under the same or similar marks."[93]

The examining attorney, relying on a number of Internet websites, contended that the involved goods travel in the same channels of trade, but the Board was unpersuaded. It found that, at best, this evidence indicated that two small retailers that sell a wide variety of vehicles also sell used trucks and recreational vehicle towable trailers, and another retailer sells automobiles (and presumably trucks) and recreational vehicles. "While trucks and recreational towable trailers may occasionally be sold by the same retailers, we cannot overlook the facts that the products are, at least on this record, noncompetitive, differ completely in utility, have nothing in common with respect to their essential characteristics or sales appeal, and . . . are expensive."[94]

Because the involved goods are costly—the TERRAIN vehicle was sold by Registrant GM for $26,235, while towable trailers cost in the $8,000 to $24,000 range—the Board inferred that purchasers would exercise a high degree of care in making their purchasing decisions. Trucks and towable RVs are not everyday purchases, and a consumer would be expected to closely examine the products, probably after conducting some research regarding

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91. *Id.* at 1549.

92. Keebler Co. v. Associated Biscuits Ltd., 207 U.S.P.Q. 1034, 1038 (T.T.A.B. 1980).

93. *In re Thor Tech, Inc.*, 113 U.S.P.Q.2d at 1549.

94. *Id.* at 1550.

the vehicles. In short, this *du Pont* factor weighed against a finding of likely confusion.

Balancing the relevant *du Pont* factors, the Board concluded that the applicant's mark is not likely to cause confusion with the registrant's mark, and it therefore reversed the refusal to register.

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

In re Datapipe, Inc.

Despite the existence of numerous third-party registrations for two-word "YOUR" marks without disclaimer of the word YOUR, the Board affirmed a Section 2(e)(1) mere descriptiveness refusal of YOUR CLOUD for cloud-computing related services.[95] The immediacy with which YOUR CLOUD describes Applicant Datapipe's personalized services distinguished the applied-for mark from the other registered marks.

The examining attorney maintained that "cloud" is the common descriptive name for a type of computer network in which data or software is stored and accessed remotely rather than on one's own computer. Third-party website evidence demonstrated that the applicant is a provider of data center infrastructure and managed services in the fields of public and private cloud computing. The Board found that the applicant's cloud storage services "provide customers with a viable alternative to capital expenditures for procuring new hardware—namely, providing, instead, infinitely scalable capacity at steadily decreasing prices."[96] In short, the word "cloud" is descriptive of the applicant's services.

As to the word "your," Datapipe pointed to a provision in a "nonpublic, internal examination guide that apparently directs Trademark Examining Attorneys to treat the word MY differently from the word YOUR on the issue of mere descriptiveness."[97] According to the applicant, this "'examination guide' produce[d] an unanticipated rejection" of its YOUR CLOUD mark.[98] The Board was unmoved. The proffered document had "none of the hallmarks" of a genuine Examination Guide, and in any case, "the Board is not bound by Examination Guides, or the TMEP, etc."[99]

The examining attorney relied on a dictionary entry indicating that "your" is "used with little or no meaning almost as an equivalent to the definite article *the* <*your* typical teenager>."[100]

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95. *In re* Datapipe, Inc., 111 U.S.P.Q.2d 1330 (T.T.A.B. 2014) (emphasis in original).

96. *Id.* at 1335.

97. *Id.* at 1331.

98. *Id.*

99. *Id.* at 1332 n.2.

100. *Id.* at 1335, citing Merriam-Webster, online at <merriam-webster.com>.

Datapipe submitted several third-party registrations for marks containing the word "your" without disclaimer, including YOUR CHURCH (church management guidebooks), YOUR TUBE (condoms), YOUR CHEF (seasoning mixes), and YOUR NUTS! (pecan nuts). The Board, however, observed once again that it is not bound by decisions of Examining Attorneys in other cases, nor is it privy to the evidence and arguments made in those cases.[101] Moreover, most of those marks lacked the "stark immediacy" with which the word "cloud" conveys information about Datapipe's services.

Datapipe particularly relied on a prior Board decision[102] reversing a mere descriptiveness refusal of YourDVD for DVD players, but since that decision was not precedential, the Board declined to discuss it in detail. The Board merely noted that there is a fine line between suggestiveness and mere descriptiveness, and in that prior case the Board panel, apparently having a doubt about where to place the mark on the continuum of distinctiveness, gave that applicant the benefit of the doubt (as it must). Here the Board had no such doubt.

Finally, the Board distinguished the YOUR CLOUD mark from several registered slogan marks—including two owned by the applicant: THIS IS YOUR CLOUD and YOUR CLOUD MANAGED—because slogans are treated differently from two-word descriptors.[103] And various third-party registered marks in which the second word was disclaimed, but not the first word YOUR, did not have the "immediate descriptiveness that is, by contrast, apparent in the content of Applicant's proposed mark, given the personalization of services that Applicant provides."[104]

> Applicant's own website uses "you" and "your" four times in a single sentence. Additionally, the involved term points specifically to "your" (the customer's) customized, unique, secured, backed-up, encrypted piece of the "cloud." When enterprises need cloud computing platforms and infrastructure, this personalized formulation is quite believable. By contrast, retailers of security products are unlikely to feel the same ownership of a brick-and-mortar warehouse, for example, when their wholesale distributor adopts as a service mark, YOUR WAREHOUSE.[105]

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101. *Id.* at 1336, citing *In re* Boulevard Entm't Inc., 334 F.3d 1336, 67 U.S.P.Q.2d 1475, 1480 (Fed. Cir. 2003) ("the PTO must decide each application on its own merits, and decisions regarding other registrations do not bind either the agency or this court"), citing *In re* Nett Designs Inc., 57 U.S.P.Q.2d 1564, 1566 (Fed. Cir. 2001).

102. *In re* TCL GoVideo, Serial No. 78395320 (T.T.A.B. Aug. 2, 2006).

103. *In re Datapipe, Inc.*, 111 U.S.P.Q.2d at 1337.

104. *Id.* at 1338.

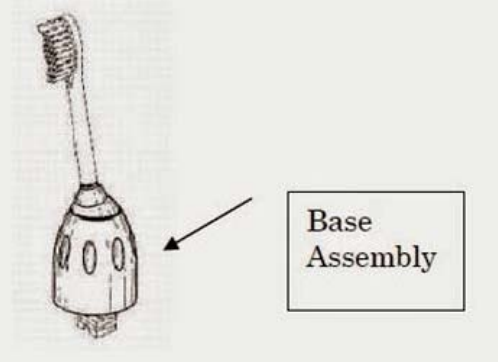
105. *Id.*

The Board therefore found that YOUR CLOUD is merely descriptive of the applicant's services, and it upheld the Section 2(e)(1) refusal.

7. Section 2(f) Acquired Distinctiveness

In re Koninklijke Philips Electronics N.V.

As we know, a product configuration cannot be an inherently distinctive trademark.[106] Proving acquired distinctiveness for a product shape is a daunting task, one that is seldom successfully accomplished. In this case, the Board affirmed a refusal to register the configuration of the "base assembly" of an electric toothbrush (depicted below), ruling that the applicant's evidence of acquired distinctiveness was inadequate.[107] Applicant Philips' sales figures were substantial, but the absence of detailed information regarding advertising expenditures and the lack of "look-for" advertising were major cavities in its evidentiary showing.



Philips sought registration under Section 2(f),[108] contending that its prior registration of a similar mark (citing Trademark Rule 2.41(b)),[109] long and continuous use of the applied-for mark, high sales figures, and evidence of infringement by competitors together constituted a prima facie showing of acquired distinctiveness.

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

107. *In re* Koninklijke Philips Elecs. N.V., 112 U.S.P.Q.2d 1177 (T.T.A.B. 2014).

108. Section 2(f) of the Lanham Act, 15 U.S.C. Section 1052(f), provides in pertinent part: "Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made."

109. Trademark Rule 2.41(b), 37 C.F.R. § 2.41(b), provides, in pertinent part, "[i]n appropriate cases, ownership of one or more prior registrations on the Principal Register . . . of the same mark may be accepted as prima facie evidence of distinctiveness."

Under Section 2(f) of the Lanham Act, the USPTO may accept as prima facie evidence of distinctiveness, proof of five years of continuous and exclusive use of a mark, but that proof alone is generally not enough when a product design is at issue. Here, Philips proved use of the alleged mark for more than ten years, with "not insubstantial" sales of the base assembly product (between three and five million units per year, for revenues of between $91 and $108 million for the years 2006–2012).[110] But high sales figures do not always mean that a mark has acquired distinctiveness because sales figures alone are "not probative of purchaser recognition of a configuration as an indication of source."[111]

> This is especially true given Applicant's lack of submission of advertising expenditures identifying types of media through which its goods are advertised and attaching typical advertisements for Applicant's goods, which Trademark Rule 2.41(a)[112] indicates should be provided, so that we may determine the nexus, if any, between the sales success and advertising efforts and Applicant's product design.[113]

The crucial question, of course, was whether consumers will perceive the product design as a source indicator: i.e., will they associate the design with a single source? "Look-for" advertising "may be particularly probative" on that issue.[114] Advertising that merely depicts a product or touts a feature, however, does not qualify.[115]

Here, there was no evidence of "look-for" advertising. Philips submitted advertising and packaging from three of its competitors who depicted the applicant's base assembly in order to sell replacement brushheads designed to fit the applicant's base unit, but that evidence did not demonstrate that the Philips base assembly design functions as a source indicator.

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110. *In re Koninklijke Philips Elecs. N.V.*, 112 U.S.P.Q.2d at 1186.

111. *Id.* at 1186, quoting Stuart Spector Designs Ltd. v. Fender Musical Instruments, 94 U.S.P.Q.2d 1549, 1572 (T.T.A.B. 2009).

112. Trademark Rule 2.41(a), 37 C.F.R. § 2.41(a), states that in asserting a claim of acquired distinctiveness under Section 2(f), "applicant may, in support of registrability, submit with the application, or in response to a request for evidence or to a refusal to register, affidavits, or declarations in accordance with § 2.20, depositions, or other appropriate evidence showing duration, extent and nature of use in commerce and advertising expenditures in connection therewith (identifying types of media and attaching typical advertisements), and affidavits, or declarations in accordance with § 2.20, letters or statements from the trade or public, or both, or other appropriate evidence tending to show that the mark distinguishes such goods or services."

113. *Id.* at 1187.

114. *Id.*

115. *Id.,* citing *Stuart Spector*, 94 U.S.P.Q.2d at 1572.

As to the applicant's prior registration, because it had been cancelled, it could not serve as a basis for a claim of acquired distinctiveness.[116]

Finally, the applicant's evidence of infringement was not helpful because "[c]opying is only evidence of secondary meaning if the defendant's intent in copying is to confuse consumers and pass off his product as the plaintiff's."[117] The depiction of the applicant's product in comparative advertising did not show an intention to copy and therefore this evidence was not probative of acquired distinctiveness.

Having considered all the evidence, the Board affirmed the refusal to register.

8. Genericness

In re ActiveVideo Network, Inc.

Applicant Active Video found no silver lining in the Board's affirmance of a refusal to register the purported mark CLOUDTV for software and software-based services relating to the provision of video-on-demand, on the ground of genericness.[118] The Board also affirmed an alternative refusal on the ground of mere descriptiveness under Section 2(e)(1), concluding that the applicant's proof of acquired distinctiveness was insufficient for this highly descriptive term.

ActiveVideo did not challenge the examining attorney's assertion that the term "TV" is generic for its goods and services, all of which involve streaming images to an electronic device having a screen. As to the word "cloud," definitions submitted by the examining attorney demonstrated that in the context of the applicant's goods and services, "cloud" will "immediately be seen as generic for packet-switched computer networks that link distant servers to one's TV, computer or other smart devices having screens."[119] The applicant's own press releases and promotional materials repeatedly use the word "cloud" in reference to its products.

ActiveVideo pointed to a number of third-party registrations for marks containing the word "cloud," but the examining attorney pointed out that those registrations presented "different circumstances on their face."[120] In some the word "cloud" was disclaimed, while in others the marks were slogans (for which

116. *See, e.g.*, *In re* BankAmerica Corp., 229 U.S.P.Q. 852, 853 (T.T.A.B. 1986).

117. *Id.* at 1187, quoting *Stuart Spector*, 94 U.S.P.Q.2d at 1575 (T.T.A.B. 2009) (citing Braun Inc. v. Dynamics Corp., 24 U.S.P.Q.2d 1121, 1133 (Fed. Cir. 1992).

118. *In re* ActiveVideo Networks, Inc., 111 U.S.P.Q.2d 1581 (T.T.A.B. 2014).

119. *Id.* at 1589.

120. *Id.* at 1593.

disclaimers are not required). Moreover, as it has repeatedly pointed out, the Board is not bound by decisions of trademark examining attorneys in other cases on other records.[121] And, the Board noted, the rapidly changing nomenclature in this field requires that the USPTO have the freedom to consider meanings anew when appropriate.

Articles from trade publications discuss cloud TV's threat to traditional cable and satellite television, and the record demonstrated that the largest competitors in the entertainment business are involved in "cloud TV wars" as each adopts its own approach, based on the applicant's proprietary technology.

ActiveVideo feebly argued that because it coined the designation CLOUDTV, the term cannot be generic. The Board pointed out, however, that even if ActiveVideo were the first user, "merely being the first user of a term does not entitle an applicant to register such a term or phrase as a mark."[122]

The Board found the genus of the applicant's goods and services to be captured by various phrases, including "video on-demand," "interactive television," "streaming video online," and "cloud-based television programming services to Internet-connected TVs." The relevant consuming public consists of a very broad group of persons, from ordinary consumers to executives of multi-system operators.

The Board agreed with the examining attorney that the combination of the generic words CLOUD and TV is itself generic, since no new meaning beyond the individual meanings of the components is created by combining them. The compound term merely refers to a software platform for broadcasting multi-media content via video-on-demand.

In short, the examining attorney established by clear evidence that the wording "Cloud TV" is a compound term that names the "central focus" or "key aspect" of the applicant's goods and services, and therefore CLOUDTV is a generic term.[123]

Implicit in the Board's holding on genericness was a finding that CLOUDTV is at least merely descriptive of the applicant's

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121. *Id.*, citing Nett Designs Inc., 57 U.S.P.Q.2d 1564, 1566; Nextel Commc'ns Inc. v. Motorola Inc., 91 U.S.P.Q.2d 1393 (T.T.A.B. 2009); *In re* Sunmarks, Inc., 32 U.S.P.Q.2d 1470 (T.T.A.B. 1994).

122. *Id.* at 1600, citing *In re* Merrill, Lynch, Pierce, Fenner, & Smith, Inc., 828 F.2d 1567, 4 U.S.P.Q.2d 1141, 1142 (Fed. Cir. 1987) ("To allow trademark protection for generic terms, i.e., names which describe the genus of goods being sold, even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.")

123. *Id.* at 1603, citing *In re* Hotels.com LP, 91 U.S.P.Q.2d 1532, 1533-34 (Fed. Cir. 2009) (approving TTAB's finding that the word "hotels" identifies the "central focus" of online lodging information and reservation services, rendering the mark HOTELS.COM generic), and other cases.

goods and services under Section 2(e)(1).[124] The Board rejected the applicant's contention that CLOUDTV is an imaginative play on words, instead finding that the term is highly descriptive.

As to the applicant's claim of acquired distinctiveness, its evidence consisted of conclusory declarations from its Vice President of Marketing that recounted the applicant's commercial success but failed to establish that the public views the term CLOUDTV as a source indicator. ActiveVideo did not provide contextual information about its sales volume, such as market share, polling data, etc. The Board would "need to see a great deal more evidence (especially in the form of direct evidence from the relevant classes of purchasers that they view the term 'CloudTV' as a source-identifier, or other circumstantial evidence) than what Applicant has submitted."[125]

9. Failure to Function/Unacceptable Specimen of Use

In re McGowan Publishing Company, Inc.

In an unusual service mark "specimen of use" case, the Board reversed a refusal to register the mark CASHFLOW UNITS for "investment products, namely, wealth management and performance tracking, and providing financial advisory and financial portfolio management services." The Examining Attorney had deemed the specimen web page unacceptable because it did not display the mark in association with the recited services. The Board, however, found that links labeled with the mark, which links led to documents used in the rendering of the services, supplied the required association.[126]

According to the examining attorney, the specimen contained "only general information about The McGowan Group Asset Management Company (the Applicant), and makes no specific reference to 'wealth management and performance tracking' or the provision of 'financial advisory and financial portfolio management services.'"[127] The applicant argued that the web page "features links to two of Applicant's specific investment products . . . offered clearly under the mark CASHFLOW UNITS."[128]

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124. *Id.* at 1605 ("The generic name of a thing is in fact the ultimate in descriptiveness"), citing BellSouth Corp. v. DataNational Corp., 35 U.S.P.Q.2d 1554, 1557 (Fed. Cir. 1995); Weiss Noodle Co. v. Golden Cracknel and Specialty Co. 129 U.S.P.Q. 411, 413 (C.C.P.A. 1961).

125. *Id.* at 1606.

126. *In re* McGowan Publ'g Co., Inc., 111 U.S.P.Q.2d 2000 (T.T.A.B. 2013), re-designated as precedential on Sept. 2, 2014.

127. *Id.* at 2003.

128. *Id.*

The question for the Board was "whether consumers will associate CASHFLOW UNITS with such services."[129] The Board noted that there was, "unfortunately,"[130] no evidence regarding the reaction of consumers to the applicant's use of the mark.

Reviewing the specimen web page, the Board observed that the disclosures at the bottom of the page inform the reader that the applicant is a "federally Registered Investment Advisory Firm," which means that it is registered with the SEC as an entity that, according to several financial dictionaries, "for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities."[131] The wording "McGowan Group Asset Management" at the top of the page informs the viewer that CASHFLOW UNITS are part of an asset management service."[132]

Immediately below CASHFLOW UNITS appear the wording "MGAM Wrap Program Assets Discretionary Advisory Agreement" and "MGAM RIA Disclosure." The agreement is the applicant's contract with the investor, and the disclosure notifies the client that the applicant has complied with conflict of interest rules. "In other words," said the Board, "these are documents used by applicant in rendering its services."[133]

The examining attorney contended that the specimen web page displays only links to the two documents, not the documents themselves. Moreover, the agreement is merely a document used in the normal course of business, and providing such an agreement is not a service. The document is not disseminated to the public as advertising, and it shows only potential use (when the blanks are filled in). In short, it is not an "investment product."

The Board, however, concluded that "a client or prospective client of applicant's investment advisory services would view the mark on the web page in close proximity to links for documents used in rendering those services." The link to the agreement "functions as an offer to enter into an arrangement for the provision of 'Advisory' services relating to the client's assets. Thus the links to these documents creates an association between the mark and the offered services activity."[134]

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129. *Id.*

130. *Id.*

131. *Id.*

132. *Id.*

133. *Id.* at 2004.

134. *Id.*

In re Chengdu AOBI Information Technology Co., Ltd.

The Board took the unusual step of designating as precedential this four-year-old decision concerning specimens of use, in which the Board affirmed a refusal to register the mark "IObit" on the Supplemental Register for computer programming, software design, data conversion, web site hosting, computer maintenance, and other related services. The examining attorney had deemed the specimen of use unacceptable because it did not show use of the mark for any of the identified services.[135]

The specimen of use was a screenshot from the applicant's website. The only mentions of services on the web page were as follows:

> Our sincere commitment to all our customers is that we will continue delivering innovative system utilities that are as simple to use as they are powerful and reliable. We also promise that we will keep providing the first-class free software and online service, for personal or noncommercial use.
>
> We pursue the genuine ambition of becoming one of the world's top utility producers and Windows system service providers on the Internet.[136]

The Board understandably found these vague references to services to be insufficient to show use of the mark "IObit" for the recited services.

> In fact, we cannot determine from this specimen whether the "online service" refers to a separate service, or is merely part of the free software product. Nor is applicant's stated ambition to be a Windows system service provider an indication that applicant is providing a service now, and this statement certainly does not show that applicant is offering any of the services specified in the application.[137]

The Board also reviewed other specimens that the applicant had submitted, but the applicant did not even argue that they were acceptable since they were either illegible or referred to products, not services.

In re Frankish Enterprises Ltd.

In a rare case involving trade dress for services, the Board reversed a refusal to register the mark shown below, comprising a "truck cab body in the design of a fanciful, prehistoric animal," for

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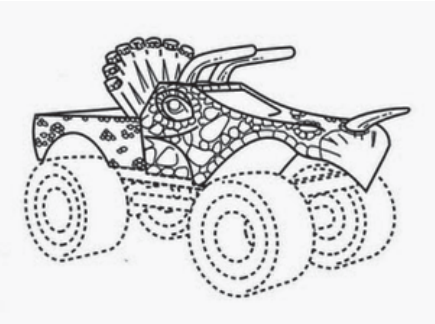
135. *In re* Chengdu AOBI Info. Tech. Co., Ltd., 111 U.S.P.Q.2d 2080 (T.T.A.B. 2011), decided on May 31, 2011; redesignated as precedential on Sept. 5, 2014.

136. *Id.* at 2082.

137. *Id.*

"entertainment services, namely, performing and competing in motor sports events in the nature of monster truck exhibitions." The Board rejected the examining attorney's contentions that the design failed to function as a service mark and that the drawing of the mark was not a "substantially exact representation of the mark in use" under Trademark Rule 2.51(a).[138] Applying the standard test for trade dress distinctiveness set forth in *Seabrook Foods, Inc. v. Bar-Well Foods Limited*,[139] the Board found the mark to be unique and unusual, and therefore inherently distinctive.[140]



Failure to Function: The examining attorney maintained that the proposed mark would not be perceived as a source indicator for the services because it was merely "one of many interesting truck designs in which . . . monster trucks appear" and thus did not distinguish the applicant's services from those of others.[141] He relied on the results of two Internet image searches for "monster trucks," which yielded photographs of a number of trucks with various shapes and themes. The Board, however, pointed out that none of the trucks featured "unambiguous dinosaur or 'fanciful prehistoric animal' designs or themes."[142]

The Board observed that, although product designs cannot be inherently distinctive,[143] product packaging trade dress and trade dress for services can be.[144] The Board found the applicant's proposed monster truck design to be "[l]ike the 'Cuffs & Collars'

138. Trademark Rule 2.51(a), 37 C.F.R. § 2.51(a), provides that "(a) In an application under section 1(a) of the Act, the drawing of the mark as used on or in connection with the goods and/or services."

139. Seabrook Foods, Inc. v. Bar-Well Foods Ltd., 568 F.2d 1342, 196 U.S.P.Q. 289, 291 (C.C.P.A. 1977).

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

141. *Id.* at 1969.

142. *Id.* at 1968.

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

144. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 23 U.S.P.Q.2d 1081, 1084 (1992) ("There is no persuasive reason to apply to trade dress a general requirement of secondary meaning."). *See, e.g.*, *In re* Chippendales USA, Inc., 622 F.3d 1346, 96 U.S.P.Q.2d 1681, 1684 (Fed. Cir. 2010) ("Cuffs & Collar" costumes worn by dancers found to be trade dress that could be inherently distinctive for adult entertainment services).

costume worn by Chippendales dancers, . . . akin to the packaging of what is being sold, in this case Applicant's monster truck services,"[145] and therefore qualifies as trade dress that is capable of inherent distinctiveness.

The question, then, was whether the applicant's trade dress was inherently distinctive. The four-part test for determining inherent distinctiveness of trade dress was established in *Seabrook v. Bar-Well*:

(1) whether it was a 'common' basic shape or design,

(2) whether it was unique or unusual in the particular field,

(3) whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or

(4) whether it was capable of creating a commercial impression distinct from the accompanying words.[146]

Professor J. Thomas McCarthy has observed that the parts of this test "are merely different ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin."[147]

The Board found that the examining attorney's evidence failed to show that the applicant's "fanciful, prehistoric animal" design was either a common or a basic design. Instead, it is "unique among the more than 100 monster trucks" uncovered by the examining attorney.[148] "The Examining Attorney provided scant, if any, evidence that Applicant's truck is a 'mere refinement' of anything, let alone a 'commonly-adopted' and 'well-known form' in the monster truck field."[149] The elements of the applicant's design—"molded to convey the body of a dinosaur and adorned with other dinosaur elements, including horns, a protective shield and eyes bordered by scales"—are unique and make the design unlike those proffered by the examining attorney.[150]

Moreover, because the proposed mark is predominant on the specimens of use, it created a commercial impression separate from the words JURASSIC ATTACK that appear on the specimens. The words appeared only on a small portion of the back

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145. *In re Frankish Enterprises Ltd.*, 113 U.S.P.Q.2d at 1970.

146. *Seabrook*, 196 U.S.P.Q. at 291.

147. J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 8:13, at 8-77 (4th ed. 2014).

148. *In re Frankish Enterprises Ltd.*, 113 U.S.P.Q.2d at 1971.

149. *Id.*

150. *Id.*

of the truck, while the design elements encompassed the entire truck cab. In short, the design was not just background material for the words.

It is settled that a mark applied to a product can function "not only as ornamentation for the [product] but also as a mark for Applicant's services."[151] In other words, there is no prohibition against a trade dress mark being aesthetically pleasing. The Board observed that the applicant's three-dimensional mark is "akin to the marks found registrable in *Two Pesos* (restaurant design),[152] *Red Robin* (bird costume),[153] *Eagle Fence* (colored wire in fencing)[154] and similar cases," and "nothing like the 'quite pedestrian' and 'commonplace interior decoration features' at issue in *Hudson News*),[155] the Cuffs & Collar trade dress at issue in *Chippendales* which derived directly from 'the pervasive Playboy mark, which includes the cuffs and collar together with bunny ears,' or the mere 'refinement of the commonplace decorative or ornamental [bowling alley] lighting arrangement at issue in *In re File*."[156] [157]

The Board concluded that the Examining Attorney failed to set forth a "reasonable predicate" for his finding that the mark is not inherently distinctive or that it will not be readily perceived as a source indicator for the applicant's services.[158]

Substantially Exact Representation: The examining attorney contended that the drawing in the application was not a "substantially exact representation of the mark in use," as required by Rule 2.51(a), because the specimens showed the mark appearing with the word JURASSIC ATTACK and other markings. The Board pointed out, however, that a background design may be registrable by itself "if it is distinctive or unique enough to create a commercial impression as an indication of source separate and apart from the remainder of the mark."[159] As noted above, the Board found that the applicant's mark is distinctive and unique and the design creates a commercial impression separate from the word mark JURASSIC ATTACK. It is "anything but 'mere' background material."[160] As to the

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151. *Id.* at 1972.

152. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 23 U.S.P.Q.2d 1081 (1992).

153. *In re* Red Robin Enterprises, Inc., 222 U.S.P.Q. 911 (T.T.A.B. 1984).

154. *In re* Eagle Fence Rentals, Inc., 231 U.S.P.Q. 228 (T.T.A.B. 1986).

155. *In re* Hudson News, 39 U.S.P.Q.2d 1915 (T.T.A.B. 1996) (newsstand motif refused registration).

156. *In re* File, 48 U.S.P.Q.2d 1363 (T.T.A.B. 1998).

157. *In re Frankish Enterprises Ltd.*, 113 U.S.P.Q.2d at 1973.

158. *Id.*

159. *Id.* at 1974.

160. *Id.*

additional markings (for example, stylized gills or stripes) that do not appear in the application drawing, the Board found them to be merely "minor alterations" that "do not create a new and different mark creating a different commercial impression."[161]

10. Failure to Verify Application

In re Brack

Here's a shocker: a trademark application must be verified! The Board affirmed a refusal to register the mark SIMPLY ORANGECELLO for orange-flavored liqueur because the applicant John Michael Brack never satisfied the statutory verification requirement.[162] In fact, Brack never even addressed that refusal to register, either during prosecution of the application or during the appeal.

The USPTO issued a refusal to register under Section 2(d) and also noted that the application was not signed or verified. Brack addressed the Section 2(d) issue in his response but ignored the verification requirement. Subsequently, the Section 2(d) refusal and the verification requirement were made final.

In his appeal brief, Applicant Brack again ignored the verification requirement, but the examining attorney addressed both the Section 2(d) refusal and the verification requirement. The applicant did not submit a reply brief.

The Board observed that an applicant filing a Section 1(b) application must submit a verified statement that the applicant has a *bona fide* intention to use the mark in commerce in connection with the identified goods and/or services.[163] Here, the original application (filed by Brack himself) was unsigned. The examining attorney explained in detail the procedures necessary for the applicant to comply with the verification requirement. Although all of the applicant's communications submitted after the original application were properly signed by his attorney, none contained the required averments and thus they did not satisfy the verification requirement.

> [S]ignature and verification of the averments in an application is a requirement for establishing a basis for application; in this case, a bona fide intent to use the mark in commerce pursuant to Section 1(b) of the Trademark Act, 15 U.S.C.§ 1051(b). *See also* Trademark Rule 2.34(a)(2), 37 C.F.R. § 2.34(a)(2). A simple and straightforward requirement, it nonetheless is

161. *Id*., citing *In re* Schechter Bros. Modular Corp., 182 U.S.P.Q. 694, 695 (T.T.A.B. 1974) (deletion of "shadow image" of word mark does not result in a different commercial impression).

162. *In re* Brack, 114 U.S.P.Q.2d 1338 (T.T.A.B. 2015).

163. *See* Section 1(b)(3)(B) of the Lanham Act, 15 U.S.C. § 1051(b)(3)(B).

necessary to support the averments made in an application. Applicant failed to comply with this requirement despite clear and repeated admonitions from the Examining Attorney.[164]

The Board therefore affirmed the refusal to register based on Brack's failure to sign and verify his application, and it noted that the application cannot be reopened for further examination following this appeal.[165]

11. Primacy of Statute Over Internal Examination Procedures

In re House Beer, LLC

Observing that it cannot give internal USPTO examination procedures primacy over statutory law, the Board affirmed a refusal to register the mark HOUSE BEER for "retail store services featuring beer," finding it likely to cause confusion with the identical mark for "beer." The applicant did not address the substance of the refusal in its appeal, but instead focused on certain procedures that were not followed during examination of the application underlying the cited registration (the "Underlying Application") and during examination of the application under appeal. The Board, however, ruled that once the cited registration had issued, the USPTO must apply Section 2(d), even though House Beer's application here on appeal had an earlier filing date than the Underlying Application.

When the USPTO is faced with conflicting applications—i.e., applications filed by different applicants that appear to be sufficiently similar that they may require a Section 2(d) refusal—it is standard examining procedure to allow the application with the earlier filing date to proceed to publication, while suspending the later-filed application.

Here the Underlying Application was filed based on intent-to-use under Section 1(b), prior to the applicant's filing date, but was later amended to seek registration on the Supplemental Register. When such an amendment occurs, the application loses its original filing date and the effective filing date becomes the date of filing the allegation of use that is a prerequisite to such an amendment.[166] Here, the allegation of use was filed at least a year after the applicant's filing date.

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164. *In re Brack*, 114 U.S.P.Q.2d at 1342.

165. *See* Trademark Rule 2.142(g), 37 C.F.R. § 2.142(g): "An application which has been considered and decided on appeal will not be reopened except for the entry of a disclaimer under section 6 of the Act of 1946 or upon order of the Director, but a petition to the Director to reopen an application will be considered only upon a showing of sufficient cause for consideration of any matter not already adjudicated."

166. *See* Trademark Rule 2.75(b), 37 C.F.R. § 2.75(b), which provides that when an application originally filed under Section 1(b) "is changed from the Principal Register to the

At the time when the allegation of use was filed in the Underlying Application, House Beer's application was suspended in view of the Underlying Application, but the change in effective filing date for the Underlying Application went unnoticed by both the examining attorney and the applicant.[167]

On this appeal, the examining attorney maintained that she properly cited the issued registration under Section 2(d). The Board agreed. Under Section 2(d), if a mark is registered, it may be cited. That section makes no reference to the filing date of the application underlying the registration. House Beer requested that the refusal be deemed invalid because the pertinent examination procedures were not followed, but the Board observed that it cannot give the internal examination procedures of the USPTO primacy over statutory law. "Strict compliance with those procedures is by no means a prerequisite to issuing a refusal that Section 2(d) of the Act requires."[168]

In short, "the Examining Attorney's refusal, being required by the express terms of Section 2(d), is not rendered invalid by the procedural mishaps described herein."[169]

The Board noted that if indeed the applicant has priority of use, it may have a valid Section 2(d) ground for cancellation of the cited registration. However, mere error in the examination of the Underlying Application would not be a valid ground for cancellation.[170]

12. Request for Remand versus Request for Reconsideration

In re Hughes Furniture Industries, Inc.

Applicant Hughes Furniture sought to register the word + design mark shown below, for "furniture" [FURNITURE and RECLINERS disclaimed], but the examining attorney refused registration on two grounds: likelihood of confusion with the registered mark BRADLEY HUGHES for "residential and commercial furniture" and failure to comply with a requirement

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Supplemental Register, the effective filing date of the application is the date of the filing of the allegation of use."

167. The examining attorney of the Underlying Application should have conducted a new search once the effective filing date was changed, and he or she should have found the applicant's application and should have notified the other examining attorney of the change in effective filing date. *In re House Beer*, LLC, 114 U.S.P.Q.2d at 1076 n.9.

168. *In re House Beer*, LLC, 114 U.S.P.Q.2d at 1076.

169. *Id.* at 1077.

170. *See* AS Holdings, Inc. v. H&C Milcor, Inc., 107 U.S.P.Q.2d 1829 (T.T.A.B. 2013), citing Saint-Gobain Abrasives, Inc. v. Unova Indus. Automation Sys., Inc., 66 U.S.P.Q.2d 1355 (T.T.A.B. 2003).

that the applicant disclaim the word MOTION.[171] Hughes won a battle over the admissibility of certain evidence, but lost the Section 2(d) war.

Evidentiary issue: The Board first dealt with the applicant's objection to evidence submitted by the examining attorney. The applicant filed its notice of appeal six months after the final refusal was issued, and then two months later requested a remand to the USPTO for entry of a disclaimer of the word "motion" in order to moot that issue on appeal. The examining attorney entered the disclaimer but also submitted additional Internet evidence in further support of her likelihood of confusion refusal. Not allowed, said the Board.

The examining attorney improperly treated the request for remand as a request for reconsideration of the entire final refusal. However, a request for reconsideration must be filed "prior to the expiration of the time for filing an appeal."[172] The request for remand related only to the disclaimer requirement and not the Section 2(d) refusal. Therefore it was impermissible for the examining attorney to submit new evidence on the latter issue.[173]

The Board noted that the examining attorney could have filed her own request for suspension of the appeal and remand, upon a showing of good cause, for the purpose of submitting new evidence regarding likelihood of confusion.[174]

And so the Board sustained the applicant's objection to the additional evidence.

Likelihood of confusion: Hughes contended that it offers goods that are distinct from those of the registrant, asserting that the registrant serves a niche market for "luxury" and "artisan made" furnishings, whereas Hughes offers furniture aimed at a broader market. Hughes also pointed out that its goods are sold online, whereas the registrant's furniture is sold in specialty showrooms

171. *In re* Hughes Furniture Industries, Inc., 114 U.S.P.Q.2d 1134 (T.T.A.B. 2015).

172. Trademark Rule 2.63(b)(3), 37 C.F.R. § 2.63(b)(3).

173. *See In re* Diet Tabs, Inc., 231 U.S.P.Q. 587, 588 n.3 (T.T.A.B. 1986).

174. *See* Rule 2.142(d): "After an appeal is filed, if the . . . examiner desires to introduce additional evidence, . . . the examiner may request the Board to suspend the appeal and remand the application for further examination." *See also, e.g.*, *In re* Luxuria s.r.o, 100 U.S.P.Q.2d 1146, 1147 (T.T.A.B. 2011).

through design professionals with registered trade accounts. The Board found those assertions unpersuasive.

Because it is required to compare the goods as identified in the application and registration at issue, the Board found the involved goods to be legally identical.[175] The Board may not, through extrinsic evidence, limit the scope of the identification of goods in either the application or cited registration.[176] The applicant's broadly worded identification (furniture) encompasses the registrant's identification (residential and commercial furniture). Moreover, the identifications of goods are not limited as to type, style, or price level, nor are they limited as to channels of trade. The Board therefore must presume that the involved goods travel in the same channels to the same classes of consumers.[177]

Although the evidence showed that the registrant's furniture is hand-crafted, the registration was not so limited. The Board therefore must assume that the involved goods encompass furniture of all types, including mass-produced furniture sold to the general public, including the less knowledgeable consumer. Although furniture may not be an "impulse" purchase, there was no evidence to support a finding of any degree of care that would weigh against the likelihood of confusion refusal. The Board found this factor to be neutral.

Turning to the marks, the Board noted once again that when the involved goods are identical, a lesser degree of similarity between the marks is needed to support a finding of likelihood of confusion.[178] It agreed with the examining attorney that the surname "Hughes" dominates the applied for mark. The letter "H" merely serves to reinforce the prominence of "Hughes." The disclaimed words and the word EAZE appear in somewhat smaller print, and consumers are likely to pay less attention to the smaller descriptive wording and the generic term FURNITURE. The surname significance of "Hughes" also makes that word more likely to be the focus of prospective customers in calling for the goods.

The design elements of the applicant's mark are common shapes that fail to distinguish the marks at issue. Here it is especially true that these design elements merely serve as carriers for the words and do not themselves have any strong source-identifying significance.

Comparing the marks as a whole, the Board concluded that consumers are likely to focus on the surname HUGHES and will

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175. *See, e.g.*, Stone Lion Capital Partners, LP v. Lion Capital LLP, 110 U.S.P.Q.2d 1157, 1161 (Fed. Cir. 2014).

176. *See, e.g.*, *In re* Dixie Restaurants, Inc., 41 U.S.P.Q.2d 1531, 1534 (Fed. Cir. 1997).

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

178. *Id.* at 1908.

mistakenly believe that the goods emanate from the same source.[179]

PART II. INTER PARTES CASES

By John L. Welch

A. United States Supreme Court

1. Issue Preclusion

B&B Hardware, Inc. v. Hargis Industries, Inc.

In an attention-grabbing decision, at least in trademark circles, the U.S. Supreme Court ruled that, in an action for trademark infringement, "[s]o long as the other ordinary elements of issue preclusion are met, when the uses adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply" to the issue of likelihood of confusion.[180] The Court reversed a decision of the Eight Circuit,[181] which had held that a TTAB decision in favor of B&B[182] was not entitled to preclusive effect because, inter alia, the TTAB and the Eighth Circuit use different factors in evaluating the issue.

The Court held that issue preclusion can be grounded on the decision of an administrative agency.[183] Both Supreme Court precedent and the Restatement (Second) of Judgments "make clear that issue preclusion is not limited to those situations in which the same issue is before two *courts*."[184] The Court found nothing in the Lanham Act that bars application of issue preclusion in this type of case.

Nor is there any categorical reason why TTAB decisions on registration can never meet the ordinary elements of issue preclusion. The Court agreed with Professor McCarthy that issue preclusion applies when "the issues in the two cases are indeed

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179. *In re Hughes Furniture Indus., Inc.*, 114 U.S.P.Q.2d at 1139.

180. B&B Hardware, Inc. v. Hargis Indus., Inc., 135 S. Ct. 1293, 113 U.S.P.Q.2d 2045 (2015).

181. B&B Hardware, Inc. v. Hargis Indus., Inc., 106 U.S.P.Q.2d 1660 (8th Cir. 2013).

182. The TTAB found a likelihood of confusion between Opposer B&B's mark SEALTIGHT for "threaded or unthreaded metal fasteners and other related hardwar[e]; namely, self-sealing nuts, bolts, screws, rivets and washers, all having a captive o-ring, for use in the aerospace industry," and Applicant Hargis's mark SEALTITE for "self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings."

183. The Court did not address the question of whether the applicability of issue preclusion to the decision of an administrative agency conflicts with the Seventh Amendment or Article III of the Constitution, because the issue was not properly raised.

184. *B&B Hardware, Inc. v. Hargis Indus., Inc.,* 113 U.S.P.Q.2d at 2051 (emphasis in original).

identical and the other rules of collateral estoppel are carefully observed."[185]

The Court concluded that, despite some differences in the factors applied by the TTAB and the Eight Circuit in assessing likelihood of confusion, the tests are not fundamentally different. However, the Court observed that, because the TTAB considered the mark as shown in Hargis's application for the goods identified in the application, its determination regarding likelihood of confusion may not have resolved the issue as to usages that are not disclosed. However, that is not a reason for concluding that issue preclusion may never apply.

> If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. By contrast, if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue. Thus, if the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should "have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue."[186]

The Court remanded the case to the Eight Circuit, directing it to apply the rule stated above: "So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply."[187]

Justice Ginsburg concurred in the majority opinion, on the understanding that "for a great many registration decisions issue preclusion will obviously not apply," because the decisions often involve "a comparison of the marks in the abstract and apart from their marketplace usage."[188]

Justices Thomas and Scalia dissented, finding inadequate support for the proposition that common law principles of preclusion should apply to decisions of administrative tribunals, or that Congress implicitly authorized the decisions of the TTAB to have preclusive effect.

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185. *Id.* at 2053, quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:99, at 32-244 (4th ed. 2014).

186. *Id.* at 2055, quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:101, at 32-246.

187. The U.S. Court of Appeals for the Eighth Circuit subsequently directed the U.S. District Court for the Eastern District of Arkansas to apply issue preclusion based on the TTAB's ruling on likelihood of confusion. B&B Hardware, Inc., v. Hargis Industries, Inc., Appeal No. 10-3137 (8th Cir. Aug. 25, 2015).

188. *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 113 U.S.P.Q.2d at 2056.

B. United States Court of Appeals for the Federal Circuit

1. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Not Found

Stoncor Group, Inc. v. Specialty Coatings, Inc.

Despite an error in the TTAB's pronunciation analysis, the CAFC affirmed the TTAB's ruling[189] rejecting an opposition to registration of the mark ARMORSTONE for, inter alia, epoxy coating for use on concrete industrial floors.[190] The Board found the applied-for mark not likely to cause confusion with the registered mark STONSHIELD (as well as the registered marks STONCLAD and STONHARD) for goods that include epoxy hardeners; and it also found the applied-for mark not merely descriptive of the applicant's epoxy coatings. On appeal, StonCor raised only two issues: likelihood of confusion with its STONSHIELD mark, and mere descriptiveness.

As to the Section 2(d) issue, the Board found that the first *du Pont* factor, the similarity or dissimilarity of the marks, weighed against StonCor.

> StonCor presented evidence that the "o" (in "Ston") would be pronounced by consumers with a long vowel sound, as in the word "stone." The Board reasoned, however, that the spelling of "STON" and ordinary rules of English dictate that the "o" would be pronounced with a short vowel sound, as in the word "on." Thus, the Board found that there was a dissimilarity in pronunciation.[191]

The CAFC ruled, however, that the Board's pronunciation analysis was not supported by substantial evidence. The Board improperly failed to credit StonCor's evidence that consumers would pronounce "STON" as "stone."

> There is no correct pronunciation of a trademark that is not a recognized word. See *In re Belgrade Shoe Co.*, 411 F.2d 1352, 1353 (C.C.P.A. 1969). "STON" is not a word in English. Neither party argues that "STON" is a word in any other language. Where a trademark is not a recognized word and the weight of the evidence suggests that potential consumers would pronounce the mark in a particular way, it is error for

189. StonCor Grp., Inc. v. Specialty Coatings, Inc., Opposition No. 91187787 (T.T.A.B. June 22, 2012).

190. StonCor Grp., Inc. v. Specialty Coatings, Inc., 111 U.S.P.Q.2d 1649 (T.T.A.B. 2014).

191. *Id.* at 1650 (internal citations omitted).

the Board to ignore this evidence entirely and supply its own pronunciation.[192]

The Board's error, however, was harmless, because its other findings[193] under the first *du Pont* factor were each supported by substantial evidence and together provided substantial evidence in support for the Board's weighing of that factor in favor of the applicant.

The CAFC gave short shrift to the mere descriptiveness issue. StonCor submitted definitions of "armor" and "shield," but no evidence that the combination conveyed "an immediate idea of the ingredients, qualities or characteristics of" the products.[194]

2. Genericness

Princeton Vanguard, LLC v. Frito-Lay North America, Inc.

The CAFC set the Board straight on the proper approach to the issue of genericness when it vacated the TTAB's decision[195] finding the term PRETZEL CRISPS to be generic for "pretzel crackers," and remanded the case to the Board for application of the correct legal standard set forth in its *Marvin Ginn* decision.[196] The appellate court concluded that the Board had failed to consider evidence of the relevant public's understanding of PRETZEL CRISPS in its entirety.[197]

According to *Marvin Ginn*, "[t]he 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."[198] The parties did not dispute that the genus of goods at issue was "pretzel crackers," and the relevant public consisted of ordinary consumers who purchase and eat pretzel crackers.

The Board acknowledged that it must determine whether a proposed mark as a whole is generic, but it cited *In re Gould*[199] for the proposition that when the mark is a "compound term (in other

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192. *Id.* at 1651.

193. The Board had also found differing spellings between the two affixes; differing placements of the two affixes within the marks; differing numbers of syllables in the two complete marks, STONSHIELD and ARMORSTONE; and differing commercial impressions conveyed by the complete marks.

194. *Id.* at 1652.

195. Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC, 109 U.S.P.Q.2d 1949 (T.T.A.B. 2014).

196. H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc., 228 U.S.P.Q. 528 (Fed. Cir. 1986).

197. Princeton Vanguard, LLC v. Frito-Lay North America, Inc., 114 U.S.P.Q.2d 1827 (Fed. Cir. 2015).

198. *Marvin Ginn*, 228 U.S.P.Q. at 530.

199. *In re* Gould Paper Corp., 5 U.S.P.Q.2d 1110, 1112 (Fed. Cir. 1987).

words a combination of two or more terms in ordinary grammatical construction)," it need only look at the meanings of the constituent words. If the proposed mark is a phrase, the Board observed, *American Fertility*[200] requires that it "conduct an inquiry into the meaning of the disputed phrase as a whole." But the CAFC pointed out that there is no such dichotomy: "The problem with the Board's analysis is that there is only one legal standard for genericness: the two-part test set forth in *Marvin Ginn*."[201]

> 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 1348-49. 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 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*.[202]

Consideration of the public's understanding of the constituent words of a compound term may be a useful first step in the genericness analysis, but the Board must then consider the record evidence regarding the public's understanding as to whether joining the words together lends any additional meaning. Here, the Board deemed PRETZEL CRISPS to be a compound term, not a phrase, and evaluated the individual terms under *In re Gould*. "Where, as here, the record is replete with evidence of the public's perception of the term PRETZEL CRISPS as a whole, it is unclear why the Board would resort to analyzing the terms individually or why it would believe doing so would aid its analysis."[203]

After analyzing the constituent words under *In re Gould*, the Board "stated in passing" that had it analyzed PRETZEL CRISPS as a phrase 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.'"[204] But the court found "no evidence that the Board conducted the necessary step of comparing its findings with respect to the individual words to the record evidence

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200. *In re* Am. Fertility Soc'y, 51 U.S.P.Q.2d 1832, 1836 (Fed. Cir. 1999).

201. Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc., 114 U.S.P.Q.2d at 1830.

202. *Id.* at 1831.

203. *Id.* at 1832.

204. *Id.* at 1833, quoting the TTAB's decision, *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 109 U.S.P.Q.2d at 1960.

demonstrating the public's understanding of the combined term PRETZEL CRISPS."[205]

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.

The court went on to observe that the record contained "significant evidence in the form of declarations, survey evidence, and evidence of use of PRETZEL CRISPS in the snack food industry and by the media."[206]

> Though the Board is not required to discuss every piece of evidence, it cannot focus primarily on evidence of the word "crisps" in isolation, select a few pieces of evidence involving the combined term "pretzel crisps," and conclude that the trademark is generic. Nor can it disregard the results of survey evidence without explanation. Just as it may not short-cut its legal analysis, the Board may not short-cut its consideration of the factual record before it.[207]

The CAFC particularly noted the Board's questionable treatment of the survey evidence of record. The Board seemingly considered the respective survey evidence of the parties as cancelling each other out, but it did not explain why. The Board, however, found no flaw in Princeton Vanguard's survey evidence (indicating that 55% of respondents thought PRETZEL CRISPS was a brand name and 36% thought it a common name), and expressly agreed with the criticism of Frito-Lay's survey. The Board gave controlling weight to dictionary definitions, evidence of use by the public, and evidence of use by Princeton Vanguard. "On remand, the Board will have the opportunity to make the relevant factual findings based on all of the evidence of record, and must give appropriate consideration to the proffered survey evidence."[208]

3. Lack of *Bona Fide* Intent

M.Z. Berger & Co. v. Swatch AG

The CAFC affirmed the decision of the TTAB, sustaining Swatch's opposition to registration of the mark iWatch, in standard character form, for watches, clocks, and related goods, on the ground of lack of *bona fide* intent.[209] The court ruled that the Board applied the correct legal standard and that substantial

205. *Id.*

206. *Id.* at 1834.

207. *Id.*

208. *Id.*

209. M.Z. Berger & Co. v. Swatch AG, 114 U.S.P.Q.2d 1892 (Fed. Cir. 2015).

evidence supported the Board's finding that Applicant Berger's intent at the time it filed the application at issue "was merely to reserve a right in the mark, and not a bona fide intent to use the mark in commerce."[210]

Berger's owner and CEO testified that the company intended to sell only watches under the proposed mark. With regard to watches, the documents submitted by Berger related only to the prosecution of its trademark application. Berger's testimonial evidence was inconsistent and contradictory, and its long history in the watch business did not include the capacity to produce watches with technological features. The Board concluded that the circumstances as a whole demonstrated a lack of *bona fide* intent to use the mark iWatch in commerce, as required by Section 1(b).

The CAFC observed that the Trademark Law Revision Act of 1988 (TLRA)[211] amended the Lanham Act to permit the filing of a trademark application prior to the commencement of actual use of the mark, provided that the applicant "had a '*bona fide intention* . . . to use [the] mark in commerce' at a later date."[212]

The CAFC first considered whether lack of *bona fide* intent is a proper basis for challenging a trademark application. The TTAB has long so ruled, and the court agreed. An opposer is "entitled to rely on any statutory ground which negates appellant's right to the subject registration[.]"[213]

The court then turned to the question of the meaning of "bona fide intention" under Section 1(b). There is no statutory definition of the term, but Section 1(b) states that such intent must be "under circumstances showing the good faith" of the applicant. This reference "suggests that the applicant's intent must be demonstrable and more than mere subjective belief."[214] Both the USPTO and the leading treatise on trademark law (McCarthy, *McCarthy on Trademarks and Unfair Competition*) have arrived at this same interpretation.[215] The legislative history of the TLRA confirms that the issue of "bona fide intent" must be assessed on an objective basis.

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210. *Id.* at 1899.

211. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (Nov. 16, 1988).

212. *M.Z. Berger & Co. v. Swatch AG*, 114 U.S.P.Q.2d at 1896, quoting Section 1(b)(1) of the Lanham Act, 15 U.S.C. § 1051(b)(1). (emphasis supplied by the court)."

213. *Id.* at 1897, quoting Lipton Indus., Inc. v. Ralston Purina Co., 213 U.S.P.Q. 185, 190 (C.C.P.A. 1982).

214. *Id.*

215. *See* Lane Ltd. v. Jackson Int'l Trading Co., 33 U.S.P.Q.2d 1351, 1355-56 (T.T.A.B. 1994); J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 19:14 at 19-48 ("Congress did not intend the issue to be resolved simply by an officer of the applicant later testifying, 'Yes, indeed, at the time we filed that application, I did truly intend to use the mark at some time in the future.'").

> Although "bona fide" is an accepted legal term, it can be read broadly or narrowly, subjectively or objectively, by a court or the Patent and Trademark Office. In connection with this bill, *"bona fide" should be read to mean a fair, objective determination of the applicant's intent* based on all the circumstances.[216]

The CAFC pointed to the definition of "use in commerce" in the Lanham Act: "[T]he bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark."[217] And it noted the statement in the Senate report that the intention of an applicant to use the mark in commerce must be "firm." Congress declined to include a statutory definition of "bona fide" in order to permit flexibility in the operation of the trademark registration system.[218]

The CAFC therefore held that:

> whether an applicant had a "bona fide intent" to use the mark in commerce at the time of the application requires objective evidence of intent. *** Although the evidentiary bar is not high, the circumstances must indicate that the applicant's intent to use the mark was firm and not merely intent to reserve a right in the mark. *** The Board may make such determinations on a case-by-case basis considering the totality of the circumstances.[219]

Viewing the evidence as a whole, the CAFC found that substantial evidence supported the Board's decision. The court agreed that Berger's documentary evidence "appears to relate only to the prosecution of the trademark application."[220] With regard to the conflicting testimony, the court deferred to the Board's exercise of discretion in determining its weight and credibility.

> The Board was within its discretion to disagree with Berger's bottom-line position that it possessed a bona fide intent, given the inability of the Berger witnesses to pull together a consistent story on a number of issues, e.g., would the watch be technological, did actual physical samples exist, were potential customers ever consulted.[221]

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216. S. Rep. No. 100-515 at 24 (*emphasis added* by CAFC).

217. Section 45 of the Lanham Act, 15 U.S.C. § 1127.

218. M.Z. Berger & Co. v. Swatch AG, 114 U.S.P.Q.2d 1892, 1898 (Fed. Cir. 2015), citing S. Rep. No. 100-515 at 24.

219. *Id.* (internal citations omitted).

220. *Id.*

221. *Id.* at 1899.

Moreover, Berger's owner and CEO "all but conceded that Berger had not yet made a firm decision to use the mark in commerce at the time of its application."[222]

The court also agreed that Berger's history in the watch industry was not of significance on the issue at hand because "there was no nexus between Berger's general capacity to produce watches and the capacity required to produce a 'smart' watch."[223]

> The bar for showing a bona fide intent is not high. But in our view, considering the inconsistent testimony offered by Berger employees and the general lack of documentary support, substantial evidence supports the Board's conclusion that Berger's intent at the time of the application was merely to reserve a right in the mark, and not a bona fide intent to use the mark in commerce.[224]

Finally, Berger contended that the Board applied a more stringent standard for bona fide intent than is required by the Lanham Act or by USPTO rules and procedures. The CAFC disagreed.

> Nowhere did the Board state that the applicable standard requires an applicant to have actually promoted, developed, and marketed the mark at the time of the application. Nor did the Board state that it applied such a standard. To the contrary, the Board's opinion reflects that it reached its conclusions by considering all the relevant facts and circumstances, including those that indicated Berger lacked intent. This is indeed the proper inquiry under the Lanham Act. 15 U.S.C. § 1051(b)(1) (intent to use must be "under circumstances showing the good faith of such person").[225]

Nor was the Board's opinion inconsistent with USPTO practice. The court noted that, although a Section 1(b) application is acceptable based only upon a verified statement of bona fide intent to use, the Office has statutory authority to seek further evidence of that intent.[226]

In short, the Board did not commit error in its application of the standard for bona fide intent. The CAFC therefore concluded that the Board properly sustained the opposition on the ground that Berger lacked a *bona fide* intention to use the mark iWatch in commerce at the time it filed its application.

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222. *Id.*

223. *Id.*

224. *Id.*

225. *Id.* at 1999-1900.

226. Citing Section 1(b)(1) of the Lanham Act, 15 U.S.C. § 1051(b)(1). Section 1101 of the Trademark Manual of Examining Procedure (TMEP) states that "the USPTO will not make an inquiry in an ex parte proceeding unless evidence of record clearly indicates that the applicant does not have a bona fide intention to use the mark in commerce."

4. Service Mark Use

Couture v. Playdom, Inc.

The CAFC addressed for the first time whether the mere *offering* of services constitutes service mark use, in this affirmance of a TTAB decision ordering cancellation of a registration for the mark PLAYDOM for certain entertainment services. The appellate court agreed with the Board that the registration was void ab initio because Registrant David Couture had not used the mark in the *rendering* of the services prior to filing his underlying Section 1(a) application.[227]

In seeking registration based on use in commerce under Section 1(a) of the Lanham Act, an applicant must have used the mark in commerce with the listed goods or services as of the filing date of the application.[228] Section 45 of the Lanham Act provides that a service mark is in use in commerce "when it is used or displayed in the sale or advertising of services and the services are rendered in commerce. . . ."[229]

The Board found that the appellant had not rendered the identified services as of the application filing date. He had "merely posted a website advertising his readiness, willingness, and ability to render said services."[230] The Board therefore deemed the registration void ab initio and it granted the petition for cancellation.

The CAFC observed that it had not previously addressed directly the question of "whether the offering of as service, without the actual provision of a service, is sufficient to constitute use in commerce under the Lanham Act."[231] The Statute is clear on its face as to the definition of "use" for a service mark: the mark must be both displayed in the sale or advertising of services and the services must be rendered.

And so the CAFC affirmed the TTAB's ruling ordering cancellation of Mr. Couture's registration.

5. Cause of Action for Cancellation

Empresa Cubana del Tabaco v. General Cigar Co.

Disputes involving Cuban cigar trademarks are seldom simple, and this case was no exception. The CAFC vacated the

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227. Couture v. Playdom, Inc., 113 U.S.P.Q.2d 2042 (Fed. Cir. 2015).

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

229. 15 U.S.C. § 1127.

230. *Couture v. Playdom, Inc.*, 113 U.S.P.Q.2d at 2043.

231. *Id*. at 2043. In *Aycock*, the CAFC said there must be at least an open and notorious public offering, but it did not say that such offering alone was sufficient to establish use in commerce.

TTAB's decision[232] that had dismissed a petition for cancellation of two registrations for the mark COHIBA for cigars.[233] The Board ruled that Petitioner Empresa (Cubatabaco) lacked standing in view of the decision of the U.S. Court of Appeals for the Second Circuit in *Empresa Cubana del Tabaco dba Cubatabaco v. Culbro Corp*.[234] The CAFC, however, held that the question of cancellation was not decided by the Second Circuit, and it concluded that Cubatabaco has a statutory "cause of action" that is not barred by the Cuban Assets Control Regulations (CACR).

In January 1997, Cubatabaco filed a Section 44 application to register the trademark COHIBA for cigars and related goods, based on its Cuban registration. As required, it stated that it had a *bona fide* intention to use the mark in commerce.[235] The application was blocked under Section 2(d) by General Cigar's two registrations for the same mark, and so Cubatabaco filed a petition for cancellation of the two blocking registrations.

In October 1997, Cubatabaco obtained a special license from the Treasury Department to allow it to sue General Cigar over the latter's use of the COHIBA mark. The district court then enjoined further use of the mark by General Cigar and cancelled the two registrations, but the Second Circuit reversed, holding that the court could not grant Cubatabaco injunctive relief since that remedy would entail a prohibited transfer of property under the CACR because Cubatabaco would acquire ownership of the mark.

The cancellation proceeding then resumed and General Cigar moved for summary judgment on the grounds of lack of standing, and claim and issue preclusion. The Board granted the motion and entered judgment, but only on the ground of lack of standing, reasoning that because Cubatabaco was deemed to have no property interest in the mark, it lacked standing to challenge registration of the same mark. The CAFC, however, saw the issue not as one of standing, but more appropriately as whether Cubatabaco had a cause of action.

The CAFC observed that the TTAB "appears to have read [the Second Circuit's] decision as barring Cubatabaco from ever acquiring any property interest in the mark under the CACR."[236] But the Second Circuit did not address the cancellation issue, and

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232. Empresa Cubana del Tabaco dba Cubatabaco v. General Cigar Co., Cancellation No. 92025859 (T.T.A.B. Mar. 14, 2013).

233. Empresa Cubana del Tabaco dba Cubatabaco v. General Cigar Co., 111 U.S.P.Q.2d 1058 (Fed. Cir. 2014).

234. Empresa Cubana del Tabaco dba Cubatabaco v. Culbro Corp., 399 F.3d 462 (2d Cir. 2005).

235. *See* Section 44(d)(2) of the Lanham Act, 15 U.S.C. § 1126(d)(2), requiring "a statement that the applicant has a bona fide intention to use the mark in commerce."

236. *Empresa Cubana del Tabaco dba Cubatabaco v. Gen. Cigar Co.*, 111 U.S.P.Q.2d at 1062.

its decision on the nonavailability of injunctive relief was irrelevant here. Cubatabaco was authorized to seek cancellation under the general license provided by CACR that allows Cuban entities to engage in transactions related to the registration and renewal of trademarks, including a petition to cancel a prior registration.

In seeking registration under 44(e), Cubatabaco was not required to show use of its mark; a *bona fide* intent to use the mark sufficed. It therefore had a legitimate interest in seeking cancellation of the registrations that were causing it damage by blocking its application. If Cubatabaco were to succeed in the cancellation proceeding, it could obtain registration of the COHIBA mark. And so the CAFC ruled that Cubatabaco has a statutory cause of action under the Lanham Act to seek cancellation of the two registrations.

Although the Board declined to reach the questions of issue and claim preclusion, the CAFC chose to resolve those issues as well. It found that issue preclusion did not bar any of the grounds on which Cubatabaco sought cancellation: either the Second Circuit did not address the particular ground, or determination of the issue was not necessary to the judgment, or Cubatabaco had chosen not to pursue the issue, or the issues were not identical at the TTAB and the court. Claim preclusion did not apply because the Second Circuit did not render a final judgment on the merits of Cubatabaco's cancellation claims. Moreover, the transactional facts differed between the court and the TTAB.

The CAFC therefore vacated the Board's decision and remanded the case to the Board for further proceedings.

C. Trademark Trial and Appeal Board

1. Section 2(a) Disparagement

Blackhorse v. Pro-Football, Inc.

In an eagerly anticipated decision, a divided TTAB panel granted a petition for cancellation of six registrations for marks comprising or containing the word REDSKINS, for entertainment services, finding that the marks, at their respective dates of registration, disparaged Native Americans in violation of Section 2(a) of the Lanham Act.[237] Judge Bergsman dissented, concluding

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

that the petitioners had failed to prove disparagement by a preponderance of the evidence.[238]

This was the second time the TTAB had considered a petition for cancellation of these registrations. In the first case, the United States Court of Appeals for the District of Columbia Circuit ultimately ruled that the claims of the Native American petitioners were barred by laches.[239]

Six new petitioners[240] brought the instant cancellation proceeding in 2006. Each of these petitioners had recently reached the age of majority, the age from which, according to the D.C. Circuit Court of Appeals, laches began to run. The parties stipulated that the entire *Harjo* record, with certain exceptions, could be submitted into evidence by way of notice of reliance.

The test for disparagement under Section 2(a) involves a two-part inquiry: (1) what is the meaning of the term in question as it appears in the mark and as the mark is used in connection with the identified goods and services?; and (2) does the meaning of the mark disparage Native Americans?[241] The view of the referenced group is determined by the views of a "substantial composite thereof," and that substantial composite need not be a majority.[242] These two questions are to be answered, with regard to each mark, as of the date of registration of the mark (here, 1974 for the earliest registration, to 1990 for the latest).[243]

As to the first question, the Board concluded that the term REDSKINS in the registered marks, when used in connection with professional football, means Native Americans. As to the second

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238. Blackhorse v. Pro-Football, Inc., 111 U.S.P.Q.2d 1080 (T.T.A.B. 2014). On July 8, 2015, the U.S. District Court for the Eastern District of Virginia affirmed the Board's decision. Pro-Football, Inc. v. Blackhorse, 115 U.S.P.Q.2d 1524 (E.D. Va. 2015). The case is now on appeal to the U.S. Court of Appeals for the Fourth Circuit, and includes the issue of the constitutionality of Section 2(a) that was decided in *In re* Tam, 117 U.S.P.Q.2d 1001 (Fed. Cir. 2015), where the CAFC found that the disparagement provision of Section 2(a) violated the First Amendment.

239. The Board ordered cancellation of the registrations in 1999 in Harjo v. Pro Football, Inc. 50 U.S.P.Q.2d 1705 (T.T.A.B. 1999). The U.S. District Court for the District of Columbia reversed the Board's decision in Pro-Football, Inc. v. Harjo, 284 F. Supp. 2d 96, 68 U.S.P.Q.2d 1225, 1263 (D.D.C. 2003), on two grounds: "The TTAB's finding of disparagement is not supported by substantial evidence and must be reversed. The decision should also be reversed because the doctrine of laches precludes consideration of the case." The court of appeals affirmed that decision, but only on the ground of laches and did not address the issue of whether substantial evidence supported the Board's finding of disparagement. Pro-Football, Inc. v. Harjo, 565 F.3d 880, 90 U.S.P.Q.2d 1593 (D.C. Cir. 2009).

240. One of the petitioners withdrew her petition while the case was pending.

241. *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d at 1085, citing *Pro-Football, Inc. v. Harjo*, 68 U.S.P.Q.2d at 1248; *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d at 1740-41.

242. *Id.*, citing *Pro-Football, Inc. v. Harjo*, 68 U.S.P.Q.2d at 1247; *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d at 1739.

243. *Id.*, citing *Pro-Football, Inc. v. Harjo*, 68 U.S.P.Q.2d at 1248; *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d at 1735, 1741.

question, the petitioners submitted two types of evidence: a general analysis of the word (based on dictionary definitions, reference books, and expert testimony), and the specific views of the referenced group (focusing on depositions testimony, newspaper articles, official records, personal letters, and a 1993 Resolution of the National Congress of American Indians (NCAI)). The panel majority concluded that "a substantial composite of Native Americans found the term REDSKINS to be disparaging in connection with respondent's services during the relevant time frame of 1967-1990."[244]

Therefore, the Board ruled, the registrations must be cancelled.

The Board rejected the respondent's laches defense, holding that as a matter of law, laches does not apply to a disparagement claim regarding a group,[245] and even if it did, the respondent did not prove that it was harmed by any delay in bringing this proceeding.

In dissent, Judge Bergsman concluded that the petitioners' evidence failed to show that the term REDSKINS was disparaging at the time of the subject registrations. He pointed to a lack of evidence that the term is disparaging specifically when used in connection with football-related services. The expert testimony was not so directed, and the dictionary definitions that labelled the term "usually offensive" left open the possibility that it was not disparaging when used in connection with sports teams.

2. Section 2(d) Likelihood of Confusion

a. Likelihood of Confusion Found

Harry Winston, Inc. and Harry Winston S.A. v. Bruce Winston Gem Corp.

The fame of the mark HARRY WINSTON shone brightly in this decision sustaining a Section 2(d) opposition to registration of the mark BRUCE WINSTON for gemstones and fine jewelry. The Board found the mark likely to cause confusion with the mark HARRY WINSTON and the registered mark WINSTON for jewelry.[246]

Mr. Harry Winston, the founder of Opposer Harry Winston, Inc., was a master at promotion of both himself and his jewelry business. In 1947, Cosmopolitan magazine called him the "King of Diamonds," in 1975 he was dubbed the "Wizard of Rocks," and in

244. *Id.* at 1111.

245. *Id.* at 1112, citing A.C. Aukerman Co. v. R. L. Chaides Constr. Co., 960 F.2d 1020, 22 U.S.P.Q.2d 1321, 1328 (Fed. Cir. 1992) (*en banc*).

246. Harry Winston, Inc. and Harry Winston S.A. v. Bruce Winston Gem Corp., 111 U.S.P.Q.2d 1419 (T.T.A.B. 2014).

1978, "Ace of Diamonds." He purchased the Hope Diamond and donated it to the Smithsonian Institution, an act that generated enormous publicity. He loaned his jewelry to many celebrities for public appearances, including Lady Diana and the wife of the Shah of Iran. Marilyn Monroe sang the song, "Diamonds Are a Girl's Best Friend" in the 1953 movie "Gentlemen Prefer Blondes," a song that included the lyric, "Talk to me, Harry Winston, tell me all about it," a line that Winston continued to use in his advertising.[247]

The opposers submitted voluminous examples of advertising and promotional materials. Its sales figures and advertising expenditures were "extremely substantial."[248] In short, through extensive public relations efforts, the mark HARRY WINSTON has become famous in the field of jewelry, for purposes of the Board's likelihood-of-confusion analysis.

Although the evidence did not focus on the mark WINSTON by itself, the record demonstrated that the press often uses WINSTON as an abbreviated reference to the HARRY WINSTON brand, leading the Board to conclude that WINSTON is a very well-known source indicator in the jewelry field.

The applicant's chairman, Bruce Winston, is the son of Harry Winston. That relationship, the Board found, "interacts with the fame of the mark HARRY WINSTON in a way that is significant in this case."[249] The press has incessantly promoted the connection between the two, and the evidence demonstrated that the public "may draw conclusions, not always entirely accurate, regarding the association between the members of the Winston family on one hand and Harry Winston and opposers' business on the other."[250] The Board considered this evidence, under the 13th *du Pont* factor, as demonstrating "a strong proclivity among the press and other third parties to spontaneously perceive and promote an association between applicant's founder and opposers' founder and a connection between their two businesses."[251]

The Board perceptively noted that BRUCE WINSTON is not identical to either WINSTON or HARRY WINSTON, but each mark comprises or consists of the word WINSTON. Comparing the applied-for mark to the registered mark WINSTON, the Board observed that the addition of a given name to a distinctive surname "has limited distinctive capability."[252] The mark BRUCE WINSTON might well be seen as a "more specific reference to a

247. *Id.* at 1438-39.

248. *Id.* at 1439.

249. *Id.* at 1440.

250. *Id.* at 1441.

251. *Id.* at 1442.

252. *Id.* at 1446.

person or company that is otherwise identified by the designation WINSTON."[253] In view of the strength of the opposers' WINSTON mark, the Board found that this first *du Pont* factor weighed heavily in favor of the opposers.

As to the marks BRUCE WINSTON and HARRY WINSTON, the Board pointed out once again that when identical goods are involved, a lesser degree of similarity between the marks is needed to support a finding of likely confusion.[254] Moreover, a famous mark like HARRY WINSTON "casts a long shadow which competitors must avoid."[255] The Board consequently found that the two marks are sufficiently similar that this factor weighed in favor of the opposers.

Balancing the relevant *du Pont* factors, the Board found confusion likely and it sustained the opposition.

McDonald's Corp. v. McSweet, LLC

It is a rare occurrence when the Board finds that a plaintiff owns a family of marks, but in this opposition proceeding it not only accepted McDonald Corporation's claim to a family of "MC" marks, but it also found *the family itself* to be famous both for Section 2(d) and Section 43(c) purposes. In a thorough and exhaustive ruling, the Board sustained McDonald's opposition to registration of the mark MCSWEET for pickled gourmet vegetables, finding the mark likely to cause confusion with, and likely to dilute, the opposer's "MC" family of marks for restaurant services and food products.[256]

Based on the opposer's staggering sales and advertising figures and its "extraordinarily impressive number of products identified by individual marks in the 'MC' family,"[257] the Board concluded that the family of marks consisting of the prefix "MC" followed by a descriptive or generic term is famous for both Section 2(d) and Section 43(c) purposes.

The Board first addressed the family-of-marks question.

> "A family of marks is a group of marks having a recognizable common characteristic, wherein the marks are composed and

253. *Id.* at 1446, citing *In re* Chatham Int'l Inc., 380 F.3d 1340, 71 U.S.P.Q.2d 1944, 1946 (Fed. Cir. 2004) ("the first name JOSE modifies the surname GASPAR and serves to emphasize that GASPAR is a name"; JOSE GASPAR GOLD likely to be confused with GASPAR'S ALE), and other cases.

254. *Id.* at 1447, citing 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).

255. *Id.*, quoting Bose Corp. v. QSC Audio Prods., Inc., 293 F.3d 1367, 63 U.S.P.Q.2d 1303, 1305 (Fed. Cir. 2002).

256. McDonald's Corp. v. McSweet, LLC, 112 U.S.P.Q.2d 1268 (T.T.A.B. 2014). The decision on the dilution issue is discussed below.

257. *Id.* at 1288.

> used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner. Simply using a series of similar marks does not of itself establish the existence of a family. There must be a recognition among the purchasing public that the common characteristic is indicative of a common origin of the goods."[258]

The opposer owns registrations for, and uses, the mark MC (alone) as well as the marks MCDONALD'S, MC CHICKEN, MC DOUBLE, MCRIB, MCMUFFIN, MCNUGGETS, MCGRIDDLES, MCCAFE, MCSKILLET, and MCFLURRY.[259] According to witnesses, the opposer's efforts to establish and maintain the "MC" family of marks have been so successful that consumers spontaneously use the "MC" prefix in connection with all of the opposer's products. The Board concluded that McDonald's owns a family of "MC" marks comprising the prefix "MC" followed by a descriptive or generic term.

Section 2(d) Fame: In assessing the fame of the family of marks, the Board also considered the fame of the mark MCDONALD'S "because the 'MC' family was derived from and points back to the mark and as such is integrally related to that mark."[260]

The evidence established that the opposer has used the MCDONALD'S mark in connection with food and restaurant services since 1955, and operates 14,000 restaurants in the United States which serve 26 million people per day. It sells an "enormous number" of products under each of its 'MC' family members. The opposer extensively advertises products within the "MC" family—with some of the advertising emphasizing the "MC" prefix—and has also widely advertised under the MCDONALD'S mark for several decades.

The Board therefore concluded that the "MC" family of marks is famous for Section 2(d) purposes.

The applicant argued that "the fame of [the opposer's] mark may weigh against a finding of likelihood of confusion because consumers are so familiar with the famous mark that they can readily identify differences with other marks and the goods or

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258. *Id.* at 1275, quoting J & J Snack Foods Corp. v. McDonald's Corp., 932 F.2d 1460, 1462. 18 U.S.P.Q.2d 1889, 1891 (Fed. Cir. 1991).

259. The Board noted that the marks MC, MCDONALDS, and MCFLURRY "are not, strictly speaking, members of Opposer's claimed 'MC' family of marks because neither 'DONALDS' nor 'FLURRY' is generic or descriptive of the relevant goods, and the mark MC lacks a generic or descriptive suffix. Nonetheless, these marks reinforce the association between Opposer and marks that incorporate the prefix 'MC.'" *Id.* at 1276.

260. *Id.* at 1277.

services offered thereunder."[261] The Board, however, pointed out that the fame of a mark is not to be considered a liability in the likelihood of confusion analysis.[262] It concluded that, the mark MCDONALD'S and the "MC" family of marks are famous in connection with restaurant services and food products, and are entitled to a wide latitude of legal protection.

Similarity of the Marks: In considering the involved marks, "the question is not whether Applicant's mark is similar to the opposer's individual marks, but whether Applicant's mark would likely be viewed as a member of the opposer's family of marks."[263]

The applicant acknowledged that its mark was created by Leo McIntyre using the "MC" from his surname and "SWEET" to describe the sweet brine used to pickle onions, but it argued that its mark can be distinguished from the opposer's family of marks because its mark is a surname. The Board disagreed: "Because Applicant's mark and Opposer's family of marks all start with the prefix 'MC' and are followed by a term that is descriptive or generic for the goods, we find that the similarities in appearance, meaning and commercial impression between Applicant's mark MCSWEET and Opposer's family of 'MC' formative marks are such that potential consumers would view Applicant's mark as a member of Opposer's family of marks."[264]

Relatedness of the Goods: The evidence established that pickled vegetables are offered at quick service restaurants; the opposer's restaurants offer multiple products that contain pickles and onions, and the applicant's pickled vegetables may be used as toppings for the opposer's sandwiches. In view of the fame of the opposer's "MC" family of marks for its food products and the complementary nature of the goods, the Board found the parties' goods to be sufficiently related to support a finding of likelihood of confusion.

The applicant contended that its goods travel in different channels of trade from the opposer's goods and services, since the applicant's goods are not sold in quick-service restaurants. The Board noted, however, that there are no restrictions as to channels of trade in the opposed applications. Moreover, restaurant-branded foods are also sold in supermarkets or grocery stores: for example, Burger King frozen onion rings, White Castle frozen hamburgers,

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261. *Id.* at 1280. The applicant relied on Citigroup Inc. v. Capital City Bank Grp. Inc., 637 F.3d 1344, 98 U.S.P.Q.2d 1253 (Fed. Cir. 2011), B.V.D. Licensing Corp. v. Body Action Design, Inc., 846 F.2d 727, 6 U.S.P.Q.2d 1719 (Fed. Cir. 1988) and Jim Beam Brands Co. v. Beamish & Crawford, Ltd., 852 F. Supp. 196, 31 U.S.P.Q.2d 1518 (S.D.N.Y. 1994). The Board, however, pointed out that "Neither of the two [sic] courts that issued these decisions found that consumers can more easily distinguish famous marks from other marks." *Id.*

262. *Id.*

263. *Id.*

264. *Id.* at 1281.

and T.G.I. Friday's frozen appetizers. Grocery stores are thus within the ordinary channels of trade for restaurant-branded goods. In addition, since 1993 the opposer has operated McDonald's restaurants inside Wal-Mart stores.

Considering the relevant *du Pont* factors, the Board found confusion likely and it sustained the Section 2(d) claim.

Fiserv, Inc. v. Electronic Transaction Systems Corp.

The Board highly commended the parties for choosing to resolve this Section 2(d) opposition via the Accelerated Case Resolution (ACR) regime.[265] The parties agreed to forego discovery and disclosures, and submitted stipulations of facts and briefs with attached evidence, but no testimony. The Board sustained the opposition, finding the mark PMONEY likely to cause confusion with the registered mark POPMONEY (in standard character and design forms), both for financial services that included electronic funds transfer.[266]

The parties agreed that if ACR "did not turn out to be the best route for them, then they could opt out of it later."[267] They conferred with the interlocutory attorney on two occasions with regard to the stipulations of fact.

Turning to the merits, because the respective services of the parties overlapped in part, the Board presumed that the channels of trade and classes of purchasers also overlapped.[268] These factors weighed heavily in the opposer's favor. Moreover, the Board observed for the umpteenth time that when the involved services are identical (or identical-in-part) a lesser degree of similarity between the marks is necessary to support a finding of likely confusion.[269]

The applicant claimed that "pop" has a descriptive meaning as applied to the opposer's services, but the evidence was scanty and unpersuasive. There was no evidence that the shared term, consisting of P plus MONEY, is commonly used by third parties or has any meaning in relation to the services.

The Board concluded that the marks are substantially similar, finding it likely that the applicant's mark PMONEY would be

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265. 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* § 702.04 Trademark Trial and Appeal Board Manual of Procedure (TBMP) (June 2015 revision).

266. Fiserv, Inc. v. Electronic Transaction Systems Corp., 113 U.S.P.Q.2d 1913 (T.T.A.B. 2015). The opposition was filed on December 31, 2013, and decided on February 27, 2015.

267. *Id.* at 1916.

268. *See, e.g.*, Cunningham v. Laser Golf Corp., 55 U.S.P.Q.2d 1842, 1846-47 (Fed. Cir. 2000); *In re* Smith and Mehaffey, 31 U.S.P.Q.2d 1531 (T.T.A.B. 1994); Hewlett-Packard Co. v. Packard Press Inc., 62 U.S.P.Q.2d 1001, 1005 (Fed. Cir. 2002).

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

perceived as an abbreviation of POPMONEY, since consumers "have a universal habit of shortening full names—from haste or laziness or just economy of words."[270]

The applicant contended that purchasers of the involved services are sophisticated, but it conceded that the relevant consumers include the general public. The Board observed that "the applicable standard of care for a likelihood-of-confusion analysis is that of the least sophisticated consumer,"[271] and there was no evidence that the general public is sophisticated or exercises a high degree of care in connection with these services. In any event, even sophisticated consumers may be confused, especially when, as here, the services are identical in part. Finally, the Board noted, services like those of the parties here are offered to the general public at low prices or even for free.

b. Likelihood of Confusion Not Found

ProMark Brands Inc. and H.J. Heinz Company v. GFA Brands, Inc.

The Board gave the cold shoulder to this consolidated opposition to registration of the mark SMART BALANCE for frozen entrees and various snack foods and desserts, finding the mark not likely to cause confusion with the registered mark SMART ONES for various types of frozen foods, including entrees, desserts, ready-to-eat wraps, pizzas, and breakfast foods.[272] The Board concluded that although the goods of the parties, as identified in their respective identifications of goods, are closely related and, in some cases, legally identical, the marks are significantly different, particularly in view of the weakness of the formative "SMART," the seventeen-year period of conflict-free coexistence of the parties' marks (but not for frozen foods), and applicant's corroborating survey evidence and expert testimony.

Objection to Applicant's Survey Evidence and Expert Testimony: A large portion of the Board's opinion focuses on the expert testimony and survey evidence offered by the parties. Perhaps most significantly, the opposers unsuccessfully urged that the applicant's survey evidence and expert testimony be stricken because they allegedly comprised improper rebuttal evidence that went beyond attacking the opposer's survey. The Board, however, found the evidence and testimony to be proper rebuttal, even

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270. Quoting *In re* Abcor Development Corp., 200 U.S.P.Q. 215, 219 (C.C.P.A. 1978) (Rich, J., concurring).

271. Quoting Stone Lion Capital Partners, L.P. v. Lion Capital LLP, 110 U.S.P.Q.2d 1157, 1163 (Fed. Cir. 2014).

272. ProMark Brands Inc. and H.J. Heinz Company v. GFA Brands, Inc., 114 U.S.P.Q.2d 1232 (T.T.A.B. 2015).

though the evidence and testimony did not use the applicant's survey as a "template" and did not refer to the opposer's survey. Federal Rule of Civil Procedure 26(a)(2)(D)(ii)[273] refers to a rebuttal expert as one who presents evidence intended to "contradict or rebut" the other party's evidence. The applicant's expert did contradict the conclusions of the opposers' expert. Moreover, the applicant's use of its survey evidence and expert testimony is not limited to rebutting the opposers' survey, but may counter any of the opposers' evidence, whatever its form.

Fame: the opposers failed in their attempt to prove the mark SMART ONES to be famous for Section 2(d) purposes. The evidence showed large dollar sales, but the mark SMART ONES always appeared in conjunction with the WEIGHT WATCHERS trademark. The Board was consequently unable to attribute the sales or promotional expenditures to the SMART ONES mark alone.[274] Two consumer studies were similarly inconclusive as to the strength of the SMART ONES mark by itself. The opposers' survey, which purported to show an 82% awareness level for the brand, lacked significant evidentiary value because the respondents had been prompted with a list of marks that included SMART ONES, the Board noting that it has "discouraged heavy reliance on aided awareness to prove fame."

In sum, the evidence fell well short of the clear proof required to establish fame under Section 2(d). This failure to prove Section 2(d) fame led the Board to dismiss the opposers' dilution-by-blurring claim, where the burden of proof for proving fame is even higher.

Likelihood of Confusion Surveys: The Board considered the parties' survey evidence "with the following best practices mind."

1. the universe was properly defined and chosen;
2. the survey questions were properly formulated and presented;
3. the interviews were conducted in a manner to minimize error and bias;
4. the data were properly coded, collected, and later analyzed; and
5. the survey reports are complete and appropriately detailed.[275]

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273. Rule 26(a)(2)(D)(ii) of the Federal Rules of Civil Procedure provides that a party must make its expert disclosures as follows: "if the evidence is intended solely to contradict or rebut evidence on the same subject matter identified by another party under Rule 26(a)(2)(B) or (C), within 30 days after the other party's disclosure."

274. *See, e.g.*, *In re* Bongrain Int'l (Am. Corp.), 894 F.2d 1316, 13 U.S.P.Q.2d 1727, 1739 (Fed. Cir. 1990).

275. ProMark Brands Inc. and H.J. Heinz Company v. GFA Brands, Inc., 114 U.S.P.Q.2d at 1247-48.

The opposers' likelihood of confusion survey purported to show a 32% likelihood among the 250 respondents surveyed. The Board, however, found the survey to be fatally flawed. The preliminary screening question that it employed eliminated potential purchasers of SMART BALANCE products who were unaware of SMART ONES products. The Board noted that this "skewed the results of [the] survey by preventing those individuals least likely to be confused from participating."[276] In addition, the pivotal question was close-ended and failed to ask "why?"

> "If you were to see a brand of frozen meals in the frozen food section of a supermarket named Smart Balance, would you think it was associated with, licensed by, owned by or in any way connected to Smart Ones? You may answer yes, no, or don't know."[277]

The Board observed that when a closed-ended question is used, it is essential that a "robust control group" be employed. It found the applicant's question to be leading "because it spotlights only two stimuli, i.e., the "SMART ONES" and "SMART BALANCE" trademarks, and provides no other options."[278] As a result, the Board found the applicant's survey results to be "dubious in a litigation setting."[279]

The applicant's survey, on the other hand, comported with best practices: the survey universe was properly defined, the questions followed the generally-accepted *Ever-Ready* format,[280] posing nonleading, open-ended questions and asking appropriate follow up questions, and the survey employed acceptable controls. The survey reported a 2% likelihood of confusion among relevant purchasers, based on 410 respondents. The Board found that the applicant's survey supported a conclusion that confusion is not likely.

Smartly balancing the relevant *du Pont* factors, the Board found that the opposers had failed to carry their burden to prove likelihood of confusion by a preponderance of the evidence.

3. Dilution by Blurring

McDonald's Corp. v. McSweet, LLC

The Board sustained McDonald Corporation's opposition to registration of the mark MCSWEET for pickled gourmet vegetables, finding the mark likely to cause confusion with,[281] and

276. *Id.* at 1248.

277. *Id.*

278. *Id.*

279. *Id.* at 1249.

280. Union Carbide Corp. v. Ever-Ready, Inc., 188 U.S.P.Q. 623 (7th Cir. 1976).

281. The likelihood of confusion issue is discussed in Part II.C.2.a., above.

likely to dilute, the opposer's "MC" family of marks for restaurant services and food products.[282] Based on the opposer's staggering sales and advertising figures and its "extraordinarily impressive number of products identified by individual marks in the 'MC' family,"[283] the Board concluded that the family of marks consisting of the prefix "MC" followed by a descriptive or generic term is famous for both Section 2(d) and Section 43(c) purposes.

The Board for the first time ruled that the term "famous mark" in Section 43(c)(2)(B) is applicable to a "famous family of marks."[284] This statutory language "encompasses not just an individual famous mark, but also a famous family of marks. There is nothing in the Lanham Act or its legislative history to warrant the exclusion of a family of marks from protection against dilution. Indeed, the inherent nature of a family of marks, may make such marks more susceptible to blurring than a single mark."[285]

Based on the record evidence (discussed in Part II.C.2.a above), the Board found that the opposer's "MC" family of marks meets the higher fame standard applicable for the purpose of establishing dilution by blurring. Moreover, the opposer also proved that its family of marks was sufficiently famous as early as 1986, prior to the applicant's alleged first use of the applied-for mark in 1990.

Considering the six "blurring" factors set forth in Section 43 (c)(2)(B)(i)-(vi),[286] the Board found that the applicant's mark MCSWEET is "very similar to Opposer's family of marks"; that the combination of the prefix "MC" with a generic or descriptive food term is inherently distinctive; that the opposer's use of its "MC" family of marks is substantially exclusive; and that the degree of recognition of the opposer's family of marks is and has been quite strong since as early as 1986 (when the opposer operated 7,272 restaurants in the United States and had sales of approximately $9,534,000,000). The Board found no evidence that the applicant

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282. McDonald's Corp. v. McSweet, LLC, 112 U.S.P.Q.2d 1268 (T.T.A.B. 2014).

283. *Id.* at 1288.

284. *Id.* at 1286.

285. *Id.*

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

intended to create an association with the opposer's family of marks.

Finally, as to proof of actual association between the applicant's mark and the "MC" family of mark, the opposer relied on the results of a dilution survey. The Board noted that "[b]oth the courts and the Board have found the 'brings to mind' survey format acceptable as evidence of actual association, which is required to establish likelihood of dilution."[287]

The opposer's survey demonstrated "a substantial degree of association between MCSWEET and McDonald's and the 'MC' marks," showing that "67% or two out of three individuals who encounter the MCSWEET term associate it with opposer, McDonalds and its 'MC' marks."[288] Notwithstanding the applicant's objections, the Board found that "the survey demonstrates actual association between the mark MCSWEET and opposer's family of 'MC' marks."[289]

Considering all of the relevant dilution factors, the Board found that the mark MCSWEET "is likely to impair the distinctiveness of opposer's family of 'MC' marks and is therefore likely to cause dilution by blurring within the meaning of Section 43(c)."[290]

New York Yankees Partnership v. IET Products and Services, Inc.

In this dilution-by-blurring case involving the once mighty New York Yankees, the Board reconsidered the role of parody in the context of a dilution claim, concluding that because the applicant intended to use the opposed marks as source indicators, such use is neither noncommercial nor a "fair use" exempted from a dilution claim. The Board (employing an augmented panel consisting of seven judges) sustained the Yankees' opposition to registration of the mark "THE HOUSE THAT JUICE BUILT" (including quotation marks) for T-shirts, baseball caps, hats, jackets, and sweatshirts, the mark THE HOUSE THAT JUICE BUILT for mugs, and the design mark shown immediately below for "T-shirts, baseball caps, hats, jackets and sweatshirts" (shown below, left) finding the first two marks likely to cause dilution-by-blurring of the Yankees' registered marks THE HOUSE THAT

287. McDonald's Corp. v. McSweet, LLC, 112 U.S.P.Q.2d at 1292, citing See Nike, Inc. v. Nikepal Int'l Inc., 84 U.S.P.Q.2d 1820, 1825 (E.D. Cal. 2007); Nat'l Pork Bd. v. Supreme Lobster & Seafood Co., 96 U.S.P.Q.2d 1479, 1491 (T.T.A.B. 2010).

288. *Id.* at 1292.

289. *Id.* at 1294.

290. *Id.*

RUTH BUILT and the third likely to dilute its "Top Hat" design mark (shown below right).[291]

A plaintiff must establish four elements in order to prove a claim of dilution by blurring:

(1) the plaintiff "owns a famous mark that is distinctive;

(2) the defendant is using a mark in commerce that allegedly dilutes the plaintiff's famous mark;

(3) the defendant's use of its mark began after the plaintiff's mark became famous; and

(4) the defendant's use of its mark is likely to cause dilution by blurring or by tarnishment."[292]

Fame of the Top Hat logo: The applicant conceded that the opposer's Top Hat logo is distinctive. The Bronx Bombers offered substantial evidence regarding the duration and extent of the advertising of the mark, and regarding the sales of goods and services under the mark. The Top Hat logo has been in use for at least four decades on clothing items and has been widely displayed on television broadcasts and in promotional campaigns with various well-known brands. The design has been registered on the Principal Register since at least 1976 for baseball-related services and various collateral goods, including drinking cups and apparel. The Board therefore found the Top Hat logo to be famous for dilution purposes.

Fame of THE HOUSE THAT RUTH BUILT: the applicant conceded that the phrase THE HOUSE THAT RUTH BUILT, as used by the press and public, is famous as referring to Yankee Stadium, but it denied that THE HOUSE THAT RUTH BUILT is a famous trademark. The Board, however, found that the Yankees'

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291. New York Yankees P'ship v. IET Prods. and Servs., Inc., 114 U.S.P.Q.2d 1497 (T.T.A.B. 2015).

292. Coach Servs. Inc. v. Triumph Learning LLC, 668 F.3d 1356, 101 U.S.P.Q.2d 1713, 1723-24 (Fed. Cir. 2012).

"use of its stadium, which Applicant admits had been known by the nickname THE HOUSE THAT RUTH BUILT since the 1920s, has resulted in widespread recognition of that mark in association with Opposer's baseball services."[293] Extensive media coverage confirmed the fame of the mark.

The Board pointed out that the first factor for assessing fame is the "duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or *third parties*."[294] Thus even third-party use is probative of the fame of the mark.

Based on the applicant's admissions and the record evidence, the Board found that THE HOUSE THAT RUTH BUILT is famous for dilution purposes.

The second element of the dilution test requires that the defendant be using its mark in commerce, but the Board in *Toro Co. v. ToroHead Inc.*[295] held that the filing of an intent-to-use application satisfied that requirement. As to the third element, the Board found that the opposer's marks became famous before the filing dates of the challenged applications (i.e., their constructive first use dates).

Dilution or Not?: As to the final element of the analysis, whether the applicant's marks are likely to dilute the opposers' marks, the Board noted that "dilution by blurring occurs when a substantial percentage of consumers, on seeing the junior party's use of a mark on its goods, are immediately reminded of the famous mark and associate the junior party's use with the owner of the famous mark, even if they do not believe that the goods come from the famous mark's owner."[296]

First dealing with the Top Hat logo, the Board looked to the six nonexhaustive factors of Section 43(c)(2)(B)(i)-(vi) in finding the Yankees' logo to be "sufficiently similar that Applicant's mark will 'trigger consumers to conjure up' Opposer's famous mark."[297] The opposer's Top Hat mark, the Board found, is inherently distinctive, and the Yankees are the substantially exclusive user of that design. The record, however, lacked evidence from which the Board could determine the degree of recognition of the opposer's mark.

As to the applicant's intention to create an association between the marks, the applicant claimed that its logo mark was a

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293. *N.Y. Yankees P'ship v. IET Prods. and Servs., Inc.*, 114 U.S.P.Q.2d at 1505.

294. Lanham Act, Section 43(c)(2)(A)(ii), 15 U.S.C. § 1025(c)(2)(A)(ii) (emphasis supplied by the Board).

295. Toro Co. v. ToroHead Inc., 61 U.S.P.Q.2d 1164, 1174 (T.T.A.B. 2001),

296. UMG Recordings Inc. v. Mattel Inc., 100 U.S.P.Q.2d 1868, 1888 (T.T.A.B. 2011) (citing *Toro Co.*, 61 U.S.P.Q.2d at 1183).

297. *N.Y. Yankees P'ship v. IET Prods. and Servs., Inc.*, 114 U.S.P.Q.2d at 1506, quoting National Pork Board v. Supreme Lobster & Seafood Co., 96 U.S.P.Q.2d 1479, 1497 (T.T.A.B. 2010).

fair use parody of the Yankees logo and therefore Section 43(c)(3)(A)(ii) "mandates that Applicant's parody is non-actionable."[298] The Board, however, pointed out that the "fair use" exemption by its terms applies to use of a famous mark "other than as a designation of source for the person's own goods or services."[299] Noncommercial use is also excluded.[300] Here, the applicant sought to register its marks as source indicators; it was not proposing merely ornamental, expressive, or noncommercial use. And so the fair use exception was inapplicable here.

The Board took the opportunity to modify its suggestion in *Research in Motion Ltd. v. Defining Presence Marketing Group Inc.*,[301] that an alleged parody should be considered as part of its dilution analysis even when parody did not provide a "safe harbor" for a defendant.

> We now choose to not consider the parody defense as part of the assessment of the dilution claim, because . . . a mark that identifies source—which it must for registration—will not concurrently qualify for a statutory exclusion to a dilution claim. Stated another way, when an applicant's mark is registrable, because it is being used in commerce to indicate source, such use is not a noncommercial use or fair use. Thus, given the circumstances generally presented by opposition and cancellation proceedings based on allegations of dilution, we find it virtually impossible to conceive of a situation where a parody defense to a dilution claim can succeed in a case before the Board.[302]

Finally, there was no evidence of an actual association between the two logo marks, but then the opposed applications were based on intent-to-use and the applicant had sold only 22 shirts, thus minimizing the opportunity for actual association to occur.

Concluding that the first, second, third, and fifth factors favored a finding of dilution, while the fourth and sixth were neutral, the Board ruled that the applicant's design mark "would impair the distinctiveness of the Yankees' Top Hat design mark

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298. *Id.* at 1508.

299. Lanham Act Section 43(c)(3)(A)(ii), 15 U.S.C. § (c)(3)(A)(ii), in pertinent part, provides that "[a]ny fair use, including a nominative or 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" is not actionable as dilution by blurring or dilution by tarnishment.

300. Lanham Act Section 43(c)(3)(C)(ii), 15 U.S.C. § (c)(3)(C)(ii).

301. Research in Motion Ltd. v. Defining Presence Mkt. Grp. Inc., 102 U.S.P.Q.2d 1187, 1198 (T.T.A.B. 2012).

302. *N.Y. Yankees P'ship v. IET Prods. and Servs., Inc.*, 114 U.S.P.Q.2d at 1510-11.

and would not constitute a non-source-indicating fair use parody."[303]

As to the marks THE HOUSE THAT RUTH BUILT, the Board's dilution analysis was similar to that above. The first, second, fourth, and fifth factors favored the Yankees, while the third and sixth were neutral.

The applicant argued that the Yankees' mark was diluted in view of seven similar marks that were registered or in use: THE HOUSE THAT ROCK BUILT, THE HOUSE THAT FRIED CHICKEN BUILT, THE HOUSE THAT JACK BUILT, WELCOME TO THE HOUSE THAT SEAFOOD BUILT, THE HOUSE THAT LOVE BUILT, THE HOUSE THAT FAME BUILT, and THE HOUSE THAT SERVICE BUILT. The Board observed, however, that registrations are not evidence of use,[304] and the applicant's Internet evidence failed to establish the nature and extent of use of the third-party marks.[305] Moreover, "[a] limited amount of third-party use is insufficient to defeat a showing of substantially exclusive use."[306]

And so the Board sustained the opposition on the ground of dilution by blurring, declining to reach the opposer's Section 2(a) false association and Section 2(d) likelihood of confusion claims.

4. Fraud

Nationstar Mortgage LLC v. Ahmad

In a decision noteworthy more for its curiosity value than for its jurisprudential significance, the Board sustained a claim of fraud on the USPTO for the first time since the CAFC issued its landmark 2009 decision in *In re Bose*,[307] finding that Applicant Mujahid Ahmad's averments as to his use of the mark NATIONSTAR for various real estate brokerage services were false and were intended to deceive the USPTO.[308]

Ahmad testified that he chose the NATIONSTAR mark in 2004–2005, after checking the Virginia corporate records and the USPTO. On April 20, 2006, Mr. Ahmad personally filed a use-based application for the NATIONSTAR mark for "Real estate

303. *Id.* at 1510.

304. *Id.* at 1511.

305. *Id.*

306. *Id.*, quoting McDonald's Corp. v. McSweet, LLC, 112 U.S.P.Q.2d 1268, 1289 (T.T.A.B. 2014).

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

308. Nationstar Mortgage LLC v. Ahmad, 112 U.S.P.Q.2d 1361 (T.T.A.B. 2014). In a subsequent trademark infringement action between the parties, the U.S. District Court for the Eastern District of Virginia, applying *B&B Hardware*, gave preclusive effect to the TTAB's finding of fraud. Nationstar Mortgage, LLC. v. Mujahid Ahmad and Nationstar Mortgage, Inc., Civil Action No. 1:14-cv-1751 (E.D. Va. Dec. 17, 2015).

brokerage; rental of real estate; real estate management services, namely, management of commercial and residential properties; real estate investment; residential and commercial property and insurance brokerage; mortgage brokerage; and business finance procurement services." Mr. Ahmad is a real estate agent in Virginia. He was not a real estate broker, insurance broker, or mortgage insurance broker—each of which requires a state license—at the time he filed his application to register. In April 2005, he registered several domain names containing the word "nationstar." In early April 2006, Opposer Nationstar Mortgage LLC contacted Ahmad, offering to buy two of the domain names. Within days, Ahmad filed the application here at issue.

After the subject opposition was commenced, Mr. Ahmad, now represented by counsel, filed a motion to amend the filing basis of his application to Section 1(b) intent-to-use. In June 2008, the Board granted his motion to amend, but noted that "amending the filing basis of the opposed application to Section 1(b) does not protect the application from the fraud claim."[309]

Fraud must be proven with clear and convincing evidence. A false statement made with a reasonable and honest belief of its truth is not fraud. There must be an "intent to mislead the USPTO into issuing a registration to which the applicant was not otherwise entitled."[310]

Ahmad's testimony regarding use of the mark NATIONSTAR as of his filing date was of grave concern to the Board, due to his "evasiveness and his failure to respond directly to straightforward questions."[311] For example, he could not identify which of his printed materials were created by him and which by others, he claimed not to know whether his business earned any income, and he dodged questions about his filing of tax returns. The Board found his testimony "so lacking in conviction and credibility as to be virtually incapable of corroboration."[312] The documents that he provided were of "virtually no probative value" because he could not state who created them or when.[313]

The Board observed that, as a real estate agent, Ahmad was well aware that legal documents must be carefully reviewed prior to signing. According to his testimony, Ahmad was also well aware of the restrictions on real estate agents and he knew that separate licenses are required for brokers.

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309. *Id.* at 1364.

310. *Id.* at 1365, citing *In re Bose Corp.*, 91 U.S.P.Q.2d at 1941.

311. *Id.* at 1370.

312. *Id.* at 1372.

313. *Id.*

In short, the Board found Ahmad's testimony to be "not at all credible,"[314] and it concluded that Ahmad was not using the NATIONSTAR mark with any of the recited services prior to his filing date. At most he may have rendered real estate *agency* services prior to the filing date, as corroborated by two witnesses. Those services, however, were not listed in the application.

The Board next found that the false statements made by Ahmad were made knowingly and with an intent to deceive the USPTO. It noted that the law does not require "smoking gun" evidence of deceptive intent; direct evidence of deceptive intent is seldom available. Therefore, deceptive intent may be inferred from the surrounding facts and circumstances.[315] Here, the surrounding facts and circumstances "provide clear and convincing evidence that applicant did not have a good faith reasonable basis for believing that he was using the NATIONSTAR mark in commerce for all the services identified in the application."[316]

The Board distinguished this case from *In re Bose*, where it was found not unreasonable for the corporate officer who signed the Section 8 declaration there at issue to believe that the mark was in use in interstate commerce. Here, there was no nuance of trademark law that the applicant may have incorrectly interpreted. Instead this case involved an applicant making false statements about his own industry and his own activities, knowing that he did not have the appropriate licenses.

The fact that Ahmad filed the subject application himself did not give him "a free pass to disregard the straightforward requirements of a use-based application and the solemnity of the application declaration that he signed subject to criminal penalties under 18 U.S.C. Section 1001."[317]

The Board therefore sustained the opposition, declining to consider the additional grounds of likelihood of confusion and lack of *bona fide* intent.

5. Genericness

In re Meridian Rack & Pinion DBA buyautoparts.com

The Board affirmed this rather straightforward refusal to register BUYAUTOPARTS.COM on the Supplemental Register, finding the term to be generic for "on-line retail store service featuring auto parts."[318] The applicant argued that the word "buy"

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314. *Id.* at 1373.

315. *Id.* at 1374, citing *In re Bose Corp.*, 91 U.S.P.Q.2d at 1941.

316. *Id.* at 1375.

317. *Id.*

318. *In re* Meridian Rack & Pinion DBA buyautoparts.com, 114 U.S.P.Q.2d 1462 (T.T.A.B. 2015).

does not identify a genus of services associated with "selling," but the Board didn't buy it.

The Board found the genus of services to be adequately defined by the applicant's recitation of services.[319] The relevant public consists of general consumers of auto parts. The issue, then, was the public's understanding of the term, considered as a whole.

The applicant contended that BUYAUTOPARTS.COM does not name the genus of its services because "buy" does not identify a genus associated with "selling." At most, the applicant argued, the applied-for mark describes the result or purpose of the services. The term would be generic "only if applicant purchased auto parts from others." According to the applicant, "BUYAUTOPARTS.COM merely conveys the message that consumers may purchase auto parts from Applicant online, if consumers desire to do so, but does not describe Applicant's 'selling.'"[320]

The Board found the applicant's arguments unpersuasive. First, more than one term may be generic with regard to a particular product or services. Second, the central focus of any retail sales service is to facilitate "buying." In short, "buying" is directly related to "selling." The Board has often held that a term that names the "central focus" or "key aspect" of a service is generic for that service.[321]

The evidence showed that the applicant offers its auto parts for sale online by advertising "Buy Auto Parts." Thus "buying" is a central focus of the applicant's services. The record also showed that relevant consumers understand "buy auto parts" to refer to the transactions that are the central focus of the applicant's services, and that third parties who sell auto parts tell their customers to "Buy Auto Parts Online."

The applicant conceded that the term "BuyAutoParts" can be seen as generic, but it feebly maintained that the addition of ".com" changes the commercial impression of the phrase and creates a distinctive mark (even though the applicant disclaimed the term ".com"). The Board observed, however, that ".com" is widely understood to refer to online commerce, and therefore the entire term BUYAUTOPARTS.COM as a whole is generic for the applicant's services. Moreover, the addition of a top level domain indicator to the generic name of the central focus or subject matter

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319. *Id.* at 1463, citing Magic Wand Inc. v. RDB Inc., 19 U.S.P.Q.2d 1551, 1552 (Fed. Cir. 1991); *In re* Country Music Ass'n, 100 U.S.P.Q.2d 1824, 1847-48 (T.T.A.B. 2011).

320. *Id.* at 1464.

321. *See, e.g.*, *In re* Hotels.com LP, 91 U.S.P.Q.2d 1532, 1535 (T.T.A.B. 2009) (finding "hotels" the central focus of the involved online services); *In re* Tires, Tires, Tires Inc., 94 U.S.P.Q.2d 1153, 1157 (T.T.A.B. 2009) ("tires" was the generic name of the goods sold in retail stores).

of a services does not transform the composite phrase into a registrable mark.[322]

The Board therefore found the applied-for mark to be incapable of distinguishing the applicant's services, and thus ineligible for registration on the Supplemental Register under Section 23 of the Lanham Act.

6. Ownership

Kristin Marie Conolty d/b/a Fairway Fox Golf v. Conolty O'Connor NYC LLC

In this ownership dispute between former business partners over the mark FAIRWAY FOX for golf clothing, the parties invoked the Board's Accelerated Case Resolution (ACR) procedure,[323] and nine months later, they had their decision.

Opposer Conolty claimed that she was the prior user and owner of the mark. Applicant Conolty O'Connor LLC asserted that Ms. Conolty lacked standing and was barred from opposing the application by "unclean hands" as a result of "acting in bad faith," and by the doctrines of waiver and estoppel. The Board ruled in favor of Opposer Conolty, deeming the LLC's application void ab initio.[324]

In 2008, Kristin Marie Conolty and Kathryn O'Connor began preparations to offer a line of upscale, fashionable golf clothing. Ms. Conolty designed the clothing and worked with vendors, while Ms. O'Connor assisted with or consulted in the design efforts. O'Connor provided most or all of the funds for the enterprise and had some responsibility for the business side of the endeavor, but Conolty had input into that side of the business as well. Some documents named the two as "founders" or "co-owners" of the business, and vendors and others viewed both as being associated with the Fairway Fox business.

In 2011, Applicant Conolty O'Connor LLC was formed, with Ms. O'Connor as the sole shareholder. However, there was no evidence that Conolty agreed that O'Connor should or would be the applicant's sole shareholder. It was not clear from the record whether Conolty was involved in the applicant's formation, other than proposing names for the entity and titles for herself and

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322. *See, e.g.*, *In re* 1800Mattress.com IP, LLC, 92 U.S.P.Q.2d 1682 (Fed. Cir. 2009) (mattress.com); *In re* Reed Elsevier Props., Inc., 82 U.S.P.Q.2d 1378 (Fed. Cir. 2007) (lawyers.com).

323. Specifically, the parties agreed to file briefs similar in form to cross-motions for summary judgment, with their evidence attached. The parties agreed, as in any ACR case, that "[t]he Board may resolve any genuine issues of material fact, including the drawing of reasonable inferences from any such fact(s). . . ."

324. Kristin Marie Conolty d/b/a Fairway Fox Golf v. Conolty O'Connor NYC LLC, 111 U.S.P.Q.2d 1302 (T.T.A.B. 2014).

O'Connor, nor was it clear whether Conolty transferred, or intended to transfer, any part of the business to the applicant company.

After the LLC was formed, the two individuals continued to work together, even regarding the LLC's filing of the application here opposed. In January 2012 they both participated in the PGA Merchandise Show, where the first FAIRWAY FOX branded goods were sold. In May 2012, the two stopped working together. O'Connor suggested that they "continue to work on the day-to-day deliveries of the product so as not to damage the brand we have developed."[325]

The parties then went their separate ways, each selling clothing under the FAIRWAY FOX mark. The mark was never assigned, transferred, or licensed, and there were no documents addressing the disposition of the assets upon dissolution of their partnership or joint venture.

The decision: There was no question that Opposer Conolty had standing, since she clearly had a real interest in this proceeding beyond that of a mere intermeddler, and a reasonable basis for her belief of damage.[326] Although the opposer pleaded only priority and likelihood of confusion, the Board found that the issue of ownership, which was the real crux of the case, was tried by the consent of the parties.[327]

The Board concluded that the opposed application was void ab initio because the LLC was not the sole owner of the mark. Prior to the first use of the mark in January 2012, Conolty and O'Connor were "by any practical measure, partners, who jointly controlled the quality of FAIRWAY FOX products and who were both, together, perceived as the source of FAIRWAY FOX products."[328] The LLC was controlled by O'Connor, but she had only a joint interest in the mark with Conolty.

The Board noted that, if the case were analyzed as a priority dispute, the result would be "effectively the same."[329] Any activities of the individuals prior to their break-up inured to the benefit of the jointly owned business, not to either individual.

As to the asserted defenses, the LLC did not pursue the bad faith/unclean hands defense. The claims of waiver and estoppel were not supported by the evidence, since any actions of Ms.

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325. *Id.* at 1308.

326. *Id.*, citing Ritchie v. Simpson, 170 F.3d 1092, 50 U.S.P.Q.2d 1023 (Fed. Cir. 1999); Lipton Indus, Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 U.S.P.Q. 185, 189-190 (C.C.P.A. 1982); Automedx, Inc. v. Artivent Corp., 95 U.S.P.Q.2d 1976, 1978 (T.T.A.B. 2010); Giersch v. Scripps Networks, Inc., 90 U.S.P.Q.2d 1020, 1022 (T.T.A.B. 2009).

327. *Id.* at 1305. The Board noted that "both parties introduced evidence on the issue of ownership, and neither objected to the other's evidence relating to ownership."

328. *Id.* at 1309.

329. *Id.*

Conolty with regard to use of the mark or filing the application to register were undertaken in the context of the partnership, not with the intention that Ms. O'Connor should enjoy sole ownership of the mark and any registration.

7. Laches

Ava Ruha Corporation dba Mother's Market & Kitchen v. Mother's Nutritional Center, Inc.

In this cancellation proceeding involving allegations of likelihood of confusion, dilution-by-blurring, and fraud, the parties filed cross-motions for summary judgment with regard to the respondent's affirmative defense of laches. The Board pointed out that laches is not an available defense to a fraud claim, and it therefore considered laches only with respect to the dilution and likelihood of confusion claims. It concluded that laches barred Petitioner Ava Ruha's dilution claim, but that as to likelihood of confusion a genuine issue of material fact as to whether confusion was inevitable precluded the entry of summary judgment.[330]

Because the public interest is served by prohibiting registrations obtained by fraud, the defense of laches does not lie against a fraud claim.[331] However, laches is an available defense against claims of likelihood of confusion and dilution.[332]

In order to establish the defense of laches, a party must show that there was undue or unreasonable delay by the other party in asserting its rights, and prejudice resulting from the delay.[333]

The Board first turned to a calculation of the length of the delay. In a cancellation proceeding, laches is calculated from a date "no earlier than the date the involved mark was published for opposition (if there was actual knowledge), and no later than the issue date of the registration (when Plaintiff is put on constructive notice, see 15 U.S.C. Section 1072)."[334] Here, Petitioner Ava Ruha had actual knowledge of the respondent's trademark use prior to the date when the applications that issued as the challenged registrations were published for opposition (both on June 16,

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330. Ava Ruha Corp. dba Mother's Market & Kitchen v. Mother's Nutritional Center, Inc., 113 U.S.P.Q.2d 1575 (T.T.A.B. 2015).

331. Hornby v. TJX Cos., 87 U.S.P.Q.2d 1411, 1419 (T.T.A.B. 2008); *see also* La Republique Francaise v. Saratoga Vichy Spring Co., 191 U.S. 427, 439 (1903).

332. 15 U.S.C. Section 1069; National Cable Tel. Ass'n, Inc. v. American Cinema Editors, Inc. 937 F.2d 1572, 19 U.S.P.Q.2d 1424, 1431 (Fed. Cir. 1991); *Hornby*, 87 U.S.P.Q.2d at 1419.

333. Bridgestone/Firestone Research, Inc. v. Auto. Club de l'Ouest de la France, 245 F.3d 1359, 58 U.S.P.Q.2d 1450, 1462-63 (Fed. Cir. 2001); Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes Inc., 971 F.2d 732, 23 U.S.P.Q.2d 1701, 1703 (Fed. Cir. 1992).

334. *Ava Ruha Corp. dba Mother's Mkt. & Kitchen v. Mother's Nutritional Ctr., Inc.*, 113 U.S.P.Q.2d at 1580.

2009). The petitions for cancellation were filed on August 21, 2012. Thus the period of delay was just over three years and two months. The Board concluded that this length of delay "could support a defense of laches."[335]

The question, then, was whether this length of delay was undue or unreasonable. Ava Ruha argued that it had no reason to seek cancellation until the respondent redirected its business to compete directly with Ava Ruha. The petitioner claimed that not until 2011 did it know that the respondent had more than one store, that the respondent changed the focus of its services, and that the respondent had reversed its position after an "admission of likelihood of confusion" in a third-party litigation.[336] The respondent, however, maintained that it had continuously used its marks for its chain of grocery stores focused on the federal supplemental Food Program for Women, Infants and Children (WIC) since 1995.

The Board observed that the doctrine of progressive encroachment looks to whether the defendant "redirected its business so that it more squarely competed with plaintiff and thereby increased the likelihood of public confusion of the marks."[337]

In its registrations, the respondent identified its services as "retail grocery stores that exclusively feature foods authorized for purchase by pregnant women, new mothers and young children participating in the federal supplemental Food Program for Women, Infants and Children (WIC)." Ava Ruha's evidence of supposed encroachment referred merely to advertising featuring specific types of foods that the respondent was offering, but did not signal a change in the nature of the services. "For purposes of an attack on a registration, there can be no 'progressive encroachment' where the alleged encroachment is within the scope of the registration at issue."[338]

The third-party lawsuit that the petitioner referenced likewise did not indicate that the respondent was offering services beyond those recited in its registrations. In sum, the Board found the evidence of progressive encroachment to be insufficiently probative to raise a genuine issue of fact as to whether the Ava Ruha's delay was excusable on that ground.

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335. *Id.* at 1581. *See*, *e.g.*, 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 delay of two and one-half years).

336. *Id.*

337. Jansen Enters. Inc. v. Rind, 85 U.S.P.Q.2d 1104, 1116 (T.T.A.B. 2007), quoting ProFitness Physical Therapy Ctr. v. Pro-Fit Orthopedic and Sports Physical Therapy P.C., 314 F.3d 62, 65 U.S.P.Q.2d 1195, 1199-1200 (2d Cir. 2002).

338. *Ava Ruha Corp. dba Mother's Mkt. & Kitchen v. Mother's Nutritional Ctr., Inc.*, 113 U.S.P.Q.2d at 1582.

The next question was whether the respondent suffered economic prejudice as a result of the delay. The Board found that, since the publication date of its applications, the respondent expanded its business by adding fifteen stores, spending $7.5 million on advertising and promotions. Ava Ruha argued that a genuine dispute existed as to whether any prejudice was due to its delay, but the Board pointed out that reliance is not an element necessary to proof of economic prejudice.[339] Because there was no dispute that the respondent changed its economic position during the period of delay, the Board found as a matter of law that the respondent would be subject to economic prejudice if the challenged registrations were cancelled.

Therefore, the Board concluded that Ava Ruha's delay in bringing its cancellation claims was unreasonable and prejudicial to the respondent, and thus laches was established.

With regard to the petitioner's dilution claim, because a dilution claim involves a personal interest of the petitioner in protecting the strength of its mark, rather than a general interest of the public in avoiding confusion, the defense of laches is available to a defendant.[340] The Board therefore held that laches barred Ava Ruha's claim of dilution.

With regard to likelihood of confusion, laches will not bar a Section 2(d) claim for cancellation when confusion is inevitable.[341] Although Ava Ruha failed to raise this "inevitable confusion" issue, and although relevant evidence had not yet been introduced, the Board decided that the public interest in avoiding consumer confusion would be served by considering the issue.

> We rely on the public interest and the possibility that evidence of confusion, when presented, might show that confusion is inevitable, as well as the particular procedural posture in which the question of laches was raised for consideration, to exercise our discretion not to find waiver. However, because Respondent has shown that there is no genuine dispute on the issue of laches, at trial Petitioner cannot prevail on a showing of mere likelihood of confusion. Rather, Petitioner will have to put in evidence of confusion that shows confusion to be inevitable, which is "an increment higher than that required for a finding of likelihood of confusion."[342]

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339. *Id.* at 1583, citing Bridgestone/Firestone, 58 U.S.P.Q.2d at 1463.

340. *Id. See* 15 U.S.C. § 1069, which states that "[i]n all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable, may be considered and applied."

341. Ultra-White Co. Inc. v. Johnson Chem. Indus., Inc., 465 F.2d 891, 175 U.S.P.Q. 166, 167 (C.C.P.A. 1972); Hornby, 87 U.S.P.Q.2d at 1419 n.9.

342. *Ava Ruha Corp. dba Mother's Mkt. & Kitchen v. Mother's Nutritional Ctr.*, Inc., 113 U.S.P.Q.2d at 1584, quoting Turner v. Hops Grill & Bar Inc., 52 U.S.P.Q.2d 1310, 1313 n.5 (T.T.A.B. 1999).

And so the Board denied the cross-motions for summary judgment with regard to the likelihood of confusion claim.

The Board then ordered that proceedings be resumed on the issues of fraud and likelihood of confusion, with Petitioner Ava Ruha having the burden to prove inevitable confusion lest the Section 2(d) claim be barred by laches.

8. Procedural Issues

a. Cure of Defective Signature on Notice of Opposition

Birlinn Ltd. v. Stewart

In this cat fight over rights to the mark TOBERMORY CAT, Applicant Angus Stewart moved for dismissal on the ground that the notice of opposition, and two extension requests that preceded it, were signed by a foreign attorney not authorized to practice before the USPTO. The Board, however, ruled that this defect was curable. It then suspended the proceeding in order to assess the impact of a pending United Kingdom (U.K.) invalidation proceeding involving the foreign registration on which the opposed application was based.[343]

The problem: The extension requests and the notice of opposition were signed and filed by an attorney in Edinburgh, Scotland, using the ESTTA system.[344] This resulted in their automatic approval and the institution of this proceeding. The cure: When the applicant moved to dismiss, a new attorney for the opposer, one authorized to practice before the USPTO, filed an opposition to the motion and an amended notice of opposition (differing from the original notice only in the name of the signatory and the certificate of service).

The opposer relied on the Trademark Trial and Appeal Board Manual of Procedure (TBMP) Section 114.06 (2014), which states:

> If it comes to the attention of the Board that an individual who is not entitled, under 37 CFR § 11.14(a), 37 CFR § 11.14 (b), 37 CFR § 11.14 (c) or 37 CFR § 11.14 (d), to practice before the Office in trademark cases, is attempting to represent a client in a Board proceeding, the Board will notify the individual that he or she is not entitled to do so. If the individual signs and files a submission on behalf of a client to a Board proceeding, the submission will not be considered unless a new copy thereof, signed by the party or by an authorized

343. Birlinn Ltd. v. Stewart, 111 U.S.P.Q.2d 1905 (T.T.A.B. 2014).

344. ESTTA is an acronym for the TTAB's "Electronic System for Trademark Trials and Appeals."

representative who is entitled to practice before the Office in trademark cases, is filed.

In response, Applicant Stewart asserted that the amended notice of opposition was untimely and therefore there was no operative notice of opposition to amend or to cure.

Stewart's motion was based on the premise that service of the original notice of opposition was improper, but the Board pointed out that the Rules do not require service by a person authorized to practice before the USPTO.[345] The real issue was whether the extension requests and the original notice of opposition "were signed in conformity with the Trademark Rules of Practice, and if they were not, whether and when the rules allow the opposer to cure the defect in the signature of these papers."[346]

Trademark Rule 2.102(a) requires that an extension request be signed by "the potential opposer or by the potential opposer's attorney, as specified in § 11.1 of this chapter, or authorized representative, as specified in § 11.14(b) of this chapter." Rule 2.101(b) states the same requirement for notices of opposition. The opposer did not contend that the original signatory was either an attorney or an authorized representative, as defined by the Rules.[347]

The question, then, was whether and how the defective filings could be cured. The Board noted that Trademark Rules 2.102(a) and 2.101(b) do not say that filings that are not properly signed are null and void. It found instructive Rule 2.119(e), which allows a party to cure the defect of a lack of a signature for any inter partes filing at the Board. That Rule provides:

> Every paper filed in an inter partes proceeding, and every request for an extension of time to file an opposition, must be signed by the party filing it, or by the party's attorney or other authorized representative, but an unsigned paper will not be refused consideration if a signed copy is submitted to the Patent and Trademark Office within the time limit set in the notification of this defect by the Office.

The Board saw no reason why a similar opportunity to cure should not also apply when a paper is signed by a person not authorized to practice before the USPTO. Nor does Rule 2.119(e) require that the defect be cured within the original time limit for

345. *Birlinn Ltd. v. Stewart*, 111 U.S.P.Q.2d at 1907. "Neither the Patent and Trademark Rules nor the Trademark Rules of Practice require that service of a notice of opposition be effected or attested to by an individual authorized to practice under Patent and Trademark Rule 11.1."

346. *Id.*

347. There was no contention that the Scottish attorney was not in fact authorized to sign and file the papers.

the filing. Rule 2.119(e) requires only that the party refile the properly signed copy within the time limit set by the USPTO.

The opposer had filed an amended notice of opposition with a proper signature but had not filed amended extension requests. The Board allowed the opposer twenty days to file amended requests with proper signatures.

The Board emphasized that its ruling should not be interpreted to cover situations beyond the circumstances at hand, where there was no evidence of intentional misconduct.

The suspension: The Board observed that the opposer had referred to a pending U.K. invalidation proceeding instituted by Opposer Birlinn. The Board therefore suspended this proceeding under Rule 2.117(a),[348] pending receipt of further information that would allow the Board to assess whether the final determination in the U.K. proceeding might have a bearing on the issues in this opposition.[349]

b. Proper Pleading of Registrations

United Global Media Group, Inc. v. Tseng

Opposer United Global overcame a major stumble when it failed to properly submit four of its seven registrations into evidence, ultimately persuading the Board to sustain this opposition to registration of the mark BeauTV, in standard character form, for "providing information about beauty." The Board declared the opposed application void ab initio because pro se Applicant Bonnie Tseng failed to prove use of her mark for the recited services prior to the filing of her use-based application to register. In addition, the Board found a likelihood of confusion with the opposer's registered service mark THE BEAUTY CHANNEL for the service of providing a website and audio-visual materials in the field of beauty.[350]

Four registrations not in evidence: the opposer relied on five registrations (and two pending applications) in its notice of opposition, attaching photocopies of the registration certificates, each accompanied by a page from the USPTO assignment database indicating that the registration had not been assigned. However, mere copies of the registration certificates did not comport with Rule 2.122(d), which allows a party to make a

348. Trademark Rule 2.117(a), 37 C.F.R. § 2.117(a), provides: "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."

349. *See* Marie Claire Album S.A. v. Kruger GmbH & Co. KG, 29 U.S.P.Q.2d 1792, 1793-94 (T.T.A.B. 1993).

350. United Global Media Group, Inc. v. Tseng, 112 U.S.P.Q.2d 1039 (T.T.A.B. 2014).

registration of record by, inter alia, submitting printouts from the USPTO electronic records showing status and title.[351] As to four of the registrations, the opposer's submissions did not establish status, and therefore they were not properly made of record.[352]

As to the fifth registration, because its date of issuance (March 29, 2011) was "substantially contemporaneous" with the filing of the notice of opposition (July 20, 2011), the copy of the registration was sufficient to make that registration of record.[353]

The Board noted that, although the applicant had admitted in her answer that the opposer owned the pleaded registrations, that did not suffice to make the registrations of record. The opposer did not include allegations regarding the validity of its registrations, and the Board refused to find that Applicant Tseng had admitted "what, at best, might be considered an implied allegation in opposer's pleading, i.e., validity and status of the registrations it claimed to own."[354]

As to the two pending applications that the opposer identified in its notice of opposition, those applications issued to registration while this proceeding was pending. The Board pointed out that in such circumstances an opposer may make the registrations of record without having to amend the notice of opposition to assert reliance on the registrations.[355] The opposer submitted, via notice of reliance, the electronic records from the USPTO database for those two registrations, showing status and title.

Application void ab initio: In response to the opposer's discovery requests, the applicant failed to provide any documentation evidencing use of the applied-for mark prior to her application filing date. The opposer had thus established a prima facie case of nonuse.[356] The applicant nonetheless submitted a number of documents via notice of reliance (to which the opposer objected). The applicant's submissions, however, were either inadmissible (e.g., invoices, letters, and other personal documents not available to the public) or failed to show use of the applied-for

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351. "The Board has routinely held that the submission of such a copy of a pleaded registration, by itself, is insufficient for purposes of establishing the continuing subsistence and the current title of the registration and, therefore, does not suffice to make the registration of record." *Id.* at 1041. *See, e.g.*, Teledyne Techs., Inc. v. Western Skyways, Inc., 78 U.S.P.Q.2d 1203, 1206 (T.T.A.B. 2006).

352. The Board also noted that the mere inputting of a registration number when prompted by ESTTA, when filing an opposition, does not make the registration of record.

353. *See* TBMP § 704.03(b)(1)(A); Royal Hawaiian Perfumes, Ltd. v. Diamond Head Prods. of Haw., Inc., 204 U.S.P.Q. 144, 145 (T.T.A.B. 1979).

354. *United Global Media Grp., Inc. v. Tseng*, 112 U.S.P.Q.2d at 1042.

355. *Id.* at 1040 n.3. *See* UMG Recordings, Inc. v. Charles O'Rourke, 92 U.S.P.Q.2d 1042, 1045 n.5 (T.T.A.B. 2009).

356. *Id.* at 1045.

mark, or both.[357] In sum, the Board found that the applicant had not used her mark for the recited services at the time she filed her use-based application, and therefore the application was deemed void ab initio.

Likelihood of confusion: For the sake of completeness, the Board also considered the opposer's Section 2(d) claim. The Board focused on the opposer's registered mark THE BEAUTY CHANNEL as the mark most similar to the applicant's mark, noting that if confusion is not likely as to that mark, then there is no need to consider the other two registered marks (BEAUTY EVERYWHERE and SYNCHRONIZING BEAUTY).[358]

The Board first found that the applicant's services (providing information about beauty) encompassed those of the opposer. It therefore presumed that the channels of trade and classes of consumers are the same for both marks.[359]

As to the similarity of the marks BeauTV and THE BEAUTY CHANNEL, the Board found that consumers would likely understand the applicant's mark to be a "telescoped" form of "BEAUTY TV." The terms TV and CHANNEL have a similar significance in the marks, and so consumers will perceive the marks as "having the same meaning and engendering the same commercial impression."[360] The Board concluded that the similarities in the marks outweigh their differences.

Balancing the relevant *duPont* factors, the Board found confusion likely and it sustained the opposer's Section 2(d) claim.

c. Amendment of Opposition to Section 66(a) Application

Prosper Business Development Corp. v. International Business Machines, Corp.

This Board decision answers the burning question: to what extent may an opposer amend a notice of opposition to a Section 66(a) application, when the grounds stated in the original notice of opposition are arguably narrower in scope than the grounds for opposition set forth on the ESTTA electronic form?[361]

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357. *Id.* at 1046-47. One item comprised pages from the applicant's website, where the term "BeauTV" appeared only in the copyright notice and the URL. Neither constituted use of the term as a service mark.

358. *See, e.g.*, *In re* Max. Cap. Grp. Ltd., 93 U.S.P.Q.2d 1243, 1245 (T.T.A.B. 2010).

359. *See, e.g.*, Am. Lebanese Syrian Associated Charities, Inc. v. Child Health Res. Inst., 101 U.S.P.Q.2d 1022, 1028 (T.T.A.B. 2011); *In re* Smith & Mehaffey, 31 U.S.P.Q.2d 1531, 1532 (T.T.A.B. 1994).

360. *United Global Media Grp., Inc. v. Tseng*, 112 U.S.P.Q.2d at 1049.

361. Prosper Business Dev. Corp. v. International Business Machines, Corp., 113 U.S.P.Q.2d 1148 (T.T.A.B. 2014).

Prosper filed a notice of opposition against IBM's Section 66(a) application (Request for Extension of Protection) to register the mark BIGINSIGHTS for various goods and services in International Classes 9, 35, and 42. As required for an opposition to a Section 66(a) application, Prosper employed the USPTO's electronic filing system (ESTTA), indicating on the ESTTA form that it was opposing IBM's application in all classes, on the grounds of likelihood of confusion under Section 2(d) and likelihood of dilution under Section 43(c)—without specifying which claims pertained to which classes. However, in the notice of opposition document attached to the ESTTA form, Prosper more specifically pleaded its Section 2(d) claims against the class 35 services only, and its dilution claim against only the class 9 goods and the class 42 services.

Before IBM answered, Prosper filed an amended notice of opposition, by right under Federal Rule of Civil Procedure 15(a)(1),[362] in which it dropped the dilution claim but asserted likelihood of confusion as to all three classes in IBM's application. When Prosper moved for leave to file a second amended notice of opposition in order to set forth in greater detail its Section 2(d) claim; IBM responded by asserting that Prosper was trying to improperly expand its notice of opposition because in the original notice of opposition, the Section 2(d) claim was aimed only at the class 35 services.

The Board explained the procedure for filing an opposition to a Section 66(a) application:

> An opposition to a Section 66(a) application must be filed through ESTTA. See Trademark Rule 2.101(b)(2).[363] Filing an opposition through ESTTA requires the completion of an electronic form, and the attachment of a "pleading (i.e. a short and plain statement showing that the filer is entitled to relief)." TBMP § 110.09(c)(1). In all oppositions filed through ESTTA, the electronic form requires entry of information necessary for the Board to institute the proceeding, including the grounds for opposition, which, it is expected, are further explained in the attached pleading. When an opposition to a Section 66(a) application is filed, the USPTO must notify the International Bureau ("IB") of the World Intellectual Property Organization within strict time limits of "all of the grounds for the opposition." Trademark Act Section 68(b)-(c), 15 U.S.C. § 1141h(b)-(c). In fulfillment of this requirement for

362. Rule 15(a)(1), Federal Rule of Civil Procedure, provides in pertinent part that "A party may amend its pleading once as a matter of course within: . . . (B) if the pleading is one to which a responsive pleading is required, 21 days after service of a responsive pleading . . . ."

363. Trademark Rule 2.101(b)(2), 37 C.F.R. § 2.101(b)(2), states that "An opposition to an application based on section 66(a) of the Act must be filed through ESTTA."

> notification, the ESTTA system automatically transmits to the IB the information provided by the filer on the ESTTA electronic opposition form. The automated system does not send a copy of the attached pleading to the IB. *See CSC Holdings LLC v. SAS Optimhome*, 99 USPQ2d 1959, 1960 (TTAB 2011).
>
> Once the IB is timely notified of the grounds for an opposition, the USPTO may not entertain an opposition on any ground as to which the IB has not been timely notified. See Trademark Act Section 68(c)(3), 15 U.S.C. § 1141h(c)(3). That is, once filed, an opposition against a Section 66(a) application may not be amended to add to the grounds for opposition or to add to the goods or services subject to opposition beyond those as to which the IB has been notified. *See* Trademark Rule 2.107(b);[364] *Hunt Control Systems Inc. v. Koninklijke Philips Electronics N.V.*, 98 USPQ2d 1558 (TTAB 2011). Because the IB is notified of the grounds of the opposition by the contents of the ESTTA electronic opposition form and not the actual pleading attached thereto, it is the ESTTA electronic opposition form, and not the text of the pleading, that controls the scope of permissible amendments to claims in opposition proceedings involving Section 66(a) applications. *See CSC Holdings LLC*, 99 USPQ2d at 1962-63.[365]

Here, the IB was notified that Prosper opposed in three classes, and that the grounds for opposition were likelihood of confusion and dilution. "Because the limitation on a party opposing registration of a Section 66(a) application prohibits asserting grounds for opposition which were not timely noticed to the IB, it is the scope of the notice to the IB which controls the scope of permissible amendments to the notice of opposition under Trademark Rule 2.107(b)."[366]

The Board therefore granted Prosper's motion for leave to file its second amended notice of opposition, noting the Board's "general policy of liberally granting leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would be prejudicial to the rights of the adverse party or would violate settled law."[367]

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364. Trademark Rule 2.107(b), 37 C.F.R. § 2.107(b), states that "Pleadings in an opposition proceeding against an application filed under section 66(a) 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, once filed, the opposition may not be amended to add to the grounds for opposition or to add to the goods or services subject to opposition."

365. *Id.* at 1150-51.

366. *Id.* at 1151.

367. *Id.* at 1152.

d. Expert Witnesses and Expert Reports

Ate My Heart, Inc. v. GA GA Jeans Limited

In one of several recent decisions involving the suddenly hot topic of expert witnesses, the Board dealt with the attempted re-designation of a trial expert as a non-testifying expert. When Opposer Ate My Heart, Inc. noticed the discovery deposition of Applicant GA GA's named rebuttal expert, Ms. Rhonda Harper, GA GA filed a motion for a protective order[368] precluding the deposition on the ground that the expert was not a testifying expert witness. GA GA had, however, named Ms. Harper as a testifying expert and had provided an expert report to the opposer, but GA GA subsequently stated that this expert would not be testifying and that she was employed only to aid the applicant in preparation for trial. The Board granted the motion and issued a protective order precluding the deposition.[369]

Ate My Heart maintained that in view of GA GA's identification of Ms. Harper under Federal Rule of Civil Procedure 26(a)(2)[370] as a trial expert, it was entitled to take the expert's deposition in order to "cross-examine [her] on both her rebuttal expert report and the raw data that appears to be an affirmative expert report . . . . "[371] The question for the Board was "whether a witness who was identified as a testifying expert and who produced an expert report, can be redesignated as a non-testifying or consulting expert and thereby shielded from discovery."[372] The Board said yes.

Federal Rule of Civil Procedure 26(b)(4)(A) provides that a party may depose an expert whose opinions may be presented at trial. Federal Rule of Civil Procedure 26(a)(2)(B) requires a report from such an expert. These rules are designed to allow the opposing party an opportunity to adequately prepare for cross-examination of the expert.

Federal Rule of Civil Procedure 26(b)(4)(D)[373] states that a party may not discover the facts known by, or opinions of, an

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368. *See* Rule 26(c) of the Federal Rules of Civil Procedure Rule 26(c), which provides for the issuance of a "protective order . . . to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense." *See also* TBMP § 412.06 (2014).

369. Ate My Heart, Inc. v. GA GA Jeans Ltd., 111 U.S.P.Q.2d 1564 (T.T.A.B. 2014).

370. Fed. R. Civ. P. 26(a)(2), captioned "Disclosure of Expert Testimony," provides that "In addition to the disclosures required by Rule 26(a)(1), a party must disclose to the other parties the identity of any witness it may use at trial to present evidence under Federal Rule of Evidence 702, 703, or 705."

371. Ate My Heart, Inc. v. GA GA Jeans Limited, 111 U.S.P.Q.2d at 1566.

372. *Id.*

373. Rule 26(b)(4)(D) of the Federal Rules of Civil Procedure provides, in pertinent part: "Ordinarily, a party may not, by interrogatories or deposition, discover facts known or opinions held by an expert who has been retained or specially employed by another party in anticipation of litigation or to prepare for trial and who is not expected to be called as a

expert retained in anticipation of litigation or to prepare for trial and who is not expected to be called as a trial witness. This rule is designed "to promote fairness by preventing access to another party's diligent trial preparation."[374] And there is obviously no need for the opposing party to prepare for the cross-examination of a non-testifying expert.

The Board observed that Applicant GA GA has the prerogative of not calling this expert for her testimony. The Board found that GA GA had, by its letter to the opposer and its submission to that Board, redesignated this individual as a non-testifying expert.

The courts are split on whether discovery may be allowed for such a redesignated expert after the expert's opinion has been disclosed. One line of cases prevents discovery except in "exceptional circumstances" under Rule 26(b)(4)(D)(ii).[375] The other holds that the submission of the expert report "takes the expert out of the exceptional circumstances category of Rule 26(b)(4)(D)(ii) as the expert's opinions are now known."[376] These courts apply a balancing test that mirrors Federal Rule of Evidence 403[377] (whether the probative value of the evidence is substantially outweighs the danger of unfair prejudice) in considering whether to allow the deposition of a redesignated expert.[378]

The Board adopted the first approach: only under exceptional circumstances may a party depose a redesignated non-testifying expert. It noted that the need for cross-examination of the expert to avoid surprise at trial "is simply not implicated when a redesignated expert will not testify."[379]

Here, Opposer Ate My Heart made no showing of exceptional circumstances under Rule 26(b)(4)(D)(ii), and so the Board granted the motion for a protective order, precluding the opposer from deposing GA GA's re-designated expert.

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witness at trial. But a party may do so only: . . . (ii) on showing exceptional circumstances under which it is impracticable for the party to obtain facts or opinions on the same subject by other means."

374. *Id.* at 1567.

375. *See, e.g.*, FMC Corp. v. Vendo Co., 196 F. Supp. 2d 1023 (E.D. Cal. 2002) (party may prohibit discovery from a consulting expert under Rule 26(b)(4) after the expert's designation as a testifying expert has been withdrawn, even where expert witness report produced).

376. *See, e.g.*, SEC v. Koenig, 557 F.3d 736, 744 (7th Cir. 2009) ("A witness identified as a testimonial expert is available to either side; such a person can't be transformed after the report has been disclosed . . . to the status of a trial-preparation expert whose identity and views may be concealed.").

377. Rule 403 of the Federal Rules of Evidence states that "The court may exclude relevant evidence if its probative value is substantially outweighed by a danger of one or more of the following: unfair prejudice, confusing the issues, misleading the jury, undue delay, wasting time, or needlessly presenting cumulative evidence."

378. *Ate My Heart, Inc. v. GA GA Jeans Ltd.*, 111 U.S.P.Q.2d at 1567-68.

379. *Id.* at 1568.

Gemological Institute of America, Inc. v. Gemology Headquarters International, LLC

Tackling another expert witness issue, the Board granted Opposer GIA's motion to strike a "supplemental expert report" submitted with Applicant GHI's notice of reliance.[380] The Board observed that the document, in the form of a testimony declaration, is not eligible for submission via notice of reliance, and further that the report did not fall within the agreement between the parties allowing submission of expert declarations. Nor was the supplemental report merely an attempt to correct the expert's initial report. The supplemental report was therefore not timely submitted, nor was the failure to submit the report in timely fashion "substantially justified or . . . harmless."[381]

Applicant GHI submitted as an exhibit to its notice of reliance, the "Supplemental Expert Report of Carole Chaski, Ph.D.," in order to rebut statements made during the testimony of the opposer's expert. Testimony by declaration is not proper subject matter for introduction via notice of reliance. However, Rule 2.123(b) states that if the parties agree in writing, the testimony of a witness may be submitted in declaration form.[382]

Stipulation: The parties stipulated to the admissibility of certain expert reports of three experts, including Dr. Chaski, but they did not stipulate to the admissibility of the Chaski supplemental report (which was not in existence at the time of the stipulations). The Board ruled that the stipulations of the parties, which referred to specific dated reports, did not encompass the Chaski supplemental report. There was no mention of supplemental reports in the stipulations.

Federal Rule of Civil Procedure 26(e)(1)(A): A party may supplement or correct its Rule 26 expert report "if the party learns that in some material respect the disclosure or response is incomplete or incorrect . . . ."[383] Supplementation "means correcting inaccuracies, or filling the interstices of an incomplete report based on information that was not available at the time of the initial disclosure."[384] A supplemental report that seeks to clarify or provide new examples to bolster an expert opinion is not

380. Gemological Inst. of Am., Inc. v. Gemology Headquarters Int'l, 111 U.S.P.Q.2d 1559 (T.T.A.B. 2014).

381. *Id.* at 1563.

382. Trademark Rule 2.123(b), 37 C.F.R. § 2.123(b), provides, in pertinent part, that "By written agreement of the parties, the testimony of any witness or witnesses of any party, may be submitted in the form of an affidavit by such witness or witnesses."

383. Any changes to the information must be disclosed by the time the party's pretrial disclosures are due. *See* Fed. R. Civ. P. 26(e)(2).

384. *Gemological Inst. of Am., Inc. v. Gemology Headquarters Int'l*, 111 U.S.P.Q.2d at 1562, quoting Keener v. United States, 181 F.R.D. 639, 640 (D. Mont. 1998).

proper supplementation.[385] Here, the Chaski supplemental report contained additional opinions intended to rebut the other side's expert testimony. Therefore it did not qualify as a supplemental expert report under Rules 26(e)(1)(A) and 26(e)(2).

Federal Rule of Civil Procedure 37(c)(1): An improper supplemental report is considered "untimely" and may be excluded unless the failure to timely file the expert's opinion was "substantially justified or . . . harmless."[386] In making that determination, the Board is guided by the five-factor test adopted in *Great Seats Inc. v. Great Seats Ltd.*:[387]

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 [or the late disclosing party's] explanation for its failure to disclose the evidence.

Here the late disclosure did cause unfair surprise, the cure for which would be re-opening discovery to allow the opposer to take an additional deposition of Dr. Chaski. That cure, however, would be disruptive to the trial because discovery closed "long ago" and the main trial periods had been completed.[388] While the Chaski supplemental report may be important, the parties had already stipulated to the admissibility of her original report and her original declaration testimony. Finally, the applicant did not offer an adequate excuse for the delay in providing the supplemental report. The Board therefore concluded that the untimely disclosure of the supplemental report was neither substantially justified nor harmless.

And so the Board granted the motion to strike.

Entravision Communications Corporation v. Liberman Television LLC

Resolving yet another expert witness dispute, the Board granted Applicant Liberman's motion to substitute a new expert witness for a previously disclosed expert and to supplement its

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385. *Id.* at 1562, citing Akeva L.L.C. v. Mizuno Corp., 212 F.R.D. 306, 310 (M.D.N.C. 2002). (Rule 26(e) does not provide for bolstering opinions.)

386. *Id.*

387. Great Seats Inc. v. Great Seats Ltd., 100 U.S.P.Q.2d 1323, 1327 (T.T.A.B. 2011), quoting Southern States Rack & Fixture, Inc. v. Sherwin-Williams Co., 318 F.3d 592, 597 (4th Cir. 2003).

388. *Gemological Inst. of Am., Inc. v. Gemology Headquarters Int'l*, 111 U.S.P.Q.2d at 1563.

expert disclosures. The motion was necessitated when the original expert changed her employment and her new employer prohibited employees from testifying as experts.[389]

During Opposer Entravision's testimony period, Liberman learned that its expert would not be able to testify. Liberman's counsel immediately set out to find a substitute expert, promptly notified Entravision that a replacement expert had been found, and then filed a motion requesting that the Board allow it to use a substitute expert witness and to submit a substitute expert report.

Because Liberman's motion involved substituting a witness and a new expert report after the expert disclosure date had passed, rather than supplementation of same before that date, the Board looked to Federal Rule of Civil Procedure 37(c)(1).[390] Under that rule, the Board must consider whether the failure to disclose this new witness prior to the expert disclosure date was "substantially justified or is harmless."

In making that determination, the Board again applied the five-factor test of *Great Seats*, stated above. It found that the fifth factor strongly favored Liberman, because Liberman had "no choice but to find a substitute expert and to file the subject motion to substitute."[391]

As to the "surprise" to Entravision, the applicant represented that the new expert would testify on the same topics as the original witness (including purchaser sophistication, the manner in which media purchases are made, and the distinctions between "types of media, formats and ratings for radio stations and television networks"), and would give virtually identical testimony.[392] Because Liberman timely disclosed that the new expert would testify on the identical matters as the original expert, Entravision "had time to ascertain whether it would need to retain an expert to contradict or rebut that expert witness on these issues and, if so, to provide its own expert disclosure."[393] If the new expert's testimony should address a topic not previously addressed, Entravision could move to exclude any testimony about which it did not have prior notice. Moreover, the Board allowed Entravision time to take the discovery deposition of the new witness, if it so chose.

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389. Entravision Commc'ns Corp. v. Liberman Television LLC, 113 U.S.P.Q.2d 1526 (T.T.A.B. 2015).

390. Rule 37(c)(1) of the Federal Rules of Civil Procedure states, in pertinent part: "If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless."

391. *Entravision Commc'ns Corp. v. Liberman Television LLC*, 113 U.S.P.Q.2d at 1528.

392. *Id.* at 1527.

393. *Id* at 1529.

The evidence to be provided by the expert was important, focusing on "unique topics" that were not entirely duplicative of the testimony of the applicant's other expert.[394] And although allowing Entravision to take the deposition of the new expert would interrupt the existing trial schedule, the disruption was de minimis, the parties having agreed to a two-month trial schedule and having once extended the trial schedule.

On balance, the Board found that Applicant Liberman's late notice of the substitute expert witness was both substantially justified and harmless, and it granted the motion to substitute.

9. Discovery and Motion Practice

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

Dragon Bleu (SARL) v. VENM, LLC

The Board granted Opposer Dragon Bleu's Rule 12(b)(6)[395] motion to dismiss Applicant VENM's three counterclaims for cancellation of the opposer's three pleaded registrations, ruling that VENM had failed to state claims (for fraud, nonuse, and abandonment) upon which relief can be granted.[396] The abandonment question involved an issue of first impression regarding how to measure the period of nonuse with respect to a mark that is registered under Section 66 of the Lanham Act.

Fraud: VENM's fraud claim was directed at only one of the three pleaded registrations. The Board found that the false statements allegedly made by Dragon Bleu were not false. Dragon Bleu stated during prosecution of its application that its marks are "specifically and narrowly directed to clothing used in connection with the sport of martial arts" and that its goods are "limited to clothing used in connection with a particular sport, namely martial arts."[397] Those statements, the Board observed, were not representations regarding the opposer's actual use of its mark or the enforcement thereof. They were "simple statements"[398] regarding the limitations that the opposer agreed to in order to overcome a Section 2(d) refusal.

The Board also observed that, in any event, VENM's allegations regarding the materiality of those statements made no sense. In approving the application for publication, the examining

394. *Id.*

395. Rule 12(b)(6) of the Federal Rules of Civil Procedure provides for the filing of a motion to dismiss on the ground of "failure to state a claim upon which relief can be granted."

396. Dragon Bleu (SARL) v. VENM, LLC, 112 U.S.P.Q.2d 1925 (T.T.A.B. 2014).

397. *Id.* at 1927.

398. *Id.* at 1928.

attorney relied only on the limitations to the opposer's identification of goods; any planned use of the mark (if the statements were so construed) would be irrelevant to the examining attorney's decision. And to top things off, VENM failed to properly plead an intent to deceive the USPTO.

Nonuse: VENM asserted that two of the pleaded registrations were invalid because of "lack of bona fide use" of the subject marks. However, since the two registrations were based on Section 66(a) requests for extension of protection, use is not required for registration and therefore a claim of cancellation due to nonuse is legally insufficient.[399] However, nonuse is relevant to the abandonment counterclaim, as discussed below.

Abandonment: VENM alleged that two of the three registrations were invalid because the subject marks had not been used since the filing date of the underlying applications (November 24, 2008). Under Section 45 of the Trademark Act, nonuse for three consecutive years constitutes prima facie evidence of abandonment. To adequately plead an abandonment claim, "a plaintiff must recite facts which, if proven, would establish at least three consecutive years of nonuse, or alternatively, a period of nonuse less than three years coupled with proof of intent not to resume use."[400]

When an applicant relies on use in commerce as a basis for registration under Section 1 of the Act, "it is appropriate to include in the period of nonuse any pre-registration nonuse subsequent to applicant's declaration of use."[401] A Section 66(a) applicant is not required to use its mark at any time prior to registration, but once the registration issues it is treated "much the same as any other registration on the Principal Register," and the registrant must use the mark in commerce in order to avoid abandonment.[402]

The question at issue here was one of first impression: "What is the earliest point in time from which the period of nonuse may

399. Section 66(a)(3) of the Lanham Act, 15 U.S.C. § 66(a)(3), states that "[e]xtension of protection shall not be refused on the ground that the mark has not been used in commerce."

400. Dragon Bleu (SARL) v. VENM, LLC, 112 U.S.P.Q.2d at 1930, citing Imperial Tobacco Ltd. v. Philip Morris Inc., 899 F.2d 1575, 14 U.S.P.Q.2d 1390 (Fed. Cir. 1990).

401. *Id. See* ShutEmDown Sports, Inc. v. Lacy, 102 U.S.P.Q.2d 1036, 1042 (T.T.A.B. 2012) (for registration issued from Section 1(a)-based application, three-year period of nonuse measured from respondent's filing date); and Consolidated Cigar Corp. v. Rodriguez, 65 U.S.P.Q.2d 1153, 1155 (T.T.A.B. 2002) (holding that for an application based on Trademark Act Section 1(b), plaintiff cannot assert a three-year period of nonuse that began prior to defendant's filing of its allegation of use).

402. *See* Saddlesprings, Inc. v. Mad Croc Brands, Inc., 104 U.S.P.Q.2d 1948 (T.T.A.B. 2012).

be measured for an abandonment claim with respect to a Section 66(a) registration?"[403]

For guidance, the Board looked to the way a Section 44(e) registration is treated vis-a-vis abandonment, since a Section 44(e) registration may also be obtained without use prior to registration. The CAFC in *Imperial Tobacco*[404] ruled that the period of nonuse that constitutes prima facie evidence of abandonment does not begin until the registration issues.

Taking a parallel approach, the Board held that "in order to sufficiently plead a claim for cancellation of a Section 66(a) registration on the grounds [sic] of abandonment for nonuse, the plaintiff must allege, as of the date the claim is filed, either:

> (a) three or more consecutive years of nonuse commencing no earlier than the date on which the registration was issued; or
>
> (b) if the period of non-use commencing no earlier than the date of registration and extending to the filing of the claim is less than three years, fact supporting nonuse after the date of registration, coupled with an intent not to resume use."[405]

The Board then found that Applicant VENM did not plead a prima facie case of abandonment. VENM filed its (amended) counterclaims on December 13, 2013, less than three years after the issuance of the two registrations (on December 28, 2010 and March 8, 2011). And because VENM did not plead facts that would allow the Board to conclude that Dragon Bleu did not intend to commence use of its marks, the counterclaim failed to state a claim upon which relief can be granted.

Although the Board dismissed all three claims, it allowed VENM thirty days within which to submit "a sufficient amended abandonment claim."[406]

b. Motion for Sanctions

NSM Resources Corp. v. Microsoft Corp.

The Board came down hard on the petitioners and their principal in this wholly baseless cancellation proceeding. It granted Microsoft's Rule 12(b)(6) motion to dismiss a petition for cancellation of a registration for the mark XBOX 360 for publications in the field of computer games, finding that the petitioners had failed to state a claim upon which relief can be

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403. Dragon Bleu (SARL) v. VENM, LLC, 112 U.S.P.Q.2d at 1930, citing Section 69(b) of the Lanham Act, 15 U.S.C. § 1141i(b) (extension of protection under the Madrid Protocol has the same force and effect as a registration on the Principal Register).

404. Imperial Tobacco Ltd gd. v. Philip Morris Inc., 899 F.2d 1575, 14 U.S.P.Q.2d 1390, 1395 (Fed. Cir. 1990).

405. Dragon Bleu (SARL) v. VENM, LLC, 112 U.S.P.Q.2d at 1931.

406. *Id.* at 1932.

granted. The petitioners, appearing pro se, failed to establish standing and their claims of fraud and of misrepresentation of source under Section 14(3)[407] were woefully inadequate. The Board also granted Microsoft's motion for sanctions based upon the petitioners' conduct in this and other proceedings in which it asserted similarly dubious claims.[408]

Motion to Dismiss: The petitioners' claims centered on Microsoft's user manual for a game called "Stoked," which manual displayed the term "Huck" in its pages. The game "Stoked" apparently runs on the XBOX 360 device. The petitioners claimed ownership of twelve applications for marks comprising or containing the word "Huck." The Board observed, however, that the HUCK marks bear no resemblance to the mark XBOX 360.

The petitioners claimed that use of the term "Huck" in the "Stoked" user manual infringed the HUCK marks. But this claim of damage had nothing to do with the continued existence of Microsoft's XBOX 360 registration.

> The fact that the word "Huck" may be used in respondent's written materials that happen also to bear respondent's registered mark, a mark not remotely similar to "Huck," does not establish a basis upon which to allege standing to cancel the registration of the subject mark.[409]

Even if the petitioners had suffered damage by distribution of the Microsoft user manuals, that damage was unrelated to the XBOX 360 mark. Consequently, the petitioners did not have a personal stake in this proceeding and had no reasonable belief of damage caused by continuation of the XBOX 360 registration. Because standing is a necessary element of a claim for cancellation, dismissal of this petition was mandated.[410]

Nonetheless, the Board went on to consider the two claims asserted by the petitioners. As to their fraud claim, one part concerned use of the R-in-a-circle symbol with the mark STOKED, but the petition was not seeking cancellation of a registration for STOKED. The other part concerned allegedly false statements made in Microsoft's Section 8 & 15 declaration for the XBOX 360 registration, but this fraud claim was based merely on "information and belief" and failed to include a recitation of

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407. Section 14(3) of the Lanham Act, 15 U.S.C. § 1064(3) provides, in pertinent part, that a petition to cancel a registration may be filed at any time "if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used."

408. NSM Resources Corp. v. Microsoft Corp., 113 U.S.P.Q.2d 1029 (T.T.A.B. 2014).

409. *Id.* at 1033.

410. Standing is a threshold issue that must be proven by a plaintiff in every inter partes case. *See* Ritchie v. Simpson, 170 F.3d 1092, 50 U.S.P.Q.2d 1023, 1025-26 (Fed. Cir. 1999); Lipton Indus., Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 U.S.P.Q. 185 (C.C.P.A. 1982).

specific facts constituting the alleged fraud, as required by Rule 9(b), Fed. R. Civ. P.[411]

Turning to the Section 14(3) misrepresentation of source claim, the petitioners did not allege that Microsoft's use of the XBOX 360 mark was calculated to trade on the petitioners' goodwill and reputation, but instead focused on use of the term "Huck." The facts alleged did not constitute a viable claim under Section 14(3), since there was no allegation that Microsoft's XBOX 360 mark was in any way associated with the petitioners.

Thus the petitioners failed to state a claim upon which relief can be granted, and the Board's dismissal of the petition was again warranted.[412]

Motion for Sanctions: Since 2008, Petitioner NSM had filed twenty-nine oppositions, cancellations, and requests for extension of time to oppose. It instituted nine cancellations or oppositions against marks that bear "absolutely no resemblance to its asserted marks," and six extensions of time to oppose marks that "do not appear to resemble petitioners' HUCK marks."[413] The petitioners' repeated and inadequate assertions of fraud, false connection under Section 2(a), deceptiveness and immoral or scandalous matter, likelihood of confusion, and dilution evidence the abuse of the Board's procedures. The petitioners alleged ownership of marks that were, with few exceptions, entirely dissimilar from the marks they challenged. "Petitioners' pattern of behavior leaves no doubt that the noted proceedings were initiated in bad faith, and at least with the intent to harass third parties who have lawfully registered their marks, or to unnecessarily delay those seeking to register their marks."[414]

On five prior occasions, the Board granted motions dismissing Petitioner NSM's pleadings based either on lack of standing or failure to state a claim. The Board concluded that in this case the petitioners could not have had a good faith belief that the assertion of the same claims was warranted.

> Indeed, petitioners' vexatious conduct unnecessarily disrupts the fair allocation of Board resources. The filing of such frivolous cases requires that the Board sift through each case filed by petitioners, including pages upon pages of unsupported claims that in turn trigger further motion

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411. "Pleadings of fraud 'based on information and belief' without allegations of specific facts upon which the belief is reasonably based are insufficient. *NSM Resources Corp. v. Microsoft Corp.*, 113 U.S.P.Q.2d at 1034, citing Asian and Western Classics B.V. v. Selkow, 92 U.S.P.Q.2d 1478, 1479 (T.T.A.B. 2009).

412. The Board pointed out that it is empowered to determine only the right to register, and has no authority to determine the right to use or to award the $1 billion dollars in damages sought by petitioners.

413. *NSM Res. Corp. v. Microsoft Corp.*, 113 U.S.P.Q.2d at 1036.

414. *Id.* at 1037.

> practice to prevent unnecessary litigation from going forward. These are resources and time better devoted to more meritorious matters. The Board has an interest in seeing that its processes are not abused for purposes of harassment and delay.[415]

The Board concluded that, under Rule 11 of the Federal Rules of Civil Procedure and its own inherent authority to sanction, "any sanction short of judgment would be futile and unfair to the respondent and any other party targeted by petitioners."[416] Therefore, it dismissed this case with prejudice as a sanction for the petitioners' conduct in this case.

Furthermore, the Board ordered the petitioners to show cause why they, their shared principal, Zane Murdock, and any entity owned or controlled by Murdock should not face additional sanctions to deter this pattern of filing frivolous petitions. Included in the proposed additional sanctions were requirements that these entities must retain outside counsel for any future filings, that they not file any request for extension of time for one year, and that they never file a notice of opposition or petition for cancellation where the challenged mark bears no resemblance to the HUCK marks and where the legal basis for the claim is fraud.

c. Motion for a Protective Order

Domond v. 37.37, Inc.

When a party to a Board proceeding goes overboard in its discovery demands, the Board may invoke the concept of "proportionality" in order to reign in the overly aggressive party, and may take appropriate steps to prevent harassment of the other party. In this cancellation proceeding challenging a registration for the mark BEAUTIFUL PEOPLE for various clothing items, Petitioner Joshua Domond served 872 requests for admission, 247 document requests, and 26 interrogatories in the first two days of the discovery period. Respondent 37.37, Inc. moved for a protective order under Federal Rule of Civil Procedure 26(c),[417] requesting that the Board limit the discovery items to a reasonable number. The Board found the discovery requests to be "excessive, unduly burdensome and harassing in number and content" when viewed in light of the issues raised in the proceeding, and it granted the

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415. *Id.* at 1038.

416. *Id.*

417. Rule 26(c) of the Federal Rules of Civil Procedure provides for the issuance of a "protective order . . . to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense."

motion, limiting the total number of discovery requests to 150, absent prior Board review and approval of additional requests.[418]

Petitioner Domond alleged fraud, abandonment, and likelihood of confusion. He also claimed that the subject registration was void ab initio because the respondent's specimen failed to show use in commerce.[419]

The Board pointed out that the parties to a proceeding are generally allowed to seek discovery as they deem necessary, but the Board does not permit unlimited discovery that will harass and oppress the adversary.

> When it comes to serving discovery, the parties are expected to take into account the principles of proportionality with regard to discovery requests such that the volume of requests does not render them harassing and oppressive and are expected to consider the scope of the requests as well as to confer in good faith about the proper scope of discovery so as to minimize the need for motions. *See* Trademark Rule 2.120(a); Fed. R. Civ. P. 26(f); *Phillies*, 107 U.S.P.Q.2d at 2153; *cf. Frito-Lay North America Inc. v. Princeton Vanguard LLC,* 100 U.S.P.Q.2d 1904, 1908-10 (T.T.A.B. 2011) (Board applied principal of proportionality in a case involving discovery of electronically-stored information).[420]

The Board found that the respondent had, through a brief email exchange with Petitioner Domond, made a good faith effort to resolve the dispute. The Board observed that it is usually improper to respond to a discovery request by filing a motion for a protective order, except in cases "where it is readily apparent that propounded discovery requests are so oppressive as to constitute clear harassment."[421]

> As is clear from the number of discovery requests within the context of this proceeding, as well as their content, Petitioner has failed in his duty to seek only such discovery as is proper and relevant to the issues in this proceeding.[422]

The Board noted that a number of the petitioner's discovery requests were not "appropriately tailored to elicit discoverable information in this proceeding."[423] For example, requests seeking all documents from the last seventeen years were unduly broad. Others sought irrelevant information, like stock prices and

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418. Domond v. 37.37, Inc., 113 U.S.P.Q.2d 1264 (T.T.A.B. 2015).

419. The Board noted that the claim that the specimen was improper is not a proper ground for cancellation; nonuse would be the appropriate assertion.

420. *Domond v. 37.37, Inc.*, 113 U.S.P.Q.2d at 1266.

421. *Id.*

422. *Id.*

423. *Id.* at 1267.

projected income. Still others improperly called for legal citations for the respondent's position and a summarized analysis of the similarities and/or differences in the parties' marks, when the petitioner is responsible for developing its own case "and cannot demand that Respondent prepare a comparison report, undertake legal research, or disclose its legal strategies."[424] The petitioner's requests for the identification of witnesses was not only premature but unnecessary in view of the Board's disclosure requirements.[425]

And so the Board granted the motion for a protective order, warning Petitioner Domond that further uncooperative or harassing behavior may result in the imposition of sanctions, possibly including the entry of judgment.

d. Motion to Strike Notice of Reliance Evidence

FUJIFILM SonoSite, Inc. v. Sonoscape Co., Ltd.

In a motion to strike certain evidence proffered in Opposer FUJIFILM's notice of reliance, Applicant Sonoscape enjoyed a nearly total victory.[426] The Board ruled that FUJIFILM could not rely on a newly issued registration as a basis for its Section 2(d) opposition because the underlying application had not been pleaded in the notice of opposition, but the Board deferred until trial the question of whether the registration had any probative value at all. It agreed with Sonoscape that, as to certain other documents (673 pages in all) purportedly relevant to the issue of likelihood of confusion, FUJIFILM was required to indicate the relevance of each page by *du Pont* factor.

Newly issued registration: FUJIFILM claimed ownership of a family of "Sono-" formative marks, and sought in its notice of reliance to add a newly-issued registration to its arsenal. However, FUJIFILM did not plead, in its notice of opposition, ownership of the application that matured into that registration. The Board ruled that FUJIFILM "cannot use an unpleaded registration as a basis for the opposition (such as for purposes of removing priority as an issue in the case, or for proving standing)."[427] However, because the Board's determination as to whether a registration (or other evidence) has probative value is made at final hearing, it

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424. *Id.*

425. *See* TBMP § 414, "Selected Discovery Guidelines," which lists a number of "discovery determinations, with case citations, relating to the discoverability of various matters."

426. FUJIFILM SonoSite, Inc. v. Sonoscape Co., Ltd., 111 U.S.P.Q.2d 1234 (T.T.A.B. 2014).

427. *Id.* at 1235-36, citing UMG Recordings Inc. v. O'Rourke, 92 U.S.P.Q.2d 1042, 1045 n.12 (T.T.A.B. 2009); Herbaceuticals Inc. v. Xel Herbaceuticals Inc., 86 U.S.P.Q.2d 1572, 1576 n.4 (T.T.A.B. 2008); and Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha, 77 U.S.P.Q.2d 1917, 1920 (T.T.A.B. 2006).

refused to strike this exhibit, observing that an unpleaded registration, like third-party registrations, may be considered for "whatever probative value" it may lend to the opposer's showing under the *du Pont* factors in its case in chief.[428]

Relevancy of other evidence: Sonoscape contended that FUJIFILM had failed to adequately state the relevancy of certain documents attached to its notice of reliance.[429] Although FUJIFILM stated that the documents were relevant to three likelihood of confusion factors (the similarity of the parties' marks, the similarity and relatedness of the goods at issue, and the similarity of the parties' trade and marketing channels), Sonoscape argued that FUJIFILM must indicate which pages of the two involved exhibits were relevant to each particular *du Pont* factor.

FUJIFILM claimed that the entirety of each exhibit was relevant to all three identified *du Pont* factors. Not good enough: "The Board will not expend its resources guessing which pages the propounding party is relying upon, particularly when an exhibit comprises such a large number of pages. Opposer should have indicated which web page or group of web pages within each exhibit support each specific *du Pont* factor."[430]

The Board observed that, although FUJIFILM would have an opportunity to explain its exhibits in its trial brief, Sonoscape is entitled to know, prior to its testimony period, which web pages allegedly support which likelihood of confusion factor. Because the defect was one that may be cured by the offering party as soon as it is raised by any adverse party, FUJIFILM was allowed 15 days to submit an appropriately revised notice of reliance.

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428. *Id.* at 1236, quoting Safer Inc. v. OMS Investments, Inc., 94 U.S.P.Q.2d 1031, 1035 (T.T.A.B. 2010).

429. *See* Trademark Rule 2.122(e), 37 C.F.R. § 2.122(e), requiring that, for printed publications, the notice of reliance must "indicate generally the relevance of the material being offered."

430. *FUJIFILM SonoSite, Inc. v. Sonoscape Co., Ltd.*, 111 U.S.P.Q.2d at 1237. *See Safer Inc. v. OMS Investments, Inc.*, 94 U.S.P.Q.2d 1031 at 1039-40.

PART III. LITIGATION IN THE FEDERAL COURTS AND STATE COURTS OF GENERAL JURISDICTION

By Theodore H. Davis Jr.

A. Infringement, Unfair Competition, and Related Torts

1. Establishing Liability

a. Violations of Trademark and Service Mark Rights

i. Defining Claimed Marks

Under Section 45 of the Act, a trademark 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."[431] Despite these broad definitions, a plaintiff unable to describe with specificity the mark to which it claims rights may be served with a successful defense motion for judgment as a matter of law, but those motions generally failed over the past year.[432] For example, two firearm manufacturers escaped dismissal at the pleadings stage of a case in which they asserted protectable rights to the configuration of a submachine gun and four variants on that configuration.[433] The court framed the issue with two observations, namely, that "the requirement that a trade dress be discrete and identifiable does not preclude a plaintiff from claiming the *overall* look or design of the product as protected,"[434] but also that "a plaintiff must offer some enumeration of the design elements that comprise the 'overall look' of a product if such a holistic trade dress claim is to be cognizable."[435] The court agreed with the defendants that the plaintiffs' responses to interrogatories on the issue "have not been a model of explanatory precision or of consistency,"[436] but it was unwilling to hold them fatally defective. Instead, whatever deficiencies from which the written responses may have suffered were cured by the plaintiffs' concurrent referral of the defendants to the following photographs of the plaintiffs' weapons:

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431. 15 U.S.C. § 1127 (2012).

432. *See, e.g.*, Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 634, 637-38 (E.D. Va. 2014) (denying motion to dismiss grounded in plaintiff's "discernibly skeletal" definition of claimed trade dress consisting of combination beard-and-hat novelty good); Garden Meadow, Inc. v. Smart Solar, Inc., 24 F. Supp. 3d 1201, 1210 (M.D. Fla. 2014) (denying, without extended discussion, motion for judgment on the pleadings grounded in plaintiff's alleged failure to define trade dress of "solar powered animal lantern works").

433. *See* Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

434. *Id.* at 909.

435. *Id.* at 910.

436. *Id.* at 914.

The court therefore determined that "[w]hile we acknowledge that Plaintiffs have made statements [in their discovery responses] that have been unhelpfully vague and that they have not been fully consistent in defining its contours, we conclude that a core, identifiable description of the putative . . . trade dress has emerged despite these shortcomings."[437] In particular "[i]n comparing Plaintiffs' photograph of the original model [weapon] with those of [the variants], a recurring design profile is recognizable . . . ."[438]

Outside the context of actions to protect configurations, the issue of whether plaintiffs adequately had defined their claimed designations of origin also arose in cases in which the allegations of misconduct at issue focused on the defendants' alleged copying of the plaintiffs' websites.[439] Although observing "[w]hether a website's design can constitute protectable trade dress under the Lanham Act is a fairly unsettled issue,"[440] one court otherwise resolved the issue in the plaintiffs' favor. For one thing, it held, "the courts to have considered the issue have more or less agreed that website design can rise to the level of trade dress under certain circumstances. Courts have generally held that a website's 'look and feel' can be trade dress."[441] For another, the plaintiffs had not merely catalogued the features of their website, through which they sold nutritional supplements. Instead, they had defined their trade dress as comprising: (1) the formatting of their logos, graphics, photographs, and text; (2) a light blue background with clouds behind the logo; (3) a light blue and orange schematic; (4) before-and-after comparison photographs; (5) a comparison chart; (6) a satisfaction-guaranteed certificate; (7) text at the

437. *Id.* at 912.

438. *Id.* at 912-13.

439. *See* Ingrid & Isabel, LLC v. Baby Be Mine, LLC, 70 F. Supp. 3d 1105, 1136 (N.D. Cal 2014) (denying defense motion for summary judgment on ground that "the 'look and feel' of a web site can constitute a trade dress protected by the Lanham Act").

440. Lepton Labs, LLC v. Walker, 55 F. Supp. 3d 1230, 1239 (C.D. Cal. 2014).

441. *Id.*

bottom of the site, including a customer-service number; (8) the style and aesthetics of the active-ingredient section; (9) the presentation of the trial-offer page; and (10) "the particularized combination of all of these elements."[442] The court held these allegations to pass muster because "[w]hile a plaintiff cannot adopt a shifting-sands approach to pleading its alleged trade dress, it is also difficult to require the plaintiff to essentially prove—as opposed to simply allege—that its trade dress satisfies all of the essential elements at the pleading stage."[443]

A far less detailed description of a trade dress, this one claimed by the operator of several carry-out restaurants serving Indian food, also passed muster.[444] As the court characterized the defendants' attack on the plaintiff's complaint, "the generic food items, colors, and signs in both [their] restaurant and [the plaintiff's] are too typical of fast food restaurants to provide a basis for a distinctive trade dress."[445] The court disagreed, noting the plaintiff had pleaded "specific elements comprising its trade," which included, among other things: (1) orange-and-white signage and an orange-and-white color scheme; (2) "the layout of its restaurants, including an unobstructed open glass window, limited seating in front with the counter further back and an open kitchen plan"; (3) the appearance of its menus and the pricing of items in them; (4) the uniforms worn by its employees, which featured the plaintiff's service mark on the backs of the shirts; (5) the allegedly unique food items available in the restaurants.[446] Citing both *Two Pesos, Inc. v. Taco Cabana, Inc.*[447] and an unpublished opinion in another action brought by the plaintiff in which the plaintiff's trade dress was found protectable,[448] the court found the defendants' motion to dismiss without merit.[449]

The same outcome held on motions for summary judgment of nonliability.[450] According to one defendant accused of infringing the trade dress of several lines of furniture, the plaintiff's definitions of its claimed trade dress rested too heavily on

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442. *Id.* at 1239-40.

443. *Id.* at 1240.

444. *See* KatiRoll Co. v. Kati Junction, Inc., 33 F. Supp. 3d 359 (S.D.N.Y. 2014).

445. *Id.* at 369.

446. *Id.*

447. 505 U.S. 763 (1992).

448. *See* KatiRoll Co. v. Kati Roll & Platters, Inc., No. 10 Civ. 3620, 2011 WL 346502, at *8-9 (D.N.J. Feb. 1, 2011).

449. *KatiRoll*, 33 F. Supp. 3d at 369.

450. *See, e.g.*, Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203, 1223-24 (C.D. Cal. 2014) (denying defense motion for summary judgment because "a plaintiff generally is permitted to define a product line as it sees fit" (internal quotation marks omitted)).

"nondescript" words.[451] Reviewing one such definition, the court disagreed and therefore concluded the plaintiff had not resorted to empty generalities. Instead, the court explained, "[w]hile it is true that Plaintiff uses certain descriptors that could, taken alone, be considered generic, it is difficult to determine how Plaintiff could be more descriptive given the entire design it must describe."[452]

In contrast, some motions to dismiss did succeed,[453] including one in an action between competing restauranteurs.[454] According to their complaint, the plaintiffs owned protectable trade dress rights "in the distinctive visual presentation of the product to customers. Such trade dress includes, but is not limited to, the presentation of baked ziti, eggplant parmesan, and chicken parmesan."[455] The court noted that "[i]n the trade dress context, a plaintiff must articulate the elements that comprise its protected trade dress in order for the court to evaluate the plausibility of its claim and so the defendant has fair notice of the grounds of the claim."[456] The plaintiffs' framing of their claimed trade dress failed to make the grade because "Defendants have no idea what it is about the plating of ziti and chicken or eggplant parmesan that is distinctive."[457] Moreover, the court explained, the plaintiffs knew how they plated their food and "could have easily identified what is distinctive about the plating that might warrant trade dress protection."[458]

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451. *Quoted in* Amini Innovation Corp. v. McFerran Home Furnishings, Inc., 68 F. Supp. 3d 1170, 1176 (C.D. Cal. 2014).

452. *Id.* at 1176.

453. *See, e.g.*, Homeland Housewares, LLC v. Euro-Pro Operating LLC, 113 U.S.P.Q.2d 1255, 1257-58 (C.D. Cal. 2014) (holding definition of claimed trade dress as "the color scheme, fonts, phraseology, and overall look and feel" of packaging fatally deficient in detail); *cf.* Uni-World Capital L.P. v. Preferred Fragrance, Inc., 43 F. Supp. 3d 236, 249 (S.D.N.Y. 2014) (denying as futile motion for leave to amend complaint to add cause of action for trade dress infringement on ground that "the proposed [amended complaint] does not identify what plaintiffs' trade dress supposedly *is*, other than the concept of imitating others' perfume and, perhaps, the addition in some instances of a tag reading 'our impression of' and, perhaps, the words 'Preferred Fragrance'").

454. *See* N.Y. Pizzeria, Inc. v. Syal, 56 F. Supp. 3d 875 (S.D. Tex. 2014).

455. *Quoted in id.* at 882.

456. *Id.* at 882-83.

457. *Id.* at 883.

458. *Id.*

ii. Establishing Protectable Rights

(A) The Effect of Registrations on the Mark-Validity Inquiry

(1) The Effect of Federal Registrations

If a claimed mark is not registered on the Principal Register, its owner bears the burden of proving the mark's validity.[459] That rule is modified if the claimed mark is registered on the USPTO's Principal Register because a registration that has not yet become incontestable is "prima facie evidence" of the validity of the mark covered by it.[460] As in past years, courts differed on the burden-shifting effect of this language. On the one hand, some applied the majority rule that the challenger to the validity of a mark covered by such a registration bears the burden of proving the mark's invalidity by a preponderance of the evidence and testimony.[461]

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459. *See, e.g.*, Sweet St. Desserts, Inc. v. Chudleigh's Ltd., 69 F. Supp. 3d 530, 542 (E.D. Pa. 2014) ("If the trade dress is unregistered, the party claiming unregistered trade dress rights bears the burden of proving the trade dress is non-functional."); Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 201 (D.D.C. 2014) ("Whereas federal registration of a mark is prima facie evidence that the registrant owns the mark and has the exclusive right to use the mark on the goods and services specified in the registration, an unregistered mark is protectable under Section 43 of the Lanham Act only if a separate showing is made that it would qualify for registration as a trademark." (citation omitted)), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015); Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675, 697 (S.D.N.Y.) ("Where a mark is not registered, the plaintiff has the burden of proving that its mark is a valid trademark."), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014); Honeywell Int'l Inc. v. ICM Controls Corp., 45 F. Supp. 3d 969, 995 (D. Minn. 2014) ("The Lanham Act assigns the party asserting trade dress protection the burden of establishing that unregistered trade dress is not functional."); *see also* KJ Korea, Inc. v. Health Korea, Inc., 66 F. Supp. 3d 1005, 1013 (N.D. Ill. 2014) ("[A] mark registered in the Supplemental Register is not entitled to this presumption of validity because it is only 'capable' of becoming a trademark.").

460. 15 U.S.C. §§ 1057(b), 1115(a) (2012).

461. *See, e.g.*, Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730, 735 (E.D. La. 2015) ("The burden is on defendants to show the genericness of plaintiff's registered trademark."); *Sweet St. Desserts*, 69 F. Supp. 3d at 542 ("If the trade dress is registered as a trade mark, . . . the registration is prima facie evidence of validity and non-functionality, shifting the burden of showing that the registered trademark is functional to the accused infringer."); Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355, 372 (E.D.N.Y. 2014) ("[W]here marks have been registered as trademarks, as here, such registration is prima facie evidence that the mark is registered and valid (i.e., protectable), that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce. . . . In order to rebut the presumption of validity, the allegedly infringing party must show, by a preponderance of the evidence, that the mark is ineligible for protection." (alterations in original) (internal quotation marks omitted)); EAT BBQ LLC v. Walters, 47 F. Supp. 3d 521, 528 (E.D. Ky. 2014) ("The effect of the statutory presumption contained in § 1115(a) is to shift the burden of proof to the alleged infringer." (quoting Leelanau Wine Cellars, Ltd. v. Black & Red, Inc., 502 F.3d 504, 514 (6th Cir. 2007) (internal quotation marks omitted))); NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 336 (S.D.N.Y. 2014) ("Because [the plaintiff] has made a *prima facie* showing that [its registered] Marks are protectible, the burden falls to Defendants to demonstrate that those marks are not entitled to protection."); Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc.,

Although not expressly phrasing the issue in terms of burden-shifting, the Ninth Circuit explained the significance of such a registration in the following manner:

> Registration of a mark is prima facie evidence of the validity of the mark, the registrant's ownership of the mark, and the registrant's exclusive right to use the mark in connection with the goods specified in the registration. When proof of registration is uncontested, the ownership interest element of a trademark infringement claim is met.[462]

In contrast, other courts applied the minority rule that a nonincontestable registration shifts only the burden of production to the challenger; under that approach, the significance of registration vanishes immediately upon the challenger's identification of any cognizable evidence of invalidity. Those courts included the Federal Circuit, which, without reference to the most recent Ninth Circuit opinion on the issue quoted immediately above, held in an application of Ninth Circuit law that "[t]he federal trademark registration provides 'prima facie evidence' of non-functionality. This presumption 'shift[s] the burden of production to the defendant . . . to provide evidence of functionality.' Once this presumption is overcome, the registration loses its legal significance on the issue of functionality."[463]

Some courts court tried to have it both ways.[464] Presented with a registration that apparently had not yet become incontestable, one explained the registration's significance in terms invoking the majority rule *and* the minority rule on the meaning of "prima facie evidence": "[R]egistration of the service mark provides prima facie evidence of each of these elements. This 'has a burden-shifting effect, requiring the party challenging a registered mark to produce sufficient evidence to establish that the mark is generic by

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57 F. Supp. 3d 1203, 1211 (C.D. Cal. 2014) ("The defendant may . . . overcome the presumption [of validity] by a showing by a preponderance of the evidence that the [registered] term was or has become generic." (first alteration in original) (quoting Yellow Cab Co. of Sacramento v. Yellow Cab of Elk Grove, Inc., 419 F.3d 925, 927 (9th Cir. 2005) (internal quotation marks omitted))).

462. Pom Wonderful LLC v. Hubbard, 775 F.3d 1118, 1124 (9th Cir. 2014) (citation omitted).

463. Apple Inc. v. Samsung Elecs. Co., 786 F.3d 983, 994 (Fed. Cir. 2015) (quoting 15 U.S.C. § 1057(b) (2012); Tie Tech, Inc. v. Kinedyne Corp., 296 F.3d 778, 782–83 (9th Cir. 2002)) (citation omitted); *see also* Tiffany & Co. v. Costco Wholesale Corp., 109 U.S.P.Q.2d 1674, 1677 (S.D.N.Y. 2014) ("Once a plaintiff shows that a trademark has a valid registration, the 'burden of production therefore shifts to Defendant to proffer evidence that the mark is not valid, i.e., that it is generic . . . . '" (alteration in original) (quoting Lemme v. Nat'l Broad. Co., 472 F. Supp. 2d 442, 443 (E.D.N.Y. 2007))).

464. *See* McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307, 311 (4th Cir. 2014) ("The presumption of validity that accompanies registered trade dress has a burden-shifting effect, requiring the party challenging the registered mark to produce sufficient evidence to show that the trade dress is invalid by a preponderance of the evidence.").

a preponderance of evidence.'"[465] Another employed the same inconsistent methodology, holding, "[a] registered trademark is presumed valid, and a party seeking cancellation must rebut this presumption by a preponderance of the evidence,"[466] but then adding, [a]lthough the [plaintiff's registered] trademark carries a presumption of validity, defendants' burden to overcome this presumption is one of production, not persuasion."[467]

Reported opinions addressed the evidentiary significance of incontestable registrations on the Principal Register with less frequency. Under Section 33(b) of the Act,[468] an incontestable registration is "conclusive evidence" of mark validity, and most courts gave incontestable registrations the respect they deserved,[469] but that did not stop one district court from mistakenly according such a registration mere "prima facie evidence" status.[470] This error made no difference, however, as the court ultimately held that the plaintiff's incontestable trade dress registration had the effect of "shifting the burden of showing that the registered trademark is functional to the accused infringer."[471]

(2) The Effect of State Registrations

Two opinions from the Court of Appeals of Michigan took internally inconsistent approaches to the significance of a registration under the law of that state.[472] In both cases, and despite the absence of express statutory guidance on the issue, the court held "if the mark is registered with the state, the registration is prima facie evidence that the plaintiff's mark is valid, and the

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465. Kuper Indus. v. Reid, 89 F. Supp. 3d 1005, 1011 (D. Neb. 2015) (citations omitted) (quoting Cmty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ's Church, 634 F.3d 1005, 1011 (8th Cir. 2011)) (internal quotation marks omitted).

466. Re/Max LLC v. M.L. Jones & Assocs., 114 U.S.P.Q.2d 1139, 1142 (M.D.N.C. 2014).

467. *Id.* at 1143 n.1.

468. 15 U.S.C. § 1115(b) (2012).

469. *See, e.g.*, Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451, 456 (E.D. Pa. 2014) ("[V]alidity and legal protectability . . . are established where 'a mark [is] federally registered and has become "incontestable" under the Lanham Act.'" (second alteration in original) (quoting Fisons Horticulture, Inc. v. Vigoro Indus., 30 F.3d 466, 472 (3d Cir. 1994))).

470. *See* Sweet St. Desserts, Inc. v. Chudleigh's Ltd., 69 F. Supp. 3d 530, 541 (E.D. Pa. 2014).

471. *Id.* at 542.

472. The relevant statutory language provides that:

> Any certificate of registration . . . shall be evidence of registrant's right to use the mark throughout this state in connection with the goods or services specified in the certificate . . . , but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.

Mich. Comp. Laws § 429.34(3) (2011).

burden of production shifts to the defendant to demonstrate that the mark is not valid."[473] A mere shift in the burden of production is not traditionally associated with a requirement that the other party "demonstrate" (as opposed to "produce evidence of") anything, but one of the two opinions nailed down the issue with its observation that:

> [T]he burden of showing a mark's validity usually falls on the plaintiff, but if the plaintiff registers its mark under the Act, then the burden shifts to the defendant to demonstrate that the plaintiff's [mark] is not valid.
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> In this case, plaintiff's mark was registered [under the Michigan Trademark Act], and, therefore, defendant has the burden of showing that plaintiff has either not used the [registered] mark or that it is not distinctive because it lacks secondary meaning to consumers.[474]

The evidentiary value of a registration under Georgia law also came into play.[475] Although the Georgia trademark act is silent on the issue beyond providing a registration is admissible to prove the fact of registration,[476] the Supreme Court of Georgia inferred from the availability of a statutory cause of action for the infringement of a registered mark that registration necessarily carries certain evidentiary benefits. As the court explained, "once such registration is accomplished, the plain language of [the statutory cause of action] compels the conclusion that for the limited purpose of invoking these statutory remedies, the registrant is presumed to be the 'owner' or 'prior user' of the mark."[477] Going beyond this, it additionally observed that "[i]ndeed, a prior state registration gives rise to a rebuttable presumption of validity."[478]

In contrast to its Michigan and Georgia counterparts, the Florida trademark act *does* expressly address the evidentiary value of a state registration issued under it: It provides that such a registration is "prima facie evidence of the validity of the registration, [the] registrant's ownership of the mark, and of [the] registrant's exclusive right to use the mark in [Florida] on or in connection with the goods or services specified in the certificate."[479] Addressing the significance of this language, one Florida federal

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473. Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206, 217 (Mich. Ct. App. 2014); *accord* Movie Mania Metro, Inc. v. GZ DVD's Inc., 857 N.W.2d 677, 691-92 (Mich. Ct. App. 2014).

474. *Janet Travis, Inc.*, 856 N.W.2d at 213.

475. *See* India-Am. Cultural Ass'n v. iLink Prof'ls, Inc., 769 S.E.2d 905 (Ga. 2015).

476. Official Code Ga. Ann. § 10-1-444 (West Supp. 2015).

477. *India-Am. Cultural Ass'n*, 769 S.E.2d at 910.

478. *Id.*

479. Fla. Stat. Ann. § 495.061(2) (2010).

district court held it created a "presumption" of mark validity.[480] That presumption was apparently of the burden-of-proof-shifting variety, for the court ultimately held that "[h]ere . . . this presumption has been overcome by overwhelming proof of genericness."[481]

A final opinion to address the potential significance of a state registration did so under Texas law.[482] Attempting to escape the requirement it demonstrate acquired distinctiveness for its mark, a Texas registrant argued that its registration was evidence of distinctiveness, but the court disagreed. As it pointed out, "the registration is only prima facie proof of: (1) the validity of the registration; (2) the registrant's ownership of the mark; and (3) the registrant's exclusive right to use the mark in commerce in Texas in connection with the goods or services specified in the certificate."[483]

(B) The Common-Law Requirements for Mark Validity

(1) Use in Commerce

"It is axiomatic that under United States trademark law, a party establishes valid ownership of a mark by being the first to use that mark in commerce,"[484] and use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act's likelihood-of-confusion-based causes of action,[485] as well as corresponding state statutory and common-law claims.[486] "To establish actual commercial use a party must show (1) that it actually adopted and used the mark in commerce before

480. Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc., 85 F. Supp. 3d 1300, 1307 (M.D. Fla. 2015).

481. *Id.*

482. *See* Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738 (W.D. Tex. 2014).

483. *Id.* at 747-48 (citing Tex. Bus. & Com. Code § 16.060(c)(1)-(3) (West 2013)).

484. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 201 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015); *see also* Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 634, 638-39 (E.D. Va. 2014) ("[A]ctual use of trade dress in a genuine commercial transaction determines which party owns unregistered trade dress . . . .").

485. Section 43(a) of the Act expressly requires a plaintiff proceeding under it to show prior "use[] in commerce," 15 U.S.C. § 1125(a) (2012), while the treatment of the issue under Section 32, *id.* § 1114, is more nuanced: The cause of action under the latter statute is restricted to owners of federal registrations, which, at least where United States domiciliaries are concerned, require showings of use in commerce to issue. *See id.* § 1051(a)-(b).

486. *See* T-12 Entm't, LLC v. Young Kings Enters., 36 F. Supp. 3d 1380, 1390 (N.D. Ga. 2014) ("Common-law trademarks or service marks cannot be created without actual prior use in commerce.").

the mark was . . . used by another party, and (2) use of the mark was continuous."[487]

(a) The Nature and Quantity of Use in Commerce Necessary to Establish Protectable Rights

A Kentucky federal district court reached the familiar holding that the first party to conceive of a mark does not enjoy protectable rights to it.[488] The competing restaurateurs before that court had once been business partners before a falling out led them to claim rights to the same mark. One of the plaintiffs owned a federal registration covering the mark, which placed the burden on the defendant to prove its priority of rights by a preponderance of the evidence and testimony. Responding to the plaintiffs' motion for summary judgment, however, the defendant failed even to create a factual dispute on the issue. Although it pointed to record evidence it had used the disputed mark for particular items in menus for restaurants operating under wholly distinguishable marks, it had created a Facebook page for a business whose mark incorporated the disputed mark, it had received estimates for signage bearing the disputed mark, and it had used an e-mail address incorporating the disputed mark, that was not enough to satisfy the court. Instead, the court concluded, the defendant had not "presented sufficient evidence to show that his prior use was deliberate and continuous as opposed to sporadic, casual or transitory. Furthermore, [the defendant] has not shown that the use was sufficiently public to identify or distinguish the marked goods or that potential customers did connect the marks with his services."[489]

The interminable series of disputes over ownership of THE PLATTERS as a mark for entertainment services continued over the past year and produced an additional opinion bearing on the issue of use-based priority of rights.[490] The plaintiffs traced their claim of rights back to one Herb Reed, whom the defendants acknowledged was an original member of the first performing group to use the mark; in contrast, the defendants admitted they were not the successors in interest to any of the group's original members. In addition to those concessions, the court noted findings in numerous other cases that, until his death, Reed was the only member of the group to have remained and performed with it since

487. Adams v. Hartz Mountain Corp., 113 U.S.P.Q.2d 1775, 1778 (W.D. Wash. 2014).

488. *See* EAT BBQ LLC v. Walters, 47 F. Supp. 3d 521 (E.D. Ky. 2014).

489. *Id.* at 529 (citation omitted) (internal quotation marks omitted).

490. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

the group's inception. The inevitable outcome was entry of summary judgment in the plaintiffs' favor.[491]

(b) Use in Commerce 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,[492] properly licensed uses can do the job. This doctrinal proposition was apparent in an action in which Warner Bros. and its affiliates established trademark rights to a series of images from the motion pictures *The Wizard of Oz* and *Gone With the Wind*, as well as from the films and television series marketed under the *Tom and Jerry* title.[493] In successfully pursuing an unopposed motion for summary judgment, the plaintiffs adduced evidence of their long-time licensing of the images at issue.[494] The court's treatment of the issue suggests the agreements in the summary judgment record were more in the nature of copyright, rather than trademark licenses; in particular, the opinion entering summary judgment in favor of the plaintiffs is devoid of any discussion of quality-control provisions or of recitations that use of the licensed images would inure to the plaintiffs' benefit. Nevertheless, the plaintiffs' showing was enough for the court, which concluded that "[p]laintiffs have provided an abundant amount of evidence which clearly establishes a valid, protect able [sic] trademark in the characters in the films and cartoons."[495]

(c) Use in Commerce Through Tacking

The constructive-use doctrine of tacking allows marks to evolve without the evolution working a forfeiture of their owners' rights. Without reproducing in its opinion the successive versions of the mark at issue, one court concluded a factual dispute precluded the grant of either of the parties' cross-motions for summary judgment.[496] In the process, it held:

> The use of an earlier mark may be tacked onto the later use of a different mark only if the first mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. . . .

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491. *Id.* at 1324.

492. 15 U.S.C. § 1065 (2012).

493. *See* Warner Bros. Entm't, Inc. v. Dave Grossman Creations, 13 F. Supp. 3d 963 (E.D. Mo. 2014).

494. *Id.* at 968-72.

495. *Id.* at 972.

496. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 194-96 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

> The critical inquiry under a tacking analysis is whether a consumer would consider the prior and subsequent designs to be the same mark. Consumer opinion is dispositive because a fundamental purpose of trademark law is to create a marketplace in which consumers are not deceived or confused by competing merchants using similar marks.[497]

(d) Use-Based Geographic Rights

"The right to a trademark grows out of its use, and covers the area in which it is used,"[498] and, therefore, "[i]n a common law trademark action, the plaintiff has the burden of proof to establish first use of its trademark in every specific geographic area in which it claims superior rights."[499] Specifically, under the *Tea Rose-Rectanus* doctrine arising from the Supreme Court's opinions in *United Drug Co. v. Theodore Rectanus Co.*[500] and *Hanover Star Milling Co. v. Metcalf*:[501]

> With [the] exception of the famous mark doctrine, it is firmly established that the adoption and use of an unregistered trademark in a limited market within the United States does not create exclusive ownership of that mark in all geographic markets. Instead, the first party to use a mark on a product or service in a particular market, known as the senior user, acquires rights only for those territories in which it actually uses its mark, called the "zone of actual market penetration," or into which it might naturally expand, sensibly called the "zone of natural expansion." Good faith junior users who later use the same or similar mark on alike products or services also may establish rights to the mark provided there is no competitive overlap with the senior user.[502]

One court applying these principles determined a counterclaim plaintiff had used its unregistered marks in only a few geographic markets within the United States, one of which was Florida.[503] The summary judgment record, however, demonstrated the lead counterclaim defendant had not used its allegedly infringing marks in that state. The upshot was that

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497. *Id.* at 195 (internal quotation marks omitted).

498. Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206, 217 (Mich. Ct. App. 2014) (quoting Interstate Brands Corp. v. Way Baking Co., 270 N.W.2d 103, 105 (Mich. 1978)) (internal quotation marks omitted).

499. Innovation Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703, 715 (E.D. Mich. 2015).

500. 248 U.S. 90 (1918).

501. 240 U.S. 403 (1916).

502. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 206 (D.D.C. 2014) (citations omitted), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

503. *Id.*

"[b]ecause [the counterclaim plaintiff] does not provide evidence demonstrating [the lead counterclaim defendant's] commercial use of the marks in Florida, the Court must agree with [the lead counterclaim defendant] that there are no grounds for a trademark infringement claim based in that market."[504]

The parties' respective rights in a second disputed market, namely, northern California, were resolved in part by Section 7(c) of the Lanham Act, which provides that the owner of a registration on the Principal Register shall enjoy nationwide constructive priority of rights dating back to the filing date of the application from which its registration matured.[505] Although the lead counterclaim defendant adduced evidence of its prior common-law rights in northern California, it also benefitted from the court's holding that "[f]ederal registration provides the registrant with 'a nationwide right of exclusive use in the mark, subject only to those entities that used a similar mark prior to the registrant in a remote geographic area.'"[506] Because the lead counterclaim defendant had applied to register its marks prior to the counterclaim plaintiff's use, the lead counterclaim defendant's prior rights to northern California were established as a matter of law.[507]

A different counterclaim plaintiff was equally unsuccessful establishing the metes and bounds of its geographic rights and, indeed, fell victim to a motion to dismiss for failure to state a claim.[508] Although that counterclaim plaintiff owned a federal registration, the court noted of its federal unfair competition cause of action that "[t]he only factual contention supporting the claim of a common law right to the mark is the continuous use of the mark since April 29, 2009."[509] According to the court, that allegation was insufficient: To the contrary, "[e]ven viewed in the light most favorable to [the counterclaim plaintiff], its counterclaim does not specify the geographic boundaries of its common law claim to the trademark. This element is critical to a viable claim."[510]

(e) The Famous and Well-Known Marks Doctrine

"It . . . is a basic tenet of American trademark law that foreign use of a mark creates no cognizable right to use that mark within

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504. *Id.* at 207.

505. 15 U.S.C. § 1057(c) (2012).

506. *Paleteria La Michoacana*, 69 F. Supp. 3d at 207 (quoting Solutech, Inc. v. Solutech Consulting Servs., Inc., 153 F. Supp. 2d 1082, 1087 (E.D. Mo. 2000)).

507. *Id.* at 207-08.

508. *See* Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 628 (E.D. Va. 2014).

509. *Id.* at 633.

510. *Id.*

the United States."[511] That has not, however, stopped plaintiffs whose use of their marks has occurred primarily or exclusively outside the United States from claiming the protection of the famous and well-known mark doctrine. Under that doctrine, "a mark may be deemed so well-known in a particular American market—despite no actual commercial use in the market—that the territoriality principle is disregarded and priority is established through reputation rather than actual use in the United States."[512]

The few claimants to rely on the famous and well-known mark doctrine over the past year had reason to regret doing so. One court rejected the availability of the doctrine altogether in a case in which there was no dispute the counterclaim plaintiff had never used its mark in the United States prior to the counterclaim defendant's adoption of, and application to register, the identical mark.[513] Although the counterclaim plaintiff argued it was entitled to a finding of priority under Article 6*bis* of the Paris Convention,[514] the court held that the Paris Convention was not a self-executing treaty, nor had the enactment of Section 44 of the Lanham Act[515] implemented the portion of Article 6*bis* upon which the counterclaim plaintiff relied.[516] Rejecting the counterclaim plaintiff's contention that the interaction of Article 6*bis* and Section 44 worked an exception to the territorial basis of United States trademark law, the court concluded that "such a stark departure from the well-established principle of territoriality would require a much clearer expression of congressional intent mandating such a departure than is present before the Court here."[517] Because "[t]he lack of a legal foundation for [the counterclaim plaintiff's] claim renders it implausible," the counterclaim defendant's motion to dismiss for failure to state a claim was well-taken.[518]

The second court to address the doctrine in substantive fashion over the past year noted a split in the circuits on the question of the doctrine's viability under federal law.[519] Ultimately,

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511. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 201 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

512. *Id.* at 202.

513. *See* Belmora LLC v. Bayer Consumer Care AG, 84 F. Supp. 3d 490 (E.D. Va. 2015).

514. Paris Convention for the Protection of Industrial Property, Sept. 5, 1970, art. 6*bis*, 21 U.S.T. 1583, T.I.A.S. No. 6923.

515. 15 U.S.C. § 1126 (2012).

516. *Belmora*, 84 F. Supp. 3d at 509-12.

517. *Id.* at 512.

518. *Id.*

519. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 202 (D.D.C. 2014) (citing ITC Ltd. v. Punchgini, Inc., 482 F.3d 135 (2d Cir. 2007); Grupo Gigante SA de CV v. Dallo & Co., 391 F.3d 1088 (9th Cir. 2004)), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

though, the court found it necessary to resolve the issue because, even if the doctrine applied, "[the counterclaim plaintiff] does not come close to establishing the necessary fame of its marks within the United States for the doctrine to apply."[520] The court faulted the counterclaim plaintiff's showing on multiple levels: (1) much of that showing related to the marks' notoriety in Mexico, which the court dismissed because "prior use and fame within a foreign country are immaterial under the famous mark doctrine except insofar as that familiarity actually permeates into the United States at such a critical level that it qualifies for legal protection";[521] (2) in part because the counterclaim plaintiff's goods were sold only in three states, the marks on those goods could not be considered famous on a national basis;[522] and (3) even within those states, "[the counterclaim plaintiff] has not provided satisfactory market-by-market evidence from which the Court might conclude if, where, or when its marks achieved 'substantial' familiarity such that the famous mark doctrine should apply."[523]

(2) Distinctiveness

(a) Inherent Distinctiveness of Verbal and Two-Dimensional Design Marks

(i) Generic Designations

"A generic term refers to 'a particular genus or class of which an individual article or service is but a member,' suggesting the 'basic nature of articles or services.'"[524] "To sufficiently allege that a mark is generic, courts generally require a party to allege that consumers or the general public believe the mark[] [is] generic for the kinds of product or service covered by the mark."[525] Whatever the definition applied, the determination of whether a disputed mark is generic or nongeneric is a question of fact.[526]

Nevertheless, several opinions resolved the genericness inquiry as a matter of law. For example, one pair of words to fall victim to a finding of genericness on a defense motion for summary judgment comprised the words "medical travel," which the plaintiff used in connection with the provision of medical tourism

520. *Id.* at 203.

521. *Id.*

522. *Id.* at 204.

523. *Id.*

524. Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730, 735 (E.D. La. 2015) (quoting Tex. Pig Stands, Inc. v. Hard Rock Cafe, Int'l, Inc., 951 F.2d 684, 692 (5th Cir. 1992)).

525. AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 960 (N.D. Cal. 2015).

526. Gen. Linen Serv., Inc. v. Gen. Linen Serv. Co., 25 F. Supp. 3d 187, 194 (D.N.H. 2014).

services.[527] The plaintiff might have secured a Florida registration of its mark, but the registration's evidentiary value was "overcome by overwhelming proof of genericness."[528] That overwhelming proof consisted of: (1) the defendants' showing that "Medical Travel" is synonymous with 'medical tourism,' which is commonly used to describe travel services for people with special medical needs";[529] (2) widespread generic use of the words by third parties;[530] (3) the USPTO's rejection of the plaintiff's application to register the words;[531] and (4) the plaintiff's own generic use of the words, which the court held to be "powerful evidence" supporting its finding of invalidity as a matter of law.[532]

In contrast, and although motions by mark owners to dismiss allegations of genericness for failure to state claims generally fail,[533] one court took the unusual step of granting such a motion.[534] The defendants owned two federal registrations of the BRIDGEWATER mark for the management of financial investment portfolios, which the court easily determined was not void for genericness. It therefore granted the defendants' motion to dismiss the plaintiff's attack on the mark for failure to state a claim, holding in the process that "'Bridgewater' does not describe a class of financial services; it is not a common term used to describe financial services, or management of financial investment portfolios; and it does not describe the service as a whole, as opposed to any particular feature of a service."[535] Even without the benefit of a fully developed record, therefore, "Defendants' trademarks are not generic as a matter of law as to financial services, or management of financial investment portfolios."[536]

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527. *See* Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc., 85 F. Supp. 3d 1300 (M.D. Fla. 2015).

528. *Id.* at 1307.

529. *Id.* (citations omitted).

530. *Id.*

531. *Id.*

532. *Id.* (quoting Welding Servs., Inc. v. Forman, 509 F.3d 1351, 1358 (11th Cir. 2007)) (internal quotation marks omitted). The court described the summary judgment record as to this last category of evidence and testimony in the following manner:

> First, a capture of [the plaintiff's] website reveals that [the plaintiff] uses the phrase to refer generically to the services that it provides. Second, [the plaintiff] implicitly conceded in the Complaint that it is but one company of many that provide generic "medical travel" services. Finally, [the] 30(b)(6) deposition testimony [of the plaintiff's designated witness] confirms that [the plaintiff] understood this term to be generic.

Id. (citations omitted).

533. *See, e.g.*, Gen. Linen Serv., Inc. v. Gen. Linen Serv. Co., 25 F. Supp. 3d 187, 194-95 (D.N.H. 2014) (rejecting plaintiff's assertion that counterclaim for cancellation necessarily must identify evidence of consumers' perceptions of mark).

534. *See* Noveshen v. Bridgewater Assocs., 47 F. Supp. 3d 1367 (S.D. Fla. 2014).

535. *Id.* at 1373.

536. *Id.*

A similar outcome, albeit at a different stage of the case, came when the court rejected the argument the GOOGLE mark was generic for information retrieval and related services.[537] That argument was advanced by two plaintiffs who had ill-advisedly registered a number of domain names based on the mark and who, living dangerously, filed suit seeking its invalidation. Entertaining the parties' cross-motions for summary judgment, the court held as a matter of law that the mark was *not* generic. The plaintiff's factual showing relied heavily on evidence that consumers used the GOOGLE mark as a verb when referring to their Internet searching practices. The court summarized the plaintiffs' showing on this point, which included survey results,[538] in the following manner:

> Accepting Plaintiffs' evidence as true and drawing all justifiable inferences therefrom in Plaintiffs' favor, a majority of the public uses the word google as a verb to refer to searching on the internet without regard to search engine used. Giving Plaintiffs every reasonable benefit, a majority of the public uses google-as-verb to refer to the act of searching on the internet and uses GOOGLE-as-mark to refer to Defendant's search engine.[539]

Nevertheless, that showing failed to create a factual dispute as to the validity of the GOOGLE mark. Rejecting the plaintiff's "reliance on a procrustean grammatical standard,"[540] the court observed that "a trademark performs its statutory function so long as it distinguishes a product or service from those of others and indicates the product's or service's source. Verb use of a trademark is not fundamentally incapable of identifying a producer or denoting source."[541] Equally to the point, "a mark is not rendered generic merely because the mark serves a synecdochian 'dual function' of identifying a particular species of service while at the same time indicating the genus of services to which the species belongs."[542] Finally, "[i]t is . . . contrary to both the letter and spirit of trademark law to strip a mark of legal protection solely because the mark-cultivated by diligent marketing, enforcement, and quality control—has become so strong and widespread that the

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537. *See* Elliot v. Google Inc., 45 F. Supp. 3d 1156 (D. Ariz. 2014).

538. The plaintiffs relied on the results of two surveys—one conducted by their own counsel and one conducted by an expert witness; the results of the former were excluded from evidence, while those of the latter were admitted, even though the plaintiffs' expert "testified in his deposition that the survey was designed to prove something that Plaintiffs wanted to prove." *Id.* at 1169.

539. *Id.* at 1175.

540. *Id.* at 1164.

541. *Id.* at 1161-62.

542. *Id.* at 1162.

public adopts the mark to describe that act of using the class of products or services to which the mark belongs."[543] Especially in light of expert testimony supporting the mark's validity from a linguist[544] and from a survey expert,[545] the absence of supporting dictionary definitions,[546] Google Inc.'s own proper trademark usage and policing of its mark,[547] the availability of alternative terminology,[548] and the plaintiffs' failure to identify "a single instance in which a major media outlet has referred to a competing

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543. 1163.

544. As the court summarized his testimony, the linguist opined that "the use of the word google as a nonspecific verb does not compromise the status of the GOOGLE mark because it literally denotes the use of Google's search engine," and, additionally, "that the GOOGLE mark has not become generic and that the phrase 'go google it' is not necessarily shorthand for 'look it up on the internet.'" *Id.* at 1165.

545. The survey expert conducted a *Teflon* survey of 420 respondents, *see* E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502 (S.D.N.Y. 1975), of the results of which the court concluded:

> Excluding 19 respondents who answered they do not perform searches on the internet, 93.77% identified GOOGLE as a brand name and 5.25% identified GOOGLE as a common name. For purposes of comparison, 93.52% of consumers identified the YAHOO! mark as a brand name while 5.99% identified YAHOO! as a common name. Both GOOGLE and YAHOO! beat out COKE: 89.53% of consumers identified the COKE mark as a brand name while 6.73% identified COKE as a common name. The only mark with higher brand name recognition or lower common name misrecognition than GOOGLE was the AMAZON mark at 96.51 % and 2.99%, respectively.

Elliot, 45 F. Supp. 3d at 1166. According to the court, "Plaintiffs' sole objection is that the study is irrelevant because it does not account for verb usage, which is generic usage," *id.*, which the court rejected in light of congressional clarification "that a mark may have a 'dual purpose' of identifying goods and services and indicating the source of the goods and services," *id.* (quoting S. Rep. No. 98-627, at 8, *reprinted in* 1984 U.S.C.C.A.N. 5718, 5725 (internal quotation marks omitted), in the wake of *Anti-Monopoly, Inc. v. Gen. Mills Fun Grp.*, 684 F.2d 1316 (9th Cir. 1982).

546. On this issue, the court rejected the plaintiffs' argument that dictionaries had been bullied into not defining the mark as a generic term as a "scurrilous attack[] unsupported by admissible evidence." *Elliot*, 45 F. Supp. 3d at 1171 n.9.

547. The plaintiffs' evidence of self-use of the mark as a generic noun was limited to two arguable (and ultimately unconvincing) examples, and, on the issue of policing, the court held that:

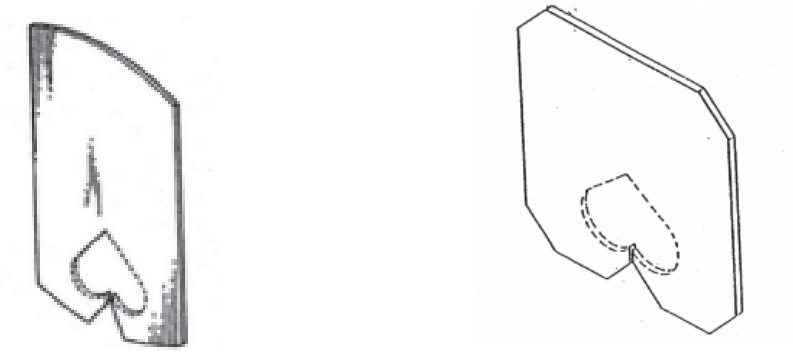
> [I]t is undisputed that: Defendant uses the GOOGLE mark to identify the Google search engine in national advertising campaigns; has policies in place that set strict standards for third party use of the mark; publishes rules and guidelines for use of the mark; and spends sizeable sums policing and enforcing its rights in the mark. While it is true that non-enforcement of a mark may be evidence the mark is generic, the undisputed facts make it unreasonable to infer that Defendant does not enforce its rights in the mark.
>
> Plaintiffs' alternative argument is that Defendant's enforcement expenditures are "so proportionately low" to the estimated valuation of the GOOGLE mark (over $113 billion) that "it constitutes abandonment of the mark." Plaintiffs cite no authority in support of this proposition and the Court is aware of none.

Id. (citations omitted).

548. *Id.* at 1172.

search engine as a 'google,'"[549] "there is no genuine dispute about whether, with respect to searching on the internet, the primary significance of the word google to a majority of the public who utilize internet search engines is a designation of the Google search engine."[550]

More commonly, reported opinions were notable less for actual findings of genericness than for their determinations that factual disputes existed on the issue.[551] For example, one court declined to find the following registered marks generic as a matter of law for plastic bag closures, choosing instead to defer a decision until trial:[552]



As summarized by the court, the counterclaim defendant's motion for summary judgment on the issue "appears to be largely based on what it claims is a vague and overbroad description of the product, the alleged failure of [the counterclaim plaintiff's] deposition witnesses to identify distinctive features of the product, and news articles that identify the products in generic terms."[553] The problem with those arguments, the court noted, was "to prove that a registered trade dress is invalid because it is generic, [the counterclaim defendant] must show that the trade dress 'consists of the shape of a product that conforms to a well-established industry custom.'"[554] Because "[the counterclaim plaintiff] has

549. *Id.* at 1173.

550. *Id.* at 1175.

551. *See, e.g.*, U.S. Soo Bahk Do Moo Duk Kwan Fed'n, Inc. v. Int'l Tang Soo Do Moo Duk Kwan Ass'n, 112 U.S.P.Q.2d 1401, 1405 (M.D. Fla. 2014) (declining to enter summary judgment in favor of plaintiff registrant of MOO DUK KWAN and design marks for martial arts instructional services based on factual disputes over meaning of verbal mark and whether third-party users of similar marks were affiliated with plaintiff).

552. *See* Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014). The graphics in the text accompanying this footnote are reproduced from the drawings in U.S. Reg. 1975545 (issued May 28, 1996) and U.S. Reg. No. 1972043 (issued May 7, 1996).

553. *Schutte Bagclosures*, 48 F. Supp. 3d at 697.

554. *Id.* (quoting Fun–Damental Too, Ltd. v. Gemmy Indus., 111 F.3d 993, 1000 (2d Cir. 1997)).

produced evidence showing that its design is unique in the industry and that it has gone to great lengths to promote this design as its own," the court concluded, "[t]here are . . . sufficient factual disputes that preclude granting summary judgment on this claim."[555]

Bag closures were not the only product configurations to face, but escape, allegations of genericness as a matter of law. In a case in which the plaintiff sought to protect the appearance of its furniture, the defendants moved for summary judgment on the ground the furniture was so pedestrian it was generic.[556] As the court summarized the parties' respective positions, "while Defendants argue that there are many products currently featuring 'common design elements, of Plaintiff's products, Plaintiff argues that critically, these products do not embody all, or even substantially all, of Plaintiff's trade dress components."[557] Under the circumstances, "the question of whether Plaintiff's trade dress is generic based on industry commonality is one for a jury."[558]

Another court declining to resolve the question of whether a plaintiff's claimed mark was generic as a matter of law did so in a dispute between participants in the market for adhesive vinyl films featuring camouflage patterns.[559] The plaintiff owned a federal registration of the CAMOWRAPS mark, but the burden-shifting effect of that document did not lead the court to grant the plaintiff's motion for summary judgment on the issue; the defendants' bid for a finding of genericness as a matter of law, however, fell equally short. The record evidence underlying the court's recognition of a factual dispute concerning the protectability of the plaintiff's mark included "evidence pertaining to the component terms 'camo' and 'wrap,'"[560] as well as third-party "usage of 'camo,' 'wrap,' and 'camowraps.'"[561] Weighing that evidence, the court held on the one hand that "plaintiff is correct that '[t]he whole, in trademark law, is *often* greater than the sum of its parts,' and that '[c]ommon words in which no one may acquire a trademark because they are descriptive or generic *may,* when used in combination, become a valid trademark.'"[562] On the

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555. *Id.*

556. *See* Amini Innovation Corp. v. McFerran Home Furnishings, Inc., 68 F. Supp. 3d 1170 (C.D. Cal. 2014).

557. *Id.* at 1176.

558. *Id.* at 1177.

559. *See* Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730 (E.D. La. 2015).

560. *Id.* at 735.

561. *Id.* at 736.

562. *Id.* at 735 (alterations in original) (quoting Ass'n of Co-op. Members, Inc. v. Farmland Indus., 684 F.2d 1134, 1140 (5th Cir. 1982) (emphasis added)).

other hand, however, the court agreed with the defendants that "'the principle that the validity of a mark is to be determined by looking at the mark as a whole' does not 'preclude[] a court from examining the meanings of the component words in determining the meaning of the mark as a whole.'"[563] Under this framework, the parties' cross-motions for summary judgment fell equally short because "[d]rawing all inferences in the nonmovant's favor with respect to both cross-motions, the Court concludes that the trier of fact could permissibly find that 'CAMOWRAPS' is or is not generic."[564]

That result also held in a case in which the disputed mark was PORNTUBE, used by the counterclaim plaintiff in connection with the online provision of adult-related content.[565] Moving for summary judgment, the counterclaim defendant mounted a full-scale attack on the mark's validity, beginning with the argument the mark's constituent elements were individually generic. Holding "there is no presumption that a court must always look at the component parts of a composite mark when analyzing the issue of genericness," the court concluded in any case there were factual disputes over whether "porn" and "tube" were generic standing alone. That conclusion rested in part on expert witness testimony,[566] as well as competing dictionary definitions and survey results proffered by the parties.[567] Turning to the alleged genericness of the claimed mark as a whole, the court found conflicting evidence and testimony on a number of topics, including: (1) the extent of generic use by competitors;[568] (2) generic use of the claimed mark by the counterclaim plaintiff itself;[569] (3) dictionary

563. *Id.* at 736 (alterations in original) (quoting Liquid Controls Corp. v. Liquid Control Corp., 802 F.2d 934, 938 (7th Cir. 1986)).

564. *Id.* 737.

565. *See* Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099 (D. Or. 2014).

566. *Id.* at 1118 ("The distinction between 'pornography' and 'porn' was . . . noted by [the counterclaim defendant's] expert witness . . . , who explained that the word 'porn' is used in phrases such as 'food porn and nature porn,' phrases that have 'nothing to do with sexuality.' [The counterclaim plaintiff's expert] concluded that 'porn' connotes something that's more acceptable, more socially tolerable as opposed to 'pornography,' which would have colloquially a more clinical or a more negative term understanding to it." (citations omitted)).

567. *Id.* ("Here, the parties disagree as to relevant dictionary definitions, have not stipulated or agreed to any particular exhibits, and provide competing consumer surveys.").

568. *Id.* at 1119-20. On this issue, the counterclaim defendant alleged the existence of some 3,200 domain names incorporating the claimed mark, while the counterclaim plaintiff argued in response there were "at most 45 unique registrants," which it characterized as reflecting "approximately two percent" of the domain names in the industry. *Id.* at 1119. The parties also disagreed on the relevance of uses of the claimed mark in metadata on third-party websites to the genericness inquiry. *Id.* at 1120.

569. *Id.* at 1120-21. The counterclaim defendant apparently was able to cite to at least some undifferentiated uses by the counterclaim plaintiff, to which the counterclaim plaintiff

definitions;[570] (4) use of the claimed mark in third-party media;[571] (5) use by persons in the trade;[572] and (6) competing survey results proffered by the parties.[573] The summary judgment record, the court held, precluded a finding of genericness as a matter of law; it also, however, precluded a grant of the counterclaim plaintiff's own motion for summary judgment.[574]

Finally, the federally registered MOROCCANOIL mark for hair-care products containing argan oil similarly withstood a genericness-based attack set forth in a defense motion for summary judgment.[575] According to the defendant's moving papers, the public understood the words "Moroccan oil" to mean argan oil, which in turn meant the plaintiff's compression of the words was inherently unprotectable. The court identified a number of problems with the defendant's theory, not the least of which was that it was supported by unauthenticated evidence.[576] Of equal importance, that evidence suggested at most "there are some uses of 'Moroccanoil' or 'Moroccan Oil' to refer generically to argan oil. But [the plaintiff's] trademark registration is for 'hair conditioners' that include hair oils."[577] In contrast, the court determined from the summary judgment record that "[the plaintiff] presents ample evidence that the term 'Moroccanoil' is used to refer to the [plaintiff]—not to hair conditioners containing argan oil," including by the parties' competitors and the defendant itself.[578]

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responded by arguing that "although these references should have been capitalized, used as one word, and noted with a registered trademark symbol, these small errors do not mean that [the counterclaim plaintiff] meant to use the phrase 'porn tube' to indicate the type of product rather than the source." *Id.* at 1121.

570. *Id.* at 1121-22.

571. *Id.* at 1122-23. The counterclaim defendant's showing on this issue included "several dozen generic uses of the phrase 'porn tube' in adult-entertainment news sources and magazines, television news shows, and academic journals." *Id.* at 1122. The counterclaim plaintiff countered by arguing that some of the counterclaim defendant's proffered articles actually reflected brand recognition of the claimed mark, as well as with its own showing of "articles that reference the phrase 'tube site' and that do not use the phrase 'porn tube' when describing adult-entertainment video streaming content." *Id.*

572. *Id.* at 1123-24. The court's analysis of third-party use focused less on actual such uses and more on the characterizations of those uses by the parties' expert witnesses.

573. *Id.* at 1124-25. A survey commissioned by the counterclaim defendant purported to demonstrate that only 49 percent of respondents recognized the claimed mark as a mark, while the results of the counterclaim plaintiff's survey purportedly yielded a net 79 percent response rate. *Id.* at 1124.

574. *Id.* at 1125.

575. *See* Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203 (C.D. Cal. 2014).

576. *Id.* at 1213.

577. *Id.* at 1214.

578. *Id.*

(ii) Descriptive Marks

"A descriptive mark describes a particular characteristic of a product in a way that does not require any use of the imagination."[579] One of the more expansive findings of descriptiveness over the past year involved a counterclaim plaintiff's registered MARDI GRAS BEAD DOG mark for various Mardi Gras-related goods, including "king cake pastries, jewelry, and clothing (shirts, hats, and baby jumpsuits)."[580] The summary judgment record demonstrated that a depiction of a dog constructed from beads appeared in some fashion in or on all the counterclaim plaintiff's goods, and that evidence, coupled with the counterclaim plaintiff's "public statements closely link[ing] [its] products to the traditional Mardi Gras bead dog,"[581] proved to be the counterclaim plaintiff's downfall. As the court read the summary judgment record, "[n]o reasonable juror could find that imagination is required to link [the counterclaim plaintiff's] clothing, jewelry, and king cake to the phrase 'Mardi Gras bead dog,' as [the counterclaim plaintiff] uses that phrase."[582]

Two additional marks found descriptive as a matter of law were DISCOUNT MOBILITY and DISCOUNT MOBILITY USA, both used in connection with the provision of transportation services to disabled individuals.[583] The court reaching this conclusion cited a number of undisputed facts in support of it, one of which was the plaintiff's descriptive use of "mobility" in applications to register its marks with the USPTO; another was the agency's finding to identical effect, which the court determined was "an important factor to consider in light of [its] specialized expertise."[584] Things got worse for the plaintiff from there, as the court additionally cited to testimony from a "director" of the plaintiff that "the term 'discount mobility' is akin to the term 'lawyer'—it's a generic term."[585] Finally, the plaintiff proved unable to establish the existence of a factual dispute as to the alleged suggestiveness of its marks by citing to the presence of the words "discount" and "USA" in its marks: "The modifier 'Discount' indicates that the mobility services are provided at a reduced price, and the modifier 'USA' indicates the geographic scope of the

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579. EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525, 547-48 (D. Md. 2014).

580. Nola Spice Designs, L.L.C. v. Haydel Enters., 783 F.3d 527 (5th Cir. 2015).

581. *Id.* at 539.

582. *Id.*

583. *See* Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc., 85 F. Supp. 3d 1300 (M.D. Fla. 2015).

584. *Id.* at 1304 (quoting GamerModz, LLC v. Golubev, No. 8:10–CV–1466–T–27TGW, 2011 WL 4755026, at *11 (M.D. Fla. Aug. 3, 2011)) (internal quotation marks omitted).

585. *Id.*

mobility services provided. Such modifiers are 'not inherently distinctive,' but rather are 'merely descriptive.'"[586]

Seeking to escape a similar finding of descriptiveness as a matter of law, one lead plaintiff tripped himself up with some ill-fated testimony.[587] He and a company he controlled asserted protectable rights in the NATURALLY ZERO mark for spring water with no calories or additives. Deposed on his selection of the mark, he admitted "he chose the name 'Naturally Zero' for his spring water product precisely because the name communicated the 'quality of the water, purity, no sugar, no calories, you know, a drink about nothing' and 'highlight[ed] the quality of the product.'"[588] Nor was that all, for, as the court noted, the lead plaintiff "decided to use the word 'naturally' because it comes from the nature' and 'the water is the gift of nature.'"[589] The plaintiffs' beverage industry expert did them no favors as well by similarly testifying "he believed that the name 'Naturally Zero' was a good one because 'Zero' immediately communicated to consumers attributes of the water, such as the fact it had no calories, no additives, no sweeteners, and no harmful, artificial ingredients."[590] Summary judgment of descriptiveness followed.

Marks consisting in whole or in part of personal names also triggered findings of descriptiveness.[591] Two marks held subject to this rule were AMY'S and AMY'S ICE CREAMS, both used in connection with restaurant services and ice cream and related goods.[592] The first name of the plaintiff's principal was Amy, which was all the court needed to know before concluding the marks were not inherently distinctive: "The mark 'AMY'S' describes the owner and maker of the ice cream, Amy Simmons. Personal names-both surnames and first names-are generally regarded as descriptive terms that require proof of secondary meaning."[593]

Finally, marks consisting in part of geographic place names were found geographically descriptive of goods and services

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586. *Id.* at 1305 (quoting Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C., 931 F.2d 1519, 1522 (11th Cir. 1991)).

587. *See* Baig v. Coca-Cola Co., 69 F. Supp. 3d 766 (N.D. Ill. 2014), *aff'd*, 607 F. App'x 557 (7th Cir. 2015).

588. *Id.* at 775 (alterations in original).

589. *Id.*

590. *Id.*

591. *See, e.g.*, Pronman v. Styles, 114 U.S.P.Q.2d 1525, 1534 (S.D. Fla. 2015) (holding, on defense motion for summary judgment, "Plaintiffs' personal names . . . are not inherently distinctive and merely descriptive"); Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206, 219 (Mich. Ct. App. 2014) (affirming finding that TRAVIS was descriptive for restaurant services).

592. *See* Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738 (W.D. Tex. 2014).

593. *Id.* at 747.

originating in those jurisdictions.[594] For example, one counterclaim plaintiff failed to contest its opponents' argument that the following marks were geographically descriptive of ice cream treats and fruit bars:[595]

LA FLOR DE MICHOACAN

That concession was apparently due in part to undisputed evidence that "'Michoacán' is the name of one of the thirty-one states that, along with the Federal District, comprise the thirty-two Federal Entities of Mexico."[596] Why the counterclaim plaintiff conceded the first two of the marks lacked inherent distinctiveness when viewed in their entireties is less obvious, and that decision is near-inexplicable where the third mark is concerned.

(iii) Suggestive Marks

"A mark is suggestive if it 'stands for an idea which requires some operation of the imagination to connect it with the goods.'"[597] Although a number of courts offered examples in dictum of marks falling within this category,[598] actual findings of suggestiveness were relatively few and far between.[599] An exception to this general rule came in a case in which the plaintiffs used two marks, ENDOSURG MEDICAL, INC. and ENDOCURE TECHNOLOGIES, INC., in connection with endoscopic equipment repair services to hospitals, ambulatory surgery centers, and

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594. *See, e.g.*, S. Cal. Darts Ass'n v. Zaffina, 762 F.3d 921, 924 (9th Cir. 2014) (affirming apparently uncontested finding of geographic descriptiveness for SOUTHERN CALIFORNIA DARTS ASSOCIATION for a Los Angeles-based association of darts enthusiasts).

595. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 189, 210 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

596. *Id.* at 187 n.1.

597. EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525, 548 (D. Md. 2014).

598. *See id.* ("Examples of suggestive marks are Coppertone®, Orange Crush®, and Playboy®.").

599. *See, e.g.*, Hakkasan LV, LLC v. VIP, Unltd, LLC, 63 F. Supp. 3d 1259, 1265 (D. Nev. 2014) (finding, on plaintiffs' unopposed motion for summary judgment, that HAKKASAN mark for restaurant and nightclub services was both suggestive *and* arbitrary).

alternative care facilities.[600] On the plaintiffs' motion for a preliminary injunction, the court acknowledged "endo" was a generic term, observing that "[h]ad plaintiffs name simply been . . . Endo, the Court would have likely found the term generic."[601] Nevertheless, it determined both of the marks at issue were suggestive when properly viewed in their entireties because "they stand for ideas—endoscopes, surgery, curing, medical, and technologies—that require a consumer's imagination to connect them with the making and repairing of endoscopes used in surgery."[602]

A finding of suggestiveness also came in a declaratory judgment action in which the counterclaim plaintiff sought to protect the FLIPBOARD mark for a software application allowing users to capture material posted by others on the Internet.[603] The court credited the counterclaim defendant's argument that the counterclaim plaintiff's mark was neither arbitrary nor fanciful, but it otherwise found the mark to be inherently distinctive. As it explained, "[t]he term 'FLIP' in the FLIPBOARD mark describes the way that users can use their fingers to 'flip' through content in the application, but otherwise the mark does not literally describe the application,"[604] which means that "some imagination and 'a mental leap' is required to understand the mark's relationship to the product."[605] The resulting finding of suggestiveness, which applied with equal force to a stylized F logo used by the counterclaim plaintiff for the same goods, was additionally supported by the absence of any competitive need to use the mark in question.[606]

A different mark falling into this category was LEGENDS ARE FOREVER.[607] The plaintiff and owner of the mark sold baseball shirts and owned a federal registration covering the mark. The court therefore undertook the placement of the mark on the spectrum of distinctiveness in the context of the mark-strength factor of the likelihood-of-confusion inquiry, which it resolved in the defendant's favor: "The Asserted Mark is, at most, a suggestive mark, as it evokes the nostalgia for baseball history, and Plaintiff sells baseball memorabilia."[608]

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600. *EndoSurg Med.*, 71 F. Supp. 3d at 534.

601. *Id.* at 548.

602. *Id.*

603. *See* Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342 (W.D. Wash. 2014).

604. *Id.* at 1354.

605. *Id.*

606. *Id.* at 1354-55.

607. *See* Legends Are Forever, Inc. v. Nike, Inc., 58 F. Supp. 3d 197 (N.D.N.Y. 2014).

608. *Id.* at 206.

A final apparent determination of mark suggestiveness came in an opinion denying a motion to dismiss challenging the sufficiency of the plaintiffs' averments of distinctiveness.[609] The marks at issue were BLU CIGS, BLU, BLU CART, BLU APP and BLU NATION, which the plaintiff used in connection with electronic cigarettes featuring glowing blue tips and associated goods and services. Although initially suggesting the plaintiffs' marks could be either arbitrary or suggestive,[610] the court eventually placed the marks in the latter category:

> True, the term "blu" is similar to "blue," which is a quality of the e-cigarettes themselves — that is, the LED tip on the electronic cigarettes is blue in color. However, the term "BLU" does not immediately convey that; it "suggests rather than describes" the blue-colored LED light feature of the electronic cigarettes.[611]

(iv) Arbitrary Marks

"'Arbitrary'" marks are common words that have no connection with the actual product—for example, 'Dutch Boy' paint."[612] As usual, courts recited substantively identical definitions of arbitrariness far more often than they actually found particular marks fell within those definitions.[613] Nevertheless, there were exceptions to this general rule,[614] including one in an action in which the disputed marks were STAXX and STAXX BBQ, both of which the parties used in connection with restaurant services.[615] The plaintiffs argued in a motion for summary judgment the marks were arbitrary, and, in light of the defendant's failure to contest the issue, the court agreed;[616] why the marks were not more properly classified as coined or fanciful went unexplained by either the plaintiffs or the court.

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609. *See* Lorillard Techs., Inc. v. NJ Ale House, LLC, 114 U.S.P.Q.2d 1040 (D.N.J. 2015).

610. *Id.* at 1046.

611. *Id.* (citation omitted) (quoting Zany Toys, LLC v. Pearl Enters., No. CIV.A. 13-5262 JAP, 2014 WL 2168415, at *6 (D.N.J. May 23, 2014)).

612. Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342, 1353 n.5 (W.D. Wash. 2014).

613. *See, e.g.*, Hakkasan LV, LLC v. VIP, Unltd, LLC, 63 F. Supp. 3d 1259, 1265 (D. Nev. 2014) (finding, on plaintiffs' unopposed motion for summary judgment, that HAKKASAN mark for restaurant and nightclub services was both arbitrary *and* suggestive).

614. *See, e.g.*, Cybergun S.A. v. Jag Precision Inc., 113 U.S.P.Q.2d 1502, 1506 (D. Nev. 2014) (denying distinctiveness-based defense motion for summary judgment based on arbitrary nature of M249 mark for firearms).

615. *See* EAT BBQ LLC v. Walters, 47 F. Supp. 3d 521 (E.D. Ky. 2014).

616. *Id.* at 530.

(v) Coined or Fanciful Marks

"'Fanciful' marks consist of 'coined phrases' that also have no commonly known connection with the product at hand."[617] One of the few marks to qualify as inherently distinctive under this definition was the following composite mark, registered for medical and related services:[618]

Apparently oblivious to the possibility the mark's verbal component was a noninherently distinctive surname, the court found in rather unconvincing fashion "the name 'Guthrie' is 'fanciful—that is, it is a term without any dictionary meaning.' The stylized human figure inside a shield is also distinctive."[619]

(b) Inherent Distinctiveness of Trade Dress and Nontraditional Marks

Responding to its opponent's motion for summary judgment, the producer of the following line of hair-care products established to the court's satisfaction the packaging for its goods was inherently distinctive:[620]

617. Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342, 1353 (W.D. Wash. 2014).

618. *See* Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193 (S.D.N.Y. 2014). The graphic in the text accompanying this footnote is reproduced from the drawing in U.S. Reg. No. 3374204 (issued Jan. 22, 2008).

619. *Guthrie Healthcare*, 28 F. Supp. 3d at 207 (quoting Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 479 (2d Cir. 1996)).

620. *See* Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203 (C.D. Cal. 2014).

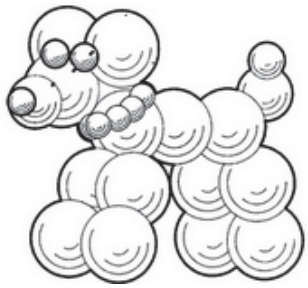
The court accepted the plaintiff's description of its trade dress as consisting of "a distinctive turquoise color; copper orange lettering, graphics, and background design elements; copper orange and white lettering, graphics, and background design elements on a turquoise blue background; and an amber bottle packaged in a rectangular turquoise box."[621] Having done so, it concluded the packaging qualified for protection even in the absence of acquired distinctiveness because "[n]one of these elements have any inherent meaning and do not describe the product. [The] trade dress is inherently distinctive because . . . its function is identification."[622]

In contrast, and although distinctiveness may be a question of fact, the Fifth Circuit affirmed a finding as a matter of law that the following design mark was not inherently distinctive when used for various Mardi Gras-related merchandise:[623]

621. *Quoted in id.* at 1222.

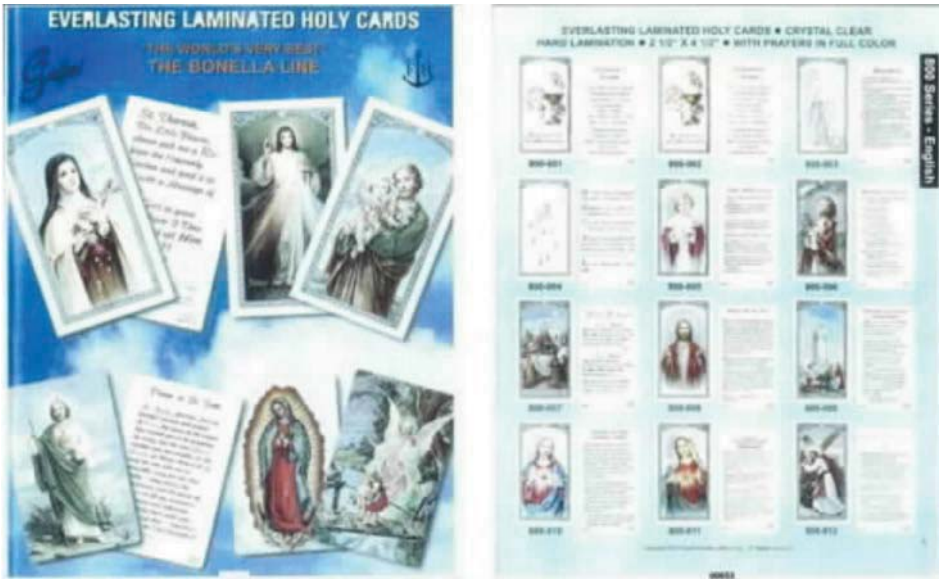
622. *Id.*

623. *See* Nola Spice Designs, L.L.C. v. Haydel Enters., 783 F.3d 527 (5th Cir. 2015). The graphic in the text accompanying this footnote reproduced from the drawing in U.S. Reg. No. 3717416 (issued Dec. 1, 2009).



Applying the Court of Customs and Appeals' *Seabrook* test for inherent distinctiveness,[624] the court determined that "[t]he record is replete with evidence that [the counterclaim plaintiff's] design is substantially similar to the traditional bead dog that parade-goers have long crafted from Mardi Gras beads."[625] It therefore agreed with the district court that "no reasonable juror could conclude that [the counterclaim plaintiff's] mark is 'so unique, unusual or unexpected' when used in connection with Mardi Gras-themed merchandise that it would 'automatically be perceived by customers as an indicator of origin.'"[626]

Likewise, a plaintiff seeking to protect the look and feel of a catalog for laminated cards with religious imagery failed to create a factual dispute as to the inherent distinctiveness of the following trade dress:[627]



624. *See* Seabrook Foods, Inc. v. Bar–Well Foods Ltd., 568 F.2d 1342, 1344 (C.C.P.A. 1977).

625. *Nola Spice*, 783 F.3d at 542.

626. *Id.* at 543 (quoting Amazing Spaces, Inc. v. Metro Mini Storage, 608 F.3d 225, 243-44 (5th Cir. 2010)).

627. *See* Gerffert Co. v. Dean, 41 F. Supp. 3d 201 (E.D.N.Y. 2014).

The New York federal district court hearing the case found as a matter of law the catalog was not inherently distinctive under the spectrum of distinctiveness applicable to word marks:

> [The plaintiff's] particular use of catalogs is not an 'unfamiliar' method, or something newly 'invented,' solely for marketing its . . . products. . . . Nor do [the] catalogs demand any sort of imagination, thought and perception" to discern what they are actually selling, On the contrary, the primary aim of these catalogs is to *inform* potential customers of the . . . products available for purchase through [the plaintiff]. In short, there is nothing to suggest that these catalogs are so *distinctive* that they are inherently capable of identifying a particular source of the product.[628]

To the contrary, the court concluded, "[t]hese catalogs are descriptive at best and, thus, require the acquisition of secondary meaning to be deemed protectable."[629]

(c) Acquired Distinctiveness

(i) Opinions Finding Acquired Distinctiveness

A Michigan federal district court reaching a finding of acquired distinctiveness, or secondary meaning, defined the concept in the following terms: "The basic element of secondary meaning is a mental recognition in buyers' and potential buyers' minds that products connected with the [claimed] symbol or device emanate from or are associated with the same source."[630] One mark satisfying this test was TRAVIS, used in connection with restaurant services.[631] The plaintiff had registered the mark with the Michigan Secretary of State, which an appellate court of that state concluded excused the plaintiff from proving acquired distinctiveness. The court nevertheless noted the plaintiff had made such a showing, which consisted of: (1) the mark's use over a sixty-year period; (2) "defendant's use of the 'famous Travis burger' on its menu, the same wording plaintiff's licensee uses (and has used) to describe its hamburger"; and (3) affidavit testimony of actual confusion between the parties' marks from consumers.[632] These showings, the court concluded, precluded a holding the

628. *Id.* at 214 (citations omitted) (internal quotation marks omitted).

629. *Id.* at 215.

630. Corp. of Gonzaga Univ. v. Pendleton Enters., 55 F. Supp. 3d 1319, 1325 (E.D. Wash. 2014).

631. *See* Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206 (Mich. Ct. App. 2014).

632. *Id.* at 220.

defendant had carried its burden of invalidating the plaintiff's mark.[633]

A marginally more detailed treatment of the issue by a New York federal district court produced a finding of acquired distinctiveness as a matter of law.[634] Applying Second Circuit authority, the court held that "[r]elevant factors in determining secondary meaning include '(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use.'"[635] It then found no material dispute that the logo to which the plaintiff claimed protectable rights qualified, citing favorable survey evidence, as well as "unsolicited media coverage noting the logo has become an 'iconic' identifier of [the plaintiff's] products; substantial sales success since the brand's introduction in 2003; attempts to plagiarize the mark (at issue here); and more than ten years of exclusive use of the mark, apart from purported counterfeiters."[636]

Finally, a jury finding of acquired distinctiveness for a product configuration survived a post-trial attack in a Delaware federal district court.[637] In declining to overturn that finding as clearly erroneous, the court did not discuss the record evidence and testimony as comprehensively as it might have. It did, however, note that "the jury reasonably could have concluded that [the plaintiffs'] [product] design acquired a secondary meaning because [the plaintiff] was the only supplier of [the products] since the mid–1990s, it advertised through trade shows, and the market was limited to four customers."[638]

(ii) Opinions Declining to Find Acquired Distinctiveness

Acquired distinctiveness may be a question of fact, but there are circumstances in which that question can be resolved as a matter of law.[639] For example, the Eleventh Circuit reached a finding of no acquired distinctiveness as a matter of law in an

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633. *Id.*

634. *See* River Light V, LP v. Lin & J Int'l, Inc., 114 U.S.P.Q.2d 1282 (S.D.N.Y. 2014).

635. *Id.* at 1291 (quoting Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc., 696 F.3d 206, 226 (2d Cir. 2012)).

636. *Id.*

637. *See* Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768 (D. Del. 2015).

638. *Id.* at 778.

639. *See, e.g.*, Nola Spice Designs, L.L.C. v. Haydel Enters., 783 F.3d 527, 543-48 (5th Cir. 2015) (affirming grant of defense motion for summary judgment that verbal mark and design mark lacked acquired distinctiveness).

appeal from a bench finding to the contrary.[640] The plaintiff was a Florida physician whose personal name had been incorporated into six domain names registered by the defendants. Particularly in light of past acrimony between the parties, the plaintiff successfully established the defendants' liability for cybersquatting, but his victory fell apart on appeal when the Eleventh Circuit took a more skeptical view of his showing that his name had the acquired distinctiveness necessary for protection.

The appellate court noted that "[a] plaintiff may prove secondary meaning with direct evidence, such as consumer surveys, or circumstantial evidence,"[641] and it defined the latter category of evidence as including "(1) the length and nature of the name's use, (2) the nature and extent of advertising and promotion of the name, (3) the efforts of the proprietor to promote a conscious connection between the name and the business, and (4) the degree of actual recognition by the public that the name designates the proprietor's product or service."[642] In the absence of favorable survey results in the trial record, the plaintiff pointed the court to circumstantial evidence in the form of "commercial advertisements of his practice with [one of the defendants], and testimony about patient and doctor recognition of his name."[643] The court held this showing was fatally flawed in a number of respects, beginning with the "threshold" problem that "[t]he target audience for [the plaintiff's] academic activities, most of which occurred more than two decades ago, was not consumers of his medical services—that is, potential patients. And nothing in the record suggests that, 'present-day [potential patients] would specifically associate [his] name with [his services],' based on his academic activities."[644] The court additionally held that "evidence that [the plaintiff] is respected by his peers 'suggests nothing more than that [his] name . . . may have a familiar ring to a discrete group,'"[645] and it dismissed as "self-serving" the plaintiff's testimony of his name recognition.[646] Finally, "[a]lthough [the plaintiff's] name appeared on numerous advertisements and other promotional material, his name was not displayed 'prominently,'" especially when compared to the prominence with which the name of his practice appeared in the advertising.[647] The district court's finding of acquired

640. *See* Tartell v. S. Fla. Sinus & Allergy Ctr., 790 F.3d 1253 (11th Cir. 2015).

641. *Id.* at 1257.

642. *Id.* (quoting Tana v. Dantanna's, 611 F.3d 767, 774 (11th Cir. 2010)) (citation omitted) (internal quotation marks omitted).

643. *Id.* at 1256.

644. *Id.* at 1258 (alterations in original) (quoting *Tana*, 611 F.3d at 777).

645. *Id.* (alterations in original) (quoting *Tana*, 611 F.3d at 777).

646. *Id.*

647. *Id.* at 1258-59.

distinctiveness therefore was unsupported by substantial evidence and could not stand.[648]

Perhaps anticipating that holding by its reviewing court, a Florida federal district court also concluded that two marks before it lacked acquired distinctiveness as a matter of law.[649] The plaintiff failed to support its claim of protectable rights with direct evidence in the form of survey results, and its circumstantial evidence consisted solely of the use of its marks on its website since 2002. That circumstantial evidence failed to satisfy the court, which rejected the plaintiff's attempted invocation of Section 2(f) of the Act[650] with the explanation, "[s]tanding alone, however, this fact is insufficient to establish secondary meaning. It does not even meet the standard for establishing a prima facie showing [under Section 2(f)], because there is no evidence that these marks were used 'substantially exclusively' since 2002 or, for that matter, for any period of time."[651] Summary judgment in the defendants' favor followed.

Yet another case originating in Florida produced a similar disposition of claims of acquired distinctiveness.[652] There were two non-inherently distinctive marks at issue, both of which consisted of personal names used in the classic car business. The plaintiffs' showing in response to the defendants' motion for summary judgment was exceedingly modest and apparently consisted of "six print articles from four classic car magazines."[653] Moreover, whatever probative value the articles may have had was outweighed by testimony from "several car enthusiasts and dealers [stating] that Plaintiffs' names are not synonymous with finding and procuring rare classic cars or valuing, verifying or restoring classic cars."[654]

An application of the Second Circuit's acquired-distinctiveness factors led to the grant of a defense motion for summary judgment in action to protect the appearance of a product catalog:

> To evaluate the secondary meaning of trade dress, the Court must consider the following six factors: "(1) advertising expenditures, (2) consumer studies linking [the trade dress] to a source, (3) unsolicited media coverage of the product,

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648. *Id.* at 1259.

649. *See* Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc., 85 F. Supp. 3d 1300 (M.D. Fla. 2015).

650. 15 U.S.C. § 1052(f) (2012).

651. *Fla. Van Rentals*, 85 F. Supp. 3d at 1306 (quoting 15 U.S.C. § 1052(f)).

652. *See* Pronman v. Styles, 114 U.S.P.Q.2d 1525 (S.D. Fla. 2015).

653. *Id.* at 1533.

654. *Id.* at 1534.

> (4) sales success, (5) attempts to plagiarize [the trade dress], and (6) length and exclusivity of [the trade dress's] use."[655]

The plaintiffs had used their catalogs for slightly over two decades, but that consideration did not help their case because of "certain inconsistencies" during the relevant period, which included the occasional but prominent display of a third party's logo on the catalogs.[656] Their ability to create a factual dispute on the issue was further undermined by their failure to adduce survey evidence of distinctiveness,[657] their declining sales,[658] and lack of promotional expenditures on the catalogs themselves.[659] The upshot was that "no reasonable jury could find that these catalogs were . . . distinctive through their acquisition of secondary meaning."[660]

The plaintiff owners of the NATURALLY ZERO mark for spring water with no calories or additives similarly saw their case washed away in an application of the Seventh Circuit's multifactored test for acquired distinctiveness.[661] The plaintiffs got off to a less than promising start by failing seriously to contest the defendant's showing that they had put forth limited advertising aimed at consumers (as opposed to aimed at other participants in the industry).[662] Things did not improve for the plaintiffs in light of evidence and testimony that their sales of only 500,000 bottles had been geographically limited before being discontinued altogether in 2004.[663] Moreover, the court determined, "[t]here is no evidence in the market establishing that Naturally Zero ever held any significant share of the market for bottled water or soft drinks,"[664] and "Plaintiffs have presented no consumer testimony, surveys, or

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655. Gerffert Co. v. Dean, 41 F. Supp. 3d 201, 216 (E.D.N.Y. 2014) (alterations in original) (quoting Mana Prods., Inc. v. Columbia Cosmetics Mfg., Inc., 65 F.3d 1063, 1071 (2d Cir. 1995)).

656. *Id.*

657. *Id.*

658. *Id.*

659. *Id.*

660. *Id.* at 218.

661. *See* Baig v. Coca-Cola Co., 69 F. Supp. 3d 766 (N.D. Ill. 2014), *aff'd*, 607 F. App'x 557 (7th Cir. 2015). As the court summarized those factors:

> "To establish secondary meaning, a court may consider several factors to decide whether secondary meaning has been acquired or established: (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." Other factors a court may consider include "place in the market and evidence of intentional copying."

Id. (quoting Platinum Home Mortg. Corp. v. Platinum Fin. Grp., 149 F.3d 722, 728 (7th Cir. 1998); Packman v. Chi. Tribune Co., 267 F.3d 628, 641 (7th Cir. 2001)).

662. *Id.* at 777.

663. *Id.*

664. *Id.* at 778.

evidence of intentional copying."[665] The plaintiff sought to rehabilitate their case in the face of these undisputed facts by invoking Section 2(f), but that strategy failed: "Plaintiffs fail to satisfy their burden of establishing 'continuous use' of [their] mark for a five-year period sufficient to entitle them to a presumption of acquired distinctiveness."[666] The ultimate outcome was that "Plaintiffs have failed to present facts from which a reasonable jury could conclude their mark has acquired secondary meaning."[667]

A Virginia federal district court was equally skeptical of a mark owner's claim of acquired distinctiveness in an appeal under Section 21(b) of the Act[668] from the USPTO's refusal to register the DWG mark for computer-aided design software.[669] On its face, the plaintiff's showing appeared to sweep in at least some evidence and testimony on which a reasonable jury might rely in finding the mark was valid. That showing included annual advertising expenditures of $40-60 million,[670] favorable survey evidence,[671] $400 million in annual sales,[672] unsolicited media coverage,[673] attempts to plagiarize the mark,[674] and the claimed mark's long-standing use.[675] The court was unimpressed, faulting the plaintiff for having failed to focus on consumers' perception of the claimed mark on a standalone basis. It therefore granted the USPTO's motion for summary judgment, holding that "[the plaintiff] has not adequately demonstrated consumer perception that DWG, standing alone, signifies [a] . . . product [of the plaintiff], as opposed to the DWG digital formatting of products, even though the consumer may think many such products are issued by [the plaintiff]."[676]

Finally, a manufacturer of sports helmets ran head first into First Circuit law while trying unsuccessfully to escape entry of summary judgment against it.[677] The plaintiff failed to introduce survey evidence supporting the claim that the visors of its helmets had acquired distinctiveness, and the court dismissed the

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665. *Id.*

666. *Id.*

667. *Id.*

668. 15 U.S.C. § 1071(b) (2012).

669. *See* Autodesk, Inc. v. Lee, 113 U.S.P.Q.2d 1161 (E.D. Va. 2014).

670. *Id.* at 1163.

671. *Id.* at 1163-64.

672. *Id.* at 1164.

673. *Id.* at 1164-65.

674. *Id.* at 1165.

675. *Id.*

676. *Id.* at 1163.

677. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184 (D. Mass. 2015).

plaintiff's alternative proffer of direct evidence in the form of five declarations because: (1) three were from retailers, and "evidence that a retailer views [a claimed] trade dress as distinctive is not probative of secondary meaning"; (2) the two remaining declarations were insufficiently numerous,[678] employed unconvincing identical language,[679] failed to connect the plaintiffs' visors to the source of the helmets featuring them,[680] and neglected to indicate when the visor had become distinctive.[681] Especially because the results of a survey commissioned by the defendants constituted direct evidence the visor had *not* acquired distinctiveness, the plaintiff's case therefore depended on circumstantial evidence.[682]

Unfortunately for the plaintiff, its reliance on that category of evidence fell fatally short as well. One problem was that "[the plaintiff's] product was on the market for barely more than a year by the time competitors were selling allegedly infringing products."[683] Others were the plaintiff's modest $131,000 advertising spend prior to the introduction of the defendants' products[684] and only "less than $1.4 million" in sales during the same period.[685] Additional deficiencies included the absence from the summary judgment record of "look-for" advertising,[686] the plaintiff's failure to establish when it had signed professional athletes to sponsorship agreements,[687] and the plaintiff's reliance on third-party media articles, "[t]he majority of [which] appear to focus on functional aspects or other features, and make no mention

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678. *Id.* at 206 ("The size of the helmet market is unclear from the record, but surely two individuals represent only a tiny fraction of that market, and there is nothing in the record to suggest that those two are in some way representative of the market as a whole.").

679. *Id.*

680. *Id.* ("While those declarations indicate that the two [witnesses] believed that the helmets had a distinctive style, they say nothing about connecting that style to the source of the product.").

681. *Id.* at 206-07.

682. According to the court, "the factors courts generally look to as circumstantial evidence in determining whether a [claimed mark] has acquired secondary meaning" included the following:

> [1] the length and manner of the use of the trade dress, [2] the nature and extent of advertising and promotion of the trade dress, . . . [3] the efforts made to promote a conscious connection by the public between the trade dress and the product's source[,] . . . [4] the product's established place in the market and [5] proof of intentional copying.

Id. at 207 (alterations in original) (quoting Yankee Candle Co. v. Bridgewater Candle Co., 259 F.3d 25, 43-44 (1st Cir. 2001)) (internal quotation marks omitted).

683. *Id.* at 207-08.

684. *Id.* at 208.

685. *Id.* at 209.

686. *Id.* at 208.

687. *Id.*

of the alleged distinctive features of the product design at all."[688] The plaintiff's final—and equally ineffective—showing was of alleged "rampant, intentional copying,"[689] which the court dismissed because "[i]f a competitor introduces a product with a feature that consumers find desirable, it is acceptable for companies to want to design a similar feature"[690] and because "[the plaintiff] has not pointed to a single example where defendants did not include their own marks or names on their helmets."[691]

Finally, although not resulting in a defense victory as a matter of law, an application of the Third Circuit's acquired-distinctiveness factors resulted in a finding on a preliminary injunction motion that a line of toy waterguns lacked secondary meaning.[692] Those factors were:

> (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.[693]

The plaintiff cited $500,000 in annual print and electronic advertising by its retailers, as well as its "successful sales figures," but the court discounted those showings because of the plaintiff's failure to connect them to the key inquiry of whether consumers associated the claimed trade dress with its source.[694] The court also accorded little weight to declaration testimony from the plaintiff's president of such an association, instead holding that "[d]eclarations from a plaintiff's employees have 'little probative value regarding the assessment of consumer perception . . . .'"[695] The plaintiff's reliance on Section 2(f) proved similarly unavailing because the potential prima facie evidence of acquired distinctiveness arising from five years' exclusive use under that statute was better suited for word marks and packaging trade dress than for product designs;[696] moreover, and in any case, the preliminary injunction record contained evidence that the

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688. *Id.* at 209.

689. *Quoted in id.* at 210.

690. *Id.*

691. *Id.*

692. *See* Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483 (D.N.J. 2014).

693. *Id.* at 499 (quoting Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 438 (3d Cir. 2000)).

694. *Id.* at 499-500; *see also id.* at 503-04 (additionally discounting plaintiff's evidence of sales success).

695. *Id.* at 500 (quoting Self-Realization Fellowship Church v. Ananda Church of Self-Realization, 59 F.3d 902, 910 (9th Cir. 1995)).

696. *Buzz Bee Toys*, 20 F. Supp. 3d at 501.

plaintiff's use of its claimed designs was not exclusive.[697] Coupled with the absence of survey evidence and consumer testimony,[698] as well as of actual confusion,[699] these considerations outweighed the probative value of the defendants' apparent copying of the plaintiff's designs.[700]

(iii) Opinions Deferring Resolution of the Acquired-Distinctiveness Inquiry

The acquired-distinctiveness inquiry is a question of fact not lending itself to resolution on motions to dismiss.[701] A Pennsylvania federal district court reaching such a conclusion held the inquiry to turn on (1) the extent of the claimant's sales and advertising; (2) the length of use of the mark in question; (3) the exclusivity of its use; (4) copying by the defendant; (5) customer surveys; (6) customer testimony; (7) the use of the mark in trade journals; (8) the size of the claimant; (9) sales volume under the mark; (10) the number of the claimant's customers; and, (11) actual confusion.[702] Having rolled out those factors, though, the court did not consider it necessary to review the allegations in the plaintiffs' complaint as to each. Instead, it concluded, the defendants' motion was without merit because "[Plaintiffs] allege that the marks have been used extensively by the press and other media to identify Plaintiffs and the services they provide. In addition, they have alleged that they have spent significant time, effort, and expense advertising and promoting the marks over the last 80 years."[703]

The same outcome held in a dispute over the configuration of jewelry pieces in which the plaintiffs claimed protectable trade dress rights.[704] The defendants moved to dismiss the plaintiffs'

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697. *Id.* at 501-02.

698. *Id.* at 502-03.

699. *Id.* at 504.

700. *Id.* at 502 ("The fact-of-copying factor weighs in Plaintiff's favor, but it is not dispositive, particularly because this is a product configuration case.").

701. *See, e.g.*, KJ Korea, Inc. v. Health Korea, Inc., 66 F. Supp. 3d 1005, 1015 (N.D. Ill. 2014) (denying motion to dismiss on ground that "[t]o the extent that Defendants argue [Plaintiff's] allegations are insufficient to establish protectability, their argument is premature and more appropriate to a motion for summary judgment."); Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 634, 638 & n.1 (E.D. Va. 2014) (denying motion to dismiss without extended discussion); T-12 Entm't, LLC v. Young Kings Enters., 36 F. Supp. 3d 1380, 1390 (N.D. Ga. 2014) (same); KatiRoll Co. v. Kati Junction, Inc., 33 F. Supp. 3d 359, 269 (S.D.N.Y. 2014) (same); Garden Meadow, Inc. v. Smart Solar, Inc., 24 F. Supp. 3d 1201, 1211 (M.D. Fla. 2014) (same).

702. Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451, 457 (E.D. Pa. 2014).

703. *Id.*

704. *See* Int'l Diamond Imps., Inc. v. Oriental Gemco (N.Y.), Inc., 64 F. Supp. 3d 494 (S.D.N.Y. 2014).

federal and state unfair competition causes of action, but they failed to convince the court to do so. In denying the motion, the court pointed to the plaintiffs' allegations that: (1) the disputed trade dress was associated with the plaintiffs; (2) the plaintiffs had achieved that recognition through their advertising and marketing efforts; (3) the plaintiffs' jewelry had received extensive unsolicited publicity; (4) the plaintiffs had enjoyed "remarkable success in the United States and internationally"; and (5) the defendants had copied the plaintiffs' trade dress with the specific intent to exploit the goodwill associated with it.[705] These factual allegations were sufficient to allow the plaintiffs' allegations to survive beyond the pleadings stage.

A variation on this theme came in a case in which the motion to dismiss at issue was filed by the plaintiff, rather than the defendant.[706] That circumstance arose from a counterclaim for a declaratory judgment that the plaintiff's product design marks lacked distinctiveness, the sufficiency of which the plaintiff challenged at the pleadings stage. According to the counterclaim, the market for the parties' goods was so saturated with products featuring similar appearances that consumers did not associate the plaintiff's marks with the plaintiff. Accepting the defendant's allegations as true and construing them in the defendant's favor, the court held them sufficiently detailed to survive until the proof stage of the litigation.[707]

Of course, the factual nature of the acquired distinctiveness inquiry also can preclude its resolution as a matter of law on motions for summary judgment.[708] For example, an application of the District of Columbia's multifactored test for acquired distinctiveness worked to the advantage of none of the parties on cross-motions for summary judgment: "In this Circuit, commonly considered evidence for ascertaining whether secondary meaning has attached to a mark includes survey evidence, the length and manner of use of the name, the nature and extent of advertising and promotion of the name, and instances of actual confusion."[709] Reviewing the record on the parties' cross-motions for summary judgment, the court noted, "[the counterclaim plaintiff] does not directly sell or advertise products with the United States and instead relies on licensees in a limited number of markets";[710]

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705. *Id.* at 523.

706. *See* AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943 (N.D. Cal. 2015).

707. *Id.* at 961.

708. *See, e.g.*, Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738, 748 (W.D. Tex. 2014) (denying plaintiff's motion for summary judgment without discussion of record).

709. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 210 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

710. *Id.*

moreover, "[t]he scale of advertising by the licensees is not entirely clear based on the facts [the counterclaim plaintiff] provides, although it appears to be limited and sporadic at best,"[711] and the counterclaim plaintiff's survey evidence of distinctiveness was convincing.[712] This recitation obviously did not bode well for the counterclaim plaintiff, but that party managed to eke out a draw, apparently because the court credited its proffered declaration testimony from consumers of their recognition of its marks.[713]

The parties to a dispute involving the protectability of the appearance of plastic bag closures produced a similar stalemate.[714] In denying a defense motion for summary judgment, the court held that "[f]actors that are relevant in determining secondary meaning include (1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use."[715] In the absence of survey evidence on the issue, the court credited the counterclaim plaintiff's showings it had used its product configuration for seventeen years, in the process spending millions of dollars to promote the configuration. Of equal importance, the court concluded from the summary judgment record that "[b]oth sides agree that a principal target of [the counterclaim plaintiff's] extensive marketing and sales is a knowledgeable group of specialized wholesale buyers, who buy large quantities of bag closures and then market them to bakeries and grocers."[716] Because "[the counterclaim plaintiff] argues that it has successfully made its product unique in the minds of this main consumer group within the bag closures market, and [because] [the counterclaim defendant] has presented no evidence to show otherwise," summary judgment in the counterclaim defendant's favor was inappropriate.[717]

A pair of submachine gun manufacturers similarly escaped a defense motion for summary judgment on the issue of the acquired distinctiveness of their weapons, despite apparently undisputed evidence of third-party use of similar designs.[718] In denying the motion, the court rejected the proposition that "the existence of a 'crowded field' forecloses the existence of secondary meaning if the

711. *Id.* at 210-11.

712. *Id.* at 211 & n.11.

713. *Id.*

714. *See* Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

715. *Id.* at 698.

716. *Id.* at 699.

717. *Id.*

718. *See* Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

competitors are imitators who have entered the market to capitalize on the familiarity or cachet of a pre-existing design";[719] indeed, the court noted, "evidence of intentional copying, far from being fatal to a claim for secondary meaning, is probative of it."[720] Other evidence creating a factual dispute on the issue included the defendants' advertising of their submachine gun as "renowned" and "the world's most *recognizable* tactical firearm"[721] and the plaintiffs' use of their designs of over fifty years.[722] In the final analysis, the court concluded, "[i]t is Defendants' burden, . . . as the moving part[ies], to demonstrate the absence of a factual question; because they have failed to do so, summary judgment in their favor on secondary meaning is unwarranted."[723]

Intentional copying received weight in other suits as well,[724] especially in one to protect the look and feel of a website.[725] If the court's discussion of the plaintiff's showing in response to the defendants' motion for summary judgment is any indication, that showing was limited to the evidence and testimony that "Defendants explicitly instructed some [website design] vendors that Defendants wanted [their website] to share some visual elements and concepts with Plaintiff's website."[726] That led to the failure of the defendants' motion: "Though Defendants dispute Plaintiff's claim, and submit evidence they were employing a 'look and feel' popular among several other websites, Plaintiff's evidence raises an issue of triable fact as to distinctiveness."[727]

Another trade dress plaintiff, this one a furniture manufacturer, successfully defeated a defense motion for summary judgment in an application of the Ninth Circuit's multifactored test for acquired distinctiveness, which required consideration of: "(1) direct consumer testimony or consumer perception; (2) exclusivity, manner, and length of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) established place in the market; (6) actual confusion; and

719. *Id.* at 920.

720. *Id.* at 921.

721. *Quoted in id.*

722. *Id.*

723. *Id.* at 922 (emphasis omitted).

724. *See, e.g.*, Cybergun S.A. v. Jag Precision Inc., 113 U.S.P.Q.2d 1502, 1506 (D. Nev. 2014) (denying defense motion for summary judgment based on record evidence and testimony of "extensive sales and marketing data, evidence of [the defendant's] intentional copying, and plaintiffs' lengthy use of [their] mark").

725. *See* Ingrid & Isabel, LLC v. Baby Be Mine, LLC, 70 F. Supp. 3d 1105 (N.D. Cal 2014).

726. *Id.* at 1137.

727. *Id.* (citations omitted).

(7) proof of intentional copying by the defendant."[728] Noting that "because of the intensely factual nature of trademark disputes, summary judgment is disfavored,"[729] the court declined to fault the plaintiff for failing to produce evidence of actual confusion[730] or of consumers' perception of its furniture[731] and, indeed, it concluded the plaintiff had successfully called into question the results of the defendants' distinctiveness survey.[732] The plaintiff also scored points with its arguments that the defendants had not identified any historical antecedents to the plaintiff's furniture,[733] it had taken advantage of "today's communications media with great zeal and efficiency" by investing in traditional print advertising and catalogs, its website, attendance at trade shows and social media,[734] it had sold millions of dollars' worth of its furniture,[735] and the defendants had intentionally copied its designs.[736] The denial of the defendants' motion followed.[737]

(d) Survey Evidence of Distinctiveness

Survey evidence bearing on the issue of distinctiveness, although rarely addressed in reported opinions, was generally well received.[738] Unusually, this included the results of a survey intended to establish the suggestiveness of the plaintiff's mark, which was used in connection with an anti-gray hair-care product.[739] Challenging the admissibility of the survey's results, the defendants argued that survey results properly were admissible "only where there is a dispute as to whether a mark is generic, whether there is a likelihood of confusion as to a mark, or whether a mark has a secondary meaning."[740] Although neither

728. Amini Innovation Corp. v. McFerran Home Furnishings, Inc., 68 F. Supp. 3d 1170, 1173 (C.D. Cal. 2014).

729. *Id.*

730. *Id.* at 1175.

731. *Id.* at 1173.

732. *Id.* at 1173-74.

733. *Id.* at 1174.

734. *Quoted in id.*

735. *Id.* at 1174-75.

736. *Id.* at 1175.

737. *Id.*

738. *See, e.g.*, Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 189, 211 n.11 (D.D.C. 2014) (admitting survey evidence yielded by some questions that were "leading and others [of which] demonstrated little more than respondents' ability to read and comprehend the stimuli"), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

739. *See* Rise-N-Shine, LLC v. Duner-Fenter, 115 U.S.P.Q.2d 1352 (S.D.N.Y. 2015).

740. *Id.* at 1354.

the court nor the parties were able to identify any authority directly on point, the court concluded:

> [T]he logic that applies to the admissibility of survey results in other trademark disputes applies here as well. For example, as with the distinction between descriptive and suggestive marks, juries are more than capable of undertaking a factual inquiry into whether or not a mark is generic; nevertheless, survey results are still one of the primary types of evidence presented to a jury for a determination of whether a mark is generic.[741]

The court then rejected the defendants' challenges to the survey's methodology, beginning with the universe of respondents. The defendants argued the universe should have been limited to consumers wanting to reverse or prevent gray hair, but the court held the actual universe—"people who want to reverse or prevent gray hair, not merely people who will definitely or probably purchase vitamins or supplements to promote *healthy* hair in the next six months"—was acceptable, especially because 86% of the respondents identified themselves as having gray hair.[742] The court similarly rejected the defendants' attack on the plaintiff's expert's decision to exclude answers from 23 percent of the respondents "based on their incorrect response to . . . test questions,"[743] in significant part because "[the expert's] report also included the results without adjusting for the 23% of respondents who were excluded, and so to the extent Defendants believe the exclusion undermines the survey results, they are free to cross-examine [the expert] on it."[744]

A Michigan federal district court addressed a related issue in admitting the results of a *Teflon* survey[745] originally commissioned to demonstrate the nongenericness of the plaintiff's mark.[746] The basis of the defendant's challenge to the survey was not so much the survey's methodology—according to the court, "[t]he general reliability of *Teflon* surveys cannot be questioned, given their wide acceptance in trademark litigation"[747]—as it was an opinion from the Sixth Circuit at an earlier stage of the litigation holding the

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741. *Id.* at 1354-55.

742. *Id.* at 1356.

743. *Id.* As the court explained, "[t]he mere fact that [the expert] had and used *other* means of excluding respondents who did not understand the product/description distinction at the heart of the survey does not mean that adjusting the data to remove respondents who later failed the test is necessarily improper." *Id.*

744. *Id.*

745. *See* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 525-527 (E.D.N.Y. 1975).

746. *See* Innovations Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703 (E.D. Mich. 2015).

747. *Id.* at 721.

plaintiff's mark suggestive as a matter of law.[748] The defendant argued the Sixth Circuit's determination rendered the survey results irrelevant, but the district court disagreed, holding instead, "[h]aving reviewed the . . . survey and report, the Court finds that its results and [the expert's] opinion are relevant to the issue of the strength of the [Plaintiff's] mark, one of the key factors that the jury will have to consider in its likelihood of confusion analysis."[749]

So too did another distinctiveness survey prove effective in a dispute between two providers of Internet pornography.[750] The survey in question was commissioned by the counterclaim plaintiff and owner of the registered PORNTUBE mark, and, according to the counterclaim defendant, the unfamiliarity of the expert conducting the survey with the industry merited the exclusion of the survey's results: As the court noted, "[b]ecause [the expert] had no exposure to the adult-entertainment industry before this litigation, he visited [the counterclaim plaintiff's website] and a few other adult-entertainment websites."[751] Even more damning, the counterclaim defendant asserted, the expert characterized the parties as providing "adult streaming video," when, in fact, their websites did not "actually display live video or provide an opportunity to interact with performers."[752] The court dodged that issue,[753] but it affirmatively rejected the counterclaim defendant's alternative challenges to the survey's methodology, which turned on the frequency with which respondents in the proper universe visited adult-entertainment websites and on the order of the survey's questions. With respect to the former issue, the court found four or more visits a month sufficient, even if some respondents had not actually made those visits in the three months prior to the survey.[754] With respect to the latter, the court found unconvincing the counterclaim defendant's argument that asking respondents, "[w]ould you say PORNTUBE is a brand name or a common name?" immediately before asking "[w]hich of the following are names of adult entertainment streaming video

748. *See* Innovation Ventures, LLC v. N.V.E., Inc., 694 F.3d 723, 730 (6th Cir. 2012).

749. 90 F. Supp. 3d at 720.

750. *See* Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099 (D. Or. 2014).

751. *Id.* at 1112.

As a point of comparison, another expert retained by the counterclaim plaintiff suffered from no similar dearth of familiarity with the industry: That expert "opined that he has seen between three to four thousand adult-entertainment video streaming websites during the course of his career." *Id.* at 1119.

752. *Id.* at 1112.

753. *Id.* ("This flaw may be sufficient to justify the exclusion of the . . . survey under Rule 702, however, the Court need not resolve this issue at this time, because even if the . . . survey were excluded, summary judgment would still be inappropriate.").

754. *Id.* at 1113 ("[The counterclaim defendant's] objection goes to the weight that the factfinder should give the evidence, not to its admissibility.").

websites of which you have heard?" necessarily inflated the number of respondents recognizing PORNTUBE as a brand name:[755]

> [The counterclaim defendant's] criticisms may or may not carry weight, but the . . . survey is not an example where the survey questionnaire "suggested its own answer." The Court notes that the first question, about recognizing certain words as brand names or common names, is not directly related to the next question, which asks survey participants if they are aware of certain adult-entertainment streaming video websites. As a result, the Court concludes that the survey evidence is sufficiently reliable to be admitted into evidence.[756]

A final reported opinion declining to exclude survey evidence of distinctiveness addressed the perennial question of when that evidence must be generated.[757] The survey at issue was conducted on the defendants' behalf in 2014, while the defendants' alleged infringement began earlier. That sequence of events produced a motion by the plaintiff to exclude the survey results on the ground they were irrelevant to the issue of whether the plaintiff's product configuration had acquired distinctiveness as of the defendants' entry into the marketplace. Observing that direct evidence such as survey results was "preferred" in acquired-distinctiveness inquiries,[758] the court denied the plaintiff's motion:

> Under [the plaintiff's'] theory, a company would have to undertake a preemptive survey prior to the time they [sic] allegedly first infringe, or the survey evidence would not be admissible. Such a requirement would be absurd, and would make it nearly impossible for defendants ever to present the "preferred" form of evidence.[759]

Nevertheless, the court also held, "[t]he time between alleged infringement and [the] survey will be taken into account when determining the strength of the evidence."[760]

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755. *Quoted in id.* at 1114.

756. *Id.* (quoting Universal City Studios, Inc. v. Nintendo Co., 746 F.2d 112, 118 (2d Cir. 1984)).

757. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184 (D. Mass. 2015).

758. *Id.* at 203 (quoting Yankee Candle Co. v. Bridgewater Candle Co., 259 F.3d 25, 39 (1st Cir. 2001)).

759. *Id.*

760. *Id.*

(3) Nonfunctionality

(a) Utilitarian Nonfunctionality

To some courts, the distinction between utilitarian nonfunctionality and utilitarian functionality was "fundamentally a question of fact"[761] that made drawing the distinction as a matter of law difficult.[762] In particular, although the existence of a utility patent bearing on a claimed trade dress often is fatal to the allegation the trade dress is nonfunctional, a Fourth Circuit opinion demonstrated such an outcome is not inevitable.[763] The trade dress at issue was a "repeating pattern of embossed dots used in various types of absorbent pads."[764] Although the pattern was covered by a federal registration, the plaintiff also had secured a utility patent covering the process by which the pattern was produced, as well as one bearing on the resulting product. Largely on the basis of the disclosure of the plaintiff's patents, the district court held the plaintiff's design functional as a matter of law.

En route to identifying conflicting evidence in the summary judgment record as to the functionality or the nonfunctionality of the plaintiff's design, the Fourth Circuit rejected the defendant's reliance on the Supreme Court's opinion in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*,[765] for the proposition that the utility patents necessarily foreclosed protection for that design. For one thing, the appellate court explained, the prima facie evidence of validity represented by the plaintiff's registration effected a shift in the parties' respective burdens on the issue of the functionality or nonfunctionality of the plaintiff's design.[766] For another:

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761. Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866, 915 (S.D. Ind. 2014).

762. *See, e.g.*, Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768, 777-78 (D. Del. 2015) (declining to grant post-trial defense motion for judgment as a matter of law on ground that "the jury could have reasonably found that the overall look and feel of [the plaintiff's product configuration] was nonfunctional because [the lead defendant] was able to design a new [configuration] that did not have the same overall look and feel as [the lead defendant's] previous [configuration]"); Gerffert Co. v. Dean, 41 F. Supp. 3d 201, 211-12 (E.D.N.Y. 2014) (declining to find appearance of product catalog functional as a matter of law); Garden Meadow, Inc. v. Smart Solar, Inc., 24 F. Supp. 3d 1201, 1211-12 (M.D. Fla. 2014) (declining to hold plaintiff's alleged trade dress functional as a matter of law on motion for judgment on the pleadings).

763. *See* McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307 (4th Cir. 2014).

764. *Id.* at 309 (internal quotation marks omitted).

765. 532 U.S. 23 (2001).

766. *McAirlaids*, 756 F.3d at 311 ("The presumption of validity that accompanies registered trade dress 'has a burden-shifting effect, requiring the party challenging the registered mark to produce sufficient evidence' to show that the trade dress is invalid by a preponderance of the evidence." (quoting Retail Servs., Inc. v. Freebies Publ'g, 364 F.3d 535, 542 (4th Cir. 2004))).

> Neither of [the plaintiffs] patents refer to a particular embossing pattern. Both patents reference line-shaped as well as point- or dotshaped pressure areas, but the patents also directly acknowledge that embossing studs of different shapes can be used, including lines, pyramids, cubes, truncated cones, cylinders, and parallelepipeds. In fact, the diagrams [sic] of [one] Patent show hexagonal shapes rather than circles. Therefore, while [the plaintiff's] patents do provide evidence of the dots' functionality, they are not the same strong evidence [of functionality] as the patents in *TrafFix*.[767]

Under these circumstances, *TrafFix* did not have dispositive effect, and the district court therefore should have permitted the plaintiff to avail itself in the functionality inquiry of alternative designs, as well as testimony by one of its engineers the particular design at issue had been chosen "[b]ecause it looked nice" and "[w]e liked it."[768]

Weighing a defense motion for summary judgment, an Indiana federal district court referred to Seventh Circuit case law holding the issue to turn on an application of five factors: (1) the existence of an extant or expired utility patent bearing on the claimed item; (2) the utilitarian properties of the item's unpatented design elements; (3) advertising by the plaintiff touting the utilitarian advantages of the item's design elements; (4) the dearth of, or difficulty in creating, alternative designs for the design's purpose; and (5) the effect of the design feature on the item's quality or cost.[769] Addressing the factors seriatim, the court noted the defendants' failure to identify any utility patents "overlapping" the submachine guns in which the plaintiffs claimed trade dress protection, a consideration it concluded "makes it considerably less likely that functionality could be determined on summary judgment."[770] With respect to the second factor, the court acknowledged the defendants' "extensive evidence that individual features of the [plaintiffs' weapons] . . . have utilitarian properties,"[771] but the plaintiffs placed that evidence into dispute by showing their weapons were "heritage" firearms "without any overall utilitarian advantages over modern competitors with more advanced designs" and other weapons with the same core features had "significantly and recognizably different" appearances."[772] The

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767. *Id.* (citations omitted) (internal quotation marks omitted).

768. *Quoted in id.* at 313 (alterations in original).

769. Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866, 914-15 (S.D. Ind. 2014) (citing Ga.-Pac. Consumer Prods. LP v. Kimberly-Clark Corp., 647 F.3d 723, 727-28 (7th Cir. 2011)).

770. *Id.* at 916.

771. *Id.*

772. *Id.*at 917.

defendants' reliance on advertising by the plaintiffs allegedly touting the advantages of their configurations similarly failed to get the job done because, inter alia, some of the statements in question were "little more than non-specific puffery" and failed to refer to the designs at issue,[773] another was "difficult to read . . . as a serious assertion" that the plaintiffs' designs were "functional rather than aesthetic in value,"[774] and a final one touted the utility of features to which the plaintiffs did not claim protectable rights.[775] Finally, and as to the fourth and fifth of the relevant factors, the plaintiffs successfully availed themselves of expert witness testimony of alternative designs[776] and evidence that comparable configurations could be produced for less money, respectively.[777] Summary judgment of nonfunctionality therefore was inappropriate.[778]

The availability of alternative firearm designs also helped lead to the demise of a defense motion for summary judgment at the hands of a Nevada federal district court.[779] That court held the relevant inquiry to turn on: (1) whether the plaintiffs' designs yielded utilitarian advantages; (2) whether alternative designs were available; (3) whether the plaintiffs' advertising touted the utilitarian advantages of its designs; and (4) whether the designs resulted from a comparatively simple or inexpensive method of manufacture.[780] In response to the defendant's motion, the plaintiffs called the court's attention to: (1) testimony by the defendant's president "indicat[ing] that [the plaintiffs'] products' overall configurations and designs are desired because of their reputational value, not because their products' overall design is an actual benefit that the customer wishes to purchase";[781] (2) "evidence indicating companies would suffer little competitive disadvantage from selling alternative designs";[782] (3) alleged ornamental elements of the plaintiffs' designs;[783] and (4) a design patent received by the plaintiffs, "which is further evidence of

773. *Id.* at 918.

774. *Id.*

775. *Id.*

776. *Id.* at 919.

777. *Id.*

778. *Id.*

779. *See* Cybergun S.A. v. Jag Precision Inc., 113 U.S.P.Q.2d 1502 (D. Nev. 2014).

780. *Id.* at 1509.

781. *Id.* (internal quotation marks omitted).

782. *Id.*

783. *Id.*

nonfunctionality."[784] Those showings sufficiently created a factual dispute as to the validity of the plaintiffs' claimed trade dress.[785]

An action to protect a different kind of weapon—a watergun—resulted in an affirmative finding of nonfunctionality on the plaintiff's motion for a preliminary injunction.[786] Although the defendant cited to federal regulations requiring toy guns such as those sold by both parties to have certain markings, the court rejected the relevance of that showing because "[the] regulations primarily address the coloration or transparency of toy guns; they do not address shape or design."[787] It also discounted the functionality of individual elements of the plaintiff's waterguns such as "coloration, ridges, and trigger guards" in favor of a focus on the overall appearance of the devices.[788] Simply put, it held, "[a] watergun can incorporate federally-mandated and functional elements without aping Plaintiff's trade dress."[789]

The decisions notwithstanding, plaintiffs' efforts to protect nontraditional marks more often than not foundered on the shoals of the nonfunctionality requirement. For example, claims of utilitarian nonfunctionality rarely fail at the pleadings stage, but that outcome transpired in an action brought by the operator of a sailing school against a group of competitors.[790] The plaintiff complained the defendants had misappropriated a trade dress consisting of the plaintiff's use of catamaran vessels and a "unique teaching curriculum, student testimonials, and registered domain name";[791] perhaps aware of the weakness of its position after the district court dismissed its complaint for failure to state a claim, the plaintiff asserted on appeal to the Third Circuit the defendants had unlawfully incorporated elements of its website into their own site.[792] These allegations failed to impress the Third Circuit any more than they had the district court. To, the contrary, the appellate court held, "[s]tudent feedback procedures, catamarans, teaching itineraries, and curriculum all affect the quality of [the plaintiff's] business. They play a critical role in the consumer demand for [the plaintiff's] services, rather than merely identifying

784. *Id.*

785. *Id.*

786. *See* Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483 (D.N.J. 2014). The plaintiff did, however, fall short in its attempt to establish the distinctiveness of its configurations. *Id.* at 498-505.

787. *Id.* at 497.

788. *Id.*

789. *Id.* at 498.

790. *See* Fair Wind Sailing, Inc. v. Dempster, 764 F.3d 303 (3d Cir. 2014).

791. *Quoted in id.* at 309.

792. *Id.* at 311.

[the plaintiff] as the source of the sailing instruction. Thus, [the plaintiff's] alleged dress is plainly functional."[793]

A Michigan federal district court similarly confirmed, under appropriate circumstances, the issue of nonfunctionality can be resolved on a motion to dismiss.[794] The alleged trade dress leading to this result consisted of the appearance of various sporting goods manufactured by the plaintiff, namely "'goalie pads,' 'goalie catch glove[s],' and 'other of its products.'"[795] Holding the plaintiff's averments of nonfunctionality to be fatally defective, the court pointed out:

> The plaintiff alleges that [it] "developed a signature trade dress feature . . . non-functional elements." Those allegations are conclusory and therefore not entitled to the presumption of truth. And the complaint contains no factual allegations otherwise supporting this element; to the contrary, the plaintiff's exhibits describe the plaintiff's products in entirely functional terms.[796]

Dismissal therefore was appropriate because "[t]he Court cannot evaluate what the plaintiff considers non-functional if the only factual allegations describe the product design[s'] myriad functional features."[797]

In a third case in which the question of functionality was resolved as a matter of law at the pleadings stage, the claimed mark at issue was the flavoring of a pizza.[798] Citing favorably to Trademark Trial and Appeal Board authority finding flavors of medicine functional,[799] the court granted a defense motion to dismiss because:

> If the hurdle is high for trademarks when it comes to the flavor of medicine, it is far higher—and possibly insurmountable—in the case of food. People eat, of course, to prevent hunger. But the other main attribute of food is its flavor, especially restaurant food for which customers are paying a premium beyond what it would take to simply satisfy their basic hunger needs. The flavor of food undoubtedly affects its quality, and is therefore a functional element of the product.[800]

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793. *Id.* (citation omitted).

794. *See* Mike Vaughn Custom Sports, Inc. v. Piku, 15 F. Supp. 3d 735 (E.D. Mich. 2014).

795. *Id.* at 746.

796. *Id.* at 747 (second alteration in original).

797. *Id.*

798. *See* N.Y. Pizzeria, Inc. v. Syal, 56 F. Supp. 3d 875 (S.D. Tex. 2014).

799. *See In re* N.V. Organon, 79 U.S.P.Q.2d 1639 (T.T.A.B. 2006).

800. *N.Y. Pizzeria*, 56 F. Supp. 3d at 882.

Additional findings of functionality as a matter of law came outside the context of motions to dismiss for failure to state claims. One came in an appeal from findings by a Northern District of California jury that the configurations of Apple's iPHONE and iPHONE 3 devices qualified as protectable trade dresses and that those trade dresses were likely to be diluted by Samsung's sale of similar devices.[801] Hearing the appeal because it presented patent-related issues, the Federal Circuit adopted restrictive applications of Ninth Circuit law in two respects, the first of which was its holding that a registration covering the iPHONE device merely shifted the burden of production, and not the burden of proof, to Samsung on the issue of the registered trade dress's nonfunctionality.[802] The second was the court's conclusion the Ninth Circuit had set a "high bar for nonfunctionality," albeit apparently only for product configurations.[803] Having reached those conclusions, the court turned to the Ninth Circuit test for nonfunctionality, which considered: (1) whether the configurations at issue yielded a utilitarian advantage; (2) whether alternative designs were available; (3) whether advertising had touted the utilitarian advantages of the configurations; and (4) whether the configurations resulted from a comparatively simple or inexpensive method of manufacture.[804]

Weighing the trial record on appeal, the court held there was an absence of substantial evidence supporting the jury's findings of nonfunctionality under any of the relevant factors. As to the first, the court held that "[n]either unusual usability nor superior performance . . . is the standard used by the Ninth Circuit";[805] this meant that product features could only be nonfunctional if they served "*no purpose* other than identification."[806] Having framed the issue in this manner, the court concluded all the features claimed as protectable trade dress by Apple contributed to the usability of the company's devices. Those features included the devices': (1) rounded corners, which improved their "pocketability" and "durability";[807] (2) flat clear rectangular screens, which maximized display space;[808] (3) bezels, which protected the screens from impacts;[809] (4) borders, which were "sized to accommodate other

801. *See* Apple Inc. v. Samsung Elecs. Co., 786 F.3d 983 (Fed. Cir. 2015).

802. *Id.* at 995.

803. *Id.* at 992.

804. *Id.*

805. *Id.* (internal quotation marks omitted).

806. *Id.* (quoting Disc Golf Ass'n v. Champion Discs, Inc., 158 F.3d 1002, 1007 (9th Cir. 1998)).

807. *Id.* at 993.

808. *Id.*

809. *Id.*

components while minimizing the overall product dimensions";[810] (5) rows of dots at the top of their screens, which indicated "multiple pages of application screens that are available";[811] and (6) icons, which, according to the court, "allow users to differentiate the applications available to the users and the bottom dock of [which] allows for quick access to the most commonly used applications."[812] Somewhat ominously for the hundreds of claimants of rights to icon designs in the USPTO, the court accorded significant weight when discussing the last of these considerations to expert witness testimony that "the whole point of an icon on a smartphone is to communicate to the consumer using that product, that if they hit that icon, certain functionality will occur on the phone."[813]

The court was no more inclined to uphold the jury's verdict when reviewing the remaining three factors in the nonfunctionality inquiry. It dismissed record evidence of alternative designs because that evidence "fails to show that any of these alternatives offered exactly the same features as the asserted trade dress."[814] It then discounted Apple's "product as hero" advertising because "[a]n inference of a product feature's utility in the plaintiff's advertisement is enough to weigh in favor of [the] functionality of a trade dress encompassing that feature."[815] Finally, the court concluded the record lacked substantial evidence that Apple's configurations were comparatively simple or inexpensive to manufacture, holding that the complexities of assembling the devices were attributable to the goal of increasing durability, rather than anything within the scope of what was claimed as trade dress.[816] The jury's findings of the nonfunctionality of both configurations therefore failed to survive appellate scrutiny.[817]

So too did a Pennsylvania federal district court conclude as a matter of law an incontestable federal registration covering the following mark for pastries was void on the ground of functionality:[818]

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810. *Id.*

811. *Id.*

812. *Id.*

813. *Quoted in id.* at 995.

814. *Id.* at 993; *see also id.* at 996.

815. *Id.* at 993.

816. *Id.* at 994.

817. *Id.* at 994-95, 96.

818. *See* Sweet St. Desserts, Inc. v. Chudleigh's Ltd., 69 F. Supp. 3d 530, 534 (E.D. Pa. 2014).

Although the defendant argued the plaintiff's configuration was functional in both the aesthetic and utilitarian senses, most of the undisputed facts upon which the defendant relied sounded in utilitarian functionality. They included that: (1) "[t]he single-serving size was adopted to respond to the needs of the market, which was looking for a single-serving of pie";[819] (2) "[t]he [plaintiff's configuration] was configured to avoid the need to cut slices from a larger pastry containing multiple servings";[820] (3) the round shape required less pastry than a triangular shape and broke less easily than a square shape;[821] (4) the opening at the top vented steam when the product was heated without allowing the pastry's filling to spurt out;[822] (5) "the six folds or petals of upturned, partially overlapping dough folded around a filling in a spiral pattern serve to hold the filling inside the pastry shell,"[823] with "the number of folds or petals . . . dictated in part by the size of the product and the amount of filling inside the product."[824] Summary judgment in the defendant's favor was appropriate because to hold otherwise "would overextend trade dress law, allow [the plaintiff] to claim proprietary rights in the elements that make the [configuration] function as a round, single-serving apple-filled pastry, and deny competitors the ability to compete by manufacturing a similar product incorporating these functional elements."[825]

A defense motion for summary judgment proved just as successful in disposing of claims to trade dress protection in the unregistered configurations of the following models of combustion

819. *Id.* at 547.

820. *Id.*

821. *Id.* at 548.

822. *Id.*

823. *Id.*

824. *Id.* (internal quotation marks omitted); *see also id.* at 549 ("Because the evidence indicates that six folds worked best and was most beautiful for making a product the size of the [plaintiff's pastry], competitors would likely be relegated to an inferior design for a single-serving, round apple pastry product of similar size if they were barred from using six folds or petals.").

825. *Id.* at 549-50.

control products, which were incorporated into heating appliances:[826]

Responding to the defendants' motion, the plaintiff eschewed any argument the designs were not essential to the use or purpose of its goods or affected the goods' cost or quality. Instead, it asserted the designs were not competitively necessary in the industry, basing that theory on testimony from its fact and expert witnesses, who repeatedly recited the designs were "arbitrary" and that alternatives existed. That testimony, however, failed to establish the plaintiff's proffered alternatives "do not have cost or quality consequences that the [plaintiff's] designs avoid."[827] Equally to the

826. *See* Honeywell Int'l Inc. v. ICM Controls Corp., 45 F. Supp. 3d 969, 991-92 (D. Minn. 2014).

827. *Id.* at 1000.

point, there was no evidence "the design elements were selected with an eye to identification and individuality rather than utility";[828] moreover, the court concluded, "common experience confirms the functionality of many of the elements that make up [the plaintiff's] trade dress."[829] Independent of the plaintiff's failure to establish the absence of competitive necessity, the court noted the summary judgment record was devoid of evidence or testimony that "the basic colors and shapes [of the plaintiff's designs], as well as their nondescript combination do not put competitors at a non-reputation-related disadvantage,"[830] rendering the designs functional for that reason as well."[831]

Although findings that packaging designs (as opposed to product designs) are functional as a matter of law occur infrequently, one such finding rejected a claim of trade dress rights to the following package for a hole saw:[832]

Responding to the defendant's motion for summary judgment, the plaintiff played the card of available alternative designs, but to no avail. As the court saw things, accepting the defendants' argument would lead it "down an incorrect path."[833] It then accused the plaintiff of "confus[ing] the relevant inquiry . . . by arguing that its trade dress is not essential to the use or purpose of the *tool*."[834] Although acknowledging the "obvious" point that "clear packaging has no bearing on the ultimate use or purpose of [the plaintiff's] adjustable hole saw,"[835] the court found the functionality of the packaging beyond material dispute. Beyond the existence of

828. *Id.*

829. *Id.* The referenced elements included the colors black and gray, which made the product less conspicuous, as well as their rectangular shapes, which lent themselves to "manufacturing, storage, and transportation efficiencies." *Id.*

830. *Id.* at 1001.

831. *Id.* at 1001-04.

832. *See* Speare Tools, Inc. v. Klein Tools, Inc., 113 U.S.P.Q.2d 1800, 1802 (E.D. Wis. 2014), *appeal dismissed*, No. 14-3745 (7th Cir. Mar. 20, 2015).

833. *Id.* at 1804.

834. *Id.* at 1805.

835. *Id.*

third-party utility patents bearing on the design,[836] the undisputed facts demonstrated:

> On the whole, the asserted features make the product (1) cheaper to produce (because of the use of minimal packaging); (2) stronger (because of the stepped sides on the blister package); (3) more appealing to consumers (by reducing cost, revealing the parts of the product at the point of sale, and including photos and instructions showing how the product is used); and (4) more appealing to retailers (because of the added strength, lower cost, nesting capability of the blister packages, and the use of information provided to consumers at the point of sale). All of these features are functional, and none were added to "produce a distinctive appearance that would help consumers identify the product's source."[837]

The defendant therefore was entitled to judgment as a matter of law.[838]

(b) Aesthetic Nonfunctionality

One of the few reported opinions to address the issue of aesthetic functionality over the past year denied a defense motion for summary judgment rather than resolve the issue prior to trial.[839] The disputed trade dress at issue was the "look and feel" of the plaintiff's website, which included "the choice to use a 'feminine script,' the use of 'pastel pink-orange hue,' the use of '[p]ink and orange script,' the '[c]olor and pattern of wallpaper,' and the particular poses chosen for its models."[840] Those elements might well be found nonfunctional after trial, and, of equal importance, "the placement and arrangement of functional elements can produce a nonfunctional aesthetic whole."[841] The defendants' proposed dissection of the plaintiff's claimed trade dress therefore was without merit:

> [I]n evaluating functionality as well as the other elements of a trade dress claim, it is crucial that we focus *not* on the individual elements, but rather on the overall visual impression that the combination and arrangement of those

836. *Id.* at 1805-06.

837. *Id.* at 1806 (quoting Specialized Seating, Inc. v. Greenwich Indus., L.P., 616 F.3d 722, 728 (7th Cir. 2010)).

838. *Id.* at 1807.

839. *See* Ingrid & Isabel, LLC v. Baby Be Mine, LLC, 70 F. Supp. 3d 1105 (N.D. Cal 2014).

840. *Id.* at 1138 (alterations in original).

841. *Id.*

elements create. Trade dress is the composite tapestry of visual effects.[842]

The same result held in an action in which the defendants moved the court to find the appearance of the plaintiffs' catalogs aesthetically functional as a matter of law.[843] The court considered the issue a close call. It accepted the defendants' arguments the catalogs "primarily contained design elements that are competitively necessary, at least in the abstract, *e.g.*, . . . product descriptions, numbering, and photographs"[844] and, additionally, that "[t]he inability of rival companies to describe, designate, or display images of their products would impose on them a 'significant non-reputation-related disadvantage.'"[845] At the same time, however, it credited the plaintiffs' showing that "the *specific* descriptions, numbering, and photographs of such products by [the plaintiffs] are not competitive necessities. Nor is [the plaintiffs'] particular arrangement of these elements on the catalog pages, *e.g.*, rows and solid backgrounds, which can best be described as an ascetic design, a competitive necessity."[846] Under the circumstances, "there is an issue for trial with respect to the non-functionality element . . . ."[847]

iii. Establishing Liability for Violations of Trademark and Service Mark Rights

(A) Actionable Uses in Commerce by Defendants

To trigger liability, each of the Lanham Act's primary statutory causes of action, namely, those set forth in Sections 32,[848] 43(a),[849] and 43(c),[850] requires the challenged use be one in connection with goods or services "in commerce." This requirement has led a number of defendants in recent years to argue their conduct does not so qualify. As always, those arguments have produced mixed results.

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842. *Id.* (alteration in original) (quoting Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1259 (9th Cir. 2001)).

843. *See* Gerffert Co. v. Dean, 41 F. Supp. 3d 201 (E.D.N.Y. 2014).

844. *Id.* at 212.

845. *Id.* (quoting TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 32-33 (2001)).

846. *Id.* at 212-13 (footnote omitted) (citation omitted).

847. *Id.* at 213.

848. 15 U.S.C. § 1114 (2012).

849. *Id.* § 1125(a).

850. *Id.* § 1125(c).

(1) Opinions Finding Actionable Uses in Commerce

Affirmative findings defendants had engaged in actionable uses in commerce were infrequent. An exception to this general rule occurred in a dispute between the Hershey Co. and a Maryland state senator named Steve Hershey and his campaign committee.[851] Running for reelection, the senator adopted a campaign logo bearing more than a passing resemblance to a federally registered trade dress owned by the company. Granting the company's motion for a preliminary injunction, the court rejected the senator's argument he was not using his campaign logo in commerce in connection with the provision of any goods or services: "Here, the Defendants used their design to promote a political candidate, disseminate political information, host campaign events, and solicit donations. Accordingly, the Defendants are using Hershey Trade Dress in connection with services."[852]

(2) Opinions Declining to Find Actionable Uses in Commerce

The most notable finding of no actionable use in commerce was as a matter of law at the hands of the Fourth Circuit.[853] The counterclaim defendants in that litigation were a nonprofit anti-abortion foundation and its principal, who had written several articles referring to a putative organization named the NATIONAL ASSOCIATION FOR THE ABORTION OF COLORED PEOPLE, which the counterclaim defendants abbreviated to the NAACP. The National Association for the Advancement of Colored People, which did not have an official position on abortion and which owned registrations of its name and of NAACP as service marks for various community outreach, informational, and educational services, successfully established the counterclaim defendants' activities qualified as actionable uses in commerce. To begin with, because one of the defendants' online uses appeared in the results of a Google search for "NAACP," the resulting diversion of Internet users to the counterclaim defendants' website demonstrated a nexus to the NAACP's services.[854] Evidence in the trial record also included the NAACP's showing the defendants had used the parties' dispute as a fundraiser, and, indeed, that they had deliberately escalated

851. *See* Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588 (D. Md. 2014).

852. *Id.* at 594.

853. *See* Radiance Found. v. NAACP, 786 F.3d 316 (4th Cir. 2015).

854. *Id.* at 884.

things for that reason.[855] As the district court summarized the evidence and testimony on this point, "[the counterclaim defendants] offered various opportunities for visitors [to their websites] to donate to [the lead counterclaim defendant], pay to sponsor billboards, secure license[d] content, or erect state-specific anti-abortion webpages for a fee."[856]

The Fourth Circuit was not similarly convinced. Although not holding the First Amendment protected the counterclaim defendants' conduct, the appellate court nevertheless concluded "the 'in connection with' language [of Sections 32 and 43(a)] must denote a real nexus with goods and services if the Act is not to fatally collide with First Amendment principles."[857] Rejecting the district court's initial rationale, it held:

> [T]ypically the use of the mark has to be in connection with the infringer's goods or services, not the trademark holder's.
>
> If the general rule was that the use of the mark merely had to be in connection with the trademark holder's goods or services, then even the most offhand mention of a trademark holder's mark could potentially satisfy the "in connection with" requirement. That interpretation would expand the requirement to the point that it would equal or surpass the scope of the Lanham Act's "in commerce" jurisdictional element. This would not only make the jurisdictional element superfluous, but would hamper the ability of the "in connection with" requirement to hold Lanham Act infractions within First Amendment limits.[858]

The court also rejected the district court's conclusion the counterclaim defendants used the NAACP's marks in connection with fundraising services, holding instead, "[t]hat the protected marks appear somewhere in the content of a website that includes transactional components is not alone enough to satisfy the 'in connection with' element."[859] A holding to the contrary "would come too close to an absolute rule that any social issues commentary with any transactional component in the neighborhood enhanced the commentator's risk of Lanham Act liability."[860]

Finally, the court concluded the counterclaim defendants' use fell within the scope of Section 43(c)(3)(C)'s exclusion from liability

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855. Radiance Found. v. NAACP, 25 F. Supp. 3d 865, 884-85 (E.D. Va. 2014), *vacated*, 786 F.3d 316 (4th Cir. 2015).

856. *Id.* at 899.

857. 786 F.3d at 324.

858. *Id.* at 325 (citation omitted).

859. *Id.* at 326.

860. *Id.*

for likely dilution of "[a]ny noncommercial use of a mark."[861] According to the court:

> In determining whether speech is commercial, we consider several factors: (1) whether the speech is an advertisement; (2) whether speech refers to specific products or services; (3) whether the speaker has an economic motivation for the speech; and (4) the viewpoint of the listener, i.e. whether the listener would perceive the speech as proposing a transaction. The factors are cumulative, but, again, the absence of any particular element does not necessarily render the speech noncommercial.[862]

In applying this test, the court held the counterclaim defendants' solicitation of donations did not render their conduct commercial in nature. Rather, "[t]he article in contention was not an advertisement. Nowhere in the piece did it offer the reader anything for sale. The article did not even mention [the counterclaim defendants'] services."[863]

The similarly political nature of another defendant's activities led to a similar disposition of a claim that the defendant's conduct constituted an actionable use in commerce.[864] The use in question was of the words "choose energy," which the plaintiff had registered as a single word in connection with its provision of information for consumers and businesses in the field of energy efficiency, energy usage management, energy price comparisons, and public policy pertaining to energy. When the defendant, a trade association for the petroleum and natural gas industry, launched a pre-election education campaign encouraging voters to "choose energy," the plaintiff filed suit and unsuccessfully pursued a motion for a temporary restraining order (TRO).[865] After the dust settled on the court's denial of the motion, the defendant moved the court to dismiss the action altogether on the ground it was not using the disputed words in connection with any goods or services. The court found the defendant's motion to be well taken:

> Through its website chooseenergy.org, [the defendant] provides "political messaging strategy" that educates voters and encourages them to engage in the political discourse about energy and to elect officials who support specific energy initiatives. But [the plaintiff] has not plausibly alleged that

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861. 15 U.S.C. § 1125(c)(3)(C) (2012).

862. *Radiance Found.*, 786 F.3d at 331-32 (citation omitted) (internal quotation marks omitted).

863. *Id.* at 332.

864. *See* Choose Energy, Inc. v. Am. Petroleum Inst., 87 F. Supp. 3d 1218 (N.D. Cal. 2015).

865. *See* Choose Energy, Inc. v. Am. Petroleum Inst., 112 U.S.P.Q.2d 1770 (N.D. Cal. 2014).

> these or any other [of the defendant's] activities could be construed as classifiable services. Other than making the broad-sweeping allegation that "[the defendant] is making commercial use of the Choose Energy Marks," the complaint does not allege that [the defendant] is selling, offering to sell, distributing or advertising any services at all.[866]

Of course, political activity is unnecessary for a defendant's use to be not actionable, and a final opinion of note addressed facts not falling within such a scenario.[867] The record on the parties' cross-motions for summary judgment established the counterclaim plaintiff's priority of rights in the Florida market and, additionally, the counterclaim defendants' attendance at a trade show in that state. The counterclaim plaintiff asserted the counterclaim defendants had distributed goods associated with allegedly infringing marks at the trade show, but the court found it undisputed that no sales of those goods had occurred. Of equal significance, the record demonstrated that "the convention was closed to the public and most participants were not based in Florida."[868] The counterclaim defendants therefore were entitled to judgment as a matter of law: "Because [the counterclaim plaintiff] does not provide evidence demonstrating [the counterclaim defendants'] commercial use of the marks in Florida, the Court must agree with [the counterclaim defendants] that there are no grounds for a trademark infringement claim based in that market."[869]

(3) Opinions Deferring Resolution of the Actionable-Use-in-Commerce Inquiry

Courts deferring final resolutions of the actionable-use-in-commerce inquiry typically did so while denying motions to dismiss for failure to state claims.[870] For example, one court reaching such a result confirmed non-profit organizations can engage in actionable uses in commerce.[871] The defendants were an unauthorized alumni association and its founders, who operated under names closely similar to an association authorized by a

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866. 87 F. Supp. 3d at 1222 (footnotes omitted).

867. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

868. *Id.* at 207.

869. *Id.*

870. *See, e.g.*, Manley v. Boats/U.S., Inc., 75 F. Supp. 3d 848, 853-54 (N.D. Ill. 2014) (denying motion to dismiss based on counterclaim plaintiff's allegations that counterclaim defendant continued to use the counterclaim plaintiff's marks after termination of agreement allowing that use).

871. *See* Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451 (E.D. Pa. 2014).

military academy and two-year college. Taking the allegations of the plaintiffs' complaint as true, the court identified three reasons why the defendants were potentially liable for infringement and likely dilution: (1) "Defendants compete with the [authorized] Alumni Association for fundraising and alumni services";[872] (2) "Defendants transmitted an e-mail to 4,000 individuals that promoted Defendants' alumni services";[873] and (3) "Defendants were economically motivated to send the e-mail because the e-mail explicitly solicited funds for Defendants' alumni services."[874] In the final analysis, "[b]ased upon these facts, Plaintiffs have plausibly alleged that Defendants' statements proposed a commercial transaction as opposed to some other type of speech."[875]

An additional reported opinion declining to dismiss allegations of an actionable use in commerce originated in a marketing relationship gone wrong.[876] Having engaged an outside vendor to help sell dietary supplements on their website, the plaintiffs were quick to file suit under various causes of action, including contributory trade dress infringement, after they discovered the vendor had helped their competitors establish a closely similar website. The vendor moved the court to dismiss the allegations against it on the theory the plaintiffs had not pleaded "any facts establishing that it used any word, mark, symbol, or trade dress in commerce."[877] The court declined to reach such a conclusion, instead accepting the plaintiffs' averment the vendor had used the allegedly infringing trade dress in commerce "because it entered into an exclusive marketing agreement with [one of the plaintiffs' competitors] and used the advertisements resulting from that relationship to market [the competitor's goods] in commerce."[878]

A final opinion of note similarly demonstrated how easy averring use in commerce by a defendant can be for purposes of defeating a motion to dismiss.[879] The defendants in question were accused of hiring karaoke jockeys who used unauthorized "media shifted" karaoke backing tracks branded with the plaintiff's marks. Seeking to dispose of the plaintiff's case at the pleadings stage, the defendants argued they had not used the plaintiff's marks in

872. *Id.* at 455.

873. *Id.*

874. *Id.*

875. *Id.*; *see also id.* at 456 ("Plaintiffs sufficiently allege that Defendants used Plaintiffs' marks in connection with providing services within the meaning of the Lanham Act: Plaintiffs' [sic] allege their marks were used by Defendants to provide services to the Academy's alumni and to solicit donations for alumni services through their website and e-mail campaigns.").

876. *See* Lepton Labs, LLC v. Walker, 55 F. Supp. 3d 1230 (C.D. Cal. 2014).

877. *Id.* at 1238.

878. *Id.* at 1239.

879. *See* Slep-Tone Entm't Corp. v. Sellis Enters., 87 F. Supp. 3d 897 (N.D. Ill. 2015).

commerce because they never sold the modified tracks. In denying the motion, the court noted the defendants' theory "over-simplifies the commerce analysis."[880] Specifically, it held, "to satisfy the use-in-commerce requirement, the infringing acts need not have actually taken place in commerce—they need only have an adverse effect on commerce. To that end, the use-in-commerce element is satisfied if a defendant uses a plaintiff's mark for the purpose of providing a service."[881] Based on this framework, it then held the following allegations in the complaint sufficient to establish the required conduct: (1) the defendants had reaped "substantial revenue" from concession sales during jobs at which the plaintiff's marks were displayed; (2) the defendants' conduct was "primarily profit-motivated"; and (3) the defendants had "financially benefited from obtaining the services of karaoke operators at below-market prices, since the use of media-shifted tracks allows the karaoke jockeys to work with lower operating costs—savings that have been passed on to [them]."[882] "These facts," the court observed, "taken together, are enough to plausibly plead use in commerce."[883]

(B) Likelihood of Confusion

(1) The Standard Multifactored Test for Likelihood of Confusion

(a) Factors Considered

(i) The First Circuit

First Circuit courts applied an eight-factor test for infringement. As one court summarized them, those factors included:

> (1) the similarity of the marks; (2) the similarity of the goods; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of 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. . . . No one factor is necessarily determinative, but each must be considered.[884]

880. *Id.* at 906.

881. *Id.* at 906-07.

882. *Id.* at 907.

883. *Id.*

884. Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 211 (D. Mass. 2015) (quoting I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 43 (1st Cir. 1998)); *see also* Oriental Fin. Grp. v. Cooperative de Ahorro, 112 U.S.P.Q.2d 2015, 2017 (D.P.R. 2014).

(ii) The Second Circuit

As it has for over half a century, the *Polaroid* factors[885] governed applications of the likelihood-of-confusion test for infringement in the Second Circuit, with courts there examining: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the marks; (3) the proximity of the products or services; (4) the likelihood that the senior user will "bridge the gap" into the junior user's product service line; (5) evidence of actual confusion between the marks; (6) whether the defendant adopted the mark in good faith; (7) the quality of defendant's products or services; and (8) the sophistication of the parties' customers.[886]

(iii) The Third Circuit

The Third Circuit's ten-factor *Lapp* test for likelihood of confusion[887] 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 provide goods or services in the defendant's market or to expand into the defendant's market.[888]

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885. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

886. *See, e.g.*, Berkley Networks Corp. v. InMarket Media, LLC, 114 U.S.P.Q.2d 1169, 1171 (S.D.N.Y. 2014); River Light V, LP v. Lin & J Int'l, Inc., 114 U.S.P.Q.2d 1282, 1292 (S.D.N.Y. 2014); Int'l Diamond Imps., Inc. v. Oriental Gemco (N.Y.), Inc., 64 F. Supp. 3d 494, 523 n.197 (S.D.N.Y. 2014); NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 336 (S.D.N.Y. 2014); Legends Are Forever, Inc. v. Nike, Inc., 58 F. Supp. 3d 197, 206 (N.D.N.Y. 2014); Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355, 365-66, 371-72 (E.D.N.Y. 2014); Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675, 699 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014); Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193 206 (S.D.N.Y. 2014).

887. *See* Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1982).

888. *See, e.g.*, Lorillard Techs., Inc. v. NJ Ale House, LLC, 114 U.S.P.Q.2d 1040, 1047-48 (D.N.J. 2015); Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 505-06 (D.N.J. 2014).

(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.[889]

(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.[890]

(vi) The Sixth Circuit

The eight *Frisch's* factors[891] remained those of choice in the Sixth Circuit. They included: (1) the strength of the plaintiff's mark; (2) the relatedness of the parties' goods or services; (3) the similarity of the parties' marks; (4) evidence of any actual confusion; (5) the marketing channels used by the parties; (6) the probable degree of purchaser care and sophistication; (7) the defendant's intent in selecting its mark; and (8) the likelihood of either party expanding its product line under its mark.[892] One

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889. *See* Radiance Found. v. NAACP, 786 F.3d 316, 325 (4th Cir. 2015); Re/Max LLC v. M.L. Jones & Assocs., 114 U.S.P.Q.2d 1139, 1144 (M.D.N.C. 2014); EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525, 549 (D. Md. 2014); R/C Theatres Mgmt. Corp. v. Metro Movies, LLC, 44 F. Supp. 3d 626, 635 (D. Md. 2014); Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 628, 632 n.2 (E.D. Va. 2014); Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588, 593 (D. Md. 2014); Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111, 1115 (E.D. Va. 2014).

890. *See* Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730, 738 (E.D. La. 2015); Baker v. DeShong, 90 F. Supp. 3d 659, 663 (N.D. Tex. 2014); Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738, 748 (W.D. Tex. 2014).

891. *See* Frisch's Rest., Inc. v. Shoney's Inc., 759 F.2d 1261, 1264 (6th Cir. 1985); EAT BBQ LLC v. Walters, 47 F. Supp. 3d 521, 530 (E.D. Ky. 2014).

892. *See* Innovation Ventures, LLC v. N2G Distrib., Inc., 763 F.3d 524, 534 (6th Cir. 2014); IP, LLC v. Interstate Vape, Inc., 113 U.S.P.Q.2d 1131, 1135 (W.D. Ky. 2014); *see also*

panel of the court cautioned that "the likelihood-of-confusion factors can rarely be applied with mathematical precision—this is a holistic endeavor."[893]

(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.[894] One court weighing those factors observed, "[n]o single factor is dispositive and varying weights may be accorded to each depending on the facts presented."[895]

(viii) The Eighth Circuit

The six *SquirtCo* factors[896] remained controlling in the Eighth Circuit. Those factors included: (1) the strength of the plaintiff' mark; (2) the similarity between the plaintiff's mark and the defendant's mark; (3) the competitive proximity between the parties' goods or services; (4) the defendant's intent to pass off its goods as those of the plaintiff; (5) incidents of actual confusion; and (6) the conditions under which the parties' goods or services were sold and the degree of care exercised by purchasers.[897]

(ix) The Ninth Circuit

The *Sleekcraft* test for infringement[898] 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

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Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206, 220-21 (Mich. Ct. App. 2014) (applying identical factors in action brought under Michigan law).

893. *Innovation Ventures*, 763 F.3d at 534.

894. *See, e.g.*, Sorenson v. WD-40 Co., 792 F.3d 712, 727 (7th Cir. 2015), *cert. denied*, 136 S. Ct. 801 (2016); Slep-Tone Entm't Corp. v. Sellis Enters., 87 F. Supp. 3d 897, 907 (N.D. Ill. 2015); KJ Korea, Inc. v. Health Korea, Inc., 66 F. Supp. 3d 1005, 1015 (N.D. Ill. 2014); Manley v. Boats/U.S., Inc., 75 F. Supp. 3d 848, 854 (N.D. Ill. 2014); Starsurgical Inc. v. Aperta, LLC, 40 F. Supp. 3d 1069, 1080 (E.D. Wis. 2014).

895. *Manley*, 75 F. Supp. 3d at 854.

896. *See* SquirtCo v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980).

897. *See*, *e.g.*, Kuper Indus. v. Reid, 89 F. Supp. 3d 1005, 1111 (D. Neb. 2015).

898. *See* AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).

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.[899] In a case in which the gravamen of the plaintiffs' infringement and counterfeiting claims was that the defendants had registered a domain name based on the plaintiffs' registered mark and had offered services purporting to be on behalf of the plaintiffs, however, a Nevada federal district court rested its finding of liability on: (1) the similarity of the parties' uses; (2) the relatedness of their goods and services; and (3) the simultaneous use of the Internet as a marketing tool.[900] The same court then held liability under the plaintiffs' Nevada state law claims to turn on: "(1) similarity of marks; (2) similarity of services; (3) marketing channels used; (4) evidence of actual confusion; (5) strength of the mark; (6) junior user's intent in adopting the mark; and (7) degree of care likely to be exercised by the purchaser."[901]

(x) The Tenth Circuit

Only two reported opinions addressed the test for likely confusion under Tenth Circuit law. They applied the following factors: (1) the similarity of the parties' marks in (a) appearance; (b) pronunciation; (c) verbal translation of the pictures or designs; (d) suggestion; (2) the defendant's intent in adopting its designation; (3) the relation in use and manner of marketing of the parties' goods or services; and (4) the degree of care likely to be exercised by consumers.[902]

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899. *See* Pom Wonderful LLC v. Hubbard, 775 F.3d 1118, 1125 (9th Cir. 2014); Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc., 102 F. Supp. 3d 1154, 1169 (W.D. Wash. 2015); IHOP Franchising, LLC v. Hameed, 114 U.S.P.Q.2d 2027, 2030 n.2 (E.D. Cal. 2015); Cybergun S.A. v. Jag Precision Inc., 113 U.S.P.Q.2d 1502, 1506 (D. Nev. 2014); Ingrid & Isabel, LLC v. Baby Be Mine, LLC, 70 F. Supp. 3d 1105, 1138 (N.D. Cal. 2014); Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1201 (C.D. Cal. 2014); Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1094 n.1 (N.D. Cal. 2014); Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203, 1215 (C.D. Cal. 2014); Corp. of Gonzaga Univ. v. Pendleton Enters., 55 F. Supp. 3d 1319, 1327 (E.D. Wash. 2014); Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342, 1351-52 (W.D. Wash. 2014); Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099, 1125 (D. Or. 2014); Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316, 1324-25 (D. Nev. 2014); *see also* Fitbug Ltd. v. Fitbit, Inc., 78 F. Supp. 3d 1180, 1193-94 (N.D. Cal. 2015) (citing approvingly, but not applying *seriatim*, *Sleekcraft* factors).

900. *See* Hakkasan LV, LLC v. VIP, Unltd, LLC, 63 F Supp. 3d 1259, 1265 (D. Nev. 2014).

901. *Id.* at 1267.

902. *See* Compliance Solutions Occupational Trainers, Inc. v. Safety Helpers, LLC, 112 U.S.P.Q.2d 1066, 1071 (D. Colo. 2014); Online Tools for Parents, LLC v. Vilsack, 65 F. Supp. 3d 1130, 1134-35 (D. Colo. 2014).

(xi) The Eleventh Circuit

Eleventh Circuit courts applied the same test for likely confusion they always have. That test's seven factors took into account: (1) the type of the plaintiff's mark; (2) the similarity of the parties' marks; (3) the similarity of the parties' products; (4) the similarity of the parties' retail outlets and customers; (5) the similarity of the parties' advertising media; (6) the defendant's intent; and (7) any actual confusion.[903] A Georgia federal district court noted of this test that "[a]lso, the 'geographic proximity of the use of the parties' marks . . . may be relevant to the likelihood-of-confusion analysis,' even though it is not an established factor."[904]

(xii) The District of Columbia Circuit

Only one reported opinion from a court within the District of Columbia addressed the test of likely confusion over the past year.[905] It considered the following factors: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the parties' marks; (3) the proximity of the parties' products; (4) evidence of actual confusion; (5) the defendant's purpose or reciprocal good faith in adopting its own mark; (6) the quality of the defendant's product; and (7) the sophistication of purchasers of the parties' products.[906]

(b) Findings and Holdings

(i) Opinions Finding Likelihood of Confusion on Motions for Preliminary Injunctive Relief

Some cases presented low-hanging fruit as far as motions for preliminary injunctive relief were concerned and included the usual scenarios of licensees or former licensees using licensors' marks in ways inconsistent with express restrictions in the parties' written agreements.[907] For example, the Second Circuit affirmed

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903. *See, e.g.*, Ewe Grp. v. Bread Store, LLC, 54 F. Supp. 3d 1343, 1348 (N.D. Ga. 2014); T-12 Entm't, LLC v. Young Kings Enters., 36 F. Supp. 3d 1380, 1390-91 (N.D. Ga. 2014); Garden Meadow, Inc. v. Smart Solar, Inc., 24 F. Supp. 3d 1201, 1212 (M.D. Fla. 2014).

904. *T-12 Entm't*, 36 F. Supp. 3d at 1390-91 (quoting Tana v. Dantanna's, 611 F.3d 767, 780 (11th Cir. 2010)).

905. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

906. *Id.* at 198.

907. *See, e.g.*, IHOP Franchising, LLC v. Hameed, 114 U.S.P.Q.2d 2027, 2030 (E.D. Cal. 2015) ("The [terminated franchisee's] restaurant is still using Plaintiffs' logos and their menu. Thus, Plaintiffs have shown a likelihood of success on the merits on its trademark infringement claim."); 7-Eleven, Inc. v. Grewal, 60 F. Supp. 3d 272, 280 (D. Mass. 2014) (entering preliminary injunction against continued use of franchisor's marks by terminated franchisees on ground that "[i]n cases where the [continued] use of the franchisor's mark is uncontroverted, a likelihood of consumer confusion is presumed"); Port-A-Pour, Inc. v. Peak

the grant of a preliminary injunction in a case in which the defendant restauranteur persisted in selling and advertising menu items not authorized by its license from the plaintiff.[908] The defendant acknowledged violations of "two ancillary provisions" of the license, but characterized the violations as merely "technical" in nature.[909] The Second Circuit was no more sympathetic an audience for this argument than the district court. Instead, the appellate court held that "[c]ontrol over menu and advertising is presumably a central concern for a licensor of a restaurant brand, and the [license] reveals precisely such a concern in this case."[910] Beyond that, "[t]he menu item and advertising restrictions of the [license] were clear, and [the defendant] was clearly violating them."[911]

The Ninth Circuit took the relatively rare step of reversing the denial of a preliminary injunction motion as an abuse of discretion.[912] The plaintiff's mark was POM, registered and used in connection with various goods, including pomegranate juice, while the defendant used the POM for an energy drink. The Ninth Circuit agreed with the district court a number of the likelihood-of-confusion factors of record favored a finding of liability, including the commercial strength (but not the conceptual strength) of the plaintiff's mark, the competitive proximity of the parties' goods, and the degree of care exercised by consumers.[913] Nevertheless, it faulted the lower court for having concluded the presentations of the parties' marks in the marketplace were distinguishable:[914]

Innovations, Inc., 49 F. Supp. 3d 841, 870-71 (D. Colo. 2014) (entering preliminary injunction against post-termination use of licensed marks).

908. *See* Benihana, Inc. v. Benihana of Tokyo, LLC, 784 F.3d 887 (2d Cir. 2015).

909. *Quoted in id.* at 895. Although the license did not authorize the sale of hamburgers, the defendant sold those goods and continued to do so after representing to the plaintiff the sales had ceased. *Id.* at 891-93.

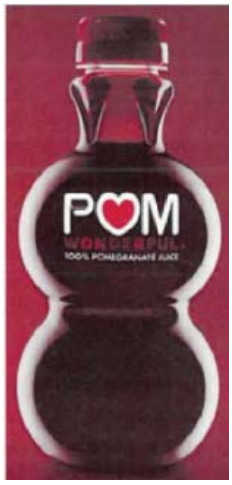
910. *Id.* at 895.

911. *Id.*

912. *See* Pom Wonderful LLC v. Hubbard, 775 F.3d 1118 (9th Cir. 2014).

913. *Id.* at 1126-27.

914. *Id.* at 1128.



Comparing the two, the appellate court held:

> Balancing the marks' many visual similarities, perfect aural similarity, and perfect semantic similarity more heavily than the marks' visual dissimilarities—as we must—the similarity factor weighs heavily in [the plaintiff's] favor. And, because a lesser degree of similarity is required when a trademark holder's mark is strong, the commercial strength of the "POM" mark amplifies the significance of the marks' many similarities. Mistakenly weighing the marks' differences more heavily than their similarities, the district court clearly erred in finding that the similarity of marks factor weighed against [the plaintiff].[915]

With the additional factor of convergent marketing channels weighing in the plaintiff's favor, the district court's failure to enter preliminary injunctive relief was an abuse of discretion, even if the plaintiff was unable to adduce evidence of actual confusion, a bad-faith intent on the defendant's part, or that the parties were likely to bridge the small gap between their respective beverages.[916]

In a dispute not leading to a reported appellate opinion, a Nebraska federal district court determined on a motion for a temporary restraining order confusion was likely to result from the concurrent use in the same geographic markets of the marks THE PANCAKE MAN and THE PANCAKE GUYS, both for restaurant services.[917] Not surprisingly, the court found the two marks created the same impression, noting "[t]he similarity between the marks is apparent: there is a difference of only one word, and the different words ('Man' versus 'Guys') are themselves essentially

915. *Id.* at 1130 (footnote omitted) (citation omitted).

916. *Id.* at 1131-32.

917. *See* Kuper Indus. v. Reid, 89 F. Supp. 3d 1005 (D. Neb. 2015).

synonymous"[918] and, additionally, "[w]here the services are closely related, less similarity in the trademarks is necessary to support a finding of infringement."[919] With the plaintiff having demonstrated at least some actual confusion,[920] the court found interlocutory relief appropriate, even though the record was relatively bare of evidence the plaintiff's mark was strong,[921] the defendants had acted in bad faith,[922] or the parties' respective customers exercised a low degree of care.[923]

In an equally "easy" case, the owner of the *New York Post*, which owned a number of registrations covering the title of its newspaper, successfully pursued a preliminary injunction against a former publisher of that publication and a company controlled by the former publisher.[924] The publisher's tenure at the paper had been cut short by a term in federal prison, after which he and his company launched a website accessible at the *www.newyorkpublishinginc.com* domain name and which prominently displayed the words "New York Post" in conjunction with a much smaller "Publishing Inc." Determined to live even more dangerously, the defendants placed an affirmative notice on the website that they, and not the plaintiff, owned the rights to "[a]ll of the assets inclusive of the trademarks and the website, New York Post;"[925] another notice announced the defendants' plans to license the use of "the New York Post Publishing Inc. title" to other publications.[926]

These facts rendered preliminary injunctive relief a foregone conclusion. The plaintiff successfully demonstrated its marks were strong, in part by showing "[t]he *New York Post* is . . . read by millions of people nationally and internationally, and the marks

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918. *Id.* at 1012.

919. *Id.*

920. The confusion in question was among two schools that had hired the defendants for public appearances but advertised their events using the plaintiff's mark. In finding that this factor weighed in the plaintiff's favor, the court concluded that:

> Plaintiffs have not, at this time, produced evidence of actual confusion among public attendees. But if attendees are told that the Pancake Man is going to make an appearance, only to have the Pancake Guys show up, confusion is a likely outcome. While this is not evidence of actual incidents of confusion, this supports the overall gist of plaintiffs' claim: that there is a likelihood of confusion between the parties' marks or a misleading impression that the defendants are somehow affiliated with plaintiffs.

Id. at 1012-13 (footnote omitted).

921. *Id.* at 1011.

922. *Id.* at 1012.

923. *Id.* at 1013.

924. *See* NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328 (S.D.N.Y. 2014).

925. *Quoted in id.* at 334.

926. *Quoted in id.*

are well-known and associated with its brand."[927] The appearance of the words "New York Post" on the defendants' site resulted in the mark-similarity factor favoring the plaintiff, especially because "the addition of the words 'Publishing Inc.' to the Defendants' marks only increases the likelihood of confusion, rather than reduces it, given that consumers associate the *New York Post* with publishing"[928] and, additionally, because the defendants' website was closely similar in appearance to that of the plaintiff.[929] Likewise, the court found, "[r]egarding the proximity of the products, those created by Defendants appear at this stage to be nearly identical with the NEW YORK POST Marks."[930] Beyond these considerations, the defendants' bad faith was not reasonably in doubt,[931] the low quality of the defendants' work product weighed in the plaintiff's favor,[932] and "free news media, such as those produced by NYP Holdings and Defendants, that are available for consumption on the internet or at newsstands and covering topics including 'fashion,' 'entertainment,' and 'sports,' are both inexpensive and disposable."[933] All things considered, therefore, "there is a significant likelihood of confusion between the NEW YORK POST Marks and the marks used by Defendants."[934]

Preliminary injunctions also came to pass in cases presenting arguably less compelling facts. One was brought by the owner of the SWEET HUT and SWEET HUT BAKERY & CAFE marks for a bakery specializing in Taiwanese baked goods and bubble teas.[935] Although the plaintiff had disclaimed the word "sweet" when registering the first of these marks, it successfully secured interlocutory relief against a competitor's use of the SWEET TALK BAKERY & CAFE mark. Much of the court's inquiry into the likelihood of confusion between the parties' marks focused on the alleged weakness of the plaintiff's mark, because of both the disclaimer and the defendant's showing of third-party use. The defendant did not fare well on this point, with the court rejecting its argument that "because [the plaintiff] obtained its registration

927. *Id.* at 336.

928. *Id.*

929. *Id.* at 337.

930. *Id.*

931. *Id.*

932. On this issue, the court found from the summary judgment record that "[t]he numerous screen shots of the [defendants'] Website presented by [the plaintiff] as exhibits to its Memorandum reveal run-on sentences, grammatical errors, and reprints of articles from other sources." *Id.*

933. *Id.* at 337-38.

934. *Id.*

935. Ewe Grp. v. Bread Store, LLC, 54 F. Supp. 3d 1343 (N.D. Ga. 2014).

only by disclaiming the word 'sweet,' the focus of the Court's analysis should be the non-disclaimed and non-generic portions of the mark, specifically, on the difference in sound, meaning, and spelling of the words 'talk' and 'hut'";[936] rather, it explained, "[t]he strength and validity of a mark is 'determined by viewing the trademark as a whole,' including any generic, descriptive, or disclaimed portions."[937] The defendant got no further with its showing of "at least" eight other bakeries using the word "sweet" in the geographic market in which the parties competed because "none of those bakeries is an Asian bakery, and none serves Asian bubble tea. Additionally, a mere eight instances of third-party use is insufficient to find that a mark has been diluted."[938]

The plaintiff also benefitted from a showing of actual confusion among consumers and nonconsumers alike: As to the former, the court gave weight to declaration testimony from the plaintiff's employees over the defendant's objections, while, as to the latter, it held "[c]onfusion of someone who is very familiar with the industry and enterprise at issue is relevant evidence of actual confusion."[939] From there, the plaintiff further established the parties' goods and services were similar,[940] the parties used similar advertising media,[941] "[the defendant] knew or was deliberately indifferent to the likelihood of confusion resulting from its use of the mark 'Sweet Talk Bakery & Cafe,'"[942] and "the parties operate in the same geographic area and therefore target the same consuming public."[943] The plaintiff therefore was likely to prevail on the merits of its infringement and unfair competition claims.[944]

Successful claims of trade dress protection in product configurations may have waned in recent years, but that did not discourage one court from preliminarily enjoining the imitation of a registered electric guitar design and the mark under which the design was sold.[945] As summarized by the court:

> [T]he preliminary injunction record demonstrates that (1) the [counterclaim plaintiffs'] marks have significant strength; (2) the [counterclaim defendants'] guitars are similar in design to the [counterclaim plaintiffs'] guitars; (3) the [counterclaim

936. *Id.* at 1348.

937. *Id.* (quoting Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc., 106 F.3d 355, 362-63 (11th Cir. 1997)).

938. *Id.* at 1349.

939. *Id.* at 1350.

940. *Id.* at 1349.

941. *Id.* at 1350.

942. *Id.*

943. *Id.* at 1351.

944. *Id.*

945. *See* Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355 (E.D.N.Y. 2014).

> defendants] have used the [counterclaim plaintiffs'] word mark in connection with their advertisement for the [counterclaim defendants'] guitar; (4) the [parties'] products share close marketplace proximity; and (5) there is some evidence of actual confusion among customers concerning whether the [counterclaim defendants] or the [counterclaim plaintiffs] manufactured and sold the [counterclaim defendants'] guitars.[946]

The counterclaim plaintiffs therefore had demonstrated the substantial likelihood of success on the merits necessary to support preliminary injunctive relief.[947]

Findings of trade dress infringement were not limited to the cases involving product configurations. One also occurred in a dispute between the Hershey Co. and a Maryland state senator named Steve Hershey and his campaign committee.[948] Running for reelection, the senator "began . . . using a campaign logo with a Maryland flag in dual tone brown as the background, the word HERSHEY in white Impact or Helvetica Nueue font, and STATE SENATE in smaller font below."[949] That sparked the interest of the chocolate company, which owned a federally registered trade dress "consisting of a dark brown or dark maroon background color—commonly referred to as 'Hershey maroon'—and a silver or other light-colored font for the word mark HERSHEY'S (as well as other designations that play on the word mark HERSHEY'S), often with smaller text below the word mark HERSHEY'S."[950] During the pendency of the senator's use of his logo, "several publications and members of the public noted the similarity between the Hershey Trade Dress and Senator Hershey's campaign materials,"[951] and the court was of like mind.[952] It then got to the heart of the matter:

> Although the Court agrees that the public is not likely to confuse the Senator with a candy bar, the confusion requirement also encompasses confusion with respect to sponsorship or affiliation. "The public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement." Hershey advertises its products nationwide, including within Senator Hershey's legislative district. On the basis of the substantially

946. *Id.* at 374.

947. *Id.*

948. *See* Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588 (D. Md. 2014).

949. *Id.* at 591.

950. *Id.* at 590.

951. *Id.* at 591.

952. *Id.* at 593 ("Comparing the Hershey Trade Dress with Senator Hershey's promotional signs shows a substantial similarity.").

> similar campaign design, a member of the public could easily—and mistakenly—believe that Senator Hershey is in some way affiliated with Hershey.[953]

Although unnecessary to the court's finding of liability, the preliminary injunction record included "anecdotal evidence of confusion by the public."[954]

That success was shared by a different plaintiff seeking to protect the configurations of its toy waterguns.[955] Although the plaintiff's demonstration of acquired distinctiveness proved unconvincing,[956] the court found the plaintiff likely to prevail on the merits of its claims of infringement. The preliminary injunction record supporting that finding included evidence and testimony of: (1) a "high degree of similarity" between the parties' products, even when the defendants' labeling was taken into account;[957] (2) the lack of sophistication of purchasers of the parties' customers;[958] (3) a bad-faith intent by one of the defendants' retailers (even if not by the defendants themselves);[959] (4) the parties' shared marketing and distribution channels;[960] and (5) the overlapping nature of the parties' targeted purchasers.[961]

(ii) Opinions Finding Likelihood of Confusion as a Matter of Law

At the trial court level, some plaintiffs prevailed after their opponents defaulted,[962] and summary judgment of infringement was the outcome in a number of cases clearly warranting it.[963] One

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953. *Id.* at 594 (quoting Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205 (2d Cir. 1979)).

954. *Id.*

955. *See* Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483 (D.N.J. 2014).

956. *Id.* at 498-505.

957. *Id.* at 506-07. The plaintiff's own house mark was inconspicuously embossed on its products. *Id.* at 507.

958. *Id.* at 507-08.

959. *Id.* at 508-09.

960. *Id.* at 509.

961. *Id.*

962. *See, e.g.*, Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1203-05 (C.D. Cal. 2014) (entering default judgment against defendants alleged to have registered domain names similar to plaintiff's registered mark and to have made online sales of goods competitive to those of plaintiff); Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1094-95 (N.D. Cal. 2014) (entering default judgment against defendant alleged to have used plaintiff's marks without authorization in connection with the sale of business reviews); Sprint Solutions, Inc. v. Aldridge, 50 F. Supp. 3d 1024, 1026 (S.D. Ind. 2014) (entering default judgment against defendants alleged to have acquired, "unlocked," and resold cell phones bearing plaintiffs' marks).

963. *See, e.g.*, Digby Adler Grp. v. Image Rent a Car, Inc., 79 F. Supp. 3d 1095, 1101-02 (N.D. Cal. 2015) (granting uncontested motion for summary judgment based on defendants'

such case was between former business partners, who, following a falling out, found themselves operating competing restaurants under the same mark in the same geographic area.[964] Granting the plaintiffs' motion for summary judgment, the court noted that "[i]n situations in which the marks are identical, there is almost never a dispute regarding confusion."[965] The defendant apparently felt the same way, for, after unsuccessfully disputing the plaintiffs' priority of rights, he neglected to respond to the plaintiffs' bid for a finding of infringement as a matter of law, which was supported by at least one undisputed example of actual consumer confusion.[966]

In an additional dispute with a predictable finding of infringement as a matter of law, the plaintiffs' mark was THE PLATTERS, used in connection with live musical performances and related services, while the defendants used THE PLATTERS FEATURING MONROE POWELL in direct competition with the plaintiffs.[967] The summary judgment record established the plaintiffs' performing group was "nationally and internationally famous."[968] In addition, the defendants' admission they would have difficulty securing bookings if forced to change their mark helped establish to the court's satisfaction the similarity of the parties' marks,[969] the existence of actual confusion,[970] and the defendants' bad-faith intent.[971] With the parties' shared marketing channels further tipping the balance in the plaintiffs' favor,[972] "no genuine

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registration of domain name imitating registered mark and purchase of mark as trigger for sponsored advertising); Hakkasan LV, LLC v. VIP, Unltd, LLC, 63 F. Supp. 3d 1259, 1265-66 (D. Nev. 2014) (granting unopposed motion for summary judgment against defendants alleged to have registered domain name based on plaintiffs' mark and to have offered purported authorized services on plaintiffs' behalf); R/C Theatres Mgmt. Corp. v. Metro Movies, LLC, 44 F. Supp. 3d 626, 635 (D. Md. 2014) (finding confusion likely as a matter of law based on theater's continued use of tickets bearing plaintiff's mark after termination of contract allowing use).

964. *See* EAT BBQ LLC v. Walters, 47 F. Supp. 3d 521 (E.D. Ky. 2014).

965. *Id.* at 530.

966. *Id.* at 530-33.

967. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

968. *Id.* at 1325.

969. *Id.*

970. *Id.* The existence of actual confusion also was documented in the summary judgment record by testimony the plaintiffs had received inquiries from the operators of potential venues who eventually backed out of the potential transactions because of the plaintiffs' failure to force parties such as the defendants to designate themselves as tribute bands. *Id.* at 1325-26.

971. *Id.* at 1326.

972. *Id.* ("Plaintiffs and Defendants advertise their live vocal performances on the Internet. Additionally, Plaintiffs and Defendants book live performances nationally and internationally through booking agents. The parties therefore utilize similar marketing channels, and this factor weighs in favor of finding a likelihood of confusion." (citations omitted)).

issue of material fact remains that Defendants' use of [their] mark is likely to cause confusion."[973]

Companies associated with fashion designer Tory Burch acquitted themselves well in a suit to protect the following design marks, among others, all of which were registered for clothing and related fashion goods:[974]

Those companies successfully challenged use of the following marks, which the defendants either affixed to, or incorporated into, fashion jewelry:[975]

Of the six likelihood-of-confusion factors playing a role in the court's analysis, five supported a finding of liability: (1) the plaintiffs' marks were strong; (2) the parties' marks were "quite similar,"[976] "[e]specially in the post-sale context, where many members of the public will not be able to compare the [defendants' products] to [the plaintiffs'] products, or even to do more than glance at the [defendants' products]";[977] (3) the parties' goods were directly competitive;[978] (4) "a greater proportion of [survey] respondents erroneously identified the [defendants' products] as Tory Burch products (31%) than identified actual Tory Burch

973. *Id.* at 1326-26.

974. *See* River Light V, LP v. Lin & J Int'l, Inc., 114 U.S.P.Q.2d 1282 (S.D.N.Y. 2014). The graphics in the text accompanying this footnote are reproduced from the drawings in U.S. Reg. No. 3029795 (issued Dec. 13, 2005) and U.S. Reg. No. 4242007 (issued Nov. 13, 2012).

975. *River Light*, 114 U.S.P.Q.2d at 1285.

976. *Id.* at 1293.

977. *Id.*

978. *Id.* at 1294.

products as genuine (26%)";[979] and (5) the defendants' bad faith was documented in their deliberate imitation of the plaintiffs' marks and in their spoliation and fabrication of evidence during the pendency of the case.[980] It might be true, as the defendants argued, the parties' customers were sophisticated,[981] but that consideration failed to create a factual dispute as to the defendants' liability.

Although taking the unusual step of pursuing partial summary judgment only on its Section 43(a) claims, rather than those under Section 32, Gonzaga University similarly prevailed as a matter of law in an action against defendants using imitations of the University's marks.[982] The University had registered its marks for educational services and associated promotional services, while the defendants used their marks in connection with radio broadcasting and bar services. The court was untroubled by the distinction between the parties' goods and services, holding that "[t]he relatedness of goods/services is somewhat nebulous as one could argue that an athletic/school program class is not close to the Defendants' bar/radio program class, but Gonzaga arguably has opportunities to associate with or approve of a broad range of different entities to become affiliated with its programs."[983] With that issue out of the way, the court determined similarities in the parties' respective uses favored a finding of liability,[984] as did the University's "compelling evidence of the existence of at least public comment and confusion from [one of the defendants'] use[s],"[985] as did the parties' shared marketing channels[986] and the court's finding "when it comes to well-known college sports programs, the range of businesses and products with which the college may become associated and approve is wide and varied."[987] Finally, the court determined, "[t]he fact that the Defendants are using several of Gonzaga's [marks] is strong evidence that Defendants are intending to create the impression that Defendants are affiliated, connected or associated with Gonzaga, or that there was a sponsorship or approval of Defendants['] goods, services, or

979. *Id.*

980. *Id.* at 1294-95.

981. *Id.*

982. *See* Corp. of Gonzaga Univ. v. Pendleton Enters, 55 F. Supp. 3d 1319 (E.D. Wash. 2014).

983. *Id.* at 1327.

984. *Id.*

985. *Id.* at 1328.

986. *Id.*

987. *Id.*

commercial activities by Gonzaga."[988] Partial summary judgment of liability followed.[989]

Finally, a finding of infringement as a matter of law came in an application of Michigan law as well.[990] The plaintiff securing that outcome owned the TRAVIS mark for restaurant services, which had been used in the food-service industry for some seven decades before the defendant began operating a restaurant under the TRAVIS GRILL mark in direct competition with the plaintiff's licensees. Affirming a determination of likely confusion, a panel of the Michigan Court of Appeals concluded that the plaintiff's mark was "widely recognized" in the county in which the parties' uses overlapped and also that "[t]he name of the defendant's restaurant, 'Travis Grill,' is almost identical to plaintiff's mark."[991] That was not all, though, for the record also demonstrated the defendant's imitation of the plaintiff's menu and contained affidavit testimony of consumer confusion as well. With the defendant failing to contest the plaintiff's claim of infringement beyond a conclusory assertion confusion was unlikely, the trial court's summary disposition of the action in the plaintiff's favor withstood appellate scrutiny.[992]

(iii) Opinions Finding Likelihood of Confusion After Trial

The past year produced a number of findings of infringement after full trials on the merits.[993] Not surprisingly, the Sixth Circuit declined to disturb a jury finding the 5-HOUR ENERGY word mark and trade dress shown below on the left were infringed by the defendants' use in connection with a directly competitive

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988. *Id.*

989. This result held despite the court becoming temporarily distracted by the theory that "[j]ust as the relevant inquiry for the establishment of likelihood of confusion in a sponsorship context is the belief that sponsorship or authorization was granted, the inquiry should be the same in order to establish secondary meaning." *Id.* at 1326. In fact, of course, the secondary-meaning inquiry goes to the issue of whether a claimed mark owner has protectable rights in the first instance, while the likelihood-of-confusion inquiry bears on whether those rights have been violated.

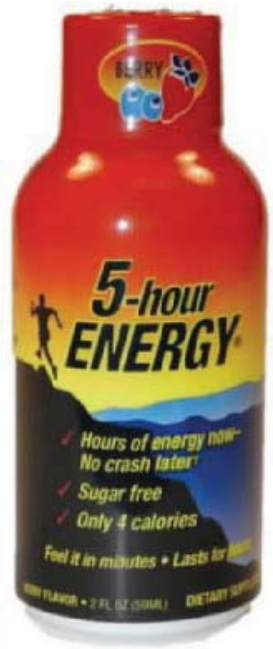
990. *See* Janet Travis, Inc. v. Preka Holdings, L.L.C., 856 N.W.2d 206 (Mich. Ct. App. 2014).

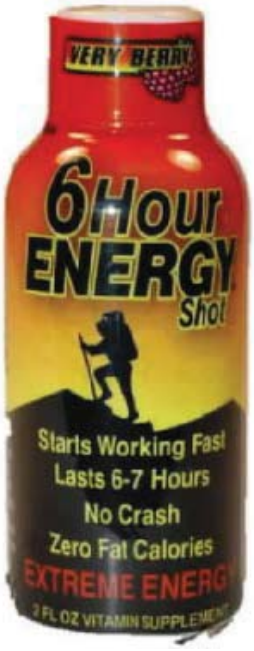
991. *Id.* at 221.

992. *Id.* at 221-22.

993. *See, e.g.*, Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768, 778 (D. Del. 2015) (declining to overturn verdict of trade dress infringement on ground that "[t]he jury . . . reasonably could have found a likelihood of confusion based on the following evidence: (1) [the defendants] sold [the plaintiffs' goods] for over a decade, (2) [the plaintiff] and [the defendant] advertised together, (3) customers expected to purchase [the plaintiff's goods] from [the defendants], and (4) customers did not always specify [which good] they wanted in the system because it was a small part of a large system").

product of the 6 HOUR ENERGY SHOT word mark and trade dress shown below on the right:[994]





Running through its standard likelihood-of-confusion factors to the defendants' distinct disadvantage, the court observed that "the jury [members] could use their eyes and see that Defendants' products use similar [word] marks,"[995] especially because any "discrete differences" between the parties' marks "should not be considered in isolation—we 'view marks in their entiret[ies] and focus on their overall impressions, not individual features.'"[996] The plaintiff also benefitted from "extensive testimony" on the strength of its mark, which included that of two experts on the results of surveys they had conducted.[997] Likewise, the jury might rationally have found infringement based on the plaintiff's additional showings that its customers "were not tremendously careful . . . and could easily be confused by the proximate placement of the parties' products,"[998] there had been at least one instance of actual

994. *See* Innovation Ventures, LLC v. N2G Distrib., Inc., 763 F.3d 524, 530 (6th Cir. 2014).

In addition to the word mark and packaging shown in the right-hand column in the text accompanying this note, the defendant was also found liable for infringement arising from its use of other marks "featur[ing] a number (6, 7, or 14) followed by 'Hour' (either singular or plural) and 'Energy.'" *Id.* at 535. The court did not, however, reproduce packaging incorporating those marks in its opinion.

995. *Id.*

996. *Id.* (quoting Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr., 109 F.3d 275, 283 (6th Cir. 1997)).

997. *Id.* at 535.

998. *Id.*

confusion,[999] and there was circumstantial evidence of the defendants' bad faith in the form of their apparent verbatim copying of warning labels on the plaintiff's packaging.[1000] The same considerations led the court to sustain the jury's finding of trade dress infringement, notwithstanding the defendants' reliance on differences between the parties' labels: "We do not approach trade dress claims by parsing minute differences between products—we focus on 'the overall visual impression the two [products] create.'"[1001]

A bench finding of likely confusion between the LA QUINTA mark, used by the United States-based plaintiff in connection with hotel services, and the QUINTA REAL mark, used in connection with the same services by the Mexico-based defendant, similarly withstood appellate scrutiny in an appeal to the Ninth Circuit.[1002] The defendant argued the strength of both parties' marks allowed consumers to distinguish between them, but the court held the strength of the defendant's mark would have been relevant only to a claim of reverse confusion, which was absent from the case.[1003] The court also rejected the defendant's assertion the parties' marks were dissimilar, especially because the dominant shared component of the marks—the word "Quinta"—"frequently appear[s] without anything more in the marketplace."[1004] Other considerations favoring a finding of liability were the competitive relationship between the parties' services,[1005] the overlapping nature of the parties' marketing channels, which included third-party internet travel sites and guidebooks,"[1006] the "modest sum[s]" spent by guests at the defendant's hotels,[1007] and the likelihood the parties would soon share overlapping geographic markets as a result of the defendant's expansion into the United States.[1008] There may have been an absence of record evidence and testimony of actual confusion between the marks at issue, but that was understandable in light of the heretofore non-overlapping geographical markets served by the parties;[1009] likewise, although the defendant had acted in good faith when adopting its mark, that

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999. *Id.* at 536.

1000. *Id.*

1001. *Id.* at 537 (alteration in original) (quoting Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc., 280 F.3d 619, 647 (6th Cir. 2002)).

1002. La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V., 762 F.3d 867 (9th Cir. 2014).

1003. *Id.* at 875.

1004. *Id.* at 875-76.

1005. *Id.* at 875.

1006. *Id.* at 877.

1007. *Id.*

1008. *Id.* 877-78.

1009. *Id.* at 876.

factor, "when properly considered, is neutral."[1010] Under the circumstances, "[t]he weight of the factors supports the district court's conclusion that a likelihood of confusion exists."[1011]

A different bench trial reached a finding of likely confusion between the counterclaim plaintiff's registered FLIPBOARD mark for a software application designed to capture content from the Internet, on the one hand, and the counterclaim defendant's FLOWBOARD mark for computer software and tools for the integration of text, audio, graphics, still images, and moving pictures into multimedia presentations, on the other.[1012] The counterclaim plaintiff benefitted from the court's findings that its FLIPBOARD mark was suggestive and therefore conceptually strong, as well as commercially strong in light of the millions of users of the associated application, the plaintiff's extensive promotion of the application, and the application's receipt of "numerous awards and . . . extensive attention from the press, including such publications and websites as CNN, ESPN, the *New York Times, People, Esquire, Time, Forbes, Fortune, Cosmopolitan,* and *Bon Appétit*."[1013] Other considerations supporting the court's finding of liability included the likelihood of consumers "mak[ing] an association between Flipboard and Flowboard, based upon the fact that both apps are sold in the same manner (via the Apple app store) to the same class of purchasers and are quite similar in use and function,"[1014] as well as the similarities between the parties' marks,[1015] and the low degree of care exercised by consumers.[1016] Perhaps the most important showing by the counterclaim plaintiff, however, was its demonstration of actual confusion through: (1) misdirected consumer inquiries and comments;[1017] (2) "instances of individuals referring to Flowboard as Flipboard, even when they were presumably aware of the difference between the two companies," including one such instance in a press release drafted by the counterclaim plaintiff's outside public relations

1010. *Id.* at 877.

1011. *Id.* at 878.

1012. *See* Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342 (W.D. Wash. 2014).

1013. *Id.* at 1355.

1014. *Id.* at 1356; *see also id* at 1363-64 (finding that parties used overlapping marketing channels); *id.* at 1366 ("Because the functionality of the two apps will continue to converge, keeping the two apps in direct competition with each other, the Court finds that this factor favors [the counterclaim plaintiff]".).

1015. *Id.* at 1358-60.

1016. On this issue, the court concluded that "both products are available for download for free. Moreover, testimony at trial unequivocally established that the time and effort to download and install the applications are minimal." *Id.* at 1364. Thus, "[i]n light of the ease with which both applications can be downloaded for free, it is unlikely that consumers are likely to exercise much care when downloading them." *Id.*

1017. *Id.* at 1361.

consultant;[1018] (3) conventional media coverage and social media postings associating the parties' products;[1019] and (4) testimony from the counterclaim plaintiff's general counsel that "when she ran Google searches with the search terms 'flowboard app' and 'flowboard application,' Google provided several suggested search items that all exclusively referenced the Flipboard app."[1020] The counterclaim plaintiff's allegations of bad-faith conduct by the counterclaim defendant proved to be unfounded,[1021] but the counterclaim defendant's victory on that point could not save it from liability.[1022]

A trial between the owners of the following design marks produced a finding of infringement driven by the similarity between the following design marks, the former associated with medical and healthcare facilities, occupational health services, and medical training programs, and the latter used for the delivery of health-related content to physician practices:[1023]

The parties used and registered their designs in conjunction with additional wording, such as the GUTHRIE house mark (in the case of the plaintiff) and "diabetes health network" (in the case of the defendants), but that was not enough to prevent the court from finding the designs sufficiently similar to support a determination of liability.[1024] Despite testimony of third-party uses of similar designs, the court also found the plaintiff's mark strong, in part because of the mark's lack of descriptiveness or suggestiveness.[1025] It then concluded there was an "obvious proximity" between the parties' services[1026] and individuals exposed to the plaintiff's mark

1018. *Id.*

1019. *Id.* at 1362.

1020. *Id.*

1021. *Id.* at 1364-65. The court based its finding of good faith in part on USPTO's approval of an application to register the counterclaim defendant's mark without citing the counterclaim prior-registered mark. *Id.* at 1365.

1022. *Id.* at 1366-67.

1023. *See* Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193, 201, 203-05 (S.D.N.Y. 2014).

1024. *Id.* at 208-09.

1025. *Id.* at 207. The court did not otherwise attempt to place the plaintiff's mark on the spectrum of distinctiveness.

1026. *Id.* at 210.

were not necessarily sophisticated and likely to exercise a high degree of care.[1027] The plaintiff did not help its case by failing to prove the likelihood of the parties bridging what gap there was between the parties' respective businesses,[1028] the existence of actual confusion,[1029] or, with the exception of one mark adopted by the defendant during the pendency of the litigation, the defendants' bad faith,[1030] but that failure did not preclude a finding of liability when the relevant factors were balanced.[1031]

An equally resounding rejection of a defendant's reliance on the absence of record evidence or testimony of actual confusion from a trial record came at the hands of a Virginia federal district court, which declined to overturn a jury finding of likely confusion between the packaging of competing aluminum-foil products.[1032] The court identified two reasons for refusing to give dispositive significance to the plaintiff's failure to prove actual confusion, namely, "actual confusion may be less important if the packages in question have not been on the market for a 'substantial period of time,'"[1033] and "the factors are weighed differently depending on the circumstances of the case[]."[1034] Having reached that conclusion, it recognized sufficient evidence and testimony in the record to support the verdict of trade dress infringement, including "overwhelming evidence of the strength and distinctiveness of [the plaintiff's] trade dress, similarity of the two packages, similarity of the goods identified, similarities of the facilities used, similarity in advertising, and, perhaps most significantly, [the defendant's] intent."[1035] The jury's finding the defendant's HANDI-FOIL word mark did not infringe the plaintiff's REYNOLDS WRAP word mark did not require a different result.[1036]

1027. *Id.* at 212-13.

1028. *Id.* at 211.

1029. *Id.* at 211-12.

1030. *Id.* at 212.

1031. *Id.* at 213.

1032. *See* Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111 (E.D. Va. 2014).

1033. *Id.* at 1116 (quoting Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 162 (4th Cir. 2014)).

1034. *Id.* (quoting *Swatch AG*, 739 F.3d at 162) (internal quotation marks omitted).

1035. *Id.* (footnotes omitted).

1036. *Id.* at 1118-22.

(iv) Opinions Finding No Likelihood of Confusion on Motions for Preliminary Injunctive Relief

In one dispute leading to the denial of a preliminary injunction motion,[1037] the plaintiffs used the following marks in connection with their endoscopic equipment repair services:[1038]

ENDOCURE TECHNOLOGIES, INC.

The defendants provided competing services under the following marks:[1039]

The defendants included former employees of the plaintiffs and had allegedly emphasized the names of those employees in their promotional materials to create the impression of affiliation, but that allegation, the competitive proximity of the parties' services, and the common use of "endo-" were not enough to carry the day for the plaintiffs. Instead, the court concluded, the distinguishable appearances of the parties' marks as they appeared in the marketplace weighed "heavily" in the defendants' favor,[1040] as did the weakness of the plaintiffs' marks,[1041] the absence of any record evidence or testimony the parties employed the same advertising media,[1042] the defendants' attempts to differentiate themselves from the plaintiffs,[1043] the existence of only a single instance of actual

1037. *See* EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525 (D. Md. 2014).

1038. *Id.* at 534.

1039. *Id.* at 535.

1040. *Id.* at 550.

1041. *Id.* at 549-550.

1042. *Id.* at 551.

1043. *Id.*

confusion among customers for the parties' services,[1044] and the sophistication of those customers.[1045]

The often high bar applicable to bids for interlocutory relief also tripped up a plaintiff attempting to enforce a prior settlement agreement barring the defendants from using marks "confusingly similar" to the plaintiff's 24/7 and 24/7 VAPOR marks.[1046] The parties sold competitive e-liquid flavors for electronic cigarettes, and, when the plaintiff discovered the defendants using a prominent 24 CERTIFIED designation on their labels on a post-settlement basis, it sought a temporary restraining order and preliminary injunction against what it viewed as the defendants' breach of the agreement. Addressing the plaintiff's claim of breach under a standard likelihood-of-confusion analysis, the court first held the settlement agreement barred the defendants from challenging the strength of the plaintiff's mark[1047] before finding the competitive proximity of the parties' goods also weighed in the plaintiff's favor.[1048] Those findings were the high-water mark for the plaintiff's case, however, for the court subsequently determined the differing appearances of the parties' packaging rendered their marks distinguishable—"a factor of considerable weight"[1049]—as well as that "a reasonable consumer would have to exercise only a minimal degree of care to ascertain that the parties' products are not related or come from a common source"[1050] and that the defendants had not adopted their mark in bad faith.[1051] All things considered, the court found, "[the plaintiff] has not demonstrated that [the defendants'] use of the mark '24 Certified' is likely to create . . . confusion."[1052]

(v) Opinions Finding No Likelihood of Confusion as a Matter of Law

Findings of noninfringement as a matter of law at the pleadings stage of litigation are infrequent: Indeed, they generally

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1044. *Id.* at 551-52. The plaintiffs introduced evidence of actual confusion among their accountant and mail carriers, but the court dismissed that showing because "[a]ccountants and mail carriers are not the relevant customers in this case." *Id.* at 551. It likewise rejected the plaintiffs' showing that two customers had called the defendants' use of their mark to the plaintiffs' attention by holding that "[t]he two customers who simply informed [the plaintiffs] of [the defendants'] existence certainly do not believe the entities are affiliated." *Id.*

1045. *Id.* at 552.

1046. *See* IP, LLC v. Interstate Vape, Inc., 113 U.S.P.Q.2d 1131 (W.D. Ky. 2014).

1047. *Id.* at 1136.

1048. *Id.* at 1137.

1049. *Id.*

1050. *Id.* at 1138.

1051. *Id.*

1052. *Id.* at 1139.

occur only in cases with free-speech overtones, even if the First Amendment to the Constitution does not expressly come into play. For example, the producers of the motion picture *Lovelace*, a putative behind-the-scenes look at the filming of a better-known film, *Deep Throat*, managed to secure the dismissal of an action against them for failure to state a claim.[1053] According to the court's characterization of the plaintiff's complaint, the plaintiff owned protectable rights to the LINDA LOVELACE and DEEP THROAT marks, but the nature of those rights went undescribed. That omission was of little import, though, for, as the court explained, "defendants' conduct, as alleged, does not constitute trademark infringement, or false designation of origin, because in its complaint, plaintiff fails to plausibly allege that consumers are likely to be confused by defendants' conduct."[1054]

A second case in which a motion to dismiss for failure to state a claim succeeded involved a challenge to the defendant's registration and use of the domain name *www.hivinnocencegrouptruth.com*, which incorporated the plaintiffs' federally registered HIV INNOCENCE GROUP service mark.[1055] The court described the lead plaintiff's occupation as a private investigator "retained by defendants charged with violations of health-related laws—such as criminal HIV cases—to demonstrate that HIVS does not cause AIDS, among other investigative ventures."[1056] To respond to what he viewed as the defendants' "AIDS denialist propaganda,"[1057] the defendant established a website at his domain name featuring "information that, to put it succinctly, is less than complimentary of [the plaintiffs'] professional work."[1058] Although the defendant invoked the First Amendment as one basis of its motion to dismiss, that argument went unaddressed on the ground that "[b]ecause the Court can resolve the matter on statutory grounds, it need not address the constitutional issue."[1059] Those sole such statutory ground identified by the court was the absence of likely confusion, which the court held mandated by a number of considerations, including: (1) "the fact that [the defendant's] website [sic] ends in 'truth' tips off potential clients that the website is not sponsored by or affiliated with [the plaintiffs]";[1060] (2) "[n]o reasonable person

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1053. *See* Arrow Prods., Ltd. v. Weinstein Co., 44 F. Supp. 3d 359 (S.D.N.Y. 2014), *appeal dismissed*, No. 14-3559 (2d Cir. Jan. 6, 2016).

1054. *Id.* at 373.

1055. *See* Baker v. DeShong, 90 F. Supp. 3d 659 (N.D. Tex. 2014).

1056. *Id.* at 661.

1057. *Quoted in id.*

1058. *Id.*

1059. *Id.* at 662.

1060. *Id.* at 663.

would take one look at [the defendant's] website and believe that [the plaintiffs] authorized its content";[1061] (3) the defendant's alleged intent to destroy the plaintiffs' business was not equivalent to an actionable "attempt to piggyback off the goodwill of [the plaintiffs'] . . . mark";[1062] and (4) the plaintiffs' reliance on alleged initial-interest confusion was misplaced because "[t]he few appellate courts that have . . . imposed liability under this theory for using marks on the Internet have done so only in cases involving a factor absent here—one business's use of another's mark for its own financial gain."[1063] In the final analysis, dismissal was appropriate because "[a]pplying the initial interest confusion theory to gripe sites like [the defendant's] would enable the markholder to insulate himself from criticism—or at least to minimize access to it."[1064]

The Fourth Circuit reached a finding of no likelihood of confusion as a matter of law in a declaratory judgment action in which the counterclaim defendants had used the National Association for the Advancement of Colored People's NAACP mark and the phrase "National Association for the Abortion of Colored People in connection with the counterclaim defendants' activities in opposition to abortion.[1065] Those activities included the publication of articles under titles including the NAACP mark and suggesting—inaccurately, according to the NAACP—that the NAACP supported abortion rights and characterizing the NAACP's "Image Awards" as honoring "black imagery churned out by often racist, anti-Christian, perpetually sexist, violent and pornographic Hollywood."[1066] The district court found the counterclaim defendants liable for infringement following a bench trial, but that verdict failed to survive review by the Fourth Circuit, which faulted the lower court for failing to consider fully both the counterclaim defendants' purpose and the context in which their uses had occurred. As to the former, the appellate court held the satirical nature of the counterclaim defendants' uses "ensures that no confusion about the source of the commentary will last, if in fact it is generated at all."[1067] And, as to the latter, the counterclaim defendants' use of their own names in connection with their articles and the articles' criticism of the NAACP "diminishes the likelihood of confusion about source even further."[1068] Any other

1061. *Id.*

1062. *Id.*

1063. *Id.* at 664.

1064. *Id.* at 665.

1065. *See* Radiance Found. v. NAACP, 786 F.3d 316 (4th Cir. 2015).

1066. *Quoted in id.* at 328.

1067. *Id.*

1068. *Id.*

holding, the court concluded, "would severely restrict all kinds of speakers from criticizing all manner of corporate positions and propel the Lanham Act into treacherous constitutional terrain."[1069]

A holding of no likelihood of confusion also came in a summary judgment order affirmed by the Seventh Circuit.[1070] That order originated in an infringement action in which the plaintiff sought to protect the unregistered mark shown below on the left against the use of the design shown below on the right, both of which were used for products with corrosion-inhibiting characteristics:

The Seventh Circuit acknowledged there were "basic similarities between the marks,"[1071] but, based in part on the differing colors of the parties' bottles and the relative sizes of the marks on those bottles, the court concluded that "the overall commercial impression of the two bottles is quite distinct";[1072] it also credited the argument that the defendant's use of its well-known WD-40 mark on its packaging further distinguished the parties' uses.[1073] Other factors favoring the defendant were the absence of evidence

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1069. *Id.* at 329.

1070. *See* Sorensen v. WD-40 Co., 792 F.3d 712 (7th Cir. 2015), *cert. denied*, 136 S. Ct. 801 (2016).

1071. *Id.* at 727.

1072. *Id.*

1073. *Id.* On this issue, the plaintiff asserted that the defendant's design would lead consumers to believe that the parties were working together to produce the defendant's goods, even if they recognized that the defendant was the origin of goods bearing that mark. The court identified two reasons for its rejection of this theory, the first of which was that:

> A consumer is more likely to think of cross-branding where the senior mark is well known; after all, if the consumer has never heard of the senior user, cross-branding will not come to mind. Here the WD–40 mark is very strong, while, as we detail below, [the plaintiff's] crosshair mark is quite weak. This makes it unlikely that a consumer will think that the WD–40 product is cross-branded with [the plaintiff's] line.

Id. at 728. The second reason was "[i]f cross-branding were indeed occurring, the junior user would likely use an exact copy of the senior user's mark, and probably the name of the senior user's product as well," neither of which was the case. *Id.*

of actual confusion[1074] or that the defendant had adopted its design in bad faith.[1075] Taken together with the weakness of the plaintiff's mark,[1076] these three considerations pointed "decisively" toward a finding of noninfringement as a matter of law.[1077] The plaintiff might have established that the parties' goods were related,[1078] that the area and manner of the parties' concurrent uses of their designs "weakly" supported his position,[1079] and that consumers of the parties' goods were "unlikely to exercise a great deal of care,"[1080] but his showings on these issues were insufficient to create a factual dispute on the ultimate issue of likely confusion.[1081]

Some federal district courts granted defense motions for summary judgment in orders that were not appealed.[1082] For example, in an appeal under Section 21(b) of the Act, the Trademark Trial and Appeal Board previously had found confusion unlikely between the following marks, both used in connection with ice cream treats and fruit bars:[1083]

1074. *Id.* at 731.

1075. *Id.*

1076. As to this factor, the court concluded from the summary judgment record that:

> [The plaintiff] presented little evidence demonstrating the strength of his crosshair mark. Though there is evidence that [the plaintiff] has included the crosshair mark in advertising since the late 1990s, he has offered no consumer surveys or testimony regarding the public's awareness of the mark, or sales data showing that products bearing the mark are so widely sold that a jury could infer that many consumers are aware of the mark. Most damaging to [the plaintiff's] argument regarding this factor is his inconsistent use of the crosshair mark. Inconsistent use makes a symbol less helpful to consumers as a source indicator, and therefore a weaker mark.

Id.

1077. *Id.*

1078. *Id.* at 729.

1079. *Id.* at 730.

1080. *Id.* at 731.

1081. *Id.* at 732.

1082. *See, e.g.*, Smith v. BarnesandNoble.com, LLC, 112 U.S.P.Q.2d 1232, 1234-35 (S.D.N.Y. 2014) (granting summary judgment to defendant online bookseller against allegations of infringement grounded in defendant's advertising of defendant's book on its site for five months after book was unavailable on site).

1083. *See* Productos Lacteos Tocumbo S.A. de C.V. v. Paleteria La Michoacana, Inc., 98 U.S.P.Q.2d 1921, 1922-23 (T.T.A.B. 2011), *aff'd in part and rev'd in part*, 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

The reviewing court held the Board's conclusion was supported by substantial evidence, and it therefore granted the junior user's motion for summary judgment.[1084] The parties' goods were closely-related, impulse-purchase items and sold concurrently in at least some stores, but their quality differed, and the record was devoid of evidence of actual confusion.[1085] Most significant to the court's finding of noninfringement as a matter of law, however, was "the simple fact that the marks in dispute share little visual resemblance with each other."[1086]

So too was the mark LEGENDS ARE FOREVER for baseball shirts held not infringed as a matter of law by Nike's use of the LEGENDS ARE FOREVER mark on ten T-shirts, one of which the plaintiff's principal spotted in his store.[1087] The court determined the plaintiff's mark was suggestive, but also, in the absence of evidence of acquired distinctiveness, the mark was weak and therefore entitled to a narrow scope of protection.[1088] The similarity of the parties' marks might have created a factual dispute as to liability, but "[t]he style of the graphics on the shirts are entirely different in terms of design, color, typeface, and theme," and, "[a]dditionally, the NIKE swoosh is prominently displayed on the allegedly infringing shirt, clearly identifying it with Defendant's business, not Plaintiff's."[1089] The plaintiff failed to catch a break with respect to the competitive proximity of the parties' goods as well in light of the court's finding that "the parties both sell sports-themed t-shirts, but Defendant is a multi-national company that sells a range of products worldwide, while Plaintiff is a baseball memorabilia shop that sells its goods out of a storefront in Cooperstown, NY,"[1090] which meant "[t]o the extent there is any overlap in their client bases such that confusion might

1084. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

1085. *Id.* at 198.

1086. *Id.* at 199.

1087. *See* Legends Are Forever, Inc. v. Nike, Inc., 58 F. Supp. 3d 197 (N.D.N.Y. 2014).

1088. *Id.* at 206-07.

1089. *Id.* at 207.

1090. *Id.* at 208.

arise, it appears to be marginal";[1091] moreover, there was no record evidence that the gap between the parties' goods was likely to be bridged.[1092] From there, the plaintiff fell victim to a series of even more adverse findings, namely that there was an absence of evidence of actual confusion,[1093] that Nike had not adopted its mark in bad faith,[1094] that there was no disparity in the quality of the parties' goods,[1095] and that the plaintiff had failed to establish that its customers were unsophisticated.[1096] Summary judgment was therefore appropriate because "[n]early all of the factors weigh heavily in favor of defendant, and none weigh[s] in favor of Plaintiff."[1097]

An additional finding of nonliability on a motion for summary judgment came in a challenge to the counterclaim defendant's alleged use of the plaintiff's mark as a trigger for online advertising purchased from an Internet search engine.[1098] The Georgia federal district court hearing the action concluded the Eleventh Circuit had never expressly recognized the doctrine of initial-interest confusion on which the counterclaim plaintiffs relied,[1099] but assumed, *arguendo*, the doctrine's viability for purposes of the counterclaim defendant's motion. Rather than applying the standard Eleventh Circuit likelihood-of-confusion factors, the court turned to Ninth Circuit authority to hold:

> The factors relevant to analyze whether there is a likelihood of "initial interest confusion" are (1) the strength of the mark, (2) the evidence of actual confusion, (3) the type of goods and degree of care likely to be exercised by the purchaser, and (4) the labeling and appearance of the advertisements and the

1091. *Id.*

1092. *Id.*

1093. *Id.* at 208-09.

1094. *Id.* at 209.

1095. *Id.*

1096. *Id.*

1097. *Id.* at 210.

1098. *See* EarthCam, Inc. v. OxBlue Corp., 49 F. Supp. 3d 1210 (N.D. Ga. 2014).

1099. *Id.* at 1244. In fact, there is ample controlling authority in the Eleventh Circuit either affirming or reaching as a matter of law findings of liability under an initial-interest confusion theory. *See, e.g.*, United States v. Torkington, 812 F.2d 1347, 1352 (11th Cir. 1987) ("The current version of section [32] of the Lanham Act differs from the original version in that it does not contain the likely to confuse direct purchasers requirement of the original section."); St. Charles Mfg. Co. v. Mercer, 737 F.2d 891, 892 (11th Cir. 1983) (liability for sales of third-party goods after defendant initially had attracted consumers using advertisements referring to plaintiff's goods); Roto-Rooter Corp. v. O'Neal, 513 F.2d 44, 46 (5th Cir. 1975) (finding of likely confusion as a matter of law, despite undisputed testimony that the parties were aware of the defendant's identity by the time they made their purchases).

> surrounding context of the screen displaying the results page.[1100]

The court faulted the counterclaim plaintiffs for not having "addressed any of these factors, let alone presented any evidence of a likelihood of confusion based on them."[1101] Then, according the greatest weight to the fourth factor, it granted the counterclaim defendant's motion because "[t]here is no evidence of the labeling and appearance of [the counterclaim defendant's] advertisements and the surrounding context of the screen displaying the search results"[1102] and that the summary judgment record was equally devoid of evidence "on how often customers were lured to the [the counterclaim defendant's] website when they searched for [the counterclaim plaintiff] on the Internet."[1103] The counterclaim plaintiffs' cross-motion for summary judgment came to nothing for the same reason.[1104]

Finally, a suit to hold the U.S. Department of Agriculture (USDA) accountable for alleged infringement failed when the USDA successfully moved the court for summary judgment.[1105] The court described the plaintiff's mark, used in connection with nutrition-focused game, as "a top-down view of an empty white dinner plate divided into five sectors of varying sizes, labeled 'dairy,' 'fruit,' 'vegetables,' 'grains & starchy veggies,' and 'meat & beans.'"[1106] The plaintiff successfully entered its game in a contest sponsored by the USDA, only to object when the USDA replaced its long-time food pyramid graphic with one consisting of "a top-down view of a white dinner plate that is entirely filled by four colored sectors (or, perhaps, 'wedges')."[1107] In granting the USDA's motion, the court expressed doubt whether the plaintiff's mark was protectable in the first instance and, additionally, whether the USDA's use qualified as an actionable one in commerce.[1108] Nevertheless, it did not need to address those issues because the summary judgment record established: (1) an absence of actual confusion, which, although not necessarily weighing against the plaintiff's claim, failed to advance it;[1109] (2) the USDA's replacement of the food pyramid was undertaken independently of

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1100. *Id.* (citing Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137, 1154 (9th Cir. 2011)).

1101. *Id.*

1102. *Id.*

1103. *Id.*

1104. *Id.*

1105. *See* Online Tools for Parents, LLC v. Vilsack, 65 F. Supp. 3d 1130 (D. Colo. 2014).

1106. *Id.* at 1132.

1107. *Id.* at 1133.

1108. *Id.* at 1134.

1109. *Id.* at 1135.

the contest the plaintiff had entered;[1110] (3) the marks and the services provided under them were distinguishable;[1111] (4) the free nature of both parties' services likely resulted in consumers exercising a low degree of care;[1112] and (5) the plaintiff's mark was both conceptually and commercially weak.[1113] Although the fourth of these considerations weighed in the plaintiff's favor, it did not do so sufficiently strongly as to place the unlikelihood of confusion between the marks into dispute.[1114]

(vi) Opinions Finding No Likelihood of Confusion After Trial

In a case presenting double-barreled allegations of the infringement of a word mark and a stylized F design mark, the court split the proverbial baby.[1115] The counterclaim defendant asserted the two marks shown below on the left, used in connection with computer software and tools for the integration of text, audio, graphics, still images and moving pictures into multimedia presentations, were not likely to be confused with the two marks shown on the right, which the counterclaim plaintiff had registered for a software application that captured content from the Internet:

Following a bench trial, the court found that the counterclaim defendant's FLOWBOARD mark infringed the counterclaim plaintiff's FLIPBOARD mark, based in part on the counterclaim plaintiff's showings of competitive proximity between the parties' goods,[1116] the parties' use of shared marketing channels,[1117] and the low degree of care exercised by consumers.[1118] Those showings failed with respect to the parties' stylized F marks were concerned, however. As to those marks, the court concluded that "[a]lthough both logos feature an upper-case 'F' comprised of rectangles/squares with sharp edges, this is where the similarities between

1110. *Id.* at 1135-36.

1111. *Id.* at 1136-38.

1112. *Id.* at 1138.

1113. *Id.* at 1138-39.

1114. *Id.* at 1139-40.

1115. *See* Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342 (W.D. Wash. 2014).

1116. *Id.* at 1357, 1366.

1117. *Id.* at 1363-64.

1118. *Id.* at 1364.

the logos end. The design and color schemes are entirely different."[1119] The counterclaim plaintiff's entitlement to injunctive relief therefore did not extend to the counterclaim defendant's letter mark.[1120]

A finding of noninfringement similarly emerged from a hearing before a Puerto Rico federal district court to determine the plaintiff's entitlement to a permanent injunction in a suit between two providers of financial services.[1121] The plaintiff was a commercial bank operating under the ORIENTAL mark, while the defendant used the COOP ORIENTAL and COOPERATIVA ORIENTAL marks for cooperative credit union services. The nature of the defendant's services drove the court to find the parties' marks were distinguishable because "the term 'Coop' (or 'cooperativa') is an important identifier signifying its designation as a credit union. It is not merely a descriptive word . . . ."[1122] The defendant also benefitted from the plaintiff's failure to identify any evidence of actual confusion despite the parties' coexistence in the marketplace for fifteen years.[1123] Finally, the record demonstrated the defendant had not adopted its mark in bad faith; rather, "[t]he term 'oriental' is a geographic locator of the area where both Plaintiffs and Defendant commenced their respective businesses."[1124] Confusion therefore was unlikely even though the remaining First Circuit likelihood-of-confusion factors—the similarity of the parties' services, the parties' use of shared channels of trade and promotional media, the classes of prospective purchasers of the parties' services, and the strength of the plaintiff's mark—favored the plaintiff's position.[1125] Moreover, and for many of the same reasons, the court found the defendant's offering of financial products under the CLUB DE ORIENTALITO and ORIENTAL POP marks did not infringe the plaintiff's rights, either.[1126]

1119. *Id.* at 1360.

1120. *Id.* at 1368.

1121. *See* Oriental Fin. Grp. v. Cooperative de Ahorro, 112 U.S.P.Q.2d 2015 (D.P.R. 2014).

1122. *Id.* at 2018. The court elaborated on this point with the following observation:

> Not only is the term "Coop" (or "Cooperativa") a recognizable difference with important meaning in Puerto Rico, it is necessary and mandated by statute. [Puerto Rico law] require[s] that the name of any cooperative include "'Savings and Credit Cooperative' or the initials 'Coop' or 'SCC'." This term distinguishes Cooperativa from Oriental since Oriental, as a for-profit corporation, may not use the term in its name.

Id.

1123. *Id.*

1124. *Id.* at 219.

1125. *Id.* at 217 n.1, 219-20.

1126. *Id.* at 220. The only difference between the court's two analyses originated in the plaintiff's claim that actual confusion had resulted from the defendant's use of the two

(vii) Opinions Deferring Resolution of the Likelihood-of-Confusion Inquiry

The facts-and-circumstances-driven nature of the likelihood-of-confusion inquiry caused some courts to decline to resolve that inquiry as a matter of law. At the trial court level, this took the form of opinions denying defense motions to dismiss either for failure to state a claim[1127] or for judgment on the pleadings.[1128] As one opinion falling into the former category noted:

> Whether the use of a trademark is likely to confuse a consumer is "frequently a fairly disputed issue of fact on which reasonable minds may differ, and has long been recognized to be a matter of varying human reactions to situations incapable of exact appraisement." Thus, although a conclusory recitation of the legal elements would not survive a motion to dismiss a

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financial-product marks. The court disposed of that claim by attributing any confusion to the defendant's use of a trade dress the court had enjoined earlier in the case. *Id.*

1127. *See, e.g.*, Lorillard Techs., Inc. v. NJ Ale House, LLC, 114 U.S.P.Q.2d 1040, 1048 (D.N.J. 2015) (denying motion to dismiss because "[w]hether, in fact, there is a likelihood of confusion between [the plaintiffs'] marks and [the defendant's] marks is a fact-laden inquiry that is more appropriately undertaken at the summary judgment stage."); Manley v. Boats/U.S., Inc., 75 F. Supp. 3d 848, 854-55 (N.D. Ill. 2014) (noting "likelihood of confusion is a question of fact" and denying motion to dismiss because counterclaim plaintiff had sufficiently alleged that a number of the relevant likelihood-confusion factors favored liability); Int'l Diamond Imps., Inc. v. Oriental Gemco (N.Y.), Inc., 64 F. Supp. 3d 494, 523 (S.D.N.Y. 2014) ("Plaintiff has merely made conclusory allegations of *actual* customer confusion with no supporting facts. But Plaintiff has pled *likelihood* of confusion by sufficiently alleging the [relevant likelihood-of-confusion] factors." (footnote omitted)); Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 634, 638 & n.1 (E.D. Va. 2014) (denying motion to dismiss without extended discussion); Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 628, 632 (E.D. Va. 2014) ("[L]ikelihood of confusion between marks is a factual issue dependent on the circumstances of each case and is ill-suited for resolution on a motion to dismiss. Since the [counterclaim] states a plausible claim, [the counterclaim plaintiff's] trademark infringement claim survives Rule 12(b)(6)." (footnote omitted) (citation omitted)); Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355, 367-68 (E.D.N.Y. 2014) (denying motion to dismiss for failure to state a claim on ground that "[l]ikelihood of confusion is a fact-intensive analysis that ordinarily does not lend itself to a motion to dismiss" (alteration in original) (internal quotation marks omitted)); T-12 Entm't, LLC v. Young Kings Enters., 36 F. Supp. 3d 1380, 1390-91 (N.D. Ga. 2014) (denying motion to dismiss for failure to state a claim on ground that "[t]o adequately plead this element of a prima facie case, [the plaintiff] need only offer enough facts to make a likelihood of confusion plausible."); KatiRoll Co. v. Kati Junction, Inc., 33 F. Supp. 3d 359, 269-70 (S.D.N.Y. 2014) ("The Complaint alleges customer confusion by asserting that more than one customer has asked [the plaintiff] about its new location. On a motion to dismiss, such allegations are sufficient to show that customers are drawing a link between the two restaurants in their minds and there is a serious possibility of confusion. To dismiss the trade dress claim at this stage would be premature." (footnote omitted)).

1128. *See, e.g.*, Garden Meadow, Inc. v. Smart Solar, Inc., 24 F. Supp. 3d 1201, 1212 (M.D. Fla. 2014) ("[The plaintiff] points out, and [the defendant] concedes, that the likelihood of confusion is generally a question of fact. This Court agrees, and therefore, finds it improper to resolve the issue of likelihood of confusion at this time.").

claim for unfair competition under the Lanham Act, the claim is otherwise ill-suited for a motion to dismiss.[1129]

Another unsuccessful motion to dismiss was pursued by an unauthorized alumni association and its founders in a suit brought by a military academy from which the founders graduated and by the school's authorized alumni association.[1130] One basis of the defendants' motion was their dissemination of messages critical of the plaintiffs precluded confusion between the parties, but the court rejected that argument because "Plaintiffs allege that Defendants compete with them in the market for fundraising and alumni association services"[1131] and "[i]n addition, Plaintiffs allege that much of the information that Defendants distribute is not, in fact, critical of Plaintiffs."[1132] Another basis—the defendants' use of a disclaimer on their website—fell short because "[t]he website contains other material that may plausibly cause confusion, including a mission statement that is similar to that of the [authorized] Alumni Association, text of the Academy's alma mater, and pictures of the Academy's campus"[1133] and, additionally, because "there is no indication that Defendants use disclaimers in the course of their other allegedly infringing activities, such as e-mail campaigns and press releases."[1134] The plaintiffs' inclusion of documentation of actual confusion in their complaint was an additional consideration mandating the denial of the defendants' motion.[1135]

A different opinion denying a motion to dismiss did so even without allegations of actual confusion by the plaintiffs.[1136] The court rejected the defendants' reliance on the absence of such an allegation by noting a finding of liability did not require proof of actual confusion.[1137] The court proved similarly unconvinced by the defendants' arguments their marks were in English, while the plaintiff's was in Korean,[1138] the parties served different markets with different product lines promoted through different advertising

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1129. EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525, 553 (D. Md. 2014) (quoting Anheuser–Busch, Inc. v. L & L Wings, Inc., 962 F.2d 316, 318 (4th Cir. 1992)) (citations omitted) (internal quotation marks omitted).

1130. *See* Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451 (E.D. Pa. 2014).

1131. *Id.* at 457.

1132. *Id.*

1133. *Id.*

1134. *Id.* at 458.

1135. *Id.*

1136. *See* KJ Korea, Inc. v. Health Korea, Inc., 66 F. Supp. 3d 1005 (N.D. Ill. 2014).

1137. *Id.* at 1016.

1138. *Id.* at 1015 ("[C]ourts compare marks 'in light of what happens in the marketplace, not merely by looking at the marks side-by-side.'" (quoting Ty, Inc. v. Jones Grp., 237 F.3d 891, 898 (7th Cir. 2001))).

channels,[1139] and the defendants used their mark as a *service* mark for retail store services, in contrast to the plaintiffs' use of their mark as a *trade*mark.[1140] Further rendering the defendants' motion to dismiss without merit were the plaintiffs' allegations of acquired distinctiveness[1141] and of the defendants' intent to pass their goods off as those of the plaintiffs.[1142]

An averment of actual confusion was similarly unnecessary to escape a motion to dismiss a complaint averring everything else.[1143] The plaintiff produced karaoke backing tracks, which, it alleged, karaoke jockeys hired by the defendants had reformatted without permission and used in performances at the defendants' bar. Because "likelihood of confusion 'is a fact-specific inquiry best left for decision after discovery,'"[1144] the court declined to hold the plaintiff's allegations of infringement fatally deficient, even though they were unsupported by a claim the defendants' conduct had caused actual confusion. Rather, it noted, "[the plaintiff] pleads facts sufficient to satisfy several of the likelihood-of-confusion factors," including: (1) an identity of the marks used at issue; (2) the "virtually indistinguishable" nature of the products; and (3) the defendants' knowledge their contractors were making unauthorized uses of the plaintiff's marks.[1145] Holding these averments supported "an inference of actual confusion," the court concluded that "[b]ecause [the plaintiff] has alleged facts sufficient to suggest that it could establish a likelihood of confusion, the motion to dismiss is denied."[1146]

In a final opinion falling within this category, an Illinois federal district court rejected the perennial defense argument that confusion is necessarily unlikely if the goods sold by a defendant do not appear in the goods recited in a registration on which an opposing plaintiff relies.[1147] The plaintiff successfully sending that argument up in smoke had registered four marks for "Hookah tobacco; Molasses tobacco; Smoking tobacco; Tobacco."[1148] Invoking

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1139. *Id.* at 1017 (noting that "Plaintiffs need not allege that both parties sell identical goods and services" and that the defense argument "ignores Plaintiffs' allegations that they advertise nationwide and ship their products to [Defendants' geographic market").

1140. *Id.* ("Defendants cite no case law in emphasizing the distinction between marking a store name as opposed to products.").

1141. *Id.* at 1016.

1142. *Id.* at 1017.

1143. *See* Slep-Tone Entm't Corp. v. Sellis Enters., 87 F. Supp. 3d 897 (N.D. Ill. 2015).

1144. *Id.* at 907 (quoting Vulcan Golf, LLC v. Google Inc., 552 F. Supp. 2d 752, 769 (N.D. Ill. 2008)).

1145. *Id.* at 908-09.

1146. *Id.*

1147. *See* Fantasia Distrib., Inc. v. Rand Wholesale, Inc., 113 U.S.P.Q.2d 1361 (N.D. Ill. 2014).

1148. *Quoted in id.* at 1363.

that identification of goods, the defendants represented to the court that "[the plaintiff's] Complaint is bereft of allegations that it has a protectable interest in its marks in connection with electronic hookah devices, as its registration[s] extend[] only to tobacco and not to personal vaporization devices, such as the e-hookah."[1149] Properly characterizing the defendants' position as "meritless," the court held instead:

> Section 43(a) of the Lanham Act affords protection to qualifying unregistered trademarks and trade dress, alongside the protections afforded by Section 32. In other words, even if [the plaintiff] had not registered *any* of the asserted marks, it still could claim a protectable interest in them. Moreover, trademark protection is not necessarily limited to the precise goods and services for which registration was obtained. "Closely related" products are those that would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.[1150]

Courts also deferred their resolution of allegations of likely confusion on motions for summary judgment,[1151] including one in

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1149. *Quoted in id.*

1150. *Id.* (citation omitted) (quoting CASE, Inc. v. Clean Air Eng'g, Inc., 267 F.3d 660, 679 (7th Cir. 2001)).

1151. *See, e.g.*, TMG Kreations, LLC v. Seltzer, 771 F.3d 1006, 1010 (7th Cir. 2014) (vacating grant of defense motion for summary judgment and remanding for determination of whether licensee's sale of goods bearing licensed mark not authorized by license constituted infringement); Re/Max LLC v. M.L. Jones & Assocs., 114 U.S.P.Q.2d 1139, 1144-46 (M.D.N.C. 2014) (denying plaintiff's motion for summary judgment, citing factual disputes as to the degree of similarity of the parties' marks, the parties' advertising strategies, the defendants' intent, and sophistication of customers, as well as the absence of evidence or testimony of actual confusion); Cybergun S.A. v. Jag Precision Inc., 113 U.S.P.Q.2d 1502, 1506 (D. Nev. 2014) (denying defense motion for summary judgment grounded in absence of actual confusion based on plaintiffs' "extensive evidence related to . . . other factors—factors largely ignored by [the defendant]—such as the strength of their mark, similarity of the marks, and [the defendant's] intent in selecting [its] mark"); Fitbug Ltd. v. Fitbit, Inc., 78 F. Supp. 3d 1180, 1193-94 (N.D. Cal. 2015) (denying cross-motions for summary judgment in light of unspecified disputes of material fact on issues of actual confusion and consumer sophistication); Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738, 748 (W.D. Tex. 2014) (holding, without discussion of summary judgment record, that "[b]oth parties have presented credible, competing evidence . . . , creating numerous genuine issues of material fact and making resolution of the dispute not suitable for summary judgment"); Ingrid & Isabel, LLC v. Baby Be Mine, LLC, 70 F. Supp. 3d 1105, 1138 (N.D. Cal 2014) ("Plaintiff has raised a triable issue of fact as to at least (1) strength of its mark, (2) proximity or relatedness of the goods; (3) similarity of sight, sound and meaning; (5) marketing channels; and (7) intent. . . . Plaintiff's evidence as to Defendants' allegedly intentional copying, and the actual similarity of the [parties' trade dresses], create triable issues of fact as to the most critical factors for likelihood of confusion in this case." (citations omitted)).

which the counterclaim defendant sought to escape liability for allegedly infringing the counterclaim plaintiff's trade dress rights to the configuration of a plastic bag closure.[1152] According to the counterclaim defendant, the counterclaim plaintiff's design was a weak indicator of origin, its competing design was distinguishable, there was an absence of actual confusion, purchasers of the parties' products were sophisticated, and, as the court summarized things, there was "no close proximity of the products upon purchase."[1153] The court was unconvinced, crediting the counterclaim plaintiff's investment of "a significant amount of resources" into the promotion of its design,[1154] determining "a reasonable factfinder could find that the test for similarity is met here,"[1155] and observing "there is no showing of actual confusion, but actual confusion is not required."[1156] Beyond those considerations, the court noted, the competitive proximity of the parties' products and evidence the counterclaim defendant had acted in bad faith by introducing a similarly shaped product despite knowledge of the counterclaim plaintiff's rights also weighed in favor of a finding of infringement.[1157] Summary judgment of nonliability therefore was inappropriate.[1158]

A different court declining to find confusion unlikely as a matter of law did so in a lawsuit between purveyors of competing hair-care products presenting allegations of trademark and trade dress infringement.[1159] The word marks at issue were MOROCCANOIL, owned by the plaintiff, and OIL OF MOROCCO, used by the defendant, while the parties' respective trade dresses are shown below bearing their respective marks:

1152. *See* Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

1153. *Id.* at 700.

1154. *Id.*

1155. *Id.*

1156. *Id.* at 701.

1157. *Id.*

1158. *Id.*

1159. *See* Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203 (C.D. Cal. 2014).

The court identified myriad factual disputes in the summary judgment record precluding a holding that confusion was unlikely as a matter of law, regardless of whether the plaintiff's trademark or its trade dress claims were at issue. The defendant did not help itself by failing to brief any likelihood-of-confusion factors other than those of mark similarity and the parties' marketing channels, neither of which mandated entry of summary judgment in its favor, even though the only overlapping marketing channel identified by the plaintiff in response to the defendant's motion was that of the Internet, which the court held entitled to little weight.[1160] Going beyond the defendant's perhaps ill-advised minimalist briefing strategy, the court noted the existence of record evidence and testimony that: (1) the plaintiff's mark and

1160. In reaching this conclusion, the court rejected the plaintiff's argument that unauthorized sales of goods bearing its mark had occurred in retail outlets in which the defendant's goods also were sold. *Id.* at 1217 ("The only evidence of ongoing overlapping marketing channels (i.e., those for *authorized* sales that [the plaintiff] would not seek to enjoin) is on the Internet, and the Ninth Circuit has held that 'it would be the rare commercial retailer that did not advertise online, and the shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion.'" (quoting Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137, 1151 (9th Cir. 2011))).

trade dress enjoyed at least some strength;[1161] (2) the parties' goods were "very close in proximity and relatedness;"[1162] (3) the plaintiff had adduced survey evidence of actual confusion;[1163] (4) the parties' customers exercised a low degree of care when making purchases;[1164] and (5) the defendant's prior knowledge of the plaintiff's mark and packaging created an inference of bad faith.[1165] Not only was the defendant therefore not entitled to summary judgment, but a majority of the relevant factors favored the plaintiff.[1166]

Record evidence of actual confusion similarly helped bring about the denial of a motion for summary judgment filed by the owner of the CLEARLY KOMBUCHA mark for kombucha tea in a case brought by the federal registrant of the CLEARLY CANADIAN mark for flavored water products.[1167] Although the defendant adduced survey evidence that confusion was unlikely, the court held that anecdotal evidence of five instances of actual confusion proffered by the plaintiff placed the survey results into dispute, especially when coupled with the plaintiff's criticisms of the survey's methodology.[1168] Also favoring a finding of liability, at least for purposes of the defendant's motion, were the relative similarity of the parties' marks—"both begin with the word 'clearly' and end with a word that begins with a phonetic hard 'c' sound"—even though they appeared on dissimilar bottles,[1169] the competitive proximity of the parties' goods,[1170] the arguable strength of the plaintiff's mark,[1171] and the low degree of care exercised by the parties' customers.[1172] A factual dispute therefore existed on the ultimate issue of likely confusion.

If a plaintiff's showing of actual confusion matters, actual confusion among sophisticated consumers often matters even more, but that analysis did not necessarily hold in a dispute

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1161. *Id.* at 1217-19, 1225.

1162. *Id.* at 1219; *see also id.* at 1225.

1163. *Id.* at 1219-20, 1225.

1164. *Id.* at 1220, 1225.

1165. *Id.* at 1220-21, 1225.

1166. *Id.* at 1221, 1225.

1167. *See* Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc., 102 F. Supp. 3d 1154 (W.D. Wash. 2015).

1168. *Id.* at 1173-74. Neither the survey's methodology nor the plaintiff's criticisms of it are described in the opinion.

1169. *Id.* at 1170.

1170. *Id.* at 1171-72.

1171. On this issue, a reasonable jury could find the plaintiff's mark suggestive, and also, despite minimal sales under the plaintiff's mark in the years leading up to the parties' dispute, that the plaintiff's showing of public recognition "so strengthens the mark as to tip [the mark-strength] factor in favor of finding a likelihood of confusion." *Id.* at 1173.

1172. *Id.*

between manufacturers of competing patches used to cover large incisions made during abdominal surgery.[1173] The plaintiff used two marks in connection with its goods, STARSURGICAL and WITTMANN PATCH, while the defendants used the STAR PATCH mark with theirs. The court determined from the summary judgment record that the parties' marks were "visually and aurally similar" to each other,[1174] the parties' goods were "almost identical"[1175] and were "sold to the same group of customers and through the same channels of trade";[1176] what's more, the court found, "[the plaintiff] also presents evidence that several consumers were actually confused by the STAR PATCH trademark."[1177] At the same time, however, "the degree of care likely to be exercised by consumers is high because the parties were selling a specialty product to sophisticated consumers, including doctors and hospitals."[1178] Two additional considerations weighing in the defendants' favor and creating a factual dispute as to the ultimate issue of likely confusion were the lack of identity between the marks at issue[1179] and the parties' attendance at the same trade shows, which, according to the court, "gave customers the opportunity to compare the product packaging."[1180]

A final notable reported opinion, this one from an Oregon federal district court, denied the parties' cross-motions for summary judgment.[1181] It arose from a challenge by the owner of the PORNTUBE mark for the provision of online adult-entertainment content to the registrant of a number of domain names incorporating that mark and at which the counterclaim defendant established websites that categorized and linked to third-party websites streaming pornographic videos. Although a circa-1999 Ninth Circuit opinion endorsed reliance in domain-name litigation on the "Internet troika" factors of mark similarity, the relatedness of the parties' goods and services, and the shared use of the Internet as a marketing channel,[1182] the district court

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1173. *See* Starsurgical Inc. v. Aperta, LLC, 40 F. Supp. 3d 1069 (E.D. Wis. 2014).

1174. *Id.* at 1080.

1175. *Id.*

1176. *Id.*

1177. *Id.*

1178. *Id.*

1179. *Id.*

1180. *Id.*

1181. *See* Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099 (D. Or. 2014). The domain names in question were *freshporntube.com*, *goldporntube.com*, *lustporntube.com*, *bonusporntube.com*, *boxporntube.com*, *directporntube.com*, *largeporntube.com*, *pipeporntube.com*, *bookporntube.com*, *69porntube.com*, *kissporntube.com*, *royalporntube.com*, *cubeporntube.com*, and *goldporntube.xxx*. *Id.* at 1126.

1182. *See* Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1054 (9th Cir. 1999).

noted, "[t]hese three factors . . . are not forever enshrined as the test for trademark infringement on the Internet."[1183] It therefore eschewed the exclusive use of the three factors in favor of an application of the standard Ninth Circuit eight-factor likelihood-of-confusion test for infringement, the result of which was a stalemate. Indeed, based on its reading of the summary judgment record, the court was unwilling to opine that any of the relevant factors favored either party except for one: The exception was the degree of care exercised by consumers in the parties' industry, of which the court observed, "[t]he parties . . . agree . . . that the content offered at both parties' websites is free to consumers. Thus, the Court finds that this factor tips in favor of finding a likelihood of confusion."[1184]

(2) The First-Sale Doctrine and Likelihood of Confusion Arising from the Diversion or Alteration of Genuine Goods

As a general proposition, once a trademark owner introduces a product into the stream of commerce, it ordinarily cannot use its trademark rights to restrict the subsequent sale of that product: This principle is alternatively referred to as the exhaustion doctrine or first-sale doctrine. Whatever its moniker might be, one court invoked it in refusing to impose liability on a counterclaim defendant accused of reselling bottles of hair care products bearing the counterclaim plaintiffs' mark after the counterclaim plaintiffs became aware of an advertisement on Craig's List for the products.[1185] According to the summary judgment record, one deficiency in the counterclaim plaintiffs' case was the absence of any evidence or testimony that the alleged sales actually had taken place.[1186] Others were that the goods were genuine and lawfully within the counterclaim defendant's possession and, additionally, that the counterclaim's advertisement did not mention the counterclaim plaintiffs' mark.[1187] Summary judgment of nonliability followed as a matter of course.

Although of less precedential significance, a second reported opinion to excuse the resale of genuine goods did so while entering a default judgment in a declaratory judgment action.[1188] According to the plaintiff's complaint, she had done nothing more than resell goods she had purchased from the plaintiffs themselves, and, in

1183. *Calista Enters.*, 43 F. Supp. 3d at 1125.

1184. *Id.* at 1128.

1185. *See* Smith v. Mikki More, LLC, 59 F. Supp. 3d 595 (S.D.N.Y. 2014).

1186. *Id.* at 617.

1187. *Id.* at 616-17.

1188. *See* Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190 (C.D. Cal. 2014).

the absence of proof to the contrary, that consideration rendered the defendants' prior accusations of infringement moot:

> United States trademark law . . . recognize[s] the first-sale doctrine. Under this doctrine, "the right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product. Resale by the first purchaser of the original article under the producer's trademark is neither trademark infringement nor unfair competition."[1189]

Nevertheless, another reported opinion declined to accept the claims of two discount chains, advanced in a motion to dismiss, that they were eligible for the protection of the first-sale doctrine in a suit brought by a luxury jewelry manufacturer.[1190] The parties agreed that "the mere unauthorized stocking and sale of trademarked products is not a trademark violation."[1191] Nevertheless, as the court noted, "[the plaintiffs] . . . allege[] more than the mere unauthorized stocking and sale is occurring here. [The plaintiffs] also allege[] prominent and aggressive advertising, including on the [defendants'] website, and a prominent display of [the plaintiffs'] materials and jewelry within [their] stores."[1192] Because the first-sale doctrine "will not protect alleged infringers 'if they have given off the false impression that they are affiliated with or sponsored by' the trademark owner,"[1193] the plaintiffs had adequately stated claims for infringement and unfair competition.

(3) Survey Evidence of Actual or Likely Confusion

Some courts allowed expert witnesses to testify about the results of confusion surveys on the theory that alleged flaws in the surveys' methodologies were the proper subject of cross-examination, rather than exclusion.[1194] Nevertheless, exclusion was the outcome of a dispute over the admissibility of a mall-intercept survey of undefined format commissioned by the

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1189. *Id.* at 1202-03 (citation omitted) (quoting Sebastian Int'l, Inc. v. Longs Drug Stores Corp., 53 F.3d 1073, 1074 (9th Cir. 1995)).

1190. *See* David Yurman Enters. v. Sam's Club E., Inc., 114 U.S.P.Q.2d 1723 (S.D. Tex. 2015).

1191. *Id.* at 1726.

1192. *Id.*

1193. *Id.* (quoting Mary Kay, Inc. v. Weber, 301 F. Supp. 2d 839, 852 (N.D. Tex. 2009)).

1194. *See, e.g.*, Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738, 750 (W.D. Tex. 2014) (holding, without discussion of merits of defendant's criticism of plaintiff's proffered survey results, that "the Court notes [the defendant] may well have exposed some legitimate criticisms of [the plaintiff's expert's] methods, and the Court is sure the lawyers will be perfectly capable of illuminating these deficiencies for the jury on cross-examination").

plaintiff.[1195] For the most part, the court's analysis rested on an opinion from another case excluding the results of a similar survey conducted by the same expert, the flaws of which included: (1) leading questions; (2) a failure "to inform survey participants that 'don't know' was an acceptable answer to questions; and (3) used an inadequate control.[1196] Of these three deficiencies, the court found the third to be the most troublesome, for the control used by the plaintiff's expert featured "blatantly obvious differences" from the plaintiff's product.[1197] Combined, the three rendered the expert's report "unreliable, unreliable, and excludable."[1198]

(C) Liability for the Trafficking in Goods and Services Associated With Counterfeit Marks

(1) Civil Liability

Claims that defendants had trafficked in goods or services associated with counterfeit marks met with success in some cases. For example, the Fifth Circuit addressed the issue of whether a plaintiff seeking an ex parte seizure order under Section 34(d)[1199] against defendants engaged in the trafficking of goods bearing counterfeit reproductions of the plaintiff's marks necessarily must identify those defendants before receiving that relief.[1200] In reversing the district court's holding to the contrary, the appellate court acknowledged, "[t]he district court is correct that *ex parte* seizure orders should not be granted at will, and it commendably gave the [statutory] requirements careful attention."[1201] Nevertheless, those requirements did not require the identification deemed necessary by the district court, albeit for a reason not linked to Section 34(d)'s language. That reason was the plaintiff's practice of not licensing third parties to sell goods branded with its mark:

> [The plaintiff] cannot know in advance the specific identities of counterfeiters who will present themselves at any given event, but it does know that any non-affiliated seller at or near an event is almost certainly a counterfeiter. . . . Provided that observation of unauthorized sales themselves is sufficient to identify a counterfeiter, as in this case, we see no

1195. *See* Innovations Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703 (E.D. Mich. 2015).

1196. *Id.* at 718.

1197. *Id.* (quoting Innovation Ventures, LLC v. N2G Distrib., Inc., No. 08-10983, 2011 WL 6010206, at * 5 (E.D. Mich. Nov. 30, 2011)) (internal quotation marks omitted).

1198. *Id.*

1199. 15 U.S.C. § 1116(d) (2012).

1200. *See* World Wrestling Entm't, Inc. v. Unidentified Parties, 770 F.3d 1143 (5th Cir. 2014).

1201. *Id.* at 1145.

reason why the district court cannot evaluate the requirements for *ex parte* seizure and temporary restraining orders to issue.[1202]

An opinion addressing a claim of counterfeiting on the merits granted summary judgment to the owners of the following marks, which were registered for a variety of goods and services in the fashion industry:[1203]

Although civil liability for counterfeiting requires the use by a defendant of a mark "identical with, or substantially indistinguishable from, [the plaintiff's] registered mark,"[1204] the court found no material dispute that the defendants before it had used just such marks, namely, the following:[1205]

Because it was equally undisputed the defendants used their marks in connection with goods covered by the plaintiffs' registrations, their liability was a foregone conclusion.[1206]

Albeit in the context of an unopposed motion for summary judgement, a Nevada federal district court reached a relatively rare finding that the defendants were liable for having trafficked in services (as opposed to goods) associated with spurious imitations of the plaintiffs' registered mark.[1207] The summary

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1202. *Id.*

1203. *See* River Light V, LP v. Lin & J Int'l, Inc., 114 U.S.P.Q.2d 1282 (S.D.N.Y. 2014). The graphics in the text accompanying this footnote are reproduced from the drawings in U.S. Reg. No. 3029795 (issued Dec. 13, 2005) and U.S. Reg. No. 4242007 (issued Nov. 13, 2012).

1204. 15 U.S.C. § 1127 (2012).

1205. *River Light*, 114 U.S.P.Q.2d at 1285.

1206. *Id.* at 1296.

1207. *See* Hakkasan LV, LLC v. VIP, Unltd, LLC, 63 F. Supp. 3d 1259 (D. Nev. 2014).

judgment record established the plaintiffs had registered their mark for restaurant and nightclub services, and that the defendants had registered a domain name based on that mark. Apparently determined to live dangerously, the defendants then established a website accessible through the domain name, which "contained plaintiffs' federally registered trademark and logo, together with images and other materials stolen directly from plaintiffs' own website."[1208] Nor was that all: "On the website, defendants claimed they were authorized to offer services to the public on behalf of [the plaintiffs]. Defendants knowingly and willfully offered and sold counterfeit services, including access to the nightclub, VIP bottle services, and event services."[1209] With the defendants failing to contest the plaintiffs' motion for judgment as a matter of law, the court did not hesitate to grant it.[1210]

In contrast, allegations of the use of counterfeit marks in connection with services produced a stalemate in a case in which the parties filed cross-motions for summary judgment.[1211] The gravamen of the counterclaim plaintiff's grievance against the counterclaim defendant was that the counterclaim defendant had registered a number of domain names based on the counterclaim plaintiff's registered PORNTUBE mark for the provision of online adult entertainment and then had used the domain names in connection with a related, if not competitive, business.[1212] In addition to the existence of a factual dispute over the validity of the counterclaim plaintiff's mark, the court identified two reasons why neither party was entitled to prevail as a matter of law: (1) "there is a genuine dispute of fact as to whether [the counterclaim defendant's] domain names are 'identical with' or 'substantially indistinguishable from' the [counterclaim plaintiff's mark]"; and (2) "it is disputed whether the [counterclaim plaintiff's mark] 'was registered for use on the same goods to which the infringer applied the mark,'"[1213] because "[a]lthough both websites offer clips of adult-entertainment streaming videos, there may be a meaningful distinction between the way in which these clips are offered to consumers."[1214]

1208. *Id.* at 1262.

1209. *Id.*

1210. *Id.* at 1266.

1211. *See* Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099 (D. Or. 2014).

1212. The domain names in question were *freshporntube.com*, *goldporntube.com*, *lustporntube.com*, *bonusporntube.com*, *boxporntube.com*, *directporntube.com*, *largeporntube.com*, *pipeporntube.com*, *bookporntube.com*, *69porntube.com*, *kissporntube.com*, *royalporntube.com*, *cubeporntube.com*, and *goldporntube.xxx*. *Id.* at 1126.

1213. *Id.* at 1130 (quoting Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc., 658 F.3d 936, 946 (9th Cir. 2011)).

1214. *Id.*

(2) Criminal Liability

The highly technical nature of the requirements for a counterfeiting conviction means defendants often get the benefit of the doubt. One, however, did not receive that treatment at the hands of a Maryland appellate panel.[1215] Appealing his conviction under state law, the defendant argued the relevant statute was unconstitutional under the First Amendment because it criminalized the possession of goods bearing counterfeit marks even in the absence of an intent to sell the goods. That contention was not based in the express terms of the relevant subsection of the governing statute, which provided, in rather straightforward fashion, "[a] person may not willfully manufacture, produce, display, advertise, distribute, offer for sale, sell, or possess *with the intent to sell* or distribute goods or services that the person knows are bearing or are identified by a counterfeit mark."[1216] Instead, the defendant's challenge rested on the alleged absence from that subsection of references to the retail value of the goods in question: According to it, the mere display of goods bearing counterfeit marks but having no value would necessarily be without an intent to sell them. The court quickly disposed of that argument by noting several such references in other subsections of the statute.[1217] Based on those, it concluded, the statute as a whole contemplated the concept of retail value, even if the particular subsection cited by the defendant did not.[1218]

(D) Dilution

(1) Mark Fame and Distinctiveness

To qualify for protection against likely dilution under Section 43(c) of the Act, a plaintiff's mark must have been famous prior to the introduction of the challenged use.[1219] According to Section 43(c)(2)(A), "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."[1220] The same statute provides that:

> In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

1215. *See* McRee v. Maryland, 105 A.3d 456 (Md. Ct. App. 2014).

1216. *See* Md. Code Ann., Bus. Reg. § 8-611(b) (LexisNexis 2010) (emphasis added).

1217. *Id.* § 8-611(c)-(d).

1218. *McRee*, 105 A.3d at 160.

1219. *Id.* § 1125(c)(1).

1220. *Id.* § 1125(c)(2)(A).

> (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.[1221]

Not all state dilution statutes are as strict; on the contrary, some merely require showings a plaintiff's mark is distinctive.

(a) Opinions Finding Mark Fame and Distinctiveness

Findings that marks were sufficiently famous to qualify for protection under Section 43(c)(2)(A) were few and far between and occurred primarily in cases in which the defendants did not contest the issue.[1222] Thus, for example, the Fourth Circuit held without an extended discussion of the record before it that the NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, NAACP, and IMAGE AWARDS marks were "undoubtedly famous" for civil rights-related services.[1223] Likewise, the YELP mark for the provision of information about local and national businesses qualified for protection under Section 43(c)(2)(A) in a default judgment after the defendants failed to appear.[1224] Indeed, one of the few opinions to find marks famous under an application of Section 43(c)(2)(A)'s factors did so in the context of the court's discussion of the defendants' liability for cybersquatting: That discussion concluded marks consisting in whole or in part of the title of the *New York Post* were famous because of "[the newspaper's] long publishing history, high volume of readers, wide geographic reach, extensive advertising and promotion, and the registration of the [marks]."[1225]

1221. *Id.* § 1125(c)(2)(A)(i)-(iv).

1222. *See, e.g.*, Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1201 (C.D. Cal. 2014) (entering default judgment finding UGG mark famous for footwear and related items).

1223. Radiance Found., Inc. v. NAACP, 786 F.3d 316, 330 (4th Cir. 2015).

1224. *See* Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1095-96 (N.D. Cal. 2014).

1225. NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 339 (S.D.N.Y. 2014).

(b) Opinions Declining to Find Mark Fame and Distinctiveness

Courts for the most part rejected claims of mark fame under Section 43(c)(2)(A).[1226] Although the mark-fame inquiry may be a factual one, that does not preclude its resolution as a matter of law. One counterclaim plaintiff learned this lesson the hard way in an unsuccessful effort to protect the following marks, all used in connection with ice cream and fruit bars, in a Section 43(c)-based cause of action:[1227]

LA FLOR DE MICHOACAN

Not content merely to assert mark fame, the counterclaim plaintiff improbably moved for summary judgment on the issue. Unfortunately for that party, the court found its opponents' cross-motion for summary judgment to be far more convincing, and the outcome therefore was a finding as a matter of law the marks were *not* famous for purposes of Section 43(c). Considerations in the summary judgment record underlying that conclusion included: (1) the absence of survey evidence adduced by the counterclaim plaintiff;[1228] (2) the counterclaim plaintiff's limited advertising spend, which in any case "was limited to local Spanish-language newspapers, not nationwide promotional campaigns to raise consumer awareness on a broader scale";[1229] (3) sales of the counterclaim plaintiff's goods "only in a few states at most";[1230] and (4) the unregistered status of all but one of the marks at issue.[1231]

1226. *See, e.g.*, Pronman v. Styles, 114 U.S.P.Q.2d 1525, 1534-35 (S.D. Fla. 2015) (finding DAN PRONMAN, GARY PRONMAN, MOVIE STAR MUSCLE CARS, GPMUSCLECARS, and DPMUSCLECARS marks, all used in the classic car industry, insufficiently famous as a matter of law to qualify for protection under Section 43(c)); Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 211 (D. Mass. 2015) (finding configuration of visor of athletic helmet ineligible for protection under Section 43(c) as a matter of law based on prior finding that design lacked acquired distinctiveness as a matter of law); Legends Are Forever, Inc. v. Nike, Inc., 58 F. Supp. 3d 197, 210 (N.D.N.Y. 2014) (finding as a matter of law, in cursory analysis, LEGENDS ARE FOREVER mark for baseball shirts insufficiently famous to qualify for protection under Section 43(c)).

1227. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 189 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

1228. *Id.* at 221-22.

1229. *Id.* at 222.

1230. *Id.*

1231. *Id.*

A finding of ineligibility for Section 43(c)'s protection as a matter of law also came in an action to protect the CLEARLY CANADIAN mark for flavored water products.[1232] The defendant's first use of its mark occurred in 2011, a year before the plaintiff purchased its mark from an insolvent predecessor and well after "[a] consulting group's 2007 report on the Clearly Canadian trademark showed only 34% of the survey respondents who had consumed flavored soda or water within the last month (and only 22% of the survey respondents overall) were aware of the Clearly Canadian brand."[1233] Between the date of the report and 2009, sales under the mark dwindled and then "dropped to a minimal amount."[1234] Although the summary judgment record documented the brand's possible revival after its purchase by the plaintiff, "[t]hat evidence . . . cannot negate the fact . . . that, as of 2007, consumer awareness of the Clearly Canadian brand was already low, sales up to that point had been lackluster, and the brand's visibility only diminished from that point on."[1235] The defendant's motion for summary judgment as a matter of law therefore was well taken.

A final rejection of mark fame came on relatively unusual facts.[1236] The mark at issue was ROCKY TOP, registered "for nine different categories of goods and services."[1237] The words making up the mark were famous in one respect: They were the title of the frequently recorded state song of Tennessee. Nevertheless, neither that consideration nor any others advanced by the plaintiff registrant (and copyright owner) satisfied the "high" bar for mark fame,[1238] under which, the court held, "[t]o achieve fame, the mark must be 'so ubiquitous and well-known to stand toe-to-toe with Buick or KODAK.'"[1239] As the court noted, the plaintiff had failed to address any of the statutory mark-fame factors other than to refer to its registrations, and, of equal significance, "to the extent plaintiff argues the 'Rocky Top' mark is famous because of the song bearing the same name, that fame would exist only among those to

1232. *See* Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc., 102 F. Supp. 3d 1154 (W.D. Wash. 2015).

1233. *Id.* at 1176. As the court noted, "[t]his recognition rate was much lower than the rate for competitors such as Aquafina (94%), Schweppes (77%), Perrier (76%), VitaminWater (61%), and Pellegrino (43%)." *Id.*

1234. *Id.*

1235. *Id.* at 1177.

1236. *See* House of Bryant Publ'ns LLC v. Lake City, Tenn., 30 F Supp. 3d 711 (E.D. Tenn. 2014).

1237. *Id.* at 715.

1238. *Id.* at 714.

1239. *Id.* at 715 (quoting Bd. of Regents, Univ. of Tex. Sys. v. KST Elec., Ltd., 550 F. Supp. 2d 657, 678 (W.D. Tex. 2008)).

whom the song has appeal—not the general consuming public."[1240] On these facts, the plaintiff's bid for a preliminary injunction failed because "given the high level of fame required to succeed on a dilution claim, the Court finds . . . plaintiff is not likely to succeed on the merits of its dilution claim."[1241]

(c) Opinions Deferring Resolution of the Mark-Fame and Mark-Distinctiveness Inquiry

Some reported opinions chose not to resolve the mark-fame and mark-distinctiveness inquiries, but instead to defer that resolution until later in the proceedings. In one arising from an unsuccessful motion to dismiss for failure to state a claim, the court accepted as true averments in the complaint "the [plaintiffs'] marks have been continuously used since 1928, have continuously been used to advertise and promote for Plaintiffs, have been used extensively by the press in connection with Plaintiffs, and are known throughout the nation and world as identifying Plaintiffs."[1242] That was all the court needed to deny the defendants' motion because "Plaintiffs sufficiently allege that their marks are famous."[1243]

A more comprehensive treatment of the issue was similarly not an actual finding, but merely a refusal to grant a defense motion to dismiss for failure to state a claim.[1244] That refusal rested on a number of allegations recited by the counterclaim plaintiff, which owned the BOATU.S. and TOWBOATU.S. marks for marine towing and salvage services. Those allegations necessarily were treated as true for purposes of the defendant's motion, and included that: (1) its use of the marks since 1964;[1245] (2) its registration of the TOWBOATU.S. mark in 1994;[1246] (3) its "over half a million members and the nation's largest towing fleet";[1247] and (4) media coverage of its services.[1248] Not surprisingly, the counterfeit defendant argued the plaintiff's marks enjoyed only insufficient "niche market" fame, but it failed to convince the court, which held, "[a]lthough the allegations certainly suggest that the Boat U.S. marks are widely known to

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1240. *Id.* at 716.

1241. *Id.*

1242. Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451, 459 (E.D. Pa. 2014).

1243. *Id.* at 458.

1244. *See* Manley v. Boat/U.S., Inc., 75 F. Supp. 3d 848 (N.D. Ill. 2014).

1245. *Id.* at 858.

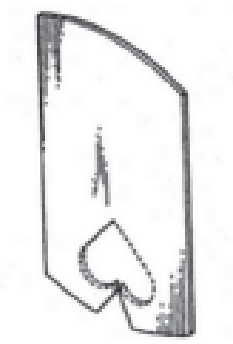
1246. *Id.*

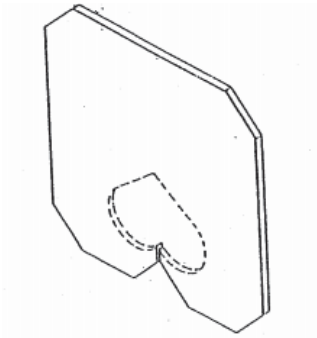
1247. *Id.*

1248. *Id.*

boaters, the allegations also are sufficient to support the conclusion that the marks are 'famous' under the Lanham Act."[1249]

Procedural stalemates also resulted from unsuccessful motions for summary judgment.[1250] For example, one New York federal district court acknowledged the Second Circuit rule that "the element of federal antidilution law that 'most narrows the universe' of claimants is the requirement that 'the senior mark be truly famous before a court will afford the owner of the mark the vast protections of [Section 43(c)].'"[1251] It nevertheless declined to grant a defense motion for summary judgment grounded in the theory the following configurations of plastic bag closures were insufficiently famous as a matter of law to qualify for protection:





The configurations' owner, the counterclaim plaintiff in the litigation, had registered the configurations, and its investment of "millions of dollars of advertising" had produced annual sales of "five to six billion" of its closures;[1252] moreover, the counterclaim plaintiff was able to direct the court to evidence in the summary judgment record of its "publication and circulation of product brochures and catalogs, attendance at industry trade shows, and advertisements in trade publications."[1253] Even in the absence of these showings, however, the court noted that "[the counterclaim defendant] has apparently conceded that [the counterclaim plaintiff's] trade dress product configurations have acquired fame based on the combination of the products' continued use over many years, extensive promotion at trade shows and over the Internet,

1249. *Id.*

1250. *See, e.g.*, Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866, 923-24 (S.D. Ind. 2014) (denying defense motion for summary judgment grounded in cursory argument that plaintiffs' product configurations lacked requisite fame).

1251. Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675, 702 (S.D.N.Y.) (quoting Savin Corp. v. Savin Grp., 391 F.3d 439, 449 (2d Cir. 2004)), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

1252. *Id.*

1253. *Id.*

and the significant number of sales."[1254] The denial of the counterclaim defendant's motion followed.[1255]

(2) Actual or Likely Dilution

(a) Actual or Likely Dilution by Blurring

Substantive discussions of plaintiffs' claims of likely dilution by blurring were largely absent from reported opinions.[1256] Nevertheless, one court rejected as a matter of law the argument that a defendant's offer to sell the plaintiff's own goods, without more, could constitute likely dilution.[1257] As it explained, "[b]ecause the sale of genuine goods bearing a true mark without the authorization of the mark's owner is generally permissible, no factfinder could find that the mere act of posting an advertisement to sell the [plaintiff's branded products], the content of which is entirely unknown, infringed or diluted defendants' trademark."[1258]

In contrast, a court applying the Massachusetts dilution statute[1259] declined to grant a defense motion for summary judgment in a case in which the plaintiff challenged the defendant's use of a mark owned by the plaintiff and one owned by a corporate affiliate of the plaintiff to refer to products produced by those companies.[1260] According to the complaint, the plaintiff sold a drug in the United States under the PREPOPIK mark, while its affiliate sold one in Canada under the PICO-SALIX mark. When the product sold in Canada was reported to have undesirable side effects, the defendant, which competed with the plaintiff in the United States, publicized the report in a promotional strategy characterizing United States and Canadian drugs as the same preparation. The defendant sought summary judgment of nonliability, but the court held instead, "[w]hile [the defendant] is correct that no Massachusetts case has expressly held that [the plaintiff] may assert a trademark dilution claim based upon

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1254. *Id.*

1255. *Id.* at 703.

1256. For opinions addressing claims for liability under this theory in cursory fashion, see *Yelp Inc. v. Catron*, 70 F. Supp. 3d 1082, 1096 (N.D. Cal. 2014) (default judgment finding likely blurring based on allegation that defendant had made unauthorized uses of plaintiff's registered marks in the sale of business reviews); *Schutte Bagclosures Inc. v. Kwik Lok Corp.*, 48 F. Supp. 3d 675, 703 (S.D.N.Y.) (denying defense motion for summary judgment without extensive discussion of record), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014); *Arrow Prods., Ltd. v. Weinstein Co.*, 44 F. Supp. 3d 359, 374 (S.D.N.Y. 2014) (granting defense motion for judgment on the pleadings based on bare bones allegations of likely dilution by blurring), *appeal dismissed*, No. 14-3559 (2d Cir. Jan. 6, 2016).

1257. *See* Smith v. Mikki More, LLC, 59 F. Supp. 3d 595 (S.D.N.Y. 2014).

1258. *Id.* at 617 (citation omitted) (internal quotation marks omitted)).

1259. Mass. Gen Laws ch. 110H § 13 (2011).

1260. *See* Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169 (D. Mass. 2014).

confusion between two of its own marks, it is also the case that no court applying Massachusetts law has foreclosed that theory."[1261] Specifically, "Massachusetts law does not preclude [the plaintiff] from asserting a claim based on confusion between two marks that are owned by the same international conglomerate of which [the plaintiff] is a subsidiary."[1262]

Finally, another application of state law, namely, that of the Illinois dilution statute,[1263] drove home a significant difference between its reach and that of Section 43(c).[1264] Although the counterclaim plaintiff successfully defended its claim for likely dilution under federal law against a motion to dismiss for failure to state a claim,[1265] the allegations leading to that result demonstrated its ineligibility for relief under state law. As the court explained, "[w]ith respect to the Illinois dilution claim, [the counterclaim defendant] is correct that dilution claims are unavailable where the parties are competitors, as is the case here."[1266] Although allegations of the competitive proximity between the parties' services were irrelevant to the plaintiff's ability to invoke Section 43(c),[1267] they were necessarily fatal to its blurring-based claim under the Illinois statute.[1268]

(b) Actual or Likely Dilution by Tarnishment

Under Section 43(c)(2)(C), "dilution by tarnishment" is an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."[1269] A Massachusetts federal district court elaborated on this definition by holding, "[t]his generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke

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1261. *Id.* at 186.

1262. *Id.*

1263. 765 Ill. Comp. Stat. 1036/65 (1998).

1264. *See* Manley v. Boats/U.S., Inc., 75 F. Supp. 3d 848 (N.D. Ill. 2014).

1265. *Id.* at 856 ("[The counterclaim plaintiff] alleges several reasons that suggest that blurring will occur, including that [the counterclaim defendant's] marks are the same as [the counterclaim plaintiff's] in wording and logo; the [counterclaim plaintiff's] marks are inherently distinctive; [the counterclaim plaintiff] exclusively licenses its marks in service agreements; the [counterclaim plaintiff's] marks are widely recognized by the general consuming public; and [the counterclaim plaintiff] believes that [the counterclaim defendant] intends to create an association with the [counterclaim plaintiff's] marks.").

1266. *Id.* at 856.

1267. *Id.* at 857 n.2 ("The Court declines to hold that a federal dilution claim is unavailable to competitors [as] [t]he plain language of the statute indicates that competitors may bring dilution claims . . . .").

1268. *Id.* at 857.

1269. 15 U.S.C. § 1125(c)(2)(C) (2012).

unflattering thoughts about the owner's product."[1270] The occasion for this restatement of the law was a lawsuit brought by the alleged owner of the DEEP THROAT and LINDA LOVELACE marks for adult entertainment services against the producers of *Lovelace*, "a critical biographical film that documents the tragic story of Linda Lovelace and provides a behind-the-scenes perspective on the filming of [the pornographic film] *Deep Throat*," of which Lovelace was the star.[1271] Among its other causes of action, the plaintiff alleged the defendants' conduct violated Section 43(c), but, as the court put it, "plaintiff[] [has] . . . not provided any basis for its claim that *Lovelace* has tarnished the reputation of its marks . . . ."[1272] The court therefore dismissed the plaintiff's likelihood of dilution by tarnishment cause of action for failure to state a claim.[1273]

(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.[1274] If a prior arbitration proceeding under the Uniform Dispute Resolution Policy (UDRP) has resulted in the suspension, transfer, or disabling of a domain name, the ACPA also authorizes what is effectively a mechanism for the domain name registrant to appeal the outcome of the UDRP action by bringing a cause of action for reverse domain name hijacking.[1275]

(1) In Rem Actions

The past year produced no readily apparent examples of reported opinions arising from in rem actions under the ACPA.

(2) In Personam Actions

For the most part, reported opinions addressing in personam causes of action for cybersquatting favored the parties advancing those claims.[1276] For example, having admitted in response to the

1270. Arrow Prods., Ltd. v. Weinstein Co., 44 F. Supp. 3d 359, 373 (S.D.N.Y. 2014), *appeal dismissed*, No. 14-3559 (2d Cir. Jan. 6, 2016).

1271. *Id.* at 368.

1272. *Id.* at 374.

1273. *Id.*

1274. 15 U.S.C. § 1125(d) (2012).

1275. *See id.* § 1114(2)(D)(v).

1276. *See, e.g.*, Stat Ltd. v. Beard Head, Inc., 60 F. Supp. 3d 628, 633 (E.D. Va. 2014) (denying motion to dismiss on ground that "[w]hile skeletal, the claim is adequate to pass [Rule] 12(b)(6) review"); Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190, 1200-01 (C.D. Cal. 2014) (entering default judgment of liability for cybersquatting).

plaintiff's motion for summary judgment that they had registered a domain name identical to the plaintiff's registered service mark, several defendants failed to escape a finding of cybersquatting as a matter of law based on an alleged absence of a bad-faith intent to profit from their conduct.[1277] The court's analysis of the issue did not begin in auspicious fashion for the defendants, with the court concluding from the summary judgment record that:

> [I]t is undisputed . . . that Defendants have no intellectual property rights to the [Plaintiff's] mark, that [the disputed domain name] does not consist of Defendants' legal name, that Defendants never used the domain name in connection with the bona fide offering of any goods or services, and that Defendants never engaged in a bona fide noncommercial use of the mark in a site accessible under the domain name. More importantly, it is clear that Defendants intended to divert consumers from [Plaintiff's] website. [Plaintiff] has shown that Defendants registered the [disputed] domain name—which Defendants acknowledge is identical to [Plaintiff's] mark—and set up that domain to redirect to Defendants' own website. Because [the parties] were competing . . . companies, it is evident that this was an attempt to divert [Plaintiff's] business.[1278]

The defendants successfully blunted the plaintiff's showing as to certain of the statutory factors set forth in Section 43(d)(1)(B)(1)[1279] by arguing: (1) they had not attempted to sell the disputed domain name to the plaintiff;[1280] (2) they had not provided misleading contact information when registering the disputed domain name;[1281] (3) they had not registered multiple domain names corresponding to the plaintiff's marks (even if they had done so with respect to marks owned by third parties;[1282] and (4) even if the plaintiff's mark was distinctive, it was not famous.[1283] The success of those arguments, however, did not affect the court's ultimate conclusion that "there is only one reasonable interpretation of the evidence: Defendants acted in bad faith because they registered the [disputed] domain solely to take advantage of [Plaintiff's] goodwill, reputation, and name recognition in the [Plaintiff's] mark."[1284]

1277. *See* Digby Adler Grp. v. Image Rent a Car, Inc., 79 F. Supp. 3d 1095 (N.D. Cal. 2015).

1278. *Id.*

1279. 15 U.S.C. § 1125(d)(1)(B)(i).

1280. *Digby Adler Grp.*, 79 F. Supp. 3d at 1103.

1281. *Id.*

1282. *Id.*

1283. *Id.*

1284. *Id.* at 1104.

Similar behavior led to a similar outcome in litigation between manufacturers of competitive patches used to close surgical incisions.[1285] Embroiled in a dispute over a mark consisting of his own surname but belonging to the plaintiff, an individual defendant registered two domain names, one based on his surname and the other based on the plaintiff's mark. He escaped summary judgment of liability arising from the former but not the latter, as to which his bad faith was established in part by his offer to sell the domain name to the plaintiff and by his argument that he was merely using it for leverage in his dispute with the plaintiff.[1286] That the plaintiff lacked a credible claim of rights in the plaintiff's mark and never used the domain name except in connection with his relationship to the plaintiff sealed his fate and his liability for cybersquatting as a matter of law.[1287]

Other victories as a matter of law by plaintiffs came on successful motions for default judgments.[1288] In one case, for example, if the defendants' conduct was anything like that described in the complaint, their appearance to defend the action would likely have made little difference.[1289] According to the well-pleaded complaint, the individual defendant in the action was the ex-spouse of a distributor of the plaintiff, which was the owner of the MULTI-GYN mark for various feminine hygiene and gynecological products. As a result of his relationship with the distributor, the individual defendant became privy to a proprietary formula and other trade secrets of the plaintiff, after which he founded a company under the name MULTIGYN USA, LLC and went into direct competition with the plaintiff. The individual defendant then allegedly registered the *www.multigyn.com* domain name, at which he established a website resembling the plaintiff's site through which he used to sell goods in packaging bearing the MULTI-GYN mark and imitating the plaintiff's packaging. Based on these averments, the court held the plaintiff had set forth a prima facie case of liability under the ACPA; entry of the requested default judgment followed.[1290]

An additional default judgment came in an action brought by the owner of the YELP mark for, inter alia, the provision of ratings, reviews, referrals and recommendations relating to

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1285. *See* Starsurgical Inc. v. Aperta, LLC, 40 F. Supp. 3d 1069 (E.D. Wis. 2014).

1286. *Id.* at 1084.

1287. *Id.*

1288. *See, e.g.*, CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1097-1101 (D. Colo. 2014) (entering default judgment in action brought by federal registrant of CROSSFIT mark for clothing and for various fitness-, nutrition-, sports-, and exercise-related services against registrant of www.crossfitnutrition.com domain name and operator of website featuring health- and sports-related vitamins and other nutritional products).

1289. *See* Bioclin BV v. MultiGyn, LLC, 72 F. Supp. 3d 1288 (M.D. Fla. 2014).

1290. *Id.* at 1296.

businesses and events.[1291] The plaintiff's complaint alleged the defendant had marketed false reviews using a website accessible at the *BuyYelpReview.com* domain name, which forced the court to address the issue of whether the domain name was identical or confusingly similar to the plaintiff's mark. Noting "[d]omain names may also be confusingly similar if they simply add 'generic terms . . . [or] a top level domain suffix' to the plaintiff's mark,"[1292] the court resolved the issue in the plaintiff's favor. It similarly concluded the complaint sufficiently alleged the required bad-faith intent by the defendant to profit from his conduct based on the plaintiff's averments because: (1) "the *BuyYelpReview.com* domain reveals [the defendant's] intent to illicitly profit from the Yelp Marks as there is no value independent of the infringement, as evidenced by the lack of association with any bona fide goods or services";[1293] (2) the defendant lacked intellectual property rights in the domain name;[1294] (3) the domain name did not "consist of his legal name or a name that identifies him";[1295] (4) the defendant had made "no prior use of the domain name in connection with the bona fide offering of any goods or services";[1296] (5) there was no "bona fide noncommercial or fair use of the mark in a site accessible under the domain name";[1297] (6) the defendant had sought "to hide his website registration information behind a proxy account service";[1298] and (7) the defendant was not "ignorant of Yelp's superior right to the Yelp Marks, as he allegedly continued to use the Yelp Marks after receiving a cease and desist letter."[1299]

One finding of liability under the ACPA came not as a matter of law but on a motion for a preliminary injunction.[1300] The prevailing plaintiff was the owner of the *New York Post*, and its targets were the registrants of *www.newyorkpublishinginc.com* domain name, at which the defendants established a website featuring news and claims to own the *Post*. The validity and distinctiveness of the plaintiff's federally registered NEW YORK POST marks were not reasonably in doubt, and, indeed, the plaintiff's showing of distinctiveness was sufficiently compelling that the court found in the record "significant evidence that the

1291. *See* Yelp Inc. v. Catron, 70 F. Supp. 3d 1082 (N.D. Cal. 2014).

1292. *Id.* at 1097 (second and third alteration in original) (quoting Coca-Cola Co. v. Purdy, 382 F.3d 774, 783 (8th Cir. 2004)).

1293. *Id.*

1294. *Id.*

1295. *Id.*

1296. *Id.*

1297. *Id.*

1298. *Id.* at 1097-98.

1299. *Id.* at 1098.

1300. *See* NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328 (S.D.N.Y. 2014).

NEW YORK POST Marks are famous within the meaning of the Lanham Act."[1301] Moreover, the court found, "[t]here is significant evidence at this stage of the proceedings that Defendants are using the domain name 'newyorkpostpublishinginc.com' in bad faith and with intent to profit from the NEW YORK POST Marks and the reputation of the New York Post with their usage."[1302] That evidence included the plaintiff's showings the defendants had established their website to divert consumers from the plaintiff's site and they had "deliberately attempted to mislead consumers as to the connection between [the defendants'] Website and the *New York Post*."[1303] It also included the defendants' lack of any "prior use of the [disputed] domain name in connection with the bona fide offering of goods or services and have demonstrated no bona fide noncommercial or fair use of the NEW YORK POST Marks in a site accessible under the domain name."[1304]

A finding of liability as a matter of law also came on an unopposed motion for summary judgment.[1305] The record established the plaintiffs owned the registered HAKKASAN mark for restaurant and nightclub services, while an individual defendant had registered *www.hakkasanclublasvegas.com* as a domain name. Even more brazenly, that defendant and his company (also a named defendant) had set up a website accessible at the domain name at which they "claimed they were authorized to offer services to the public on behalf of [the plaintiffs]" and "knowingly and willfully offered and sold counterfeit services, including access to the nightclub, VIP bottle services, and event services."[1306] On these facts, the court not surprisingly found a number of considerations placed the individual defendant's bad-faith intent to profit beyond material dispute:

> Defendant[] [has] no trademark right in the registered domain name. Further, the domain name does not contain any of defendant's legal names. Defendant used an identical or confusingly similar mark to plaintiffs' famous trademarks in the domain name for his infringing site. These factors show that defendant intended to divert consumers from plaintiffs' website and create confusion about the source.[1307]

When not found liable for cybersquatting on the merits, defendants under the ACPA generally had difficulty pursuing

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1301. *Id.* at 339.

1302. *Id.* at 340.

1303. *Id.*

1304. *Id.* at 341.

1305. *See* Hakkasan LV, LLC v. VIP, Unltd, LLC, 63 F. Supp. 3d 1259 (D. Nev. 2014).

1306. *Id.* at 1262.

1307. *Id.* at 1264-65.

successful motions for nonliability as a matter of law. One court deferred its resolution of the ACPA-related cause of action before it by denying a defense motion to dismiss for failure to state a claim.[1308] That disposition held in an appeal from a UDRP proceeding in which the domain names registered by the plaintiff were ordered transferred to the defendants. The plaintiff pursued a declaratory judgment confirming he had not violated the ACPA in federal district court, leading the defendants to move unsuccessfully for the dismissal of his complaint. In denying the defendants' motion, the court held that "Defendants essentially ask this Court to adjudicate that they can establish a claim under [Section 43(d)], including that Plaintiff acted in bad faith. This is not a determination that the Court can make on a Motion to Dismiss."[1309]

Likewise, a lead defendant who registered several domain names incorporating the plaintiffs' personal names during the pendency of a dispute over the purchase of a vehicle failed to escape liability as a matter of law.[1310] Although the "gripe site" accessible at the disputed domain names might otherwise have rendered the lead defendant's conduct nonactionable, the site solicited donations for a two-month period to fund the lead defendant's state court lawsuit against the plaintiffs. That solicitation did not yield any donations, and it was undisputed "[the lead defendant] has never been a competitor of Plaintiffs and never used this website for commercial gain or purposes."[1311] Nevertheless, those circumstances were not enough for the court to grant the defendants' motion for summary judgment. Rather, consistent with the solicitation on it, "the website allowed visitors to make credit card payments. Although [the lead defendant] argues that such a solicitation was 'patently satire,' the Court concludes this question raises a genuine issue of material fact."[1312] In addition, and despite the apparent absence of evidence or testimony in the summary judgment record allegedly supporting such a finding, "the Court cannot find, as a matter of law, that [the lead defendant's] website was intended only to defray legal expenses and was not intended to be for profit."[1313]

Another court leaving the issue of liability for cybersquatting until trial did so by denying the parties' cross-motions for summary judgment in an appeal from a UDRP proceeding.[1314] The

1308. *See* Noveshen v. Bridgewater Assocs., 47 F. Supp. 3d 1367 (S.D. Fla. 2014).

1309. *Id.* at 1376.

1310. *See* Pronman v. Styles, 114 U.S.P.Q.2d 1525 (S.D. Fla. 2015).

1311. *Id.* at 1528.

1312. *Id.* at 1532.

1313. *Id.*

1314. *See* Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099 (D. Or. 2014).

court determined that certain of the statutory bad-faith-intent-to-profit factors favored the counterclaim plaintiff's position, namely, the absence of any intellectual property-related rights of the counterclaim defendant to the domain names and the timing of its registration of them.[1315] At the same time, however, the summary judgment record reflected the existence of factual disputes as to the similarity of the domain names to the counterclaim plaintiff's registered mark,[1316] whether the counterclaim defendants' registration of the domain names was motivated by a desire to refer consumers to the counterclaim plaintiff's own website,[1317] and, most importantly, whether the counterclaim plaintiff owned a protectable mark in the first instance.[1318]

Finally, one claim of liability under the ACPA fell short despite being unopposed by a group of defaulting defendants.[1319] The unsuccessful plaintiff advancing that claim owned the federally registered UGG mark for footwear and other items. The subjects of its ire were two domain names, *ozwearuggs.com* and *ozwearuggs.com.au*, which the Australia-based defendants had registered and through which they sold goods competitive with those of the plaintiffs. Although the plaintiff's complaint accused the defendants of a bad-faith intent to profit from their conduct, the court did not review those allegations. Instead, it held the plaintiff's cause of action was without merit because the challenged domain names were insufficiently similar to the plaintiff's mark to support a finding of liability.

The court offered two reasons for its holding, the first of which was that "Defendants use the term 'uggs' in their domain names, not the Plaintiff's trademark, 'UGG.' The word 'uggs' is a term for a type of sheepskin boot, while [Plaintiff's] registered trademark, UGG,' is not a generic product term."[1320] From these circumstances, the court concluded, "where adding an 's' turns the mark into a generic product name that would not be protected under the Lanham Act, the likelihood of confusion is significantly

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1315. *Id.* at 1131-32.

1316. That mark was PORNTUBE, used in connection with the online provision of adult entertainment, while the counterclaim defendants operated websites that categorized and linked to third-party websites streaming pornographic videos, including, for a time, the counterclaim plaintiff's website. The domain names at which the counterclaim defendants' websites were accessible were *freshporntube.com*, *goldporntube.com*, *lustporntube.com*, *bonusporntube.com*, *boxporntube.com*, *directporntube.com*, *largeporntube.com*, *pipeporntube.com*, *bookporntube.com*, *69porntube.com*, *kissporntube.com*, *royalporntube.com*, *cubeporntube.com*, and *goldporntube.xxx*. *Id.* at 1126.

1317. *Id.* at 1132.

1318. *Id.*

1319. *See* Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197 (C.D. Cal. 2014).

1320. *Id.* at 1205.

diminished."[1321] The second reason was that the defendants' incorporation of "ozwear" into their domain names "further undermines Plaintiff's claim of *confusing* similarity. By including 'ozwear' in the domain names, confusion is diminished, if not eradicated: a consumer is expressly put on notice that this is not a . . . UGG-brand website."[1322] Consequently, "Plaintiff does not allege sufficient facts to show that Defendants' use of the term 'uggs' in Defendants' domain names is 'confusingly similar' to Plaintiff's UGG Trademark. Plaintiff also does not allege sufficient facts to show that the term 'uggs' in Defendants' domain names dilutes Plaintiff's famous UGG mark."[1323]

b. Passing Off and Reverse Passing Off

In *Dastar Corp. v. Twentieth Century Fox Film Corp.*,[1324] the Supreme Court adopted a restrictive interpretation of Section 43(a)(1)(A) of the Act,[1325] which reduced that section's utility as a mechanism for challenging allegations of reverse passing off unless the gravamen of those allegations was that the defendant had taken physical goods originating with the plaintiff and had sold them as its own. In doing so, however, the Court expressly acknowledged in dictum that Section 43(a)(1)(B) remained an option for a plaintiff seeking to challenge a defendant who, "in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or another person's goods, services, or commercial activities."[1326]

A California federal district court took this proposition and applied it to virtual advertising.[1327] The plaintiff manufactured LED tube lamps, and one basis of its Section 43(a)(1)(A) cause of action was that the defendants—a former sales representative and advertising agency of the plaintiff—had altered digital images of the plaintiff's goods so the defendants' mark, rather than the plaintiff's mark appeared on them. Invoking *Dastar*, the defendants moved for the dismissal of the plaintiff's cause of action on the ground that the marketing materials in question originated with them. The court denied the motion, observing "the 'good' at issue is the LED tube lamp pictured in the marketing materials, not the marketing materials."[1328] Moreover, "[u]nlike in *Dastar*,

1321. *Id.* (footnote omitted).

1322. *Id.*

1323. *Id.* at 1206.

1324. 539 U.S. 23 (2003).

1325. 15 U.S.C. § 1125(a)(1)(A) (2012).

1326. *Id.* § 1125(a)(1)(B).

1327. *See* Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156 (N.D. Cal. 2015).

1328. *Id.* at 1172.

where the defendant independently created a tangible good to sell and was therefore the 'origin' of the 'good' being sold, here Defendants do not and cannot contend that they are the 'origin' of the LED tube lamps."[1329]

The denial of a motion to dismiss similarly held in a suit brought by a plaintiff that produced karaoke accompaniment tracks.[1330] The plaintiff's complaint alleged the defendants, operators of a bar, had retained karaoke jockeys using "media-shifted" copies of the plaintiff's tracks. Citing *Dastar*, the defendants challenged the adequacy of the plaintiff's averments of infringement, but they did so unsuccessfully. In denying the defendant's motion, the court observed, "[i]n the context of *Dastar*, the thrust of [the defendants'] argument is that [the plaintiff] cannot have alleged a Lanham Act violation where [the plaintiff's] own mark is applied to its own original goods."[1331] That position, the court held, "ignores a significant portion of [the plaintiff's] complaint—it claims that karaoke operators engage in media and format shifting, creating tracks on both a new hard medium and in a completely new format."[1332] Specifically, "[t]he media and format shifting operates as an independent creation event, placing a new 'good' in the marketplace," thereby creating an incongruity between the producer of the good and the owner of the mark appearing on it and rendering *Dastar* inapposite.[1333]

An additional opinion denying a motion to dismiss arose from the defendants' placement on their website of a photograph of a complex hydraulic system designed and installed by the plaintiff in a spaceport operated by the Commonwealth of Virginia.[1334] According to the plaintiff, the defendants' conduct misleadingly suggested the defendants designed the plaintiff's system. Properly categorizing the plaintiff's Section 43(a) cause of action as one for reverse passing off, the court held the plaintiff had adequately stated a claim upon which relief could be granted when all inferences were drawn in its favor. Specifically, that cause of action "could fairly be construed as alleging not only that defendants created a likelihood of confusion, but also that the confusion was realized in that potential consumers chose the defendants' services over those of [the plaintiff]. These facts, if

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1329. *Id.* In addition to a reverse passing off claim grounded in the digitally altered advertising materials, the plaintiff averred the defendants had affixed their mark to actual examples of the plaintiff's goods: That averment also survived the defendants' motion to dismiss. *Id.* at 1171.

1330. *See* Slep-Tone Entm't Corp. v. Sellis Enters., 87 F. Supp. 3d 897 (N.D. Ill. 2015).

1331. *Id.* at 905.

1332. *Id.*

1333. *Id.*

1334. *See* Advanced Fluid Sys., Inc. v. Huber, 28 F. Supp. 3d 306 (M.D. Pa. 2014).

true, establish that confusion was likely and, in fact, became reality."[1335]

Other plaintiffs were not so lucky.[1336] In a case involving the sale by a group of counterclaim defendants of "cloned" emergency lighting products, the Sixth Circuit confirmed the essence of the cause of action for reverse passing off is a defendant's "sell[ing] someone else's goods or services, misrepresenting them as its own—for instance, the Coca-Cola Company taking Pepsi-Cola's flagship product and marketing it as the Coca-Cola Company's own product."[1337] The parties agreed the physical goods underlying the parties' dispute originated with the counterclaim defendants, and that consideration doomed the counterclaim plaintiff's claim of reverse passing off:

> [I]t is undisputed that [the counterclaim defendants] manufactured the tangible cloned objects that [they] represented as having manufactured. The undisputed facts thus show that [the counterclaim defendants] never made a false designation of the products' "origin" within the meaning of § 43(a). [The counterclaim defendants] represented that the cloned products originated with [the counterclaim defendants]; and even though the ideas and initial design may well have originated with [the plaintiff], the tangible products themselves did not. For purposes of the Lanham Act, the physical products originated with [the counterclaim defendants], the entity that manufactured them. Where the initial ideas for the products came from is irrelevant.[1338]

The district court therefore had committed reversible error in finding the counterclaim defendants liable for reverse passing off: "To the extent that the district court's liability finding stemmed from an intuition that the Lanham Act prohibits wholesale copying, that intuition is misplaced. Protection against imitation and mimicry ordinarily is found in patent and copyright law, not in

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1335. *Id.* at 335. The court did, however, dismiss the cause of action as to three defendants in light of the plaintiff's failure to tie them to the challenged conduct. *Id.*

1336. *See, e.g.*, Akzo Nobel Surface Chemistry LLC v. Stern, 114 U.S.P.Q.2d 1343, 1346 (S.D. Ohio 2014) (granting motion to dismiss allegation under Section 43(a)(1)(B) of false claim of ownership of intellectual property in utility patent application because "[t]o claim that information contained in a patent application equates to misrepresentation of the details underlying the goods or service is, at best, a stretch"); A.H. Lundberg Assocs. v. TSI, Inc., 113 U.S.P.Q.2d 1321, 1325 (W.D. Wash. 2014) (dismissing Section 43(a)(1)(A) reverse passing off cause of action grounded in defendant's sale of goods based on those of plaintiff); *see also A.H. Lundberg Assocs.*, 113 U.S.P.Q.2d at 1325-26 (similarly dismissing Section 43(a)(1)(B) cause of action grounded in defendant's allegedly false representations to be origin of its goods).

1337. Kehoe Component Sales Inc. v. Best Lighting Prods., Inc., 796 F.3d 576 (6th Cir. 2015).

1338. *Id.* at 587 (citation omitted).

the Lanham Act."[1339] To the extent the district court had instead based its holding on Section 43(a)(1)(B), that outcome also could not withstand appellate scrutiny for, as the Sixth Circuit explained, that statute "does not impose liability for misrepresenting the intellectual progenitor of a tangible product."[1340]

A California federal district court's application of *Dastar* was built on a far shakier understanding of the decision.[1341] The action before that court involved allegations the defendant had passed off its boots as those of the plaintiff. Although the plaintiff quite properly pointed out it was not asserting a cause of action for *reverse* passing off, the court nevertheless concluded *Dastar* barred the plaintiff's claim because the defendant's boots originated with the defendant: "Unless [the defendant] sold [the plaintiff's] boots as its own—thus changing the 'origin' for Lanham Act purposes—the fact remains that [the defendant] is the origin of its own goods."[1342] The court therefore failed to recognize that, had the plaintiff alleged such an activity by the defendant, its cause of action would have sounded in reverse passing off, rather than the passing off claim actually set forth in the plaintiff's complaint; if perpetuated, the same failure would preclude a successful cause of action for passing off, regardless of the circumstances.

The Seventh Circuit put still another different spin on *Dastar*.[1343] The allegedly unlawful conduct in the appeal before that court was that of an architect and former employee of the plaintiff, who represented on his website that he had designed certain projects for which the plaintiff was the architect of record. Reversing the district court's rationale for dismissing the plaintiff's Section 43(a)(1) claim—that *Dastar*'s interpretation of the statute did not reach false descriptions of fact concerning services—the court of appeals noted that the plaintiff's complaint did not accuse the defendant of making or selling copies of the plaintiff's copyrighted plans. This meant that the defendant's conduct was potentially actionable, because, the court explained, "[a] false claim of authorship, without the making of copies (or some other act covered by 17 U.S.C. § 106), is outside the scope of copyright law. [The plaintiff's] only plausible federal claim rests on § 43(a)."[1344] The court then turned to the merits of the plaintiff's claim as pleaded, which it characterized as premised on the theory that the defendant's advertising was false because "big buildings

1339. *Id.* at 588.

1340. *Id.* at 590.

1341. *See* Deckers Outdoor Corp. v. J.C. Penney Co., 45 F. Supp. 3d 1181 (C.D. Cal. 2014).

1342. *Id.* at 1186.

1343. *See* Gensler v. Strabala, 764 F.3d 735 (7th Cir. 2014).

1344. *Id.* at 737.

are team jobs that *no one* designs."[1345] The court viewed that theory skeptically, noting that "if the gist of [the plaintiff's] complaint is that big projects require big teams—and that [the plaintiff] insists on institutional credit rather than personal credit—where's the falsity?"[1346] Although the court therefore found it "tempting to affirm the district court's judgment, though not for the district court's reasons," the defendant's failure to request that outcome led the court merely to remand the action for further proceedings.[1347]

Finally, one California federal district court distinguished between the torts of passing off and reverse passing off in a case brought by a group of graffiti artists.[1348] The gravamen of the plaintiffs' complaint was that they had produced a mural, portions of which the defendants had misappropriated and used on various articles of clothing. One of the plaintiffs asserted a Section 43(a)-based claim against this alleged conduct, which the defendants, relying on *Dastar*, moved to dismiss. The court denied the motion, noting the claim in question accused the defendants of creating the "false and deceptive impression" that the defendants' clothing was associated with or manufactured by the plaintiffs.[1349] The court explained that "[t]his conduct constitutes passing off, which occurs when a producer sells its own goods while misrepresenting that they were made by another. Since [the plaintiff] alleges passing off, rather than reverse passing off, *Dastar* does not preclude [the plaintiff's] Lanham Act claim."[1350] Moreover, this was true even though the same alleged conduct was the basis of a copyright claim as well.[1351]

c. False Advertising

Liability for false advertising generally turned on plaintiffs' ability to make a five-part showing: "[T]o prevail on a Lanham Act false advertising theory a party must show that the advertising was (1) false or misleading, (2) actually or likely deceptive, (3) material in its effect on buying decisions, (4) connected with

1345. *Id.* at 738.

1346. *Id.*

1347. *Id.* at 739.

1348. *See* Williams v. Roberto Cavalli S.p.A., 113 U.S.P.Q.2d 1944 (C.D. Cal. 2015).

1349. *Quoted in id.* at 1948.

1350. *Id.*

1351. *Id.* ("Moving Defendants point to no authority that supports their proposition that a design may not be protected by both the Lanham Act and copyright law. . . . The Court is persuaded . . . that a defendant can simultaneously violate the Lanham Act and copyright law.").

interstate commerce, and (5) actually or likely injurious."[1352] Variations on this test appeared in an opinion from a California federal district court, which held liability properly should turn on the same factors, minus the fourth,[1353] and in opinions from Michigan and Ohio federal district courts, which subtracted the fifth factor and, in contravention to the Supreme Court's holding in *Lexmark International, Inc. v. Static Components, Inc.*,[1354] required showings of direct competition between the parties.[1355]

i. False Statements of Fact in Commercial Advertising and Promotion

(A) Actionable Statements of Fact

A threshold issue in any false advertising action is whether the defendant has made an actionable statement of fact, or, alternatively, whether the plaintiff's cause of action targets mere puffery: "Essential to any claim under section 43(a) of the Lanham Act is a determination of whether the challenged statement is one of fact—actionable under section 43(a)—or one of general opinion—not actionable under section 43(a)."[1356] Resolving this inquiry in a case in which the gravamen of the plaintiff's Section 43(a) cause of action was that the defendants had falsely represented to consumers the plaintiff's goods contained allegedly

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1352. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 216 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015); *see also* Design Resources, Inc. v. Leather Indus. of Am., 789 F.3d 495, 501 (4th Cir. 2015); David Yurman Enters. v. Sam's Club E., Inc., 114 U.S.P.Q.2d 1723, 1727 (S.D. Tex. 2015); Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 212 (D. Mass. 2015); Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158, 1165 (D. Nev. 2015); Medscript Pharmacy, LLC v. My Script, LLC, 77 F. Supp. 3d 788, 795 n.4 (N.D. Ill. 2015); EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525, 553-54 (D. Md. 2014); A.H. Lundberg Assocs. v. TSI, Inc., 113 U.S.P.Q.2d 1321, 1326 n.3 (W.D. Wash. 2014); Homeland Housewares, LLC v. Euro-Pro Operating LLC, 113 U.S.P.Q.2d 1255, 1256-57 (C.D. Cal. 2014); EarthCam, Inc. v. OxBlue Corp., 49 F. Supp. 3d 1210, 1242 (N.D. Ga. 2014); Honeywell Int'l Inc. v. ICM Controls Corp., 45 F. Supp. 3d 969, 985-86 (D. Minn. 2014); Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169, 176-77 (D. Mass. 2014); Gen. Steel Domestic Sales, LLC v. Chumley, 306 F.R.D. 666, 670 (D. Colo. 2014); Advanced Fluid Sys. v. Huber, 28 F. Supp. 3d 306, 333-34 (M.D. Pa. 2014); Canella v. Brennan, 112 U.S.P.Q.2d 1208, 1213 (E.D. Pa. 2014); Bern Unlimited, Inc. v. Burton Corp., 25 F. Supp. 3d 170, 181 (D. Mass. 2014); Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451, 459 n.5 (E.D. Pa. 2014).

1353. *See* Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156, 1172 (N.D. Cal. 2015).

1354. 134 S. Ct. 1377 (2014).

1355. *See* Akzo Nobel Surface Chemistry LLC v. Stern, 114 U.S.P.Q.2d 1343, 1345 (S.D. Ohio. 2014); Innovation Ventures, LLC v. Bhelliom Enters., 112 U.S.P.Q.2d 1529, 1532 (E.D. Mich. 2014).

1356. Eastman Chem. Co. v. PlastiPure, Inc., 775 F.3d 230, 234 (5th Cir. 2014) (quoting Pizza Hut, Inc. v. Papa John's Int'l, Inc., 227 F.3d 489, 495–96 (5th Cir. 2000)) (internal quotation marks omitted).

harmful chemical compounds, the Fifth Circuit offered the following guidance:

> We have held that "[a] statement of fact is one that (1) admits of being adjudged true or false in a way that (2) admits of empirical verification." Similarly, we have said that the challenged statement must make a "'specific and measurable claim, capable of being proved false or of being reasonably interpreted as a statement of objective fact.'" In contrast, "[b]ald assertions of superiority" and "exaggerated, blustering, and boasting statement [s]" are non-actionable opinions. Predictions of future events are also non-actionable expressions of opinion.[1357]

The defendants' advertising purported to rest on a scientific study, but that did not render the defendants' summaries of the study's conclusions mere nonactionable opinions. Rather, the district properly had concluded the suit targeted statements made to consumers, rather than to scientists, and, additionally, that those statements had been made "without the necessary context presented by a full scientific study, such as a description of the data, the experimental methodology, the potential conflicts of interest, and the differences between raw data and the conclusions drawn by the researcher."[1358] The defendants' statements therefore were actionable.

A Maryland federal district court reached the same conclusion on different facts.[1359] The parties before that tribunal provided competitive repair services for endoscopic medical equipment, and the defendants had allegedly advised at least one potential customer the plaintiffs were "unstable." The defendants moved to dismiss the plaintiff's Section 43(a)-based challenge to the alleged statement but did so unsuccessfully. Acknowledging "[s]tatements of opinion are generally not actionable under the false advertising provision of the Lanham Act,"[1360] the court nevertheless declined to hold as a matter of law the statement at issue fell within that category. Instead, it concluded, "the stability of a company can be verified through empirical data and, if Plaintiffs are stable, Defendants' statement would be a false misrepresentation that Plaintiffs allege caused them significant loss of business."[1361] The

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1357. *Id.* at 235 (alterations in original) (quoting Presidio Enters. v. Warner Bros. Distrib. Corp., 784 F.2d 674, 679 (5th Cir. 1986)) (internal quotation marks omitted); *Pizza Hut*, 227 F.3d at 496-97 (quoting Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co., 173 F.3d 725, 731 (9th Cir. 1999)).

1358. *Id.* at 236 (quoting Eastman Chem. Co. v. PlastiPure, Inc., 969 F. Supp. 2d 756, 764 (W.D. Tex. 2013), *aff'd*, 775 F.3d 230 (5th Cir. 2014)).

1359. *See* EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525 (D. Md. 2014).

1360. *Id.* at 554.

1361. *Id.*

plaintiffs' false advertising claim therefore survived until the proof stage.

In contrast, the Fourth Circuit affirmed a finding as a matter of law that a challenged statement was a nonactionable opinion.[1362] The plaintiff sold a product it described as "bonded leather" but which consisted mostly of polyurethane. An article carried by a leading trade journal quoted a defendant—a leather chemist—characterizing the phrase as "bound to confuse consumers" and "deceptive because it does not represent the true nature" of the products associated with it.[1363] The district court held on the defendant's motion for summary judgment his statement was not a verifiable factual representation, and the Fourth Circuit agreed: "[A] prediction about a term's power to deceive expresses only an opinion about the term's likely effect on consumers; it is not a representation of fact—false or otherwise—and is thus not actionable under the Lanham Act."[1364]

Two Massachusetts federal district courts reached even more aggressive findings of puffery as a matter of law. The first court granted a motion to dismiss allegations that two alleged misrepresentations by the counterclaim defendant constituted actionable false advertising.[1365] One alleged misrepresentation was that the counterclaim defendant's "bowel preparation" drug offered "flexible dosing." According to the counterclaim plaintiff, that claim was literally false because it meant there were no restrictions on how or when the counterclaim defendant's drug could be administered. The court disagreed, holding, "[t]he 'flexible dosing' claim . . . does not draw an implicit comparison between [the counterclaim defendant's drug] [and a competitive product] or assert a specific and measurable benefit that can be proven true or false."[1366]

Another challenged claim in the same case was that the counterclaim defendant's drug "helps achieve success." The counterclaim plaintiff's case as to that claim was hindered by its inability to identify any advertising by the counterclaim defendant actually making the claim. That inability ultimately was moot, however, in light of the court's holding that "even if the Court accepted as true the assertion that [the counterclaim defendant] has claimed that [its drug] 'helps achieve success,' that generic claim is at best puffery and is not actionable under the Lanham Act."[1367]

1362. *See* Design Resources, Inc. v. Leather Indus. of Am., 789 F.3d 495 (4th Cir. 2015).

1363. *Quoted in id.* at 504.

1364. *Id.* at 505.

1365. *See* Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169 (D. Mass. 2014).

1366. *Id.* at 179.

1367. *Id.*

The second Massachusetts court granted a motion to strike allegations of false advertising set forth by several counterclaim plaintiffs in response to a complaint accusing them of utility patent and trade dress infringement.[1368] According to the counterclaim plaintiffs, the counterclaim defendant falsely had represented its athletic helmet was the "original," or "first," such good "offering a protective visor cover in the front."[1369] The court held the counterclaim defendant's motion to strike was well-taken: "Those claims are not specific and measurable; rather, they are merely 'exaggerated advertising or unspecified boasting, characterized by vague and subjective statements, upon which no reasonable buyer would rely.'"[1370]

A Washington federal district court got into the action as well.[1371] It faced, and disposed of at the pleadings stage, an allegation that the defendant had falsely claimed "improvements" to its products without identifying the alleged improvements. The court granted the defendant's motion to dismiss, holding in the process, "[a] claim that a product is 'improved' is general and subjective and does not implicate 'specific or absolute characteristics of the product.' Such a claim . . . is unlikely to induce reasonable reliance on the part of a consumer."[1372] Nevertheless, it also granted the plaintiff leave to amend its cause of action, albeit while holding the plaintiff to the strict pleading requirements applicable to claims of fraud.[1373]

Finally, a California federal district court granted a motion to dismiss allegations of false advertising,[1374] not because the challenged statements were puffery, but instead because they were so devoid of detail they failed to satisfy the notice pleading standards set forth in Rule 8 of the Federal Rules of Civil Procedure.[1375] The plaintiffs manufactured home blenders, and they objected to what they believed was the defendant's practice of planting "false claims of defects" in online reviews of their products.[1376] Holding these averments fatally deficient, the court noted, "Plaintiffs have not sufficiently alleged facts to support its

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1368. *See* Bern Unlimited, Inc. v. Burton Corp., 25 F. Supp. 3d 170 (D. Mass. 2014).

1369. *Quoted in id.* at 181, 182.

1370. *Id.* at 182 (quoting DeSena v. Beekley Corp., 729 F. Supp. 2d 375, 392 (D. Me. 2010)).

1371. *See* A.H. Lundberg Assocs. v. TSI, Inc., 113 U.S.P.Q.2d 1321 (W.D. Wash. 2014).

1372. *Id.* at 1326 (quoting Newcal Indus. v. Ikon Office Solutions, 513 F.3d 1038, 1053 (9th Cir. 2008)).

1373. *Id.* at 1329 (citing Fed. R. Civ. P. 9(b)).

1374. *See* Homeland Housewares, LLC v. Euro-Pro Operating LLC, 113 U.S.P.Q.2d 1255 (C.D. Cal. 2014).

1375. Fed. R. Civ. P. 8.

1376. *Quoted in Homeland Housewares*, 113 U.S.P.Q.2d at 1257.

[sic] false advertising claim based on allegedly false reviews, primarily because it has [sic] not alleged clearly that Defendant made a false statement of fact."[1377] Specifically:

> Plaintiffs have not specified what sort of "false claims of defects" Defendant is supposed to have made. Without something more, the allegation is ambiguous. Do the reviews, for example, label Plaintiff's [sic] products "poorly made" or "too small" or "ugly," which would be statements of opinion? Or do they make falsifiable factual claims about Plaintiffs' blenders?[1378]

The court therefore disposed of the plaintiffs' Section 43(a) cause of action at the pleadings stage with instructions to the plaintiff to clarify their allegations in any future amended complaint.[1379]

(B) Actionable Commercial Advertising and Promotion

(1) Opinions Finding Actionable Commercial Advertising and Promotion

To the extent a consistently applied test for actionable commercial advertising and promotion exists, it was captured in the following observation:

> Under the Lanham Act, statements constitute commercial advertising if they are "(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services. . . . [and] (4) [are] disseminated sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry."[1380]

The court setting forth this test found it was satisfied as a matter of law, noting "[t]he [defendants'] various press releases, Facebook posts, and advertisements were certainly made for the purpose of convincing potential members to sign up to be a part of Defendants' [barter and] exchange network";[1381] moreover, [t]he various statements were published on the Internet on websites and social media, as well as in industry-specific digital fliers."[1382]

1377. *Id.*

1378. *Id.*

1379. *Id.*

1380. Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158, 1172 (D. Nev. 2015) (alterations in original) (quoting Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co., 173 F.3d 725, 735 (9th Cir. 1999)).

1381. *Id.* at 1171.

1382. *Id.*

In rejecting a defense motion for summary judgment, a different court appeared to go further and find as a matter of law the defendant's conduct constituted actionable commercial advertising and promotion despite the absence of a cross-motion for summary judgment on the issue.[1383] The challenged advertising at issue consisted of statements made in a series of individual conversations, and a primary question disputed by the parties was whether the defendant's alleged misrepresentations should be considered on an individual basis or, alternatively, whether they exposed the defendant to liability in the aggregate. The court answered that question affirmatively:

> [T]he ad hoc comparisons at issue in this case were an undisputed part of a broader campaign to compete with [the lead plaintiff] and to tout the supposed advantages of the [the defendant's product] over [the lead plaintiff's]. In that context, what would ordinarily seem like individual conversations take on added significance. There is evidence that [the defendant's] management directed individual salespeople to disseminate several of the allegedly false or misleading statements. There is little difference between this and a traditional advertising campaign in either purpose or effect. The purpose is to win customers from a competitor on a large scale and the effect—assuming there is one—is the same. . . . [T]he mere fact that the promotional campaign took the form of individual conversations does not mean that it is not advertising when taken as a whole.[1384]

This holding in turn led to one that "[t]aken together, [the defendant's] statements are advertising within the meaning of the Lanham Act."[1385]

(2) Opinions Declining to Find Actionable Commercial Advertising and Promotion

An aggressive finding of no actionable commercial and advertising took place at the pleadings stage in a case before an Ohio federal district court.[1386] Some six years before the commencement of hostilities, the lead defendant left the plaintiff's payroll to take a job with a competitor of the plaintiff. When the lead defendant was listed as an inventor on a utility patent application claiming rights to a technology he allegedly developed

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1383. *See* Reed Constr. Data Inc. v. McGraw-Hill Cos., 49 F. Supp. 3d 385 (S.D.N.Y. 2014), *aff'd*, No. 14–4022–cv, 2016 WL 80577 (2d Cir. Jan. 7, 2016).

1384. *Id.* at 411 (citation omitted).

1385. *Id.*

1386. *See* Akzo Nobel Surface Chemistry LLC v. Stern, 114 U.S.P.Q.2d 1343 (S.D. Ohio 2014).

while employed by the plaintiff, the plaintiff filed suit on the theory that the application contained false and misleading statements relating to the creation and ownership of the technology. The defendants argued in a motion to dismiss that the application's contents were not actionable under Section 43(a), and the court agreed. It noted of the allegations in the complaint that "Defendants filed a patent application, which included descriptions and explanations of a new process that Defendants wanted to protect. There is no claim that advertising language was included in this application."[1387] Even accepting the plaintiff's allegations as true for purposes of the plaintiff's motion, dismissal was appropriate because "Defendants' filing of the [application] is not the same as commercially advertising and promoting a good or service to customers."[1388]

Along the same lines, a Georgia federal district court made short work of the theory that allegedly false statements by a counterclaim defendant's sales representative in a conversation recorded by the counterclaim plaintiffs constituted actionable advertising.[1389] In granting the counterclaim defendant's motion for summary judgment, the court held as an initial matter that:

> [F]or representations to constitute "commercial advertising or promotion" . . . they must be: (1) commercial speech; (2) by a defendant who is in commercial competition with the plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods or services. While the representations need not be made in a "classic advertising campaign," but may consist instead of more informal types of "promotion," the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute "advertising" or "promotion" within the industry.[1390]

The court then observed with respect to the fourth of these requirements that "[i]solated statements made by sales representatives are not sufficiently disseminated to the relevant purchasing public to constitute false advertising under the Lanham Act."[1391]

The counterclaim plaintiffs' Section 43(a) cause of action failed under this test. Although the counterclaim plaintiffs pointed to alleged testimony by a principal of the counterclaim defendant that the statements in question could have been disseminated to

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1387. *Id.* at 1346.

1388. *Id.*

1389. *See* EarthCam, Inc. v. OxBlue Corp., 49 F. Supp. 3d 1210 (N.D. Ga. 2014).

1390. *Id.* at 1242 (emphasis deleted) (second alteration in original) (quoting Suntree Tech. Inc. v. Ecosense Int'l, Inc., 693 F.3d 1338, 1349 (11th Cir. 2012)) (internal quotation marks omitted).

1391. *Id.*

others "perhaps hundreds of times," the court determined the testimony was a mere acknowledgement of a speculative question from the counterclaim plaintiffs' counsel; indeed, the court found, "[t]he testimony establishes that [the counterclaim plaintiffs] do[] not have evidence of how often [the disputed] statements . . . were made by [the counterclaim defendant's] sales representatives because [the counterclaim defendant's principal] did not know how frequently the statements were made."[1392]

Moreover, the same result held with respect to a second purported advertisement by the counterclaim defendant, which was a chart comparing the parties' products and highlighting the alleged advantages of those sold by the counterclaim defendant. There was no material dispute the counterclaim defendant had circulated the chart to a single customer, an action the court concluded could bring the chart within the definition of commercial advertising and promotion, provided that the relevant market was a small one. Unfortunately for the counterclaim plaintiffs, however, the summary judgment was devoid of any evidence on that issue, which precluded any reasonable jury from finding that the chart was actionable. The counterclaim defendant therefore was entitled to judgment of nonliability as a matter of law where the chart was concerned.[1393]

In an additional defense victory, albeit a partial one, a counterclaim defendant successfully demonstrated certain documents it had generated did nothing more than set forth the counterclaim defendant's marketing strategy.[1394] The court teed up the issue by holding, "[t]o constitute advertising or promotion, commercial speech must at a bare minimum target a class or category of purchasers or potential purchasers, not merely particular individuals."[1395] It then concluded of the disputed documents that "[t]here is no evidence that most of the documents that reveal [the counterclaim defendant's] marketing strategy were ever distributed to anyone outside of the company."[1396] Moreover, "[a]lthough some e-mails appear to be directed to individuals that are not affiliated with [the counterclaim defendant], there is no evidence that these documents targeted anyone beyond those 'individuals.' As a result, those documents are not commercial advertisements."[1397]

1392. *Id.* at 1243.

1393. *Id.*

1394. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 211 (D. Mass. 2015).

1395. *Id.* at 213 (quoting Podiatrist Ass'n v. La Cruz Azul de Puerto Rico, Inc., 332 F.3d 6, 19 (1st Cir. 2003)) (internal quotation marks omitted).

1396. *Id.*

1397. *Id.*

(3) Opinions Deferring Resolution of the Actionable-Commercial-Advertising-and-Promotion Inquiry

In a false advertising action brought by a compounding pharmacy, the plaintiff averred a competitor and its owners had told patients and prescribers: (1) the plaintiff had gone out of business, and the lead defendant had taken over the plaintiff's business; and (2) the plaintiff had changed its name to the lead defendant's name and that the lead defendant would fill patients' prescriptions on a going-forward basis.[1398] The defendants moved the court to dismiss the plaintiff's federal cause of action under Section 43(a) on the ground that their alleged misrepresentations did not rise to the level of actionable commercial and promotion, but the court declined to do so. In denying the motion, the court rejected the defendants' argument that mere "person-to-person communications" were outside the scope of Section 43(a). In particular, the court held, the allegations in the complaint made it "plausible" that "[the plaintiff's] patients and prescribers whom [the defendants] contacted represent a significant portion of the compounding pharmacy industry. Facts outside the four corners of the complaint may show otherwise, but at the pleading stage this court finds that the amended complaint minimally states a claim under the Lanham Act."[1399]

A second opinion similarly demonstrated the difficulty faced by defendants seeking to dispose of a claim of actionable commercial advertising and promotion on a motion to dismiss.[1400] The defendants prosecuting that motion were an unauthorized alumni association of a military academy and two-year college, while the plaintiffs were the academy and its authorized alumni association. In support of their motion, the defendants argued the promotional materials they distributed could not be the basis of a successful Section 43(a) claim because the defendants' association was nonprofit in nature and because the defendants were merely criticizing the academy's administration. Having found earlier in its opinion the parties competed for fundraising dollars, the court was in no mood to grant the defendants' motion: "[T]he Lanham Act false advertising provision 'is broad enough to support, in the context of non-profit fundraising, a claim of false and misleading

1398. *See* Medscript Pharmacy, LLC v. My Script, LLC, 77 F. Supp. 3d 788, 792 (N.D. Ill. 2015).

1399. *Id.* at 795; *see also id.* at 796 (reaching identical outcome under Illinois Uniform Deceptive Trade Practices Act).

1400. *See* Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc., 24 F. Supp. 3d 451 (E.D. Pa. 2014).

statements about the services represented by a protected mark.'"[1401]

A third opinion reaching the same result did so in a dispute between competitors in the insurance business.[1402] The plaintiffs alleged the defendants had falsely accused them of, among other things, taking "every shortcut in financial planning," being "dangerous," "creating and fostering fear," associating with a "known criminal," and cheating agents out of commissions.[1403] Addressing the defendants' motion to dismiss, the court held, "[f]actors to determine whether speech is commercial include whether (1) the speech is an advertisement; (2) the speech refers to a specific product or service; and (3) the speaker has an economic motivation for the speech."[1404] Accepting the plaintiff's allegations as true, the court found the factors weighed in the plaintiffs' favor. Although not expressing analyzing each factor separately, the court rested the outcome in significant part on allegations of the competitive relationship between the parties, the electronic dissemination of the challenged statements on the defendants' website, the plaintiffs' loss of business to the defendants, and the defendants' intent to disparage their competitors.[1405]

(C) Falsity

With apparent unanimity, courts recognized there were two ways in which a plaintiff could demonstrate the falsity of a challenged representation: "[A] statement can be false for Lanham Act purposes in two ways: it can be 'literally false, i.e., false on its face,' or it can be implicitly false because it is 'mislead[ing].'"[1406] In an easy case producing findings of falsity under both theories, the defendants affirmatively and repeatedly represented in their advertising they were the successors in interest to another company, the assets of which the plaintiffs actually had purchased by the plaintiffs.[1407] The defendants' knowledge of their lack of ownership of the company was beyond material dispute, as one of the defendants owned a 50 percent stake in the company before

1401. *Id.* at 459 (quoting Birthright v. Birthright, Inc., 827 F. Supp. 1114, 1138 (D.N.J. 1993)).

1402. *See* Canella v. Brennan, 112 U.S.P.Q.2d 1208 (E.D. Pa. 2014).

1403. *Quoted in id.* at 1213.

1404. *Id.* at 1214.

1405. *Id.* at 1215.

1406. Reed Constr. Data Inc. v. McGraw-Hill Cos., 49 F. Supp. 3d 385, 411 (S.D.N.Y. 2014) (second alteration in original) (quoting Time Warner Cable, Inc. v. DIRECTV, Inc., 497 F.3d 144, 153 (2d Cir. 2007)) (internal quotation marks omitted), *aff'd*, No. 14–4022–cv, 2016 WL 80577 (2d Cir. Jan. 7, 2016); *see also* Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169. 177 (D. Mass. 2014); *Canella*, 112 U.S.P.Q.2d at 1214.

1407. *See* Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158 (D. Nev. 2015).

selling out years earlier. In addition, and "more troubling to the Court," the defendants' regulatory filings contained representations they were *not* affiliated with the company.[1408] These representations led the court to find a number of the defendants' representations literally false as a matter of law. Others, including the defendants' claims the original company was "back in business," "reopening," and becoming the business it "once was"[1409] misleading in context: As the court explained while granting the plaintiffs' motion for summary judgment, "the Lanham Act encompasses more than 'blatant falsehoods.' 'It embraces innuendo, indirect suggestions evidenced by the consuming public's misapprehension of the hard facts underlying an advertisement.'"[1410]

Among cases going to trial, the Fifth Circuit declined to overturn a jury finding of literally false advertising in a dispute between competitors in the plastic resin industry.[1411] The advertising in question represented the plaintiff's goods had estrogenic activity (EA), which the court noted could "trigger hormone-dependent cancers, reproductive abnormalities, and other negative health conditions."[1412] Reviewing the trial record, the court concluded that the jury reasonably could have found literal falsity based on: (1) "evidence of tests conducted by four separate laboratories that found no evidence of estrogenic activity in [the plaintiff's] goods";[1413] (2) expert witness testimony introduced by the plaintiff to similar effect;[1414] (3) additional expert witness testimony introduced by the plaintiff "that most of [the defendants'] tests were not scientifically reliable, and that the few reliable tests actually showed no evidence of EA";[1415] and (4) the absence of expert testimony from either side that the plaintiff's goods presented a health hazard.[1416] The defendants may have introduced conflicting expert witness testimony and evidence, but the jury was not required to credit them over the plaintiff's showings.[1417]

1408. *Id.* at 1167-68.

1409. *Quoted in id.* at 1168.

1410. *Id.* (quoting William H. Morris Co. v. Grp. W, Inc., 66 F.3d 255, 257-58 (9th Cir. 1995)).

1411. *See* Eastman Chem. Co. v. PlastiPure, Inc., 775 F.3d 230 (5th Cir. 2014).

1412. *Id.* at 233.

1413. *Id.* at 238.

1414. *Id.*

1415. *Id.*

1416. *Id.*

1417. As the court explained, "[a]fter hearing this evidence, the jury was free to, and apparently did, credit [the plaintiff's] evidence that [the plaintiff's resin] was EA-free over the contrary evidence presented by [the defendants]." *Id.*

Findings of literal falsity and falsity by implication similarly passed muster in an appeal to the Second Circuit.[1418] The parties sold folate products for incorporation into vitamins and nutritional supplements. The plaintiff's product was a "pure" isomer, while the defendant's product was a "mixed" product containing the same isomer as that comprising the plaintiff's product, as well as a stereoisomer lacking the same properties. Despite that difference, the defendants identified their product using the common name of the isomer sold by the plaintiff in "(1) product specification sheets to potential customers, and (2) brochures at sales presentations, and when it delivered its . . . product to customers, [in] product data sheets, certificates of analysis, and material safety data sheets."[1419] That conduct, the court of appeals held, was a sufficient basis to sustain the district court's finding of literal falsity.[1420] Nor was that the end of the defendants' problems, for, despite the mixed nature of their product, the defendants' marketing materials described properties of the isomer sold by the plaintiff: As the court summarized those materials, "[i]n essence, [the lead defendant] was accurately describing a product it was not selling."[1421] The court apparently viewed the defendants' practices as falling so far within the scope of actionable literally-true-but-misleading in-context advertising that it did not seriously address the issue of whether the district court's finding of liability was clearly erroneous.

Other reported opinions rejected plaintiffs' claims of literal falsity,[1422] with some doing so in favor of determinations that the challenged advertising was at worst misleading in context. A case before a Minnesota federal district court produced a finding as a matter of law the defendant's representations its products were "Made in the USA" fell into this category of advertising.[1423] The plaintiff responded to the defendant's motion for summary judgment on the issue by arguing the representations were literally false, but the court held otherwise. Its analysis did not begin in promising fashion from the plaintiff's perspective: "It is telling that despite the pervasive use of 'Made in the USA' labels on products, [the plaintiff] does not point to a single case that has found the phrase unambiguous."[1424] The court then rejected the

1418. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014).

1419. *Id.* at 253.

1420. *Id.* at 256.

1421. *Id.*

1422. *See, e.g.*, Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184, 214(D. Mass. 2015) (rejecting claim that counterclaim defendant's references to "our patented [product]" were literally false based on undisputed evidence of license from owner of patent to counterclaim defendant).

1423. *See* Honeywell Int'l Inc. v. ICM Controls Corp., 45 F. Supp. 3d 969 (D. Minn. 2014).

1424. *Id.* at 987.

plaintiff's invitation to adopt as a benchmark the Federal Trade Commission's guidelines for "U.S. origin claims," which required "all or virtually all" of an advertised product to be made in the United States for such a claim to be accurate.[1425] Moreover, even if the FTC guidelines were given the force of law in a Section 43(a) action, even they demonstrated "the phrase 'Made in the USA' is not unambiguous enough to support a literal falsity theory for purposes of [the plaintiff's] Lanham Act claim."[1426] The inherent ambiguity of the phrase also was reflected in a dictionary definition and a number of other federal regulations cited by the court, all of which characterized products "Made in the USA" in different ways. In finding as a matter of law the challenged advertising was at worst ambiguous, the court observed, "[s]uch characterizations show that a statement that a product is made in a particular country does not have a universal and definitive meaning,"[1427] which meant "the phrase 'Made in the USA' is not unambiguous enough that [the plaintiff] may pursue a theory of literal falsity in this case, where there appears to be no dispute that the final processing and assembly of the products occur in the United States."[1428]

The Fourth Circuit affirmed findings as a matter of law disposing of a plaintiff's multiple claims of false advertising, namely the district court's determinations: (1) some of the challenged advertising was not literally false; and (2) the rest was not false at all.[1429] The plaintiff bringing the appeal to that court was a supplier of imitation leather products, one of which it described as "bonded leather." Rather than consisting of 100% leather, the plaintiff's bonded leather had a polyurethane face attached to a fabric core and backed with a thin layer of leather fibers. This led one defendant, a competitor of the plaintiff, to place advertisements in a prominent trade magazine alerting readers that "[s]ome upholstery suppliers are using leather scraps that are misrepresented as leather."[1430] It also led to an article in the same publication in which another defendant, a chemist, characterized the use of the phrase bonded leather for alternative leather products was "outright deception, outright fraud."[1431]

1425. *Id.* (citing FTC Enforcement Policy Statement on U.S. Origin Claims, 62 Fed. Reg. 63,756 (Dec. 2, 1997)). According to the court, "while an FTC policy statement is accorded due weight, a Lanham Act plaintiff must show that the advertisements are literally false or misleading to the public, not merely that the advertisements violate FTC guidelines. *Id.* (citation omitted) (internal quotation marks omitted).

1426. *Id.* at 988.

1427. *Id.* at 988-89.

1428. *Id.* at 989.

1429. *See* Design Resources, Inc. v. Leather Indus. of Am., 789 F.3d 495 (4th Cir. 2015).

1430. *Quoted in id.* at 498.

1431. *Quoted in id.* at 498-99.

The plaintiff argued its competitor's advertisements were literally false by implication, because, as the court characterized that argument, "having necessarily implied a reference to bonded leather and [the plaintiff's bonded leather product in particular], the ad communicates the false messages that bonded leather was being marketed as leather and that [the plaintiff] was marketing [its product] as leather."[1432] The court found the argument "confounding."[1433] As it explained, "[a]t bottom, [the plaintiff] asserts that, even though the ad refers only to products marketed as leather, [the ad] unmistakably refers to products *not* marketed as leather, but as bonded leather . . . ."[1434] Although the plaintiff sought to work around this problem by claiming consumers would have recognized the ad as targeting the plaintiff based on the broader mark context in which the ad ran, the court declined "to reach entirely outside the face of the ad and into the context surrounding the ad's publication to uncover a false message it argues is necessarily implied."[1435] The plaintiff therefore was forced to rely on the theory the ad was literally true but misleading in context.[1436]

The plaintiff's claim against the individual defendant fared even worse. According to the court, "the statement that calling bonded leather products 'leather' is deceptive unambiguously communicates the message that using the unqualified term 'leather' for products that are not leather is misleading. Nothing on the face of this statement suggests that the use of the term 'bonded leather' . . . is misleading."[1437] The appellate court therefore agreed with the district court the challenged statements were true and therefore not actionable.[1438]

Finally, as with all factual questions, the issue of whether challenged advertising is false does not always lend itself to resolution as a matter of law, especially on motions to dismiss for failure to state a claim.[1439] For example, in a case in which the facts did not necessarily support a finding of literal falsity, the court declined to grant a motion to dismiss arising from promotional materials in which the defendants' advertising allegedly emphasized the names of employees formerly employed

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1432. *Id.* at 502.

1433. *Id.*

1434. *Id.*

1435. *Id.* at 503.

1436. *Id.*

1437. *Id.* at 504.

1438. *Id.*

1439. *See, e.g.*, Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169, 177-79 (D. Mass. 2014) (noting "claims of literal falsity will generally survive a motion to dismiss" and holding claims of literal falsity properly pleaded).

by the plaintiffs.[1440] As the court explained, the challenged advertising could be found literally true but misleading in context: "Implying that a product was authorized or approved by a particular person or company may be a form of false advertising if it is likely to mislead consumers. Although Defendants' advertising may be a true representation of fact, it could mislead consumers to believe Plaintiffs and Defendants are affiliated."[1441] Dismissal "at this early stage of litigation" therefore was inappropriate.[1442]

A defendant active in the coordination of construction projects similarly failed to establish on a motion for summary judgment certain statements made by its personnel to customers were not literally false as a matter of law.[1443] There were a number of such statements, namely: (1) an independent firm had overseen the preparation of a report disseminated by the defendant, which the lead plaintiff disputed by pointing to evidence and testimony in the summary judgment record that the independent firm's participation had been cursory and had been paid "just to say we oversaw the whole process";[1444] (2) certain projects were available only through the defendant's network, when, in fact, there was evidence, albeit "weak and circumstantial," the projects were available through the lead plaintiff's network at the time the statements were made;[1445] (3) the defendant "had a 5:1 ratio over [the lead plaintiff] in exclusive projects and a 3:1 ration over all competitors in all projects," which the lead plaintiff successfully argued for purposes of the defendant's motion was literally false "because the testimony of its expert . . . , as well as [the defendant's] own internal data, indicate its advantage in projects was substantially less than 5:1 and 3:1 in those categories."[1446]

Another court denying a defense motion for summary judgment did so in a case in which the parties were competing producers of pharmaceutical preparations.[1447] The allegedly false advertising at issue was a claim the defendant's preparation was 98% effective, while that of the plaintiff was only 74% effective. The defendant's motion gave the court the opportunity to distinguish between "establishment" claims, on the one hand, and "non-establishment" claims, on the other. Defining the former as

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1440. *See* EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525 (D. Md. 2014).

1441. *Id.* at 555 (citation omitted).

1442. *Id.*

1443. *See* Reed Constr. Data Inc. v. McGraw-Hill Cos., 49 F. Supp. 3d 385 (S.D.N.Y. 2014), *aff'd*, No. 14–4022–cv, 2016 WL 80577 (2d Cir. Jan. 7, 2016).

1444. *Quoted in id.* at 412.

1445. *Id.* at 414-15.

1446. *Id.* at 415.

1447. *See* Ferring Pharm. v. Braintree Labs., 38 F. Supp. 3d 169 (D. Mass. 2014).

explicit or implicit suggestions that tests or studies prove the superiority of an advertised product, the court held that a plaintiff challenging an establishment claim as false or misleading must "show[] that the tests did not establish the proposition for which they were cited [which it may do by] demonstrating that the tests were not sufficiently reliable to permit a conclusion that the product was superior."[1448] In contrast, the court explained, a plaintiff averring the falsity of a non-establishment claim, namely, a general claim of superiority, carries the burden of proving the defendant's product is equal or inferior to another product.[1449]

The court agreed with the plaintiff that the defendant's advertising consisted of establishment claims: "While the claims do not expressly reference a study or test, claims of 98% effectiveness and superior results 'based on investigator grading' are not 'general claims of superiority.'"[1450] It then also agreed "[t]he existence of genuine disputes of fact with respect to the reliability of the [defendant's] head-to-head study preclude summary judgment in favor of [the defendant]."[1451] "For instance," it explained, "the study abstract alone does not establish reliability and the Court and [the plaintiff] have not been provided with the full results. Similarly, it is unclear from the existing record whether the study was in fact peer-reviewed as [the defendant] claims."[1452]

ii. Actual or Likely Deception

Courts addressed the issue of whether challenged advertising deceived, or was likely to deceive, the relevant audience under several rubrics. Under one, "[i]f the representation is literally false, a plaintiff need not show consumer deception to prevail under the Lanham Act. If the advertisement is true, but given the context, likely to mislead or confuse consumers, a plaintiff must also show that the advertisement does tend to mislead consumers."[1453] Under another, "[t]his burden [to prove actual or

1448. *Id.* at 184 (quoting Gillette Co. v. Norelco Consumer Prods. Co., 946 F. Supp. 115, 121 (D. Mass. 1996)).

1449. *Id.* at 194-85.

1450. *Id.* at 185 (quoting *Gillette*, 946 F. Supp. at 185).

1451. *Id.*

1452. *Id.*

1453. EndoSurg Med., Inc. v. EndoMaster Med., Inc., 71 F. Supp. 3d 525, 554 (D. Md. 2014) (citation omitted); *see also* Design Resources, Inc. v. Leather Indus. of Am., 789 F.3d 495 (4th Cir. 2015) ("[T]he plaintiff can show that, although a statement may be true on its face and not false by necessary implication—it is otherwise false by implication because it would likely mislead consumers of the product the statement concerns. The plaintiff must support a theory of implied falsehood with evidence that the advertisement "tend[s] to mislead or confuse [such] consumers." (alterations in original) (quoting Scotts Co. v. United Indus. Corp., 315 F.3d 264, 273 (4th Cir. 2002))); Merck Eprova AG v. Gnosis S.P.A., 760

likely deception] does not apply to statements . . . where [a plaintiff] proves intentional deception."[1454]

Having determined a series of alleged representations were not literally false, but instead at worst misleading in context, one court offered the following restatement of the standard governing the required showing of actual or likely deception:

> Ordinarily, consumer confusion is demonstrated through customer surveys, but this is not a hard-and-fast requirement. To sustain a claim under the misleadingly-false theory of the Lanham Act, a plaintiff need only show—using whatever evidence—that a substantial number of consumers were, in fact, confused by the allegedly misleading statement. There is no specific numerical threshold to qualify as "substantial" for purposes of the Lanham Act. But numbers in the handfuls—pulled from markets in the tens of thousands—have repeatedly been held insufficient.[1455]

Turning to a defense motion for summary judgment in the case before it, the court held the defendant's showing deficient on both counts. As to actual or likely deception, it rejected the lead plaintiff's reliance on favorable declaration testimony from a representative of one of the 70,000 potential customers for which the parties competed, especially because the declarant was not a decisionmaker.[1456] The lead plaintiff's allegations of intentional deceit also struck out because they were grounded in mere circumstantial evidence: As the court noted, "[p]erhaps the evidence is sufficient to support a conclusion that [the defendant]

F.3d 247, 256 (2d Cir. 2014) ("Once literal falsity . . . was proved, no further evidence of actual consumer confusion was necessary."); Eastman Chem. Co. v. PlastiPure, Inc., 775 F.3d 230, 238-39 (5th Cir. 2014) ("The district court properly instructed the jury that it could find the challenged statements 'misleading' even if they were not literally false, and that liability for misleading statements would only attach with additional findings of 'deception' and 'materiality.'"); Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158, 1171 (D. Nev. 2015) ("Where an advertisement is literally false, 'a presumption arises that consumers were in fact deceived and the burden shifts to the defendant to prove otherwise.'" (quoting Del Webb Communities, Inc. v. Partington, No. 2:08–cv–00571–RCJ–GWF, 2009 WL 3053709, at *13 (D. Nev. Sept. 18, 2009))); Honeywell Int'l Inc. v. ICM Controls Corp., 45 F. Supp. 3d 969, 989 (D. Minn. 2014) (granting defense motion for summary judgment on ground that "[w]ith the literal falsity avenue foreclosed, Honeywell cannot prevail on its false advertising claim because it lacks adequate evidence to establish the element of deception under an alternative theory").

1454. Reed Constr. Data Inc. v. McGraw-Hill Cos., 49 F. Supp. 3d 385, 415 (S.D.N.Y. 2014), *aff'd*, No. 14–4022–cv, 2016 WL 80577 (2d Cir. Jan. 7, 2016).

1455. *Id.* at 416 (citation omitted).

1456. *Id.* at 417 ("A declaration from one customer in a market of this size is insufficient, particularly when compared to [the defendant's] evidence that consumers were not confused, and considering the fact that the declaration was from a non-decisionmaker at his company.").

was reckless with regard to the possibility that consumers would be confused by its statements, but this is not enough."[1457]

Other defendants prevailed on the same ground when the plaintiff suing them for allegedly misleading representations that their products were "Made in the USA" failed to place the absence of actual or likely deception into dispute when responding to the defendants' motion for summary judgment.[1458] In lieu of the results of a consumer survey, the plaintiff instead relied on an expert witness report opining "that 'contractors,' who the parties treat as the relevant consumers, 'are likely to believe' that a 'Made in the USA' claim 'implies that 100% of the product and its components are manufactured' in the United States";[1459] the report in turn relied in part on deposition testimony from an employee of the plaintiff that certain customers with whom she had discussed the matter "believe that the product is, you know, ultimately a hundred percent made in—in the United States, all of its components are made here."[1460] The court easily identified a fatal flaw in the report:

> [The plaintiff] . . . has not made any showing that [its expert] conducted any research of actual contractors or that he has any relevant experience with such contractors. He only theorizes about what contractors "are likely to believe" and "likely to infer." [His] testimony, even combined with [the fact witness's] deposition testimony, does not amount to "reliable consumer or market research" on what contractors understand by the phrase "Made in the USA" and whether they would find [the defendants'] use of that phrase for its products misleading.[1461]

Without the required showing of actual or likely deception, the plaintiff's claims failed as a matter of law.[1462]

In stark contrast, a different result held in an appeal to the Second Circuit.[1463] The appellate record contained "ample testimony" from numerous witnesses they had been misled into believing the defendants' product was chemically and functionally identical to the plaintiff's competitive product when, in fact, the defendants' product was a mixture of the plaintiff's product and a stereoisomer of that product.[1464] For example, one customer of the

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1457. *Id.* at 416.

1458. *See* Honeywell Int'l Inc. v. ICM Controls Corp., 45 F. Supp. 3d 969 (D. Minn. 2014).

1459. *Id.* at 989.

1460. *Quoted in id.*

1461. *Id.* at 989-90 (citation omitted).

1462. *Id.* at 990.

1463. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014).

1464. *Id.* at 258.

defendants' product discontinued its sales of goods made from that product once it became aware of the inaccuracy of the defendants' advertising, and a representative of another testified her company would have rejected the defendants' product had it understood the product's composition.[1465] Finally, with respect to yet another of the defendants' customers, "[the lead defendant's] CEO conceded that it 'would seem to be the case that [the customer] did not know it had been receiving a mixture product."[1466] On these facts, the Second Circuit had no difficulty holding that "even assuming that some of [the defendants'] direct customers were not confused about what they were purchasing from [the defendants], the record readily supports the conclusion that a 'significant number of consumers' were misled by [the defendants'] false labeling."[1467] Almost as an afterthought, the court also pointed to "the 'egregious nature' of [the defendants'] deliberate intent to deceive the purchasing public [as] support[ing] the imposition of a presumption of consumer confusion."[1468]

A more substantive treatment of alleged intentional misconduct came in a dispute in which the counterclaim defendant was accused of knowingly referring to an invalid utility patent in its advertising.[1469] In response to the counterclaim defendant's motion for summary judgment, the counterclaim plaintiffs called the court's attention to e-mail messages from an individual described as a "sales representative and investor" of the counterclaim defendant acknowledging no patent application had been filed before the deadline for doing so and inquiring whether there was "any way to 'modify' our shipping records . . . to earn the patent?"[1470] Beyond the emails, the counterclaim defendant's Rule 30(b)(6) deponent testified "that his understanding . . . was that the patent 'would be very difficult to enforce . . . [b]ecause it was filed late.'"[1471] Not surprisingly, the court concluded, "[t]he evidence is sufficient to create a genuine dispute of material fact, and therefore defendants may be able to rely on the presumption of consumer deception . . . ."[1472]

1465. *Id.*

1466. *Id.*

1467. *Id.* (quoting Coca-Cola Co. v. Tropicana Prods., Inc., 690 F.2d 312, 317 (2d Cir. 1982)).

1468. *Id.* at 259 (quoting Resource Developers, Inc. v. Statue of Liberty-Ellis Island Found., Inc., 926 F.2d 134, 140 (2d Cir. 1991); PPX Enters. v. Audiofidelity Enters., 818 F.2d 266, 272 (2d Cir. 1998)).

1469. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184 (D. Mass. 2015).

1470. *Quoted in id.* at 215.

1471. *Id.* (alterations in original).

1472. *Id.*

iii. Materiality

A Nevada federal district addressing the materiality prerequisite for a finding of false advertising found it satisfied on the plaintiffs' motion for summary judgment.[1473] There were two reasons for that outcome, the first of which was that "if the statements at issue are found to be literally false, the court may presume materiality,"[1474] which the court found to be the case. The second was the overall message of the defendants' advertising, which was that their business was the successor in interest to one actually owned by the plaintiffs: As the court noted, if the operating history of the original business was immaterial to consumers, "Defendants would likely not have gone to so much effort to present [their business] as a continuation of the original [business]";[1475] beyond that, the summary judgment record reflected evidence that "at least some" of the parties' customers were confused.[1476]

The required showing of materiality also proved no obstacle for a counterclaim plaintiff, at least at the summary judgment stage of the proceedings.[1477] The parties competed in the ice cream novelty and fruit bar industries, and the counterclaim plaintiff accused its opponents of making false statements on their packaging and on their website. The counterclaim defendants moved for the summary disposition of the counterclaim, arguing the challenged statements on the packaging could not be actionable because the statements were on the rear panels and therefore too inconspicuous to be material; as to the packaging and the website, the counterclaim defendants argued that, because consumers purchased their goods on an impulse basis, no advertising could influence sales of their goods. The court rejected the first of these arguments, holding instead that "[the counterclaim plaintiff] is not required to prove actual influence on the purchasing decision, but rather just that the advertisements are likely to affect that choice."[1478] The counterclaim defendants' second argument also failed based on the court's determination that "[t]hough it is less likely that statements posted on [the counterclaim defendants'] website are material to a consumer's decision given their attenuated position compared to being placed directly on the product itself, a factual dispute about materiality

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1473. *See* Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158 (D. Nev. 2015).

1474. *Id.* at 1173.

1475. *Id.*

1476. *Id.*

1477. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

1478. *Id.* at 217.

remains."[1479] The counterclaim plaintiff therefore lived to fight another day.

In contrast, an alleged misrepresentation of an inherent quality or characteristic of a product failed to do the job in a dispute between competing manufacturers of sports helmets.[1480] The challenged representation by the counterclaim defendant was that a visor incorporated into its helmets was covered by a utility patent. Although not expressly rejecting the counterclaim plaintiffs' argument on this point, the court apparently did so as a matter of law, for it quickly turned to the counterclaim plaintiffs' fallback reliance on testimony by the counterclaim defendant's Rule 30(b)(6) witness that "[t]he intention [of the challenged advertising] was to help educate retailers about our patent and to try to get them to place their buy . . . with us and not our competitors."[1481] Concluding the counterclaim plaintiffs' showing "appears to be sufficient to create the inference that its advertising of the patent would affect purchasing decisions,"[1482] the court denied the counterclaim defendant's motion for summary judgment because "there is a genuine issue of material fact as to whether in fact [the counterclaim defendant's] alleged misrepresentation was material."[1483]

A different litigant prosecuting a claim of false advertising did not enjoy equivalent success.[1484] That party, the plaintiff in the action, responded to the defendant's motion for summary judgment on the issue of materiality by citing a single customer's reliance on the defendant's advertising when making purchasing decisions; perhaps aware of the weakness of its showing, the plaintiff also argued that the challenged statements related to the inherent quality of the defendant's services. The result was entry of summary judgment in the defendant's favor: Not only did the proffered customer testimony fail to create a factual dispute on the issue, its singular nature meant the defendant had overcome any presumption of materiality attaching to the defendant's representations about the inherent nature of its services.[1485]

1479. *Id.*

1480. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184 (D. Mass. 2015).

1481. *Quoted in id.* at 217.

1482. *Id.*

1483. *Id.*

1484. *See* Reed Constr. Data Inc. v. McGraw-Hill Cos., 49 F. Supp. 3d 385 (S.D.N.Y. 2014), *aff'd*, No. 14–4022–cv, 2016 WL 80577 (2d Cir. Jan. 7, 2016).

1485. *Id.* at 418-19.

iv. Interstate Commerce

Doubtless because it is so easy to satisfy, the requirement that challenged advertisements be disseminated in interstate commerce rarely is the attention of judicial scrutiny. An exception to this general rule came in an opinion granting a motion for summary judgment of liability, which noted of the defendants' misrepresentations, "[t]here is no question that the statements at issue entered interstate commerce. They were published on websites and social media, and they were conveyed in industry-specific newsletters that were sent via e-mail."[1486]

Similar allegations of electronic dissemination proved dispositive in another court's denial of a motion to dismiss.[1487] As the court summarized the basis of their Section 43(a) cause of action, "Plaintiffs have pled that the Moving Defendants' false and misleading statements were posted on a website. Plaintiffs assert that the website could be accessed worldwide. Additionally, Plaintiffs assert that the website had a live Twitter feed in order to extend the public's access to the website."[1488] The result was a foregone conclusion: "Plaintiffs' pleading meets the interstate commerce requirements of the Lanham Act."[1489]

v. Damage and Causation

One federal district court summarized the requirement that a plaintiff asserting a cause of action for false advertising under Section 43(a) prove damage and causation in the following manner:

> A party's burden for the injury element depends on what form of relief it seeks. . . . A party pursuing monetary damages for false advertising in violation of Section 43(a) must establish actual damage to its business caused by the false advertising, whereas injunctive relief requires only a showing of "a likelihood of injury to the plaintiff in terms of declining sales, loss of good will, etc."[1490]

The counterclaim plaintiff in the litigation triggering this observation was not pursuing a claim for monetary relief but instead alleged injury to its reputation when the counterclaim defendants' allegedly false advertising misled consumers into

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1486. Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158, 1173 (D. Nev. 2015).

1487. *See* Canella v. Brennan, 112 U.S.P.Q.2d 1208 (E.D. Pa. 2014).

1488. *Id.* at 1214 (citations omitted).

1489. *Id.*

1490. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 217-18 (D.D.C. 2014) (quoting Max Daetwyler Corp. v. Input Graphics, Inc., 545 F. Supp. 165, 171 (E.D. Pa. 1982)), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

purchasing the counterclaim defendants' lower-quality goods. The court found that argument convincing for purposes of the counterclaim defendants' motion for summary judgment, holding that "given the apparent differences between the products, there is some basis to anticipate that [the counterclaim plaintiff's] goodwill and reputation, in addition to potential sales, may be harmed if consumers are misled by [the counterclaim defendants'] advertisements into believing they are buying [the counterclaim plaintiff's] fruit-based, handmade product."[1491] Nevertheless, the argument was not so convincing that it mandated entry of summary judgment in the counterclaim plaintiff's favor, in part because of the hearsay nature of the counterclaim plaintiff's showing.[1492] The result was a stalemate necessitating a full trial on the merits.[1493]

Lost business was similarly not required in another case in which no monetary relief was sought, and, indeed, the court found liability as a matter of law even without it.[1494] In opposing a motion for summary judgment by plaintiffs accusing them of false advertising, the defendants argued the plaintiffs had failed to demonstrate beyond material dispute any damage they had suffered from the defendants' conduct. Observing, "this argument misunderstands the standard applicable in this type of case,"[1495] the court explained that "[u]nder the Lanham Act, 'a competitor need not prove injury when suing to enjoin conduct that violates [S]ection 43(a).' This is quite different from a suit for damages under Section 43(a) where 'actual evidence of some injury resulting from the deception is an essential element of the plaintiff's case.'"[1496] Because the motion at issue sought to establish only the plaintiffs' entitlement to injunctive relief, the absence from the summary judgment record of evidence or testimony of actual damage was irrelevant.[1497]

Nevertheless, averments of diverted business played a role in a number of cases, including one in which the court denied a motion to dismiss a false advertising claim grounded in the defendants' alleged misrepresentations to consumers that they had designed a particular complex hydraulic system, when, in fact, they had not.[1498] The alleged misrepresentation at issue was the

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1491. *Id.* at 218.

1492. *Id.*

1493. *Id.* at 218-19.

1494. *See* Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158 (D. Nev. 2015).

1495. *Id.* at 1173.

1496. *Id.* (quoting Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197, 210 (9th Cir. 1989)).

1497. *Id.* at 1173-74.

1498. *See* Advanced Fluid Sys., Inc. v. Huber, 28 F. Supp. 3d 306, 335 (M.D. Pa. 2014).

purposefully ambiguous use, without attribution, of a photograph of the system on the defendants' website. The court noted the conduct described in the plaintiff's amended complaint "was intended to—and did—successfully divert business from [the plaintiff] to the various defendants."[1499] Moreover, it held, "the amended complaint also permits an inference that some or all of . . . missed business opportunities cited by [the plaintiff] resulted from the false advertisements and false designations of the . . . system's origin."[1500] The defendants' motion to dismiss therefore was without merit.

An alleged diversion of business tipped the balance in yet another opinion denying a motion to dismiss.[1501] The alleged false advertising at issue comprised a number of electronically disseminated statements questioning the plaintiffs' business ethics. The plaintiffs' claim of damage resulting from the statements was two-fold: "Plaintiffs assert that at least 30-50 customers have cited the [statements on Defendants'] website as a reason to cancel their business relationship with Plaintiffs"[1502] and "Plaintiffs allege that they have lost between $20 to $30 million dollars in revenue because of the website."[1503] Not surprisingly, the court held the plaintiffs had sufficiently alleged damage to survive the defendants' motion.[1504]

Nevertheless, courts did not always forgive plaintiffs' failures to aver or prove damage and causation.[1505] For example, summary judgment of nonliability held in an action in which the counterclaim plaintiffs' allegations of false advertising were unsupported by evidence of actual or likely injury arising from the counterclaim defendant's conduct.[1506] The counterclaim plaintiffs argued the court should overlook that gap in the record because of the direct competition between the parties' goods. The court declined to do so, holding the counterclaim plaintiffs' proposed presumption "makes sense in a two-competitor market: by definition, if sales are increased by the false advertising of competitor A, they necessarily (or at least very probably) came at the expense of competitor B. In a market with multiple competitors, that underlying premise is substantially undermined,

1499. *Id.* at 336.

1500. *Id.*

1501. *See* Canella v. Brennan, 112 U.S.P.Q.2d 1208 (E.D. Pa. 2014).

1502. *Id.* at 1215.

1503. *Id.* at 1216.

1504. *Id.*

1505. *See, e.g.*, Byler v. Elicit Life LLC, 114 U.S.P.Q.2d 1663, 1666 (D. Colo. 2015) (dismissing false advertising cause of action based on plaintiff's "wholly conclusory" allegation of damage).

1506. *See* Bern Unlimited, Inc. v. Burton Corp., 95 F. Supp. 3d 184 (D. Mass. 2015).

if not negated altogether."[1507] The court proved equally quick to reject the counterclaim plaintiffs' second argument, which was that the counterclaim defendant's allegedly fraudulent conduct justified an assessment of damages under either an unjust enrichment or deterrence rationale: Although a showing of fraud conceivably could justify bypassing the doctrinal requirement of damages, "it is clear that it should be reserved for extraordinary cases."[1508]

d. False Endorsement and Violations of the Right of Publicity

Section 43(a)'s federal cause of action for false endorsement and the right of publicity causes of action under the law of many states often appear similar, and, indeed, courts have not always distinguished between them when addressing claims by plaintiffs their personas have been misappropriated. In recent years, however, the distinction between the types of causes of action has meant a good deal to litigants in the Ninth Circuit, and so it was again. That court rejected a defense claim that, because Congress had not intended to create a federal right of publicity cause of action when enacting Section 43(a), the statute did not reach the alleged misappropriation of the persona of the plaintiffs' predecessor in interest.[1509] To the contrary, the court held:

> Assuming Congress did not intend the Lanham Act to protect such rights, the [Section 43(a) false endorsement] claim in this case is not tantamount to a federal right of publicity. State publicity right claims protect a plaintiff when the defendant uses the plaintiff's identity for commercial advantage, without permission. However, [Section 43(a)] claims require an additional element—that the use be likely to confuse as to the sponsorship or approval of a defendant's goods.[1510]

Nevertheless, despite affirming a finding of liability under Section 43(a), the court also affirmed the entry of judgment in the defendants' favor under the Nevada right of publicity statute[1511] based on the district court's finding the plaintiffs had failed to comply with that statute's mandatory registration provisions.[1512]

Whether proceeding under federal or state law, some plaintiffs successfully challenged unauthorized uses of their personas. When

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1507. *Id.* at 218.

1508. *Id.* at 218-19.

1509. *See* Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059 (9th Cir.), *cert. denied*, 136 S. Ct. 410 (2015).

1510. *Id.* at 1073 (citation omitted).

1511. Nev. Rev. Stat. § 597.790 *et seq.* (2013).

1512. *Fifty-Six Hope Rd. Music*, 778 F.3d at 1081-81.

the musical group the Beastie Boys discovered Monster Energy Co.'s unauthorized use of several of their songs in a video promoting the latter's drinks, they filed and served an aggressive complaint, which, along with a conventional copyright infringement claim, included a cause of action for false endorsement under Section 43(a).[1513] The court's instructions to the jury reflected its reading of Second Circuit law that "[t]o 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."[1514] The jury found liability, and the court declined to set aside that finding on a motion for judgment as a matter of law (JMOL). The defendant did not dispute that the second and third factors weighed in the plaintiffs' favor, and the court determined the jury had had before it sufficient evidence to reach the same conclusion with respect to the first and the fourth factors as well. As to the first, the court noted that the video in question was a four-minute advertisement for the defendant, in which viewers were "inundated with visual references to Monster's product, name, and brand."[1515] Moreover, "there was ample basis on which a viewer could conclude that the Beastie Boys joined in the video's endorsement of Monster. The Beastie Boys are featured as prominently in the video as Monster—where Monster is dominantly featured pictorially, the Beastie Boys are dominantly featured aurally."[1516] The court's holding on this point did not rest on the prominent use of the music at issue, however, as the trial record contained evidence that "Monster's promotional video incorporated a variety of elements referencing the Beastie Boys—extensive excerpts from not one but five songs, a textual reference to the Beastie Boys, and another reference . . . to the well-known stage name of one of the band's three members."[1517]

Monster's motion fell short as to the fourth factor in the analysis as well. According to the Court's instructions, the jury was to consider the following considerations when determining whether confusion was likely to arise from the defendant's video:

> (1) the level of recognition that the Beastie Boys have among purchasers of Monster's products; (2) the similarity between the Beastie Boys' music and names and the music and names

1513. *See* Beastie Boys v. Monster Energy Co., 66 F. Supp. 3d 424 (S.D.N.Y. 2014).

1514. *Id.* at 448 (quoting Burck v. Mars, Inc., 571 F. Supp. 2d 446, 455-56 (S.D.N.Y. 2008)).

1515. *Id.* at 449.

1516. *Id.*

1517. *Id.* at 453.

> used by Monster; (3) any evidence of actual consumer confusion regarding whether the Beastie [B]oys endorsed Monster's products; (4) Monster's intention in selecting the Beastie Boys' music and names; and (5) the sophistication of Monster's potential customers.[1518]

The trial record was devoid of evidence of actual confusion, but that did not stop the court from otherwise concluding: (1) "familiarity with the Beastie Boys among Monster consumers[] strongly supported the verdict";[1519] (2) Monster had "used the Beastie Boys' actual music and, verbatim, the group's name and [one of the member's] stage name" in the credits of the video;[1520] (3) the video was intended to promote Monster's sales and, indeed, "the construct of the video itself bespoke an intention to liberally draw upon the Beastie Boys' music";[1521] and (4) Monster's beverages "are inexpensive and unlikely to require extended pre-purchase cerebration."[1522] Under the circumstances, "[t]he jury was certainly not compelled to accept Monster's view, as would be necessary to grant judgment for Monster as a matter of law."[1523]

Although not enjoying a victory on the merits, the assignee of the publicity rights of two professional models also escaped a finding as a matter of law that it was not entitled to recover under the California right of publicity statute[1524] or the common law for the alleged unauthorized display of the models' images in advertising for a cosmetic surgery medical practice.[1525] Reversing a holding that the models' rights were not assignable because of their personal nature, a panel of the California Court of Appeals noted that the relevant portion of the statute recited, "[n]othing in this section shall be construed to render invalid or unenforceable any contract entered into by a deceased personality during his or her lifetime by which the deceased personality assigned the rights, in whole or in part, to use his or her name, voice, signature, photograph, or likeness . . . ."[1526] Equally to the point, "though the right of publicity is described as 'personal' in nature, this simply means that the owner of the right has exclusive authority to assign it during his or her lifetime."[1527] Finally, the court held, the

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1518. *Id.* at 456 (internal quotation marks omitted).

1519. *Id.*

1520. *Id.* at 457.

1521. *Id.*

1522. *Id.*

1523. *Id.* at 458 (internal quotation marks omitted).

1524. Cal. Civ. Code § 3344.1 (West 2015).

1525. *See* Timed, Out LLC v. Youabian, Inc., 229 Cal. App. 4th 1001 (Ct. App. 2014).

1526. Cal. Civ. Code § 3344.1(b).

1527. *Timed Out*, 229 Cal App. 4th at 1010.

models' assignment of only certain of their rights to the plaintiff was no obstacle to the lawsuit because "the fact that an assignment is limited to a particular display does not mean it is ineffective to impart standing to sue for misappropriation within the limited scope of the assignment."[1528]

Other plaintiffs were less successful, including a former member of a group that had performed and been interviewed on the television show *Soul Train*.[1529] When footage of the plaintiff was incorporated into and sold as part of *Soul Train* compilation, as well as used in advertisements for the compilation, he sued, averring violations of his right of publicity under Illinois law and of Section 43(a).[1530] In dismissing the plaintiff's Illinois Right of Publicity Act[1531] cause of action for failure to state a claim, the court noted the statute expressly recognized as an exception to liability the portrayal of an individual's "live performance, . . . musical work, film, radio, television, or other audio, visual, or audio-visual work," unless the portrayal constituted "in and of itself a commercial advertisement for a product, merchandise, goods, or services";[1532] a second exception swept in "promotional materials, advertisements, or commercial announcements" for and of such portrayals."[1533] Dismissal was appropriate because "[t]he recordings at issue are clearly within [the] statutory exception, and Plaintiff does not offer any argument to the contrary,"[1534] and because "[t]he defendants'] infomercials, YouTube videos and websites described in the [plaintiff's complaint] are likewise exempt, as 'promotional materials' and 'advertisements' marketing the recordings."[1535] Federal law principles also came into play in the disposal of the plaintiff's claims: Even if the statutory exceptions did not apply, the plaintiff's Illinois cause of action was preempted by the Copyright Act,[1536] and his Section 43(a) cause of action could not overcome the First Amendment protection attaching to the compilation.[1537]

1528. *Id.* at 1011.

1529. *See* Cummings v. Soul Train Holdings LLC, 67 F. Supp. 3d 599 (S.D.N.Y. 2014).

1530. The plaintiff additionally claimed a violation of his right of publicity under New York law, but that was dismissed for failure to state a claim because he was not a resident of that state. *Id.* at 602.

1531. 765 Ill. Comp. Stat. 1075/10 (2009).

1532. *Id.* 1075/35(b)(1).

1533. *Id.* 1075/35(b)(4).

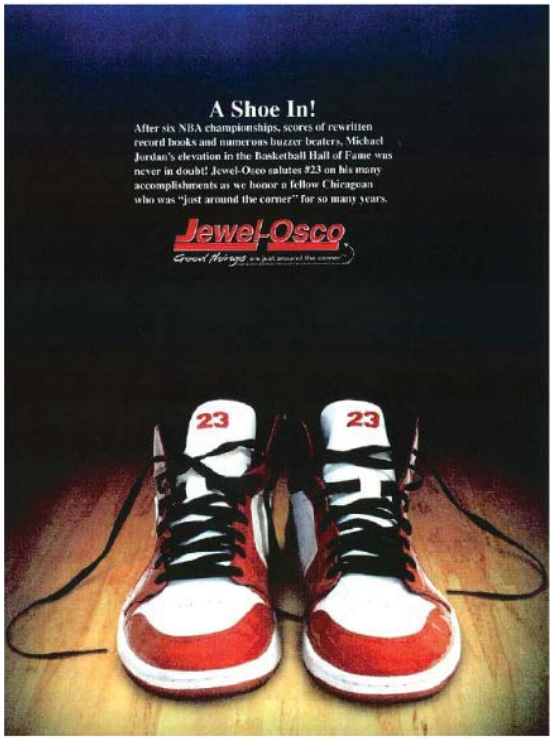
1534. *Cummings*, 67 F. Supp. 3d at 602.

1535. *Id.* at 602-03.

1536. *Id.* at 603.

1537. *Id.* at 605-06.

Another plaintiff whose shot was off the mark under Illinois law was basketball legend Michael Jordan.[1538] Jordan sought summary judgment of liability against the grocery chain responsible for the following page in an issue of a commemorative magazine devoted to Jordan's career:



At an earlier stage of the litigation, the Seventh Circuit reversed the district court's conclusion the page qualified as constitutionally protected noncommercial speech,[1539] but that holding did not resolve the separate issue of whether the page served a "commercial purpose," as required by the statute.[1540] Rather, the district court held on remand, the appellate court had left the issue open, and Jordan's moving papers failed to address it. In the final analysis, "[a] party moving for summary judgment must establish the legal and factual predicates for summary judgment, and Jordan's failure to develop an argument on the central and unanswered legal question . . . operates as a forfeiture, at least for purposes of summary judgment."[1541]

1538. *See* Jordan v. Jewel Food Stores, Inc., 113 U.S.P.Q.2d 2093 (N.D. Ill. 2015).

1539. *See* Jordan v. Jewell Food Stores, Inc., 743 F.3d 509 (7th Cir. 2014).

1540. *See* 765 Ill. Comp. Stat. 1075/30(a) (2009). The statute defined "commercial purpose" as requiring "the public use or holding out of an individual's identity (i) on or in connection with the offering for sale or sale of a product, merchandise, goods, or services; (ii) for purposes of advertising or promoting products, merchandise, goods, or services; or (iii) for the purpose of fundraising." *Id.* 1075/5.

1541. 113 U.S.P.Q.2d at 2098.

Some athletes-turned-plaintiffs, namely, former college football and basketball players, fared even worse after their reliance on the Tennessee Personal Right Protection Act (TPRPA)[1542] proved misplaced.[1543] The plaintiffs' complaint accused the defendants, a broad collection of athletic conferences, broadcast networks, and licensing agencies, of violating the TPRPA by profiting from the broadcast and use of the plaintiffs' names, likeness, and images without permission. The Tennessee federal district court began its analysis by confirming the TPRPA's statutory cause of action had superseded the one formerly available under the common law[1544] before faulting the plaintiffs for "cit[ing] no case from any court in Tennessee that recognizes a right to publicity in sports broadcasts."[1545] Turning to the TPRPA's text, the court noted the statute spoke "in terms of the use of an individual's name, photograph, or likeness 'for purposes of advertising products, merchandise goods or services.'"[1546] Of equal significance, "[t]he Act also specifically states that '[i]t is deemed a fair use and no violation of an individual's rights shall be found, for purposes of this part, if the use of a name, photograph, or likeness is in connection with any news, public affairs, or sports broadcast or account.'"[1547] From these provisions, the court concluded that "the TPRPA clearly confers no right of publicity in sports broadcast, or with respect to any advertisement if the advertisement is in connection with such a broadcast."[1548]

The court next made short work of the plaintiffs' concomitant cause of action for false endorsement under Section 43(a). The court dismissed that cause of action for two reasons, the first of which was "[b]roadcasting sporting events does not 'propose a commercial transaction.'"[1549] The second was "Plaintiffs fail to adequately allege likelihood of confusion, which is 'the controlling issue'" for the ordinary 'false endorsement claim;'"[1550] indeed, the court noted, "[t]he broadcasts Plaintiffs complain about show football players or basketball players playing their sport. There is no confusion about what they are doing."[1551]

1542. Tenn. Code Ann. § 47-25-1105 (West 2010).

1543. *See* Marshall v. ESPN Inc., 114 U.S.P.Q.2d 1968 (M.D. Tenn. 2015).

1544. *Id.* at 1974.

1545. *Id.* at 1975.

1546. *Id.* at 1976 (quoting Tenn. Code Ann. § 47-25-1105(a)).

1547. *Id.* (quoting Tenn. Code Ann. § 47-25-1107(a)).

1548. *Id.* at 1976-77.

1549. *Id.* at 1984 (quoting United States v. United Foods, 535 U.S. 405, 409 (2001)).

1550. *Id.* (quoting ETW Corp. v. Jireh Pub., Inc., 332 F.3d 915, 925 (6th Cir. 2003)).

1551. *Id.*

e. Violations of Rights Under Other State-Law Causes of Action

i. Preemption of State-Law Causes of Action

The Lanham Act expressly preempts state-law causes of action in a single context: Under Section 43(c)(6), ownership of a federal registration on the Principal Register is "a complete bar" to a challenge "with respect to that [registered] mark" brought under a state dilution statute.[1552] This statutory language came into play in a dispute in which the plaintiff challenged the following presentation of a mark in connection with various entertainment services:[1553]

The defendants owned a registration of their FXX mark in standard-character format, and this led them to move the court to dismiss the plaintiff's cause of action under the Texas dilution statute,[1554] on the theory the registration authorized them to use the mark in any presentation they saw fit. The court denied the motion, holding:

> Although it is true . . . that registering a mark in standard character form entitles a registrant to support that registration by depicting the mark in any form regardless of font, style, size, or color, it does not follow that the Lanham Act's statutory bar also applies to such depictions. A standard character mark provides different protections than a special form mark, and as acknowledged by Defendants, parties have numerous reasons for often seeking registration of marks under one format, but not the other. Based on the plain language of the statute, the Court therefore concludes that the phrase "that mark" does not encompass unregistered stylized

1552. 15 U.S.C. § 1125(c)(6) (2012).

For an opinion confirming that the preemptive effect of Section 43(c)(6) is limited to claims brought under state dilution statutes, see *Byler v. Elicit Life LLC*, 114 U.S.P.Q.2d 1663, 1665 (D. Colo. 2015) ("[Plaintiff] points out that [Section 43(c)(6)] applies to [Section 43(c)] claims for dilution, not Section 43(a)] claims for false advertising. [Plaintiff] is correct. Thus, Defendants have asserted no statutory bar to [Plaintiff's] false advertising claim." (citation omitted)).

1553. *See* Exxon Mobil Corp. v. FX Network, LLC, 39 F. Supp. 3d 868 (S.D. Tex. 2014).

1554. Tex. Bus. & Com. Code Ann. § 16.103 (2015).

> variations of a registered standard character mark. Rather, it is a limiting phrase in reference to the specific mark that is the subject of the "valid registration" mentioned earlier in the same sentence of the statute. A contrary interpretation could lead to a result of owners of trademarks featuring letters or numbers in design form necessarily opposing any trademark applications that incorporate the letters or characters for which the trademark owners' design marks cover.[1555]

On a related issue, another court addressed the question of whether Section 43(c)(6) allows a federal registrant to expand the use of its registered mark beyond the goods and services recited in its registration and still be immune from a challenge brought under a state dilution statute.[1556] At least for purposes of a defense motion for summary judgment, the court concluded the answer was no:

> As a matter of common sense, the Court agrees with [the plaintiff]. [The defendant's] view, when extrapolated, seems to be it can use the [registered] marks . . . on any good or service it wants and be immune from any state dilution claim because it has registrations in those marks. The Court rejects this logic and thinks it more sensible to limit [the defendant's] ability to bar state dilution claims based on its federal registrations to situations where [the defendant] has used the marks on goods or services actually described in its registrations.[1557]

Section 43(c)(6) is not the only mechanism by which plaintiffs' claims can fall victim to preemption.[1558] Rather, Section 301(a) of the Copyright Act[1559] provides for preemption if: (1) the subject of the claim of protection is within the subject matter of copyright law; and (2) the cause of action underlying the claim is equivalent to any of the exclusive rights within the general scope of the Copyright Act.[1560] Section 301(a) proved to be the downfall of a former professional wrestler who objected to the rebroadcast of his matches by ESPN and who therefore filed suit against the network by asserting a right of publicity claim under Missouri law.[1561] The district court assigned to the case dismissed it for failure to state a claim, and the Eighth Circuit affirmed. Undertaking the first stage

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1555. *Exxon Mobil*, 39 F. Supp. 3d at 871-72 (footnote omitted).

1556. *See* Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738 (W.D. Tex. 2014).

1557. *Id.* at 746.

1558. For an opinion holding a California state law cause of action preempted without an express identification of the federal basis of that conclusion, see *Deckers Outdoor Corp. v. J.C. Penney Inc.*, 45 F. Supp. 3d 1181, 1188-89 (C.D. Cal. 2014).

1559. 17 U.S.C. § 301(a) (2012).

1560. Ray v. ESPN, Inc., 783 F.3d 1140 (8th Cir. 2015) (per curiam).

1561. *Id.* at 1141-42.

of the relevant inquiry, the appellate court concluded the broadcasts fell within the scope of copyright protection because they were original works of authorship fixed in a tangible medium,[1562] and, additionally, because the plaintiff's likeness could not be detached from the broadcasts.[1563] The court resolved the second part of the inquiry against the defendant as well, holding the plaintiff's Missouri cause of action targeted the mere act of reproduction, performance, distribution, or display of his performances, which placed that cause of action squarely within the general scope of copyright.[1564] The district court therefore had properly dismissed the action at the pleadings stage.[1565]

Federal copyright law also tripped up a plaintiff asserting the misappropriation of his persona under New York and Illinois law.[1566] The source of the dispute leading to that outcome was the sale, as part of a compilation of highlights from the television show *Soul Train*, of recorded performances by, and an interview of, the plaintiff. In granting the defendants' motion to dismiss, the court observed, "once a performance is reduced to tangible form, there is no distinction between the performance and the recording of the performance for the purposes of preemption under § 301(a)."[1567] Because "Plaintiff's performances here . . . have been fixed in tangible form," the court concluded, "his rights of publicity are therefore preempted."[1568]

So too did a proposed class action lawsuit to vindicate the rights of publicity of former college basketball players under California fail to make it out of the starting gate.[1569] The defendant operated a website that sold licensed photographs from National Collegiate Athletic Association championship events, including some capturing the plaintiffs in action. The plaintiffs did not, however, allege any other uses of their images, and that proved to be the downfall of their case on a motion to dismiss for failure to state a claim:

> Since Plaintiffs do not identify any use of their likenesses not wholly contained within the photographs, Plaintiffs' claims seek to prevent Defendant from distributing the copyrighted work itself. Accepting Plaintiffs' interpretation without

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1562. *Id.* at 1142-43.

1563. *Id.* at 1144.

1564. *Id.*

1565. *Id.* at 1144-45.

1566. *See* Cummings v. Soul Train Holdings LLC, 67 F. Supp. 3d 599 (S.D.N.Y. 2014).

1567. *Id.* at 603 (alteration omitted) (quoting Nat'l Basketball Ass'n v. Motorola, Inc., 105 F.3d 841, 849 (2d Cir. 1997) (quoting Baltimore Orioles, Inc. v. Major Leagues Baseball Players Ass'n, 805 F.2d 663, 675 (7th Cir. 1986))).

1568. *Id.* (internal quotation marks omitted).

1569. *See* Maloney v. T3Media, Inc., 114 U.S.P.Q.2d 1402 (C.D. Cal. 2015).

> separating the likeness from the work would impermissibly negate Copyright's intended preemptive effect. Further, it would destroy copyright holders' ability to exercise their exclusive rights under the Copyright Act, effectively giving the subject of every photograph veto power over the artist's rights under the Copyright Act and destroying the *exclusivity* of rights the Copyright Act aims to protect.[1570]

In contrast, a different set of plaintiffs escaped a holding of preemption at the pleadings stage of their litigation against a set of defendants accused of copying the packaging of the plaintiffs' perfume.[1571] As the court pointed out, "unfair competition and misappropriation claims grounded *solely* in the copying of a plaintiff's protected expression are preempted by the Copyright Act."[1572] Nevertheless, the plaintiff's complaint contained averments beyond mere copying, including that the defendants' conduct was intentional and bad faith in nature. The "'extra element' of intentional deception" sufficiently distinguished the plaintiffs' grievances from a claim of copyright infringement to render preemption inappropriate.[1573]

ii. State-by-State Causes of Action

(A) California

California's unfair competition statute[1574] prohibits "unfair" business practices, or, more specifically, those practices "contrary to 'established public policy or . . . immoral, unethical, oppressive or unscrupulous and caus[ing] injury to consumers which outweigh[] [the practices'] benefits.'"[1575] One such practice to fall afoul of the statute, at least for purposes of motion to dismiss for failure to state a claim, was the claim of a group of defendants the plaintiff suing them had itself been sued for patent infringement in Taiwan. Holding it "must balance the impact of Defendants' alleged wrongful conduct on Plaintiff against Defendants' justifications,"[1576] the court denied the motion: "Plaintiff has adequately pled that Defendants' representations have resulted in lost customers and damaged the value of Plaintiff's brand.

1570. *Id.* at 1407 (citation omitted).

1571. *See* Uni-World Capital L.P. v. Preferred Fragrance, Inc., 43 F. Supp. 3d 236 (S.D.N.Y. 2014).

1572. *Id.* at 250 n.8 (quoting LaChapelle v. Fenty, 812 F. Supp. 2d 434, 444 (S.D.N.Y. 2011)) (internal quotation marks omitted).

1573. *Id.*

1574. Cal. Bus. & Prof'l Code § 17200 (2008).

1575. Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156, 1174 (N.D. Cal. 2015) (quoting McKell v. Wash. Mut. Ins., Inc., 49 Cal. Rptr. 3d 227, 140 (2006)).

1576. *Id.* (internal quotation marks omitted).

Defendants offer no justifications, and certainly none that would defeat Plaintiff's claim as a matter of law at the pleadings stage."[1577]

A successful motion for a default judgment in a different case led to a finding of liability arising from the sale of manufactured business reviews using the plaintiff's marks under the same statute,[1578] as well as under the California prohibition on false advertising.[1579] As to the former, the court held without extended analysis that, because the defendant's conduct violated Sections 32 and 43(a) of the Lanham Act (upon which the plaintiff's complaint did not rely), it constituted unfair competition under state law.[1580] And, as to the latter, the court concluded the complaint adequately alleged the defendant had disseminated advertising: (1) which contained untrue or misleading statements, namely representations that the defendant offered "100% real reviews"; (2) which the defendant knew or should have known were untrue or misleading; and (3) which concerned the defendant's services.[1581]

(B) Indiana

A pair of plaintiffs seeking to protect the configurations of a line of submachine guns asserted, among other claims, one for trade dress infringement under Indiana law.[1582] In response, the defendants moved for summary judgment on the theory that, as the Indiana federal district court hearing the case summarized it, "a cause of action for trade *dress* infringement is not cognizable under the Indiana [trademark] statute . . . ."[1583] The court was unimpressed, holding instead that "we can perceive no reason why the state law would not follow in the footsteps of federal law in recognizing trade dress protection."[1584] The defendants' motion therefore failed.[1585]

(C) Massachusetts

For a finding of deceptive trade practices under Massachusetts statutory law,[1586] a plaintiff must prove "objectionable conduct . . .

1577. *Id.*

1578. *See* Yelp Inc. v. Catron, 70 F. Supp. 3d 1082 (N.D. Cal. 2014).

1579. Cal. Bus. & Prof'l Code § 17500 (2008).

1580. *Yelp*, 70 F. Supp. 3d at 1098-99.

1581. *Id.* at 1098.

1582. *See* Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

1583. *Id.* at 924.

1584. *Id.*

1585. *Id.* at 924-25.

1586. Mass. Gen. Laws ch. 93A, §§ 2, 11 (2008).

attain[ing] a level of 'rascality' that would raise an eyebrow of someone inured to the rough and tumble of the world of commerce."[1587] One plaintiff availing itself of that cause of action averred the defendant had falsely represented to the trade that the defendant's drug was more effective than the plaintiff's competing product. Citing the results of a scientific study it had conducted on the issue and a Canadian newsletter associating the plaintiff's drug with complications, the defendant moved the court for summary judgment. The court, however, concluded that questions raised by the plaintiff about the study and newsletter precluded a grant of the defendant's motion: "Given the existence of genuine issues of material fact concerning the reliability of the head-to-head study or the conclusions one may draw from the Canadian Newsletter, Braintree is not entitled to a finding that it did not behave with sufficient "rascality" as a matter of law . . . ."[1588]

(D) New Hampshire

The New Hampshire Consumer Protection Act prohibits, among other things, "[u]sing deceptive representations . . . in connection with goods or services."[1589] Responding to accusations of infringement brought by a federal registrant, one defendant asserted a counterclaim under the Act based on the theory, as it was described by the court, that the plaintiff was "attempt[ing] to enforce a fraudulently obtained and generic trademark."[1590] The plaintiff moved the court to dismiss the counterclaim, but the court declined to do so. It referred to interpretations of a substantively identical Massachusetts statute[1591] by courts within that state, identifying "[a]t least one . . . [holding] that a plaintiff's allegations that a competitor fraudulently obtained a trademark registration can, in certain circumstances, support a . . . claim."[1592] Based on that authority, it concluded, "[the plaintiff] has not shown grounds sufficient to dismiss [the defendant's] Consumer Protection Act claim."[1593]

1587. Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169, 185 (D. Mass. 2014) (quoting Levings v. Forbes & Wallace, Inc., 396 N.E.2d 149, 153 (Mass. Ct. App. 1979)).

1588. *Id.*

1589. N.H. Rev. Stat. Ann. § 358-A:2, IV (2008).

1590. Gen. Linen Serv., Inc. v. Gen. Linen Serv. Co., 25 F. Supp. 3d 187, 195 (D.N.H. 2014).

1591. Mass. Gen. Laws ch. 93A, §§ 2, 11 (2006).

1592. *Gen. Linen Serv.*, 25 F. Supp. 3d at 195 (citing Santander Consumer USA Inc. v. Walsh, 762 F. Supp. 2d 217, 221 (D. Mass. 2010)).

1593. *Id.* at 196.

(E) New Jersey

The New Jersey Consumer Fraud Act makes actionable the use of "of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise."[1594] As have numerous courts in the past, a New Jersey federal district court held claims under the Act subject to the heightened pleading requirements of Rule 9 of the Federal Rules of Civil Procedure,[1595] meaning "the party alleging fraud must describe 'who made the misrepresentation to whom' and the 'general content' of the alleged misrepresentation."[1596] The pleading at issue, a proposed counterclaim, averred the counterclaim defendant had "widely" disseminated misleading advertising material "nationwide."[1597] It failed to include any additional details as to "when, where or to whom any misrepresentation was made," however, and this led the court to deny the counterclaim plaintiff's motion for leave to bring it.[1598]

The court's treatment of the counterclaim plaintiff's proposed common-law cause of action for unfair competition on the same facts was just as swift and definitive. New Jersey common law might be "as flexible and elastic as the evolving commercial standards of commercial morality demand," but that did not render it "boundless."[1599] In particular, the court held, "New Jersey courts have recognized that, in most cases, unfair competition consists of the 'misappropriation' of another's property through 'palming off' another's goods as your own or by unfairly imitating another's goods or services."[1600] Because those holdings precluded a run-of-the-mill cause of action for false advertising from serving as a basis for liability, the court declined to allow the counterclaim plaintiff's common-law claim as well.[1601]

1594. N.J. Stat. Ann. § 56:8–2 (2001).

1595. Fed. R. Civ. P. 9.

1596. Ferring Pharm. Inc. v. Braintree Labs., 38 F. Supp. 3d 169, 181 (D. Mass. 2014) (quoting Lum v. Bank of Am., 361 F.3d 217, 224 (3d Cir. 2004)).

1597. *Quoted in id.* at 181.

1598. *Id.* at 181-82.

1599. *Id.* at 182 (quoting Wellness Publ'g v. Barefoot, No. 02–3773, 2008 WL 108889, at *19–20 (D.N.J. Jan. 9, 2008)) (internal quotation marks omitted).

1600. *Id.*

1601. *Id.*

(F) New York

New York law recognizes a statutory cause of action against any "person, society or corporation," which, "with intent to acquire or obtain for personal or business purposes a benefit or advantage, assume[s], adopt[s] or use[s] the name of a [New York] benevolent, humane or charitable organization . . . , or a name so nearly resembling it as to be calculated to deceive the public."[1602] Several defendants accused of violating the statute before a New York state trial court petitioned for either a dismissal or a stay of the proceeding in light of a pending infringement and unfair competition action between the same parties in federal district court.[1603] The state court declined to accept the invitation. As it explained, a proceeding under the state statute "is available only to benevolent, human or charitable organizations, and intended to be speedy and efficient, does not require a trial and is decided on affidavits alone (in the absence of triable issues), and may streamline the issues, rather than raise the specter of inconsistent rulings."[1604] The court therefore denied the petition because "this proceeding and the Federal Action are entirely different."[1605]

The court then found liability under the statute. It determined the plaintiff qualified as a "benevolent, humane or charitable organization"[1606] and that the parties' respective uses were identical and associated with similar imagery.[1607] Although the parties disagreed on the issue of whether the defendants had been aware of the plaintiff's mark before launching their own mark, the court resolved that inquiry in the plaintiff's favor because liability "does not include the requirement of intent to deceive the public or bad faith."[1608] The parties similarly disagreed on the extent of actual confusion in the marketplace—the plaintiff submitted declaration testimony of several purported instances, while the defendants introduced an expert witness report documenting its absence among survey respondents—but the court held that actual confusion was not a prerequisite for relief.[1609] As a final matter, the court rejected the defendant's invocation of third parties' uses

1602. N.Y. Gen. Bus. Law § 135 (2013).

1603. *See* Explorers Club, Inc. v. Diageo PLC, 993 N.Y.S.2d 612 (Sup. Ct. 2014).

1604. *Id.* at 617.

1605. *Id.*

1606. *Id.* at 621.

1607. *Id.* at 623.

1608. *Id.* at 623.

1609. *Id.* at 624 ("[C]onfusion on the part of the public, or lack thereof, is not dispositive.").

of similar marks because the existence of those uses was not a "shielding defense" on the merits.[1610]

The past year also saw the usual unsuccessful attempts by plaintiffs to invoke Section 349(a) of New York's General Business Law,[1611] which generally prohibits deceptive trade practices in routine trademark infringement actions. As one court explained in disposing of such a claim on a defense motion for summary judgment, "it is well-established that trademark infringement actions alleging only general consumer confusion do not threaten direct harm to consumers for purposes of stating a claim under section 349."[1612] Because the plaintiff had failed "to even allege [the required] additional direct harm to the public interest," its claim under the statute was fatally defective.[1613]

f. Secondary Liability

i. Contributory Unfair Competition

To promote sales of their dietary supplement, two plaintiffs turned to an outside vendor, an online performance marketing company, with which they shared certain proprietary data and which developed a website for the plaintiffs.[1614] When that company developed a similar site for competitors of the plaintiffs, the plaintiffs filed suit against their former vendor and the competitors, alleging the vendor had engaged in contributory trade dress infringement. In denying the vendor's motion to dismiss for failure to state a claim, the court held first that the plaintiffs adequately had averred a viable trade dress claim in the first instance.[1615] It then held the plaintiffs' averments satisfied the standard for contributory infringement set forth in *Inwood Labs. v. Ives Labs.*,[1616] namely, that contributory infringement occurs when "a manufacturer or distributor intentionally 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."[1617] In particular, the court credited the plaintiffs'

1610. *Id.* (quoting N.Y. World's Fair 1939 Inc. v. World's Fair News, Inc., 297 N.Y.S. 923, 929 (Sup. Ct. 1937), *aff'd*, 10 N.Y.S.2d 56 (Sup. Ct. App. Div. 1939)) (internal quotation marks omitted).

1611. N.Y. Gen Bus. Law § 349(a) (2013).

1612. Legends Are Forever, Inc. v. Nike, Inc., 58 F. Supp. 3d 197, 210 (N.D.N.Y. 2014) (quoting Luv N' Care, Ltd. v. Walgreen Co., 695 F. Supp. 2d 125, 136 (S.D.N.Y. 2010)) (internal quotation marks omitted).

1613. *Id.*

1614. *See* Lepton Labs, LLC v. Walker, 55 F. Supp. 3d 1230 (C.D. Cal. 2014).

1615. *Id.* at 1238-41.

1616. 456 U.S. 844 (1982).

1617. *Id.* at 854.

allegations the vendor had "intentionally induced the alleged infringement, directly profited from the infringement, [was] always aware that [the website of Plaintiffs' competitors] infringed Plaintiffs' rights and continued to promote and market [the website] after [Plaintiffs] placed [it] on notice of the infringing conduct."[1618] Especially because the plaintiffs' complaint also averred the vendor had continued to consult with the plaintiffs' competitors about how to imitate the elements of the plaintiffs' website at issue, the court concluded "Plaintiffs . . . easily meet the contributory-infringement pleading standard."[1619]

ii. Vicarious Liability

Unusually, there were no substantive discussions of defendants' vicarious liability in reported opinions over the past year.

g. Personal and Joint-and-Several Liability

An individual defendant's status as a corporate officer will not necessarily shield that defendant from liability arising from the corporation's infringement or unfair competition.[1620] One court summarized the rule governing the imposition of personal liability in the following manner: "A corporate officer or director is, in general, personally liable for all torts which he authorizes or directs or in which he participates, notwithstanding that he acted as an agent of the corporation and not on his own behalf."[1621] In an application of this standard, the court held as a matter of law that an individual defendant was liable for infringement and cybersquatting based on the defendant's concessions that he

1618. *Lepton Labs*, 55 F. Supp. 3d at 1241.

1619. *Id.*

1620. *See, e.g.*, River Light V, LP v. Lin & J Int'l, Inc., 114 U.S.P.Q.2d 1282, 1296 (S.D.N.Y. 2014) (entering summary judgment of personal liability against "moving force" behind infringement and counterfeiting); Amini Innovation Corp. v. McFerran Home Furnishings, Inc., 68 F. Supp. 3d 1170, 1177-78 (C.D. Cal. 2014) (denying defense motion for summary judgment based on plaintiff's showings that individual defendant was sole officer of corporation, that she had failed to comply with cease-and-desist letters, and that she was personally involved in alleged infringement of plaintiff's marks); Int'l Diamond Imps., Inc. v. Oriental Gemco (N.Y.), Inc., 64 F. Supp. 3d 494, 525 (S.D.N.Y. 2014) (denying individual defendant's motion to dismiss based on allegations that defendant "'is responsible for the control, management, operation, and maintenance of the affairs of [one of the corporate defendants],' and '[t]he acts and wrongful conduct complained of were done with [the individual defendant's] active assistance, cooperation, acquiescence, and procurement, and he derives financial benefit therefrom'"); KatiRoll Co. v. Kati Junction, Inc., 33 F. Supp. 3d 359, 370 (S.D.N.Y. 2014) (denying individual defendants' motion to dismiss on ground that "[the plaintiff] alleges that the individuals personally engaged in infringing acts").

1621. Digby Adler Grp. v. Image Rent a Car, Inc., 79 F. Supp. 3d 1095, 1104 (N.D. Cal. 2015) (quoting Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1021 (9th Cir. 1985)) (internal quotation marks omitted).

personally had registered a domain name corresponding to the plaintiff's registered mark and that he was responsible for the day-to-day operations of the company to whose website the domain name was redirected, as well as those of another related company: According to the court, "these admissions are sufficient for the Court to find that [the individual defendant] directed and participated in the torts committed by [the two companies]."[1622]

In contrast, a second individual defendant in the same case successfully defeated the plaintiff's motion for summary judgment despite having incorporated and served as the sole shareholder of two named corporate defendants, as well as having been the sole officer of one: As the court explained, the second individual defendant's declaration testimony he had not been involved in the routine operations of the two companies, but instead had only signed papers on their behalf (and even then only infrequently) without receiving compensation from either company created a factual dispute as to his personal liability.[1623] The court also declined to hold the second individual defendant personally liable under the theory he was merely an alter ego of the two companies, holding instead that "[w]hile [the second individual defendant] may have done the Corporate Defendants and their shareholders (in this case, only [the second individual defendant] himself) a disservice by failing to fulfill his role as CEO, that failure does not require the Court to overlook his general lack of involvement when determining alter ego liability."[1624] At the same time, however, that same lack of involvement was an insufficient basis on which to grant the second individual defendant's motion for summary judgment of nonliability.[1625]

Other defendants escaped the possible imposition of personal liability as a matter of law even earlier in proceedings through successful motions to dismiss for failure to state claims.[1626] In granting such a motion, one court observed that "officers are not personally liable for the corporation's infringement, including infringement committed under their general direction,"[1627] although it also acknowledged that "[a]n exception exists where a plaintiff makes a 'special showing' that the officer acted 'willfully

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1622. *Id.* at 1105.

1623. *Id.*

1624. *Id.* at 1107.

1625. *Id.* at 1108.

1626. *See, e.g.*, Advanced Fluid Sys., Inc. v. Huber, 28 F. Supp. 3d 306, 335 (M.D. Pa. 2014) (granting, without extended analysis, motion to dismiss as to certain individual defendants based on plaintiff's failure to tie them to alleged misconduct).

1627. Serv. By Air, Inc. v. Phoenix Cartage & Air Freight, LLC, 78 F. Supp. 3d 852, 865 (N.D. Ill. 2015).

and knowingly.'"[1628] Unfortunately for the plaintiff, its complaint reflected no such special showing: Instead, the well-pleaded allegations of that document established only that the individual defendant had personally visited one of the plaintiff's customers and solicited its business. Even if it happened, that incident failed to make the grade, for, as the court explained, it did involve the defendant's use of the allegedly infringing mark, and, indeed, "[a]t a more fundamental level, [the complaint] does not allege use of a mark at all, failing to satisfy even the basic pleading requirements of trademark infringement and unfair competition."[1629]

In a case in which the plaintiff's allegations of personal liability were entertained at trial, an individual defendant escaped largely unscathed even though the court found a company of which he was the president, the CEO, and one of the directors had infringed a number of marks owned by the plaintiff.[1630] The court apparently had dismissed the plaintiff's claims against the individual defendant on summary judgment, but it nevertheless revisited them following the trial. Holding that "cases in which courts have held individual officers to be liable have generally involved some element of willful infringement, bad faith, or counterfeiting," the court found an absence of similar considerations from the trial record before it.[1631]

Two final opinions of note on the issue of personal and joint-and-several liability arose from defendants' failures to defend themselves. In the litigation producing the first, an individual defendant successfully challenged entry of a default judgment against him by contending the company of which he was a principal made a good-faith effort to discontinue its alleged infringement after receiving a demand letter from the plaintiff.[1632] Although acknowledging "both individuals and corporations 'may be liable for trademark infringement under the Lanham Act,"[1633] the court held the alleged discontinuance warranted lifting the default: "If [the individual defendant's] allegation is true, any infringing conduct on his (and [his company's]) part may have stopped shortly after the cease-and-desist letter. This in turn suggests at least a partial defense for reduced personal liability."[1634]

1628. *Id.* at 866 (quoting Desmond v. Chicago Boxed Beef Distribs., Inc., 921 F. Supp. 2d 872, 885 (N.D. Ill. 2013)).

1629. *Id.*

1630. *See* Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193 (S.D.N.Y. 2014).

1631. *Id.* at 214.

1632. *See* T-12 Entm't, LLC v. Young Kings Enters., 36 F. Supp. 3d 1380 (N.D. Ga. 2014).

1633. *Id.* at 1394 (quoting Chanel, Inc. v. Italian Activewear of Fla., Inc., 931 F.2d 1472, 1477 (11th Cir. 1991)).

1634. *Id.* at 1395.

The second opinion addressed the purely procedural question of whether liability should be entered against two defaulting defendants prior to the court's resolution of the plaintiff's false advertising claims against the remaining defendants.[1635] The court found the question easily answered: "The general rule . . . is 'when one of several defendants who is alleged to be jointly liable defaults, judgment should not be entered against him until the matter has been adjudicated with regard to all defendants, or all defendants have defaulted.'"[1636] The court therefore denied without prejudice the plaintiff's motion for a default judgment against the absent defendants.[1637]

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.[1638]

Both types of abandonment came into play over the course of the past year.

(A) Nonuse

The Ninth Circuit reached the commonsense holding that the mere suspension of a corporation for failure to make required administrative filings does not result in an abandonment of any

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1635. *See* Gen. Steel Domestic Sales, LLC v. Chumley, 306 F.R.D. 666 (D. Colo. 2014).

1636. *Id.* at 670 (quoting Hunt v. Inter-Globe Energy, Inc., 770 F.2d 145, 147 (10th Cir. 1985)).

1637. *Id.* at 671.

1638. 15 U.S.C. § 1127 (2012).

marks the resulting unincorporated association owned at the time of its suspension.[1639] "This argument," the court noted, "is evidently premised on the theory that an unincorporated association cannot own trademark rights."[1640] Because that theory was incorrect as a matter of Ninth Circuit law,[1641] and, additionally, because there was no question the statutory test for abandonment was otherwise not satisfied, the appellate court held that "[t]here is . . . no evidence to support the contention that [the plaintiff] abandoned its marks when the corporate powers of the original . . . corporation were suspended or, indeed, at any other time."[1642]

Other federal district courts reached much the same conclusion, namely, there can be no abandonment through nonuse if, in fact, the mark in question remains in use.[1643] The plaintiff before one such court purchased its mark, which was used in connection with flavored water products, after the original owner became insolvent in 2009.[1644] The summary judgment record reflected sales of goods under the mark through 2011 by a retail customer of the mark's defunct original owner and also suggested a third party had bottled new beverages under the mark beginning in 2012, with shipments of the resulting goods to a retailer occurring in August 2012 and August 2013; the plaintiff's promotional efforts in 2014 then led to over 10,000 orders for over 27,000 cases of product to be delivered in 2015.[1645] These showings by the plaintiff led the court to deny the defendant's bid for a finding of abandonment as a matter of law: "[The plaintiff's] evidence, viewed as a whole, shows that intermittent, yet appreciable commercial sales of [branded] beverages occurred from 2009 through the present. . . . [A] jury considering this evidence could reasonably find that those sales are sufficient to preclude a finding that use of the trademark was discontinued."[1646]

1639. *See* S. Cal. Darts Ass'n v. Zaffina, 762 F.3d 921, 931-32 (9th Cir. 2014).

1640. *Id.* at 932.

1641. *See* Comm. for Idaho's High Desert, Inc. v. Yost, 92 F.3d 814, 817, 819 (9th Cir. 1996).

1642. *S. Cal. Darts Ass'n*, 762 F.3d at 932.

1643. *See, e.g.*, U.S. Soo Bahk Do Moo Duk Kwan Fed'n, Inc. v. Int'l Tang Soo Do Moo Duk Kwan Ass'n, 112 U.S.P.Q.2d 1401, 1406 (M.D. Fla. 2014) (granting plaintiff's motion for summary judgment as to defendant's allegations of abandonment through nonuse on ground that "there is no evidence in the summary judgment record that Plaintiff has discontinued its use of the [disputed] trademarks with the intent not to resume use").

1644. *See* Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc., 102 F. Supp. 3d 1154 (W.D. Wash. 2015).

1645. *Id.* at 1163.

1646. *Id.* at 1164; *see also id.* ("[A] jury could find that the scope of trademark and business activity in which [the mark's original owner] and [the plaintiff] engaged from 2009 to the present were commercially reasonable given the situation: namely, a brand transfer,

In contrast, other claims of abandonment succeeded. Because it shifts only the burden of *production*, rather than in the burden of *proof*, prima facie evidence of abandonment under Section 45 often can be easily rebutted, especially in response to a defense motion for summary judgment on the issue. Nevertheless, a pair of plaintiffs failed to do so after conceding they had discontinued the use of their mark in 2004.[1647] One showing of their alleged commitment to resuming its use consisted of the attempted enforcement of their claimed rights against the defendant,[1648] but the court held instead that "Plaintiffs have not provided this Court with any authority for the proposition that 'pursuing' infringement claims demonstrates an intent to resume use sufficient to overcome the *prima facie* evidence of abandonment in the record."[1649] That holding disposed of the plaintiffs' second showing, a transaction with a third party referencing the mark, which the court determined was merely an agreement to support the litigation, rather than one aimed at the mark's reintroduction.[1650] Having failed to rebut the defendant's prima facie evidence of abandonment, the plaintiffs saw their case evaporate as a matter of law.[1651]

A claim of abandonment under Georgia law met with similar success.[1652] In entering a preliminary injunction against the defendant's use of the disputed mark, the trial court hearing the action credited affidavit testimony by the plaintiff's president that the defendant's representatives had advised him of the defendant's discontinuance of the disputed mark without an intent to resume the mark's use. Although the defendant responded with its own affidavits disputing that account, the Supreme Court of Georgia held the trial court was not obligated to accept the defendant's side of the story. Rather, "where evidence is conflicting on an issue

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during bankruptcy proceedings, by a declining business to a start-up company seeking to revitalize the brand.").

1647. *See* Baig v. Coca-Cola Co., 69 F. Supp. 3d 766 (N.D. Ill. 2014), *aff'd*, 607 F. App'x 557 (7th Cir. 2015).

1648. The court was unimpressed with the plaintiffs' enforcement-related activities between the discontinuance of use of their mark in 2004 and the filing of the lawsuit in 2010:

> Plaintiffs' sporadic efforts to enforce their mark amount to [the lead Plaintiff] or his legal counsel either telephoning or writing to Defendant regarding the alleged infringement. However, while plaintiffs cite three instances of contact with Defendant in 2004, they cite only one instance each in 2005, 2006, and 2007. Such minimal contact does little to bolster Plaintiffs' argument.

Id. at 780 n.4 (citation omitted).

1649. *Id.* at 780.

1650. *Id.* at 780-81.

1651. *Id.* at 781.

1652. *See* India-Am. Cultural Ass'n v. iLink Prof'ls, Inc., 769 S.E.2d 905 (Ga. 2015).

relevant to the issuance of the interlocutory injunction, a trial court cannot be found to have abused its discretion in either granting or denying such injunction."[1653]

(B) Naked Licensing

Although there are exceptions to the rule, most courts addressing allegations of abandonment under the second definition set forth in Section 45 did so under the rubric of the naked license doctrine.[1654] For example, the Court of Appeals of Michigan confirmed the issuance of naked licenses by a mark owner will cause a forfeiture of the owner's rights under both federal and Michigan law.[1655] Nevertheless, although abandonment clearly is an affirmative defense under federal law, the court held naked licensing did not fall within the rubric of abandonment under Michigan law because the statutory definition of abandonment adopted by the Michigan legislature did not contemplate the concept of nude licenses.[1656] As a consequence, the plaintiff before that court had abandoned its rights through the issuance of naked licenses for purposes of federal law,[1657] but the effect of the invalid licenses under state law was to preclude the putatively licensed mark from having distinctiveness in the first place.[1658] Ultimately,

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1653. *Id.* at 909.

1654. For such an exception, see *U.S. Soo Bahk Do Moo Duk Kwan Fed'n, Inc. v. Int'l Tang Soo Do Moo Duk Kwan Ass'n*, 112 U.S.P.Q.2d 1401, 1406 (M.D. Fla. 2014) (denying plaintiff's motion for summary judgment under second prong of Section 45 definition based on "insufficient evidence to determine whether Plaintiff's acts of commission or omission since registration have caused the [disputed] term and logo to lose any significance that they may have had as registered trademarks").

1655. *See* Movie Mania Metro, Inc. v. GZ DVD's Inc., 857 N.W.2d 677 (Mich. Ct. App. 2014). The licenses at issue covered the use of the plaintiff's mark by three otherwise unaffiliated parties. In affirming the grant of a defense motion for summary judgment, the appellate court noted that "Plaintiff's activity in this case is a textbook example of naked licensing." *Id.* at 690. That activity included the inclusion in the licenses of "no standards for use of the [disputed] mark, advertising, store advertising, store operations, or any requirements related to the rental or sale of merchandise at the [putatively licensed locations]." *Id.* The upshot, the court noted, was "by 2007 there were six . . . stores operating [under the disputed mark] in metro Detroit, and only two were owned by plaintiff." *Id.*

1656. *Id.* at 691.

1657. *Id.* at 692.

1658. As the court explained its holding on this point:

> [A] mark holder that engages in naked licensing of its trademark "abandons" the trademark under the Lanham Act, but does *not* "abandon" the trademark under the [Michigan] Trademark Act. Nevertheless, a mark holder that engages in naked licensing is not able to sustain a trademark-infringement claim under the Trademark Act or at common law because the naked licensing of a mark renders that mark not valid as a trademark.

Id. at 684.

however, the distinction was one without a difference, because the plaintiff lacked protectable rights under both bodies of law.[1659]

A second finding of a naked license, this one as a matter of law, came courtesy of a Wisconsin federal district court.[1660] The would-be licensor was a minority shareholder in a corporation that used his name as a trademark allegedly under an unwritten license. The summary judgment record demonstrated that the minority shareholder "did not impose any restrictions on [the company's] right to use his name, and the evidence shows that [the majority shareholder] controlled the use of the [disputed] trademark and the nature and quality of the goods sold under it."[1661] The minority shareholder might have had some input on the issue of product quality, but the majority shareholder had the final say, and, indeed, eventually removed the minority shareholder from the company's board, after which the minority shareholder "made no attempt to stop [the company] from using his name to obtain control over the mark. Rather, he allowed [the company] to continue using the mark."[1662] The upshot was that, "[i]f anything, [the minority shareholder] gave [the company] a 'naked' trademark license under which the licensor cannot control the licensee's use of the trademark."[1663]

In contrast, opinions from other courts demonstrated the difficulty in demonstrating abandonment through uncontrolled licensing. One addressed a motion to dismiss allegations of unfair competition brought by an alleged licensor against her licensee on the ground that the license in question lacked an express quality-control provision.[1664] The motion proved meritless, in part because "although a licensor has a duty to control and supervise a licensee's use of a trademark, a license agreement need not contain an express quality control provision to be valid license";[1665] beyond that, the opinion explained, "the burden to establish a naked licensing claim is very high."[1666] As a consequence, "[i]n the present case, Plaintiff survives a motion to dismiss because she has alleged that she in fact exercised sufficient supervision and quality control over the [disputed mark]."[1667]

A different federal district court rejected an allegation of naked licensing advanced as part of a defense motion for summary

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1659. *Id.* at 692.

1660. *See* Starsurgical Inc. v. Aperta, LLC, 40 F. Supp. 3d 1069 (E.D. Wis. 2014).

1661. *Id.* at 1079.

1662. *Id.* at 1080.

1663. *Id.*

1664. *See* Adams v. Hartz Mountain Corp., 113 U.S.P.Q.2d 1775 (W.D. Wash. 2014).

1665. *Id.* at 1779.

1666. *Id.*

1667. *Id.*

judgment.[1668] The counterclaim plaintiff's marks were the federally registered configurations of plastic bag closures, and the counterclaim defendant argued that "by allowing third party distributors and consumers, such as bakeries, to print their own trademarks, prices, and other promotional messages on [the counterclaim plaintiff's] bag closures, [the counterclaim plaintiff] has engaged in naked licensing and abandoned its trademark."[1669] The court disagreed, holding instead that "[d]espite a third-party user's labeling of a price or some other logo on the closure, [the counterclaim plaintiff's] product configurations still retain their significance to the relevant market of distributors. [The counterclaim defendant's] argument for summary judgment as to abandonment is therefore without merit."[1670]

ii. Prior Use

Section 33(b)(5) of the Act[1671] preserves the rights of an "intermediate junior user" whose use of its mark postdates that of a senior user but predates the issuance of a registration to the senior user.[1672] That defense requires a defendant invoking it to demonstrate (1) it adopted its mark before the issuance of the senior user's registration and without knowledge of the senior user's prior use; (2) the scope of the geographic market in which it used its mark prior to the registration of the senior user's mark; and (3) it has continuously used the mark in the preregistration geographic market.[1673] As one defendant learned the hard way, however, these requirements are separate and independent of each other, and a failure to establish the first will result in the unavailability of the defense as a whole.[1674] Although that defendant argued at trial she had used her allegedly infringing mark for tea in New York City prior to the plaintiff's entry into that market in May 2009, she adduced no clear documentary evidence of her sales; rather, she relied on invoices describing the associated product as "seafood dry cargo" and a state trademark

1668. *See* Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

1669. *Id.* at 698.

1670. *Id.*

1671. 15 U.S.C. § 1115(b)(5) (2012).

1672. *See* J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 26:38 (4th ed.) ("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.'").

1673. What-A-Burger of Va., Inc. v. Whataburger, Inc. of Corpus Christi, Tex., 357 F.3d 441, 446 (4th Cir. 2004).

1674. *See* C & L Int'l Trading, Inc. v. Am. Tibetan Health Inst., Inc., 77 F. Supp. 3d 322 (S.D.N.Y. 2014).

registration reciting a date of first use of March 2010.[1675] Not only did the court find the defendant had failed to establish prior use through this showing, it also found the similarity between the parties' respective packaging "was the result, not of coincidence, but of copying."[1676] Permanent injunctive relief followed.[1677]

In contrast, it was the third prerequisite of Section 33(b)(5)'s defense that went unsatisfied in a different case.[1678] The counterclaim defendants averred they had begun selling the electric guitar design underlying the counterclaim plaintiffs' allegations of trade dress infringement prior to the issue of a registration covering the counterclaim plaintiffs' design. The preliminary injunction record before the court, however, demonstrated that "the [counterclaim defendant's] use was sporadic, in that they produced guitars using this design intermittently, first in 1998, then in 2007 and finally in 2012."[1679] This disqualified the counterclaim defendants from Section 33(b)(5)'s protection, for, as the Court explained, the use of their configuration was not continuous and uninterrupted, as the statute required.[1680]

iii. Descriptive Fair Use

Descriptive fair use by a defendant of either the plaintiff's mark or the words making up that mark may be justified under any of three theories. First, Section 33(b)(4) of the Act recognizes as a defense to the conclusive evidentiary presumptions attaching to an incontestably registered mark a defendant is using "otherwise than as a mark" a personal name "in his own business" or other words "fairly and in good faith only to describe the [associated] goods or services . . . or their geographic origin."[1681] 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

1675. *Quoted in id.* at 326 (internal quotation marks omitted).

1676. *Id.*

1677. *Id.*

1678. *See* Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355 (E.D.N.Y. 2014).

1679. *Id.* at 375.

1680. *Id.*

1681. 15 U.S.C. § 1115(b)(4).

mark by another person other than as a designation of source for the person's own goods or services."[1682]

Whatever the theory of descriptive fair use at issue, a defendant claiming its protection must demonstrate the challenged use is not as a mark for the defendant's own goods or services. This rule received full effect in an appeal to the Sixth Circuit in which the defendants argued the use of the words "6 Hour Energy" on the packaging of their energy-shot product, although likely to cause confusion with the plaintiff's 5-HOUR ENERGY mark for a competitive good, was a protected descriptive fair one.[1683] Declining to disturb a jury finding to the contrary, the court observed that "Defendants' first energy shot featured a symbol after the term '6 Hour Energy.' [The lead individual defendant] explained that he used this symbol because 'I wanted the term '6 Hour Energy Shot' to be mine, just like 5–hour ENERGY is [Plaintiff's].'"[1684] The jury, the court held, might reasonably have concluded from these circumstances the defendants were not using the disputed words other than a mark. The defendants' problems did not end there: To the contrary, the jury also might reasonably have rejected the defense based on record evidence and testimony the defendants were not accurately describing a characteristic of their product, and, additionally, the defendants had not acted with the required good faith.[1685]

A different court's rejection of the defense stood on shakier ground. In *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*,[1686] the Supreme Court unambiguously rejected the proposition that a plaintiff's prima facie showing of likely confusion necessarily precluded the assertion of the descriptive fair use defense: Instead, as the Court explained, requiring a defendant to negate the plaintiff's showing of liability would "make no sense."[1687] That holding, however, was news to a Washington federal district court, which held that "[b]ecause the primary purpose of the trademark laws is to protect the public from confusion, it would be somewhat anomalous to hold that the confusing use of another's trademark is 'fair use'."[1688] In light of this conclusion that the plaintiff's demonstration of liability

1682. *Id.* § 1125(c)(3)(A).

1683. *See* Innovation Ventures, LLC v. N2G Distrib., Inc., 763 F.3d 524 (6th Cir. 2014).

1684. *Id.* at 537.

1685. *Id.*

1686. 543 U.S. 111 (2004).

1687. *Id.* at 112 ("[I]t would make no sense to give the defendant a defense of showing affirmatively that the plaintiff cannot succeed in proving some element (like confusion); all the defendant needs to do is to leave the factfinder unpersuaded that the plaintiff has carried its own burden on that point.").

1688. Corp. of Gonzaga Univ. v. Pendleton Enters., 55 F. Supp. 3d 1319, 1329 (E.D. Was. 2014) (footnote omitted).

obviated the need for an inquiry into the defense, the court held the plaintiff's motion for summary judgment on the issue was well taken.[1689]

In another opinion rejecting the defense, the counterclaim defendants claimed to use a word mark under which the counterclaim plaintiffs sold guitars only to discuss the historical origins of their own guitars.[1690] The court identified a number of problems with that argument, including that: (1) at least one retail outlet had sold the counterclaim defendants' guitars under the mark without mentioning the counterclaim plaintiffs' mark;[1691] and (2) "even in [their] own marketing of [their] guitars, the [counterclaim defendants] acknowledged that the [disputed] word mark is owned by the [counterclaim plaintiffs], further indicating that the [counterclaim defendants] recognized that the . . . mark has significance outside of a descriptive, historical use . . . ."[1692] The counterclaim defendants' attempt to escape the entry of a preliminary injunction against them therefore proved unsuccessful.

A different plaintiff survived a defense motion for summary judgment for much the same reason.[1693] It did so by pointing to record evidence and testimony the court found created factual disputes on the issue of whether the defendants actually used the disputed term "other than as a mark," as required by Section 33(b)(4), and, even if so, whether they were acting in good faith. The parties' conflicting showings as to the first issue included the defendants' practice of prefacing that term on their packaging with an undisputed mark: The defendants argued the undisputed mark was their brand and what followed merely described their goods, but the plaintiff pointed out that the defendants routinely followed the undisputed mark with another one, "which suggests to the consumer that the subsequent language is used in a trademark sense and not a descriptive sense."[1694] Because "[n]either suggested inference is wholly implausible"[1695] and because "[s]imilar opposing inferences could be drawn with respect to [the defendants'] ability to use different terminology to describe [their] products or whether [the defendants] have acted in good faith,"[1696] the defendants' bid for nonliability as a matter of law fell short.

1689. *Id.*

1690. *See* Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355 (E.D.N.Y. 2014).

1691. *Id.* at 375.

1692. *Id.*

1693. *See* Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730 (E.D. La. 2015).

1694. *Id.* at 738.

1695. *Id.*

1696. *Id.*

Defendants in other cases fared better. One was the WD-40 Company, which was sued for infringement after introducing a spray lubricant featuring the word "inhibitor" on its packaging:[1697]

The district found as a matter of law the use of the word was a descriptive fair one, and the Seventh Circuit concurred. The Seventh Circuit disagreed with the methodology used by the district court in determining that WD-40's use was non-trademark in nature, which rested heavily on the concurrent use of the WD-40 mark, but the appellate court nevertheless held, "no reasonable juror looking at a bottle of Long–Term Corrosion Inhibitor could conclude that the word is used as an indicator of source."[1698] The plaintiff was equally unsuccessful challenging the district court's determination "inhibitor" was descriptive of the associated product, with the Seventh Circuit concluding that:

> There can be no dispute here that the word "inhibitor," following the word "corrosion," describes a characteristic of WD–40's product, which contains [a volatile corrosion

1697. *See* Sorensen v. WD-40 Co., 792 F.3d 712 (7th Cir. 2015), *cert. denied*, 136 S. Ct. 801 (2016).

1698. *Id.* at 724. According to the court:

> Compared to other features in the bottle's design, the word "inhibitor" is much less prominent or noticeable. It is much smaller than the bright and eye-catching WD–40 shield. It is also smaller than the stylized and colored word "Specialist" and the colorful crosshair mark. Finally, the word "inhibitor"—which is written in relatively small, white type—is less attention-grabbing than even the word "Corrosion," which is larger and colored in orange. Due to the word's small size, plain color, and non-privileged placement on the bottle, we find that "inhibitor" is not an "attention-getting symbol," and does not function as a source indicator.

Id.

> inhibitor] and is meant to inhibit corrosion for a long period of time. Multiple competing products made by third parties use the word "inhibitor" to describe their products, and WD–40 uses the word multiple times on its bottle in a manner that is clearly non-source identifying.[1699]

Finally, the court rejected the plaintiff's argument that WD-40's knowledge of the plaintiff's prior use and registration of the INHIBITOR mark for a rust-inhibiting product created a factual dispute as to WD-40's good faith.[1700] On the contrary, "[t]o survive summary judgment, a plaintiff must point to something more that suggests subjective bad faith; [the plaintiff] has not done so here."[1701]

Likewise, one defendant escaped its opponent's motion for summary judgment despite adverse odds.[1702] One of the two challenged uses at issue was of the words "Oil of Morocco" on the packaging of the defendant's hair-care products, and the first of the defendant's problems was it had "inserted 'TM' next to the 'Oil of Morocco' mark on prior versions of [its] product packaging, suggesting that it viewed the phrase as a trademark";[1703] the defendant subsequently removed that affirmative claim of trademark rights on the advice of its outside counsel, but "the fact that it was used at all is probative of [the defendant's] original intent in using the phrase."[1704] Additional considerations weighing in favor of a finding of trademark use as a matter of law were the acknowledgement of the defendant's principal that "the trade mark is taken in the USA"[1705] and that the defendant's packaging featured the phrase more prominently than the defendant's house mark.[1706] Nevertheless, the court concluded that the factual question of trademark use was in dispute, as was the question of the defendant's good faith.[1707]

1699. *Id.*

1700. As the Seventh Circuit observed, "[t]he district court concluded that there was no evidence that WD-40 had knowledge of [the plaintiff's] product and word mark, but we disagree. There are multiple documents in the record which were in WD-40's possession and which specifically reference [the plaintiff] and his mark." *Id.* at 725.

1701. *Id.*

1702. *See* Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203 (C.D. Cal. 2014).

1703. *Id.* at 1227.

1704. *Id.*

1705. *Quoted in id.*

1706. *Id.* ("Courts often find that a party is using a term as a trademark when it is featured more prominently than the defendant's own mark.").

1707. On the issue of the defendant's good faith, the plaintiff urged the court to give dispositive effect to the defendant's undisputed knowledge of the plaintiff's prior use and the availability of alternative phrases; the defendant countered with showings that the plaintiff had itself used "Oil of Morocco" descriptively. *Id.* at 1229.

The second challenged use at issue was of the color turquoise blue on the defendant's packaging. In support of its motion, the plaintiff pointed to evidence in the summary judgment record the defendant used the color "as an identifier for its . . . products, like a trademark," and, indeed, that the defendant had chosen the color for that purpose.[1708] Likewise, on the issue of the defendant's good faith, the court acknowledged that one of the defendant's employees had advised the defendant's principal that it was "frightful how much [the defendant's packaging] looks like [the plaintiff's]," [1709] from which it concluded "[t]he fact that [the defendant] could have used other . . . colors to describe its products is evidence that [the defendant] intended to capitalize on [the defendant's] good will."[1710] Still, however, the defendant successfully established a factual dispute on the issue through showings that: (1) the defendant "chose the color turquoise blue to evoke [its] product's Mediterranean origins";[1711] (2) it had used the same color on another line of products prior to the plaintiff's existence;[1712] and (3) the designer of the defendant's packaging had responded to concerns about its similarity to that of the plaintiff with an e-mail expressing his lack of concern, "thereby suggesting that he did not intend to capitalize upon [the plaintiff's] good will."[1713] Under these circumstances, the court held, "[a] jury is best suited to make a determination of whether the record supports a finding of malicious intent by [the defendant] . . . ."[1714]

iv. Nominative Fair Use

According to the Ninth Circuit, the nominative fair use inquiry in the infringement context turns on an application of three factors: (1) whether the plaintiff's product or service is one that is not readily identifiable without the use of the plaintiff's mark; (2) whether the defendant has used only so much of the plaintiff's mark as is reasonably necessary to identify the plaintiff's product or service; and (3) whether the defendant has done anything to suggest sponsorship or endorsement by the plaintiff.[1715] The same

1708. *Id.* at 1228.

1709. *Quoted in id.* at 1229.

1710. *Id.*

1711. *Id.* at 1228; *see also id.* at 1229 ("In considering 'box designs,' turquoise blue was identified as a color that was contained on a 'Moroccan Color Pallet.'").

1712. *Id.* at 1229.

1713. *Id.*

1714. *Id.*

1715. Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 809 (9th Cir. 2003). For an opinion over the past year from outside of the Ninth Circuit adopting the same tripartite test, see *Valley Forge Military Acad. Found. v. Valley Forge Old Guard, Inc.*, 24 F. Supp. 3d 451, 458 n.4 (E.D. Pa. 2014).

court also has held that district courts should substitute its tripartite test for the usual multifactored one for likely confusion, rather than applying the test as an affirmative defense.[1716] A Washington federal district court failed to appreciate either of those points, finding infringement as a matter of law under the standard Ninth Circuit factors[1717] and then imposing on the defendants the burden of proving nominative fair use.[1718] It then compounded those doctrinal errors by holding that its initial determination of liability prevented the defendants from carrying their burden.[1719]

Relying on Section 43(c)(3)(A)(ii)'s nominative fair use "exclusion,"[1720] which it treated as an affirmative defense, the Fourth Circuit reached a finding of no likelihood of dilution by tarnishment as a matter of law in a declaratory judgment action brought by a non-profit organization and its founder to defend their use in connection with anti-abortion activities of the National Association for the Advancement of Colored People's NAACP mark.[1721] That use consisted in significant part of the mark's presentation as an acronym for "National Association for the Abortion of Colored People," which allegedly captured the NAACP's position on abortion and not surprisingly triggered a counterclaim under Section 43(c) by the NAACP. Although the district court found after a bench trial that the NAACP had satisfied each of the prerequisites for a finding of liability in the first instance, the appellate court faulted the lower court for having failed to consider whether the counterclaim defendants had merely engaged in a nominative fair use of the NAACP's mark to criticize the civil rights organization. Because "it is abundantly clear that [the counterclaim defendants] used 'NAACP' in conjunction with 'National Association for the Abortion of Colored People' to comment upon and criticize the NAACP for its perceived position on abortion and other issues affecting the African American community," the Fourth Circuit vacated the finding of liability.[1722]

1716. *See* Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1183 (9th Cir. 2010) ("A defendant seeking to assert nominative fair use as a defense need only show that it used the mark to refer to the trademarked good . . . . The burden then reverts to the plaintiff to show a likelihood of confusion.").

1717. *See* Corp. of Gonzaga Univ. v. Pendleton Enters., 55 F. Supp. 3d 1319, 1327 (E.D. Wash. 2014).

1718. *Id.* at 1329.

1719. *Id.* ("Because the primary purpose of the trademark laws is to protect the public from confusion, it would be somewhat anomalous to hold that the confusing use of another's trademark is 'fair use'.").

1720. *See* 15 U.S.C. § 1125(c)(3)(A)(ii) (2012).

1721. *See* Radiance Found. v. NAACP, 786 F.3d 316 (4th Cir. 2015).

1722. *Id* at 331.

v. Statutes of Limitations

The Lanham Act does not contain a statute of limitations, but that circumstance does not discourage some courts from rewriting the Act to include one. One such judicial revision came at the hands of a California federal district court, which held that "[i]n general, the statute of limitations for a Lanham Act claim brought in conjunction with a claim of trademark dilution under state law is four years."[1723] The occasion of that holding was an unsuccessful motion to dismiss a statute of limitations defense, which the defendant based on over four years of alleged inaction by the plaintiff. Noting "[t]he statutes of limitations for statutory and common law unfair competition claims [under California law] are also four years," the court declined to strike the defense for failure to state a claim.[1724]

A Pennsylvania federal district court employed a similar analysis in a false advertising action under Section 43(a).[1725] Denying a defense motion to dismiss grounded in the theory that the plaintiff had delayed for more than the one-year statute of limitations applicable to defamation actions under Pennsylvania law, the court held instead, "[u]nder Pennsylvania law, the six-year 'catch all' statute of limitations under the Pennsylvania Unfair Trade Practices and Consumer Protection Law ('UTPCPL") is most analogous to Lanham Act violations."[1726] Because the allegations in the plaintiff's complaint established the delay at issue had been less than four years, those allegations adequately stated a claim upon which relief could be granted.[1727]

b. Equitable Defenses

i. Unclean Hands

"The doctrine of unclean hands is a self-imposed ordinance that closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief, however improper may have been the behavior of the defendant."[1728] Consistent with the historical outcome of reported opinions in which it is asserted, that affirmative defense of unclean

1723. AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 959 (N.D. Cal. 2015).

1724. *Id.* at 959-60.

1725. *See* Canella v. Brennan, 112 U.S.P.Q.2d 1208 (E.D. Pa. 2014).

1726. *Id.* at 1211 (citing 73 Pa. Stat. Ann. § 201-1 *et seq*. (West 2013) (citation omitted).

1727. *Id.* at 1212.

1728. Innovation Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703, 713 (E.D. Mich. 2015) (internal quotation marks omitted).

hands failed more often than it succeeded,[1729] and an opinion from a Connecticut federal district court explained why.[1730] The particular allegation of unclean hands at issue was that the plaintiff had waited months after discovering goods bearing counterfeit imitations of its mark before strategically seeking a temporary restraining order at the beginning of the holiday shopping season; the plaintiff also supported its motion for a temporary restraining order with declaration testimony allegedly crafted to obscure the date of its awareness of the defendants' sales. Although accepting the defendants' characterization of the plaintiff's litigation tactics, the court rejected their argument the plaintiff's unclean hands should bar an accounting of their profits. As a threshold matter, it held, "the weight of the authority in this Circuit holds that the inequitable conduct at issue must relate to the use or procurement of the trademark, rather than a position taken in the lawsuit."[1731] This meant "[b]ecause [Defendants'] allegations are unrelated to [Plaintiff's] use or acquisition of [its] mark, Defendants' unclean hands defense to bar Plaintiff's recovery of Defendants' profits on the trademark infringement claim must fail."[1732]

The Ninth Circuit confirmed the doctrine of unclean hands "pertains only to misdeeds that have an 'immediate and necessary relation to the equity that [a plaintiff] seeks in respect of the matter in litigation.'"[1733] This definition, the court held, precluded the successful invocation of the doctrine based on the suspension of the plaintiff's corporate charter years earlier. As it explained, "'[w]hat is material,' in other words, 'is not that the plaintiff's hands are dirty, but that he dirtied them in acquiring the right he now asserts, or that the manner of dirtying renders inequitable the assertion of such rights against the defendant.'"[1734] Summary judgment therefore had been properly entered against the defendant because "the misconduct alleged by [the defendant] does not bear any immediate and necessary relation to the manner in which [the plaintiff] acquired its rights or to the equities of this case . . . ."[1735]

1729. *See, e.g.*, Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 79 F. Supp. 3d 60, 81 (D.D.C. 2015) (declining to entertain assertion of unclean hands for first time on motion for reconsideration).

1730. *See* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85 (D. Conn. 2014).

1731. *Id.* at 97.

1732. *Id.*

1733. S. Cal. Darts Ass'n v. Zaffina, 762 F.3d 921, 931-32 (9th Cir. 2014) (alteration in original) (quoting Keystone Driller Co. v. Gen. Excavator Co., 290 U.S. 240, 241 (1933)).

1734. *Id.* at 932 (quoting Republic Molding Corp. v. B.W. Photo Utils., 319 F.2d 347, 349 (9th Cir. 1963)).

1735. *Id.* at 933 (internal quotation marks omitted).

A final unsuccessful claim of unclean hands arose from a trade dress dispute between manufacturers of aluminum-foil products.[1736] According to the defendant, representatives of the plaintiff had stolen one of the defendant's allegedly infringing packages, which was displayed at a trade show. Upon learning the purloined package had never been used in commerce, the plaintiff dropped all claims relating to it, and that led the court to reject the defendant's claim of unclean hands. As the court explained, "to avail itself of the unclean hands doctrine, [the defendant] must demonstrate it was injured by [the plaintiff's] conduct. . . . Accordingly, without determining whether [the defendant] did in fact act unfairly, it is clear [the defendant] was not injured by any such activity."[1737]

ii. Laches

"In determining whether a Lanham Act claim was filed in a timely manner, 'courts apply the equitable doctrine of laches because the Lanham Act does not contain a statute of limitations.'"[1738] When undertaking this application, some courts required showings of: (1) lack of diligence by the party against whom the defense is asserted; and (2) prejudice to the party asserting the defense.[1739] Other courts over the past year, however, required parties asserting the defense to make three showings, namely: (1) a delay by the plaintiff in asserting its rights; (2) a lack of an excuse for that delay; and (3) undue prejudice to the defendant.[1740] Whatever the test applied, a defendant failing to aver the existence of each prerequisite is vulnerable to a motion to dismiss for failure to state a claim.[1741] Moreover, because laches is an equitable doctrine, defendants

1736. *See* Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111 (E.D. Va. 2014).

1737. *Id.* at 1123.

1738. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 213 (D.D.C. 2014) (quoting Gaudreau v. Am. Promotional Events, Inc., 511 F. Supp. 2d 152, 158 (D.D.C. 2007) (citation omitted) (internal quotation marks omitted)), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

1739. *See, e.g.*, AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 955 (N.D. Cal. 2015); *Paleteria La Michoacana*, 69 F. Supp. 3d at 214.

1740. *See* Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738, 743 (W.D. Tex. 2014); *see also* Univ. Healthsystem Consortium v. UnitedHealth Grp., 68 F. Supp. 3d 917, 926 (N.D. Ill. 2014); Vox Amplification Ltd. v. Meussdorffer, 50 F. Supp. 3d 355, 364 (E.D.N.Y. 2014); Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111, 1122 (E.D. Va. 2014).

1741. *See, e.g.*, *AirWair*, 84 F. Supp. 3d at 956 (dismissing laches defense at pleadings stage in light of defendant's failure to aver prejudice).

engaging in intentionally unlawful conduct are ineligible for its protection.[1742]

When determining whether the first of these requirement of either test was met, courts often turned to state statutes of limitations for corresponding torts. The Ninth Circuit's restatement of this practice was characteristic: "If the period has not expired before suit was filed, there is a strong presumption against the laches defense. That presumption is reversed if the laches period expired before the suit was filed."[1743] This led to the use as benchmarks in infringement suits of two years under Oregon law,[1744] two years under Virginia law,[1745] three years under Connecticut law,[1746] and six years under New York law,[1747] as well as the use in a false advertising suit of three years under District of Columbia law.[1748] Unusually, a Minnesota federal district court did not turn to the law of that state as a benchmark but instead to the six-year standard applied by the Federal Circuit in patent litigation.[1749] Whatever the relevant time period might be, some courts held that the clock necessarily stopped ticking once a defendant received notice of the plaintiff's objections.[1750]

Of course, and as always, the relevant state law benchmark did not always have dispositive effect, even when defendants successfully established it had been met.[1751] The most dramatic example of this phenomenon appeared in an opinion from a Connecticut federal district court reaching a finding of laches after a mere five-month delay by the plaintiff.[1752] Although it was

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1742. *Vox Amplification*, 50 F. Supp. 3d at 365 ("Intentional infringement is a dispositive, threshold inquiry that bars further consideration of the laches defense, not a mere factor to be weighed in balancing the equities." (internal quotation marks omitted)).

1743. La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V., 762 F.3d 867, 878 (9th Cir. 2014) (citation omitted).

1744. *See* Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099, 1132 (D. Or. 2014).

1745. *See* Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111, 1122 (E.D. Va. 2014).

1746. *See* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85, 101 (D. Conn. 2014).

1747. *See Vox Amplification*, 50 F. Supp. 3d at 364.

1748. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 214 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

1749. *See* Dryer v. Nat'l Football League, 55 F. Supp. 3d 1181, 1203 (D. Minn. 2014) ("A delay of more than six years raises a presumption that it is unreasonable, inexcusable, and prejudicial." (quoting Wanlass v. Gen. Elec. Co., 148 F.3d 1334, 1337 (Fed. Cir. 1998)) (internal quotation marks omitted)), *aff'd*, No. 14-3428 (8th Cir. Feb. 26, 2016).

1750. *See Vox Amplification*, 50 F. Supp. 3d at 365, 376; Explorers Club, Inc. v. Diageo PLC, 993 N.Y.S.2d 612, 617-19 (Sup. Ct. 2014).

1751. For an opinion declining to grant the parties' cross-motions for summary judgment based on a factual dispute on the timing of the counterclaim plaintiff's awareness of the counterclaim defendant's conduct, see *Calista Enters. v. Tenza Trading Ltd.*, 43 F. Supp. 3d 1099, 1133-34 (D. Or. 2014).

1752. *See* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85 (D. Conn. 2014).

undisputed that the plaintiff had evidence of the defendants' conduct within its possession for that length of time, it took four months before the plaintiff's president had an "epiphany" motivating him to take action immediately before the start of the holiday shopping season on Black Friday—"the highest volume shopping day in the United States[,] [which] kicks off the holiday shopping season."[1753] These facts did not place the plaintiff in a sympathetic light: Rather, "Plaintiff's five-month delay before filing suit was inexcusable and is tainted by its . . . track record of . . . seeking emergency relief on the eve of Black Friday to maximize the economic pressure on retailers."[1754]

Likewise, laches did not automatically bar the claims of all plaintiffs dragging their feet for longer than the corresponding state law statute of limitations period.[1755] To the contrary, the Ninth Circuit followed its usual practice of applying a six-factor test when determining if a presumptively unreasonable delay was, in fact, unreasonable. As it held:

> To prove that a delay in filing was unwarranted, the party asserting laches must show that the following six factors weigh in its favor:
>
> > (1) [the] strength and value of [the] trademark rights asserted; (2) [the] plaintiff's diligence in enforcing [the rights to its] mark; (3) [the] harm to [the] senior user if relief denied; (4) good faith ignorance by [the] junior user; (5) competition between [the] junior and senior users; and (6) [the] extent of harm suffered by [the] junior user because of [the] senior user's delay.[1756]

A Mexico-based defendant victimized by this test during a bench trial challenged the district court's application of the sixth factor by arguing the resulting permanent injunction harmed the defendant by preventing it from entering the United States mark under its "strong and reputable brand."[1757] According to the Ninth Circuit's rejection of this argument, "[c]ontrary to [the defendant's] assertion, the question is not whether the district court's ruling prejudiced [the defendant], but rather whether [the plaintiff's]

1753. *Id.* at 95.

1754. *Id.* at 102.

1755. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 214 (D.D.C. 2014) ("Of course, whether a Lanham Act claim has been brought within the analogous state statute of limitations is not the sole indicator of whether laches may be applied in a particular case." (internal quotation marks omitted)), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

1756. *See* La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V., 762 F.3d 867, 878 (9th Cir. 2014) (quoting E-Sys., Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th Cir. 1983)).

1757. *Quoted in id.* at 879.

alleged delay in filing suit did so."[1758] The defendant's failure to proffer evidence and testimony on that issue weighed against its case, as did the district court's findings that the plaintiff's rights were strong, the plaintiff had acted diligently, the plaintiff would be harmed by the defendant's direct competition under a confusingly similar mark, and the defendant had been aware of the plaintiff's use of its mark prior to planning its entry into the United States.[1759]

The same six factors came into play in an action before a California federal district court in which the plaintiff, which used the FITBUG in connection with portable electronic fitness trackers, had delayed bringing a claim against the defendant, the owner of the FITBIT mark for closely similar goods, for over four years and was therefore subject to a presumption of untimeliness.[1760] As a threshold matter, the court disposed of the plaintiff's claim that the defendant's progressive encroachment defeated the presumption, concluding instead the defendant's increased sales over the period of delay were "simply the growth of its existing business, not expansion into a new market."[1761] The court then turned to the six Ninth Circuit factors, concluding: (1) "Fitbit's mark is substantially more valuable [than Fitbug's] by virtue of its rapid and continuing growth relative to Fitbug";[1762] (2) "Fitbug was not diligent in protecting its mark . . . from September 2008, when Fitbit announced its products and began offering them for sale on its website, to December 2011, when it sent a cease and desist letter to Fitbit, and did not file suit until 2013"[1763]; (3) the harm to Fitbug ultimately would turn on the outcome of the likelihood-of-confusion inquiry;[1764] (4) "while it is undisputed that Fitbit was aware of Fitbug's existence prior to announcing or selling its products, it is also undisputed that Fitbit selected its mark before it was aware of Fitbug, and even after learning of Fitbug's existence, Fitbit continued to believe there was no likelihood of confusion";[1765] (5) for purposes of argument, the competitive proximity of the parties' products weighed in favor of Fitbug;[1766] and (6) "[t]he economic prejudice would be severe if Fitbit were to now lose the rights to the Fitbit name."[1767] Taken as

1758. *Id.* (internal quotation marks omitted).

1759. *Id.*

1760. *See* Fitbug Ltd. v. Fitbit, Inc., 78 F. Supp. 3d 1180 (N.D. Cal. 2015).

1761. *Id.* at 1191.

1762. *Id.* at 1193 (internal quotation marks omitted).

1763. *Id.*

1764. *Id.* at 1193-94.

1765. *Id.* at 1194.

1766. *Id.* at 1193.

1767. *Id.* at 1194.

a whole, these considerations weighed in favor of an application of laches, and, although a finding of willful infringement might have rendered Fitbit ineligible for the defense, Fitbug's proof demonstrated mere infringement at most.[1768]

In contrast, other plaintiffs played the progressive encroachment card with greater success. As an operator of ice cream stores, one such plaintiff had been aware of the defendant's use of similar marks in connection with fresh and frozen baked goods for decades before hostilities commenced in the form of an opposition proceeding before the Trademark Trial and Appeal Board, which eventually escalated into a federal district court action.[1769] According to the defendant, that longstanding awareness constituted laches as a matter of law, but the court was unconvinced. Reviewing the summary judgment record, it observed that "[the plaintiff's] problem with [the defendant] is not its use of the [disputed marks] in connection with the frozen food products [the defendant] has long offered. Rather [the plaintiff] is only concerned with [the defendant's] activity since 2008 and what it sees as [the defendant's] 'progressive encroachment.'"[1770] "In particular," the court concluded, "[the plaintiff] objects to [the defendant's] sale of non-dairy frozen dessert, which puts [the defendant] more directly in competition with [the plaintiff]."[1771] Because the defendant had introduced its non-dairy frozen dessert only after the filing date of the plaintiff's suit, the court found the defendant's claim of delay as to that product "untenable";[1772] the defendant's position as to certain other goods introduced in 2008 might be "stronger," but a factual dispute remained concerning "the degree to which these products are a natural extension of [the defendant's] previously offered goods and when [the plaintiff] knew, or should have known, about them."[1773]

The doctrine of progressive encroachment also was the key to the denial of a defense motion for summary judgment in a case in which the defendant did not originally use what became one of the challenged marks *as* a mark.[1774] The parties differed on the issue of whether the plaintiff's awareness of the defendant's non-trademark use started the delay clock ticking,[1775] with the court

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1768. *Id.* at 1195-96.

1769. *See* Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738 (W.D. Tex. 2014).

1770. *Id.* at 744.

1771. *Id.*

1772. *Id.*

1773. *Id.*

1774. *See* Univ. Healthsystem Consortium v. UnitedHealth Grp., 68 F. Supp. 3d 917, 926 (N.D. Ill. 2014).

1775. According to the court:

holding "[b]ecause 'trademark use' is not a prerequisite to the filing of a lawsuit for trademark infringement, the Court cannot conclude that it is a prerequisite for the application of laches."[1776] Nevertheless, the plaintiff's long-standing awareness of the defendant's non-trademark use was not enough to entitle the defendant to summary judgment in light of the plaintiff's responsive showings the defendant's alleged infringement had progressed over time. In particular, evidence and testimony from the summary judgment record suggested that: (1) the defendant recently had increased its promotional spend for the services associated with its mark;[1777] (2) the defendant had adopted a new branding guide that emphasized the challenged mark;[1778] (3) the defendant had "broadened the target market of consumers to whom it markets products and services bearing [its mark]";[1779] and (4) there had been "a significant uptick in confusion."[1780] Summary judgment therefore was inappropriate because "[c]onstruing the facts and drawing all reasonable inferences in the light most favorable to Plaintiff, a reasonable factfinder could conclude that Defendant has progressively encroached on Plaintiff's use of [its mark]."[1781]

Finally, the showing necessary to establish a defendant's prejudice from a plaintiff's delay varied. For example, one court rejected a defense claim of prejudice after finding the lead defendant had not "articulated how much, if anything, it stands to lose, nor does it contend that it changed its economic position during the period of supposed delay."[1782] In contrast, a different court credited claims by defendants of expanded business operations as evidence of economic prejudice,[1783] and another found prejudice based on the defendants having increased their

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> [Defendant's argument] leaves the parties in somewhat awkward positions. To prevail on its laches defense, Defendant must implicitly argue that its "historic" uses of [the disputed mark] were sufficiently infringing to obligate Plaintiff to defend its marks. And to successfully challenge the application of laches, Plaintiff must implicitly contend that Defendant's early uses of [the disputed mark] were not sufficiently infringing to warrant legal action.

Id. at 927.

1776. *Id.*

1777. *Id.* at 928.

1778. *Id.* at 928-29.

1779. *Id.* at 929.

1780. *Id.*

1781. *Id.*

1782. Explorers Club, Inc. v. Diageo PLC, 993 N.Y.S.2d 612, 618 (Sup. Ct. 2014).

1783. *See, e.g.*, Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 79 F. Supp. 3d 60, 80 (D.D.C. 2015) ("[The counterclaim defendants] demonstrated prejudice by showing that during this period of delay, [the counterclaim defendants] expanded into a number of new states.").

inventory of goods bearing an infringing mark in anticipation of the holiday buying season while the plaintiff strategically delayed filing suit.[1784] Finally, one court excused the defendants from proving prejudice altogether in light of the plaintiffs' decades-long delay in bringing suit.[1785]

iii. Acquiescence

The doctrinal test for the affirmative defense of acquiescence remained unchanged by courts applying it: "The acquiescence defense has three elements: (1) the alleged senior user actively represented it would not assert a right or 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."[1786] Each requirement is separate and independent of the others, and a defendant failing to carry its burden under each is ineligible for the defense.[1787]

Reaching a holding of acquiescence as a matter of law, one federal district court determined the requirement of an active representation was satisfied based on the counterclaim defendants' showing that the counterclaim plaintiff had represented to the USPTO—but not to the counterclaim defendants—the parties' marks could coexist.[1788] Based on the counterclaim plaintiff's inaction for six years, there was similarly no material dispute it had inexcusably delayed in challenging the counterclaim defendants' use of their marks.[1789] Finally, "the third element, undue prejudice, was met because during this delay, [the lead counterclaim defendant] expanded its business into numerous other geographic markets, which cost [the lead counterclaim defendant] money, improved [the lead counterclaim defendant's] reputation, and expanded [the lead counterclaim defendant's] goodwill."[1790]

1784. *See* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85, 101-02 (D. Conn. 2014).

1785. *See* Dryer v. Nat'l Football League, 55 F. Supp. 3d 1181, 1203 (D. Minn. 2014) ("[A]lthough Plaintiffs claim that the [Defendant] cannot show any prejudice from the delay, at this stage of the litigation and in light of the length of delay, it is not the [Defendant's] burden to do so. Rather, as noted above, the presumption Plaintiffs' delay created can be overcome only if Plaintiffs produce evidence that the [Defendant] was not prejudiced. Plaintiffs have produced no such evidence here." (footnote omitted)), *aff'd*, No. 14-3428 (8th Cir. Feb. 26, 2016).

1786. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 79 F. Supp. 3d 60, 79 (D.D.C. 2015); *accord* Pennzoil-Quaker State Co. v. Miller Oil & Gas Operations, 779 F.3d 290, 295 (5th Cir. 2015); AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 955 (N.D. Cal. 2015).

1787. *Paleteria La Michoacana*, 79 F. Supp. 3d at 79.

1788. *Id.*

1789. *Id.*

1790. *Id.*

The Fifth Circuit clarified the nature of the third requirement of the acquiescence analysis, namely, prejudice to the defendant from the plaintiff's delay.[1791] As that court explained:

> [U]ndue prejudice means that the defendant has taken steps such as making significant investment decisions or building the bulk of its business based on the reasonable assumption that it had permission to use the plaintiff's marks, and that such investment or capital would be lost if the defendant could no longer use the mark. It is not enough that the trademark user will bear costs in removing the infringing marks it had been using.
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> . . . .
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> . . . [W]hile a defendant may be prejudiced if it relies on the plaintiff's mark to *expand* its business, prejudice is rarely, if ever, found merely because the defendant has *used* the infringing mark in commerce (or spent money on products which use the mark).[1792]

iv. Estoppel

The affirmative defense of estoppel played a role in few reported opinions over the past year. One court reaching a finding of estoppel as a matter of law required the counterclaim defendants asserting the defense to prove: "(1) words, acts, conduct, or acquiescence by the plaintiff causing the defendant to believe in the existence of a certain state of things; (2) wil[l]fulness or negligence with regard to the acts, conduct, or acquiescence; and (3) detrimental reliance by the defendant upon the state of things so indicated."[1793] The counterclaim defendants carried their burden with respect to the first requirement by showing the counterclaim plaintiff had represented to the USPTO that confusion was unlikely between the parties' marks.[1794] The court similarly found it undisputed that "[the counterclaim plaintiff's] action may be deemed to have been at least negligent given that [the counterclaim plaintiff] later did seek monetary damages for infringement of the same marks by filing suit with this Court."[1795] Finally, "detrimental reliance occurred through [the counterclaim

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1791. Pennzoil-Quaker State Co. v. Miller Oil & Gas Operations, 779 F.3d 290 (5th Cir. 2015).

1792. *Id.* at 297, 298.

1793. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 79 F. Supp. 3d 60, 81 (D.D.C. 2015) (quoting Bd. of Regents of the Univ. Sys. of Ga. v. Buzas Baseball, 176 F. Supp. 2d 1338, 1347-48 (N.D. Ga. 2001) (alteration in original) (internal quotation marks omitted).

1794. *Id.*

1795. *Id.*

defendants'] expansion into numerous other states during this timeframe."[1796]

An alternative definition of estoppel held the defense to "focus[] not on a party's intent, but rather on the effects of his conduct on another. Estoppel arises only when a party's conduct misleads another to believe that a right will not be enforced and causes him to act to his detriment in reliance upon this belief."[1797] According to the court applying that definition, a successful claim of estoppel requires proof of four elements: (1) the plaintiff knew the defendant was using a mark that violated the plaintiff's rights; (2) the plaintiff's conduct led the defendant reasonably to believe the plaintiff did not intend to enforce its rights against the defendant; (3) the defendant did not know the plaintiff actually objected to its conduct; and (4) the defendant relied on the plaintiff's actions to the point it would suffer material prejudice if the plaintiff's claims against the defendant were allowed to proceed.[1798] The court ultimately dismissed a claim of estoppel based on the failure of the defendant asserting it to aver facts sufficient to establish the third prerequisite, namely, the defendant's ignorance of the plaintiff's objections to its conduct: Indeed, the court noted, because the defendant claimed in support of its acquiescence and waiver defenses that the plaintiff had sent its predecessor a demand letter, no such averment of ignorance was possible.[1799]

v. Waiver

A California federal district court summarized the Ninth Circuit test for waiver in the following manner: "Waiver is the intentional relinquishment of a known right with knowledge of its existence and the intent to relinquish it. An implied waiver of rights will be found where there is clear, decisive and unequivocal conduct which indicates a purpose to waive the legal rights involved."[1800] The particular claim of waiver before that court arose from the plaintiff's transmittal, nearly two decades earlier, of a demand letter to a predecessor of the defendant. According to the defendant, subsequent correspondence between the parties led to the plaintiff's counsel advising the defendant's predecessor that: (1) the plaintiff had not authorized its counsel to take action against the predecessor; but (2) the plaintiff would notify the

1796. *Id.*

1797. AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 958 (N.D. Cal. 2015) (quoting Novell v. Weird Stuff, Inc., No. C92-20467 JW/EAI, 1993 WL 1376335, at *13 (N.D. Cal. Aug. 2, 1993)) (internal quotation marks omitted).

1798. *Id.*

1799. *Id.* at 959.

1800. *See, e.g.*, AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 957 (N.D. Cal. 2015).

predecessor if that situation changed. Although the plaintiff moved the court to dismiss the defendant's assertion of waiver, the court held that the defendant's invocation of the earlier correspondence adequately stated a claim.[1801]

vi. Failure to Mitigate Damages

In 2007, the owner of a federally registered mark for magnetic snap fasteners filed suit against a retailer discovered selling handbags with fasteners bearing counterfeit imitations of that plaintiff's mark; in 2010, the same plaintiff waited five months before taking action against a handbag manufacturer and its affiliates whose goods incorporated fasteners bearing similar spurious copies of the plaintiff's mark.[1802] According to the defendants, the plaintiff's failure to advise them of its objections constituted both laches and a failure to mitigate damages. The court accepted the former theory but rejected the latter. It observed, "the only appreciable difference between the two defenses asserted by Defendants is their claim that Plaintiff had a duty to warn them about possible counterfeiting as early as 2007, when the . . . suit [against the third-party retailer] was filed."[1803] Based on that framing of the issue, it rejected the defendants' claim of failure to mitigate for two reasons: "[T]he Court is not persuaded that such a duty existed, and the claim that such a warning would have mitigated all damages in this case is speculative at best."[1804]

3. Remedies

a. Injunctive Relief

In *eBay Inc. v. MercExchange, LLC*,[1805] 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 are inadequate to compensate for that injury; (3) that, considering the balance of the hardships between plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.[1806]

1801. *Id.* at 957-58.

1802. *See* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85 (D. Conn. 2014).

1803. *Id.* at 104.

1804. *Id.*

1805. 547 U.S. 388 (2006).

1806. *Id.* at 391.

In *eBay*'s wake, the Court subsequently held in *Winter v. Natural Resources Defense Council, Inc.*[1807] that the same factors applied in the preliminary injunction context.[1808] Each of these prerequisites—but especially the first—was addressed over the past year by courts hearing trademark and unfair competition cases.

i. Prerequisites for Injunctive Relief

(A) Irreparable Harm

In unfair competition litigation in which liability has been proven, injunctive relief is generally the rule, rather than the exception. In substantial part, this results from the tendency of courts to conclude plaintiffs will suffer irreparable harm once they have demonstrated a likelihood of confusion[1809] or that a defendant has engaged either in false advertising[1810] or

1807. 555 U.S. 7 (2008).

1808. *Id.* at 18.

1809. *See, e.g.*, Kuper Indus. v. Reid, 89 F. Supp. 3d 1005, 1013 (D. Neb. 2015) ("Since a service mark represents intangible assets such as reputation and goodwill, irreparable harm can be presumed if the plaintiff has shown a likelihood of consumer confusion."); Coach, Inc. v. 3D Designers Inspirations, 70 F. Supp. 3d 942, 950 (C.D. Ill. 2014) ("As for irreparable injury and the inadequacy or legal remedies, injuries incurred by trademark infringement, which [the plaintiff] has established here, 'are by their very nature irreparable and not susceptible of adequate measurement for remedy at law.'" (quoting Processed Plastic Co. v. Warner Commc'ns, Inc., 675 F.2d 852, 858 (7th Cir. 1982))); Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588, 595 (D. Md. 2014) ("Generally, a finding of irreparable harm is automatic in a trademark infringement case where the trademark holder has demonstrated unlawful use and the likelihood of consumer confusion." (quoting Prosperity Sys., Inc. v. Ali, No. CCB–10–2024, 2010 WL 5174939, at *5 (D. Md. Dec. 15, 2010)) (internal quotation marks omitted));Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193 (S.D.N.Y. 2014) ("In a trademark case, 'proof of a likelihood of confusion . . . create[s] a presumption of irreparable harm, and thus a plaintiff [does] not need to prove such harm independently.'" (alterations in original) (quoting Fed. Express Corp. v. Fed. Espresso, Inc., 201 F.3d 168, 174 (2d Cir. 2000))).

1810. *See, e.g.*, Kuper Indus. v. Reid, No. 89 F. Supp. 3d 1005, 1013 (D. Neb. 2015) ("Since a service mark represents intangible assets such as reputation and goodwill, irreparable harm can be presumed if the plaintiff has shown a likelihood of consumer confusion."); Beastie Boys v. Monster Energy Co., 87 F. Supp. 3d 672, 677 (S.D.N.Y. 2015) "[B]ecause the jury found that the [the plaintiffs] had proven a likelihood of consumer confusion as to the [plaintiffs'] endorsement of [the defendant's] products, and because the evidence supported that finding, the Court may presume irreparable harm." (citations omitted)); 7-Eleven, Inc. v. Grewal, 60 F. Supp. 3d 272, 280 (D. Mass. 2014) ("[I]n the trademark infringement context, the 'irreparable harm' element is fulfilled if the aggrieved party 'can show it is likely to prevail on the merits of its [trademark] infringement claims.'" (second alteration in original) (quoting Dig. Equip. Corp. v. AltaVista Tech., 960 F. Supp. 3d 456, 472 (D. Mass. 1997))); Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85, 111 (D. Conn. 2014) ("In trademark cases, irreparable harm is presumed once infringement or dilution has been shown, based on the ensuing loss of goodwill and ability to control one's reputation." (quoting Gucci Am., Inc. v. Guess?, Inc., 868 F. Supp. 2d 207, 243 (S.D.N.Y. 2012)) (internal quotation marks omitted)); IP, LLC v. Interstate Vape, Inc., 113 U.S.P.Q.2d 1131, 1139 (W.D. Ky. 2014) ("[I]n trademark infringement cases, a likelihood of confusion or possible risk to the requesting party's reputation satisfies the irreparable injury requirement."). For

cybersquatting.[1811] Although most courts recognizing this presumption of irreparable harm over the past year did so without apparent consideration of its compatibility with *eBay* and *Winter*, a Second Circuit opinion proved an exception to this general rule.[1812] In affirming a district court's application of presumption in a false advertising action, that opinion held, "[w]hile our circuit has expressly disfavored presumptions of harm in cases where *the products are not obviously in competition* or where the defendant's advertisements make no direct reference to any competitor's products, the products and parties here are obviously in direct competition."[1813]

In contrast, some courts relied on *eBay* and *Winter* to dispose of the traditional rule a plaintiff's demonstration of a likelihood of success on the merits creates a presumption of irreparable harm warranting the entry of injunctive relief. Some of those holdings occurred in the context of infringement actions.[1814] Thus, for example, one New York federal district court cited the Second Circuit's interpretation of *eBay* in the copyright infringement action *Salinger v. Colting*,[1815] to conclude "irreparable harm is no longer presumed."[1816] Likewise, in the then-absence of controlling authority from the Third Circuit, a New Jersey federal district court denied a preliminary injunction motion because "Supreme Court jurisprudence . . . has emphasized that a plaintiff must establish all four elements of the preliminary injunction test,

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a variation on this principle, in which the court recognized an apparently bright-line rule in favor of injunctive relief, see *Port-A-Pour, Inc. v. Peak Innovations, Inc.*, 49 F. Supp. 3d 841, 872 (D. Colo. 2014) ("The right to use one's property as one wishes—either to use the property to its own advantage, to exclude another from its use, or to sell, lease, license or transfer such property to another—is fundamental, and being excluded from the rights inherent in one's property constitutes irreparable injury.").

1811. *See, e.g.*, Bioclin BV v. MultiGyn, LLC, 72 F. Supp. 3d 1288, 1296 (M.D. Fla. 2014) ("[T]rademark infringement by its nature often results in irreparable harm and that there is generally no adequate remedy at law. The same rationale would apply to irreparable harm caused by trademark infringement in the internet context by cybersquatting." (citation omitted)); CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1105 (D. Colo. 2014) ("In cybersquatting cases, '[w]here a plaintiff can show probable success in proving a likelihood of consumer confusion, irreparable harm is properly presumed.'" (quoting Ballistic Prods., Inc. v. Precision Reloading, Inc., No. Civ. 03–2950 ADM/AJB, 2003 WL 21754816, at *5 (D. Minn. July 28, 2003))).

1812. *See, e.g.*, Merck Eprova AG v. Gnosis S.p.A., 760 F.3d 247 (2d Cir. 2014).

1813. *Id.* at 260 (citations omitted) (internal quotation marks omitted)).

1814. *See, e.g.*, Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 511 (D.N.J. 2014) ("Supreme Court jurisprudence . . . has emphasized that a plaintiff must establish all four elements of the preliminary injunction test, including the irreparable harm element, and that irreparable harm must be likely, not merely possible."). For an opinion finding an absence of the irreparable harm required to support a temporary restraining order as a factual matter but not mentioning *e-Bay* or *Winter*, see *Commodores Entm't Corp. v. McClary*, 112 U.S.P.Q.2d 1418 (M.D. Fla. 2014).

1815. 607 F.3d 68 (2d Cir. 2010).

1816. NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 335 n.5 (S.D.N.Y. 2014).

including the irreparable harm element, and that irreparable harm must be likely, not merely possible."[1817]

The Third Circuit itself reached the same conclusion in two actions sounding in false advertising, rather than trademark infringement. In contrast to many other federal appellate tribunals, that court had never recognized a pre-*eBay* and pre-*Winter* presumption of irreparable harm arising from false advertising-based violations of Section 43(a), and it was in no mood to do so following the Supreme Court's opinions in those cases; rather, "although *eBay* in particular arose in the patent context, its rationale is equally applicable in other contexts, including cases arising under the Lanham Act . . . ."[1818] The court grounded this conclusion in part on the text of Section 35,[1819] of which it held:

> The Lanham Act's injunctive relief provision is premised upon traditional principles of equity, like the Patent Act's. . . . Notably, the Court in *eBay* suggested that a "major departure from the long tradition of equity practice" should be permitted only to the extent that "Congress intended such a departure," and the language of these two acts makes clear that Congress did not intend any such departure in these contexts.[1820]

eBay, however, was not the plaintiff's only problem, for *Winter* also played a role in the Third Circuit's rejection of the presumption. *Winter*, the Third Circuit noted, "require[es] that a plaintiff demonstrate a likelihood, rather than a possibility, of irreparable harm . . . ."[1821] Specifically, "injunctive relief is an 'extraordinary remedy that may only be awarded upon a *clear showing* that the plaintiff is entitled to such relief.' Presuming irreparable harm would relieve the plaintiff of her burden to make such a showing."[1822] From there, the court's analysis proceeded to a predictable end: "[W]e hold that a party seeking a preliminary injunction in a Lanham Act case is not entitled to a presumption of irreparable harm but rather is required to demonstrate that she is likely to suffer irreparable harm if an injunction is not granted."[1823]

Having thus affirmed the district court's conclusion that the presumption of irreparable harm no longer was viable, the appellate court turned its attention to the plaintiff's factual evidence of that harm. Like the district court before it, the Third

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1817. Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 511 (D.N.J. 2014).

1818. *See* Ferring Pharma., Inc. v. Watson Pharma., Inc., 765 F.3d 205, 214 (3d Cir. 2014).

1819. 15 U.S.C. § 1117 (2012).

1820. *Id.* (quoting *eBay*, 547 U.S. at 391-92 (internal quotation marks omitted)).

1821. *Id.* (quoting *eBay*, 547 U.S. at 391-92 (internal quotation marks omitted)).

1822. *Id.* (emphasis added) (quoting *Winter*, 555 U.S. at 22).

1823. *Id.*

Circuit credited the defendant's showing that the challenged advertising had been discontinued and was no longer was available to consumers.[1824] It also was unconvinced by declaration testimony introduced by the plaintiff to the effect that the defendant's advertising would lead to fewer prescriptions being written for the plaintiff's pharmaceutical products. Among deficiencies, the court concluded, the proffered testimony was speculative because it rested on statements by the declarant that the defendant's advertising "'may influence' her decision and the decisions of other doctors as to which drugs they prescribe."[1825] Under these circumstances, "the District Court did not clearly err in finding that [the plaintiff] failed to demonstrate that it would likely suffer irreparable harm in the absence of preliminary injunctive relief. Absent a showing of irreparable harm, a plaintiff is not entitled to injunctive relief, even if the other three elements are found."[1826]

In contrast, the Third Circuit's second treatment of the issue, although similarly rejecting the presumption of irreparable harm, affirmed a finding of irreparable harm as a factual matter.[1827] The second appeal arose from a dispute between competing manufacturers of steam irons in which the defendant had engaged in literally false advertising. In affirming the district court's determination that the prevailing plaintiff had demonstrated its reputation was likely to be damaged by the defendant's advertising, the court acknowledged certain portions of the district court's opinion "may be construed as applying a relaxed standard."[1828] That relaxed standard did not necessarily mean the district court had held irreparable harm could be presumed. Rather:

> [C]ourts considering whether to grant injunctive relief must exercise their equitable discretion in a case-by-case, fact-specific manner. A critical aspect of fact-finding in this and other contexts is drawing reasonable inferences from facts in the record. The inference drawn by [the plaintiff's marketing director], the District Court, and now this Court—that [the plaintiff] is likely to suffer irreparable harm to its brand reputation and goodwill—is supported not by a general rule or presumption but by the literally false comparative advertising claims at issue, the competitive relationship between the parties and products, and the judgment of Pollard that the

1824. *Id.* at 218.

1825. *Id.*

1826. *Id.*

1827. *See* Groupe SEB USA, Inc. v. Euro-Pro Operating LLC, 774 F.3d 192 (3d Cir. 2014).

1828. *Id.* at 204.

> harm to [the plaintiff's] brand reputation and goodwill is impossible to quantify.[1829]

Other opinions similarly drove home the point plaintiffs can demonstrate irreparable harm by means other than reliance on the presumption.[1830] One from the Second Circuit arose out of a license agreement in which the licensee agreed that its use of the licensed mark for goods outside the scope of the license would cause the licensor irreparable harm.[1831] Affirming the entry of a preliminary injunction, the Second Circuit did not accord the agreement's language dispositive effect. Nevertheless, because the language was relevant evidence and, additionally, because the defendant had failed to contest the issue before the district court, it declined to find on appeal the plaintiff's showing of irreparable harm was inadequate.[1832]

Other factual findings of irreparable injury also rested in part on prevailing plaintiffs' recitations of threatened harm to their reputations,[1833] even if not all courts found those recitations convincing.[1834] For example, after noting the uncertain status of the presumption of irreparable harm in the Eleventh Circuit,[1835] a Georgia federal district court nevertheless entered a preliminary

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1829. *Id.* at 205 (citation omitted).

1830. *See, e.g.*, Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1101 (N.D. Cal. 2014) (finding, on motion for default judgment, irreparable harm based on defendant's "potentially ongoing violations" of the plaintiff's rights); Amini Innovation Corp. v. McFerran Home Furnishings, Inc., 68 F. Supp. 3d 1170, 1177 (C.D. Cal. 2014) (noting plaintiff's concession that presumption of irreparable harm no longer valid by denying defense motion for summary judgment based on plaintiff's unspecified showing of irreparable harm).

1831. *See* Benihana, Inc. v. Benihana of Tokyo, LLC, 784 F.3d 887 (2d Cir. 2015).

1832. *Id.* at 896-97.

1833. *See, e.g.*, IHOP Franchising, LLC v. Hameed, 114 U.S.P.Q.2d 2027, 2031 (E.D. Cal. 2015) ("[A]llowing a [terminated franchisee] to operate under Plaintiffs' Marks . . . irreparably harms [Plaintiffs] by removing [their] ability to control [their] reputation. Plaintiffs have no adequate remedy at law for injuries to their business's reputation caused by Defendant's continuing infringement."); CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1105-06 (D. Colo. 2014) ("[The defendant's] past actions indicate that he will continue to violate [the plaintiff's] trademarks. [The defendant's] conduct, if not enjoined, will cause irreparable harm to the goodwill and reputation that [the plaintiff] has cultivated for its marks."); Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1208 (C.D. Cal. 2014) (finding, in context of default judgment, "Plaintiff has sufficiently alleged that it has suffered irreparable injury to its business goodwill and reputation due to Defendants' infringing activities"); Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111, 1123 (E.D. Va. 2014) ("[I]nfringement 'gives rise to irreparable injury, in that plaintiff has lost control of its business reputation . . . and there is an inherent injury to the good will and reputation of the plaintiff.'" (second alteration in original) (quoting Lone Star Steakhouse & Saloon v. Alpha of Va., Inc., 43 F.3d 922, 939 (4th Cir. 1995))).

1834. *See, e.g.*, Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 513 (D.N.J. 2014) (rejecting plaintiff's claim of potential damage to reputation on ground that "Plaintiff has not shown that any consumers blame [Plaintiff] for or associate [Plaintiff] with [Defendants'] product failures, if any."); *see also id.* at 517-18 (reaching identical holding on plaintiff's motion for reconsideration).

1835. *See* Ewe Grp. v. Bread Store, LLC, 54 F. Supp. 3d 1343, 1351-52 (N.D. Ga. 2014).

injunction because "[the plaintiff] claims harm in the form of loss of control of its reputation, loss of trade, and loss of goodwill. These harms have previously been found sufficient to give rise to a finding of irreparable harm even absent the presumption of such harm existing."[1836]

Likewise, a New York federal district court reached a finding of irreparable harm in an infringement and cybersquatting action brought by the owner of the *New York Post* after rejecting the continued viability of the presumption.[1837] Supporting evidence in the preliminary injunction record included "the significant confusion" likely to result from the defendants' conduct, which the court found "likely to undermine the goodwill and reputation of the *New York Post* among the newspaper's readers, and cause [the plaintiff] to lose control over its own reputation and the quality of its products and services."[1838] The threat to the plaintiff's reputation was particularly acute in light of the criminal record of one of the defendants and affirmative statements on the defendants' website of affiliation between that defendant and the plaintiff.[1839]

A Washington federal district court also found irreparable harm as a factual matter after a counterclaim plaintiff successfully demonstrated at trial that confusion was likely between the parties' marks, both of which were used in connection with software applications.[1840] Framing the issue, the court noted that other opinions "have recognized that in trademark cases, the irreparable harm may be shown through evidence of the loss of prospective customers, goodwill, or reputation."[1841] The counterclaim plaintiff's showing at trial, the court concluded, satisfied that test:

> [S]everal witnesses for [the counterclaim plaintiff] expressed concern that [the counterclaim plaintiff's] reputation and goodwill were harmed by the confusion of consumers [of the counterclaim defendant's application] who mistakenly believed their [multimedia] presentations were created using the [counterclaim plaintiff's]. [Two witnesses] also testified that [the counterclaim plaintiff] has invested substantial time and money in its specific design and aesthetic.[1842]

1836. *Id.* at 1352.

1837. *See* NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328 (S.D.N.Y. 2014).

1838. *Id.* at 341.

1839. *Id.*

1840. *See* Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342 (W.D. Wash. 2014).

1841. *Id.* at 1367.

1842. *Id.*

Of course, even if a movant for preliminary injunctive relief otherwise can demonstrate irreparable harm as a factual matter, that showing can be overcome by the movant's delay. This rule carries particular force in the Southern District of New York, where one slow-to-anger plaintiff dragged its feet for three years after the defendant's first use of its allegedly infringing mark and at least eleven months after the defendant's "pivotal infringement" before seeking the court's intervention.[1843] As the court explained, delay in this context need not rise to the level of laches before barring relief; rather, the plaintiff's averment of irreparable harm and its "request for swift and extraordinary action belies its lassitude over three years."[1844] This was especially true because the plaintiff had filed its motion a mere three months prior to a trial date to which it had agreed.[1845]

(B) Inadequacy of Legal Remedies

One court equated satisfaction of the irreparable harm prerequisite for injunctive relief with the required showing that legal remedies would not make the movant whole.[1846] Having previously found the plaintiff before it would be irreparably injured in the absence of a preliminary injunction, the court concluded that "[b]ecause the losses of reputation and goodwill and resulting loss of customers are not precisely quantifiable, remedies at law [such as monetary damages] cannot adequately compensate [the plaintiff] for its injuries."[1847] As a consequence, "[the plaintiff] has . . . established that no adequate remedy at law exists in the case at hand."[1848]

A different court entertaining a declaratory judgment action came close to reaching the same conclusion.[1849] According to it, "[c]ourts have broadly accepted the general proposition that, even after the Supreme Court's decision in *eBay*, monetary damages alone are inadequate to remedy trademark violations."[1850] Having set the bar low, the court did not hesitate to find the prevailing counterclaim plaintiff had cleared it. Specifically, "[the counterclaim plaintiff] has sufficiently demonstrated that

1843. *See* Berkley Networks Corp. v. InMarket Media, LLC, 114 U.S.P.Q.2d 1169 (S.D.N.Y. 2014).

1844. *Id.*

1845. *Id.* at 1173.

1846. *See* NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328 (S.D.N.Y. 2014).

1847. *Id.* at 342 (first alteration in original) (quoting U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc., 800 F. Supp. 2d 515, 540 (S.D.N.Y. 2011)) (internal quotation marks omitted).

1848. *Id.*

1849. *See* Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342 (W.D. Wash. 2014).

1850. *Id.* at 1367.

monetary damages are inadequate to compensate for [the counterclaim defendant's] infringement. By filing this lawsuit, [the counterclaim defendant] expressed its intention to continue infringing in the future if injunctive relief does not issue."[1851]

A Nevada federal district court took a different approach.[1852] The disputed mark before that court was THE PLATTERS, used in various iterations by both parties in connection with live musical performances. The summary judgment record demonstrated that "Defendants used the mark for the purpose of booking live vocal performances based on the fame attained by [Plaintiffs]"[1853] and, additionally, that "Defendants' and others' use of the mark has created confusion in the marketplace over who is entitled to use the mark, impacting Plaintiffs' ability to book their own live performances."[1854] Because "[m]onetary damages are inadequate to compensate for this marketplace confusion," the plaintiffs' entitlement to permanent injunctive relief as a matter of law was apparent.[1855]

In a different dispute, the plaintiff's failure to demonstrate its entitlement to an award of actual damages was no obstacle to its demonstration of the inadequacy of legal remedies for the defendant's trade dress infringement.[1856] The court noted, "[i]t is true the jury found [the plaintiff] failed to prove that [the defendant] earned profits from the infringing products. [The plaintiff] provided evidence regarding potential lost market share, but also failed to substantially demonstrate any lost profits."[1857] Nevertheless, "the jury's finding of likelihood of confusion demonstrates a palpable risk of continuing and future harm. This is the exact type of harm meant to be remedied by injunctive relief."[1858]

Finally, a defaulting defendant's continued misconduct demonstrated the inadequacy of legal remedies as far as another court was concerned.[1859] Having held that the plaintiff's well-pleaded complaint established the defendant's liability for cybersquatting, the court entered a permanent injunction based in part on its determination that "[m]onetary damages are

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1851. *Id.*

1852. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

1853. *Id.* at 1327.

1854. *Id.*

1855. *Id.*

1856. *See* Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111 (E.D. Va. 2014).

1857. *Id.* at 1123.

1858. *Id.*

1859. *See* CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1105 (D. Colo. 2014).

inadequate to force [the defendant] to cease his infringing conduct, as demonstrated by his disregard of [the plaintiff's] cease and desist demands and this lawsuit, his threats to sell or auction the [disputed] domain name, and his continued use of the [plaintiff's] [m]arks."[1860] It then observed, "[t]he allegations and evidence establish that [the defendant] has acted knowingly and willfully," without explaining the significance of that consideration to the relevant inquiry.[1861]

(C) Balance of Hardships

Defendants found liable for infringement or other forms of unfair competition more often than not have the balance-of-the-hardships inquiry resolved against them, often without extended discussion.[1862] Thus, for example, one court issued a temporary restraining order against the operators of a pancake restaurant who advertised their services with personal appearances, explaining in the process, "the Court is not being asked to cancel defendants' upcoming performance. No one should, as a result of this order, be deprived of pancakes. Rather, plaintiffs simply ask that defendants perform under some other, less confusingly similar name."[1863] While issuing preliminary injunctive relief against terminated franchisees who continued to use their former franchisor's marks, another court held, "[w]here adjudication on the merits is likely to reveal defendants' trademark infringement, harm to a defendant that flows from a preliminary injunction is typically entitled to less consideration than other harms for the purposes of balancing analysis."[1864]

1860. *Id.* at 1105.

1861. *Id.*

1862. *See, e.g.*, Benihana, Inc. v. Benihana of Tokyo, LLC, 784 F.3d 887, 897 (2d Cir. 2015) (holding, in cursory analysis, that defendant licensee suffered no cognizable hardship arising from injunction enforcing terms of license); IHOP Franchising, LLC v. Hameed, 114 U.S.P.Q.2d 2027, 2032 (E.D. Cal. 2015) (finding any harm to holdover terminated franchisee was "self-inflicted, and thus, may be discounted"); NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 342 (S.D.N.Y. 2014) (holding that defendants' lack of "legitimate legal interest in using or right to use" the disputed marks precluded them from claiming cognizable harm from a preliminary injunction); Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1208 (C.D. Cal. 2014) ("Plaintiff will be harmed by continued infringement of its . . . [t]rademark. Defendants, on the other hand, are engaged in willful and knowing infringement and face no hardship in permanently refraining from their infringing activity. There is no hardship to a defendant when a permanent injunction would merely require the defendant to comply with law."); Port-A-Pour, Inc. v. Peak Innovations, Inc., 49 F. Supp. 3d 841, 873 (D. Colo. 2014) ("I can give no weight to harm [the defendant] might sustain by an injunction against selling *infringing* products.").

1863. Kuper Indus. v. Reid, 89 F. Supp. 3d 1005, 1013 (D. Neb. 2015).

1864. 7-Eleven, Inc. v. Grewal, 60 F. Supp. 3d 272, 281 (D. Mass. 2014).

In a more substantive discussion of the issue, albeit one occurring in the context of an order entering a default judgment, a different court acknowledged the permanent injunction requested by the plaintiff would harm the defendants.[1865] Nevertheless, "[i]f [the defendants'] trademark infringement continues, [the plaintiff] will lose potential profits and run the risk that consumers come to associate the avowed inferiority of [the defendants'] counterfeit-marked wares with [the plaintiff's] name, decreasing the consumer demand and good will [the plaintiff] has built up at great expense;"[1866] moreover, the defendants "never had a legal right to profit from [their] counterfeiting."[1867] The balance of the hardships therefore favored the entry of injunctive relief.[1868]

An equally unsympathetic court rejected as "self-inflicted" the harm a state senator and his campaign committee allegedly would suffer if preliminarily enjoined from imitating the Hershey Co.'s federally registered trade dress in his campaign materials.[1869] In contrast to the irreparable harm the company would suffer in the absence of interlocutory relief, the court found that "[t]he general election is still almost four months away, providing the Defendants with sufficient time to distribute non-infringing campaign materials."[1870] Beyond that, "[a]t the hearing, defense counsel made it clear that the general election is not expected to be seriously contested, this further demonstrates the minimal risk of harm to the Defendants in changing campaign materials."[1871] The balance of the equities therefore favored the entry of preliminary injunctive relief.

The same result held in a dispute in which, as the court characterized its argument, a defendant restaurateur claimed that "if an injunction issues and it is required to change its name, it will have to shut down, lay off its nineteen employees, incur almost $58,000 in expenses to change its name, and lose as much as $85,000 in operating revenues per month during the shutdown period."[1872] The court, however, agreed with the plaintiff that these concerns were overstated because "[the plaintiff] asks only that [the defendant] cease operating under the [infringing] name . . . , so there is no need for the restaurant to shut down."[1873]

1865. *See* Coach, Inc. v. 3D Designers Inspirations, 70 F. Supp. 3d 942, 950 (C.D. Ill. 2014).

1866. *Id.*

1867. *Id.*

1868. *Id.*

1869. *See* Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588 (D. Md. 2014).

1870. *Id.* at 595.

1871. *Id.* at 595-96.

1872. Ewe Grp. v. Bread Store, LLC, 54 F. Supp. 3d 1343, 1352 (N.D. Ga. 2014).

1873. *Id.*

"Furthermore," the court found, "[the defendant] does not presently have any paper menus, it has only one billboard, and [the plaintiff] has agreed to allow [the defendant] to exhaust its current inventory of cups and other branded materials."[1874] Under these circumstances, any harm befalling the defendant as a result of the injunction did not compare to the prospective harm to the plaintiff in the absence of injunctive relief.[1875]

Finally, two plaintiffs helped themselves in the balance-of-the-harm inquiry by limiting the terms of the permanent injunction they requested.[1876] The plaintiffs were the successors in interest to a vocal group that used THE PLATTERS as a mark for the group's entertainment services. Despite securing a finding of infringement as a matter of law based on the defendants' use of the same mark, the plaintiffs did not request the court to enjoin the defendants from the mark's use altogether; rather, as the court summarized their request, "the injunction Plaintiffs request is narrowly tailored to permit Defendants to use the mark THE PLATTERS so long as Defendants indicate the show is a 'tribute' or 'salute' to The Platters."[1877] The court therefore resolved this factor in the plaintiffs' favor.

Still, however, at least some defendants prevailed where this prerequisite for injunctive relief was concerned.[1878] One was the Mexico-based owner of the QUINTA REAL mark for hotel services, which had competed on an apparently amicable basis with the plaintiff's LA QUINTA-branded hotel services in its own country for a number of years.[1879] When the defendant announced plans to enter the United States market under its mark, it found itself

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1874. *Id.*

1875. *Id.*

1876. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

1877. *Id.* at 1327.

1878. *See, e.g.*, Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768, 785 (D. Del. 2015) (holding that balance of hardships did not favor entry of permanent injunction requested by the plaintiffs, "particularly given the lack of evidence from [the plaintiffs] relating to loss of goodwill or harm to its reputation in the absence of an injunction, while [the defendants] would be somewhat harmed from an injunction that complicates [their] marketing efforts (among other things) and is in some respects vague and overbroad"); Berkley Networks Corp. v. InMarket Media, LLC, 114 U.S.P.Q.2d 1169, 1173 (S.D.N.Y. 2014) (denying motion for preliminary injunction in part because "[f]orcing [the defendant] to abandon the [disputed mark] before trial would result in significant expenses associated with changing website and marketing materials, and retooling machinery"); Buzz Bee Toys, Inc. v. Swimways Corp., 20 F. Supp. 3d 483, 513-14 (D.N.J. 2014) (denying motion for preliminary injunction in part because "while Defendants' assertions about probable harm [arising from their inability to sell their goods during the peak season] are not compelling, Plaintiff has not shown it is likely to suffer irreparable harm, and, therefore, this element does not favor Plaintiff").

1879. *See* La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V., 762 F.3d 867 (9th Cir. 2014).

subject to a finding of infringement and a permanent nationwide injunction. The Ninth Circuit affirmed the former but vacated the latter. Without regard to whether the defendant would have been entitled to relief against the use of the plaintiff's mark under Mexican law, the appellate court expressed its concern that:

> [T]he district court's analysis does not discuss a fact we think relevant to weighing the equities in this case: That a permanent injunction in favor of [the plaintiff] here would bar [the defendant] from opening a hotel in its own name, while at the same time [the plaintiff] would remain free to open hotels and do business in Mexico [under its mark].[1880]

Disclaiming any holding that such a circumstance should be determinative, the appellate court nevertheless held its omission from the district court's analysis "leaves us uncertain whether the district court considered all relevant factors in assessing the balance of hardships."[1881] It therefore remanded the action for additional proceedings as to that issue.[1882]

The balance of the hardships also tipped in favor of two defendants, who, accused of trade dress infringement by more established plaintiffs, successfully argued in response to a preliminary injunction motion that they owned the copyright covering the bottles comprising the plaintiffs' trade dress.[1883] That success led the court to hold the defendants would suffer greater harm from the requested relief than would the plaintiffs in its absence:

> [I]t appears that Plaintiffs' brand is the larger, more well-established brand. . . . Defendants' brand, on the other hand, was launched only last year and does not appear to be as well-funded or as widely distributed. Thus, while the status of the intellectual property is unclear, the larger, more established brand must bear the hardship of competition.[1884]

(D) Public Interest

As a general proposition, "[t]he consuming public has a protectable interest in being free from confusion, deception and mistake."[1885] Thus, for example, the Second Circuit held the public

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1880. *Id.* at 880.

1881. *Id.*

1882. *Id.*

1883. *See* Elements Spirits, Inc. v. Iconic Brands, Inc., 115 U.S.P.Q.2d 1644 (C.D. Cal. 2015).

1884. *Id.* at 1653 (citation omitted).

1885. NYP Holdings v. N.Y. Post Publ'g Inc., 63 F. Supp. 3d 328, 342 (S.D.N.Y. 2014) (quoting U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc., 800 F. Supp. 2d 515, 541 (S.D.N.Y. 2011)) (internal quotation marks omitted); *see also* licensee suffered no cognizable hardship arising from injunction enforcing terms of license); IHOP Franchising, LLC v. Hameed, 114

interest weighed in favor of a preliminary injunction against the continued use of a licensed mark following termination of the license.[1886] A Nebraska federal district court similarly entered a temporary restraining order after concluding that "the public interest is served by the enforcement of valid trademarks and prevention of consumer confusion."[1887] And a Washington federal district court found the counterclaim plaintiff before it was entitled to a permanent injunction because "injunctive relief serves the public interest by protecting the rights of trademark holders against infringement and also minimizing consumer confusion."[1888] These outcomes were consistent with those in all other reported opinions to address the issue.[1889]

ii. Terms of Injunctive Relief

Assuming there has been a finding of liability,[1890] a trial court typically enjoys wide discretion to frame the terms of injunctive relief, and the Second Circuit confirmed that discretion can extend to the entry of interlocutory orders prohibiting defendants from

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U.S.P.Q.2d 2027, 2032 (E.D. Cal. 2015) (entering preliminary injunction after finding "[t]here is a strong public interest in preventing consumer confusion and fraud [that] favors issuance of the requested injunctive relief'" (quoting Paisa, Inc. v. N & G Auto, Inc., 928 F. Supp. 1009, 1013 (C.D. Cal. 1996))); CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1106 (D. Colo. 2014) (entering permanent injunction after finding that "protecting the rights of the owner of a registered trademark is consistent with the public interest" (internal quotation marks omitted)); 7-Eleven, Inc. v. Grewal, 60 F. Supp. 3d 272, 282 (D. Mass. 2014) ('"Given the societal value of full disclosure and fair competition, together with the policy of the law to provide at least minimal protection to established trade names,' courts are in agreement that '[p]reventing consumer confusion is clearly in the public interest.'" (alteration in original) (quoting Hypertherm, Inc. v. Precision Prods., Inc., 832 F.2d 697, 700 (1st Cir. 1987))); Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193, 215 (S.D.N.Y. 2014) ("[T]he public interest weigh[s] in favor of a limited injunction to ensure that any consumer confusion is limited or eliminated."); Reynolds Consumer Prods. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111, 1124 (E.D. Va. 2014) ("An injunction would serve the public interest by mitigating this future risk [of consumer confusion]."); Port-A-Pour, Inc. v. Peak Innovations, Inc., 49 F. Supp. 3d 841, 873 (D. Colo. 2014) ("The public interest is served by enforcement of intellectual property rights . . . .").

1886. *See* Benihana, Inc. v. Benihana of Tokyo, LLC, 784 F.3d 887, 897 (2d Cir. 2015) ("[T]o the extent it is implicated, the public interest here is served by the enforcement of the parties' agreement . . . .").

1887. Kuper Indus. v. Reid, 89 F. Supp. 3d 1005, 1014 (D. Neb. 2015).

1888. Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342, 1368 (W.D. Wash. 2014).

1889. *See, e.g.*, Coach, Inc. v. 3D Designers Inspirations, 70 F. Supp. 3d 942, 950 (C.D. Ill. 2014) ("[A]n injunction will not only not harm the public interest, but benefit the consuming public by eliminating deception as to the source and quality of products they buy from [the defendants] and other potential . . . trademark counterfeiters deterred by this order."); Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588, 596 (D. Md. 2014) ("The public interest is served by preventing the confusion served by trademark infringement.").

1890. For an appellate opinion vacating the imposition of preliminary injunction in light of district court's finding that plaintiff had failed to demonstrate likely success on the merits of its claim of infringement), see *Arborjet, Inc. v. Rainbow-Treecare Sci. Advancements, Inc.*, 794 F.3d 168, 172-73 (1st Cir. 2015).

transferring assets held outside the United States.[1891] The appellant challenging that proposition was a nonparty bank, which held the assets in question on behalf of a group of defendants found liable for having trafficked in goods bearing counterfeit imitations of the plaintiffs' federally registered marks. The gravamen of the bank's argument was that the Supreme Court's decision in *Grupo Mexicano de Desarrollo, S.A. v. Alliance Bond Fund, Inc.*[1892] barred such an order, but the plaintiffs in that case had sought to recover their own actual damages. In contrast, the plaintiffs' prayer for relief in the case under consideration included a request for the remedy of an accounting of the defendants' profits, and the difference between the two remedies made all the difference in the world:

> Pursuant to *Grupo Mexicano*, . . . district courts have no authority to issue a prejudgment asset freeze pursuant to Rule 65 where such relief was not "traditionally accorded by courts of equity." But they maintain the equitable power to do so where such relief *was* traditionally available: where the plaintiff is pursuing a claim for final equitable relief, and the preliminary injunction is ancillary to the final relief.[1893]

Because the *equitable* remedy of an accounting was distinct from the *legal* remedy of an award of actual damages, and because the plaintiffs were under no obligation to identify the "'particular property' derived from the defendants' allegedly unlawful activities that the plaintiffs seek to recover," the district court had not exceeded its authority by ordering the asset freeze.[1894]

The Second Circuit was similarly receptive to an injunction entered in a false advertising dispute requiring the defendants to undertake a corrective advertising campaign.[1895] Based on the

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1891. *See* Gucci Am., Inc. v. Li, 768 F.3d 122 (2d Cir. 2014).

1892. 527 U.S. 308 (1999).

1893. *Gucci Am.*, 768 F.3d at 131 (citation omitted) (quoting *Grupo Mexicano*, 527 U.S. at 319).

1894. *Id.* at 133.

1895. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014). According to the district court's order:

> (1) the ads shall disclose that the campaign is court-ordered to provide consumers with context for Defendants' clarification. However, (2) the ads need not disclose that Defendants' misrepresentations were willful as that is immaterial to the content of the false advertisement. Similarly, (3) the ads shall provide a link to the Court's opinion to provide greater context; however, the Opinion need not be hosted on [Plaintiff's counsel's] website. Additionally, (4) the ads shall run on Defendants' homepage as well as their products' sale page to ensure sufficient market dissemination. Finally, (5–6) the ads need only run on third-party industry websites and in trade magazines where the offending products were or are presently advertised by [Defendants].

Id. at 264 (quoting Merck Eprova AG v. Gnosis S.P.A., No. 07 Civ. 5898 (RJS), 2013 WL 364213, at *3 (S.D.N.Y. Jan. 31, 2013), *aff'd*, 760 F.3d 247 (2d Cir. 2014)).

district court's concomitant trebling of its accounting of the defendants' profits, the defendants argued the campaign constituted an unfair double recovery by the prevailing plaintiff. Noting the district court had not entered an award of the plaintiff's actual damages,[1896] the appellate court rejected that theory:

> The specifics of the corrective advertising campaign are narrow in scope and clearly appropriately designed to explain the difference between the [parties' products], while providing basic background on the case in the form of a link to the district court's opinion . . . (which will only be viewed if the curious customer or researcher actually clicks on the link). There was no abuse of discretion here; we affirm the injunction as laid out by the district court.[1897]

The same court, however, was not as lenient when reviewing the terms of another preliminary injunction.[1898] That order, which originated in the defendant's violation of a license between the parties containing an arbitration provision, prohibited the defendant from arguing to the arbitrators it should be permitted time to cure its violations. Even under an application of the deferential abuse-of-discretion standard of review, the Second Circuit concluded the district court had improperly determined prior to the arbitration that the defendant's argument had no merit. Instead, it held, "[t]he [Federal Arbitration Act] contains no provision for a court's pre-arbitration assessment of whether a particular remedy is supported by the parties' agreement and therefore may be awarded by the arbitrator."[1899] Beyond that concern:

> Considerations of judicial economy and efficient dispute resolution also counsel against a district court's assessment of the merits of a pending arbitration. If a remedy sought by a party in arbitration indeed finds no support in the parties' agreement, the district court has no reason to presume the arbitrators are likely to grant it.[1900]

An opinion from a Nebraska federal district court also demonstrated prevailing plaintiffs can't always get what they want in terms of injunctive relief, even if they sometimes get what they need.[1901] That lesson came in a dispute originating in competing uses in connection with restaurant services of THE PANCAKE MAN, on the one hand, and of THE PANCAKE GUYS, on the

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1896. *Id.* at 264-65.

1897. *Id.* at 265.

1898. *See* Benihana, Inc. v. Benihana of Tokyo, LLC, 784 F.3d 887 (2d Cir. 2015).

1899. *Id.* at 900-01.

1900. *Id.* at 901.

1901. *See* Kuper Indus. v. Reid, 89 F. Supp. 3d 1005 (D. Neb. 2015).

other. Both parties promoted their restaurants through personal appearances at schools and other venues, which led the court to hold it would "enjoin defendants from 'encouraging' their customers to advertise that 'The Pancake Man' will be appearing at defendants' events, as that falls within the scope of conduct prohibited above, i.e., conduct likely to cause confusion in violation of the Lanham Act."[1902] At the same time, however, the court declined to hold the defendants accountable for any misuses of the plaintiffs' mark by the defendants' customers. To begin with, the court observed, "[t]he other forms of alleged conduct—allowing customers to make certain statements and mentioning plaintiffs' mark on social media—do not (without something more) constitute violations of plaintiffs' legally protectable interests."[1903] Independent of that concern, the requested injunction would constitute an impermissible prior restraint under the First Amendment.[1904]

Another opinion demonstrating a somewhat solicitous attitude toward a party found to have engaged in infringing conduct came from a Washington federal district court.[1905] Although having imposed liability on the counterclaim defendant before it, the court held it would "narrowly tailor the injunction by granting [the counterclaim defendant] a fixed period of time to adopt a new mark and redirect traffic from its current website to a new URL."[1906] That "fixed period" turned out be two such periods: Sixty days to allow the counterclaim defendant to choose a new mark, and six months in which to transition to a new domain name not including the old mark.[1907]

That injunction was generous when compared to the one entered by a court in a case in which the foreign defendants, accused of violating the ACPA and other acts of unfair competition, defaulted.[1908] The plaintiff's prayer for relief included an order transferring ownership of the disputed domain names to the plaintiff, and the court found "[s]ince [the defendants] do not own valid marks represented by those domain names, there is no lawful reason why they could continue to own them."[1909] Although the court therefore ordered the defaulting defendants to transfer the domain names, it declined to take the same action with respect to the domain-name registrars with which the defendants had

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1902. *Id.* at 1014.

1903. *Id.*

1904. *Id.*

1905. *See* Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342 (W.D. Wash. 2014).

1906. *Id.* at 1368.

1907. *Id.*

1908. *See* Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190 (C.D. Cal. 2014).

1909. *Id.* at 1204.

contracted because "the registrars are not currently subject to the Court's jurisdiction."[1910] It then observed, "[t]hat said, the registrars, along with Defendants and those acting in concert with them, may not take any actions to impede or otherwise interfere with the domain-ownership transfer," without explaining how it intended to enforce that proscription.[1911]

Finally, several defendants objecting to one term of a permanent injunction proposed by the plaintiff found themselves tripped up by the testimony of one of their own witnesses.[1912] The term in question obligated the defendants to incorporate a disclaimer of affiliation into their existing promotional videos. The defendants argued compliance would be unduly burdensome, only to have the plaintiff cite to testimony by the witness not only that the disclaimers were "possible" (even if "expensive") but also that adding a disclaimer "would certainly be our preference" compared to the elimination of all uses of the infringing mark from the videos.[1913] The court therefore found "the appropriate result is . . . to add a disclaimer to avoid the risk of consumer confusion."[1914]

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."[1915] Challenging the continued use of its marks by a group of terminated franchisees, one franchisor voluntarily came to the table with a $100,000 bond as part of its preliminary injunction papers.[1916] Without expressly identifying its reasons, the court found that amount insufficient, holding, "[t]the court believes that . . . 150,000 dollars is a more appropriate figure."[1917]

One hundred fifty thousand dollars proved to be on the high end of bond requirements over the past year.[1918] For example, and Rule 65 notwithstanding, a Kentucky federal district court issued

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1910. *Id.*

1911. *Id.*

1912. *See* Guthrie Healthcare Sys. v. ContextMedia, Inc., 28 F. Supp. 3d 193, 215 (S.D.N.Y. 2014).

1913. *Quoted in id.* at 216.

1914. *Id.*

1915. Fed. R. Civ. P. 65.

1916. *See* 7-Eleven, Inc. v. Grewal, 60 F. Supp. 3d 272, 286 n.18 (D. Mass. 2014).

1917. *Id.*

1918. *See, e.g.*, Port-A-Pour, Inc. v. Peak Innovations, Inc., 49 F. Supp. 3d 841, 874 (D. Colo. 2014) (requiring prevailing plaintiff on motion for preliminary injunction to post bond of $10,000).

a temporary restraining order and preliminary injunction without requiring the plaintiff to post a bond.[1919] It did so for two reasons, the first of which was a prior settlement agreement between the parties in which the defendants waived their right to security in an action for breach.[1920] The second was the defendants' failure to produce "any evidence regarding potential damages that would be sustained upon a preliminary injunction requiring it to comply with . . . the Settlement Agreement."[1921]

iv. Contempt

For the most part, defendants alleged to have violated injunctions fared poorly. One group of defendants fell victim to the Sixth Circuit's application of the "safe-distance" rule, described by that court in the following terms:

> Equity allows courts, faced with recalcitrant parties who repeatedly violate the law, to craft permanent injunctions which proscribe activities that, standing alone, would have been unassailable. This equitable principle goes by a specialized name in the context of permanent injunctions to protect intellectual property—the Safe Distance Rule. Like the general principle, the Safe Distance Rule prevents known infringers from using trademarks whose use by non-infringers would not necessarily be actionable.
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> The Safe Distance Rule gives courts a particularly useful tool in crafting and enforcing permanent injunctions. Once a party infringes on another's trademark or trade dress, the confusion sowed is not magically remedied by de minimis fixes. Instead, the confusion lingers, creating the need for the infringer not only to secure a new non-infringing name (or other infringing characteristic) for his product, but one so far removed from any characteristic of the plaintiff so as to put the public on notice that the two are not related. In contempt proceedings, the Safe Distance Rule relieves the reviewing court of the need to retry the entire range of issues that may be relevant in an infringement action for each small variation the defendant makes to the enjoined mark. If the law were otherwise, an enjoined party could simply make a tiny change and start a new trademark contest all over again in the context of the contempt hearing as to use of the "new" format.[1922]

1919. *See* IP, LLC v. Interstate Vape, Inc., 113 U.S.P.Q.2d 1131 (W.D. Ky. 2014).

1920. *Id.* at 1140.

1921. *Id.*

1922. Innovation Ventures, LLC v. N2G Distrib., Inc., 763 F.3d 524, 544 (6th Cir. 2014) (alterations accepted) (citations omitted) (internal quotation marks omitted).

Having made what were deemed to be inadequate changes to their packaging following a jury verdict of trade dress infringement, the defendants were not entitled to a new full-blown likelihood-of-confusion analysis on the plaintiff's contempt motion; to the contrary, "[t]he issue was not whether anyone infringed Plaintiff's protected marks, but whether Defendants and their agents had violated the permanent injunction."[1923]

In contrast, two opinions from the Second Circuit demonstrated the difficulty movants for holdings of contempt can face. According to the first opinion, "[t]o demonstrate [contempt], 'a movant must establish that (1) the order the contemnor failed to comply with is clear and unambiguous, (2) the proof of noncompliance is clear and convincing, and (3) the contemnor has not diligently attempted to comply in a reasonable manner.'"[1924] The first of these requirements proved the sticking point: Although the order at issue required the alleged contemnor to respond to a subpoena by producing documents relating to certain defendants, the district court grounded its holding of contempt in the alleged contemnor's failure to produce documents relating to other defendants. Because neither the subpoena nor the order maintaining compliance with it swept the second set of defendants within its scope, the order lacked the required clarity.[1925]

That was not the only flaw in the district court's contempt order, however. To ensure compliance with its earlier order mandating compliance with the subpoena, the district court imposed a per diem penalty on the alleged contemnor, but it also included as a sanction an initial "coercive fine in the amount of $75,000."[1926] The Second Circuit held that aspect of the contempt order was invalid for the additional reason "[i]t is basic law that a civil contempt sanction must only be compensatory or coercive, and may not be punitive. The $75,000 sanction for past noncompliance provided no compensatory relief. Instead, it was punitive and therefore impermissible."[1927]

The other Second Circuit opinion arose from a pair of prior injunctions entered against the counterclaim defendants.[1928] The first injunction barred the counterclaim defendants from using any "name or mark or symbol which is confusingly similar to [the counterclaim plaintiffs' marks], in connection with the sale . . . of

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1923. *Id.* at 546.

1924. Gucci Am., Inc. v. Li, 768 F.3d 122, 142 (2d Cir. 2014) (quoting Perez v. Danbury Hosp., 347 F.3d 419, 423-24 (2d Cir. 2003) (quoting King v. Allied Vision, Ltd., 65 F.3d 1051, 1058 (2d Cir. 1995))).

1925. *Id.* at 144.

1926. *Quoted in id.*

1927. *Id.* (citations omitted).

1928. United States Polo Ass'n v. PRL USA Holdings, Inc., 789 F.3d 29 (2d Cir. 2015).

any goods or the rendering of any services,"[1929] while the second similarly enjoined the use of any mark "that constitutes a colorable imitation of or is confusingly similar to [the counterclaim plaintiff's marks] in connection with the sale or offering for sale of any goods or rendering of any services."[1930] Based on their introduction of a line of eyeglasses bearing the mark, the district court held the counterclaim defendants in contempt, but the Second Circuit vacated that holding. Although the broad language of the injunctions might be interpreted (as the district court interpreted it) as sweeping in all markets, a jury had concluded in an infringement action between the entry of the two injunctive relief orders that the counterclaim defendants' use of their mark in connection with apparel, leather goods, and watches did not infringe the counterclaim plaintiffs' rights. That circumstance, the Second Circuit concluded, "means that a finding of confusing similarity must be made on a market-by-market analysis."[1931] Even more to the counterclaim defendants' benefit, the Second Circuit went on to caution the district court that:

> [B]ecause of the often unpredictable results of market-by-market analysis, a finding that the [counterclaim defendants'] Mark is, when used on eyewear, confusingly similar to [the counterclaim plaintiffs'] marks, while sufficient to find liability in an infringement proceeding, is not sufficient to support a contempt finding. To hold [the counterclaim defendants] in contempt, two additional findings must be made: (i) a reasonable firm in [the counterclaim defendants'] position . . . would have been on clear notice that use of the [the counterclaim defendants'] Mark on eyewear violated the injunction; and (ii) the finding of confusing similarity is supported by clear and convincing evidence.[1932]

An additional opinion taking a hard line toward allegations of contempt turned on the language of an order, to which the defendants had stipulated, barring the defendants from using any name confusingly similar to the plaintiff's COMPLIANCE SOLUTIONS mark during the pendency of the litigation.[1933] When the plaintiff discovered the defendants' use of the COMPLIANCE SOLVERS BY SAFETY HELPERS, LLC mark, it sought the court's intervention on the theory the defendants had violated the order. The validity of the order and the defendants' knowledge of it were undisputed, but, the court held, "plaintiff has not carried its

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1929. *Quoted in id.* at 30-31.

1930. *Quoted in id.* at 32.

1931. *Id.* at 35.

1932. *Id.*

1933. *See* Compliance Solutions Occupational Trainers, Inc. v. Safety Helpers, LLC, 112 U.S.P.Q.2d 1066 (D. Colo. 2014).

burden of proof to establish such a prima facie violation by clear and convincing evidence."[1934] This was in large part due to pervasive use of the word "compliance" in the occupational health and safety industry in which the parties competed: Based on that circumstance, the court found the defendants' use of their SAFETY HELPERS, LLC house mark "was intended to help further differentiate defendants' name from plaintiff's mark, not to sow confusion or to trade off plaintiff's goodwill" and therefore could not support a finding of contempt.[1935] The absence of likely confusion caused by the defendants' mark produced a concomitant holding by the court excusing the defendants' registration of a series of domain names incorporating the words "compliance solutions."[1936]

b. Monetary Relief

i. Damages

(A) Actual Damages

(1) Eligibility of Prevailing Plaintiffs for Awards of Actual Damages

To recover an award of actual damages, one New York federal district court held, a prevailing plaintiff "must prove 'either actual consumer confusion or deception resulting from the violation or that the defendant's actions were intentionally deceptive thus giving rise to a rebuttable presumption of consumer confusion.'"[1937] That observation came in a case in which a jury had awarded actual damages in the absence of actual confusion, leading the defendant to move the court for JMOL on the issue. Although noting "reckless disregard does not suffice,"[1938] the court otherwise found that the trial record supported the jury's finding that the defendant's dissemination of a promotional video featuring five of the plaintiffs' songs and textual references to the plaintiffs. That evidence and testimony was circumstantial, rather than direct, but it was still a sufficient basis "on which [the] jury could infer intentional deception, to wit, that [the defendant] intended to capitalize on the [plaintiffs'] goodwill and reputation and to convey the impression of an endorsement while knowing that the

1934. *Id.* at 1070.

1935. *Id.* at 1072.

1936. *Id.*

1937. Beastie Boys v. Monster Energy Co., 66 F. Supp. 3d 424, 458 (S.D.N.Y. 2014) (quoting George Basch Co. v. Blue Coral, Inc., 698 F.2d 1532, 1537 (2d Cir. 1992) (citation omitted) (internal quotation marks omitted)).

1938. *Id.* at 458.

[plaintiffs] had not endorsed [the defendant]."[1939] That inference of intent doomed the defendant's bid to escape the imposition of actual damages against it: "Once the jury found that [the defendant] intended to deceive the public, a presumption arose that [the defendant's] conduct led to actual consumer confusion. The burden then shifted to [the defendant] to establish a lack of actual confusion."[1940] Because "[the defendant] did not attempt to rebut this presumption," the jury's verdict stood.[1941]

In contrast, other courts had no similar difficulties holding as a matter of law that the plaintiffs before them were not entitled to awards of their actual damages.[1942] One such determination came on the defendants' motion for summary judgment, which rested on testimony by the plaintiff's president he had not quantified any damages his company had suffered from the defendants' alleged infringement.[1943] The plaintiffs' responsive showing failed to identify any record evidence or testimony placing the issue in dispute, leading the court to hold, "in the absence of any evidence to support a finding of actual damages, defendants' motion for summary judgment is granted as to actual damages pursuant to the Lanham Act";[1944] the same analysis disposed of the plaintiff's claim for actual damages under Louisiana law.[1945]

(2) Calculation of Actual Damages

In a dispute presenting a claim for false endorsement by the Beastie Boys and its members under Section 43(a) of the Act, a jury awarded the plaintiffs $500,000 in compensatory damages.[1946] In denying the defendant's motion for a remittitur, the court noted the jury had heard expert witness testimony that the value of an actual endorsement from the plaintiffs was one million dollars. It explained that "[the defendant's] able cross-examination of [the expert] gave the jury bases to credit or discount her opinion, but not so much that the jury was precluded from giving her testimony weight, and [her] opinion was not, on its face, unworthy of belief."[1947] As a consequence, "[t]hat the jury awarded $500,000

1939. *Id.* at 459.

1940. *Id.* at 461 (citation omitted).

1941. *Id.*

1942. *See, e.g.*, Calista Enters. v. Tenza Trading Ltd., 43 F. Supp. 3d 1099, 1135-36 (D. Or. 2014) (granting defendant's motion for summary judgment based on plaintiff's failure to identify bases of requested award of actual damages).

1943. *See* Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730 (E.D. La. 2015).

1944. *Id.*

1945. *Id.*

1946. *See* Beastie Boys v. Monster Energy Co., 66 F. Supp. 3d 424 (S.D.N.Y. 2014).

1947. *Id.* at 465.

rather than the $1 million urged by [the expert] suggests that the jury's damages determination was independent and discriminating."[1948]

A different court was not nearly as sympathetic to a prevailing plaintiff.[1949] The Georgia-based defendant had apparently purchased and resold the gutter products manufactured by the Ohio-based plaintiff between 2002 and 2004 before passing off his own products as those of the plaintiff in 2004 and 2005. The record demonstrated the defendant's purchases from the plaintiff had increased significantly between 2002 and 2003 before tailing off in 2004. Based on the initial increase, the plaintiff urged the court to assume corresponding increases would have occurred in 2004 and 2005 but for the defendant's purchase of gutter products from third-party sources. The court declined to make such an assumption, and it additionally rejected the argument the plaintiff was entitled to recover damages for the difficulty it had encountered reestablishing itself in the Atlanta market because of the defendant's bad reputation; that argument, the court found, was unsupported by "testimony from other Atlanta-area dealers or from the [plaintiff's] agents who solicited those dealers."[1950] The most it was willing to do for the plaintiff was to assume the defendant would have purchased the same amount of product from the plaintiff in 2005 as it actually purchased in 2004.[1951]

(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:[1952] 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."[1953] Likewise, under Section 35(d),[1954] a prevailing plaintiff in a cybersquatting action can elect to receive "an award of statutory

1948. *Id.*

1949. *See* Gutter Topper, Ltd. v. Sigman & Sigman Gutters, Inc., 115 U.S.P.Q.2d 1591 (S.D. Ohio), *op. amended and superseded on other grounds*, No. 1:05–cv–149, 2015 WL 5016503 S.D. Ohio Aug. 25, 2015).

1950. *Id.* at 1594.

1951. *Id.*

1952. 15 U.S.C. § 1117(c) (2012).

1953. *Id.*

1954. *Id.* § 1117(d).

damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just."[1955]

Plaintiffs seeking statutory damages did well in two cases, albeit in the context of successful motions for entry of default judgments. According to the plaintiff's complaint in the first case, the defendants had registered three domain names based on the plaintiff's marks, at one of which they established a website falsely announcing the plaintiff's goods had been recalled and no longer were available; beyond this conduct, they (successfully) applied to register marks found confusingly similar to the plaintiff's prior-registered marks.[1956] Based on the plaintiff's averments, the court determined that "[n]o one knows the full extent of the harm emanating from Defendants' conduct. But bad faith bleeds from each of the Defendant's actions."[1957] In part because the plaintiff requested merely $100,000 per domain name misappropriated by the defendants, the court found "her requested amount is appropriately tailored to the particular circumstances known about Defendants' conduct."[1958]

In the second case, the cybersquatting plaintiff came away with the $100,000 in statutory damages it requested, albeit in an order entering a default judgment.[1959] With the averments in the plaintiff's complaint accepted as true, the deck was stacked against the defendant, for he allegedly had: (1) registered a domain name incorporating the entirety of the plaintiff's registered mark;[1960] (2) used a website associated with the domain name to sell products closely related to the plaintiff's goods and services;[1961] (3) "twice offered to sell the domain name back to [the plaintiff] and threatened to auction the domain for a starting bid of $25,000";[1962] (4) "threatened to claim damages of "$100,000 against [the plaintiff] should it pursue any cease and desist order against him";[1963] and (5) persisted in his conduct in the face of repeated objections by the plaintiff.[1964]

Not all courts were as generous, although having its requested award cut in half was perhaps not too great an imposition for one

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1955. *Id.*

1956. *See* Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190 (C.D. Cal. 2014).

1957. *Id.* at 1203.

1958. *Id.* at 1204.

1959. *See* CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088 (D. Colo. 2014).

1960. *Id.* at 1102.

1961. *Id.*

1962. *Id.*

1963. *Id.* at 1103.

1964. *Id.*

plaintiff.[1965] It owned a federal registration of the UGG mark for footwear and related goods, which it successfully enforced against two defendants allegedly selling competitive goods bearing the same mark. Having sufficiently averred the defendants' liability for willfully trafficking in goods bearing counterfeit imitations of its mark, the plaintiff sought the maximum award of statutory damages available under Section 35(c), namely, $2 million per defendant. The court declined to grant that request, instead holding, "[b]ecause the two defendants in this case are acting effectively as a single entity, the Court, in its discretion, will not award a statutory damage award 'per defendant.'"[1966] Nevertheless, based on the plaintiff's uncontested allegations, the court imposed a total award of $2 million dollars against both defendants.[1967]

In an action in which the plaintiff demonstrated as a matter of law the defendants had engaged in cybersquatting through their registration of a domain name corresponding to the plaintiff's registered mark and subsequent redirection of consumers to their own website, the court settled on an award of statutory damages in the amount of $25,000.[1968] Explaining this result, the court noted on the one hand that "Defendants' cybersquatting was willful and, if not egregious, certainly more pernicious than simply registering a suspiciously similar domain name."[1969] On the other hand, however, the summary judgment record also demonstrated that "the evidence of false contact information and Defendants' status as 'serial cybersquatters' is decidedly mixed,"[1970] as well as that "[t]here is no evidence of an attitude of contempt toward the court or proceedings."[1971] In the final analysis, "an award of $25,000 appropriately captures the egregiousness of Defendants' violation of the law."[1972]

Even though the defendant in the case before it failed to appear and contest the matter, another court similarly pared down an ambitious request for $2,000,000 in statutory damages arising from the defendant's counterfeiting of three of the plaintiff's registered service marks.[1973] The court acknowledged on the

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1965. Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1203-05 (C.D. Cal. 2014)

1966. *Id.* at 1207.

1967. *Id.* at 1208.

1968. *See* Digby Adler Grp. v. Image Rent a Car, Inc., 79 F. Supp. 3d 1095 (N.D. Cal. 2015).

1969. *Id.* at 1108.

1970. *Id.*

1971. *Id.*

1972. *Id.*

1973. *See* Yelp Inc. v. Catron, 70 F. Supp. 3d 1082 (N.D. Cal. 2014).

plaintiff's motion for a default judgment that "not only did [the plaintiff] allege willful trademark infringement in its complaint but [it] also presented evidence that [the defendant] continued to engage in his illegal conduct after receiving a cease and desist letter demanding that he cease using [the plaintiff's] registered trademark."[1974] It nevertheless declined to order the full award sought by the plaintiff because "[w]hile [the defendant] is subject to the enhanced statutory damages, because his conduct was willful, this amount would be a windfall."[1975] The court therefore awarded an initial $5,000 award for each of the plaintiff's marks based on the defendant's conduct prior to receiving the plaintiff's demand letter, with an additional award of $10,000 per mark based on the defendant conduct after that point, for a total award of $45,000.[1976]

Even a far more modest bid for statutory damages as part of a default judgment failed to succeed.[1977] There were two marks at issue, each registered by the plaintiff for the two types of goods sold by the defendants bearing imitations of the marks. Those circumstances led the plaintiff to request a total award of $800,000, which, in light of the defendants' failure to contest the plaintiff's allegations of willfulness, the plaintiff characterized as "only a tenth of the maximum amount available."[1978] The court balked at the plaintiff's invitation, largely because of the absence from the record of evidence that the defendants ever had offered for sale more than "10 to 15 potentially . . . fake items on display,"[1979] which meant the requested award "would exponentially exceed any approximation of the value of merchandise at stake."[1980] It might be true the defendants' behavior presented "several aggravating factors," notably the defendants' failure to participate in discovery and their breach of a prior settlement agreement, but those factors were not so egregious as to warrant an award of more than $20,000 per mark infringed per good involved.[1981] The court therefore found the plaintiff entitled to a total award of $80,000.[1982]

1974. *Id.* at 1101.

1975. *Id.*

1976. *Id.* at 1103-04.

1977. *See* Coach, Inc. v. 3D Designers Inspirations, 70 F. Supp. 3d 942 (C.D. Ill. 2014).

1978. *Id.* at 948.

1979. *Id.* at 949.

1980. *Id.*

1981. *Id.* at 949-50.

1982. *Id.*

(C) Punitive Damages

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. The only reported opinion to address the issue did so in cursory fashion.[1983] The court issuing it had presided over a trial producing, among other things, verdicts of trade dress infringement and unfair competition and a $6,000,000 award of punitive damages under Delaware law. Although declining to overturn the jury's findings of distinctiveness, nonfunctionality and likelihood of confusion as clearly erroneous, the court was not so reluctant to act where monetary relief was concerned. Specifically, it rejected the award of punitive damages for two reasons: (1) the defendants had had neither actual nor constructive prior notice of the plaintiffs' claim to trade dress protection; and (2) the defendants had not passed off their products as those of the plaintiffs.[1984] In the final analysis, "[b]ecause substantial evidence does not support a finding of willful trade dress infringement or unfair competition, there is no basis for punitive damages to be awarded either."[1985]

ii. Accountings of Profits

(A) Eligibility of Prevailing Plaintiffs for Accountings of Profits

Courts continued to differ on the issue of whether a prevailing plaintiff seeking an accounting of a defendant's profits under Section 35 must demonstrate the defendant acted in bad faith. On the one hand, some followed the traditional rule such a showing is required. The champion of this rule was the Second Circuit, which held, "a finding of willful deceptiveness is a prerequisite for awarding profits."[1986] A court outside that jurisdiction but following the same rule similarly noted, "[a]n award of profits requires proof that the defendant acted willfully or in bad faith."[1987]

1983. *See* Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768 (D. Del. 2015).

1984. *Id.* at 778.

1985. *Id.*

1986. Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247, 261 (2d Cir. 2014) (quoting George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1538 (2d Cir. 1992)) (internal quotation marks omitted); *see also* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85, 107 (D. Conn. 2014) ("Under existing Second Circuit precedent, a plaintiff must establish willful infringement in order to recover an award of the defendant's profits in a trademark action.").

1987. *See, e.g.*, Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 79 F. Supp. 3d 60, 76 (D.D.C. 2015).

Another bright-line rule appearing in the case law was the perceived requirement that a plaintiff must demonstrate actual damage before being entitled to disgorgement of the defendant's profits.[1988] As usual, this resulted from judicial inability or unwillingness to distinguish between the *equitable* remedy of an accounting of the *defendant's* profits, on the one hand, and the *legal* remedy of actual damages in the form of the *plaintiff's* own lost profits, on the other. The inappropriate conflation of the two was apparent in one court's observation that "'[d]amage awards for lost sales and profits may not be based upon the assumption that a trademark infringement resulted in commercial injury.' Thus [Plaintiff] must show some evidence of injury as a result of Defendants' conduct before it can recover Defendants' ill-gotten profits."[1989] Confusion between the two remedies was also apparent in a Second Circuit opinion affirming a prevailing plaintiff's entitlement to an accounting based on evidence and testimony in the trial record of both intentional misconduct and actual deception: After addressing the remedy at issue under headings styled as "Damages" and "Lost Profits," the court held, "[u]nder the circumstances of this case . . . , the district court properly awarded damages to [the plaintiff] in the form of [the defendants'] profits."[1990]

Of the courts not according gatekeeping significance to bad faith and actual injury, one Fifth Circuit district court rolled out the six-factor test extant in that jurisdiction for determining whether an accounting was appropriate, which included consideration of:

> (1) whether the defendant intended to confuse or deceive; (2) whether sales have been diverted; (3) the adequacy of other remedies; (4) any unreasonable delay by the plaintiff in asserting her rights; (5) the public interest in making the conduct unprofitable[;] and (6) whether it is a case of palming off.[1991]

1988. *See, e.g.*, *Merck Eprova*, 760 F.3d at 261 ("[A] profits award, premised upon a theory of unjust enrichment, requires a showing of actual consumer confusion—or at least proof of deceptive intent so as to raise the rebuttable presumption of consumer confusion." (alteration in original) (quoting *George Basch Co.*, 968 F.2d at 1538 (internal quotation marks omitted)).

1989. Digby Adler Grp. v. Image Rent a Car, Inc., 79 F. Supp. 3d 1095, 1109-1110 (N.D. Cal. 2015) (quoting Invicta Plastics (USA) Ltd. v. Mego Corp., 523 F. Supp. 619, 624 (S.D.N.Y. 1981)). Because that evidence was absent from the summary judgment record before the court, the plaintiff's bid for an accounting as a matter of law fell short of the mark. *Id.* at 1110.

1990. *Merck Eprova*, 760 F.3d at 262.

1991. Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730, 742 (E.D. La. 2015) (alteration in original) (quoting Seatrax, Inc. v. Sonbeck Int'l, Inc., 200 F.3d 358, 369 (5th Cir. 2000)) (internal quotation marks omitted).

Without addressing the factors seriatim in an order denying the defendants' motion for summary judgment, the court noted the record was "thin on evidence which might support an award of profits"[1992] and that "this appears to be a case in which an injunction alone will satisfy the equities, should plaintiff succeed on its claims of infringement."[1993] At the same time, however, "because a trial is necessary on the merits of plaintiff's claims and defendants' counterclaim and affirmative defenses, the Court will benefit from a developed record before deciding whether an award of defendants' profits might be appropriate. Accordingly, defendants' motion for summary judgment is denied as to this issue."[1994]

A final opinion addressing the prerequisites for an accounting focused on the issue of timing.[1995] Although the court found the defendants liable for infringement as a matter of law, it noted, "[t]here has been extensive litigation over the rights to use the [disputed] mark . . . for decades, and despite the many lawsuits, the question of who may use the mark and under what circumstances has remained unclear."[1996] Indeed, it was only when a June 30, 2011, opinion in another case clarified those issues, that "some certainty begun to develop over who may use the mark . . . , and who may preclude or condition others' use."[1997] For that reason, the court limited the accounting to which the plaintiff otherwise was entitled to profits received by the defendants after that date: "Although Defendants intentionally chose to use the [infringing] mark, they did so in the context of the web of litigation and uncertainty surrounding legitimate uses of the mark."[1998]

(B) The Accounting Process

Section 35 provides "[i]n assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed,"[1999] but the statute on its face does not explain whether "sales" means "gross sales" or "infringing sales." Nevertheless, the Ninth Circuit confirmed the proper allocation of the parties' respective burdens in accountings under the statute, namely, that "[t]he trademark holder has the

1992. *Id.*

1993. *Id.*

1994. *Id.*

1995. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

1996. *Id.* at 1328.

1997. *Id.*

1998. *Id.*

1999. 15 U.S.C. § 1117(a) (2012).

burden to prove the defendant infringer's gross revenue from the infringement. Then the burden shifts to the defendant infringer to prove expenses that should be deducted from the gross revenue to arrive at the defendant infringer's . . . profits."[2000]

In contrast, one court got off to a wrong start on the issue by holding that "[t]o succeed on its claim for disgorgement of profits, [Plaintiff] must provide a reasonably reliable estimate of Defendants' profits from their [infringing activities]"[2001] and by faulting the plaintiff for "assum[ing] that *all* of the . . . Defendants' revenues were attributable to their infringement."[2002] The accompanying analysis, however, clarified that the plaintiff needed only to "establish Defendants' revenues to a reasonable certainty,"[2003] as opposed to bearing the burden of persuasion on all aspects of the accounting inquiry. This the plaintiff failed to do: Its proffered revenue number, the court observed, "was reached simply by adding up every deposit to Defendants' various bank accounts during that period."[2004]

A different court came closer to the appropriate methodology, albeit while failing to distinguish between awards of actual damages and accountings of profits.[2005] That failure was apparent in the court's treatment of the plaintiff's request for an accounting under a heading in its opinion reading "Lost Profits"; it was equally apparent in the court's ultimate entry of the oxymoronic remedy of "disgorgement of profits damages."[2006] Nevertheless, the court did get it almost right in the end when it ordered an accounting of all the profits enjoyed by the defendant's entire profits during the period of time for which records were available based on the defendant's commingling of its revenues and the inaccuracy of its records.[2007] As it explained, "the fact that the lost profits [sic] cannot be calculated with mathematical certainty does not preclude awarding lost profit damages [sic] so long as the Court is able to make a fair and reasonable assessment."[2008]

2000. Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059, 1076 (9th Cir.) (citation omitted), *cert. denied*, 136 S. Ct. 410 (2015).

2001. Digby Adler Grp. v. Image Rent a Car, Inc., 79 F. Supp. 3d 1095, 1110 (N.D. Cal. 2015).

2002. *Id.*

2003. *Id.*

2004. *Id.*

2005. *See* Gutter Topper, Ltd. v. Sigman & Sigman Gutters, Inc., 115 U.S.P.Q.2d 1591 (S.D. Ohio), *op. amended and superseded on other grounds*, No. 1:05–cv–149, 2015 WL 5016503 (S.D. Ohio Aug. 25, 2015).

2006. *Id.* at 1593.

2007. *Id.*

2008. *Id.*

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";[2009] the same provision also recites, "[i]f the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case."[2010] 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.[2011]

Successful invocations of these provisions by prevailing plaintiffs, especially those in cases not involving counterfeiting, are rare.[2012] For example, although occasionally falling victim to

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2009. 15 U.S.C. § 1117(a) (2012).

2010. *Id.*

2011. *Id.* § 1117(b).

2012. For opinions declining to adjust monetary relief, see *Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc.*, 85 F. Supp. 3d 768, 784 (D. Del. 2015) ("Given that the Court has not sustained the jury's findings of willful or intentional infringement or unfair competition, enhanced damages are not warranted. The Court finds that the damages awarded by the jury . . . are adequate to compensate [the plaintiffs]."); *see also* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 79 F. Supp. 3d 60, 77-78 (D.D.C. 2015) (denying upward adjustment to prevailing plaintiff unable to prove damage in the first instance); Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316, 1328 (D. Nev. 2014) (declining to treble monetary relief based on pre-litigation uncertainty over ownership of disputed mark).

the all-too-common practice of referring to the outcome of an accounting as "damages," the Fourth Circuit managed to distinguish between the two long enough to determine that Section 35's express terms do not authorize the trebling of an accounting of profits.[2013] As the court explained, the mandatory nature of Section 35(b) was inapplicable because it related to awards of actual damages and not accountings.[2014] Section 35(a) was similarly unavailable because, under that statute, "when a plaintiff seeks [an accounting], the court may adjust the jury's verdict up or down, but only if it finds the amount of recovery to be either 'inadequate or excessive,' and then only insofar as the adjustment is determined to be just and compensatory, not punitive."[2015] Having thus held the plaintiff was not entitled to a trebling of the jury's accounting, the court went on to hold that no augmentation whatsoever was appropriate: "Here, there would be no basis for the district court to conclude that the jury's award was inadequate to compensate [the plaintiff] because the jury gave [the plaintiff] virtually all that it sought. Moreover, [the plaintiff] has never argued that the jury's award of profits was inadequate."[2016]

Although not similarly rejecting the concept of a trebled accounting of profits outright, the Ninth Circuit affirmed a district court's refusal to order a disgorgement greater than that proven by the prevailing plaintiffs before it.[2017] It held:

> The district court ought to tread lightly when deciding whether to award increased profits, because granting an increase could easily transfigure an otherwise-acceptable compensatory award into an impermissible punitive measure. Generally, actual, proven profits will adequately compensate the plaintiff. Because the profit disgorgement remedy is measured by the defendant's gain, the district court should award actual, proven profits unless the defendant infringer gained more from the infringement than the defendant's profits reflect.[2018]

In contrast, a successful bid for an upward adjustment of an accounting of profits appeared in an appeal to the Second Circuit in which the district court had found, with apparently ample justification, the defendants had deliberately engaged in false advertising, through which they had actually deceived their

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2013. *See* Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 781 F.3d 710 (4th Cir. 2015).

2014. *Id.* at 717-18.

2015. *Id.* at 718.

2016. *Id.* at 719.

2017. *See* Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059 (9th Cir.), *cert. denied*, 136 S. Ct. 410 (2015).

2018. *Id.* at 1077 (citation omitted).

customers.[2019] The appellate court cited approvingly to the district court's finding that "an award of [the defendants'] profits did not sufficiently reflect the total harm caused to [the plaintiff],"[2020] in part because the defendants had enjoyed intangible benefits arising from their conduct.[2021] Especially because the parties were the only competitors in the relevant market and the defendants' false advertising had continued for two years after the plaintiff filed suit challenging it, "the [district] court's conclusion that enhanced damages [sic] were needed to deter [the defendants] from any future willful infringement was not an abuse of discretion."[2022]

Augmentations of awards of actual damages also occurred.[2023] In one case producing that result, the infringing defendant had kept deficient records,[2024] which traditionally has justified adjustments of monetary relief on the theory that plaintiffs' damages and defendant's profits have been undercounted. The court did not invoke that consideration, however, instead trebling the plaintiff's actual damages because "the Court . . . has determined that [the defendant] acted willfully and with intent to deceive, palmed off his own . . . product as the [plaintiff's] product, and diverted sales, and that [the plaintiff] did not delay in protecting its rights."[2025]

iv. Pre-Judgment and Post-Judgment Interest

Barring a showing a defendant has willfully engaged in counterfeiting, Section 35 of the Act does not address the issue of pre-judgment interest,[2026] nor does it address post-judgment interest at all. Nevertheless, 28 U.S.C. § 1961[2027] authorizes the

2019. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014).

2020. *Id.* at 262.

2021. *Id.* at 263.

2022. *Id.*

2023. *See* Sprint Solutions, Inc. v. Aldridge, 50 F. Supp. 3d 1024, 1027 (S.D. Ind. 2014) (holding, in context of default judgment, "[i]n light of Defendants' willful violations of the Lanham Act and affirmative absence from this case, and because Defendants have caused damage significantly greater than that actually confirmed by [the plaintiffs'] investigation, the Court will treble these damages").

2024. *See* Gutter Topper, Ltd. v. Sigman & Sigman Gutters, Inc., 115 U.S.P.Q.2d 1591 (S.D. Ohio), *op. amended and superseded on other grounds*, No. 1:05–cv–149, 2015 WL 5016503 (S.D. Ohio Aug. 25, 2015).

2025. *Id.* at 1595.

2026. For an opinion denying an award of prejudgment interest to a prevailing plaintiff in a trade dress infringement (but not counterfeiting) action based on the absence of evidence of the defendants' bad faith, see *Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc.*, 85 F. Supp. 3d 768, 784 (D. Del. 2015).

2027. 28 U.S.C. § 1961 (2012).

latter remedy, and courts did not hesitate to enter it.[2028] More unusually, the Second Circuit affirmed an award of prejudgment interest in a false advertising case despite the district court's failure to explain its reasons for entering that relief:[2029] As the appellate court explained, an award of interest was within the district court's inherent powers, and the "exceptional" nature of the defendants' misconduct precluded the award from being an abuse of discretion.[2030]

v. Attorneys' Fees

Awards of attorneys' fees to prevailing parties in trademark and unfair competition litigation are left to the discretion of trial courts, and there are a number of mechanisms authorizing the exercise of that discretion in addition to agreements between the parties.[2031] It is possible in some jurisdictions for prevailing parties to secure awards of fees under state law,[2032] but, as always, most cases awarding fees over the past year did so under federal law, which recognizes a number of bases for fee petitions. For example, and of perhaps greatest familiarity to trademark practitioners, Section 35(a) authorizes the imposition of fees upon the losing party in "exceptional cases,"[2033] 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.[2034] The Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals,[2035] and federal district courts also may award fees if a litigant has "unreasonably and vexatiously" multiplied the proceedings in a case.[2036] Federal courts likewise have the inherent

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2028. *See, e.g.*, *Ateliers de la Haute-Garonne*, 85 F. Supp. 3d at 784 (awarding post-judgment interest in to-be-determined amount); CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1106 (D. Colo. 2014) (entering default judgment awarding plaintiff post-judgment interest at rate of .12%); Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190, 1206 (C.D. Cal. 2014) (awarding post-judgment interest at undisclosed rate).

2029. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014).

2030. *Id.* at 264.

2031. For an example of a fee award arising from the defendants' violation of a permanent injunction apparently entered at the request of the parties, see *TracFone Wireless, Inc. v. GCA Electronics, LLC*, 950 F. Supp. 2d 1326, 1330 (N.D. Ga. 2013).

2032. *See, e.g.*, Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730 (E.D. La. 2015) (addressing, but rejecting as a matter of law, fee petition brought under Louisiana law).

2033. 15 U.S.C. § 1117(a) (2012).

2034. *Id.* § 1117(b). *But see* Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1104 (N.D. Cal. 2014) (applying Ninth Circuit rule that election of statutory damages in lieu of actual damages or accounting of profits precludes near-automatic award of fees under Section 35(b)).

2035. Fed. R. App. P. 38.

2036. 28 U.S.C. § 1927 (2012).

power to award fees if bad-faith litigation practices by the parties justify them[2037] and also may impose awards of fees in the form of sanctions under Rule 11 of the Federal Rules of Civil Procedure,[2038] or, in the case of discovery violations, under Rule 37.[2039] Finally, Section 21(b)(3) of the Act[2040] provides for an automatic award of the USPTO's "expenses," including attorneys' and paralegals' fees, if an unsuccessful ex parte appeal from a Trademark Trial and Appeal Board decision is taken to the U.S. District Court for the Eastern District of Virginia.[2041]

(A) Eligibility of Prevailing Parties for Awards of Attorneys' Fees

(1) Fee Requests by Prevailing Plaintiffs

Although precisely what showing is necessary for an award of fees under Section 35 of the Lanham Act historically has been the subject of judicial confusion and disagreement alike, that situation could change as a result of the Supreme Court's interpretation of Section 285 of the Patent Act[2042] in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*[2043] Like Section 35, Section 285 authorizes fee awards only in "exceptional cases"; neither statute provides express guidance on what conduct by a losing party might satisfy the standard. Prior to *Octane Fitness*, the Federal Circuit held Section 285 required a prevailing defendant seeking to recover its fees to demonstrate the litigation brought against it: (1) it had been brought in subjective bad faith, and (2) was objectively baseless.[2044] In reversing this rule as a misinterpretation of its holding in *Professional Real Estate Investors v. Columbia Pictures Indus.*,[2045] the Supreme Court concluded in *Octane Fitness*:

> [A]n "exceptional" case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the

2037. *See, e.g.*, San Juan Prods., Inc. v. San Juan Pools, Inc., 849 F.2d 468, 476 (10th Cir. 1988).

2038. Fed. R. Civ. P. 11.

2039. Fed. R. Civ. P. 37.

2040. 15 U.S.C. § 1071(b)(3) (2012).

2041. *See* Shammas v. Focarino, 990 F. Supp. 2d 587, 590-92 (E.D. Va. 2014), *aff'd*, 784 F.3d 219 (4th Cir. 2015).

2042. 35 U.S.C. § 285 (2012).

2043. 134 S. Ct. 1749 (2014).

2044. *See* Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc., 393 F.3d 1378, 1381 (Fed. Cir. 2005), *abrogated by* Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct. 1749 (2014).

2045. 508 U.S. 49 (1993).

> case was litigated. District courts may determine whether a case is "exceptional" in the case-by-case exercise of their discretion, considering the totality of the circumstances.[2046]

Although acknowledging no precise rule or formula could govern the "exceptional case" inquiry, the Court nevertheless cited approvingly to its past guidance in the copyright context that "district courts could consider a 'nonexclusive' list of 'factors,' including 'frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence."[2047]

In the wake of *Octane Fitness*, some courts held the Supreme Court's interpretation of Section 285 binding in applications of the same language in Section 35—usually to the detriment of prevailing plaintiffs.[2048] One was the Fourth Circuit, which concluded that "the *Octane Fitness* Court did not interpret the attorneys fees provision of § [35(a)]. But the language of § [35(a)] and § 285 is identical, and we conclude that there is no reason not to apply the *Octane Fitness* standard when considering the award of attorneys fees under § [35(a)]."[2049] Importing that standard into its Lanham Act jurisprudence, the Fourth Circuit went on to hold:

> [W]e conclude that a district court may find a case "exceptional" and therefore award attorneys fees to the prevailing party under § [35(a)] when it determines, in light of the totality of the circumstances, that (1) there is an unusual discrepancy in the merits of the positions taken by the parties, based on the non-prevailing party's position as either frivolous or objectively unreasonable; (2) the non-prevailing party has litigated the case in an unreasonable manner; or (3) there is otherwise the need in particular circumstances to advance considerations of compensation and deterrence.[2050]

Because the district court had not had the benefit of the appellate court's new tripartite test, the latter tribunal vacated the former's

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2046. *Id.* at 1756.

2047. *Id.* at 1756 n.6 (quoting Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n.19 (1994) (internal quotation marks omitted)).

2048. *See, e.g.*, Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768, 781 n.3, 783 (D. Del. 2015) (applying *Octane Fitness* standard to deny prevailing plaintiffs' fee petition on ground that "nothing about the instant case stands out as 'exceptional' in any respect, including the substantive strength of [the defendants'] unsuccessful positions or the manner in which [the defendants] litigated the case"); Reynolds Consumer Prods., Inc. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111, 1124 (E.D. Va. 2014) (applying *Octane Fitness* standard to deny prevailing plaintiff's fee petition without extended discussion).

2049. Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 781 F.3d 710, 721 (4th Cir. 2015).

2050. *Id.* (citations omitted) (internal quotation marks omitted).

award of fees to the prevailing plaintiff and remanded the action for further proceedings.[2051]

Not all courts applying Section 35 of the Lanham Act took note of *Octane Fitness*, however. One was the Ninth Circuit, which, without reference to the Supreme Court's opinion, held "[a] case is considered exceptional 'when the infringement is malicious, fraudulent, deliberate, or willful.' Egregious conduct is not required. Nor is bad faith. We consider the relief obtained, and whether the relevant area of law was unclear when the defendant's conduct occurred."[2052] Although affirming the district court's decision not to award fees against certain defendants in the case, the appellate court also declined to disturb as an abuse of discretion the grant of the prevailing plaintiffs' fee petition as to others. With respect to the defendants falling into the latter category, the law governing their liability might have been unclear, but they still had sought a license from the plaintiffs under false pretenses, had undertaken their unfair competition after being denied the license, and had destroyed evidence: "Thus, even considering the uncertainty of the law, this conduct exhibits a subjective belief that . . . Defendants' conduct infringed Plaintiffs' intellectual property rights."[2053]

A Louisiana federal district court similarly did not consider the possible significance of *Octane Fitness* when granting a defense motion for summary judgment on the issue of the plaintiff's eligibility for an award of fees.[2054] That court applied the Fifth Circuit's relatively strict rule that "[t]he exceptional case is one in which the defendant's trademark infringement can be characterized as malicious, fraudulent, deliberate, or willful, and it has been interpreted by courts to require a showing of a high degree of culpability."[2055] Indeed, because "even deliberate copying of a mark does not automatically make a case 'exceptional.'"[2056] the court concluded that "[a] district court normally should not find a case exceptional where the party presents what it in good faith believes may be a legitimate defense."[2057] This framing of the issue

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2051. *Id.*

2052. Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059, 1078 (9th Cir.) (citations omitted) (quoting Gracie v. Gracie, 217 F.3d 1060, 1068 (9th Cir. 2000)), *cert. denied*, 136 S. Ct. 410 (2015).

2053. *Id.* at 1079.

2054. *See* Camowraps, LLC v. Quantum Dig. Ventures LLC, 74 F. Supp. 3d 730 (E.D. La. 2015).

2055. *Id.* at 742 (quoting Seatrax, Inc. v. Sonbeck Int'l, Inc., 200 F.3d 358, 369 (5th Cir. 2000) (internal quotation marks omitted).

2056. *Id.* (quoting Nat'l Bus. Forms & Printing, Inc. v. Ford Motor Co., 671 F.3d 526, 537 (5th Cir. 2012) (internal quotation marks omitted).

2057. *Id.* (alteration in original) (quoting *Nat'l Bus. Forms & Printing*, 671 F.3d at 537) (internal quotation marks omitted).

proved fatal to the plaintiff's bid for a fee award, even at the summary judgment stage of the case:

> Even drawing all factual inferences in plaintiff's favor, the record does not support a finding of the requisite level of culpability. Defendants' defenses, even if they may not ultimately succeed at trial, are not remotely frivolous or asserted in bad faith. . . . Accordingly, the Court concludes that this is not an exceptional case and defendants' motion for summary judgment is, therefore, granted as to the unavailability of attorney's fees pursuant to the Lanham Act.[2058]

Of course, some prevailing plaintiffs did not leave court empty-handed.[2059] For example, in a post-*Octane Fitness* opinion not mentioning the Supreme Court's interpretation of Section 285 several months earlier, the Second Circuit affirmed the grant of a fee petition based in part on the defendants' willful and bad-faith false advertising.[2060] An additional basis of that affirmance was the defendants' equally willful and bad-faith, litigation-related misconduct, which included the withholding of documents, the obstruction of depositions, and false testimony.[2061] Although the defendants argued the quantum of the district court's fee award was greatly in excess of the profits they had enjoyed during the pendency of their false advertising, the court held that consideration an inadequate ground on which to vacate the award.[2062]

An additional post-*Octane Fitness* opinion not taking into account the possible change in the law effected by the Supreme Court came from a Nevada federal district court.[2063] Having found the defendants for false advertising as a matter of law, the court also granted the plaintiffs' motion for summary judgment where their request for reimbursement of their fees was concerned. As a preliminary matter, the court held that "[a] case is exceptional if the defendant disseminated the false advertisements in a

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2058. *Id.* at 743 (internal quotation marks omitted); *see also id.* (holding as a matter of law that plaintiff was not entitled to award of fees under Louisiana law in earlier holding that defendants were entitled to summary judgment on plaintiff's request for award of actual damages).

2059. As always, some successfully recovered their fees when their opponents defaulted and therefore admitted the exceptional nature of their misconduct. *See, e.g.*, CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1103-04 (D. Colo. 2014) (entering default judgment awarding plaintiff "$18,996.00 in reasonable attorney fees for prosecution of the Complaint"); Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190, 1206 (C.D. Cal. 2014) (awarding $9,600 in fees based on "default-judgment schedule" set forth in local rules).

2060. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247, 265 (2d Cir. 2014).

2061. *Id.*

2062. *Id.* at 265.

2063. *See* Itex Corp. v. Global Links Corp., 90 F. Supp. 3d 1158 (D. Nev. 2015).

'fraudulent, deliberate, or willful' manner. In other words, if Defendants acted with the deliberate intent to confuse consumers, attorneys' fees are warranted."[2064] It then concluded from the summary judgment record, "[t]the court is hard pressed to find that Defendants' acts in this case were anything other than deliberate and willful."[2065] Undisputed evidence and testimony supporting that conclusion demonstrated the defendants had repeatedly represented to customers and the trade that they were the successors in interest to a business in which one of the defendants had once owned a 50% stake, notwithstanding that defendant's sale of his interest to the lead plaintiff.[2066] The defendants also did not benefit from quotations in their promotional materials from an affiliated broker referring to the pre-transaction company, which the court concluded were either evidence of a willful intent to deceive or that the broker herself was confused.[2067] Although not a basis for the court's finding of liability on the merits, the court found additional support for its fee award in the defendants' use of marks "similar, if not identical" to those of the plaintiffs, which it found "also indicates a willful attempt to confuse consumers into thinking that [the defendants' business] is affiliated with the original . . . business."[2068]

(2) Fee Requests by Prevailing Defendants

Like the Fourth Circuit in the context of fee petitions by prevailing plaintiffs,[2069] the Third Circuit held *Octane Fitness* was a game-changer where defendants' requests for fees under Section 35 of the Lanham Act were concerned. It therefore vacated and remanded the grant of a defense fee petition with the following observation:

> We . . . import *Octane Fitness*'s definition of "exceptionality" into our interpretation of § 35(a) of the Lanham Act. Under

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2064. *Id.* at 1174 (quoting Horphag Research Ltd. v. Garcia, 475 F.3d 1029, 1039 (9th Cir. 2007)).

2065. *Id.* at 1175.

2066. On this point, the court noted:

> Defendants cannot claim that they were unaware that [their business] is not the rightful successor-in-interest of the [original] business. Indeed, the Court perceives Defendants' false statements as [the individual defendant] possibly attempting to "have his cake and eat it, too." He made millions of dollars selling his 50% ownership of the [original] business to [the lead plaintiff] but he now seeks to profit off the goodwill of that same business.

Id.

2067. *Id.* at 1175-76.

2068. *Id.*

2069. *See* Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 781 F.3d 710, 721 (4th Cir. 2015).

> *Octane Fitness*, a district court may find a case "exceptional," and therefore award fees to the prevailing party, when (a) there is an unusual discrepancy in the merits of the positions taken by the parties or (b) the losing party has litigated the case in an "unreasonable manner." Whether litigation positions or litigation tactics are "exceptional" enough to merit attorneys' fees must be determined by district courts "in the case-by-case exercise of their discretion, considering the totality of the circumstances." Importantly, that discretion is not cabined by a threshold requirement that the losing party acted culpably.[2070]

Although it did so too late for an Ohio federal district court, which declined to apply *Octane Fitness* to exceptional-case inquiries under Section 35 in the absence of guidance from its reviewing court,[2071] the Sixth Circuit came close to adopting the same rule without expressly doing so in a case in which a district court's denial of a defense motion for fees occurred prior to *Octane Fitness*.[2072] Like the Third Circuit, the Sixth Circuit concluded that "[t]he fee-shifting provisions in § 285 and § [35] are identical. And statutes using the same language should generally be interpreted consistently."[2073] It did not, however, use the occasion of the defendants' appeal to resolve the issue in the first instance, but instead left it up to the district court to do so: "[O]n remand the district court should . . . assess the applicability of *Octane Fitness* before determining it is necessary to reassess if this case qualifies as extraordinary under § [35]."[2074]

In contrast, the Seventh Circuit appeared not to have received the e-mail about *Octane Fitness*.[2075] That court has in recent years held fees are awardable to a prevailing defendant only in cases in which the plaintiff's conduct rises to an abuse of process,[2076] and,

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2070. *Id.* at 315 (quoting *Octane Fitness*, 134 S. Ct. at 1756).

2071. *See* Wagner v. Circle W Mastiffs, 112 U.S.P.Q.2d 1906, 1909 n.5 (S.D. Ohio 2014). As an additional reason for not applying *Octane Fitness*, the court noted the outcome of the analysis under either the Supreme Court's test or that extant under Sixth Circuit authority would be the same, namely, that the prevailing defendants were not entitled to recover their attorneys' fees. To begin with, "while Plaintiffs' Lanham Act claims ultimately failed as a matter of law [on a defense motion for summary judgment], the Court cannot objectively find that these claims were frivolous, unfounded, or brought solely for the purpose of harassment." *Id.* at 1912. Moreover, "[a] review of the record demonstrates extreme advocacy on behalf of both Plaintiffs and [Defendants], but nothing rising to the level of maliciousness, bad faith, or willful misconduct." *Id.* at 1913.

2072. *See* Slep-Tone Entm't Corp. v. Karaoke Store, Inc., 782 F.3d 313 (6th Cir. 2015).

2073. *Id.* at 318 (citation omitted).

2074. *Id.*

2075. *See* Burford v. Accounting Practices Sales, Inc., 786 F.3d 582 (7th Cir. 2014).

2076. *See* Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC, 626 F.3d 958, 963-64 (7th Cir. 2010).

without consideration of whether *Octane Fitness* had changed the landscape, it continued to apply the same test:

> When the party bringing the claim . . . does not prevail, it is an "exceptional case" within the meaning of the Act if the decision to bring the claim can be called an abuse of process. It is enough for there to be an abuse of process when the claim was objectively unreasonable because it is one "a rational litigant would pursue only because it would impose disproportionate costs on his opponent." It could also be enough to show an abuse of process if there were direct evidence that APS sought to "bring a frivolous claim in order to obtain an advantage unrelated to obtaining a favorable judgment," though such evidence is not required for a litigant to be entitled to fees.[2077]

Whatever the test at issue, fee petitions by defendants generally fared poorly. For example, one counterclaim plaintiff prosecuted a cause of action under Section 43(a) until it successfully defeated the counterclaim defendant's claims against it on a motion for summary judgment; it then voluntarily dismissed its counterclaim with prejudice before trial.[2078] On these facts, the Seventh Circuit cited two reasons for holding the district court had not abused its discretion in rejecting the counterclaim defendant's fee petition, the first of which was "[a]ll the voluntary dismissal shows, then, is that [the counterclaim plaintiff] believed the economic benefits it might have obtained from bringing the Lanham Act claim . . . did not outweigh the costs of going to trial once [the counterclaim defendant's] claim was out of the suit."[2079] The second was, despite the appellate court's skepticism about the ultimate merits of the counterclaim plaintiff's case, the counterclaim plaintiff had adduced enough evidence to justify a good-faith belief it owned a protectable mark and that the counterclaim defendant's use of a similar designation had caused a likelihood of confusion in the marketplace.[2080]

2077. *Burford*, 786 F.3d at 588 (quoting *Nightingale*, 626 F.3d at 965-66).

2078. *See id.* at 584.

2079. *Id.* at 589. The court elaborated on this point with the following observation:

> It can be perfectly rational to pursue a counterclaim when you already have to spend time and money defending other claims in a case, yet to think the counterclaim is not worth the effort after your opponent's claims drop out. As far as we can tell from this record, [the counterclaim plaintiff] had little interest in pursuing a stand-alone Lanham Act claim, let alone for extortionate reasons, even though it might reasonably have thought the counterclaim worth pursuing if it had to be in court anyway. If the motive behind [the counterclaim plaintiff's] suit had been only to impose litigation costs on a new entrant in the market, it certainly could have imposed more costs on [the counterclaim defendant] by forcing him to continue defending the Lanham Act claim until the case reached its bitter end. It did not do so.

Id.

2080. *Id.* at 489-90.

(B) Calculation of Attorneys' Fees

The mechanics of calculating the quantum of fee awards occupied uncharacteristically little space in reported opinions. Only one undertook the usual "lodestar" approach, which it summarized in the following manner:

> In calculating a statutory award of attorneys' fees, "[t]he most useful starting point . . . is the number of hours reasonably expended on the litigation multiplied by a reasonable hourly rate." The result of this calculation—called the lodestar—"produces an award that *roughly* approximates the fee that the prevailing party would have received if he or she had been representing a paying client who was billed by the hour in a comparable case." The lodestar calculation is strongly presumed to yield a reasonable fee.[2081]

In part because the defendant failed to contest the prevailing plaintiff's fee petition, the court granted the petition in its entirety.[2082]

Evaluating a different fee petition, the Second Circuit proved uncharacteristically unreceptive to a defense argument that a district court had abused its discretion by discounting the hourly rates charged by the counsel of a prevailing plaintiff but otherwise approving that party's fee petition.[2083] The defendants challenged the "block billing, vague descriptions of work, and overabundant staffing" allegedly reflected in the records of its opponent's counsel, but the district court rejected those challenges, and the Second Circuit affirmed.[2084] One problem for the defendants was the deferential abuse-of-discretion standard of review;[2085] others were the high-stakes nature of the plaintiff's effort to protect the market share of one of its flagship products,[2086] the extent of the plaintiff's success on the merits,[2087] and the appellate court's conclusion from the record "the litigation . . . was in part prolonged by [the defendants' conduct over the course of the lawsuit."[2088] Particularly in light of the defendants' inability to support their claim that the

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2081. Gutter Topper, Ltd. v. Sigman & Sigman Gutters, Inc., 115 U.S.P.Q.2d 1591, 1594 (S.D. Ohio) (alterations in original) (quoting Hensley v. Eckerhart, 461 U.S. 424, 433 (1983); Perdue v. Kenny A., 559 U.S. 542, 551 (2010)), *op. amended and superseded on other grounds*, No. 1:05–cv–149, 2015 WL 5016503 (S.D. Ohio Aug. 25, 2015).

2082. *Id.* at 1595.

2083. *See* Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247 (2d Cir. 2014).

2084. *Id.* at 266.

2085. *Id.*

2086. *Id.*

2087. *Id.*

2088. *Id.* at 266 n.5.

district court's order would give the plaintiff's counsel a windfall, that order was not an abuse of discretion.[2089]

The Third Circuit tackled the thorny issue of apportionment between fees incurred in the defense of unsuccessful trade dress infringement claims brought under the Lanham Act, on the one hand, and those brought under Virgin Islands law, on the other.[2090] In contrast to Section 35's strict "exceptional case" standard, the relevant provision of territorial law provided "there shall be allowed to the prevailing party in the judgment such sums as the court in its discretion may fix by way of indemnity for his attorney's fees in maintaining the action or defenses thereto."[2091] This led the district court assigned to the case to award the entirety of the prevailing defendants' fees because the plaintiff's federal and territorial claims were inseparable for purposes of the apportionment, but that holding was overturned on appeal. Noting it had never endorsed the methodology followed by the district court, the Third Circuit also observed:

> [W]e remain unconvinced that where federal and territorial claims are "inextricably intertwined," it necessarily makes sense to award fees to the prevailing party for the entirety of the litigation under [territorial law]. The rule proposed by Defendants, it seems to us, would encourage parties to obfuscate time entries. Indeed, the fact that Defendants cite their own time entries as evidence that the claims were inextricably intertwined lends credence to that concern. Moreover, Defendants' proposed rule seems particularly inequitable in a case, such as this one, where the majority of the parties' energy was spent litigating the federal claim, not the territorial claims.[2092]

The appellate court therefore vacated and remanded the district court's disposition of the petition fee for an apportionment.[2093]

vi. Taxation of Costs

Section 35(a) of the Act and the Federal Rules of Civil Procedure[2094] provide for the taxation of costs incurred by the prevailing party. Because taxable costs are defined by federal statutory law,[2095] substantive discussions of the propriety of the taxation of particular costs in reported opinions are exceptions,

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2089. *Id.* at 266.

2090. *See* Fair Wind Sailing, Inc. v. Dempster, 764 F.3d 303 (3d Cir. 2014).

2091. V.I. Code Ann. tit. 5, § 541(b) (2014).

2092. *Fair Wind Sailing*, 764 F.3d at 313.

2093. *Id.*

2094. *See* Fed. R. Civ. P. 54(d).

2095. *See* 28 U.S.C. § 1920 (2012).

rather than the rule.[2096] For example, one default judgment ordered the taxation of "$3,784.09 in compensable litigation costs, which consist of filing fees and service charges, including the hiring of a private investigator to locate and serve [the defendant]" without any further treatment of the issue.[2097] Another default judgment awarded $978.00 in taxable costs without extended discussion of the items comprising them.[2098]

Nevertheless, one reported opinion tackled the thorny issue of which party properly was the prevailing one in a case in which the jury had accepted the plaintiff's allegations of trade dress infringement but had found the defendant not liable for the infringement of the plaintiff's word mark.[2099] Each party predictably sought to recover its taxable costs, but, in an opinion rejecting the defendant's post-trial attack of the jury verdict against it, the court held only the plaintiff was entitled to do so:

> Under the jury's split decision, each party can claim to have succeeded on a significant issue in the case. But, by obtaining a permanent injunction, only [the plaintiff] achieved some of the benefit it sought in commencing the litigation. Any question as to which party "prevailed" can be laid to rest by [the defendant's] exhaustive requests that the jury's verdict be set aside. Accordingly, the Court finds that [the plaintiff] is the prevailing party and is entitled to its reasonable costs.[2100]

Having resolved a similar dispute involving two separate cases in which both parties were deemed prevailing parties for purposes of their respective bills of costs, a different court set out to apportion the costs at issue.[2101] The court began with the deposition costs of the prevailing defendants in the first case, which the court divided in half to account for the defendants' loss in the second case, in which the defendants used the transcripts but in which they did not prevail. Then, because the defendants had prevailed on only eight of the fourteen claims against them in the first case, the court multiplied the remaining figure by eight-fourteenths.[2102]

In the second case, in which the parties were reversed, three prevailing defendants sought the taxation of transcripts used by

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2096. *See, e.g.*, Merck Eprova AG v. Gnosis S.P.A., 760 F.3d 247, 266-67 (2d Cir. 2014) (declining to address objections to taxation of costs in light of defendants' failure to raise issue before district court).

2097. *See* CrossFit, Inc. v. Jenkins, 69 F. Supp. 3d 1088, 1104 (D. Colo. 2014).

2098. *See* Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190, 1206 (C.D. Cal. 2014).

2099. *See* Reynolds Consumer Prods., Inc. v. Handi-Foil Corp., 112 U.S.P.Q.2d 1111 (E.D. Va. 2014).

2100. *Id.* at 1214.

2101. *See* Wagner v. Circle W Mastiffs, 112 U.S.P.Q.2d 1906 (S.D. Ohio 2014).

2102. *Id.* at 1914.

them and by twelve other defendants (which did not file their own bills of costs). The court found that "to award [the three defendants seeking taxation of the transcript costs] with the full amount of requested costs, of which they likely only paid a portion, would result in a windfall for these parties."[2103] It therefore applied much the same methodology as in the first case by finding it appropriate "to multiply the total cost incurred by all Defendants by three fifteenths (or one fifth), as only three of the 15 defendants named in [the second case] have moved for costs herein."[2104]

B. The Relationship Between Courts and the United States Patent and Trademark Office

1. Judicial Review of, and Deference to, United States Patent and Trademark Office Determinations

Courts are most commonly invited to defer to actions by the USPTO in three scenarios. The first occurs if the Trademark Trial and Appeal Board previously has produced findings and holdings bearing on one or more marks at issue. A court also may have an opportunity to defer to the USPTO if the parties are engaged in ongoing litigation before the Board, and one moves the court to stay its proceedings in favor of allowing the Board to take the first bite at the apple. Finally, litigants often encourage courts to defer to actions taken by examining attorneys in processing applications filed by one of the parties, or, less commonly, by a third party.[2105]

In an appeal from an inter partes decision under Section 21(b) of the Act to which allegations of infringement had been added, one federal district court expounded on the often confusing standard of review applicable in such a proceeding:

> In [a Section 21(b) appeal], the district court acts as a quasi-appellate court to the TTAB and applies a hybrid standard of review, affording deferential treatment to the board's factual findings but confronting legal questions de novo.
>
> A court reviews the TTAB's findings of fact under the "substantial evidence" standard, which requires a court to defer to the factual findings made by the TTAB unless new evidence "carries thorough conviction." "Substantial evidence," as described by the Supreme Court, is "'more than a mere

2103. *Id.*

2104. *Id.*

2105. *See, e.g.*, Innovation Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703, 711 (E.D. Mich. 2015) (excluding evidence of prior refusals by USPTO to register plaintiff's mark on Principal Register based on intervening Sixth Circuit opinion holding marks suggestive as a matter of law).

> scintilla of evidence'" and requires "'such relevant evidence as a reasonable mind would accept as adequate' to support a conclusion."
>
> Importantly, the party seeking to overturn a TTAB decision may present new evidence and raise new issues, which a court must review *de novo*. Thus, to prevail on appeal, [the appellant] must either raise a new issue compelling a different result, or show that the TTAB's findings were unsupported by substantial evidence or contrary to "new evidence carr[ying] thorough conviction."[2106]

A Virginia federal district court also weighed in on the deference properly due a registrability decision by the Board.[2107] Applying the Fourth Circuit rule[2108] in a Section 21(b) appeal from a finding the applicant's mark was merely descriptive and lacked acquired distinctiveness, the court held, "[the applicant] has introduced evidence in addition to that presented in [the] USPTO proceedings. The Court therefore reviews the record *de novo* and acts as the finder of fact based on the entire record."[2109] That lack of deference notwithstanding, however, the court ultimately upheld the Board's rejection of the applicant's application.[2110]

In a different context, namely, that of a straightforward infringement action rather than a Section 21(b) appeal, a Florida federal district court gave weight to a USPTO examiner's rejection of three applications to register the plaintiff's claimed marks.[2111] Two of those rejections were ground in the descriptiveness of the applied-for marks, of which the court remarked, "[a]lthough not binding on this Court, the USPTO's determination 'is an important factor to consider in light of [its] specialized expertise.' Here, the USPTO has set forth in detail its reasons for finding the mark descriptive. The Court will accordingly "bestow proper respect to [its] determinations."[2112] The third rejection was based on the

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2106. *Id.* at 193 (third alteration in original) (citations omitted) (quoting Material Supply Int'l, Inc. v. Sunmatch Indus. Co., 146 F.3d 983, 989 (D.C. Cir. 1998); *In re* Pacer Tech., 338 F.3d 1348, 1349 (Fed. Cir. 2003) (quoting Consol. Edison v. NLRB, 305 U.S. 197, 229 (1938); Guantanamera Cigar Co. v. Corporacion Habanos, S.A., 729 F. Supp. 2d 246, 251 (D.D.C. 2010)).

2107. *See* Autodesk, Inc. v. Lee, 113 U.S.P.Q.2d 1161 (E.D. Va. 2014).

2108. *See* Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 156 (4th Cir. 2014).

2109. *Autodesk*, 113 U.S.P.Q.2d at 1162.

2110. *Id.* at 1163-66.

2111. *See* Fla. Van Rentals, Inc. v. Auto Mobility Sales, Inc., 85 F. Supp. 3d 1300 (M.D. Fla. 2015).

2112. *Id.* at 1304 (citations omitted) (quoting GamerModz, LLC v. Golubev, Case No. 10–cv–1466, 2011 WL 4755026, at *11 (M.D. Fla. Aug. 3, 2011); Investacorp, Inc. v. Arabian Inv. Banking Corp. (Investcorp) E.C., 931 F.2d 1519, 1524 (11th Cir. 1991)).

USPTO's determination the applied-for mark was actually generic, and it received similar weight.[2113]

In contrast, a New Jersey federal district court declined to give dispositive weight to an examining attorney's failure to cite the plaintiffs' prior-registered mark as an obstacle to the registration of the defendant's allegedly infringing mark.[2114] The defendant invoked that failure in support of a motion to dismiss the plaintiffs' allegations of infringement, but the court was unimpressed:

> "Although an initial PTO determination by an examining attorney may be considered, it need not be given weight when the PTO attorney did not review all the evidence available to the District Court." In this case, the parties will likely present more evidence than the USPTO had available when making this determination. In any case, I do not find the USPTO determination dispositive at the motion to dismiss stage.[2115]

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."[2116] On its face, Section 37 is limited to registrations, but a Texas federal district court concluded that an exercise of jurisdiction over pending applications was possible, provided "one of the parties [has] a registered trademark which has a sufficient nexus with the dispute over the pending applications."[2117] Denying a motion for summary judgment by the defendant owner of the applications at issue, the court noted the defendant had placed registrations covering the applied-for marks for closely related goods into play both as part of a laches defense and as the basis for an opposition against an application filed by the plaintiff, which meant the validity of the defendant's applications was fair game: "[The defendant's] utilization of its registered trademarks, both offensively and defensively, reflects a nexus between these registered marks and the parties' applications sufficient to give this Court jurisdiction to determine the parties' respective rights

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2113. *Id.* at 1307.

2114. *See* Lorillard Techs., Inc. v. NJ Ale House, LLC, 114 U.S.P.Q.2d 1040 (D.N.J. 2015).

2115. *Id.* at 1048 n.5 (quoting A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc., 237 F.3d 198, 221 (3d Cir. 2000)).

2116. 15 U.S.C. § 1119 (2012).

2117. Amy's Ice Creams, Inc. v. Amy's Kitchen, Inc., 60 F. Supp. 3d 738, 744 (W.D. Tex. 2014).

to registration."[2118] The court identified three additional considerations supporting this outcome: (1) no rights of any third parties were at issue;[2119] (2) "the issues to be decided appear to be limited to priority and likelihood of confusion, which are otherwise on the table in this lawsuit and are issues routinely handled by this Court";[2120] and (3) the proceedings between the parties before the Board had been stayed.[2121]

Where the cancellation of existing registrations was concerned, invocations of Section 37 took a variety of forms,[2122] including unsuccessful attempts to cancel registrations because the registrations had been fraudulently procured or maintained. One relatively uncomplicated claim of fraudulent procurement was disposed of as a matter of law at the pleadings stage.[2123] According to the plaintiff, the lead defendant had successfully distinguished a prior registration of a similar mark while successfully prosecuting two applications to register its own mark. As the court summarized the plaintiff's theory of fraud, "Defendant argued at the time of registration that its mark was distinct because the other user and Defendant marketed their services to different groups of customers, and that no confusion resulted. Plaintiff asserts that he too targets a market different from Defendant's."[2124] That theory went up in smoke in an order granting the defendants' motion to dismiss for failure to state a claim: "[T]his falls far short of alleging fraud with particularity, and it is absolutely unclear from the allegation in Plaintiff's Complaint in what way a statement [to the USPTO] that Defendant's use of [its mark] was distinct was misleading."[2125]

In an opinion dismissing multiple averments of fraud by multiple defendants for failure to state a claim, a California federal district court applied the Ninth Circuit's five-factor test on the issue:

2118. *Id.* at 745.

2119. *Id.*

2120. *Id.*

2121. *Id.*

2122. *See, e.g.*, Nola Spice Designs, L.L.C. v. Haydel Enters., 783 F.3d 527, 547 (5th Cir. 2015) (affirming order directing USPTO to cancel registrations of marks deemed not inherently distinctive and lacking acquired distinctiveness); Treemo, Inc. v. Flipboard, Inc., 53 F. Supp. 3d 1342, 1368 (W.D. Wash. 2014) (ordering registration of junior user cancelled after finding confusion likely between parties' marks); Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190, 1199-1200 (C.D. Cal. 2014) (entering default judgment ordering the cancellation of defendants' registrations based on plaintiff's averments of prior use of confusingly similar marks).

2123. *See* Noveshen v. Bridgewater Assocs., 47 F. Supp. 3d 1367 (S.D. Fla. 2014).

2124. *Id.* at 1374 (citation omitted).

2125. *Id.*

> To allege a claim of cancellation based on fraud in the procurement, a party must allege: "(1) a false representation regarding a material fact; (2) the registrant's knowledge or belief that the representation is false; (3) the registrant's intent to induce reliance on the misrepresentation; (4) actual, reasonable reliance upon the misrepresentation; and (5) damages proximately caused by that reliance."[2126]

One of the two theories of fraud falling short as a matter of law under the court's application of this test was the familiar accusation that the plaintiff had failed during the application process to disclose "various third parties" allegedly with the right to use the plaintiff's mark. Rejecting the argument of the defendant advancing this point, the court held the plaintiff had no duty to investigate all other possible uses of identical or similar marks; "[r]ather, an applicant must only disclose 'conflicting rights' of another user 'which are *clearly established*, for example, by a court decree, by the terms of a settlement agreement, or by a registration.'"[2127] Moreover, "the 'statement of an applicant that no other person 'to the best of his knowledge' has the right to use the mark does not require the applicant to disclose those persons whom he may have heard are using the mark *if he feels that the rights of those users are not superior to his*.'"[2128] Because the defendant's counterclaim neglected to identify any such users, it failed to survive the pleadings stage.[2129]

An alternative theory of fraud advanced by a different defendant in the same case suffered the same fate. According to that defendant, the plaintiff defrauded the USPTO by failing to disclose its applied-for mark was, in fact, generic. The court adopted a similarly restrictive approach to that theory, holding, "to adequately allege that a mark is generic, a party must allege, *inter alia*, that the mark is 'not associated by the public with any particular source,' and that the mark is 'generic' for the goods and services recited in the registration."[2130] This, the defendant had failed to do: Instead, its counterclaim for cancellation averred only the existence of "hundreds of third parties" using the plaintiff's

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2126. AirWair Int'l Ltd. v. Schultz, 84 F. Supp. 3d 943, 952 (N.D. Cal. 2015) (quoting Hokto Kinoko Co. v. Concord Farms, Inc., 738 F.3d 1085, 1097 (9th Cir. 2013)).

2127. *Id.* at 952 (quoting Rosso & Mastracco, Inc. v. Giant Food Inc., 720 F.2d 1263, 1266 (Fed. Cir. 1983)).

2128. *Id.* (quoting Quiksilver, Inc. v. Kymsta, 466 F.3d 749, 755 (9th Cir. 2006)).

2129. *Id.* at 953.

2130. *Id.* at 954 (quoting First Serv. Networks, Inc. v. First Serv. Maint. Grp. No. CV-11-01897-PHX-DHG, 2012 WL 5878837, at *2 (D. Ariz. Nov. 21, 2012)).

marks.[2131] Because that averment was deficient as a matter of law, it also was dismissed for failure to state a claim.[2132]

Other claims of fraudulent procurement fell short on motions for summary judgment, including one mounted by a counterclaim plaintiff based on three separate theories,[2133] namely, that its opponent had failed to disclose the counterclaim plaintiff's prior use of an allegedly confusingly similar mark in Mexico in violation of Section 1(a)(3)(D),[2134] that the counterclaim defendant had misstated its date of first use in its submissions to the USPTO in violation of Section 1(a)(2),[2135] and that the counterclaim defendant had misrepresented the source of its goods in violation of Section 14(3).[2136] The court dismissed the third of these theories because the counterclaim plaintiff had failed to plead it properly,[2137] and the first and second fell short as a matter of law because the counterclaim defendant's alleged misdeeds were immaterial to the issuance of its registration.[2138] As to the counterclaim defendant's failure to disclose the use of the counterclaim plaintiff's mark in Mexico, the court held:

> [The counterclaim plaintiff] does not cite, and this Court cannot find, any fraudulent registration case holding a party liable for failing to disclose that another company used a similar mark in a foreign country. To the contrary, there appears to be no legal basis for holding that knowledge of foreign use is grounds for a cancellation cause of action. Understandably, this conclusion is premised on the territoriality principle, through which foreign use of a mark does not create priority in the United States. Because foreign use cannot create priority—perhaps with exception of the narrow and largely unfollowed famous mark doctrine, which itself still requires meaningful reputational impact in the

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2131. *Quoted in id.*

2132. *Id.*

2133. *See* Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

2134. 15 U.S.C. § 1051(a)(3)(D) (2012).

2135. *Id.* § 1051(a)(2).

2136. *Id.* § 1064(3).

2137. *Paleteria La Michoacana*, 69 F. Supp. 3d at 226-27.

2138. This was true even though the court departed from the "but-for" standard of materiality usually applied in fraudulent procurement inquiries in favor of a test drawn from patent law's inequitable conduct doctrine, namely, whether "a reasonable examiner would have considered [the disclosure] important in deciding whether to issue the registration." *Id.* at 224 (quoting Fair Isaac Corp. v. Experian Info. Solutions Inc., 711 F. Supp. 2d 991, 998 (D. Minn. 2010) (citation omitted) (internal quotation marks omitted)), *aff'd*, 650 F.3d 1139 (8th Cir. 2011)). Significantly, that standard has been discredited even in the patent context. *See* Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276, 1291 (Fed. Cir. 2011) (en banc) ("[A]s a general matter, the materiality required to establish inequitable conduct is but-for materiality.").

> United States—the fact that a similar mark was used in another country is immaterial to the decision about whether to grant an application.[2139]

The counterclaim plaintiff fared no better in its attempt to demonstrate the materiality of the asserted incorrectness of the counterclaim defendant's date of first use, of which the court concluded that "[f]ederal courts and the TTAB consistently have held that the date of first use is immaterial to a registration application so long as the actual date of initial use predated the application."[2140] The counterclaim defendant's motion for summary judgment therefore was well-taken, while that of the counterclaim plaintiff was without merit.

In a second case in which a fraud-based challenge to a registration fell short on a motion for summary judgment,[2141] the registrant of record allegedly had executed and filed a declaration of continuing use under Section 8 of the Act[2142] and an application to renew the registration under Section 9,[2143] with both filings occurring after the registrant of record had assigned its rights to another party. The court concluded that the inaccurate Section 9 renewal application could not be the basis of a successful fraud-based challenge to the registration because it was immaterial to the registration's continued maintenance:

> The Trademark Act and the Trademark Rules of Practice do not require that a renewal application be filed by the owner of the registration. Therefore, if the renewal applicant is not the owner of record, the USPTO does not require that the renewal applicant show continuity of title from the original registrant.[2144]

The court reached the same conclusion with respect to the Section 8-based challenge, despite acknowledging "[u]nlike Section 9, Section 8 does require the affidavit to be filed by 'the owner.'"[2145] In doing so, it focused on the ability of a party submitting an irregular Section 8 filing to cure the irregularity. Specifically, it concluded, and especially in light of the intended purpose of Sections 8 and 9 to remove deadwood from the USPTO's registers, "the Act's provision of an express remedy for [an] incorrect

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2139. *Id.* at 224 (citation omitted).

2140. *Id.* at 226.

2141. *See* Heckler & Koch, Inc. v. German Sport Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

2142. 15 U.S.C. § 1058 (2012).

2143. *Id.* § 1059.

2144. *Heckler & Koch*, 71 F. Supp. 3d at 904 (alteration in original omitted) (quoting United States Dept. of Commerce, Trademark Manual of Examination Procedure § 1606.06 (Oct. 2014)).

2145. *Id.*

statement of ownership that stops short of denying the application for renewal" precluded the misrepresentation from being found "material to the PTO's review."[2146]

Yet another successful motion for summary judgment by a registrant occurred in a dispute in which a defendant fired a blunderbuss counterclaim for cancellation at its adversary's registration.[2147] Some of the plaintiff's theories fell short because of the absence of evidence that the registrant had made false representations to the USPTO in the first instance,[2148] that any inaccuracies were material to the USPTO's decision to register the plaintiff's mark,[2149] that the plaintiff had intended to defraud the agency,[2150] or that the USPTO had relied on the alleged misrepresentations,[2151] and, indeed, the defendant may not have pursued those theories with particular vigor. In contrast, the defendant *did* apparently brief the issue of the plaintiff's alleged misrepresentation it was selling "styling and finishing oil" under its mark in light of testimony the plaintiff had not sold a pure oil product, as opposed to one merely based on argan oil, until years later. The court rejected that basis of the defendant's attack as well, noting that "the PTO examining attorney had the ingredient list for the [plaintiff's goods], which contained argan oil, when he approved the application for a trademark for 'styling and finishing oil,' and thus did not rely on a false statement."[2152]

The defendant also failed to establish a factual dispute with respect to the plaintiff's allegedly fraudulent averments the

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2146. *Id.*

2147. *See* Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203 (C.D. Cal. 2014).

2148. These included the defendant's assertion the plaintiff had falsely claimed it once licensed the registered mark from a third party, which the plaintiff refuted by placing the license agreement into evidence. *Id.* at 1231.

2149. For example, although the plaintiff acknowledged it had misidentified a third party from which its predecessor had purchased the registered mark, "[the defendant] presents no argument as to why which company [the plaintiff's principal] purchased the rights from is material . . . ." *Id.* Likewise, although arguing that the plaintiff had misstated the name under which it did business, the defendant failed to demonstrate the materiality of that misstatement as well. *Id.* at 1232.

2150. *Id.* at 1231-32.

2151. *See, e.g.*, *id.* at 1232 ("[The plaintiff's principal] stated that the first hit after Googling [the disputed mark] would be [the plaintiff's website] and the following results would reveal retail and other entities that sold his product. [The defendant] asserts that this was not true, as 'readily located by the Trademark Examiner when he conducted such a search.' Thus, by [the defendant's] own admission, the examiner did not rely on this allegedly fraudulent statement.").

2152. *Id.* at 1231; *see also id.* at 1232 ("[The defendant] again takes issue with [the plaintiff's] statement to the PTO that it sold a product that could be described as a 'styling and finishing oil.' As discussed above, the ingredients to the [plaintiff's goods] were provided to the examiner, which included argan oil, and there is no evidence that this statement is false, of reliance on a false statement, or of intent to deceive.").

registered mark was distinctive. For example, the court rejected the defendant's attack on a representation by the plaintiff's principal that the mark was not generic because a third-party use of a similar phrase in Israel was in the nature of a trademark use.[2153] Likewise, the registrant's showing of acquired distinctiveness rested in part on the recitation of a certain sales volume, the accuracy of which the registrant established beyond material dispute.[2154] It also rested on the apparently inaccurate additional representation by the registrant's principal, that, as characterized by the court, "the first hit after Googling [the disputed mark] would be [the plaintiff's website] and the following results would reveal retail and other entities that sold his product":[2155] Finding an absence of the required reliance as a matter of law, the court observed that "[the defendant] asserts that this was not true, as 'readily located by the Trademark Examiner when he conducted such a search.' Thus, by [the defendant's] own admission, the examiner did not rely on this allegedly fraudulent statement."[2156]

In contrast, three reported opinions determined factual disputes concerning signatories' scienter precluded findings of fraudulent procurement as a matter of law. In the litigation leading to the first, the registrant was an individual and minority shareholder of a company, which, the registrant asserted, he had licensed to use his surname as a trademark.[2157] Relying on the alleged license, the registrant declared under oath during the application process he was the mark's owner and that, to the best of his knowledge, no other party had the right to use his mark in commerce; beyond this, he supported his application and a subsequent post-registration maintenance filing with packaging produced by his putative licensee. Although the court found the alleged license to be an invalid naked one as a matter of law, it was unwilling to grant the challenger's motion for summary judgment on the issue of fraudulent procurement. Instead, it credited the registrant's argument that "he honestly believed that he had licensed [the company] to use the trademark and that he owned the mark based on [the company's] use of it,"[2158] especially because "[the registrant] points out that the mark contains his name and that Star asked him for permission to use it."[2159]

2153. *Id.* at 1232.

2154. *See* Moroccanoil, Inc. v. Marc Anthony Cosmetics, Inc., 57 F. Supp. 3d 1203, 1231 (C.D. Cal. 2014).

2155. *Id.* at 1232.

2156. *Id.* (citation omitted).

2157. *See* Starsurgical Inc. v. Aperta, LLC, 40 F. Supp. 3d 1069 (E.D. Wis. 2014).

2158. *Id.* at 1081.

2159. *Id.*

The second opinion producing the same result addressed a claim of fraud grounded in the registrant's submission of an allegedly fraudulent declaration of continuing use in June 2012.[2160] The registrant had purchased its registration from a defunct prior owner in January 2012, and it supported its Section 8 declaration with a specimen purchased by one of its employees in 2011. The court identified two reasons for rejecting the challenger's assertion that the registrant had defrauded the USPTO, the first of which was the challenger's failure to prove the undisputed absence of the mark's use in commerce at the time of the declaration's execution.[2161] The second was testimony by the registrant's signatory of his belief that, even if the registrant itself was not selling goods associated with the mark at the time, lingering sales by third parties of goods manufactured by the registrant's predecessor qualified as use in commerce: Based on that testimony, the court held, "there are questions of fact as to whether [the signatory] knew the trademark was not being used in commerce as required by Section 8 and intended to mislead the Trademark Office as to that fact."[2162] Because "the court cannot say that a jury considering [the challenger's] evidence could only reasonably find a willful intent to deceive," summary judgment of fraud was inappropriate.[2163]

The third opinion to result in a stalemate between the parties arose from a counterclaim averring the plaintiff had fraudulently secured registrations covering a term and a design that were either generic or descriptive.[2164] Although denying the plaintiff's motion for summary judgment in part because of a factual dispute on the issue of whether the registered marks were, in fact, generic or descriptive,[2165] the court also relied on the apparent failure of the plaintiff's moving papers to address the scienter of the plaintiff's declarant when signing the applications from which the plaintiff's registrations matured. According to the court:

> [E]ven if the trademarks were found to be invalid for genericness and/or descriptiveness, the factfinder would still need to determine whether Plaintiff's declarant knowingly represented the contrary. The declarant's subjective mental

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2160. *See* Clearly Food & Beverage Co. v. Top Shelf Beverages, Inc., 102 F. Supp. 3d 1154 (W.D. Wash. 2015).

2161. *Id.* at 1167 ("Because [the challenger] cannot prove the first element [of a fraud-on-the-USPTO claim—namely, that [the registrant's] declaration contained a false representation regarding a material fact—summary judgment is inappropriate on this claim.").

2162. *Id.* at 1168.

2163. *Id.*

2164. *See* U.S. Soo Bahk Do Moo Duk Kwan Fed'n, Inc. v. Int'l Tang Soo Do Moo Duk Kwan Ass'n, 112 U.S.P.Q.2d 1401 (M.D. Fla. 2014).

2165. *Id.* at 1407.

> state at the time of application is clearly a disputed issue of fact which cannot be resolved at the summary judgment stage. Indeed, the Court is aware of no documents submitted to the record which demonstrate what the declarant thought at the time of application.[2166]

A final notable opinion declining to resolve the issue of fraudulent procurement as a matter of law denied a motion to dismiss counterclaims for cancellation targeting the plaintiff's allegedly inaccurate averments: (1) in support of its showing of acquired distinctiveness under Section 2(f) that it had enjoyed substantially exclusive use of the mark for over five years; and (2) as part of its declaration of incontestability under Section 15 of the Act[2167] that its by-then-registered mark had been in continuous use for the previous five years.[2168] Reviewing these theories seriatim, the court held each adequately stated a cause of action for cancellation because the counterclaims: (1) identified a third-party user of the disputed mark that had coexisted with the plaintiff for decades prior to the filing of the plaintiff's application;[2169] and (2) was accompanied by documentary evidence suggesting the plaintiff at one time had discontinued the use of its mark in favor of another one.[2170] In so holding, the court adopted a rather forgiving approach to the defendant's allegations of scienter: "The counterclaims allege [the plaintiff] made several misrepresentations in various submissions to the PTO in order to obtain a trademark registration to which it was not entitled. Such allegations are sufficient to allege scienter and intent to deceive."[2171]

Although, as the preceding discussion suggests, most challenges to federal registrations and applications under Section 37 were based on allegations of fraudulent procurement or maintenance, one court addressed a far more obscure basis for such a challenge.[2172] The plaintiff was a real estate brokerage firm providing its services through franchisees and affiliated contractors. It asserted rights to several federally registered marks, including the following:[2173]

2166. *Id.*

2167. 15 U.S.C. § 1065 (2012).

2168. *See* Gen. Linen Serv., Inc. v. Gen. Linen Serv. Co., 25 F. Supp. 3d 187 (D.N.H. 2014).

2169. *Id.* at 192.

2170. *Id.*

2171. *Id.*

2172. *See* Re/Max LLC v. M.L. Jones & Assocs., 114 U.S.P.Q.2d 1139 (M.D.N.C. 2014).

2173. *See* U.S. Reg. No. 1702048 (issued July 21, 1992); U.S. Reg. No. 1691854 (issued June 9, 1992).

The defendants counterclaimed for the cancellation of the registrations covering these marks under Section 2(b) of the Act,[2174] which excludes from registrability any mark that "[c]onsists of or comprises 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."[2175] According to the defendants, the plaintiff's registered marks were mere reproductions of the national flag of the Netherlands:[2176]

On the plaintiff's motion for summary judgment, the court rejected the defendants' challenge to the first of the plaintiff's registrations, finding the mark covered by it "bears no resemblance to the Netherlands's flag other than its use of three horizontal bands."[2177] The situation with respect to the plaintiff's other registered mark was different, however: That mark did not merely simulate the flag, but was instead an outright depiction of it. Although the plaintiff adduced survey evidence that respondents exposed to a yard sign featuring the mark and other designs and

2174. 15 U.S.C. § 1052(b) (2012).

2175. *Id.*

2176. The graphic accompanying this footnote appears in the source relied upon by the court. *See The Netherlands*, Flags of the World, *http://www.crwflags.com/fotw/flags/nl.html* (last visited Feb. 13, 2016).

2177. *Re/Max*, 114 U.S.P.Q.2d at 1142.

verbiage did not associate the mark with the flag, the court discounted the survey's results because the stimulus "may have biased the results against an association with the . . . flag" and because "the survey fails to account for the participants' ability or inability to identify any flags of any European countries."[2178] The court therefore held the second registration void.[2179]

A final notable opinion from a federal district court to address a registrability dispute did so in the context of a challenge to the defendant's bona fide intent to use two applied-for marks.[2180] Entertaining the parties' cross-motions for summary judgment, the court determined neither was entitled to prevail as a matter of law. On the one hand, many of the documents produced by the defendant displayed the disputed marks in connection with goods other than the watches and jewelry covered by the defendant's applications; moreover, the court found "noteworthy" the defendant's failure "to produce stronger evidence of its intentions to commercialize the new marks, in the form of an email, a business plan, or a product design contemporaneous to the application."[2181] On the other hand, however, the defendant's production demonstrated the defendant "had commercialized similar trademarks on a wide range of products, from sunglasses to socks. The brand concept behind this family of trademarks could have easily and organically embraced watches and jewelry."[2182] The result was "[t]he central issue of fact—whether or not [the defendant] had bona fide intent to use the marks at the time of application—remains a matter of genuine dispute."[2183]

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.[2184] According to the Supreme Court in *MedImmune, Inc. v. Genentech, Inc.*,[2185] 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

2178. *Id.* at 1143 n.2.

2179. *Id.* at 1143.

2180. *See* Rolex Watch U.S.A., Inc. v. PRL Holdings, Inc., 114 U.S.P.Q.2d 1705 (S.D.N.Y. 2015).

2181. *Id.* at 1710.

2182. *Id.*

2183. *Id.*

2184. U.S. Const. art. III, § 2, cl. 1; 28 U.S.C. § 2201 (2012).

2185. 549 U.S. 118 (2007).

substantial controversy . . . of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."[2186] As usual, applications of this standard produced varying results.

Two cases in which the question of a actionable case and controversy arose were appeals under Section 21(b) of the Act by litigants dissatisfied with the outcomes of Trademark Trial and Appeal Board proceedings. The first arose from an appeal by Pro-Football, Inc., the parent corporation of the Washington Redskins football franchise from the cancellation of registrations covering six service marks based on the word "redskin."[2187] Having been named and served as defendants in the appeal, the Native Americans who had successfully invoked Section 2(a) of the Act[2188] to secure the registrations' cancellation unsuccessfully moved for the dismissal of the action against them.[2189] The defendants' argument that no case and controversy existed between them and Pro-Football failed for several reasons, not the least of which was the defendants had established their standing in the cancellation action.[2190] Similarly, "[a] cancellation proceeding is necessarily an inter partes proceeding; and the proper defendant in a review of such proceeding is the adverse and interested party recognized by the USPTO."[2191] The court also found the defendants' claim of disparagement before the Board "constitutes a direct and personal stake in the outcome of the appeal before this Court. . . . Merely pointing out that Defendants have not used the registered marks and have no legal or economic interest in the marks does not absolve them of *any* interest in the case."[2192] Likewise, "Defendants show no reason why their interest would cease to exist considering reversal of the TTAB's cancellation of the REDSKINS marks would subject Defendants to the very harm they sought to

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2186. *Id.* at 127 (alteration in original) (quoting Md. Cas. Co. v. Pac. Coal & Oil Co., 312 U.S. 270, 273 (1941)) (internal quotation marks omitted).

2187. *See* Blackhorse v. Pro-Football, Inc., 111 U.S.P.Q.2d 1080 (T.T.A.B. 2014), *aff'd*, 115 U.S.P.Q.2d 1524 (E.D. Va. 2015).

2188. 15 U.S.C. § 1052(a) (2012).

2189. *See* Pro-Football, Inc. v. Blackhorse, 113 U.S.P.Q.2d 1749 (E.D. Va. 2014).

2190. As the court explained:

> The TTAB's recognition of Defendants' standing necessarily means that Defendants sufficiently demonstrated that they have a real interest in the outcome of the case and a reasonable belief that the mark has caused them harm. Because sufficient standing before the TTAB implicates sufficient Article III standing of an appeal or review of a TTAB[] determination, this Court finds that Pro-Football has standing before this Court to review the TTAB's cancellation of its REDSKINS marks.

Id. at 1754.

2191. *Id.* at 1755.

2192. *Id.* at 1756.

eliminate by filing the petition."[2193] The court therefore denied the defendants' motion to dismiss with the following explanation:

> Were the Court to grant Defendants' Motion to Dismiss and allow their dismissal from this action, four improper implications would result. First, granting Defendant's motion would deprive Pro-Football of the opportunity to review the TTAB's decision, therefore, evading review by an Article III court. Second, granting Defendant's motion would be contrary to the statutory scheme provided by [Section 21] which gives either party in a cancellation proceeding the opportunity to review a TTAB decision before a United States District Court. Third, a grant of Defendant's motion would mean that the Director is the only proper party for any judicial review of a TTAB cancellation proceeding contrary to the explicit terms in the statute. Finally, granting Defendant's Motion to Dismiss will improperly make the cancellation proceeding before the TTAB a final decision. The Court therefore finds that it would be contrary to the law to dismiss this case and allow Defendants' dismissal from this action.[2194]

The case-and-controversy inquiry in the second Section 21(b) appeal produced the opposite outcome.[2195] Weighing the counterclaim defendant's motion to dismiss the counterclaim plaintiff's request for a declaratory judgment, the court found that, taken together, a number of considerations satisfied *MedImmune*'s requirements. Those included the defendant's acknowledged intent to file suit if the plaintiff ever used the disputed marks in commerce, as well as the plaintiff's allegations it had, in fact, so used one of the marks and that it had entered into a joint venture with a third party involving the goods to be sold under the marks.[2196] Nevertheless, the court identified two reasons for declining to exercise jurisdiction over the counterclaim for declaratory relief. First, "[a]ny declaratory judgment would risk making false assumptions about [the counterclaim plaintiff's] eventual course of action in commercializing the disputed products, and thus provide no resolution to the dispute."[2197] Second, "[the counterclaim defendant] has raised legitimate concerns about whether the parties can litigate questions of infringement or dilution (in connection with the declaratory

2193. *Id.* at 1757.

2194. *Id.*

2195. *See* Rolex Watch U.S.A., Inc. v. PRL Holdings, Inc., 114 U.S.P.Q.2d 1705 (S.D.N.Y. 2015).

2196. *Id.* at 1708.

2197. *Id.*

judgment claim) without evidence flowing from the products' existence in the markets."[2198]

Two other inquiries into the existence of actionable cases and controversies produced split decisions. In the first, the parties were competing producers and sellers of plastic bag closures, and the plaintiff had distributed 100,000 samples of one model of their closures and accompanying promotional material to potential customers in the United States.[2199] The defendant conceded the court could properly exercise subject-matter jurisdiction over the parties' dispute as to that model, but it contested the plaintiff's claims that the same was true for numerous other of the plaintiff's models on the ground the plaintiff had done nothing to bring them to American markets. The plaintiff claimed to have approached the United States cautiously because of its concern about a legal challenge, citing: (1) litigation between the defendant and the plaintiff's corporate parent in the Netherlands; (2) a circa-1993 settlement agreement between the defendant and a third party involving the defendant's closures; and (3) the defendant's counterclaims for infringement and likely dilution. The court rejected each of these rationales, holding: (1) "[t]he Netherlands litigation alone should not be treated as a claim by [the defendant] that [the plaintiff's parent] violated its United States trademark rights, because [the defendant] only asserted its European trademark rights in that litigation";[2200] (2) "[the] single instance [of past litigation] pursued by [the defendant] over twenty years ago does not give rise to an actual controversy with [the plaintiff]";[2201] and (3) "[i]t is questionable whether [the defendant's] counterclaims, filed after the complaint, may create jurisdiction where none originally existed," especially because the counterclaims were compulsory in nature and because the defendant had offered to drop any as to which there otherwise would be no jurisdiction.[2202] The defendant therefore was entitled to summary judgment except as to the single line of the plaintiff's goods making its way into the United States.[2203]

In the second case to produce mixed results,[2204] the counterclaim defendant owned a federal registration of the AFFORDABLE OVERHEAD DOOR COMPANY mark for the "repair and installation of garage doors and garage door

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2198. *Id.*

2199. *See* Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

2200. *Id.* at 692.

2201. *Id.*

2202. *Id.*

2203. *Id.* at 693.

2204. *See* Garcia v. Global Dev. Strategies, Inc., 44 F. Supp. 3d 666 (W.D. Tex. 2014).

openers"[2205] and averred in his complaint the counterclaim plaintiffs' use of "affordable garage door services," "garage door ninja," "GDS," "overhead garage door repair," and "discount door services" in advertisements for their competitive services infringed his mark.[2206] When the counterclaim plaintiffs responded by requesting declaratory relief, the counterclaim defendant moved to strike that request in a pleading representing he objected only to the counterclaim plaintiffs' use of "affordable garage door services." The court denied the motion, holding that "[d]espite [the counterclaim defendant's] assertions in his motion to dismiss, the Court cannot find any parallel language in his complaint clarifying which names he finds objectionable. Instead, all of the names used by [the counterclaim plaintiffs] are alleged to cause 'confusion, mistake and deception' with [the counterclaim defendant's] purported trademarks";[2207] the same methodology produced the same outcome with respect to the counterclaim plaintiffs' request for a judgment that their use of the word "affordable" was nonactionable.[2208] The counterclaim defendant did, however, successfully challenge the counterclaim plaintiffs' bid for a declaratory judgment as that bid related to the words "overhead door company" because "[n]either [the counterclaim defendant] nor [the counterclaim plaintiffs] allege that [the counterclaim plaintiffs] have used the name 'overhead door company' in advertisements."[2209]

2. The First Amendment

a. The Right to Free Speech

A Georgia federal district court applied the test for constitutional protection first set forth in *Rogers v. Grimaldi*,[2210] to a persona-based claim under Georgia law.[2211] The plaintiff was a Hispanic hip-hop dancer from the Bronx who performed under the stage name "Honey Rockwell" and who objected to a pair of a motion pictures entitled *Honey Daniels* and *Honey 2*, which were about a Bronx-native, Hispanic hip-hop dancer named "Honey Daniels." The court required the plaintiff to make a two-fold showing, namely, that the defendants' titles had no artistic relevance to the defendants' films, or, even if they did, that they

2205. U.S. Reg. No. 3028773 (issued Dec. 13, 2005).

2206. *Garcia*, 44 F. Supp. 3d at 667.

2207. *Id.* at 671.

2208. *Id.*

2209. *Id.* at 672.

2210. 875 F.2d 994 (2d Cir. 1989).

2211. *See* Valencia v. Universal City Studios LLC, 113 U.S.P.Q.2d 1594 (N.D. Ga. 2014).

were explicitly misleading as to the source of the films.[2212] Reviewing the plaintiff's complaint, the court determined the plaintiff's cause of action was deficient on both counts:

> Plaintiff has alleged that she performed under the trade name "Honey Rockwell," but even undertaking the analysis using the trade name "Honey," the Court concludes that the Honey films are protected by the First Amendment. The title *Honey* is artistically relevant to the protagonist Honey Daniels's first name. Similarly, *Honey 2* is relevant in that the protagonist of that film drew inspiration from Honey Daniels. The facts alleged in the Amended Complaint, construed in Plaintiff's favor, are not sufficient to allow the Court to conclude that the title could explicitly mislead as to the source of the work.[2213]

Even taking the plaintiff's averments as true, the defendants therefore were entitled to judgment as a matter of law.[2214]

Rogers fueled another successful motion to dismiss in an action brought by a plaintiff whose recorded performances on *Soul Train* had been incorporated into, and sold as a portion of, a DVD compilation of highlights from the show's history.[2215] Having filed suit under Section 43(a) and Illinois statutory law in the Southern District of New York, the plaintiff discovered (to his misfortune) that he had subjected himself to the controlling authority of *Rogers* and that decision's requirement that his inclusion in the compilation explicitly mislead viewers as to the compilation's source as a condition for the imposition of liability. The court found significant the absence of any such allegation from the complaint, "[p]articularly where Plaintiff is depicted along with many other artists, and where the trademarks 'Soul Train' and 'Time Life' are prominently displayed on the DVD sets' packaging and contents."[2216]

A Minnesota federal district court was equally unsympathetic to a right of publicity cause of action brought by former professional football players.[2217] The gravamen of the plaintiffs' claims was that NFL Films had violated their rights of publicity by selling footage of the games in which they had played. Concluding the footage was not commercial speech, the court granted a defense motion for summary judgment because the footage: (1) was not an advertisement; and (2) did not refer to a specific product. In reaching the first of these conclusions, the court rejected the

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2212. *Id.* at 1601.

2213. *Id.*

2214. *Id.*

2215. *See* Cummings v. Soul Train Holdings LLC, 67 F. Supp. 3d 599 (S.D.N.Y. 2014).

2216. *Id.* at 606.

2217. *See* Dryer v. Nat'l Football League, 55 F. Supp. 3d 1181 (D. Minn. 2014), *aff'd*, No. 14-3428 (8th Cir. Feb. 26, 2016).

plaintiffs' argument the footage constituted advertising intended to enhance the NFL's brand:

> Instead, the productions tell the story of a football game, or a football team, or even of a particularly great football player. They are, in that sense, a history lesson of NFL football. The only way for NFL Films to tell such stories is by showing footage of the game—the plays, the players, the coaches, the referees, and even the fans. The NFL is capitalizing not on the likenesses of individual players but on the drama of the game itself, something that the NFL is certainly entitled to do. Plaintiffs do not explain how the NFL could create a visual recounting of a significant football game or the season of a particular football team without the use of footage of NFL players playing in those games. While the NFL certainly reaps monetary benefits from the sale and broadcast of these productions, the use of any individual player's likeness—the productions' display of footage of plays involving an individual player—is not for commercial advantage but because the game cannot be described visually any other way.[2218]

The NFL and its affiliates therefore were entitled to the dismissal of the plaintiffs' complaint even if, the motivation behind sales of the footage was economic in nature: "[The productions] are . . . not commercial speech and are instead entitled to full protection under the First Amendment. Because the productions are fully protected speech, Plaintiffs' claims against them fail."[2219]

In a different *Rogers*-less analysis, one occurring in the context of a declaratory judgment action, a federal district court affirmed the right of a citizen of Union County, New Jersey to use the county's seal as part of a public-access television program named the *Union County Citizen's Forum*.[2220] As described by the court, the parties' dispute arose from the program's display "on-air [of] a graphic illustration depicting the Seal of the County of Union with a spotlight shining on it. The illustration symbolizes the self-proclaimed mission of the show to shine a critical light on the workings of the Union County Board of Chosen Freeholders."[2221] The county asserted a variety of counterclaims in its challenge to the use of its seal, but the court disposed of them by granting the plaintiff's motion for summary judgment. One basis of that disposition was that the relief sought by the county would violate the First Amendment's Free Speech Clause: "[The plaintiff] is clearly using the County Seal in an expressive manner. That expression, moreover, is political expression, entitled to the

2218. *Id.* at 1192.

2219. *Id.* at 1193.

2220. *See* Renna v. County of Union, 88 F. Supp. 3d 310 (D.N.J. 2014).

2221. *Id.* at 311-12.

highest degree of constitutional protection."[2222] Having determined the plaintiff was entitled to judgment as a matter of law, the court left "for another day the question of whether a state or municipality may enjoin deceptive misuse of official insignia."[2223]

Under an application of the California anti-strategic lawsuit against public participation (SLAPP) statute,[2224] a different, but equally politically charged, use also qualified as protected speech on a motion to dismiss for failure to state a claim.[2225] The defendant, a trade association for the petroleum and natural gas industries, had launched a pre-election educational campaign encouraging voters to "choose energy." In a suit by a federal registrant of those words for the provision of energy-related information, the court rejected the plaintiff's claim the defendant's use of the words was in the nature of a source identifier and therefore ineligible for constitutionally favored treatment. As the court explained, "[w]hile there is case law that protects a trademark where the accused use was a source identifier, in none of those cases was the alleged source identifier also the political speech at issue."[2226] Especially because the defendant's campaign was noncommercial in nature, its conduct fell within the scope of the statute.[2227]

An additional opinion of note reached a finding of infringement without consideration of the First Amendment but nevertheless took that constitutional provision seriously when crafting the temporary restraining order requested by the plaintiffs.[2228] Having demonstrated the defendants' liability, the plaintiffs sought an order prohibiting the defendants from, inter alia, "allowing [their] customers to make certain statements and mentioning plaintiffs' mark on social media."[2229] Beyond the practical problems associated with holding the plaintiffs responsible for their customers' conduct, the court concluded the requested relief presented constitutional problems:

> [W]hat plaintiffs are requesting would amount to a prior restraint of speech. A proponent of prior restraint carries a "heavy burden." And in the absence of some showing that such speech would be actionable under the Lanham Act, or is

2222. *Id.* at 323.

2223. *Id.*

2224. Cal. Civ. Proc. § 425.16 (2008).

2225. *See* Choose Energy, Inc. v. Am. Petroleum Inst., 87 F. Supp. 3d 1218 (N.D. Cal. 2015).

2226. *Id.* at 1224.

2227. *Id.* at 1225.

2228. *See* Kuper Indus. v. Reid, 89 F. Supp. 3d 1005 (D. Neb. 2015).

2229. *Id.* at 1014.

otherwise unlawful, plaintiffs are not entitled to this form of injunctive relief.[2230]

In contrast, invocations of the First Amendment by other defendants fell short.[2231] Perhaps the most notable of them was the unsuccessful attempt by a Maryland state senator named Steve Hershey and his campaign committee to escape a preliminary injunction motion filed by the Hershey Co. in response to the senator's use of a campaign logo confusingly similar to the company's trade dress.[2232] The court's First Amendment analysis was concise and to the point: "[First Amendment] protection does not apply when the trademark is used to associate a political candidate with a popular consumer brand. Here, the Defendants are not using the Hershey Trade Dress for parody, political commentary, or other communicative purposes. Accordingly, their use is not entitled to First Amendment protections."[2233]

The Fifth Circuit proved similarly unwilling to hold advertising found by a jury to be false and misleading in violation of Section 43(a) protected speech merely because the advertising was based on a scientific article.[2234] Affirming the district court's refusal to disturb the jury verdict, the appellate court held:

> Advertisements do not become immune from Lanham Act scrutiny simply because their claims are open to scientific or public debate. Otherwise, the Lanham Act would hardly ever be enforceable—"many, if not most, products may be tied to public concerns with the environment, energy, economic policy, or individual health and safety."
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> . . . .
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> Application of the Lanham Act to Appellants' promotional statements will not stifle academic freedom or intrude on First Amendment values. By its terms, the injunction only applies to statements made "in connection with any advertising, promotion, offering for sale, or sale of goods or services." Appellants may continue to pursue their research and publish their results; they simply may not push their product by making the claims the jury found to be false and misleading.[2235]

2230. *Id.* (citations omitted) (quoting Anheuser–Busch, Inc. v. Balducci Publ'ns, 28 F.3d 769, 778 (8th Cir. 1994)).

2231. *See, e.g.*, McRee v. Maryland, 105 A.3d 456, 459-67 (Md. Ct. App. 2014) (rejecting First Amendment-based challenge to criminal conviction for trafficking in goods bearing counterfeiting imitations of registered marks).

2232. *See* Hershey Co. v. Friends of Steve Hershey, 33 F. Supp. 3d 588 (D. Md. 2014).

2233. *Id.* at 595.

2234. *See* Eastman Chem. Co. v. PlastiPure, Inc., 775 F.3d 230 (5th Cir. 2014).

2235. *Id.* at 236-37 (quoting Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y., 447 U.S. 557, 562–63 (1980); 15 U.S.C. § 1125(a) (2012)).

b. The Right to Petition

Under *Eastern Rail Road Presidents Conference v. Noerr Motor Freight, Inc.*,[2236] and *United Mine Workers v. Pennington*,[2237] petitioning government bodies is a privileged activity under the First Amendment. According to the Supreme Court's most extensive explanation of the doctrine, a defendant's petitioning activity is protected unless the plaintiff can establish the defendant's conduct was a "sham" in the sense that: (1) it was objectively baseless; and (2) it was undertaken with a subjective intent to harm the plaintiff.[2238] If a plaintiff cannot carry its burden under the first prong of this test, it will not be entitled to discovery bearing on the second.[2239]

Because it is a proposition of federal constitutional law, the *Noerr-Pennington* doctrine can trump state law causes of action triggered by the assertion of trademark or other rights. Such was the outcome in a case in which, having successfully pursued the invalidation of the plaintiff's incontestably registered product configuration trade dress as functional, the defendant sought to recover for tortious interference with contractual relations under Pennsylvania law.[2240] The basis of that claim was the plaintiff's transmittal of a demand letter to a customer of the defendant. The court found as a threshold matter the letter qualified as legitimate petitioning activity before turning to the question of whether it also qualified as a sham. The court held as a matter of law it did not, explaining with respect to the first prong of the *Noerr-Pennington* analysis that:

> When [the plaintiff] sent the cease-and-desist letter to [the customer], it is undisputed that [the plaintiff] had a valid trademark in the [disputed configuration]. It is also undisputed that [the customer] was selling the [defendant's competitive product]. Objectively, it is eminently reasonable for the holder of a valid, incontestable trademark to send a cease-and-desist letter to the seller of an infringing product.[2241]

With respect to the second prong of the *Noerr-Pennington* test, the court faulted the defendant for failing to "point to any evidence in the record supporting its contention that [the plaintiff's] actions were motivated by a desire to impose anticompetitive harm on [the

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2236. 365 U.S. 875 (1961).

2237. 381 U.S. 657 (1965).

2238. *generally* Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., 508 U.S. 49, 60-61 (1993).

2239. *Id.* at 65.

2240. *See* Sweet St. Desserts, Inc. v. Chudleigh's Ltd., 69 F. Supp. 3d 530 (E.D. Pa. 2014).

2241. *Id.* at 551.

defendant]."[2242] Although having lost on the merits of its infringement claim as a matter of law, the plaintiff therefore was entitled to summary judgment of nonliability on the defendant's counterclaim.[2243]

The right to petition reared its head in a second opinion, albeit one in which the court did not expressly refer to it.[2244] In a dispute between purveyors of vodka sold in bottles shaped like stylized skulls, the plaintiffs sought a preliminary injunction against the defendants claiming in cease-and-desist letters to own the copyright covering the plaintiffs' bottles. The court was disinclined to enter that relief, in part because of the defendants' prima facie showing they did, in fact, own the copyright, but also "because the injunction Plaintiffs seek is a prior restraint on Defendants' speech, and as such carries 'a heavy presumption against its constitutional validity.'"[2245] The court noted that "if Plaintiffs' theory of the case is correct, Defendants' cease-and-desist letters could potentially be seen as trade libel, which is not protected speech."[2246] Still, however, "Plaintiffs' remedy, if Defendants' letters do constitute trade libel, is a lawsuit, not a preliminary injunction."[2247]

3. The Seventh Amendment

The Seventh Amendment provides, "[i]n suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any court of the United States, than according to the rules of the common law."[2248] As the Ninth Circuit confirmed, the amendment's references to the common law mean something, namely, that the constitutional right to a jury trial does not extend an accounting of a defendant's profits because that remedy historically was available only from a court of equity: "A claim for disgorgement of profits under [Section 35(a)] is equitable, not legal. Litigants filed trademark-like actions in 'deceit' prior to 1791, but these suits were rare. While this historical record illuminates little, the current law recognizes that

2242. *Id.*

2243. *Id.* at 552.

2244. *See* Elements Spirits, Inc. v. Iconic Brands, Inc., 115 U.S.P.Q.2d 1644 (C.D. Cal. 2015).

2245. *Id.* at 1653 (quoting N.Y. Times Co. v. United States, 403 U.S. 713, 714 (1971)).

2246. *Id.*

2247. *Id.*

2248. U.S. Const. amend. VII.

actions for disgorgement of improper profits are equitable in nature."[2249]

4. The Due Process and Equal Protection Clauses

The federal constitution and that of Tennessee guarantee equal protection under the law;[2250] each document also prohibits the deprivation of fundamental rights without due process of law.[2251] These protections were invoked in a case presenting claims by former collegiate football and basketball players that broadcasts of games in which they appeared violated their rights of publicity under Tennessee law.[2252] In an unsuccessful bid to head off the court's entry of summary judgment because the relevant statute did not contemplate liability under that theory, the plaintiffs suggested that, because a majority of collegiate athletes were African-Americans, a victory by the defendants would adversely affect the plaintiffs as a suspect class. Because the plaintiffs did not expressly identify this claim as one arising under an equal protection or a due process theory, the court addressed and rejected it under both rubrics. As to the former, the court held, "[i]t is difficult to perceive how a facially neutral statute that creates exemptions for news, public affairs and sports broadcasts singles out a specific class, and Plaintiffs do not suggest how that could be so."[2253] And, as to the latter, it concluded, "[t]he ability to profit from a right of publicity simply does not rise to the level of a fundamental right."[2254] The plaintiffs' constitutional attacks therefore failed because "[i]n the absence of the deprivation of a fundamental right or intentional discrimination against a suspect class, a statute is entitled to rational basis review which is exceedingly deferential."[2255]

D. Procedural Matters

1. Standing

a. Opinions Finding Standing

The Ninth Circuit affirmed a claim of standing in an action to protect an unregistered mark under Section 43(a).[2256] The plaintiff

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2249. Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059, 1075 (9th Cir.) (citation omitted), *cert. denied*, 136 S. Ct. 410 (2015).

2250. U.S. Const. amend. XIV, § 1; Tenn. Const. art. 11, § 8.

2251. U.S. Const. amend. XIV, § 1; Tenn. Const. art. I, § 8.

2252. *See* Marshall v. ESPN Inc., 114 U.S.P.Q.2d 1968 (M.D. Tenn. 2015).

2253. *Id.* at 1979.

2254. *Id.*

2255. *Id.*

2256. *See* S. Cal. Darts Ass'n v. Zaffina, 762 F.3d 921 (9th Cir. 2014).

was an incorporated association, which the defendant argued was not a real party in interest. In particular, he asserted, the association was nothing more than a "straw plaintiff," with the real party in interest being the association's president. The Ninth Circuit was unconvinced, holding instead that "interests of non-natural legal persons commonly overlap with the interests of their officers and stakeholders. The fact that the interests of other parties are implicated by a suit does not deprive an unincorporated association of standing."[2257] The appellate court therefore recognized the association's standing because it had "asserted a 'personal' stake in this case, namely the fact that its trademarks have been misappropriated."[2258]

A finding of standing under Section 43(a) also was the outcome of a dispute arising from the defendants' alleged passing off and false advertising.[2259] The parties were directly competitive designers of hydraulic systems, one of which, designed by the plaintiff, was installed in an island spaceport operated by the Virginia Commercial Spaceflight Authority (VCSFA). The plaintiff accused the defendants of a broad range of misconduct, including the use of a photograph of the spaceport system on their website in a context suggesting they had designed it. Dismissing the defendants' challenge to the plaintiff's standing under Section 43(a), the court applied the test appearing in *Lexmark International, Inc. v. Static Components, Inc.*,[2260] holding, "to maintain a cause of action under Section [43(a)], 'a plaintiff must plead (and ultimately prove), an injury to a commercial interest in sales or business reputation proximately caused by the defendant's misrepresentations.'"[2261] It then held the plaintiff's allegations satisfied the test:

> [The plaintiff] alleges that it suffered an injury to its commercial interest in its reputation and a decrease in sales as a result of defendants' misrepresentation that defendants, and not [the plaintiff], designed and installed [the system] at Wallops Island. [The plaintiff] also alleges that, but for the misdesignation and deceptive advertising of [the system's] origin, [the plaintiff] would have continued to receive upgrade contracts from VCSFA and new contracts from other potential customers. [The plaintiff] sufficiently alleges that it falls within the scope of entities authorized to bring suit under Section [43(a)].[2262]

2257. *Id.* at 928.

2258. *Id.*

2259. *See* Advanced Fluid Sys. v. Huber, 28 F. Supp. 3d 306 (M.D. Pa. 2014).

2260. 134 S. Ct. 1377 (2014).

2261. *Advanced Fluid Sys.*, 28 F. Supp. 3d at 333 (quoting *Lexmark*, 134 S. Ct. at 1395).

2262. *Id.* (citations omitted).

Lexmark also proved the ticket to a holding of standing for a group of manufacturers of athletic helmets advancing federal and state counterclaims for false advertising against a competitor.[2263] The gravamen of the counterclaims was that the counterclaim defendant's allegedly inaccurate representations a visor attached to its helmets was subject to utility patent protection. Invoking *Lexmark*, the court denied the counterclaim defendant's motion to dismiss the counterclaim plaintiffs' causes of action for want of standing. As the Court explained, "[t]he counterclaims allege that plaintiff's false advertising deceived customers, which resulted in increased sales for plaintiff and decreased sales for defendants. Assuming those allegations are true, defendants suffered harm directly caused by plaintiff's false advertising."[2264]

Other plaintiffs withstood challenges to their standing under purely state law causes of action,[2265] including one whose standing under Florida law was sufficiently obscure that it caused the Eleventh Court to refer the question to the Supreme Court of Florida.[2266] The plaintiff was a school operated by a "state online education agency," which a state statute described as "a body corporate with all the powers of a body corporate and such authority as is needed for the proper operation and improvement of the [school];"[2267] a different statute authorized the agency and its school to "acquire, enjoy, use, and dispose of patents, copyrights, and trademarks and any licenses and other rights or interests thereunder or therein."[2268] Still other statutes, however, reserved to the Department of State (DOS) the authority "to do and perform any and all things necessary to generally secure letters patent, copyright and trademark on any invention or otherwise, and trademarks generally owned by the State may not be used by a corporation without the written consent of the DOS."[2269] Rejecting the argument that the latter statutes necessarily precluded the plaintiff from owning, and bringing suit to protect, trademarks and service marks, the Supreme Court of Florida held, "[t]he school, through its board of trustees, clearly and expressly has the authority to acquire, use, and enjoy trademarks, and the protection of those trademarks from infringement or improper use is necessary to facilitate the

2263. *See* Bern Unlimited, Inc. v. Burton Corp., 25 F. Supp. 3d 170 (D. Mass. 2014).

2264. *Id.* at 184.

2265. *See, e.g.*, Jordan v. Jewel Food Stores, Inc., 115 U.S.P.Q.2d 1770, 1771-72 (N.D. Ill. 2015) (denying defense motion for summary judgment in right of publicity action brought under Illinois law).

2266. *See* Fla. Virtual Sch. v. K12, Inc., 148 So. 3d 97 (Fla. 2014).

2267. Fla. Stat. Ann. § 1002.37(2) (2010).

2268. *Id.* § 1002.37(2)(c).

2269. *Fla. Virtual Sch.*, 148 So. 3d at 100 (citing Fla. Stat. Ann. §§ 286.021, 286.031).

operation and continued improvement of the school."[2270] Specifically, "[i]t is simply not logical for a State entity to have the authority to "acquire, enjoy, use, and dispose of patents, copyrights, and trademarks and any licenses and other rights or interests thereunder or therein," but then be powerless to protect that intellectual property from infringement.[2271]

b. Opinions Declining to Find Standing

On its face, Section 32's cause of action for infringement is available only to the owners of registrations on the Principal Register, but that does not always discourage nonregistrants from including—inevitably unsuccessfully—that cause of action in their complaints.[2272] One counterclaim plaintiff learned that lesson the hard way when, after having twice failed to register its mark with the USPTO, it nevertheless asserted a Section 32 cause of action against a counterclaim defendant using the same mark.[2273] The court held the counterclaim defendant was entitled to summary judgment, concluding that "[t]he [counterclaim plaintiff] cannot sustain a claim of infringement under Section 32 of the Lanham Act. That section gives rise to a claim for infringement of a registered mark. The [counterclaim plaintiff's mark] is not now a registered mark, and, given the double refusal of the USPTO, I suspect it never will be."[2274]

A different nonregistrant, this one asserting counterclaims under Section 43(a)(1)(A), Section 43(a)(1)(B), and Section 14(3), rather than Section 32, fell victim to a motion for judgment on the pleadings or, in the alternative, to dismiss for failure to state a claim.[2275] The gravamen of the counterclaim plaintiff's cause of action was that, although it had never used its mark in the United

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2270. *Id.* at 103 (citation omitted).

2271. *Id.* at 105 (quoting Fla. Stat. Ann. § 1002.37(2)(c)).

In a subsequent opinion on remand, the Florida federal district court hearing the action rejected the defendant's arguments that, despite the Supreme Court of Florida's decision, the school's alleged trademark rights were void because only the Florida Department of State could own the marks, and, in the alternative, the DOS was an indispensable party. *See* Florida VirtualSchool v. K12 Inc., 114 U.S.P.Q.2d 1936 (M.D. Fla. 2015).

2272. *See, e.g.*, Pronman v. Styles, 114 U.S.P.Q.2d 1525, 1534 (S.D. Fla. 2015) (granting defense motion for summary judgment on plaintiffs' Section 32 cause of action on ground "there is no dispute that none of Plaintiffs' marks are registered"); Ahmed v. Hosting.com, 28 F. Supp. 3d 82, 87-89 (D. Mass. 2014) (dismissing plaintiff's Section 32 cause of action "because the Marks are not registered and because [the plaintiff] has failed to establish that he was either the owner or exclusive licensee of any of the Marks when the lawsuit was filed, he has no standing to bring suit under section [32]").

2273. *See* Renna v. County of Union, 88 F. Supp. 3d 310 (D.N.J. 2014).

2274. *Id.* at 319 (citation omitted).

2275. *See* Belmora LLC v. Bayer Consumer Health Care AG, 84 F. Supp. 3d 490 (E.D. Va. 2015).

States, the counterclaim defendant was engaged in unfair competition because it was using the identical mark in connection with identical goods and selling those goods in packaging closely similar to that used by the counterclaim plaintiff outside the United States. Although the Supreme Court's opinion in *Lexmark* addressed the requirements for a showing of standing under Section 43(a)(1)(B), rather than Section 43(a)(1)(A), the court turned to *Lexmark*'s two-part test for evaluating claims of standing under the former statute: "First, the plaintiff's allegations must demonstrate that the plaintiff is in the statute's zone of interests. Second, the complaint must allege injuries tying the harm suffered to the defendant's conduct."[2276]

The court concluded the counterclaim plaintiff's allegations were insufficient under both the relevant prongs. As to the first, the court held that "[p]ossession of a protectable interest in a trademark is a dispositive issue in false designation claims and [the counterclaim plaintiff] lacks this key element" because it had not used its mark in commerce in the United States.[2277] The counterclaim plaintiff fell equally short in its attempt to demonstrate proximate cause under the second prong of the analysis, which consisted of unsuccessful arguments that: (1) it was unable to convert immigrating consumers familiar with its mark in Mexico into purchasers of its corresponding product in the United States (which it sold under a different mark);[2278] and (2) it had suffered reputational injury arising from actual confusion, which the court dismissed because "[m]ere confusion by itself does not amount to reputational injury—there must also be evidence of harm resulting from the use of the allegedly infringing product,"[2279] and from its inability to control the quality of goods sold under the disputed mark, which was rejected because of the plaintiff's lack of protectable interest in a mark.[2280] Having thus applied *Lexmark* to dispose of the counterclaim plaintiff's claim of standing to prosecute a false designation of origin cause of action under Section 43(a)(1)(A), the court used the same analysis to reach the same result where the counterclaim plaintiff's false advertising cause of action under Section 43(a)(1)(B) was concerned.[2281]

The court then eschewed extensive reliance on *Lexmark* in addressing the counterclaim plaintiff's bid to cancel the counterclaim defendant's registration of the disputed mark on the

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2276. *Belmora*, 84 F. Supp. 3d at 500.

2277. *Id.* at 502.

2278. *Id.* at 502-04.

2279. *Id.* at 505.

2280. *Id.* at 506.

2281. *Id.* at 506-07.

ground the counterclaim defendant had "misrepresent[ed] the source of the goods . . . on or in connection with which the mark [was] used" in violation of Section 14(3). Although the counterclaim plaintiff argued the statute's express terms did not require a party invoking it to have used a similar mark in commerce, the court noted such a requirement historically had been read into Section 43(a)(1)(A) despite the statute's silence on the subject.[2282] That was enough for the court to "find[] it appropriate to read a use requirement into Section 14(3)."[2283] Because the counterclaim plaintiff had failed to allege such a use, it lacked standing as a matter of law to prosecute its misrepresentation of source cause of action.[2284]

Lexmark played a role in the dismissal of a more conventional claim under Section 43(a)(1)(A) as well.[2285] The plaintiff alleged damage from the defendants' use of his marks, but, as the court noted, his complaint "states no facts establishing either a commercial interest in the mark or a commercial injury caused by the alleged infringement."[2286] The plaintiff's inability to demonstrate he lay within the statute's zone of interests necessarily precluded him from satisfying the second prong of the *Lexmark* analysis as well, for, as the court explained, "[a] failure to establish standing also prohibits a claim for proximate causation, as [the plaintiff] provides no means by which to assess whether such damage has occurred, and whether the defendants' actions are the proximate cause of the damage."[2287] The plaintiff's allegations of standing were therefore doubly deficient: "Without pleading facts that assert his claims fall within the zone of interest and demonstrate proximate causation, [the plaintiff's] claims fail to establish standing under the *Lexmark* test."[2288]

Finally, an opinion from a California federal district court demonstrated the lack of wisdom of reliance on interpretations of the Lanham Act when litigating standing under the law of that state.[2289] The causes of action at issue arose under California's Unfair Competition Law (UCL)[2290] and False Advertising Law (FAL),[2291] and their gravamen was the counterclaim defendant had violated those statutes "by posting online reviews and comments

2282. *Id.* at 517.

2283. *Id.*

2284. *Id.* at 517-18.

2285. *See* Ahmed v. Hosting.com, 28 F. Supp. 3d 82 (D. Mass. 2014).

2286. *Id.* at 91.

2287. *Id.*

2288. *Id.*

2289. *See* Fitbug Ltd. v. Fitbit, Inc., 78 F. Supp. 3d 1180 (N.D. Cal. 2015).

2290. Cal. Bus. & Prof. Code § 17200 (West 2015).

2291. *Id.* § 17500.

about [the counterclaim plaintiff's] products or comparing [the counterclaim plaintiff's] products to [the counterclaim defendant's] without disclosing their affiliations with [the counterclaim defendant]."[2292] Noting California appellate courts required plaintiffs claiming standing under the UCL and the FAL to demonstrate actual damage, the counterclaim defendant moved the court for summary judgment of nonliability because the counterclaim plaintiff had failed to make such a demonstration. Although the counterclaim plaintiff responded with citations to "cases holding that, in the Lanham Act context, injury in fact may be presumed for intentionally deceptive advertising,"[2293] the court was unimpressed: "[The counterclaim plaintiff's] argument is that, as a matter of California law, . . . [the counterclaim plaintiff] [must] demonstrate an economic injury cognizable under the UCL or FAL. These cases only address those requirements in the context of the Lanham Act, and are thus inapposite."[2294] The counterclaim defendant's motion for summary judgment therefore was well-taken.[2295]

c. Opinions Deferring Resolution of the Standing Inquiry

Prior to 2014, Eighth Circuit doctrine required a plaintiff pursuing a false advertising cause of action under Section 43(a) to demonstrate direct competition.[2296] In the wake of the Supreme Court's holding to the contrary in *Lexmark*,[2297] the Eighth Circuit predictably vacated a pre-*Lexmark* district court opinion dismissing such a claim for that reason.[2298] The appellate court declined to resolve the issue of the plaintiff's post-*Lexmark* standing on appeal, however, choosing instead to remand the action for the district court to consider that issue in the first instance.[2299]

A federal district court applying *Lexmark* to reach a decision on the merits held that "standing is determined by a two-step process: a zone of interests inquiry and a proximate cause analysis."[2300] The occasion for this restatement was a counterclaim

2292. *Fitbug*, 78 F. Supp. 3d at 1196.

2293. *Id.*

2294. *Id.* at 1197.

2295. *Id.*

2296. *See, e.g.*, Aviation Charter, Inc. v. Aviation Research Grp./US, 416 F.3d 864, 871 (8th Cir. 2005).

2297. 134 S. Ct. at 1394.

2298. *See* Syngengta Seeds, Inc. v. Bunge N. Am., Inc., 773 F.3d 58 (8th Cir. 2014).

2299. *Id.* at 65.

2300. Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V., 69 F. Supp. 3d 175, 215 (D.D.C. 2014), *reconsideration denied*, 79 F. Supp. 3d 60 (D.D.C. 2015).

brought by a Mexican company under Section 43(a) against competitors in the United States that had allegedly created the false impression they were affiliated with the counterclaim plaintiff. The competitors moved for summary judgment, but the counterclaim plaintiff prevailed. As to the first step of the analysis, the court determined that:

> [The counterclaim plaintiff] has provided sufficient evidence to demonstrate commercial injury at the summary judgment stage, at least insofar as it has offered evidence that [it] possesses a business reputation and goodwill within the United States that [the lead counterclaim defendant] allegedly attempts to usurp for its own benefit, as well as the possibility of lost sales and customers.[2301]

Without an extended discussion of the record, it then held, "[the counterclaim plaintiff] has provided sufficient evidence from which a reasonable juror could conclude that those injuries, if proven at trial to exist, were proximately caused by [the lead counterclaim defendant's] advertisements."[2302]

2. Personal Jurisdiction

Evaluations of the propriety of an exercise of personal jurisdiction over a nonresident defendant by the courts of a particular state traditionally have turned on whether: (1) the forum state's long-arm statute confers personal jurisdiction over the defendant; and (2) an exercise of jurisdiction would comport with the Due Process Clauses of the Fifth and Fourteenth Amendments.[2303] If the reach of the state long-arm statute in question is coextensive with due process, then only the constitutional analysis need take place.[2304] That analysis mandates consideration of whether: (1) the nonresident defendant has minimum contacts with the forum state; and (2) an exercise of personal jurisdiction would offend traditional notions of fair play

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2301. *Id.* at 216.

2302. *Id.*

2303. *See, e.g.*, Hard Candy, LLC v. Hard Candy Fitness, LLC, 106 F. Supp. 3d 1231, 1237 (S.D. Fla. 2015); Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156, 1177 (N.D. Cal. 2015); Ronaldo Designer Jewelry, Inc. v. Anne Ryan, LLC, 74 F. Supp. 3d 783, 788 (S.D. Miss. 2015); C5 Med. Werks, LLC v. Ceramtec GmbH, 112 U.S.P.Q.2d 1857, 1859 (D. Colo. 2014); Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675, 684 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

2304. *See, e.g.*, *Hard Candy*, 106 F. Supp. 3d at 1250 (Florida long-arm statute coextensive with due process); *Luxul Tech.*, 78 F. Supp. 3d at 1177 (California long-arm statute coextensive with due process); Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1201 (C.D. Cal. 2014) (same); Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1092 (N.D. Cal 2014) (same); *C5 Med. Werks*, 112 U.S.P.Q.2d at 1859 (Colorado long-arm statute coextensive with due process). *But see Ronaldo Designer Jewelry*, 74 F. Supp. 3d at 788 n.3 ("Mississippi's long-arm statute is not co-extensive with due process.").

and substantial justice.[2305] When undertaking the second of these inquiries, courts should consider the following factors:

> (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 states in furthering substantive social policies.[2306]

Assuming a defendant has not consented to an exercise of personal jurisdiction in a particular jurisdiction,[2307] there are two ways in which these standards may be satisfied. First, "[g]eneral jurisdiction exists where a nonresident defendant's activities in the [forum] state are continuous and systematic such that said contacts approximate physical presence in the forum state."[2308] In contrast, "[w]here general jurisdiction is inappropriate, a court may still exercise specific jurisdiction where the defendant's 'contacts with the forum give rise to the cause of action before the court.'"[2309]

a. Opinions Exercising Personal Jurisdiction

Not all contacts with a state will subject a defendant to an exercise of specific personal jurisdiction within that state, but direct shipments into it of goods associated with an allegedly infringing mark will generally do the job.[2310] A counterclaim plaintiff availing itself of this proposition satisfied the requirements of the New York long-arm statute[2311] by

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2305. Int'l Diamond Imps., Inc. v. Oriental Gemco (N.Y.), Inc., 64 F. Supp. 3d 494, 509 (S.D.N.Y. 2014).

2306. *Id.* (quoting Asahi Metal Indus. v. Superior Court, 480 U.S. 102, 113-14 (1987)).

2307. For an order entering a default judgment and exercising personal jurisdiction under California law based in part on the defendant's acceptance of the plaintiff's "terms of service," see *Yelp*, 78 F. Supp. 3d at 1092.

2308. Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156, 1177 (N.D. Cal. 2015) (internal quotation marks omitted).

2309. *Id.* (quoting Doe v. Unocal Corp., 248 F.3d 915, 923 (9th Cir. 2001)).

2310. *See, e.g.*, Hard Candy, LLC v. Hard Candy Fitness, LLC, 106 F. Supp. 3d 1231, 1241 (S.D. Fla. 2015) ("In the Court's [earlier] Order and during a related hearing, the Court found it had jurisdiction over [the defendant] because [the defendant's] contacts with Florida showed it purposely directed its marketing efforts and infringing goods into Florida."); Deckers Outdoor Corp. v. Ozwear Connection Pty Ltd., 113 U.S.P.Q.2d 1197, 1201 (C.D. Cal. 2014) (finding exercise of specific personal jurisdiction appropriate over defaulting defendants on ground that "Plaintiff has alleged facts, deemed admitted by Defendants' default, that Defendants sell and ship infringing products to California residents through Defendants' website, . . . and that such infringing products are the subject of Plaintiff's claims and injuries in this Action.").

2311. N.Y. C.P.L.R. § 302(a)(1) (McKinney 2015).

demonstrating a Dutch counterclaim defendant had done business in New York by forwarding "at least 100,000" samples of the offending goods to a second counterclaim defendant in the state, which were then distributed to potential customers along with promotional material; independent of that ground for haling the Dutch counterclaim defendant into court in New York, the court held the Dutch counterclaim defendant should have to answer for the actions of the New York-based counterclaim defendant under an agency theory.[2312]

Having made these determinations, the court turned to the question of whether an exercise of personal jurisdiction over the Dutch counterclaim defendant would comport with the constitutional guarantee of due process. On that issue, the court determined that "[the Dutch counterclaim defendant] has sufficient minimum contacts with New York based on its shipments of samples and promotional materials into New York with the intent to expand its marketing in New York. It also incorporated [the New York counterclaim defendant] to act on its behalf in New York."[2313] Under these circumstances, the Dutch counterclaim defendant "could reasonably have expected to be subject to suit in New York either due to its own actions or those of [the New York counterclaim defendant]."[2314] "Moreover," the court concluded, "given its close relationship with [the New York counterclaim defendant], which brought this lawsuit, it is difficult to see that the presence of [the Dutch counterclaim defendant] in the lawsuit will cause any substantial additional burden or expense to [the Dutch counterclaim defendant]."[2315]

In a variation on this theme, a Colorado federal district court declined to dismiss an action filed against a German domiciliary after finding an exercise of specific personal jurisdiction over that defendant was appropriate.[2316] Based on the court's description of the record, the defendant may not have shipped goods associated with its registered color mark into Colorado, but it did have a number of other connections with the state. Those included the defendant's transmittal of a demand letter to the Colorado-based plaintiff, as well as its attendance at three "national industry conferences" in Colorado at which it "promoted its pink products and publicized the fact that it was seeking a trademark on the color and would enforce its trademark against competitors in

2312. Schutte Bagclosures Inc. v. Kwik Lok Corp., 48 F. Supp. 3d 675, 685-86 (S.D.N.Y.), *reconsideration denied*, No. 12 Civ. 5541(JGK), 2014 WL 6860294 (S.D.N.Y. Dec. 5, 2014).

2313. *Id.*

2314. *Id.*

2315. *Id.*

2316. C5 Med. Werks, LLC v. Ceramtec GmbH, 112 U.S.P.Q.2d 1857 (D. Colo. 2014).

Colorado."[2317] Holding the parties' dispute to arise from "the very activities that [the defendant] has undertaken in Colorado,"[2318] the court denied the defendant's motion to dismiss because "[t]he fact that [the defendant] has actively sought to promote its brand and its unique pink color—the precise subject of its disputed trademark—in Colorado on at least three occasions establishes purposeful direction at the forum state."[2319] Moreover, the inconvenience to the defendant of having to litigate the case in Colorado did not rise to the level of a constitutional violation.[2320]

A Mississippi federal district court reached the same outcome in a case in which the alleged shipments of goods incorporating an infringing trade dress into Mississippi were indirect, *i.e.*, through intermediaries rather than direct.[2321] After determining the shipments satisfied the requirements of the Mississippi long-arm statute, the court addressed the issue of whether an exercise of personal jurisdiction would comply with the Due Process Clause, which the court held turned on:

> (1) whether the defendant . . . purposefully directed its activities toward the forum state or purposefully availed itself of the privileges of conducting activities there; (2) whether the plaintiff's cause of action arises out of results from the defendant's forum-related contacts; and (3) whether the exercise of personal jurisdiction is fair and reasonable.[2322]

Each of these factors weighed in the plaintiff's favor, as: (1) the defendants' placement into the stream of commerce of goods that would ultimately reach Mississippi rose to the level of purposeful availment; (2) the goods' actual arrival in Mississippi created a sufficient connection between the defendants and the plaintiff's cause of action; and (3) the defendants failed to contest the issue of whether haling them into a Mississippi court was fair and reasonable.[2323]

California federal district courts proved particularly receptive to the Supreme Court's "*Calder*-effects" test[2324] when exercising specific personal jurisdiction over defendants not resident in that

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2317. *Id.* at 1858.

2318. *Id.* at 1860.

2319. *Id.*

2320. *Id.* at 1861.

2321. *See* Ronaldo Designer Jewelry, Inc. v. Anne Ryan, LLC, 74 F. Supp. 3d 783, 788 (S.D. Miss. 2015).

2322. *Id.* at 788 (alteration in original) (quoting Nuovo Pignone, SpA v. Storman Asia M/V, 310 F.3d 374, 378 (5th Cir. 2002)) (internal quotation marks omitted).

2323. *Id.* at 791-92.

2324. *See* Calder v. Jones, 465 U.S. 783 (1984).

state.[2325] One did so with respect to two nonresident defendants who had allegedly engaged in reverse passing off, false advertising, and copyright infringement.[2326] Applying the Ninth Circuit's standard, the court determined: (1) the defendants had purposefully directed their activities at the California-based plaintiff; (2) the plaintiff's claim was one arising out of the defendants' forum-based activities; and (3) haling the defendants into a California court comported with fair play and substantial justice.[2327] Much of the court's analysis addressed the first of these considerations, as to which the court invoked *Calder*. Citing the plaintiff's allegations that the defendants had falsely represented to consumers the plaintiff was defending itself in an overseas patent infringement suit, as well as that the defendants had violated the plaintiff's copyrights, the court held that "[t]hese allegations are sufficient to show that Defendants . . . committed an intentional act, expressly aimed at California, that caused harm in California."[2328]

Although not expressly invoking *Calder*, a different California federal district court credited the argument of an Idaho resident that the Canadian-based defendants against whom she had filed suit were properly haled into court in California.[2329] According to the plaintiff, the defendants had sent spurious takedown notices to eBay targeting the plaintiff's sales of either goods bearing her marks or, alternatively, genuine goods bearing the defendants' marks; she also alleged the defendants had registered domain names incorporating her marks and had falsely represented her products had been recalled and therefore were no longer available. The plaintiff's claim that an exercise of personal jurisdiction was appropriate rested in part on the accessibility of the defendants' websites in California, but the court found the websites insufficiently interactive for that purpose.[2330] Nevertheless:

> [Plaintiff] has alleged that Defendants sold [goods] bearing the marks in question in California and sent the allegedly false takedown notices to California companies, thereby creating the brunt of her lost sales. The Court must accept as true [Plaintiff's] allegation that Defendants directed their conduct at California residents, which thus satisfies the expressly aimed prong. It is not clear where [Plaintiff] suffered all of the

2325. *See, e.g.*, Yelp Inc. v. Catron, 70 F. Supp. 3d 1082, 1092-94 (N.D. Cal. 2014) (applying *Calder* in default judgment to exercise personal jurisdiction over nonresident defendants).

2326. *See* Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156 (N.D. Cal. 2015).

2327. *Id.* at 1178.

2328. *Id.* at 1179.

2329. *See* Curtis v. Shinsachi Pharma. Inc., 45 F. Supp. 3d 1190 (C.D. Cal. 2014).

2330. *Id.* at 1197-98.

> harm from Defendants' conduct, but she has at least alleged that she suffered some harm in California. Most notably, California-based companies such as Google and eBay either terminated her business accounts or negatively impacted her ability to advertise and sell online.[2331]

Finally, a New York state trial court determined a London-based lead defendant was properly subject to an exercise of personal jurisdiction under the law of that state because of its contacts with other defendants in the action.[2332] Those contacts were documented in part by the lead defendant's annual report, which described the lead defendant's involvement with the disputed mark and which led the court to find the other defendants might well be mere local "departments" of the lead defendant: Because the lead defendant appeared to be "at the helm of a highly integrated enterprise" active in New York, it could be haled into court there.[2333]

b. Opinions Declining to Exercise Personal Jurisdiction

Apparently emboldened by its success at holding a group of companies subject to an exercise of personal jurisdiction under the Florida long-arm statute,[2334] a plaintiff before a federal district court in that state added new individual defendants and attempted to secure the same result as to them.[2335] According to the plaintiff's complaint, the individual defendants were similarly situated to the original defendants because those individuals controlled the infringing activities of the original defendants in Florida. Weighing the individual defendants' motion to dismiss, the court acknowledged two theories from the corporate context under which the individuals could be held responsible for the conduct of the companies with which they were affiliated: (1) "[a]gency-based personal jurisdiction exists where the parent entity exercises operational control over a subsidiary"; and (2) [a]gency-based jurisdiction also exists where the subsidiary has no independent purpose for existence but rather conducts business solely for the parent."[2336] Nevertheless, the court ultimately concluded that "the evidence shows the [individual defendants] exercised their approval rights sparingly and only with respect to general,

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2331. *Id.* at 1198.

2332. *See* Explorers Club, Inc. v. Diageo PLC, 993 N.Y.S.2d 612 (Sup. Ct. 2014).

2333. *Id.* at 620.

2334. Fla. Stat. Ann. § 48.193 (2010).

2335. *See* Hard Candy, LLC v. Hard Candy Fitness, LLC, 106 F. Supp. 3d 1231 (S.D. Fla. 2015).

2336. *Id.* at 1241.

high-level creative matters. Even more significantly, there is no evidence the [individual defendants] exercised their approval rights with respect to Florida in particular."[2337] This precluded an exercise of specific personal jurisdiction over the individual defendants, and the court quickly held that an exercise of general personal jurisdiction would be equally inappropriate, because, it held, "[t]he [individual defendants] are not incorporated in Florida, they are not residents of Florida, and they do not have principal places of business here."[2338]

c. Opinions Deferring Resolution of the Personal-Jurisdiction Inquiry

One of the more notable reported opinions bearing on the personal-jurisdiction inquiry over the past year came courtesy of the Second Circuit in an appeal challenging the propriety of an interlocutory order prohibiting the transfer of certain assets within the control of branches of the Bank of China located in China.[2339] The assets belonged to a group of defendants found liable by a New York federal district court for having trafficked in goods bearing counterfeit imitations of the plaintiffs' marks. In significant part because it prevented personnel in its New York City office from accessing accounts in China, the bank argued those branches (and therefore the defendants' assets) were not subject to an exercise of personal jurisdiction by the district court. The Second Circuit held that argument to misstate the proper inquiry:

> We reject [the Bank's] argument that personal jurisdiction over the Bank was required for the district court to issue the . . . Asset Freeze Injunction restraining the *defendants'* assets. [The Bank] does not argue that the *defendants* are not subject to personal jurisdiction in New York State. And personal jurisdiction over the *defendants*, and not the Bank, is all that was needed for the district court to restrain the defendants' assets pending trial.[2340]

This was especially true because the bank itself was not subject to the asset freeze order. Instead, as the Second Circuit explained, "such injunctions do not directly restrain the conduct of nonparties. Instead, they provide these parties with notice that 'they could become liable through Rule 65 if they assist . . . in violating the district court's orders.'"[2341]

2337. *Id.* at 1243.

2338. *Id.* at 1252.

2339. *See* Gucci Am., Inc. v. Li, 768 F.3d 122 (2d Cir. 2014).

2340. *Id.* at 129.

2341. *Id.* at 130 (alteration in original) (quoting NML Cap., Ltd. v. Republic of Argentina, 727 F.3d 230, 243 (2d Cir. 2013)).

Nevertheless, the Second Circuit concluded in the same opinion that a showing of personal jurisdiction *was* necessary before the bank could be held in contempt for facilitating the defendants' violation of the injunction. The appellate court vacated the sanctions levied by the district court because the record failed to demonstrate the propriety of an exercise of personal jurisdiction over the bank. As a threshold matter, the court noted, "the nonparty bank here has branch offices in the forum, but is incorporated and headquartered elsewhere";[2342] moreover, "[the bank] has only four small branch offices in the United States and only a small portion of its worldwide business is conducted in New York."[2343] These considerations prevented New York courts from exercising *general* personal jurisdiction over the bank, and, although, an exercise of *specific* personal jurisdiction might be possible in theory, such an exercise depended on the nature of the bank's contacts with New York: Specifically, "[The bank's] presence and activity in the forum may . . . be relevant for determining whether specific jurisdiction to force compliance with the Asset Freeze Injunction is appropriate in this case."[2344] Because the record did not fully address the extent of that presence and those activities, a remand was necessary.[2345]

A second opinion deferring a final resolution of the inquiry into whether an exercise of general personal jurisdiction in New York was appropriate turned on the court's acceptance, at least in theory, of the plaintiffs' argument that two Hong Kong-based companies so dominated a related New York-based company that the three were mere alter egos of each other.[2346] Averments in the complaint supporting that proposition included: (1) the parent-subsidiary relationship between the New York-based company and one of the foreign companies; (2) the three companies' practice of holding themselves out at trade shows as a single entity; and (3) the control exercised by the parent over its subsidiary.[2347] Those averments, the court held, were sufficient to raise "serious questions" as to the true nature of the companies' relationship and to warrant jurisdictional discovery.[2348] Moreover, the same was true with respect to the plaintiff's averments that: (1) the two foreign defendants had been in New York when their alleged acts

2342. *Id.* at 135.

2343. *Id.*

2344. *Id.* at 138.

2345. *Id.*

2346. *See* Int'l Diamond Imps., Inc. v. Oriental Gemco (N.Y.), Inc., 64 F. Supp. 3d 494 (S.D.N.Y. 2014).

2347. *Id.* at 518.

2348. *Id.*

of infringement and unfair competition occurred; and (2) the New York-based defendant was a mere agent for its two affiliates.[2349]

3. Federal Subject-Matter Jurisdiction

Without question, the most dubious reported opinion of the year was that in *Renna v. County of Union*,[2350] which addressed the issue of whether, having had an application to register its official seal rejected under Section 2(b) of the Act,[2351] a New Jersey county had the right to protect the seal under Section 43(a). The court initially (and properly) recognized that "for a Section 43 action, registration is not a prerequisite,"[2352] but its analysis went wrong after that point. Concluding as a matter of law that the county had forfeited its eligibility for Section 43(a)'s cause of action by failing to overcome either of the two Section 2(b)-based rejections it had received, the court concluded:

> I think there is a difference between a mark that happens to be unregistered, and one that *cannot* be registered as a matter of law.
>
> Can a mark that is unregistrable under Section 2 of the Lanham Act nevertheless support a cause of action under Section 43? I am persuaded that Section 2 declares certain marks to be unregistrable because they are inappropriate subjects for trademark protection. It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not actionable under Section 43, either.[2353]

Under this view of Section 2's prohibitions on registration, "[t]he Section 2 restrictions . . . distinguish fit from unfit subjects of trademark protection. To put it another way, a mark is not denied registration under Section 2 because of some quirk of the registration process; it is deemed unregistrable because it is not a suitable, protectable mark."[2354]

This understanding of the significance of the registration process is badly off the mark, even if the en banc Federal Circuit later made the same error in dictum.[2355] For example, *Renna*'s

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2349. *Id.* at 518-20.

2350. 88 F. Supp. 3d 310 (D.N.J. 2014).

2351. 15 U.S.C. § 1052(b) (2012).

2352. *Renna*, 88 F. Supp. 3d at 320.

2353. *Id.*

2354. *Id.*

2355. *See In re* Tam, 808 F.3d 1321, 1344 n.11 (Fed. Cir. 2015) (en banc) ("[I]t is not at all clear that [an applicant denied registration under Section 2(a)] could bring a § 43(a) unfair competition claim. Section 43(a) allows for a federal suit to protect an unregistered trademark, much like state common law. But there is no authority extending § 43(a) to marks denied under § 2(a)'s disparagement provision."). Indeed, the Federal Circuit went even further by suggesting an applicant denied registration under Section 2(a)'s content-

suggestion that "no federal cause of action is available" to protect a mark deemed unregistrable under Section 2,[2356] cannot be reconciled with Section 43(c) of Act, which expressly identifies whether or not a mark is registered as one of four nonexclusive factors for consideration in the threshold inquiry into mark fame;[2357] the existence or nonexistence of a registration therefore clearly does not serve a gatekeeping function in actions brought under that statute. Moreover, even where Section 43(a) is concerned, courts have routinely recognized the eligibility for protection of designations not qualifying for federal registration, including the titles of individual creative works,[2358] trade names,[2359] and even reproductions of the United States flag that would be ineligible for registration under Section 2(b).[2360] Finally, the theory the cancellation of a registration covering a particular mark will in and of itself disqualify the mark's owner from availing itself of Section 43(a)'s cause of action has been so widely discredited that it need not be taken seriously.[2361]

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based prohibitions on registration has no common-law rights to its mark. *Id.* at 1344 ("The government has not pointed to a single case where the common-law holder of a disparaging mark was able to enforce that mark, nor could we find one. The government's suggestion that [the applicant] has common-law rights to his mark appears illusionary.").

2356. *Renna*, 88 F. Supp. 3d at 320.

2357. 15 U.S.C. § 1125(c)(2) (2012).

2358. *See, e.g.*, Sugar Busters LLC v. Brennan, 177 F.3d 258, 269 (5th Cir. 1999) ("The Trademark Trial and Appeal Board has consistently interpreted [prior authority of the Court of Customs and Patent Appeals] as prohibiting the registration of single book titles as trademarks. The descriptive nature of a literary title does not mean, however, that such a title cannot receive protection under § 43(a).").

2359. *See, e.g.*, Walt-W. Enters. v. Gannett Co., 695 F.2d 1050, 1054 n.6 (7th Cir. 1982) ("Although trade names . . . are not registrable under the Lanham Act, an action for trade name infringement is nonetheless proper under [Section 43(a)]." (citation omitted)).

2360. *See* Bros. of the Wheel M.C. Exec. Council, Inc. v. Mollohan, 909 F. Supp. 2d 506, 542 (S.D. W. Va. 2012) (noting availability of protection under Section 43(a) for flag design even if design unregistrable).

2361. *See, e.g.*, San Juan Prods., Inc. v. San Juan Pools of Kan., Inc., 849 F.2d 468, 474 (10th Cir. 1988) ("Unlike the registration of a patent, a trademark registration of itself does not create the underlying right to exclude. Nor is a trademark created by registration. While federal registration triggers certain substantive and procedural rights, the absence of federal registration does not unleash the mark to public use. The Lanham Act protects unregistered marks as does the common law." (citation omitted)); *see also* Specialized Seating, Inc. v. Greenwich Indus., 616 F.3d 722, 728 (7th Cir. 2010) ("All a finding of fraud does is knock out the mark's 'incontestable' status, and its registration . . . . It does not affect the mark's validity, because a trademark need not be registered to be enforceable."); Orient Exp. Trading Co. v. Federated Dep't Stores, Inc., 842 F.2d 650, 654 (2d Cir. 1988) ("Even if appellants' registered marks are cancelled [sic], however, the use of the [disputed] name . . . could still be protected from unfair competition under section 43(a) of the Lanham Act."); Ohio State Univ. v. Skreened Ltd., 16 F. Supp. 3d 905, 919 (S.D. Ohio 2014) ("Similarly unpersuasive is Defendants' assertion that Plaintiff is attempting to enforce a lapsed trademark registration when such a trademark is unenforceable. This contention, essentially an abandonment argument, overreaches in positing that § 43(a) of the Lanham Act does not afford protection here.").

In addition to being inconsistent with the text and historical interpretations of the Act, the proposition that unregistrable marks are necessarily unprotectable under federal law would give new life to the discredited *jus tertii* doctrine, pursuant to which a defendant can escape liability by arguing the plaintiff's mark violates the rights of a third party.[2362] In this context, Section 2(d) of the Act[2363] prohibits the registration of any mark that "[c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive";[2364] likewise, the interaction of Sections 13[2365] and Section 14[2366] with Section 43(c) make it possible to challenge the registrability of a particular mark because it is likely to dilute the distinctiveness of a prior user's famous mark. If *Renna* is correct, the inevitable outcome—at least in litigation in which plaintiffs assert the rights to marks that are either unregistered or covered by registrations less than five years old—will be an interminable series of mini-trials in which defendants trot out the prior rights of third parties to prove the ineligibility of plaintiffs' marks for registration under Section 2(d) and Section 43(c).[2367] Such a result

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2362. *See* Warren Publ'g Co. v. Spurlock, 645 F. Supp. 2d 402 (E.D. Pa. 2009) ("A party makes a *jus tertii* argument in a trademark case when the '[d]efendant in effect argues that "Somebody has a right to sue me, but it's not you."' (alteration in original) (quoting Gen. Cigar Co. v. G.D.M. Inc., 988 F. Supp. 647, 661 (S.D.N.Y. 1997) (internal quotation marks omitted))).

2363. 15 U.S.C. § 1052(d) (2012).

2364. *Id.*

2365. *Id.* § 1063.

2366. *Id.* § 1064.

2367. For an example of such a strategy in action, see *Champagne v. Di Blasi*, 134 F. Supp. 2d 310 (E.D.N.Y. 2001). In that case, the plaintiff, a musical group with a "continuously" evolving membership roster, had filed suit against some of its former members. In happier times, the plaintiff, of which the defendants were then members, had investigated the possibility of securing a federal registration of its CHAMPAGNE service mark, but had abandoned this effort after learning of the existence of a prior registration of the same mark owned by a third party. *Id.* at 312. Although acknowledging that a registration was not a prerequisite for a cause of action under Section 43(a), the court inexplicably held that the third party's registration barred the plaintiff's federal and state unfair competition claims:

> When the parties hereto were a group, they endeavored to register the name "Champagne" and thereby obtain the exclusive right to use that name—a right they could have enforced by this court. Having been unable to secure that right (because the name was owned by another), Plaintiff here ought not be allowed to pursue what amounts to the same claim, dressed up as a claim for unfair competition. While it is true that the Lanham Act does not require that the mark sought to be protected from confusion be a registered trademark, the court will not allow a party to seek protection for a mark through a claim of unfair competition when that party is fully aware that he has no federally protectible right to the mark as a trademark.

"would expand many trademark disputes far beyond a mere two-party conflict. Before [a] plaintiff could prevail, it would have to prove that it was not an infringer of one or more third parties that the defendant can conjure up. . . . A case could be expanded beyond reasonable bounds and effectively slowed to a crawl."[2368]

The Ninth Circuit's treatment of the issue demonstrated a far greater understanding of it.[2369] That court quickly disposed of a defense argument that, because the prevailing plaintiff below did not own a federal registration of the mark at the heart of the parties' dispute, no federal subject-matter jurisdiction existed over the plaintiff's claims. The appellate court identified the fallacy in the defendant's argument:

> The pertinent part of [the plaintiff's] complaint is based on [Section 43(a)] of the Lanham Act . . . . This section, unlike certain other Lanham Act provisions, "protects against infringement of unregistered marks and trade dress as well as registered marks." The elements of a cause of action under this provision . . . do not include registration.[2370]

In the final analysis, therefore, "[the plaintiff's] claim does arise under the Lanham Act, therefore, notwithstanding the fact that [the plaintiff] has not registered any trademarks. Accordingly, the district court did have jurisdiction over [the plaintiff's] claim . . . ."[2371]

The same court also rejected the proposition that the references to "uses in commerce" by defendants appearing in Sections 32 and 43(a) are not jurisdictional in nature.[2372] It therefore affirmed an injunction against the opening of a hotel under a name confusingly similar to that of the plaintiff:

> Here, the "use in commerce" element of Lanham Act claims under sections 32 and 43(a) is not connected to the Lanham Act's jurisdictional grant in 15 U.S.C. § 1121(a), which grants federal subject-matter jurisdiction without any reference to a "use in commerce" requirement. Nothing suggests that

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Id. at 315. Significantly, because the plaintiff had not actually applied to register its mark, there was no prior determination by an independent arbiter that the plaintiff's mark was, in fact, confusingly similar to the one underlying the third party's registration; rather, the court seems to have accepted as gospel the third party's less-than-impartial representations to the plaintiff that this was the case.

2368. J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 31:160 (4th ed.).

2369. *See* S. Cal. Darts Ass'n v. Zaffina, 762 F.3d 921 (9th Cir. 2014).

2370. *Id.* at 927 (quoting Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992); Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1046 n.8 (9th Cir. 1999)).

2371. *Id.*

2372. *See* La Quinta Worldwide LLC v. Q.R.T.M., S.A. de C.V., 762 F.3d 867 (9th Cir. 2014).

> Congress intended that "use in commerce" be interpreted as a jurisdictional requirement, and we conclude that we have subject-matter jurisdiction over [the plaintiff's] claims under the Lanham Act.[2373]

The Fifth Circuit took a different view of Section 43(a)'s references to "use in commerce."[2374] The plaintiff appealing his case to that court represented to the district court that the test for reverse passing off under the statute required the challenged conduct to have "a substantial economic effect on interstate commerce."[2375] He neglected to identify evidence of such an effect when responding to the defendants' motion for summary judgment, however, forcing him, as the Fifth Circuit put it, to "change[] his tune" on appeal.[2376] The appellate court doubted the plaintiff's averments to the district court left room for him to argue that an effect on interstate commerce was not necessary for liability, but "even assuming arguendo that he can, he is incorrect; the statute does require that the allegedly false designation enter into and/or have an effect on interstate commerce."[2377] It therefore affirmed the district court's summary disposition of the plaintiff's claim without trial.[2378]

A final notable opinion addressing the issue of federal subject-matter jurisdiction originated in the attempt by two Illinois-based plaintiffs to assert a claim for infringement under Canadian law.[2379] Having found the defendant entitled to summary judgment on the merits of the plaintiffs' claims under United States law, the court took the easy way out where the issue of its jurisdiction over the plaintiff's remaining foreign-law claim was concerned: Although the defendant argued no subject-matter jurisdiction existed over those claims, the court chose instead to resolve things under the rubric of supplemental jurisdiction and dismissed the Canadian cause of action because of its previous dismissal of all claims over which it had enjoyed original jurisdiction.[2380]

4. Venue

Under 28 U.S.C. § 1391(b), venue in a federal court action will properly lie in a district in which "any defendant resides, if all

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2373. *Id.* at 873.

2374. *See* Hunn v. Dan Wilson Homes, Inc., 789 F.3d 573 (5th Cir. 2015).

2375. *Quoted in id.* at 588.

2376. *Id.*

2377. *Id.*

2378. *Id.*

2379. *See* Baig v. Coca-Cola Co., 69 F. Supp. 3d 766 (N.D. Ill. 2014), *aff'd*, 607 F. App'x 557 (7th Cir. 2015).

2380. *Id.* at 781.

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."[2381] A challenge to the venue chosen by a plaintiff can take the form of a motion to dismiss brought under 28 U.S.C. § 1406(a), which authorizes federal district courts to transfer or dismiss cases "laying venue in the wrong division or district,"[2382] and which is arguably a codification of the common-law doctrine of *forum non conveniens*.[2383] A venue challenge can also consist of 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 . . . ."[2384]

a. Opinions Finding Venue Proper

As always, not all challenges to venue over the past year succeeded.[2385] For example, having allegedly conspired with a non-party Mississippi corporation to produce jewelry that violated the plaintiff's trade dress rights, one group of defendants found it difficult to challenge the plaintiff's decision to file suit in the District of Mississippi, especially in light of the distribution of the challenged goods in that state.[2386] Noting that Mississippi was where a substantial part of the events, omissions, or property giving rise to the claim were located within the meaning of 28 U.S.C. § 1391(b), the court rejected the defendants' bid for the dismissal of the case against them both under that statute[2387] and under the doctrine of *forum non conveniens*.[2388]

b. Opinions Declining to Find Venue Proper

One of the more notable opinions rejecting a plaintiff's choice of forum over the past year tackled the issue of whether the accessibility of a website featuring an allegedly infringing mark in

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2381. 28 U.S.C. § 1391(b) (2012).

2382. *Id.* § 1406(a).

2383. *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").

2384. 28 U.S.C. § 1404(a).

2385. *See, e.g.*, Luxul Tech. Inc. v. Nectarlux, LLC, 78 F. Supp. 3d 1156, 1180 (N.D. Cal. 2015) (denying motion to transfer on ground that defendants were subject to exercise of specific personal jurisdiction in forum).

2386. *See* Ronaldo Designer Jewelry, Inc. v. Anne Ryan, LLC, 74 F. Supp. 3d 783 (S.D. Miss. 2015).

2387. *Id.* at 792.

2388. *Id.* at 793-94.

a particular forum necessarily establishes that a substantial part of the events giving rise to a claim of infringement occur in that forum.[2389] The court concluded it did not do so, and it therefore granted the defendant's motion to dismiss under Federal Rule of Civil Procedure 12(b)(3).[2390] As it explained, "courts have generally held that the mere fact that a website that displays the allegedly infringing mark can be accessed in the district is not sufficient for venue in the absence of sales in the district or other activities aimed at the district."[2391] Moreover, having failed to allege such sales or other activities, the plaintiff could not rely solely on the theory that "venue is proper where the harm is felt by the trademark owner."[2392] The court therefore transferred the action from the plaintiff's home district to that of the defendant.[2393]

5. Extraterritorial Applications of the Lanham Act

Having found a trio of defendants—a musical group and its members, liable for infringement as a matter of law—a California federal district court turned to the issue of whether the prevailing plaintiffs were entitled to an accounting of profits the defendants had enjoyed from performances taking place outside of the United States.[2394] The court recapitulated the Ninth Circuit rule on extraterritorial applications of the Lanham Act in the following manner:

> The Lanham Act applies extraterritorially to conduct in a foreign country if (1) the alleged violations "create some effect on American foreign commerce," (2) that effect is "sufficiently great to present a cognizable injury to the plaintiffs under the Lanham Act," and (3) "the interests of and links to American foreign commerce" are "sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority."[2395]

Without an extended discussion of the first two factors, the court held that the United States-based plaintiffs had satisfied their burden under each because of their showing of monetary injury

2389. *See* Kaia Foods, Inc. v. Bellafiore, 70 F. Supp. 3d 1178 (N.D. Cal. 2014).

2390. Fed. R. Civ. P. 12(b)(3).

2391. *Kaia Foods*, 70 F. Supp. 3d at 1184.

2392. *Id.* at 1187.

2393. *Id.*

2394. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

2395. *Id.* at 1328 (quoting Love v. Assoc. Newspapers, Ltd., 611 F.3d 601, 612–13 (9th Cir. 2010)).

arising from the defendants' conduct.[2396] It then reached the same conclusion under the third factor based on evidence and testimony in the summary judgment record establishing the detrimental effects of the defendants' conduct on the plaintiffs' "ability to book internationally," the foreseeability of those effects, the absence of any conflict with foreign law, and the ability of the court to enforce compliance.[2397]

The Second Circuit took a more skeptical attitude to the issue in an appeal to that court by the Bank of China.[2398] Having initially found a group of defendants liable for counterfeiting, the district court preliminarily enjoined them from transferring their assets. The district court later extended its order to the bank, a nonparty, and eventually held the bank in contempt following the transfer of the defendants' assets in violation of the order. On appeal, the bank argued that Chinese banking laws prohibited it from complying with the district court's order. Although not necessarily agreeing with the merits of the bank's argument on that particular point, the Second Circuit held the district court had erred in failing to consider the comity considerations identified by Section 403 of the *Restatement (Third) of Foreign Relation Law*.[2399] The appellate court therefore vacated the imposition of sanctions on the bank with the explanation that "[a] comity analysis drawing upon § 403 is . . . appropriate before ordering a nonparty foreign

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2396. *Id.* at 1328-29.

2397. *Id.* at 1329.

2398. *See* Gucci Am., Inc. v. Li, 768 F.3d 122 (2d Cir. 2014).

2399. Those nonexclusive considerations are:

> (a) the link of the activity to the territory of the regulating state, i.e., the extent to which the activity takes place within the territory, or has substantial, direct, and foreseeable effect upon or in the territory;
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> (b) the connections, such as nationality, residence, or economic activity, between the regulating state and the person principally responsible for the activity to be regulated, or between that state and those whom the regulation is designed to protect;
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> (c) the character of the activity to be regulated, the importance of regulation to the regulating state, the extent to which other states regulate such activities, and the degree to which the desirability of such regulation is generally accepted;
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> (d) the existence of justified expectations that might be protected or hurt by the regulation;
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> (e) the importance of the regulation to the international political, legal, or economic system;
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> (f) the extent to which the regulation is consistent with the traditions of the international system;
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> (g) the extent to which another state may have an interest in regulating the activity; and
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> (h) the likelihood of conflict with regulation by another state.

Restatement (Third) of Foreign Relations Law § 403(2) (1987).

bank to freeze assets abroad in contravention of foreign law to which it is subject."[2400]

6. Issue and Claim Preclusion

a. Issue Preclusion (Collateral Estoppel)

The typically obscure question of issue preclusion was the unlikely subject of one of the most significant trademark law opinions in recent memory, namely, that of the Supreme Court in *B & B Hardware, Inc. v. Hargis Industries*.[2401] The case had a tortured procedural history, beginning with the rejection of an application by Hargis to register its SEALTITE mark for self-drilling and self-tapping screws and other fasteners used in the construction of metal buildings. Rather than appealing the USPTO's determination under Section 2(d) that Hargis's mark was likely to be confused with B & B's prior registered SEALTIGHT mark for self-sealing fasteners, including nuts, bolts, screws, rivets, and washers, Hargis responded to the rejection by requesting the suspension of its application and by petitioning the Trademark Trial and Appeal Board to cancel B & B's registration on the grounds of abandonment and prior use. The Board suspended the proceedings before it when B & B filed an infringement suit against Hargis in the Eastern District of Arkansas, which resulted in a jury finding B & B's mark was merely descriptive and lacked secondary meaning; critically, however, because Hargis had not counterclaimed for the invalidation of B & B's registration on that ground, the district court did not invalidate the registration. Following the affirmance of that outcome by the Eighth Circuit,[2402] Hargis successfully used its victory to request the reinstatement of its application by the examiner assigned to it, and, in anticipation of the invalidation of B & B's registration in the cancellation action, to secure the withdrawal of the Section 2(d) rejection of its application.

The cancellation of B & B's registration did not occur. Citing the jury's verdict, Hargis sought to amend its petition for cancellation to add lack of distinctiveness as an additional ground for the invalidation of B & B's registration, but the Board denied that motion because the registration had passed its fifth anniversary in the intervening years. It then denied Hargis's petition in its entirety as barred by the doctrine of claim preclusion, although without using that terminology.[2403] B & B's

2400. *Gucci Am.*, 768 F.3d at 139.

2401. 135 S. Ct. 1293 (2015).

2402. *See* B & B Hardware Inc. v. Hargis Indus., 252 F.3d 1010 (8th Cir. 2001).

2403. *See* Sealtite Building Fasteners v. Bogat, Cancellation No. 9226016, slip op. at 5-6 (T.T.A.B. June 13, 2003) (nonprecedential).

registration therefore remained intact despite the jury verdict in the district court action that the underlying mark was invalid.

B & B then opposed Hargis's application when the application was published for opposition, and B & B prevailed in this second inter partes proceeding between the parties.[2404] Because of the jury verdict that B & B's mark was descriptive and lacked acquired distinctiveness, the Board held as an initial matter at trial B & B could not rely on its common-law rights but instead only on the rights as described in its registration.[2405] Under ordinary circumstances, this would have worked in B & B's favor as a matter of law because the registration was unrestricted as to customers, price points, or channels of distribution and because of the Federal Circuit's prohibition on the reading of restrictions on these issues into identifications of goods and services.[2406] Nevertheless, apparently with B & B's consent, the Board departed from the Federal Circuit rule by entertaining arguments by Hargis that, among other things, the parties' goods were targeted toward different and sophisticated customers, were sold at different price points, and were distributed through different channels.[2407] In any case, the Board ultimately found the parties' goods sufficiently related confusion that was likely between the marks at issue, especially in light of anecdotal evidence of actual confusion proffered by B & B.[2408]

Seeking to capitalize on its victory before the Board, B & B filed a new infringement suit and moved for summary judgment on the ground that Hargis was barred from relitigating the issue of likely confusion. Invoking past authority from the Eighth Circuit holding Board determinations could have preclusive effect when

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2404. *See* B & B Hardware, Inc. v. Sealtite Building Fasteners, Opposition No. 91155687, slip op. (T.T.A.B. July 12, 1996) (nonprecedential).

2405. *Id.* at 16.

2406. *See generally* J&J Snack Foods Corp. v. McDonald's Corp., 932 F.2d 1460, 1463 (Fed. Cir. 1991) ("Determination of registrability is made on the basis of the description of the goods in the application."); Octocom Sys., Inc. v. Houston Computer Servs., Inc., 918 F.2d 937, 942 (Fed. Cir. 1990) ("The authority is legion that the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which sales of the goods are directed.").

2407. *See B & B Hardware*, Opposition No. 91155687, slip op. at 19-29. As the Board explained of its methodology:

> At trial, applicant cross-examined opposer's witness regarding the nature of opposer's products, deposed its own witnesses to introduce testimony regarding the differences between the products of the parties, and, in its brief, addressed the issue of the similarity or dissimilarity of the goods. Because applicant [sic: only "opposer" makes sense here] did not object and, in fact, participated in presenting testimony on this issue, we deem it to have been tried by consent.

Id. at 6-7.

2408. *Id.* at 32-33.

affirmed by the Court of Customs and Patent Appeals,[2409] the district court held the absence of a similar affirmance by an Article III court of the Board opinion before it prevented the grant of B & B's motion.[2410] It then excluded the prior Board opinion from evidence altogether because submitting it to the jury would be confusing and prejudicial.[2411] As the district court explained, "[t]he TTAB and the Eighth Circuit use a multi-factor test in the likelihood of confusion analysis, but not all of the factors are the same, and in a registration proceeding, the TTAB applies its factors and analyzes the evidence in a manner significantly different than the jury is required to do in an infringement action."[2412]

B & B appealed this holding to the Eighth Circuit, which affirmed the district court's refusal to give the prior Board determination preclusive effect, but the appellate court did so for different reasons. The Eighth Circuit was unconcerned with the Board's status as a non-Article III tribunal, holding that "[p]rinciples of administrative law suggest that application of collateral estoppel may be appropriate where administrative agencies are acting in a judicial capacity."[2413] As a consequence, whether the Board's determination of likely confusion was entitled to preclusive effect turned on the standard doctrinal test for issue preclusion, which the court summarized as turning on the following factors:

> (1) the party sought to be precluded in the second suit must have been a party, or in privity with a party, to the original lawsuit; (2) the issue sought to be precluded must have been the same as the issue involved in the prior action; (3) the issue sought to be precluded must have been actually litigated in the prior action; (4) the issue sought to be precluded must have been determined by a valid and final judgment; and (5) the determination in the prior action must have been essential to the prior judgment.[2414]

The court then held B & B was unable to satisfy the second of these factors listed because the Board's multifactored test for likely confusion differed from the one extant in the Eighth Circuit, both because that test employed different factors and because the

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2409. *See* Flavor Corp. of Am. v. Kemin Indus., 493 F.2d 275, 279 (8th Cir. 1974).

2410. *See* B & B Hardware, Inc. v. Hargis Indus., 736 F. Supp. 2d 1212, 1217 (E.D. Ark. 2010), *aff'd*, 716 F.3d 1020 (8th Cir. 2013), *rev'd*, 135 S. Ct. 1293 (2015).

2411. *Id.* at 1217-18.

2412. *Id.* at 1218.

2413. B & B Hardware, Inc. v. Hargis Indus., 716 F.3d 1020, 1024 (8th Cir. 2013), *rev'd*, 135 S. Ct. 1293 (2015).

2414. *Id.* (quoting Robinette v. Jones, 476 F.3d 585, 589 (8th Cir. 2007) (quoting Anderson v. Genuine Parts Co., 128 F.3d 1267, 1273 (8th Cir. 1997))).

test ignored "a critical determination of trademark infringement, that being the marketplace usage of the marks and products."[2415] Significantly, the court reached this conclusion despite its (correct) observation that the Board had, in fact, considered "evidence of marketplace context," namely, "that the types of fasteners are different and marketed to vastly different industries and customers."[2416]

Nevertheless, Hargis's luck ran out before the Supreme Court, which reversed. In an opinion by Justice Alito, the Court rejected seriatim Hargis's arguments why issue preclusion was inappropriate, the first of which was that the Board was not an Article III court:

> Both this Court's cases and the Restatement [(Second) of Judgments] make clear that issue preclusion is not limited to those situations in which the same issue is before two *courts*. Rather, where a single issue is before a court and an administrative agency, preclusion also often applies. Indeed, this Court has explained that because the principle of issue preclusion was so "well established" at common law, in those situations in which Congress has authorized agencies to resolve disputes, "courts may take it as given that Congress has legislated with the expectation that the principle [of issue preclusion] will apply except when a statutory purpose to the contrary is evident." This reflects the Court's longstanding view that "'[w]hen an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply res judicata to enforce repose.'"[2417]

The Court next considered the question of whether there was an "'evident' reason why Congress would not want TTAB decisions to receive preclusive effect, even in those cases in which the ordinary elements of issue preclusion are met."[2418] It answered that question in the negative:

> The Lanham Act's text certainly does not forbid issue preclusion. Nor does the Act's structure. Granted, one can seek judicial review of a TTAB registration decision in a *de novo* district court action, and some courts have concluded from this that Congress does not want unreviewed TTAB decisions to

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2415. *Id.* at 1025.

2416. *Id.*

2417. *B & B Hardware*, 135 S. Ct. at 1303 (second and third alterations in original) (quoting Astoria Fed. Sav. & Loan Ass'n v. Solimino, 501 U.S. 104, 108 (1991); Univ. of Tenn. v. Elliott, 478 U.S. 788, 797-798 (1986) (quoting United States v. Utah Constr. & Mining Co., 384 U.S. 394, 422 (1966))).

2418. *Id.* at 1305.

> ground issue preclusion. But that conclusion does not follow. Ordinary preclusion law teaches that if a party to a court proceeding does not challenge an adverse decision, that decision can have preclusive effect in other cases, even if it would have been reviewed *de novo*.[2419]

That left Hargis's argument that the Eighth Circuit had properly rejected B & B's claim of issue preclusion because of the differing approaches taken by Eighth Circuit courts and by the Board to the likelihood-of-confusion inquiry. As the Court characterized that issue, "[t]he real question . . . is whether likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of infringement."[2420] Noting both Section 2(d) and the statutory cause of action for infringement recognized by Section 32 used virtually identical language,[2421] the Court concluded that "[j]ust because the TTAB does not always consider the *same usages* as a district court does, it does not follow that the Board applies a *different standard* to the usages it does consider."[2422] Indeed, "if federal law provides a single standard, parties cannot escape preclusion simply by litigating anew in tribunals that apply that one standard differently. A contrary rule would encourage the very evils that issue helps to prevent."[2423] Nevertheless, the Court did not hold that *all* Board likelihood-of-confusion determinations should be given preclusive effect in later district court litigation. Rather:

> If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. By contrast, if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue. Thus, if the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should "have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue."[2424]

The Court proved equally unsympathetic to another reason proffered by Hargis why the Eighth Circuit's approach was correct, which as the Court characterized it, was that registration decisions by the Board were "categorically incompatible with issue

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2419. *Id.*

2420. *Id.* at 1307.

2421. *Id.*

2422. *Id.* at 1308.

2423. *Id.* at 1306.

2424. *Id.* at 1308 (quoting J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 32:101, at 32-246 (4th ed. 2014)).

preclusion because the TTAB uses procedures that differ from those used by district courts."[2425] The Court acknowledged that those differences included the Board's practice of not considering live testimony from witnesses, but "[p]rocedural differences, by themselves, however, do not defeat issue preclusion. Equity courts used different procedures than did law courts, but that did not bar issue preclusion."[2426] Hargis's argument therefore missed the point, because "[r]ather than focusing on whether procedural differences exist—they often will—the correct inquiry is whether the procedures used in the first proceeding were fundamentally poor, cursory, or unfair."[2427]

Finally, the Court rejected Hargis's argument that issue preclusion did not apply because of the allegedly "low-stakes" nature of litigation before the Board. Issue preclusion "may be inapt 'if the amount in controversy in the first action [was] so small in relation to the amount in controversy in the second that preclusion would be plainly unfair.'"[2428] Still, however, "[t]he benefits of registration are substantial. Registration is 'prima facie evidence of the validity of the registered mark,' and is a precondition for a mark to become 'incontestable.'"[2429] As a consequence:

> The importance of registration is undoubtedly why Congress provided for *de novo* review of TTAB decisions in district court. It is incredible to think that a district court's adjudication of particular usages would not have preclusive effect in another district court. Why would unchallenged TTAB decisions be different? Congress' creation of this elaborate registration scheme, with so many important rights attached and backed up by plenary review, confirms that registration decisions can be weighty enough to ground issue preclusion.[2430]

In the final analysis, "[s]o long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply."[2431] Indeed, that very outcome held on remand of the case to the Eighth Circuit.[2432]

2425. *Id.* at 1309.

2426. *Id.*

2427. *Id.*

2428. *Id.*

2429. *Id.* (quoting 15 U.S.C. §§ 1057(b), 1065 (2012)).

2430. *Id.* at 1310.

2431. *Id.*

2432. *See* B & B Hardware, Inc. v. Hargis Indus., 800 F.3d 427, 427 (8th Cir. 2015) (per curiam) ("Having reviewed the [parties' supplemental] briefing, we now determine that the ordinary elements of issue preclusion have been met and the usages of the marks

Several aspects of *B & B Hardware* merit additional comment. First, both the Second and the Third Circuits had adopted the rule ratified by the Court as early as 1997 and 2006, respectively.[2433] Likewise, and also prior to the Supreme Court's opinion, the Seventh and the Eighth Circuits had given Board findings of likely confusion preclusive effect if affirmed by the Court of Customs and Patent Appeals or the Federal Circuit.[2434] Finally, scattered district courts had reached holdings of issue preclusion even in the absence of an affirmance of the Board finding at issue by an Article III court.[2435] Litigants before the Board therefore should long ago have taken into account the possibility of the outcomes of their cases having preclusive effect in later district court litigation.

The second is that, although hardly insignificant, the Court's escape hatch in cases in which the Board has not taken marketplace usage into account appears to operate in only one direction. It clearly limits the preclusive effect of cases in which the parties' actual uses of their respective marks would make confusion unlikely in the real world. What, however, about the outcome of an inter partes proceeding in which the parties' claims in the USPTO are unrestricted as to customers, price points, distribution channels, and promotional media but in which the plaintiff still fails to demonstrate likely confusion even in an application of the Board's pro-plaintiff methodology? Should such a

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adjudicated before the TTAB were materially the same as the usages before the district court. As noted in our prior opinions, the TTAB compared the marks in question in the marketplace context when it determined the likelihood of confusion issue for purposes of trademark registration.").

2433. *See* Jean Alexander Cosmetics, Inc. v. L'Oreal USA, Inc., 458 F.3d 244, 249 (3d Cir. 2006) (according preclusive effect to prior Board finding of likely confusion); Levy v. Kosher Overseers Ass'n, 104 F.3d 38, 42-43 (2d Cir. 1997) (overturning district court's application of issue preclusion but acknowledging possibility of it in appropriate case).

2434. As the Seventh Circuit held over thirty years before *B & B Hardware*:

> [T]he limited remedial powers of the Board are not in and of themselves an argument against the application of collateral estoppel. Courts have long held that where an agency acts in a judicial capacity and resolves disputes properly before it, the agency's findings may be given preclusive effect . . . . There is no question that the T.T.A.B. was acting in a judicial capacity. An opposition proceeding *is* an adversary proceeding. Both parties to this appeal were represented by attorneys before the Board; both presented evidence and submitted briefs. Moreover, [the losing plaintiff] sought and received judicial review of the Board's conclusions [by the Federal Circuit].

EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc., 746 F.2d 375, 377-78 (7th Cir. 1984). The Eighth Circuit was even earlier to this particular party. *See* Flavor Corp. of America v. Kemin Indus., 493 F.2d 275 (8th Cir. 1974) ("[W]here the C.C.P.A. has found a likelihood of confusion between two similar marks in a cancellation proceeding, that fact is precluded from relitigation in a subsequent infringement action between the same parties under the doctrine of collateral estoppel.").

2435. *See, e.g.*, C & N Beverage v. Kane, 953 F. Supp. 2d 903, 913-14 (E.D. Wis. 2013) (according preclusive effect to prior Board finding of likely confusion), *aff'd*, 756 F.3d 1024 (7th Cir. 2014); Alberto-Culver Co. v. Trevive, 199 F. Supp. 2d 1004, 1012 (C.D. Cal. 2002) (same).

plaintiff be able to escape the preclusive effect of a finding in the defendant's favor by invoking marketplace considerations that weighed in the plaintiff's favor as matter of law before the Board? Unless the second of these questions in particular can be answered affirmatively—and it is not apparent how it can—a failure to recognize issue preclusion would doubly penalize the defendant in an inter partes proceeding by: (1) forcing the defendant to defend against a claim of likely confusion without being able to invoke marketplace usage; and then (2) allowing the plaintiff to use that same inability to dismiss the preclusive effect of any final victory the defendant achieves. The more logical rule is that a defendant establishing the absence of likely confusion in a Board proceeding necessarily has established the absence of likely confusion in the marketplace; in other words, the issue that might be decided in a later district court action should be subsumed within the issue already decided by the Board (and therefore be the same issue for purposes of the issue-preclusion analysis).

Finally, and also on the subject of the marketplace-usage escape hatch, the Board obviously decides many questions other than the likelihood of confusion between particular marks.[2436]

2436. Although a comprehensive survey of them is beyond the scope of this article, issues falling within the Board's jurisdiction include: (1) whether a mark covered by a use-based application was used in commerce in connection with each good or service listed in the application as of the application's filing date, 15 U.S.C. §§ 1051(a), 1127 (2012); (2) whether the owner of an intent-to-use application had the required bona fide intent to use its mark in connection with each good or service listed in the application as of the application's filing date, *id.* § 1051(b); (3) whether an applied-for or registered mark consists of or comprises immoral or scandalous matter, *id.* § 1052(a); (4) whether an applied-for or registered mark consists of or comprises matter which may disparage persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute, *id.*; (5) whether an applied-for or registered mark falsely suggests a connection with persons, living or dead, institutions, beliefs, or national symbols, *id.*; (6) whether an applied-for or registered mark is deceptive, *id.*; (7) whether an applied-for or registered mark consists of or comprises the flag or coat of arms of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof, *id.* § 1052(b); (8) whether an applied-for or registered mark consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow, *id.* § 1052(c); (9) whether an applied-for or registered mark when used on or in connection with the goods of the applicant is merely descriptive of them, *id.* § 1052(e)(1); (10) whether an applied-for or registered mark when used on or in connection with the goods of the applicant is deceptively misdescriptive of them, *id.*; (11) whether an applied-for or registered mark when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, *id.* § 1052(e)(2); (12) whether an applied-for or registered mark when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, *id.* § 1052(e)(3); (13) whether an applied-for or registered mark is primarily merely a surname, *id.* § 1052(e)(4); (14) whether an applied-for or registered mark comprises any matter that, taken as a whole, is functional, *id.* § 1051(e)(5); (15) whether an applied-for or registered surname, merely descriptive mark, deceptively misdescriptive mark, and primarily geographically descriptive mark, has or had acquired distinctiveness as of the issuance of a registration covering it, *id.* § 1052(f); (16) whether a registration has been procured or maintained through a fraudulent filing, *id.* § 1064(3); (17) whether a registered mark has been used by, or with the

With the possible exception of likely dilution, it does so by applying the same doctrinal standards and considering the same evidence and testimony as that applied and considered by Article III courts; in other words, it considers the same *issues* for purposes of the test for issue preclusion. As a consequence, if *B & B* triggers a wave of holdings of issue preclusion, those holdings are far more likely to involve final adjudications on the merits of questions within the Board's jurisdiction other than likely confusion.[2437]

The Supreme Court was not the only court to tackle difficult questions arising in the issue-preclusion context, for the Fourth Circuit also had the opportunity to do so in a case with a procedural history only marginally less complex than the one in *B & B*.[2438] The dispute before that court originated in an action in the Eastern District of North Carolina, in which paper-towel manufacturer Georgia-Pacific alleged a competitor, von Drehle, had encouraged von Drehle's distributors to "stuff" Georgia-Pacific's dispensers with towels manufactured by von Drehle. That suit initially resulted in a 2009 summary judgment order in von Drehle's favor, but the Fourth Circuit subsequently vacated and remanded the case for trial.[2439]

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permission of, the registrant to misrepresent the source of the goods or services in connection with which the registered mark is used, *id.*; (18) whether the owner of certification mark (a) does not control, or is not able legitimately to exercise control over, the use of such mark, (b) engages in the production or marketing of any goods or services to which the certification mark is applied, (c) permits the use of the certification mark for purposes other than to certify, or (d) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies, *id.*; (19) whether an applicant to register a particular mark is actually the mark's owner, *see* Conolty v. Conolty O'Connor NYC LLC, 111 U.S.P.Q.2d 1302 (T.T.A.B. 2014); (20) whether the abandonment without consent of an opposed application has claim-preclusive effect barring a second application by the same applicant to register a similar mark, *see* Miller Brewing Co. v. Coy Int'l Corp., 230 U.S.P.Q. 675 (T.T.A.B. 1986); (21) whether a determination of mark invalidity by an Article III court has issue-preclusive effect, *see* Lukens Inc. v. Vesper Corp., 1 U.S.P.Q.2d 1299 (T.T.A.B. 1986), *aff'd without op.*, 831 F.2d 306 (Fed. Cir. 1987); (22) whether a party that has contractually agreed not to pursue the registration of its mark may be held to that agreement in an *inter partes* proceeding, *see* Bausch & Lomb Inc. v. Karl Storz GmbH & Co. KG, 87 U.S.P.Q.2d 1526 (T.T.A.B. 2008); and (23) the extent of the parties' respective geographic rights, if the litigation is a concurrent use proceeding. *See* Boi Na Braza, LLC v. Terra Sul Corp., 110 U.S.P.Q.2d 1386 (T.T.A.B. 2014).

2437. *See, e.g.*, Nationstar Mortg. LLC v. Ahmad, No. 1:14-CV-1751, 2015 WL 9274920, at *5 (E.D. Va. Dec. 17, 2015) (according issue-preclusive effect to prior Board determination that defendant had supported application to register its mark with fraudulent representations); Ashe v. PNC Fin. Servs. Grp., No. PWG-15-144, 2015 WL 7252190, at *3-7 (D. Md. Nov. 17, 2015) (according issue-preclusive effect to prior Board determination of priority of rights); *see also* Vaad L'Hafotzas Sichos, Inc. v. Kehot Publ'n Soc'y, No. 10-CV-4976 (FB) (JO), 2016 WL 183226, at *3 n.2 (E.D.N.Y. Jan. 14, 2016) (noting in dictum that prior Board finding of ownership "likely" would be entitled to issue-preclusive effect).

2438. *See* Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 781 F.3d 710 (4th Cir. 2015).

2439. *See* Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 645 F. Supp. 2d 532 (E.D.N.C. 2009), *rev'd* 618 F.3d 441 (4th Cir. 2010).

During the pendency of this portion of the litigation, a parallel action filed by Georgia-Pacific in the Western District of Arkansas against one of von Drehle's distributors led to a 2009 finding after a bench trial that the distributor had not infringed Georgia-Pacific's marks, and the Eighth Circuit subsequently affirmed that verdict.[2440] That outcome led the court in a parallel proceeding against another von Drehle distributor in the Northern District of Ohio to enter summary judgment of nonliability because the Arkansas jury verdict had preclusive effect; the Sixth Circuit then affirmed that defense victory on appeal.[2441]

These developments in the Arkansas and Ohio cases took place before the North Carolina case proceeded to trial. Von Drehle sought to take advantage of them by asserting the Arkansas jury finding in favor of its distributor precluded Georgia-Pacific from prosecuting claims based on the same transactional facts against von Drehle. Because von Drehle had failed to raise that argument on a timely basis, the district court held it waived and declined to entertain it until a jury rendered a verdict in Georgia-Pacific's favor. At that point, the district court sua sponte vacated the jury finding of liability and entered judgment in favor of von Drehle based on the preclusive effect of the Arkansas jury verdict.[2442] The Fourth Circuit then reversed the vacatur as an abuse of discretion and remanded the action with instructions to reinstate the jury verdict.[2443] The district court did so, in the process entering a nationwide permanent injunction against von Drehle.[2444]

In the third appeal of the North Carolina action to the Fourth Circuit, the appellate court reconsidered its earlier holding that von Drehle had inexcusably dragged its feet in asserting its claim of issue preclusion. Noting the Sixth and Eighth Circuits had held Georgia-Pacific was not entitled to relief in the eleven states within those jurisdictions, the court concluded:

> For us to . . . countenance an injunction that would give Georgia–Pacific the right to enforce its mark in those States would amount to a direct and unseemly affront to those courts. . . . In addition, upholding the nationwide injunction would, as a practical matter, create a direct and perhaps irreconcilable conflict as to Georgia–Pacific's trademark rights in the Eighth and Sixth Circuits, leaving litigants and others

2440. *See* Ga.-Pac. Consumer Prods. LP v. Myers Supply, Inc., 92 U.S.P.Q.2d 1468 (W.D. Ark. 2009), *aff'd*, 621 F.3d 771 (8th Cir. 2010).

2441. *See* Ga.-Pac. Consumer Prods. LP v. Four-U-Packaging, Inc., 821 F. Supp. 2d 948 (N.D. Ohio 2011), *aff'd*, 701 F.3d 1093 (6th Cir. 2012).

2442. *See* Ga.-Pac. Consumer Prods. LP v. Von Drehle Corp., 856 F. Supp. 2d 750 (E.D.N.C. 2012), *rev'd*, 710 F.3d 527 (4th Cir. 2013).

2443. *See* Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 710 F.3d 527 (4th Cir. 2013).

2444. *See* Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., No. 5:05-cv-478-BO, 2013 WL 3923984 (E.D.N.C. 2013), *rev'd in part and vacated in part*, 781 F.3d 710 (4th Cir. 2015).

> in those States confused. As a matter of comity, therefore, we conclude that the district court abused its discretion in extending the injunction to those jurisdictions, and accordingly we will not authorize its enforcement within the Eighth and Sixth Circuits.[2445]

With Georgia-Pacific therefore entitled to injunctive relief in the Fourth Circuit but not in the Sixth and the Eighth Circuits, the question remained as to the parties' rights in the remaining eight regional circuits. On that issue, the court noted that "[c]ourts in circuits other than the Eighth and Sixth now face a significant split of authority regarding the enforceability of Georgia–Pacific's . . . trademark in the context of von Drehle's stuffing practices."[2446] In particular, "[w]ere Georgia–Pacific to commence identical litigation against von Drehle or one of its distributors in the First Circuit, for example, that court would be faced with the question of whether to follow the Fourth Circuit on the one hand or the Eighth and Sixth Circuits on the other." *Id*. Ultimately, the Fourth Circuit chose not to extend Georgia-Pacific's victory outside its borders, holding instead that "[b]ecause the forum court should be free to resolve this question, comity . . . requires that we not allow the injunction to extend to the remaining circuits."[2447]

A final notable opinion to address the question of issue preclusion did so in the context of a debtor's invocation of Section 523(a)(6) of the Bankruptcy Code[2448] in an attempted discharge of an unsecured claim against him arising from past findings of liability in an action by the creditors for counterfeiting and infringement.[2449] Those earlier findings—later affirmed on appeal by the Second Circuit[2450]—rested in part on the creditors' showings that the debtor had willfully and in bad faith traded on the goodwill of the creditors' marks, as well as an absence of extenuating circumstances that might preclude awards of statutory damages and attorneys' fees.[2451] The court held that collateral estoppel applied because: (1) the debtor's scienter was at stake in both proceedings, therefore resulting in a substantial identity of issues; (2) the final judgment in the earlier proceeding had established that scienter; (3) the debtor had had a full and fair opportunity to litigate the issue; and (4) the issue's resolution was necessary to the earlier judgment.[2452] That in turn precluded a

2445. Ga.-Pac. Consumer Prods. LP v. von Drehle Corp., 781 F.3d 710 (4th Cir. 2015).

2446. *Id.* at 716.

2447. *Id.* at 717.

2448. 11 U.S.C. § 523(a)(6) (2012).

2449. *See In re* Birnbaum, 513 B.R. 788 (Bankr. E.D.N.Y. 2014).

2450. *See* Guggenheim Capital, LLC v. Birnbaum, 722 F.3d 444 (2d Cir. 2013).

2451. *Birnbaum*, 513 B.R. at 795-96.

2452. *Id.* at 801-02.

discharge under Section 523(a)(6) because the debt at stake had resulted from a "willful and malicious injury by the debtor to another entity or to the property of another entity" within the meaning of the statute.[2453]

b. Claim Preclusion (Res Judicata)

Claim preclusion, or res judicata, prohibits parties from relitigating issues that were or could have been raised by the parties in an earlier action resulting in a final judgment on the merits.[2454] The Second Circuit produced two opinions addressing the metes and bounds of the doctrine, the first of which arose out of a prior action between the parties in which the plaintiff asserted, among other claims, a cause of action under Section 43(a).[2455] That litigation settled, and, pursuant to the settlement agreement, the plaintiff dismissed its claims with prejudice. When, over two years later, it brought a new suit asserting claims against the same defendant under Section 32, Section 43(a), and Section 43(c), the defendant successfully moved the district court to dismiss the complaint as barred by claim preclusion. The Second Circuit reversed, in the process articulating a standard doctrinal test for determining the applicability of the doctrine:

> Under the doctrine of res judicata, or claim preclusion, 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. To prove the affirmative defense of *res judicata* a party must show that (1) the previous action involved an adjudication on the merits; (2) the previous action involved the plaintiffs or those in privity with them; and (3) the claims asserted in the subsequent action were, or could have been, raised in the prior action.[2456]

Noting "a settlement agreement . . . is generally considered a judgment on the merits,"[2457] the court concluded the first two elements of the test were satisfied, but it declined to reach the same conclusion with respect to the third. To the contrary, claim preclusion did not bar the plaintiff's latter-day infringement-based causes of action because, the court concluded, "[the defendant] allegedly committed new instances of trademark infringement after the settlement, so that the present claim, to the extent based on the new acts of infringement, was not and could not have been

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2453. *Id.* at 802.

2454. *See generally* Federated Dep't Stores, Inc. v. Moitie, 452 U.S. 394, 398 (1981).

2455. *See* Technomarine SA v. Giftports, Inc., 758 F.3d 493 (2d Cir. 2014).

2456. *Id.* at 499 (alterations omitted) (citations omitted) (internal quotation marks omitted).

2457. *Id.* at 499 n.4.

litigated in the earlier proceeding."[2458] Moreover, this was true even though the plaintiff had failed to secure injunctive relief in the earlier action.[2459]

The court's second holding to similar effect involved a prior judgment, the terms of which the parties had negotiated, and a district court had entered, after a jury verdict in the plaintiff's favor.[2460] The judgment did not provide for injunctive or monetary relief, and the district court assigned to a subsequent suit brought by the plaintiff concluded from that silence that claim preclusion barred the second suit. As in its first opinion on the subject, the Second Circuit reversed, in the process rejecting the "illogical proposition that a winning plaintiff's failure to seek or to obtain an injunction immunizes the losing defendant from liability for future infringements."[2461] Indeed, the court held, "[a] plaintiff's entitlement to an injunction is more clearly established where the defendant has persisted in the infringing conduct in spite of a prior damages award. The plaintiff may plausibly deem it both strategically and economically preferable to advance only claims it is confident of winning."[2462]

7. Judicial Estoppel

"The principle of judicial estoppel states that 'a party who prevails on one ground in a prior proceeding cannot turn around and deny that ground in a later proceeding.'"[2463] The sole substantive treatment of the doctrine of judicial estoppel in a reported opinion over the past year originated in a dispute over the distinctiveness of the word "zero" when used in connection with calorie-free beverages.[2464] The plaintiffs claimed rights to the NATURALLY ZERO mark for spring water, while the defendant used the COCA-COLA ZERO, COKE ZERO, and SPRITE ZERO marks for soft drinks. Based on the defendant's applications to register its marks, the file-wrapper histories of which contained arguments that "zero" was not merely descriptive of the associated goods, the plaintiffs asserted the defendant was judicially estopped from challenging the distinctiveness of their own NATURALLY ZERO mark.

2458. *Id.* at 502.

2459. *Id.* at 504.

2460. *See* Marcel Fashions Grp. v. Lucky Brand Dungarees, Inc., 779 F.3d 102 (2d Cir. 2015).

2461. *Id.* at 109.

2462. *Id.* at 110.

2463. Baig v. Coca-Cola Co., 69 F. Supp. 3d 766, 776 (N.D. Ill. 2014) (quoting Adkins v. VIM Recycling, Inc., 644 F.3d 483, 495 (7th Cir. 2011)), *aff'd*, 607 F. App'x 557 (7th Cir. 2015).

2464. *Id.*

Granting the defendant's motion for summary judgment, the court disagreed. It held the availability of the doctrine to turn on a four-part test: (1) whether the defendant's position was clearly inconsistent with its earlier one; (2) whether the defendant prevailed on the basis of its earlier position; (3) whether the defendant would derive an unfair advantage if not estopped; and (4) whether the operative facts were the same in the two contexts.[2465] Of these four considerations, it was the second on which the defendants' case foundered. In support of its motion for summary judgment, the defendant adduced declaration testimony from its counsel that the defendant had never prevailed in its arguments to the USPTO; "[r]ather, to the extent that [Defendant's] marks were deemed protectable at all, it was based on their acquisition of secondary meaning."[2466] Moreover, "a number of the [applications] cited by Plaintiffs remain pending before the USPTO, and thus the doctrine of judicial estoppel is inapplicable because [Defendant] has yet to 'prevail' in them."[2467] The defendant therefore was not judicially estopped from challenging the distinctiveness of the plaintiffs' mark.

8. Admissibility of Expert Witness Testimony

The admissibility of expert testimony on the issues of survey evidence and monetary relief is well established, but proffered experts on other issues do not always make it into court. Nevertheless, a pair of plaintiffs seeking to protect the configurations of five models of submachine guns successfully availed themselves of expert witness testimony when responding to a defense motion for summary judgment grounded in the alleged lack of acquired distinctiveness of their weapons.[2468] As described by the court, the proffered expert's report included "an extensive description of his credentials as an expert on firearms, a consultant to a number of national armed forces, and a published commentator in the field."[2469] Although the witness conceded he was not "a firearm design engineer," the court held "his *curriculum vitae* renders him fit to offer [an] opinion on the design of weapons from a user's perspective, and on the place of the [plaintiffs'] design[s] in the marketplace."[2470] That the witness had not conducted a survey on consumers' perceptions of the plaintiffs' designs did not require the exclusion of his testimony: Instead,

2465. *Id.*

2466. *Id.*

2467. *Id.*

2468. *See* Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

2469. *Id.* at 907.

2470. *Id.*

"[w]hile a factfinder might assign less weight to [the witness's] testimony because he has not based it on analysis of quantitative survey data, the testimony he does offer is not inadmissible simply because it is based only on his personal experience."[2471] In the final analysis, "[t]here is no doubt here that [the witness's] testimony, particularly his analysis of the features of the [plaintiffs'] weapons when compared to other weapons on the market, is relevant to the question of distinctiveness that the factfinder may be called upon to resolve."[2472]

Distinctiveness also was the subject of disputed proffered expert witness testimony addressed by another reported opinion, which arose out of declaratory judgment action challenging the validity of the GOOGLE mark for information retrieval and related services.[2473] Prior to his retention by Google Inc., the expert in question had approached the plaintiffs. As the court framed the issue, "[Plaintiffs] attack [the expert] as a 'hired gun who will say anything he is paid to say' because he allegedly 'reversed his opinion.'"[2474] The court rejected that argument and therefore admitted the testimony:

> While inconsistencies may be an indicator of reliability, Plaintiffs do not substantiate their allegation that [the expert] reversed his opinion. . . . To the contrary, the only evidence in the record is [the expert's] testimony that Plaintiffs never retained, paid, or shared any confidential or work product information with him, that he never shared any of Plaintiffs' information with [Google], and that while he may have shared ideas with Plaintiffs, the only expert opinion he rendered was the one contained in his report.[2475]

A final opinion worthy of mention on the issue of expert witness testimony addressed the admissibility of an opinion from an academic specializing in "'pioneering brands,' or brands that have a 'first mover' advantage."[2476] The defendant argued in a motion to exclude the witness's testimony on the ground the testimony was merely cumulative of other evidence of the strength of the plaintiff's mark, but the court accepted the plaintiff's disclaimer of any intent to rely on the testimony for that purpose. Rather, the court held, "[a]ccording to Plaintiff, [the witness] will provide testimony as to how a pioneering brand draws competitors and why others would want to trade on the power of the brand.

2471. *Id.* at 908.

2472. *Id.* at 909.

2473. *See* Elliot v. Google Inc., 45 F. Supp. 3d 1156 (D. Ariz. 2014).

2474. *Id.* at 1165.

2475. *Id.*

2476. *See* Innovations Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703, 721 (E.D. Mich. 2015).

[The witness] will also explain how Defendant's actions are indicative of these types of competitors."[2477] In the final analysis, "[t]his testimony may be helpful to the jury in understanding how the various expert surveys [proffered by Plaintiff] support the marketing theory that pioneering brands have high brand strength."[2478]

The same opinion additionally addressed the admissibility of another opinion from an expert retained by the plaintiff, this one from a longtime participant in the food and beverage industry. As part of an unclean hands defense, the defendant averred the plaintiff had improperly offered its retailers incentives to keep competitive products, including those of the defendant, off their shelves. So long as that averment remained in the case, the witness's proposed testimony that the plaintiff's promotional practices were nothing out of the ordinary was fair game for the jury to consider.[2479] Moreover, the court also permitted the witness to testify on the subject of recalls in the industry, albeit while excluding his testimony on consumers' perceptions of recalls.[2480]

Finally, the opinion addressed and resolved the admissibility of testimony from two witnesses because the witnesses were lay experts and therefore did not need to qualify as experts under Rule 702 of the Federal Rules of Civil Procedure.[2481] The testimony at issue supported the defendant's counterclaim for actual damages and came from two of its employees. The court identified three reasons for admitting the testimony: (1) "it is rationally based upon the witnesses' personal knowledge, derived from their review of Defendant's sales growth (or lack thereof) and Defendant's diminished value due to [Plaintiff's wrongful conduct]";[2482] (2) "their proposed testimony is helpful to the determination of a fact at issue, the damages allegedly sustained by Defendant as a result of Plaintiff's [conduct]";[2483] and (3) the testimony did not rest upon scientific, technical, or other specialized knowledge falling within the scope of Rule 702 of the Federal Rules of Civil Procedure, but "instead . . . upon [the witnesses'] own 'particularized knowledge, that is, their familiarity with the growth trajectory of Defendant's sales based upon their day-to-day management of the company."[2484]

2477. *Id.* at 722.

2478. *Id.*

2479. *Id.* at 722-23.

2480. *Id.* at 723-24.

2481. Fed. R. Civ. P. 702.

2482. *Innovations Ventures*, 90 F. Supp. 3d at 734.

2483. *Id.*

2484. *Id.*

9. Admissibility of Other Evidence and Testimony

Two opinions contained notable treatments of the admissibility of evidence of actual confusion. The first arose from a jury verdict of trade dress infringement driven by the similarity of the parties' product configurations.[2485] At trial, the plaintiffs understandably emphasized the inability of a defense witness to distinguish between the parties' designs. That led the defendants to move the court for a new trial, but the court was unconvinced, and it denied the defendants' motion. As the court explained, [the defendants'] underscoring of a [defense] witness' inability to differentiate between [the parties' products] was not improper and did not conflate trade dress 'likelihood of confusion' with the witness' confusion."[2486]

In contrast, a different court affirmatively excluded from the record evidence that the defendant's counsel and expert witnesses had "occasionally misstated the name of Plaintiff's and defendant's products during discovery":

> The relevant inquiry must focus on confusion in the minds of purchasers or potential purchasers of the trademarked products, or in other words, consumers in the marketplace for those goods. This evidence is not probative of trademark confusion. Moreover, the spectacle of Plaintiff's presenting misstatements by Defendant's counsel or witnesses to prove actual confusion would be fraught with unfair prejudice that would greatly outweigh whatever miniscule probative value such evidence may have.[2487]

The defendant also prevailed on certain other of the many motions in limine filed in the case.[2488] For example, an additional issue tackled by the court was the admissibility of evidence and testimony bearing on the defendant's assertion that the plaintiff's unclean hands barred its entitlement to relief. According to the plaintiff, the defendants had failed to put it on notice of the facts upon which the defendants intended to rely. Based on the defendant's responsive showing, the court identified a number of relevant disclosures by the defendant, including recitations that the plaintiff had fraudulently procured a registration from the

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2485. *See* Ateliers de la Haute-Garonne v. Broetje Automation-USA Inc., 85 F. Supp. 3d 768 (D. Del. 2015).

2486. *Id.* at 881.

2487. *See* Innovation Ventures, LLC v. NVE, Inc., 90 F. Supp. 3d 703, 725 (E.D. Mich. 2015) (citations omitted).

2488. *See, e.g.*, *id.* at 727 (precluding plaintiff "from referencing specific lawsuits filed by consumers against Defendant and others for personal injuries and wrongful death allegedly caused by the ingestion of Defendant's . . . products"); *id.* at 729-31 (excluding evidence of prior criminal convictions of defendant's principal); *id.* at 731-34 (refusing to exclude evidence supporting defendant's counterclaim for damages).

USPTO and then enforced its invalidly registered mark against numerous defendants, including in a proceeding in which the plaintiff "usurped" a domain name belonging to the defendants.[2489] Plus, whatever the adequacy of the defendant's disclosures may have been, the plaintiff's awareness of the defendant's theories was reflected in a Rule 30(b)(6) notice of deposition served by the plaintiff, which covered a number of topics related to the defense.[2490] The court therefore allowed the defendant" evidence and testimony, even though the defendant had dropped affirmative counterclaims relying on the same showings.[2491]

The defendant also prevailed on the issue of whether the Sixth Circuit's finding as a matter of law that the plaintiff's mark was suggestive foreclosed the defendant from offering evidence and testimony of the mark's weakness. The court held otherwise, noting, "Defendant [argues] that Plaintiff is improperly conflating two legal theories—protectability, and the likelihood of confusion. Defendant is correct."[2492] Especially because the Sixth Circuit had held the likelihood of confusion between the parties' marks to be a "factually intensive issue" and a "close call" that could be "decided either way,"[2493] "Defendant may adduce whatever evidence it may have in an attempt to show that the [Plaintiff's] mark was not strong in the marketplace before Defendant entered the market . . . ."[2494]

Nevertheless, the plaintiff in the same case prevailed on a number of other motions in limine.[2495] In particular, the court also excluded evidence of the USPTO's earlier refusal to register the plaintiff's mark on the Principal Register because of the mark's descriptiveness. A significant problem for the defendants on that particular issue was an intervening opinion from the Sixth Circuit finding on appeal the mark actually was suggestive.[2496] The plaintiff not surprisingly argued the appellate court's decision constituted the law of the case, but the court excluded evidence of the refusals for a different reason, namely, "on balance the evidence relating to the prior USPTO proceedings is more prejudicial than probative. . . . Introducing prior USPTO findings

2489. *Id.* at 713.

2490. *Id.*

2491. *Id.* at 714, 716-17.

2492. *Id.* at 716 (footnote omitted).

2493. 694 F.3d at 733.

2494. 90 F. Supp. 3d at 716.

2495. *See id.* at 727 (declining to exclude a certain sales summary proffered by the plaintiff after determining the sales summary had been within the defendant's possession "for over five years."); *id.* at 727-28 (denying defendant's motion to exclude testimony of allegedly "inherently unreliable" former employee); *id.* at 728-29 (declining to preclude plaintiff from arguing press release challenged by defendant was literally true).

2496. *See* Innovation Ventures, LLC v. N.V.E., Inc., 90 F.3d 723, 730 (6th Cir. 2012).

which conclude the mark is merely descriptive, and therefore *not* protectable, would contradict the Sixth Circuit's legal conclusion and serve only to confuse the jury."[2497]

10. Sanctions

A Seventh Circuit opinion demonstrated the wisdom of exercising common sense when considering the pursuit of sanctions against a third party for alleged discovery violations.[2498] The third party in question was a Chicago-based attorney who had filed several trademark applications for the defendant in an infringement action pending in the Southern District of New York. For reasons not described by the Seventh Circuit, a noticed deposition of the attorney failed to transpire, which led the plaintiff in the infringement litigation to pursue a successful action to enforce its subpoena against the attorney in the Northern District of Illinois. At a hearing, the district court ordered the attorney to appear for a deposition one week later, but the attorney was on vacation and did not learn of the district court's order until the plaintiff's counsel appeared in the attorney's office. The attorney himself was an hour away from his office at the time, but he offered either to return or to be examined telephonically. The plaintiff's counsel declined both offers and further failed to respond to four subsequent overtures from the attorney and his counsel to reschedule the deposition.[2499] Following another hearing and another order from the district court, the deposition went forward, but neither the district court nor the Seventh Circuit was in a mood to entertain the plaintiff's motion for sanctions. As the appellate court read the record, the attorney's failure to comply with the district court's original order was "an inadvertent and irreproachable incident" arising from the attorney's lack of notice of the order,[2500] which was followed by the attorney's repeated unaccepted offers to make himself available at the plaintiff's convenience. Under the circumstances, the district court's decision not to impose sanctions on the attorney could not be considered an abuse of discretion.[2501]

In contrast, a meritorious motion for sanctions in a different case rested on what the court found were subtle misrepresentations of fact made in support of a motion for a temporary restraining order filed in late November 2010, immediately prior to Black Friday and the start of the holiday

2497. 90 F. Supp. 3d at 711.

2498. *See* Sik Gaek, Inc. v. Harris, 789 F.3d 797 (7th Cir. 2015).

2499. *Id.* at 798-99.

2500. *Id.* at 800.

2501. *Id.*

shopping season.[2502] The plaintiff prevailed on that motion after submitting declaration testimony from its president that he was "surprised" to learn of the defendants' conduct November 15, 2010, but evidence and testimony at trial disclosed the declarant actually had known of that conduct the previous May; the trial record also disclosed the declaration contained language "nearly identical" to one submitted in an earlier case by the plaintiff against a third party.[2503] The court deemed these disclosures important for two reasons, the first of which was "[t]he obvious significance of the omissions and contrived language in the . . . Declaration [to] [the plaintiff's] claim of irreparable injury when it sought a TRO in this case."[2504] The second was they demonstrated the plaintiff "acted in bad faith by delaying its TRO filing until the beginning of the holidays."[2505] Although the defendants therefore successfully had shown by clear convincing evidence the court should exercise its inherent powers to sanction the plaintiff, the practical consequences of that success were limited and yielded only a prohibition on the plaintiff recovering the fees and costs associated with its earlier motion.[2506]

11. Class Certification

Although not directly deciding whether former professional football players were entitled to class certification in a right of publicity lawsuit against the National Football League, the Eighth Circuit addressed the issue in an appeal from the approval of a settlement by the Minnesota district court assigned to the litigation.[2507] The appellate court identified a number of reasons why the district court had "convincingly explained its many concerns with class certification."[2508] Chief among those was the likely need to identify and apply the myriad bodies of state law doctrine applicable to the potential class-action plaintiffs' claims:

> [T]he district court rejected the notion that New Jersey law would apply for all plaintiffs' publicity rights claims and

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2502. *See* Romag Fasteners, Inc. v. Fossil, Inc., 29 F. Supp. 3d 85 (D. Conn. 2014).

2503. *Id.* at 105.

2504. *Id.* at 106.

2505. *Id.*

2506. As the court explained:

> Because the Court concludes that [the plaintiff's] sanctionable conduct was limited to the TRO proceedings, and had no bearing on the underlying merits of this suit, the Court will not bar [the plaintiff's] recovery or impose a large monetary fine, but instead will limit the sanction to preclude [the plaintiff] from recovering its expenditures in relation to the prosecution of its TRO.

Id.

2507. *See* Marshall v. Nat'l Football League, 787 F.3d 502 (8th Cir. 2014).

2508. *Id.* at 514.

believed it would need to apply Minnesota conflict of laws to determine *if* there is a conflict among the states' laws, which may include the laws of the states in which the plaintiffs reside, in which the plaintiffs played football, under which the contracts are governed, and the home states of the NFL and NFL Films. Some of these states provide for publicity rights by statute, some by common law, while some do not recognize any such rights. In the states that recognize such a cause of action, some states treat it as a tort, while others treat it as a property right.[2509]

E. Trademark- and Service Mark-Related Transactions

1. Interpretation and Enforcement of Trademark and Service Mark Assignments

When settling a trade dress infringement action in October 2009, one plaintiff in that action represented it was the owner of the rights to the product configuration at issue, but it previously had executed an assignment of those rights to the other plaintiff in March of the same year.[2510] In a subsequent breach-of-contract action by the plaintiffs against the same defendants as in the earlier action, the defendants discovered the assignment and counterclaimed for fraud. Weighing the parties' cross-motions for summary judgment, the court rejected out of hand the plaintiffs' theory that, although the first plaintiff had executed the assignment in March 2009, the other plaintiff had not accepted the assignment until 2010. The court noted such a belated acceptance was not contemplated by the assignment's express text, there was no written memorialization of it in the summary judgment record, and at least some of the plaintiffs' pleadings treated the assignment as having been a fait accompli as of its execution. Under these circumstances, conclusory declaration testimony from the plaintiffs' counsel could not save their "newly-proffered and clearly self-serving theory."[2511]

Two other assignments of trademark rights similarly withstood a challenge as a matter of law.[2512] The defendants attacked the transactions at issue based on the undisputed fact that the signatures on the salient documents had been made with a rubber stamp, rather than taking the form of handwritten

2509. *Id.*

2510. *See* Heckler & Koch, Inc. v. German Sport Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

2511. *Id.* at 882.

2512. *See* Herb Reed Enters. v. Monroe Powell's Platters, LLC, 25 F. Supp. 3d 1316 (D. Nev. 2014).

signatures by the since-deceased assignor. The plaintiffs responded with declaration testimony that the assignor had received a stamp bearing his signature as writing became difficult for him, and, additionally, had been competent at the time of the assignments. Finding the defendants had failed to place the validity of the assignments into dispute, the court entered summary judgment in the plaintiffs' favor confirming their ownership of the marks.[2513]

2. Interpretation and Enforcement of Trademark and Service Mark Licenses

The proper meaning of "exclusive owner" took center stage in an appeal to the Second Circuit arising out of a licensing relationship gone wrong.[2514] The licenses in question contained the following language:

> LICENSEE agrees that LICENSOR is the exclusive owner of the [licensed] TRADEMARKS and all of the goodwill thereto, and except for the rights licensed herein, LICENSOR shall retain the full rights to the TRADEMARKS, the goodwill relating thereto and all registrations granted thereon.[2515]

When the licensor terminated the licenses, the licensee responded with a breach of contract cause of action grounded in the averment that the licensor had used two of the licensed marks on products directly competitive with those of the licensee. Concluding the licensor's retention of ownership rights to the licensed marks entitled the licensor to do just that, the district court dismissed that cause of action for failure to state a claim, only to have the Second Circuit reverse that outcome on appeal. Under the appellate court's reading of the licenses:

> [T]he agreements here were at the very least ambiguous with respect to whether [the licensee's] rights to use the trademarks were exclusive of [the licensor's rights] notwithstanding [the licensor's] retention of title to them: One could reasonably read the agreements to mean that the parties did not agree to preserve for [the licensor] the right to use the [disputed marks] . . . during the covered term.[2516]

Weighing all contractual ambiguities in the licensee's favor, the court therefore reinstated the licensee's claims of breach.[2517]

2513. *Id.* at 1322-23.

2514. *See* Luitpold Pharmas., Inc. v. Ed. Geistlich Söhne A.G. für Chemische Industrie, 784 F.3d 78 (2d Cir. 2015).

2515. *Quoted in id.* at 86 (emphasis omitted).

2516. *Id.*

2517. *Id.* at 87.

The concept of exclusivity also was the subject of an appeal to the Seventh Circuit in an case arising from a licensing relationship gone wrong.[2518] The defendant licensee enjoyed the exclusive right to use the licensed mark in Japan, and the license additionally barred the plaintiff licensor from making direct sales of goods bearing the licensed mark in that country. Nevertheless, the license did not on its face prevent the licensor from selling goods branded with the mark to distributors which then sold them in Japan, and that omission led the court to reverse a finding on the parties' cross-motions for summary judgment that the licensor had breached the license by failing to prevent its distributors from making those sales. The court noted that "[i]t would be possible in principle to interpret an exclusive distribution contract as implicitly forbidding a roundabout process by which exclusivity is destroyed by resale by other distributors to whom the grantor of the exclusive distributorship sells."[2519] It ultimately concluded, though, there were "compelling reasons" to reject such a result, including the possible infeasibility of the licensor's policing of its distributors,[2520] and the unanswered question of whether the posited duty "would extend to a distributor who sold to another distributor who then resold in Japan."[2521] The final flaw in the licensee's case was the absence of any evidence that "in an attempt to take over the Japanese market [the licensor] had encouraged, assisted, bribed, etc. its distributors to resell in Japan, and to that end to buy more [branded] products from [the licensor] than they otherwise would have"[2522] or that the licensor had itself made sales of goods bearing the licensed mark in Japan.[2523]

The licensee's bad luck did not stop there, as the court concluded the licensee had violated a provision of the license giving the licensor a right of refusal should the licensee receive a written offer from another party not controlled by the licensee for a transfer of the license. Such a transfer had occurred without the

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Although its treatment of the issue was less definitive, the Second Circuit also took issue with the district court's conclusion on the licensor's motion for summary judgment that the licensor was entitled to terminate the license at will. Rather, the appellate court held, because the license expressly identified three circumstances under which the licensee would be in incurable breach, the license "unambiguously provides no right of unilateral, at-will termination. The District Court erred in concluding the contrary." *Id.* at 90. Rather than determine on appeal whether the licensee actually was in breach, the court remanded the action to allow the district court to address the question in the first instance. *Id.* at 91-92.

2518. *See* TMG Kreations, LLC v. Seltzer, 771 F.3d 1006 (7th Cir. 2014).

2519. *Id.* at 1012.

2520. *Id.* at 1013.

2521. *Id.*

2522. *Id.*

2523. *Id.* at 1014.

required notice to the licensor,[2524] but the licensee argued the transfer had occurred only in response to an oral offer. This argument prevailed before the district court but not the Seventh Circuit, which reached the opposite conclusion:

> [T]his can't mean that [the licensee] was authorized to transfer the license without consulting [the licensor] as long as the offer he received was oral; what sense could that make? The agreement specified a written offer so that [the licensor] would know what [the licensee] wanted to do with the license and knowing this could decide whether to permit the license to be transferred. That the offer be written was an implicit term of the parties' agreement.[2525]

The licensor, and not the licensee, therefore was entitled to judgment as a matter of law.

In a different licensing dispute, it was the meaning of "intellectual property" that underlay the parties' disagreement.[2526] The license in question used that phrase when defining the grant of rights provided for by it, but it also reproduced a number of drawings in an appendix. When the plaintiff licensor asserted the license covered a particular trademark, the defendant licensee moved to dismiss that assertion for failure to state a claim, citing the absence from the appendix of any reference to the disputed mark. The court declined to grant the motion, holding instead that "[t]he ordinary legal meaning of 'intellectual property' is '[a] commercially valuable product of the human intellect, in a concrete or abstract form, such as a copyrightable work, a protectable trademark, a patentable invention, or a trade secret.'"[2527] The defendant's successful registration of the disputed mark established the mark's protectability, and that brought the mark squarely within the scope of the intellectual property covered by the license. Under these circumstances, the plaintiff had successfully alleged her ownership of a mark and the defendant's misappropriation of it.[2528]

Finally, a pair of defendants asserted a short-lived claim of naked licensing arising out of a prior settlement agreement, pursuant to which the plaintiffs agreed the defendants' sale of a particular model of firearm did not violate the plaintiffs' trade

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2524. In fact, the license was transferred twice without notice to the licensor, but the first transfer was to a party controlled by the licensee, which the license permitted. The second transfer, however, was to a party in which the licensee did *not* have a controlling interest. *Id.*

2525. *Id.* at 1009.

2526. *See* Adams v. Hartz Mountain Corp., 113 U.S.P.Q.2d 1775 (W.D. Wash. 2014).

2527. *Id.* at 1778 (second alteration in original) (quoting Black's Law Dictionary 881 (9th ed. 2009)).

2528. *Id.* at 1778-79.

dress rights.[2529] Because the settlement agreement did not contain any provisions governing the quality of the goods sold by the defendants, the defendants averred the plaintiffs had abandoned their rights to the model of firearm in which the plaintiffs originally had claimed rights. The court granted the plaintiffs' motion for summary judgment on the issue, holding that the settlement agreement could not be characterized as a license because it did not transfer any of the plaintiffs' rights to the defendants. As a consequence, "Plaintiffs cannot be guilty of naked licensing where they have not granted a license at all."[2530]

3. Interpretation of Distribution Agreements

A distribution agreement at the heart of an appeal to the Tenth Circuit expressly identified the lead plaintiff as the owner of the mark under which goods covered by the agreement were sold; it also gave the lead defendant a right of first of refusal should the lead plaintiff desire to sell the mark.[2531] Despite these provisions, the defendants improbably but successfully argued to the district court in response to the plaintiffs' preliminary injunction motion that the lead defendant had become the mark's owner upon the agreement's termination. The Tenth Circuit would have none of that contention, holding instead that "[t]he parties anticipated the possibility of a sale of trademark rights upon termination of the distribution, as we can tell from the right of first refusal. Until a sale takes place, however, [the lead plaintiff] likely remains the contractual owner of the U.S. trademark rights."[2532] The appellate court therefore concluded the lead plaintiff had sufficiently demonstrated a likelihood of success on its claim to own the mark for purposes of the plaintiffs' request for interlocutory relief.[2533]

4. Interpretation and Enforcement of Settlement Agreements

The issue of whether parties had violated past settlement agreements did not occupy many courts over the past year, and one of only two courts addressing the issue in a substantive reported opinion concluded no such violation had occurred.[2534] The agreement prohibited the former defendants from using the

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2529. *See* Heckler & Koch, Inc. v. German Sports Guns GmbH, 71 F. Supp. 3d 866 (S.D. Ind. 2014).

2530. *Id.* at 922.

2531. *See* Derma Pen, LLC v. 4Everything Ltd., 773 F.3d 1117 (10th Cir. 2014).

2532. *Id.* at 1120-21.

2533. *Id.* at 1121.

2534. *See* Ingrid & Isabel, LLC v. Baby Be Mine, LLC, 70 F. Supp. 3d 1105 (N.D. Cal. 2014).

plaintiff's registered mark. According to a report apparently commissioned by the plaintiff from an outside vendor, the defendants had breached the agreement by using the plaintiff's mark as the trigger for advertising purchased from Internet search engines. Moving the court for summary judgment, the defendants relied on declaration testimony they had engaged in no such conduct and attacked the vendor's report as hearsay. The court agreed the report was inadmissible, leaving the plaintiff with only a screenshot showing that a GOOGLE search for its mark yielded references to the defendants' product, and, additionally, the theory that the defendants had failed to alert one of their distributors not to use the plaintiff's mark to purchase advertising. "Neither," the court concluded in granting the defendants' motion, "creates a triable issue of fact that Defendants did, in fact, use the [plaintiff's mark]."[2535]

In contrast, the second court found a violation of the settlement agreement before it *had* occurred.[2536] That agreement obligated the defendants to "cause to be removed" references to an allegedly infringing mark from "all websites."[2537] On the plaintiff's motion for a temporary restraining order and preliminary injunction, the court expounded on the ill-advised nature of the defendants' entry into the agreement:

> The Settlement Agreement did not limit the removal of the . . . products [bearing the disputed mark] to only the websites controlled by [the defendants], but to all websites. [The defendants] failed to offer any evidence that in light of [their] contractual obligations set forth in the Settlement Agreement, [they] caused to be removed from the internet any [of their] products sold to third parties. For this reason, the Court finds a strong likelihood of success on the merits regarding [the plaintiff's] claim that [the defendants] breached . . . the Settlement Agreement.[2538]

The plaintiff therefore was likely to prevail on the merits of its breach-of-contract cause of action for purposes of its bid for interlocutory relief.[2539]

2535. *Id.* at 1133.

2536. *See* IP, LLC v. Interstate Vape, Inc., 113 U.S.P.Q.2d 1131 (W.D. Ky. 2014).

2537. *Quoted in id.* at 1135.

2538. *Id.*

2539. *Id.*

F. The Relationship Between the Lanham Act and Other Statutes

1. The Copyright Act

The fact that a plaintiff does not own the copyright covering a creative work does not ordinarily preclude it from claiming trademark protection to that work.[2540] Nevertheless, as one opinion held, the situation may be different if the defendant is the putative copyright owner.[2541] The occasion for that holding was a preliminary injunction motion based on the defendants' alleged infringement of the plaintiffs' trade dress rights to vodka bottles shaped like skulls; in addition to interlocutory relief against the defendants' use of similarly shaped bottles, the motion also sought to prevent the defendants from sending any cease-and-desist letters asserting ownership of the copyright covering the defendants' bottles. Although the defendants did not contest the validity of the plaintiffs' claimed trade dress, they did respond to the plaintiffs' motion by accusing the plaintiffs of copyright infringement.[2542]

The court held the defendants' argument created enough doubt as to the plaintiffs' likelihood of success on the merits to warrant the denial of the plaintiffs' motion:

> Defendants raise an important point: although copyright is not, by itself, a defense to trademark infringement, a trademark consisting entirely of someone else's copyrighted material is presumably invalid. A bottler could not market "Citizen Kane Cola," for example, with Orson Welles' beefy newspaperman plastered all over the package, without seeking the permission of the owner of the film's copyright. This would be true even if the bottler could otherwise establish the elements of trade dress.
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> . . . .
>
> [O]ne . . . may not appropriate another's copyrighted work as one's trademark, place it into use so as to create secondary meaning and customer brand familiarity, and thereby evade copyright law.[2543]

2540. *See generally* Nova Wines, Inc. v. Adler Fells Winery LLC, 467 F. Supp. 2d 965, 983 (N.D. Cal. 2006).

2541. *See* Elements Spirits, Inc. v. Iconic Brands, Inc., 115 U.S.P.Q.2d 1644 (C.D. Cal. 2015).

2542. At a better time during the parties' relationship, the plaintiffs had acquired a license to use the defendants' copyrighted design, but, for purposes of the plaintiffs' motion, the court accepted the defendants' argument they had terminated the license because of a material breach by the plaintiffs. *Id.* at 1649-52.

2543. *Id.* at 1648-49 (citation omitted).

2. The Bankruptcy Code

With the demise of the instant film industry, ownership of the POLAROID trademarks and service marks passed to a licensing company operating under the Polaroid name, the corporate owner of which, Petters Company Inc. (PCI), was eventually revealed to be running a "multi-billion dollar fraud" and "Ponzi scheme."[2544] Shortly before seeking bankruptcy protection, the principal of PCI executed a "Trademark Security Agreement" giving several creditors liens on the POLAROID marks in exchange for extensions of loan repayment deadlines. A bankruptcy court found as a matter of law the agreement was an invalid fraudulent transfer, and the Eighth Circuit affirmed. The appellate court noted the summary judgment record was replete with "badges of fraud," including the agreement's encumbrance of Polaroid's trademarks "without bestowing any real benefit on Polaroid,"[2545] that the primary beneficiary of the agreement was PCI's principal,[2546] Polaroid's insolvency,[2547] and the objection to the agreement by Polaroid's CEO.[2548] Under the circumstances, the court held, "[w]e have no hesitation affirming the bankruptcy court's grant of summary judgment in favor of the trustee because [PCI's principal], acting on behalf of Polaroid, executed the liens with the actual intent to defraud Polaroid's creditors."[2549]

If litigants before them enter bankruptcy protection, federal district courts have the authority to refer matters to the bankruptcy courts in their districts,[2550] but "[t]he district court shall, on timely motion of a party, so withdraw a proceeding if the court determines that resolution of the proceeding requires consideration of both [the Bankruptcy Code] and other laws of the United States regulating organizations or activities affecting interstate commerce."[2551] In a bankruptcy proceeding in which the debtors had initiated a trademark action against one of their creditors, the district court assigned to the matter determined the debtors' lawsuit mandated the withdrawal of its earlier referral of the bankruptcy proceeding.[2552] It explained its reasons for doing so with the following observation: "If left with the bankruptcy court, the complaint's trademark infringement claim will require that

2544. *See* Ritchie Capital Mgmt., LLC v. Stoebner, 779 F.3d 857, 858, 859 (8th Cir. 2015).

2545. *Id.* at 863.

2546. *Id.* at 863-64.

2547. *Id.* at 865.

2548. *Id.* at 865-66.

2549. *Id.* at 866.

2550. 28 U.S.C. § 157(a) (2012).

2551. *Id.* § 157(d).

2552. *See* Eli Global, LLC v. Univ. Directories, LLC, 532 B.R. 249 (M.D.N.C. 2015).

court to determine the validity and scope of alleged marks under the Lanham Act. Resolution of this claim will thus require significant consideration, interpretation, and application of the Lanham Act."[2553]

G. Insurance-Related Issues

The past year produced a bumper crop of reported opinions denying coverage for the defense of allegedly trademark- or false advertising-related lawsuits. For example, the Supreme Court of California adopted a restrictive interpretation of a "personal and advertising injury" clause requiring coverage for the defense of claims arising from "[o]ral, written, or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services."[2554] The claims in the underlying suit, which arose out of the plaintiff's attempt to protect its MULTI-CART-branded multiuse cart against the insured's competitive ULTI-CART cart, sounded in patent and trademark infringement, false designation of origin, and damage to business, reputation, and goodwill. Affirming entry of summary judgment in the carrier's favor, the court held as an initial matter that "a claim of disparagement requires a plaintiff to show a false or misleading statement that (1) specifically refers to the plaintiff's product or business and (2) clearly derogates that product or business. Each requirement must be satisfied by express mention or by clear implication."[2555] Reviewing the summary judgment record, the court found it devoid of any advertising by the insured mentioning the plaintiff's product by name. Although California law might provide that "[a]n insurer owes a broad duty to defend against claims that create a potential for indemnity under the insurance policy,"[2556] even such a duty could not convert routine allegations of trademark infringement into those of disparagement.[2557] The court likewise rejected the insured's argument that "the phrase 'patent-pending' [appearing in the insured's advertising] when combined with words like 'innovative,' 'unique,' 'superior,' and 'unparalleled' suggests the superiority of the Ulti–Cart and, by implication, the inferiority of the Multi–Cart";[2558] the court noted of it, "[w]ere we to adopt the insured's] theory of disparagement, almost any

2553. *Id.* at 252.

2554. *Quoted in* Hartford Cas. Ins Co. v. Swift Distrib., 326 P.3d 253, 256 (Cal. 2014).

2555. *Id.*

2556. *Id.* at 258.

2557. *Id.* at 264("Even if the Ulti–Cart was named and designed to mimic the Multi–Cart, that fact does not derogate or malign the Multi–Cart in any way.").

2558. *Id.* at 266.

advertisement extolling the superior quality of a company or its products would be fodder for litigation."[2559]

A panel of the California Court of Appeals similarly articulated a broad restatement of the duty to defend before bringing the hammer down on an insured's successor.[2560] The lawsuit underlying the appeal before that court accused the insured of unfair competition under Section 43(a), as well as violations of the plaintiff's rights of publicity and privacy under California law. The court acknowledged the existence of a duty to defend "whenever the lawsuit against the insured seeks damages on any theory that, if proved, would be covered by the policy. Thus, a defense is excused only when 'the third party complaint can by no conceivable theory raise a *single issue* which could bring it within the policy coverage.'"[2561] Nevertheless, it also noted the policy at issue contained an exclusion referencing "'[p]ersonal and advertising injury' arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights."[2562] Because that language appeared under a heading reading "Infringement Of Copyright, Patent, Trademark Or Trade Secret," the insured's successor argued it was too inconspicuous to be operative, and, additionally, did not reach the right of publicity claim asserted against the insured in the underlying suit. The court rejected the first of these arguments, holding the exclusion "conspicuous, plain, and clear."[2563] It was no more sympathetic to the second, concluding that the right of publicity at issue in the underlying action fell within the scope of "other intellectual property."[2564] The carrier's denial of coverage therefore stood.

Another opinion refusing to order coverage did so in application of Illinois law.[2565] The policy before that court provided for coverage of the defense of allegations of trade *dress* infringement, but not allegations of trade*mark* infringement.[2566] On its face, the complaint in the underlying action accused the insured of having violated the plaintiff's trademark rights, but the insured argued the presence of a Section 43(a) cause of action necessarily meant the plaintiff was pursuing a trade dress cause of action. The court rejected that argument out of hand:

2559. *Id.*

2560. *See* Alterra Excess & Surplus Ins. Co. v. Snyder, 184 Cal. Rptr. 3d 831 (Ct. App. 2015).

2561. *Id.* at 838 (quoting Montrose Chem. Corp. v. Super. Ct., 861 P.2d 1153, 1160 (Cal. 1993)).

2562. *Quoted in id.* at 840.

2563. *Id.* at 841.

2564. *Id.* at 844-45.

2565. *See* AU Elecs., Inc. v. Harleysville Grp., 82 F. Supp. 3d 805 (N.D. Ill.), *appeal dismissed*, No. 15-1772 (7th Cir. July 9, 2015).

2566. *Id.* at 808.

> [The insured's] submission is a logical fallacy akin to concluding that because all poodles are dogs, all dogs must also be poodles. . . . [T]he fact that [the plaintiffs in the underlying action] sued under § 43(a) and could have brought trade dress claims against [the insured] under that provision does not mean that they actually *did* so. To determine what [the plaintiffs] actually *did*, it is necessary to examine their complaints; as [the insured] itself repeatedly stresses, legal labels do not matter—only the alleged conduct does.[2567]

The court therefore entered summary judgment in the carrier's favor for that reason and, additionally, because the insured had failed to tender its claim for coverage on a timely basis.[2568]

An appeal to the Fifth Circuit presenting much the same issue produced much the same result, albeit under Texas, rather than Illinois, law.[2569] The counterclaim plaintiff in the underlying case accused the insured of infringing the plaintiff's service mark, as well as violating the counterclaim plaintiff's rights to a clickable map of the United States appearing on the plaintiff's website. The insured tendered a claim for the defense of the action based on a policy excluding coverage for allegations of trademark, but not trade dress, infringement, and the carrier initially provided a defense based on its assessment that the counterclaim plaintiff's allegations "may allege facts sufficient to indicate trade dress infringement."[2570] When the counterclaim plaintiff amended its pleading to remove the allegations concerning the map, the carrier quickly declined additional coverage because the insured no longer faced an allegation of trade dress infringement. Affirming entry of summary judgment in the carrier's favor, the Fifth Circuit agreed with the carrier that the claims in the underlying case fell within the exclusion: "The term 'trade dress' is not mentioned in [the] Amended Counterclaim, and there are no allegations suggesting that [the counterclaim plaintiff] even has a protectable trade dress."[2571] "Instead," the court concluded, "the Amended Counterclaim alleges trademark infringement and false advertising claims. Neither of those claims is covered under the policy. The district court was therefore correct to grant summary judgment in favor of [the carrier]."[2572]

2567. *Id.* at 811.

2568. *Id.* at 815-16.

2569. *See* TestMasters Edu. Servs., Inc. v. State Farm Lloyds, 791 F.3d 561 (5th Cir. 2015).

2570. *Quoted in id.* at 564.

2571. *Id.* at 567.

2572. *Id.*

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